

Dexco

Living environments.

INTEGRATED REPORT 2022



SUMMARY



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The highlighted texts, associated with these icons, refer to the sustainability targets established by Dexco.

Message from the **Board of Directors**

The sustainability of our Company comes, above all, from our high governance standard. From a strategy that prioritizes realistic and achievable targets in healthy terms. The challenges are big, but we are prepared.

Even amid all the difficulties arising from the national and international macroeconomic backdrop, Dexco was able to deliver the second best result of its history, showing the resilience of its operations. We maintained our projects of efficiency gains, product mix improvement and automation of our operations, with many gains already seen in 2022 itself.

The sustainability of our Company comes, above all, from our high governance standard. In 2022, in addition to the Supervisory Council, all committees of Dexco became statutory, with direct and regular reporting to the Board of Directors.



ALFREDO EGYDIO SETUBAL
Chairman of the Board of Directors

This Council, which is strategic, hands-on and participative, held 12 meetings in 2022 to discuss varied matters that are relevant for the Company, including the ESG topic.

The update of our risk map and the re-visitation of our materiality matrix that took place this year were also essential in helping us respond to the current and future challenges, helping make viable all of our internal projects, which will allow us to continue to put into practice our strategy focused on productivity and efficiency.

To this end, we have engaged professionals, including the senior management, moving forward towards modernization and an increasingly more digital agenda focused on our customers and consumers. We have our targets and we continue on the way to achieve them. Realistic and achievable targets in healthy terms,

strengthening our commitment to ethics and transparency, our professionals, partners and customers, the environment and society.

The year 2023 will be a challenging one, but even in view of the uncertainties, we expect to reap the harvest from the investments and modernizations that we have been recently making. We will continue to move forward in our Sustainability Strategy, strengthening our work in the communities where we are present through our social policy, creating and sharing value.

We are still committed to the positive carbon balance, despite our sizeable growth and expansion plan. We will bring even more diversity to our internal environment and will maintain our public targets. The challenges are big, but we are prepared.

Message from the CEO

From now on, our target is to grow organically, consolidating the investments made and further improving our Sustainability Strategy, continuously moving forward with Our Way of Being and Doing.

The year 2022 established Dexco as a corporate brand, with a distinguished portfolio of products. We made significant progress in our investment program announced in 2021, which includes a new plant of ceramic tiles in Botucatu, State of São Paulo, the expansion of the forest base in the Northeast of Brazil, the increase of capacity and mix of products in the Wood Division, in addition to the investment in industrial automation of our bathroom fixtures units. We understand that, even amid the challenging market scenario, the return from our projects in the long term justifies the investments that we have already made and those that are still to come.

In 2022, we faced external factors that strongly influenced our operations and, consequently, our performance. The war between Russia and Ukraine, which impacted and continues to impact the international markets, affected charters, maritime transportation and the price of important inputs to our operations. The general elections in Brazil, in an unstable political environment, and the impacts of the Covid-19 pandemic required resilience from all of our staff.



ANTONIO JOAQUIM DE OLIVEIRA
CEO

Also, the growing increase in the demand for forests in the Southern and Southeastern regions of Brazil directly impacted the prices and availability of this asset in the market, which, despite the challenges created, showed the assertiveness of our long-term

strategy to prioritize the verticalization of our forest operations.

We consolidated the acquisition of Castellato, a company that manufactures architectural concrete flooring and tiles that has already been included in our portfolio and is going through a process of integration with our organizational culture. Also, we were excited with the start of operations of LD Celulose, our joint venture for the production of dissolving wood pulp. As we remain focused on the continuity of the investments announced in our organic growth plan, we improve the management of our Sustainability Strategy and move forward with Our Way of Being and Doing.

For us, the ESG topic is inseparable from our business and producing with sustainability is our guarantee of perpetuity. We continue to work towards reaching the targets that are contained in this document with an achievement horizon expected for 2025 and 2030.

We are a publicly-held company at the highest level of governance of the Brazilian stock exchange. In this matter, we have mature and solid practices, cross-cutting all businesses, that are passed onto the companies that join us, thus ensuring that all of them are and op-

erate under the same governance umbrella of Dexco. We continue to invest in technology for the purpose of speeding up processes, making them less bureaucratic, developing new ways of interpreting data and understanding consumers and their preferences so that we can always assure the decision-making process.

We developed an ESG agenda as part of our strategy. Aware of our role in tackling climate change and the importance of migrating to a low-carbon economy, we try to update technologies to reduce the use of fossil fuel in our energy matrix, in addition to seeking the use of alternative sources of energy and eco-efficiency in the production processes.

In the social field, we want to be increasingly more present in the communities where we operate, participating and helping solve their challenges. With this in mind, we defined our Social Responsibility Guidelines in 2022.

Our five-year plan is ambitious, and to execute it, we have a very strong sustainable growth agenda in all fields, our capability to achieve it is already there, we have the financial resources and our staff is formed by the best professionals. Our path is set and our confidence in the present strengthens our hope for the future.



ABOUT THIS REPORT



ABOUT THIS REPORT

GRI 2-2, 2-3, 2-4, 2-5, 2-14

About this report

The 2022 Integrated Report of Dexco S.A. is an annual publication that presents the Company's strategic vision and its main actions with respect to the operational and financial results, as well as the major initiatives aimed at the environment, social and corporate governance fields covering the period from January 1 to December 31, 2022, the same period covered in the Company's financial reports published on March 8, 2023. The 2021 Integrated Report was published on June 23, 2022.

Prepared in accordance with the GRI (Global Reporting Initiative) Standards, this document is published using the Integrated Report format, according to the guidelines of the International Integrated Reporting Council (IIRC), for the fourth consecutive year. This report also follows the criteria of the Brazilian Association of Publicly-Held Companies (ABRASCA).

Additionally, starting this cycle, the Company began to report the indicators in accordance with the framework of the Sustainability Accounting Standards Board (SASB), Construction Products & Furniture and Forestry Management industries, confirming its commitment to the transparency of information.



We seek to work every day, focused on sustainable development and, for this reason, we adopt practices and projects that are in line with our ESG Strategy and the UN Sustainable Development Goals (SDGs), and we are signatories to the Global Compact.

This document is organized in accordance with the principles of the Integrated Report methodology and, also, with Dexco's new materiality. In the chapters, whose names are inspired by the Company's new cultural behaviors, revisited in 2022, we presented the material topics and the fundamentals of the Sustainability Strategy corresponding to the matters addressed.

The report includes the descriptions of the Company's two major fronts of operation: one is focused on the Wood Division - where we centralize our operations of wood panels, forestry and, more recently, dissolving wood pulp, given the start of the operations of LD Celulose, announced in April 2022 – and the other one is focused on Finishing Materials for Construction, with Fixtures and Fittings, and Tiles. The results are reported on

a consolidated basis, including the operations in Brazil and Colombia. Coverage restrictions regarding the GRI and SASB reporting are specified in each indicator¹.

The material topics were defined in 2019 upon the publication of the Company's first Integrated Report. At that time, in addition to being directly involved in the definition of such topics, the Board of Directors also approved them. In 2022, in accordance with best practices, Dexco's materiality was reviewed and updated, and was subsequently approved by the Board of Officers. The topics are in line with the Company's strategic planning and Sustainability Strategy and will serve as a guide of its ESG actions in the coming years. Learn more about Dexco's materiality in the Our Way of Being and Doing chapter.

¹ In particular in the case of Castelatto (newly-acquired business). Caetex (60% equity interest) is included in the financial consolidations and in the inventory of greenhouse gases (GHG) – equity interest approach. LD Celulose (49% equity interest) is not included in the financial consolidations, but is included in the inventory of GHG (equity interest approach).

The 2022 Integrated Report was subject to the external audit of Ernst & Young Auditores Independentes SS Ltda. so as to verify compliance with the GRI Standards and the methodologies of the Integrated Report and SASB, in addition to the inventory of greenhouse gases (GHG). The Company's Integrated Report was prepared with the direct participation of its Board of Officers, presenting the main topics and approaches to be followed and, subsequently, its publication was approved by this body. The document was also subject to the assessment and approval of the Sustainability Committee and the Board of Directors, whose Chairman was involved in the definitions and the highlights of the document. Read the assurance letter at the end of this document.

GRI 2-5

The financial statements were audited by PwC and submitted to the regulatory bodies and are available on the Investor Relations website. **GRI 2-5**

Questions concerning this publication may be forwarded to our Investor Relations (investidores@dex.co) and ESG (sustentabilidade@dex.co) teams. **GRI 2-3**





OUR WAY OF BEING AND DOING THINGS



ESG pillars corresponding to the chapter | **E (environmental), S (social) and G (governance)**

Manufactured capital

Material topics addressed in the chapter |

Profitability and financial performance; Research and innovation

Who **we** are

GRI 2-1, 2-2, 2-3, 2-6



Dexco S.A. is Brazil's largest producer of industrialized wood panels, a market leading company in the production of bathroom fixtures and fittings in the Southern Hemisphere and one of Brazil's leading companies in the ceramic tiles segment.

Founded in 1951, it is a Brazilian company headquartered in the city of São Paulo, a publicly-held company with shares traded on B3 under the ticker DXCO3, being part, since 2009, of the New Market, the highest level of corporate governance on the Brazilian stock exchange. The Company's control is held by the Itaúsa (Itaúsa S.A. and members of the Setubal and Villela families) and Seibel (members of the Seibel Family) blocks, with interests of 40% and 20% in the capital of Dexco, respectively.

We work on two business fronts – Wood and Finishing Materials for Construction – and our products are a benchmark in quality and design. We keep international penetration in our business through our commercial offices and warehouses, such as Dexco North America (United States), Dexco Andina (Peru), operations in Argentina and Belgium, distribution centers in Brazil and in Cartagena (Colombia), and also through our global partners. **GRI 2-1**

We are Dexco. We are Deca, Portinari, Hydra, Duratex, Castelatto, Ceusa and Durafloor. And we invite you to live environments.

DEXCO

- Deca
- Portinari
- Hydra
- Duratex
- Castelatto
- Ceusa
- Durafloor

Living environments.

Business fronts GRI 2-2, 2-4, 2-6

In 2021, when we celebrated 70 years of existence, we made history towards the future, with the change of the corporate brand Duratex to Dexco. In 2022, we announced the start of operations of LD Celulose, marking the entry of the Company into another business front.

With the start of the operations of LD Celulose, the Company started to report, particularly in its financial results, the share to which it is entitled related to the performance of the joint venture in its results (49%). Also, with the acquisition of a further 10% interest in Caetex, totaling a controlling stake of 60%, Dexco's carbon balance will also include this new interest in its calculations. Adjustments related to data reviews from previous years were reported directly for each indicator.

Our fronts of operation are:

Wood

Panels

Production and sale of MDP and MDF panels in Brazil and Colombia (Duratex brand), and laminate and vinyl flooring (Durafloor brand).

Forestry

Consolidated in the results of panels, the forestry segment covers the cultivation of forestry plantations on owned and leased land. In December 2022, Dexco increased its interest in Caetex to 60%, a joint venture in which it already held an interest. As a result, Dexco became the majority shareholder in the planted forests business in the State of Alagoas, in the Maceió region. Consequently, the results of Caetex became part of Dexco's forestry operation.

Dissolving Wood Pulp

Production of dissolving wood pulp with the plant in the Triângulo Mineiro region (State of Minas Gerais). We hold a 49% interest in LD Celulose, a joint venture with Lenzing AG from Austria.

Finishing Materials for Construction

Bathroom Fixtures and Fittings

Production and sale of bathroom fixtures and fittings, finishing, douches and electric showers under the brands Deca and Hydra.

Tiles

Production and sale of tiles for flooring and walls, and roof tiles, under the brands Ceusa and Portinari, including cementitious tiles, under the brand Castelatto, which was acquired in 2021.

Other businesses¹

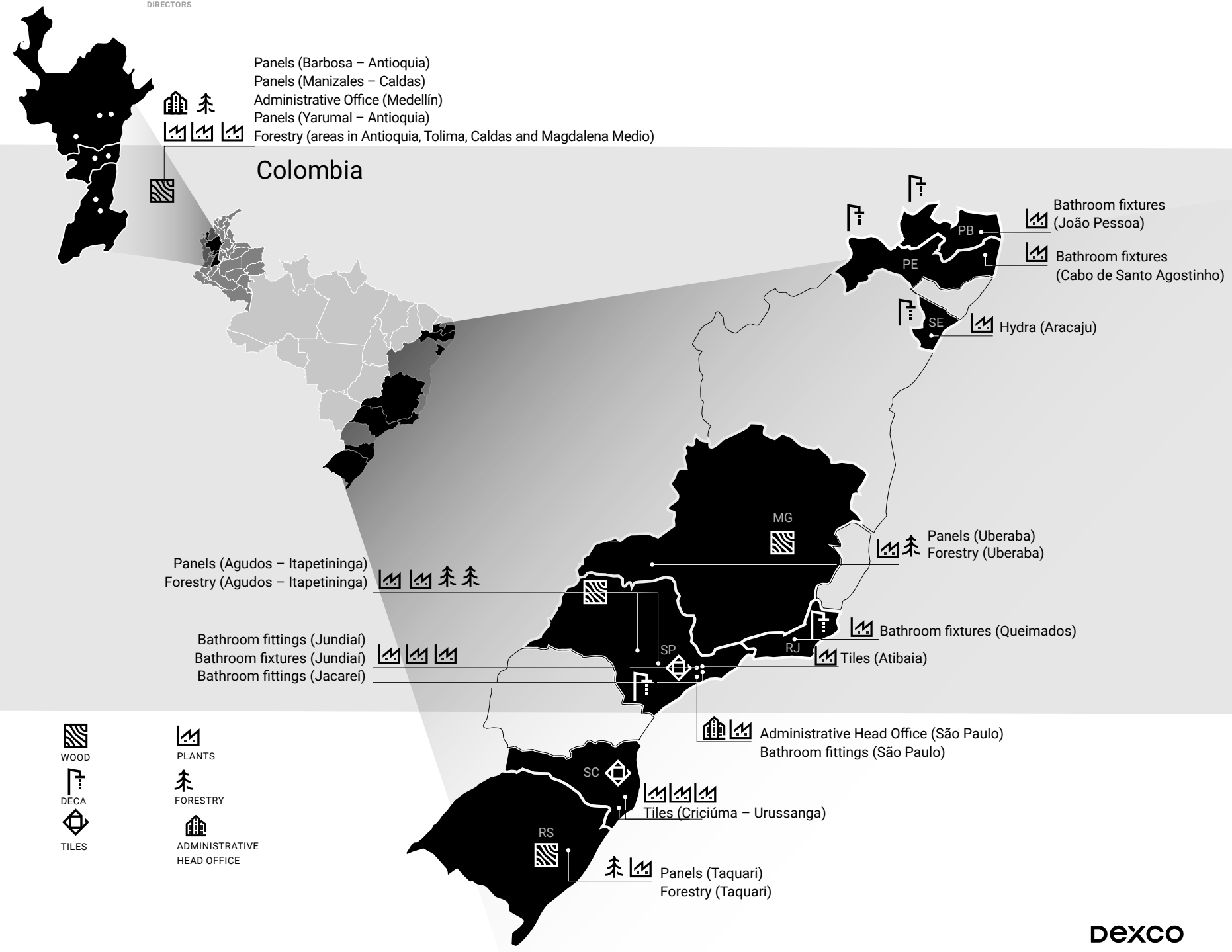
In line with its innovation strategy, the Company has been investing, by means of its Venture Capital Fund, start-ups and scale-ups that seek to transform the environment of civil construction and renovations. Further information on this strategy is described in the chapter [We are agile and seek the best digital solutions](#) chapter.



¹ Viva Decora - the platform for the creation of content and inspiration in decoration, interior design and renovations is under strategic reassessment in the Company's portfolio.

Where we are

GRI 2-1



¹Dexco Brazil and Colombia (it includes Castelatto; it does not include Caetex and LD Celulose).
²Takes into consideration the administrative forest unit concept.

Our businesses

GRI 2-6 SASB CG-BF-000.A

We operate on two business fronts: Wood, which encompasses the forestry operations¹ and the manufacturing of reconstituted wood panels, flooring, and dissolving wood pulp, and Finishing Materials for Construction, which encompasses the Bathroom Fixtures and Fittings division and Tiles division.

BUSINESS FRONT:

Wood

PANELS AND DISSOLVING WOOD PULP

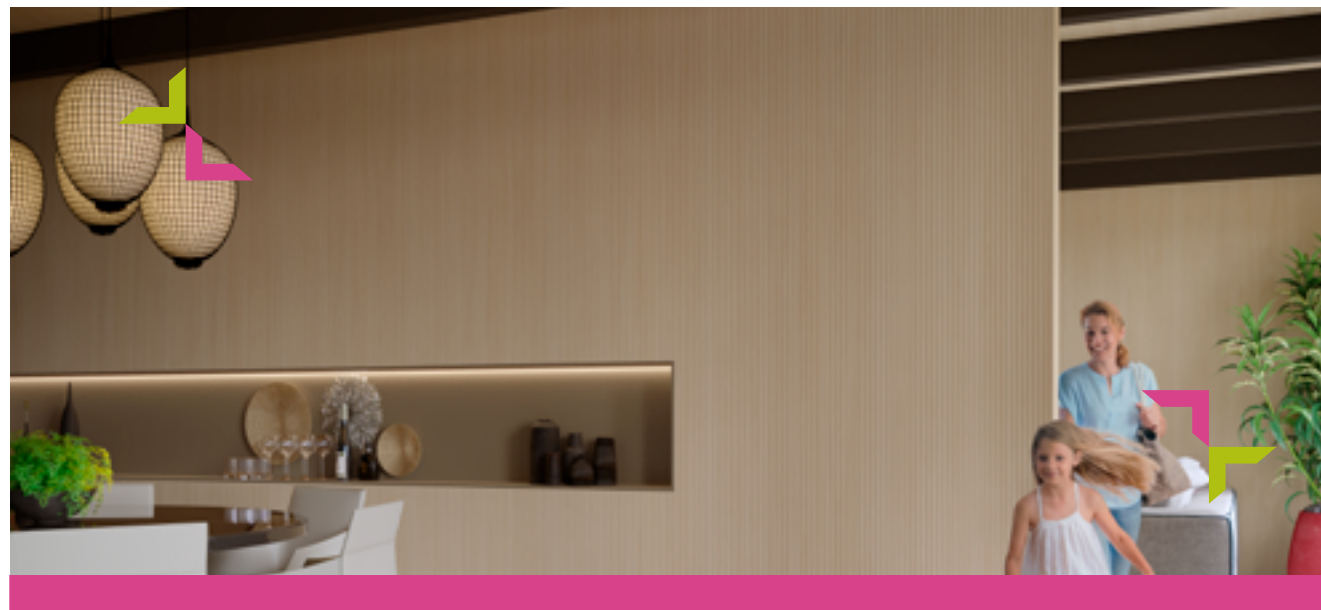
Duratex Durafloor LD Celulose

Panels (Duratex and Durafloor)

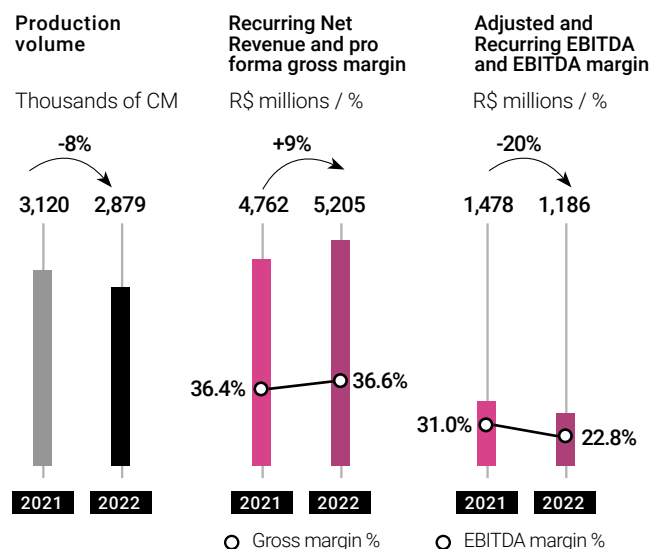
After a period - between 2020 and 2021 - with the levels of consumption of our products above the historical demand, 2022 was a year of adjustments and consolidation of the three strategic commitments at the Wood Division, which is now aligned with the Dissolving Wood Pulp Division on the same business front.

Despite the difficulties imposed by the economic scenario in 2022, we operated at a higher level, reaping the harvest from the initiatives developed over the past few years.

¹ In accordance with the Global Industry Classification Standard (GICS®), it falls into the Paper & Forest Products industry since more than 60% of the Company's Net Revenue come from this business division.



PANELS SASB CG-BF-000.A



At the end of 2022, the **Wood Division** had sold 2,826,800 cubic meters of panels and, of this volume, approximately 20% were sent to the operation in Colombia and the foreign market. Although it was lower than the volume the Company sold in 2021, this production was sufficient to sustain a good level of usage of plant capacity, of 86%. Additionally, in 2022, it was possible to see the results of our investments in increasing coating capacity announced in the second half of 2021, with a growth of 4.7% in the sales of coated products.

However, despite the drop in volumes, our Net Revenue at the end of 2022 was higher than the Net Revenue for 2021, a **historical record for the Division**, totaling R\$ 5.205 billion. In 2002, Adjusted and Recurring EBITDA amounted to R\$1.186 billion.

We maintained our assertiveness in investments and responsibility in the allocation of capital. We expect to add 10% of production capacity to the 10% that would be traditionally invested in a new line. We also acquired three panel coating lines to increase by 45% the wood panel coating capacity, which are already in operation and improving the Division's mix of products, which achieved a growth of approximately 5% in the sales of coated products in 2022, and, in the fourth quarter of the year, the increase was 14%. The first of these lines was inaugurated in November 2021, in the unit of Agudos, State of São Paulo, and the second was inaugurated in November 2022, in Itapetininga, State of São Paulo. The implementation date for the third line is still under analysis.

This shows that we made progress in quality, prioritizing customers, who understood the importance of being associated with a known and credible brand, and investing in the growth of our portfolio of wood products.

Investment in a forestry base

Brazil has always been known worldwide for being a region that is very favorable to the management of forest plantations, which resulted in many investments in this asset over the years. This, over the years, made the market price of eucalyptus wood, one of the main inputs used by the Company in the production of panels, less competitive. It was cheaper to buy this input on the market than to produce a forestry base, the option taken by Dexco. Therefore, we faced difficult times with the growth of competition in the panel market, which, unlike us, grew by acquiring cheap wood on the market without investing in a forestry base. However, since 2019, we have been seeing a change in the competitive environment of this market in Brazil.

The leading player of this change was the pulp industry, which, as a result of the many projects announced, increased the demand for wood from planted forests, thus reducing its availability, and made prices of this raw material skyrocket.

The panel business is inserted in this new scenario and Dexco, which has always prioritized the operation with wood from its own forests, is in a good position to deal with this new market dynamic.

However, we were not immune to other challenges, such as the increase in the prices of fertilizers, fuel and other inputs. Our wood costs increased, but to a lesser extent than those of companies that depend on this raw material and have difficulties finding it.

To further strengthen our position and make viable projects for future growth, we continue to invest in a forestry base, with new areas in the Northeast region. Our strategic plan includes approximately R\$240 million of investments in the region.



IN THE FIVE-YEAR STRATEGY OF THE WOOD DIVISION, **WE ESTABLISHED THREE PRIORITY LINES OF OPERATION** TO HELP DEFINE OUR PRODUCT PORTFOLIO. **SEE HOW WE OPERATE:**

1»» Build Resilience

Since we are exposed to foreign exchange, inflation and international commodity price risks, we have the forest as an essential element to Build Resilience, in addition to our integrated chain.

LD Celulose contributes to building resilience with portfolio diversification and less dependence on the domestic market and it is a trend because dissolving wood pulp is versatile and broadly used, such as in the production of high-technology fabrics, hygiene and beauty products, varnishes, enamels, tires, medicine capsules, food such as yogurts and ice creams and LCD screens, and has the potential to replace other fossil raw materials and contribute to the global adaptation to climate change.

Another part of this construction is the ability to export. The global charter crisis hindered our evolution in exports, but we saw that we have a calling to export panels, whether for the construction of furniture abroad, or by helping our customers export ready-made furniture pieces, an industry in which Brazil is competitive. We have ready-made products, with high quality and certifications. And we can also evolve in the export of wood flooring.

In 2022, the volume sent to the foreign market - including Colombia - represented 21% of the Division's revenue. The main destination of these sales is the United States and Latin American countries. This result arises from our capability to adjust to the needs of our customers in these markets.

2»» Anticipate Trends

The use of wood panels per capita in Brazil is low when compared to other markets. We consume less than half of the panels consumed in Europe and in the United States. We have room to grow, whether organically to supply furniture, or for other purposes, such as structural panels, wall coating with differentiated or customized finishing. To this end, we seek to Anticipate Trends with investments in Urbem and Noah (learn more in the [We are agile and seek the best digital solutions](#) chapter).

3»» Leading Role in the Customer and Consumer Journey

We have the challenge of influencing the customer that is not the end consumer of our products. We need to play the leading role in this matter and we will work through our portfolio of solutions with carpenters and architects (learn more in the [We inspire customers and consumers](#) chapter).

In 2022, Dexco acquired its first digital printing machine and is already producing in tests, with great quality. This represents an innovative approach to better serve our customers as it enables us to manufacture panels with customized patterns, or even create panels based on customized images and pictures.

AS PART OF THIS STRATEGY, **WE INVEST IN THREE ELEMENTS THAT CROSS-CUT THESE PILLARS:**

Forest management: we made a move into digital transformation, with a dedicated structure, scientists and data analysts, which will transform our results. One example is our entry into AgTech (learn more in the [We are agile and seek the best digital solutions](#) chapter).

ESG Platform: we evolved in governance, with presence on the boards of directors of our partners, in addition to many initiatives in the environmental and social fields, with the use of renewable fuel, maintenance of native vegetation conservation areas and relationship with our surrounding communities, for example (learn more in the [We are efficient and generate outstanding results](#) chapter).



People: the challenges are relevant for us to have an environment of learning, recognition of internal talents, development, new skills and retention. We have leaders that are in line with the ESG principles and we invest to create an environment of respect and diversity (learn more in the [We invest in people and develop amazing teams](#) chapter).

MEMBERS OF THE CULTURE BENCHMARK GROUP - Head Office (São Paulo, State of São Paulo) - Sep 2022

A decade

Dexco celebrated 10 years of increasing work in the Colombian market in 2022. Attentive to the foreign market, we acquired, in 2012, 37% of the shares of Tablemac, a leading company in the manufacturing of industrialized wood panels in the Colombian market. In the following year, we assumed the control of its industrial units in that country and, today, Dexco Colombia is one of our strategic pillars for the expansion of the channel for the export of our products, in addition to important forestry assets.

Panels with low formaldehyde emission

In the Wood Division, the products of the MDF and MDP panel line comply with the Brazilian and European standards regarding the level of residual formaldehyde emission in the products.

Although the national standard is the E2 category, Dexco already has a portion of its production complying to E1 requirements, which presents even lower residual levels, for both Brazil and other markets, such as Europe.

For other regions, our production is in accordance with the specific standards of each location, and all our factories are able to operate according to the EPA (Environmental Protection Agency) and CARB (California Air Resources Board) certifications.

In our continuous improvement journey, we are investing in the gradual reduction of the E2 panels, adjusting our production and operational processes, implementing sustainable reductions in 2022, and we are going even further in 2023.

Although we expect **to reach the target set in our Sustainability Strategy of having all of our panels in Brazil with an E1 emission level by 2025** ✓, we want to convert our raw and coated products before the end of 2023.

LD Celulose

GRI 2-1, 2-6, 2-16

In April 2022, Dexco announced, by means of a Material Fact, the start of operations of the new dissolving wood pulp plant of LD Celulose in the Triângulo Mineiro region (State of Minas Gerais), a result of the joint venture with Lenzing, an Austrian company, in which Dexco holds a 49% interest. With a total investment of US\$1.4 billion, the work included the plant's infrastructure and the installation of an electric energy co-generation plant with a capacity of 144 megawatts and production capacity of 500,000 metric tons a year of dissolving wood paper.

The product is used as a fiber for the manufacturing of technological fabrics and the entire production is sent to the units of Lenzing in Europe, Asia and North America.

LD Celulose's plant was created with a focus on sustainability and for the diversification of Dexco's portfolio, increasing its share of other segments. The wood used in the production comes from an area that may reach 70,000 hectares of planted forests.

The fourth quarter of 2022 marked the beginning of the operational phase of the Division, which reached full capacity in December and, despite having its costs pressured by the high price of chemical products and the ramp-up process, it posted strong results, with 140,000 metric tons of products sold and Adjusted and Recurring EBITDA of R\$398 million, of which R\$195.2 million is proportional to Dexco's interest.



BUSINESS FRONT:

Finishing Materials for Construction GRI 2-6 SASB CG-BF-000.A

BATHROOM FIXTURES AND FITTINGS TILES

Deca Hydra

ceusa portinari castelatto



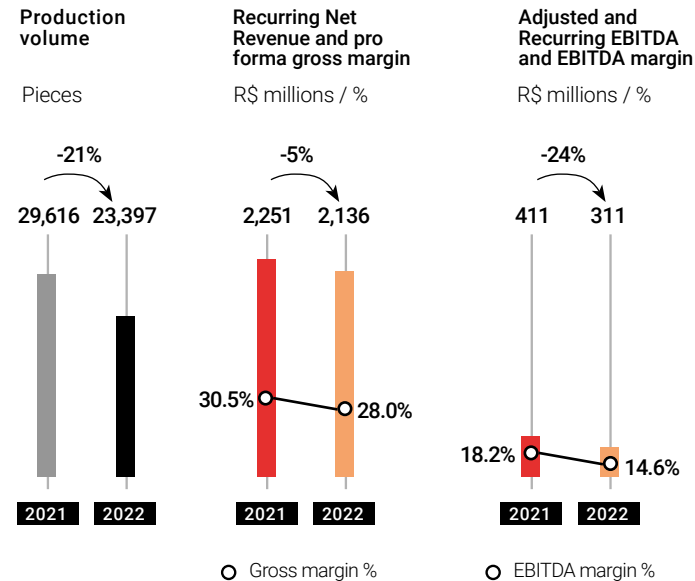
Amid the backdrop of constrained demand in 2022, at the end of the year, Dexco had posted a drop in the volumes of all of its business divisions, in particular in the Finishing Materials for Construction Division, which is very dependent on variables such as credit and income, indicators that were under pressure at the end of 2022.

Bathroom Fixtures and Fittings

Despite the successful implementation of prices over the course of the year, at the end of 2022 the Adjusted and Recurring EBITDA was R\$311.0 million, a decline of 24% in relation to 2021. In 2022, Deca's sales volume was of 23,397 pieces, 21% lower than in 2021 and slightly lower than the industry's volume due to the greater exposure of the Division in the retail segment, a channel

BATHROOM FIXTURES AND FITTINGS

SASB CG-BF-000.A



whose sales were affected the most in the last months of the year. Over the course of the year, the Division's strategy led to an increase in prices, which, amid the strong retraction of the market, negatively affected the sale of some of its products. These factors were also the main drivers of the reduction of 33.5% in sales in the year in relation to 2021.

Meanwhile, Deca was able to implement price increases, in line with its pricing strategy, and its product mix was also improved. However, the price increases were not enough to offset sales retraction, which led the Division's Net Revenue to fall 5% at the end of the year.

Renova Louças (Renew Bathroom Fixtures) Project

Another initiative that merits attention is related to the investments in digital transformation, which were materialized with the launch of a super app of the sales force. Through new algorithms, tools help the work of the salespeople, contributing to improve the sales revenue.

In April 2022, the employees from the units of Jundiaí (State of São Paulo), Queimados (State of Rio de Janeiro), Recife (State of Pernambuco) and João Pessoa (State of Paraíba) were introduced to the **Renova Louças** (Renew Bathroom Fixtures), our project to define the standardized management model of the operations, improve the management culture focused on efficient results and enhance the plant environment and the working conditions.

The project is part of our strategic agenda and the first step on our journey towards operational excellence, which is expected to be consolidated in 2023 with the increase of production capacity, automation and standardization of working methods, business expansion, renewal of processes and strengthening of the health and safety culture, in addition to professional excellence and sustainable results.

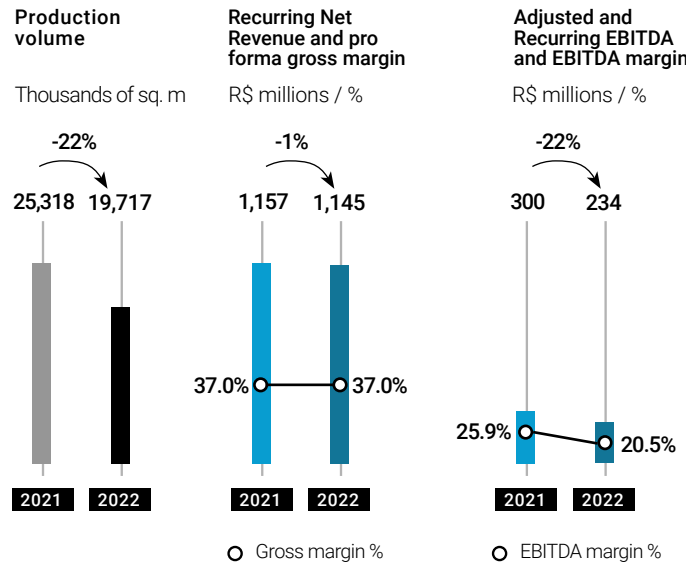
Tiles

The **Tiles** market, according to data of the National Association of Manufacturers of Ceramic Tiles, Sanitary Ware and Similar Products (Anfacer), posted, in 2022, a growth of 2.5%. Even with part of its assets in the process of improvement and the slowdown of the production lines in view of the pandemic backdrop, the result in volume sold of Dexco was 19,717,200 sq. m, below the Division’s potential, although it represents an 80% growth in relation to 2019. The Division also implemented price increases in the second half of the year to offset the rising input costs, in particular natural gas, which harmed the commercial performance, negatively affecting the sale of some of its products.

In response to the significant decline in demand levels, we chose to temporarily suspend the operations of all our plant lines in December, which led to a higher drop in sales compared to the market average. In view of the strong drop in sales and the temporary suspension of its plants activities, the Tiles Division posted, at the end of the year, Adjusted and Recurring EBITDA of R\$234.3 million, down 21.9% from 2021.



TILES SASB CG-BF-000.A



New plant in the State São Paulo

In April 2022, the construction works of the new ceramic tiles plant began in Botucatu, State of São Paulo. With an investment of R\$600 million and capacity of 10 million sq. m per year, the unit will increase the business’s production capacity by 35% and its operation will supplement the production of ceramic tiles of the units located in the State of Santa Catarina.

The new plant will count on Dexco’s 4.0 technology, with all production lines automated, online points for attention, self-diagnosis of machines and records for maintenance via mobile. Regarding the environmental management, 100% of the

water will be reused in the production process, there will be control of effluents and emissions, and the energy matrix will be composed of natural gas and biomass, a renewable source of energy. Its operation will strengthen the position of the Portinari and Ceusa brands on the market of ceramic tiles in large formats (slabs), in addition to increasing the exposure of the brands in the high premium category.

A further R\$20 million to be allocated to Tiles will be invested in optimization projects for the plant of the units located in the State of Santa Catarina, which are part of our strategy of modernization of assets and greater cost efficiency.

As part of this strategy, we suspended activities at the old Ceusa plant in Urussanga (State of Santa Catarina) in the second half of 2022, with the transfer of the activities to other units. This plant, inaugurated in the 1950s, in addition to being onerous, presented a lower energetic performance than the current modern and efficient production lines. This decision reflects the constant pursuit of progress in eco-efficiency in Dexco’s operations.

More diversification

In March 2022, we completed the acquisition of the totality of the capital of Castelatto, a company that operates in the premium architectural concrete flooring and tiles segment, in another move to diversify the portfolio and serve our customers. Located in Atibaia (State of São Paulo), the company has a production capacity of 7.5 million metric tons of pieces per year and had, at the end of the year, 235 employees.

Challenges and Lessons Learned

The unification process of the commercial staff of the Deca and Tiles divisions announced in 2021 was facing other challenges in addition to the low levels of demand seen in 2022, such as the dissemination of technical knowledge of a wide range of products and the unification of the commercial practices and policies.

Aware of the need to improve its practices, Dexco implemented a process of simplification and standardization of internal nomenclatures and systematizations to optimize the integration of the entire sales team. And it also intensified the training programs for these professionals, which will continue to be carried out in 2023.

Environmental and Social Program at Castelatto

We also completed the first phase of the Environmental and Social Program at Castelatto, which corresponds to the process of integration of the newly-acquired brands, with the standardization of policies and practices and the consolidation of our Sustainability Strategy. In 2023, we expect many actions in the fields of management, suppliers, and the community, which are the three pillars of the program.

Over the course of the first year of the initiative, many environmental management and infrastructure actions, such as the management of the legal obligations, performance indicators and monitoring, were implemented. Other items, such as the effluent treatment system, waste center and warehouse of chemical products are expected to be completed in 2023.



MEMBERS OF THE ESG OFFICE AND ENVIRONMENT DEPARTMENTS - Castelatto Unit (Atibaia-State of São Paulo) – Sep 2022

ESG Business Program

One of Dexco’s challenges is to expand the integration of ESG topics across the businesses. To this end, we launched the ESG Business Program, which started in May 2022 and its activities are the responsibility of the ESG Office.

The program’s work is based on actions such as an annual schedule of in-person meetings at Dexco’s units, connections between individuals who are strategic for the topic, alignment with the Sustainability Strategy, strengthening of the communication channel between the business and the corporate ESG department, understanding of the business routine, identification of opportunities of connection and synergies with the businesses, in addition to training programs and new projects.

Materiality

GRI 3-1, 3-2

Dexco's **materiality** matrix was reviewed in 2022 and approved by the Board of Officers in January 2023. The main objectives of the materiality process are the identification of the topics that are relevant for the Company, the management of the critical points and communicate the organization's commitment to the management of these topics.

The work involved the study of 60 documents, including reports, sector and impact analyses, risk maps, management strategies and benchmarking. Also, 10 internal interviews were carried out with officers and managers, 4 roundtable discussions with 42 employees in Brazil and Colombia and 10 external interviews with the Company's main stakeholders. An online survey with different stakeholders received 743 replies. In total, more than 820 people were contacted.

As a result of all this effort, 7 priority material covering various relevant subtopics, that took place in 2019, there were 15 material topics divided into the Proper Business Environment, People who Transform, Responsible Processes and Sustainable Solutions pillars. Some of these were incorporated into other categories or had their status changed.

Among the documental inputs adopted for this revisitation of the materiality are our Sustainability Strategy, which addresses the majority of the material topics via indicators and targets, and our culture (Way of Being and Doing), which was broadly disseminated in 2022 (after reviews in 2015 and adjustments in 2021).

Materiality is the process of identification of relevant topics – economic, environmental and/or social – that have an impact on the organization and significantly influence the assessments and decisions of its stakeholders. These material topics support value creation, as well as the management of risks and opportunities, and help define the scope of the topics addressed in this report.

Learn more on the process of definition of the material topics and also of those that are considered relevant in the [Handbook of Indicators](#) at the end of this document.

DEXCO MATERIAL TOPICS 2022 GRI 3-2

TOPIC	SUBTOPICS
Water and effluents	<ul style="list-style-type: none"> »» Water efficiency in plants and forests »» Reuse of water »» Treatment and proper disposal of effluents »» Eco-efficient products
Supply chain and traceability	<ul style="list-style-type: none"> »» Environmental and social criteria in procurement processes »» Mitigation of the environmental and social impacts of suppliers »» Development and training of suppliers »» Certification of responsible forestry management
Organizational culture and people management	<ul style="list-style-type: none"> »» Promotion of the organizational culture across the company »» Continuous integration of processes, aimed at the dissemination and homogenization of best practices between businesses »» Attraction and retention of talents »» Fair and competitive compensation and benefits
Local community development	<ul style="list-style-type: none"> »» Promotion of local development in the surrounding municipalities and communities through the Private Social Investment »» Identification and mitigation of the negative impacts related to the operation
Climate change	<ul style="list-style-type: none"> »» Adaptation to and mitigation of the impacts of climate change »» Positive carbon balance »» Reduction of greenhouse gas (GHG) emissions »» Energy matrix
Research and innovation	<ul style="list-style-type: none"> »» Research and development of solutions with quality, eco-efficiency and that promote health, comfort and well-being »» Promotion of the external ecosystem (open innovation) »» Intrapreneurship »» Innovation of processes and practices focused on the change of the constructive paradigm
Profitability and financial performance	<ul style="list-style-type: none"> »» Value added of the brand »» Profitability of products and customers »» Generation of cash and profit for the shareholder



Sustainability strategy

GRI 2-13, 2-23

The process of revisiting Dexco's Sustainability Strategy started in 2020 and was consolidated with the change in the nomenclature and organizational structure in the following year.

In 2021, Dexco approved its 2025 Sustainability Strategy - a document that brings together the ESG practices adopted by the Company and presents commitments, indicators and targets for environmental, social and governance issues that address the material topics for Dexco. This document defines three strategic commitments of the Company were defined and supported by 16 performance indicators that cross-cut our businesses.

STRATEGIC COMMITMENTS

 <p>MAKE THE CONSTRUCTION AND RENOVATION JOURNEY EASIER</p> <p><u>Performance indicators</u></p> <ul style="list-style-type: none"> »» Investments in initiatives that promote conscious renovation »» Investment in initiatives that promote a change in the constructive paradigm »» Professionals involved in our engagement and training programs 	 <p>ENSURE SUSTAINABLE GROWTH AND KEEP A POSITIVE CARBON BALANCE</p> <p><u>Performance indicators</u></p> <ul style="list-style-type: none"> »» Carbon balance »» Efficient use of inputs and raw materials »» Own and fostered areas with certified management »» Procurement by factoring in environmental and social (E&S) criteria 	 <p>PROMOTE HEALTH AND WELLBEING IN ENVIRONMENTS</p> <p><u>Performance indicators</u></p> <ul style="list-style-type: none"> »» Demographic diversity with representativeness »» Employee engagement and cultural alignment ratio »» Digital transformation index »» Consumer satisfaction rate »» Net operating income (NOI) from eco-efficient products »» Water, energy and carbon footprints at the product use stage »» Composition and offset of packaging »» Net operating income (NOI) from products with technology that promote health and wellbeing »» Wood products with E1 or lower formaldehyde emission
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In this document, Dexco identifies its five priority SDGs of the UN Agenda 2030 as indicators of its contributions that have already been materialized and also as aspirations for future initiatives. These priorities encompass Employability (SDG 8), Innovation (SDG 9), Responsible production (SDG 12), Climate change (SDG 13) and Life on land (SDG 15).



Learn more on the details and assumptions of our strategy by [clicking here](#) and on the status of the targets by [clicking here](#).

Dissemination

In 2022, the challenge was to disseminate the Sustainability Strategy to all hierarchical levels. To this end, the leadership (managers, coordinators, specialists and supervisors) were trained over the course of the first half of the year.

Subsequently, we organized online panels for the employees with computer access: including one on the context of the ESG strategy and topics and three specifically focused on each strategic commitment. For all employees, for employees without computer access, we created an educational web series that addressed, in a playful manner, the main guidelines of the Sustainability Strategy through a story revolving from the renovation of a real estate property.

A quarterly management system of monitoring the evolution of the targets was also implemented, strengthening the governance of the process, with regular reporting to the Sustainability Committee.

An important communication and dissemination tool of our strategy is our [ESG Portal](#), re-launched in December 2022. On the portal, our commitments, policies, programs, annual reports, projects, recognitions, certifications and achievements related to Strategy and Management, Environment, Social, and Corporate Governance are available.

3 modules of training courses for business partners, who acted as multiplying agents

+90% of the leaders trained on the Sustainability Strategy in online meetings, including managers, coordinators, specialists and supervisors

+6,000 employees actively reached by content on strategy

4 episodes of the educational web series for employees from all hierarchical levels

5 online events, including panels with internal and external guests and an Open Chat with the ESG Manager

Detailed communication material aimed at the external stakeholders

+90% of correct answers in the quizzes applied at the end of each episode of the web series, showing the knowledge of people on the Company's Sustainability Strategy



Recognitions in sustainability

Our historical commitment to sustainability and our daily efforts with respect to the environment are recognized in many ESG indexes and environmental certifications:



ICO2 B3

ISE B3



»» **SPOTT (Sustainability Policy Transparency Toolkit):** 1st place in ESG transparency in the Americas and 4th place globally among companies from the timber and pulp industry in 2022;

»» **ICO2-B3:** B3's Carbon Efficient Index since 2020;

»» **S&P/B3 Brazil ESG** Index since 2020;

»» **ISE-B3:** ÍB3's Business Sustainability Index since 2008;

»» **FSC® Certification** of responsible forestry since 1995, the first in the southern hemisphere;

»» **CDP's "A List"** in the Forests category in 2022.



RESOURCES
INFLOWS

How Dexco's
cultural behaviors
create value
for society

Financial Capital

- »» Local and global rating higher than the country risk
- »» Publicly-held company with shares traded in B3's New Market segment
- »» Operations on two business fronts – Wood and Finishing Materials for Construction

Intellectual Capital

- »» Promotion of intrapreneurship
- »» Investments in start-ups and scale-ups
- »» Development of innovative and eco-efficient solutions

Social and Relationship Capital

- »» 72 years of history and a strong controlling group
- »» Structured Supplier Management Program
- »» Constant search for strengthening the relationship with the surrounding communities

Natural Capital

- »» More than 146 thousand hectares of forestry management areas
- »» Pioneering company in the certification of responsible forestry management
- »» Public commitment to biodiversity

Human Capital

- »» Sustainability Strategy with pillars in Diversity, Equity and Inclusion
- »» Trained workforce and specific development programs in Brazil and Colombia
- »» Dissemination of the new culture and Training of Leaders

Manufactured Capital

- »» 19 plant units and 5 forest units in Brazil and Colombia
- »» Interest in the joint venture for the production of dissolving wood paper
- »» International penetration and partners with global coverage

Purpose:
Solutions for Better Living

Sustainability strategy
Organic and inorganic growth
New investment cycle



DEXCO

- deca
- portinari
- hydra
- duratex
- castelatto
- ceusa
- durafloor



RESULTS
OUTFLOWS

Financial Capital

- »» Adjusted and Recurring EBITDA of R\$1.9 billion, the Company's second best historical result
- »» Confirmation of the New Investment Cycle in the amount of R\$2.1 billion
- »» Successful liability management process

Manufactured Capital

- »» Start of the operations of the new dissolving wood pulp plant with 140 thousand metric tons of production in 2022
- »» Consolidation of Castelatto in the portfolio of brands aimed at the premium architectural concrete flooring and tiles segment
- »» Increase of 5% in the sales of coated panels, consolidating the distinction strategy of the Wood Division

Intellectual Capital

- »» DX Ventures, Open Dexco and *Programa Imagine* (Imagine Program), composing the innovation strategy
- »» Inauguration of the Dexco Design Center
- »» R\$18.9 million allocated to the research and development of new products

Social and Relationship Capital

- »» Definition of the Social Responsibility Guidelines
- »» Investments of R\$2.5 million and 15,860 people benefited from the Private Social Investment projects
- »» Creation of the SOMA Project: a real estate property that will benefit 110 low-income families in the center of the city of São Paulo

Human Capital

- »» 13,811 employees¹
- »» Activities on the diversity topic with more than 7 thousand participants
- »» 30% of women in leadership positions

Natural Capital

- »» 94.7% of the more than 134 thousand hectares of our planted forest and conservation areas in Brazil have FSC® certification
- »» Identification of more than 2,600 species in our forest units, of which 1,452 are flora and 1,171 fauna
- »» CDP's "A List" in the Forests category

¹ Dexco Brazil and Colombia (it includes Castelatto; it does not include Caetex and LD Celulose).

WE TAKE CARE OF LIFE WHEREVER IT IS

ESG pillar corresponding to the chapter | **E (environmental)**

Natural capital

Material topics addressed in the chapter |

Climate change; Water and effluents

Improvement of **processes**

Our Integrated and Training Management Department was restructured in 2022 and now the work on topics related to the environment, security, management systems and training is carried out jointly by our businesses, improving the synergy and optimization of the processes.

There was a standardization of concepts, processes and tools that allow for more structured governance to identify weaknesses and, accordingly, prioritize actions and allocate resources. We started to work on a systemic basis and measure the topics, with constant progress and creation of targets for 2023.

We have been intensively monitoring the environmental liabilities, documents and safety indicators, and everything is compiled in a risk map. We established inspection routines, audits and pursue the continuous improvement of the facilities and working conditions in issues related to health, safety and the environment. We standardized the work in all units and equalized the calculations of reuse of water, for example, increasing efficiency and reducing the pollution load at treatment stations across the business.



We implemented, in 2022, the **Programa Vidas** (Lives Program), one of the initiatives of Proteg, our Occupational Health and Safety Management program, in the People pillar. The program includes three initiatives:

- »»» Actions of the *cipeiros* (Cipa members), representatives of the workers and the employer who compose the Internal Council for the Prevention of Accidents and Harassment (Cipa).
- »»» Actions of the guardians, voluntary employees who protect and safeguard their colleagues, protect the initiatives of health, safety and well-being and drive the collective care.
- »»» Actions between leaders and their subordinates, so as to ritualize the dialogue process.

The three initiatives are aimed at strengthening the relationship among the employees with bidirectional dialogues and talks, through which we expect to develop relations of trust at all hierarchical levels, as well as at participation by and consultation with all employees on issues related to health and safety. **GRI 403-1, 403-4**

Biodiversity

GRI 304-1, 304-2, 304-3, 304-4

Dexco has had initiatives related to biodiversity since the 1970s, with studies developed in partnership with educational and research institutions, resulting in the identification of more than 2,600 species in our forestry units, of which 1,452 are flora and 1,171 fauna. There have been more than 90 scientific publications, such as articles, dissertations and theses derived from this work.

Our commitment to Biodiversity is reflected in the management practices adopted by the Company, such as zero deforestation, no use of fire in forest management activities, respect for the soil and water resources, maintenance of biodiversity corridors, monitoring of areas with high-value conservation attributes and engagement of employees and communities regarding the observation and the photographic recording of the fauna present in the forestry farms with the *Lente Animal* (Animal Lens) program.

In 2022, in Dexco's operations, no significant impacts on biodiversity were identified. Our factories in Brazil are installed in areas designated for industrial activities, preventing the occurrence of significant impacts, and the forestry production units are implemented in areas that have been already



A COUPLE OF YELLOW-CHEVRONED PARAKEETS (*Brotogeris chiriri*) in front of their future nest, a termite mound, in the Monte Alegre farm (Agudos)

anthropized, usually previously used for agriculture or cattle-ranching.

In Colombia, to choose the areas where the Company will work, an analysis of the conditions and characteristics of the locations is carried out. Among the characteristics the property must present is that its soil cannot have been previously used for forestry plantations. They must be always cultivations or pastures to ensure that the habitats or species are not affected, in accordance with our policy for the purchase or lease and technical evaluation of new areas.

If there are impacts during the operation, there is an impact closing report format that allows the completion of the actions necessary to mitigate the impact generated during the forestry activities of the operation.

In 2022, reaffirming its commitment to the best sustainable growth practices, Dexco published its [Commitment to Biodiversity](#). The document, which is signed by the Company's CEO, reinforces our work on the responsible forestry management topic.

Forestry

GRI 304-2 SASB RR-FM-160a.4

Dexco has had the Forest Stewardship Council® (FSC®) certification of responsible forestry since 1995, and was the first company in the southern hemisphere and the fifth in the world to receive this recognition.

To keep this certificate, it is necessary to employ the best forest management practices so as to prevent, minimize and mitigate the negative impacts of the operations. Dexco does no conversion of natural forest ecosystems to planted forests.

At the end of 2022, **94.7% of the more than 134 thousand hectares of our planted forest and conservation areas in Brazil had FSC® certification** ✓, including own and leased land. In Colombia, we reached 82.1% of certification, taking into consideration own and third-party land.

During 2022, with the technical support from Dexco, a new group of independent producers in the State of Rio Grande do Sul earned the recommendation for certification. **The proportion of fostered partners recommended for certification grew to 52.4%** ✓.



We have a due diligence system for wood procurement that assesses, among other aspects, all suppliers in terms of environmental and social impacts of the harvesting and transportation operations.

With respect to harvesting, in Colombia, for example, we announced the investment in mechanization, a process that would begin at the end of 2022. But, with the global supply crisis and the lack of electronic chips, the industry delayed the delivery of the two pieces of equipment that were purchased in the same year. We have already started to structure and train our team and we intend to start the mechanized harvesting of our forests in the first half of 2023, bringing technology and efficiency to the forestry operations.

As part of the FSC® certification, certified enterprises are required to identify the environmental aspects and impacts of their activities. There is an internal procedure that establishes the parameters for such assessment, taking into account the situation (regular, irregular or emergency), type of impact (actual or potential), temporality (current, past or planned), classification (beneficial or adverse) and level of influence (under control or influenceable). The significance of the impacts is determined

based on scale, severity and frequency criteria. All forestry operations have been assessed.

The operations with potential to cause any significant adverse social impact on the traditional communities in Brazil are those related to forestry. We have as a commitment and practice not to carry out forestry management activities in places recognized as a World Heritage Site or in protected areas classified by the International Union for Conservation of Nature (IUCN) as categories I-IV, in addition to respecting the legal rights and the customs of local and traditional communities, as well as their rights on land use. To this end, we constantly monitor the managed area and make field visits, establishing a direct contact with the community.

We have programs aimed at the communication and integration with the local communities and studies are conducted for mapping and characterizing the surrounding communities. In the characterization work, the identification of traditional communities, such as indigenous and *quilombola* (state-recognized encampment communities of descendants of runaway slaves), receives special attention.



There is no current evidence of impacts on the traditional communities, their territories or ways of life.

Currently, the closest indigenous territory to our operations is located three kilometers away from a forestry farm in Brazil and there is no indication of impacts of management on the territory and the ways of life of the people that live there. The information related to this assessment is part of Dexco's Forest Management Plan. **SASB RM-FM-210a.1**

Dexco Colombia does not operate in any area of influence of indigenous communities. Therefore, there are no workers or operations in these communities. The communities that are located in the surrounding areas are not indigenous.

Maintaining the history of respect and good relations with the communities surrounding our operations, there was no violation of indigenous peoples' rights at Dexco in 2022. **GRI 411-1**

In Colombia, we have a channel through which all positive and negative impacts identified with the communities neighboring the areas of forestry projects are received and addressed with the support of

La Fundación Gestión Social y Ambiental (Environmental and Social Management Foundation), which is our ally in the work with the communities.

Our guidelines for the management of forests and development areas are contained in the [Environmental Policy](#), the [Corporate Responsible Forestry Management Standard](#), the [Commitment to Biodiversity](#), the Forestry Management Plan of Dexco [Brazil](#) and Dexco Colombia and the [Forest Management Plan – Fostered Partners](#). Learn more about Dexco's forestry management by clicking [here](#).

In addition to the commitment to responsible management, Dexco has been investing, since 2008, in studies developed with the use of many technologies installed in the Flow Tower, a structure in the region of Botucatu (State of São Paulo) that monitors the behavior of carbon, nutrients and water during the forests growth cycle. The project is carried out in partnership with research institutions and other companies. The Flow Tower also enables the comparison of the results obtained from areas with planted forests and native forest conservation areas.

Taking care of the environments where we operate is essential for the manage-

ment of the natural resources that may be impacted by our activities. Our forests also contribute to the maintenance of the ecosystemic services, that is, the benefits that the forests bring to human well-being, such as water supply, natural control of pests, environments for recreation and climate regulation.

In this context, in 2022, our forests in Brazil were recognized in accordance with the FSC® standards for the positive impact for the maintenance of ecosystemic services arising from:

- »» Conservation of biodiversity, contributing to the conservation of the diversity of species, with the maintenance of focal species and conservation of their habitat.
- »» Sequestering and storage of carbon, contributing to the maintenance of stocks of forestry carbon from the forestry plantations and conservation of native vegetation areas.
- »» Recreational services, contributing to the maintenance of recreational activities and tourism from the conservation and improvement of local conditions (*Espaço Arvorar* (Arvorar Space)).

Climate change

GRI 3-3 (Climate action)

Aware of our role in tackling climate change, we invest in the low-carbon economy. We seek to employ technologies to reduce the emissions of greenhouse gases (GHG) and the use of fossil fuel in our energy matrix, in addition to seeking the use of alternative sources of energy and eco-efficiency in the production processes.

We follow the guidelines of The Greenhouse Gas Protocol (GHG Protocol), the main benchmark to quantify corporate emissions, to account for our annual GHG emissions. We have been reporting our [GHG inventories](#), verified by a third party under the Brazilian GHG Protocol Program, since 2012, showing transparency in the reporting of our emissions. We also prepare and report the inventory of agricultural emissions and removals from our forestry areas.

Carbon market

The regulated carbon market in Brazil is still in a structuring stage, with the development of bills in Brazilian Congress and the publication of legal acts establishing the bases for the trading system.

We follow these discussions through active participation in the industry associations of which we are part, seeking to influence the debate for the climate benefits of the planted forests to be recognized. Our priority still is to maintain the positive carbon balance, using our forests to mitigate the effects of the emissions from our businesses.

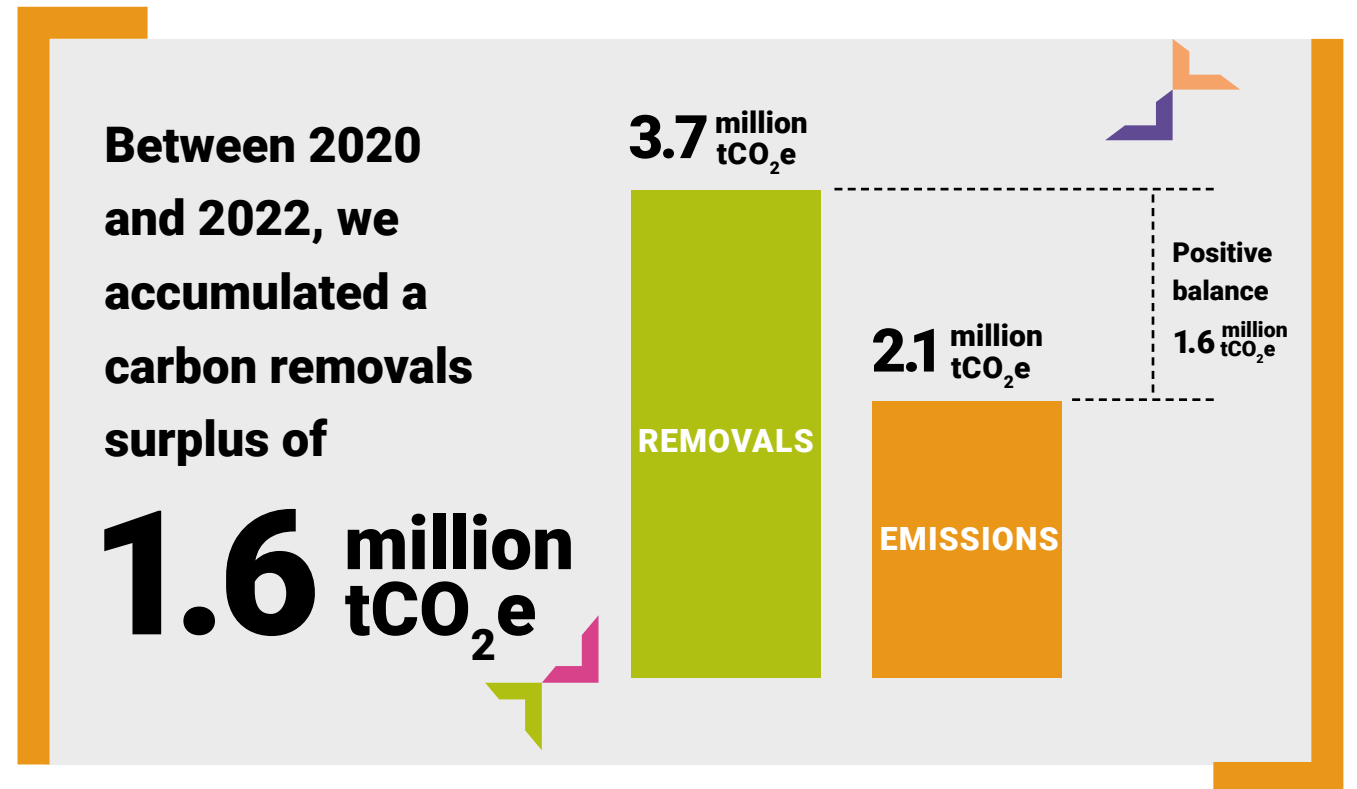
In Colombia, there is already an established carbon credit market and Dexco made a sale to Colombian companies in 2021. The highlight in 2022 was our first sale to foreign countries, when a block of 389 thousand metric tons of CO₂e was sold for US\$1.5 million as voluntary compensation, and not as offset of taxes, as it is usually done. This volume is part of the 589 thousand metric tons that were certified in 2021.

It is worth mentioning that we invest in the research and development of our forests based on the use of genetic materials resulting from our forest breeding program, which brings to us the expectation of increased productivity and better adjustment to climate change. In accordance with the FSC® guidelines, we do not

use genetically modified organisms in our forest plantations, a condition that is annually checked in independent audits. Learn more about our work on the climate change front by clicking [here](#).

In 2021, we carried out our first assessment on the adherence to the recommendations of the Task Force on Climate-Related

Financial Disclosures (TCFD) to disclose the information related to climate risks. We saw opportunities for improvement in this analysis, in line with the revisitation of the Company's materiality and, therefore, we expect to disclose our results of adherence for 2022, as well as the results of the improvement of this analysis in 2023.



Learn more about our management of the "Climate change" material topic in the [Handbook of Indicators](#) at the end of this document.

WE TAKE CARE OF LIFE WHEREVER IT IS

Emissions

GRI 305-1, 305-2, 305-5

The transition to a low-carbon economy is essential for the adjustment to climate change and the management of the emissions from our businesses allows us to direct actions towards the reduction of impacts.

We started to assess even more attentively the projects regarding their potential impact on climate and carbon balance, allowing for the definition of mitigation actions. We also sought a third-party certification so that we can report in a more assertive manner our positive balance to our stakeholders.

We established targets related to the management of greenhouse gas (GHG) emissions from our operations and to the capture of carbon by our forests. These challenges are in line with the Paris Agreement and the global commitment to limit global warming to 1.5°C. We also have as a target¹ to reduce the absolute emissions of scopes 1 and 2 by 37% by 2030.

Considering the established base value, we reduced emissions by 44% in 2022 ✓, due to the drop in production demand and in the emission factors of the concessionaires that supply electric energy, in addition to structured projects for

the reduction of the energy consumption of plants, operational improvements and the deactivation of less efficient production lines.

We reduced by 23% the relative GHG emissions arising from fixed sources² in Dexco's most carbon-intensive units (Ceramic Tiles) ✓ in relation to the 2020 base year.

²Includes atomizers, dryers and furnaces.

The efforts towards improving the energy performance in the Ceramic Tiles operations carried out over the course of the year generated the expected results, although still strongly influenced by fluctuations in production. The better performance of the operations, although with less productivity and the option to suspend less efficient lines, contributed to the reduction of the relative emissions. The work for improving the energy matrix and process eco-efficiency is expected to take the Division to another level in 2023.

At the Itapetininga Panels unit, we had some projects of the Engineering Department, which implemented many improvements aimed at the 4.0 Industry that enable a better management of the operations. Such

initiatives allowed for the reduction in the consumption of fuel oil by about 54%. In addition to the decreased production demand, this optimization can also be attributed to the partial replacement of this oil by biomass.



GHG³ emissions (tCO₂e) – scopes 1 and 2 GRI 305-1, 305-2

	2020	2021	2022
Scope 1	290,135.2	348,443.1	303,445.14
Scope 2	57,523.2	123,245.9	42,977.34
Total	347,658.5	471,689.0	346,422.49

³ Emissions from operations in Brazil and Colombia (tCO₂e), using the operational control approach (does not include Caetex or LD Celulose). Base value (reference) for the target: 615,034 tCO₂ eq (scopes 1 + 2).

¹ Base value (reference) for the target: 615,034 tCO₂ eq (scopes 1 + 2).

Learn more about our emissions in the [Handbook of Indicators](#) at the end of this document.

Water resources

GRI 3-3 (Water and effluents), 303-1

Water is an important input for Dexco’s industrial and forestry production processes. By withdrawing water, we can reduce the availability of this resource to other stakeholders and we can also influence its cycle through the forests. For the DecalHydra product lines, water is essential during the stage of operation of sanitary solutions.

As a way to gauge our impacts and demands, we measure the withdrawal of water based on each type of supply source (surface, groundwater and third-parties’), in addition to quantifying its disposal as well. We ensure compliance with the legal limits of the quality of effluents through the industrial and/or sanitary effluent treatment stations of our units, with their specific characteristics, depending on the location and nature of the production processes. Our plant units also have water reuse systems.

In 2022, 5.8 billion liters of water were internally reused in the Ceramic Tiles units alone.

In 2022, we started a project at a Tiles unit to increase the capacity and recirculation of the effluent treatment station, which is expected to enable the improvement of the process performance, reducing maintenance costs, in addition to generating a lower consumption of water, thus contributing to the conservation of water resources. At another unit of the Division, we inter-

connected two effluent treatment systems, which resulted in the improvement in the use of chemical inputs and the reduction in the consumption of water.

Additionally, a new effluent treatment station will start to operate in Itapetininga (State of São Paulo) in 2023, enabling the increase of the reuse of treated effluents in production processes.

We also draw attention to the continuous work on the genetic improvement for the production of forests adapted to specific conditions. This work allows us to improve their resistance to specific or even extreme situations of water shortage or excess, for example.

In 2022, Dexco became part of a new working group at the São Paulo Forest Forum, which discusses forest management strategies that provide the best conditions for the production of wood and conservation of water. Through dialogues with other forestry companies, educational and research institutions and NGOs from different fields, assessments of the topic are being made and are expected to result in technical recommendations and practical tests.

Learn more about our water and effluent management in the [Handbook of Indicators](#) at the end of this document.



Waste

GRI 306-1, 306-2, 306-4, 306-5

We continuously invest in initiatives to optimize the use of materials. In 2022, we reused more than 152 thousand metric tons of waste internally, including broken ceramic, crockery shards and plastic materials, for example. This amount corresponds to 35% of the waste generated at the Company in the same period.

The ash and sludge generated by the production processes of the Wood Division at the plants in Agudos and Uberaba are treated at composting centers where they are turned into organic fertilizers. In 2022, more than 30 thousand metric tons of waste were turned into inputs for our forests by means of this process, thus contributing to the reduction in the consumption of fertilizers of non-renewable origin. For 2023, this practice is expected to be expanded to the Itapetininga (State of São Paulo) unit.

In 2022, the Jundiaí Fittings unit started to internally use the waste (leftovers) of the Zamak alloy, returning them to the injection process and, therefore, enabling a lower consumption of natural resources (raw material) and reduction of costs.

Progress in the bathroom fixtures operation

In Queimados (State of Rio de Janeiro), where we faced important complications in 2021, we signed a Consent Decree, the Public Civil Action was completed and we implemented all requested improvements and conditions. The production was resumed to the normal levels and we received the recommendation for the renewal of the environmental license.

To this end, we invested R\$6.5 million in environmental control systems, restructuring of teams and programs of quality and reduction of losses. We enhanced our preventive risk assessment system, improved our monitoring routines and reassessed all units to ensure the legal compliance of our operations.

Circular economy GRI 301-3

In 2021, we started an environmental offset project in partnership with the Eureciclo certification company, which makes the connection with cooperatives that collect and send to recycling an amount of packaging that is equivalent to our products that reach the end consumer.

In 2022, the second year of the partnership, Dexco offset 9.7 thousand metric tons of materials related to 2021. **For 2023, 9.9 thousand metric tons are in the process of offsetting, representing 100% of the plastic and cardboard packaging** of the Deca Fixtures and Fittings, Hydra, Durafloor Flooring and Ceusa, Portinari and Castelatto Tiles products that reached the end consumer over the course of 2022 all over Brazil. It is worth mentioning that, in 2021, the volume offset was 22% (related to 2020).

Additionally, in compliance with the National Policy of Solid Waste (Law No. 12,305/2010), Hydra joined the collective system for the reverse logistics of electric and electronic products and their components through a partnership with a management entity that has entered into an industry agreement with the Ministry of the Environment, thus ensuring security and the proper disposal of devices after consumption that are thrown away by consumers.



Energy

GRI 302-1 SASB CG-BF-130a.1

Our energy matrix was composed of 55.6% of renewable sources in 2022, notably from forestry biomass. About 11 million GJ of energy were consumed at the organization in the year.

The Panels units in Brazil accounted for the absolute consumption of more than 5.7 million GJ in 2022, including fuel and electric energy (scopes 1 and 2).

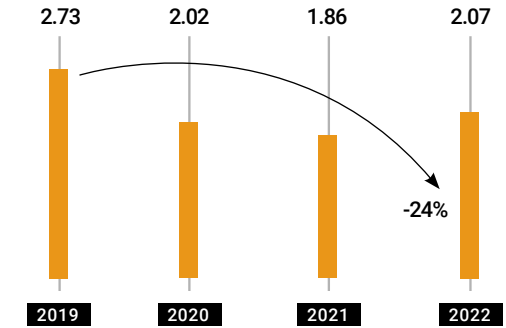
This amount corresponded to about 52% of all the energy consumed by the Company in the year, that is, Panels is the most representative business for Dexco in this category.

In the chart on the side, we can see the evolution, over the past few years, of the consumption of energy with respect to the production

of Panels: the eco-efficiency efforts in production processes are reflected in these figures. Despite the impacts on production arising from the market scenario in 2022, the energy performance levels did not change significantly since 2021 was a record year, of intense use of production capacity and, therefore, of greater efficiency.

RELATIVE ENERGY CONSUMPTION 2022¹

Brazil Panels (GJ/CM)



¹ Scopes 1 + 2.

Commitments and certifications

Dexco's Sustainability Strategy establishes the alignment with international certifications and initiatives for responsible forestry management and chain of custody criteria, (FSC®, SPOTT, CDP Forests), management of greenhouse gas emissions focused on reduction (CDP Climate Change, GHG Protocol), climate risks and water risks (CDP water).

In 2022, we were selected by the GHG Protocol to contribute to the preparation of the accounting standard for GHG emissions and removals arising from activities based on land use, such as forestry, which is expected to be published in 2023.

The ISO 9001, ISO 14001 and ISO 45001 standards are adopted as benchmarks for our business units' quality, environment and occupational health and safety management systems.

Additionally, Dexco participates in initiatives that provide guidelines to promote sustainable growth and citizenship through corporate leaders committed to the UN Global Compact and SDGs.



[Click here to learn more about our certifications.](#)

WE INVEST IN PEOPLE AND DEVELOP AMAZING TEAMS



ESG pillar corresponding to the chapter | **S (social)**

Human and intellectual capitals

Material topic addressed in the chapter |

Organizational culture and people management


In 2022, we revitalized our culture behaviors and disseminated them to everybody through the leaders together with Dexco's Sustainability Strategy. We can say that this was the year of culture at our Company.

To understand how we got here, it is important to remember that we carried out, in 2021, a number of consultations with specialists on culture from the consumer, digital and ESG standpoint, with the participation of many internal and external stakeholders, including the executives and the Board of Directors. Therefore, also in this period, we disclosed our organizational culture model for the first time, and our culture and leadership targets until 2026.

In 2022, we evolved in our concepts and started to disclose with a greater focus our **Way of Being and Doing**, the Dexco culture, which was simplified and the behaviors were modernized, with the inclusion of attitudes, such as the ESG, digital and consumer topics that cross-cut all business areas.

Further information can be found in the [Handbook of Indicators](#) at the end of this document.

THE PROFESSIONAL OF DEXCO GRI 2-7, 401-1



13,810

employees¹ in 2022

12,996 in Brazil,
in addition to 235
in the newly acquired
Castelatto

579 in Colombia

¹This total does not include employees of LD Celulose or Caetex.

BRAZIL

24%

women

76%

men

64%

Southeast

20%

Northeast

16%

South

COLOMBIA

23%

women

77%

men

Type of contract, hires and turnover in 2022

	Brazil ²	Colombia
Permanent employment contract	96%	47%
Temporary employment contract	4% ³	53%
Full-time job	97%	100%
Part-time job	3%	-
Contracted employees	3.447	117
Rate of new hires	27,0	20,2
Employees who left the company	4.376	100
Turnover rate	30,0	19,0

²The data do not include Castelatto.
³ Contracts of apprentices.

OUR WAY OF BEING AND DOING

We take care of **life** wherever it is

We invest in **people** and develop **amazing teams**

We are **agile** and seek the best **digital solutions**

We **innovate**, simplify and **learn** from mistakes

We inspire **customers** and **consumers**

We are **efficient** and **generate** outstanding **results**



Organizational culture

GRI 3-3 (Organizational culture and people management)

Our cultural evolution over the course of 2022 required a review of processes to make changes and accelerate the practice of new behaviors. It was necessary to develop leaders for the disclosure and strengthening of the cultural change. In this respect, we carried out many actions to engage our leaders in this new undertaking.

In preparation, we trained 667 leaders on content about the history of the evolution of the our Way of Being and Doing culture, the process of creation and presentation of the new behaviors and the presentation of the new Dexco leadership profile and its role in the change management process. In addition to making available a script for the leaders to disseminate the content to their teams, we encouraged each of them to set the tone for its communication.

After the disclosure by the leaders, we carried out actions for the culture topic to be sustained among our employees. Among these initiatives, we draw attention to the Culture Dialogues and the strengthening of the content pieces in workshops. And, finally, the culture ritual, which encourages discussion on the behaviors among the employees.

The dissemination of the new **Way of Being and Doing** and the Sustainability Strategy put the **ESG** topic at the **center of our transformation agenda**.

45 hours

invested in the training and development of skills and leaders

100%

of managers trained

98%

of supervisors trained

93%

of coordinators trained

All the material was recorded and made available to the leaders who did not participate so that they could access the content and disseminate it to all employees.



CELEBRATION OF THE NEW CULTURE SEASON - Uberaba Panels Unit (State of Minas Gerais) - July 22

WE INVEST IN PEOPLE AND DEVELOP AMAZING TEAMS

To support this transformation agenda, we created a new Reference Group, a team of leaders chosen from many departments who were trained for 5 days (39 hours) to carry out dialogue circles with others Dexco's leaders about opportunities to make progress in culture. This group is made up of 48 leaders, including coordinators, specialists and managers and, in 2022, a dialogue circle was organized with supervisors, coordinators and specialists.

In July, we launched the e-book of the Way of Being and Doing as a facilitator for the translation and understanding of our culture, in addition to a supporting material for the culture rituals.

A significant moment of this process was our Culture Week, when we celebrated our cultural evolution and revealed our symbol, a Rubik's cube, to our employees in all units in Brazil and Colombia.

The events of the week had customized space designs, delivery of personalized materials (stickers, paper toys and others), dialogues between the leaders and their teams, interactive games, photo booths and a web page with games and videos. The week had a very positive engagement on social media, with 4 thousand interactions with the culture filter on Dexco's Instagram page.



Another memorable action was the culture virtual sticker album, an action closing the 2022 campaign, which is available to all employees. A total of 920 people interacted with the album and 88 completed it during the actions, receiving a physical album.

Over the course of the whole year, we also held cultural alignment meetings and actions with our Executive Board. Officers and the entire Executive Committee (15 people) participated in 4 meetings, totaling 32 hours, in which we addressed reflections on and practical actions of culture, management practices and multi-business interactions. In Colombia, the actions reached 100% of the employees, with workshops with the leaders, creation of the Reference Group and caravans.



Cultural assessment

GRI 3-3 (Organizational culture and people management)

Two surveys, one with the leaders and the other with a sample of employees in Brazil and Colombia assessed the practice of the culture behaviors. In one of them, 817 invited leaders made an online self-assessment about Dexco's culture practice. The rate of adherence to the survey was 69%.

In another survey, 5,268 employees were invited to answer an online questionnaire about the culture season so as to give Dexco the opportunity to understand the extent to which the behaviors are being practiced in the daily routine. The rate of adherence to the survey was 92%. **In the "culture practice" dimension of the survey, we had a general average score of 76, and in the "engagement" dimension, of 87** ✓ (scale of 1 to 100).

This was the Culture Survey with the greatest coverage that has ever been conducted in our history and it was the first time that we invited part of the teams to participate. When comparing the result of 2022 with the result of the survey in 2018, which is the year following the dissemination, we had an evolution of seven points. When comparing it with the result of 2019, our last survey, when we were moving towards the closing of season 1, the score was the same. The results were disseminated down to the manager level in 2022 and will be internally cascaded down to the other stakeholders in 2023.

Learn more about the management of our material topic "Organization culture and people management" in the [Handbook of Indicators](#) at the end of this document.

Diversity and inclusion (D&I)

GRI 2-23

It is our commitment to try to be an increasingly more inclusive and high performance company, where the employees see themselves in a safe, diverse and plural environment so they can be who they really are, printing their mark on their actions and being recognized for that. We disseminate these values through policies, affirmative actions, projects and awareness-raising campaigns, promoting a sense of belonging and a look at the appreciation of differences and their intersectionalities.

We believe that diverse teams significantly contribute to innovation, sustainability and outstanding results for our businesses. Safe environments are directly related to inclusion and the way our employees relate and how they can print authenticity on the daily routine, making their journey easier in organizational climate, exposure, contributions and new ideas.

Diversity, equity and inclusion generate transformation and create a working environment in which each employee has access to the same opportunities, space and respect, in addition to being increasingly more important requirements to attract and retain talents.

Learn more about the diversity of our employees in the [Handbook of Indicators](#) at the end of this document.

In 2022, we invested in development and integration actions and held literacy programs on the topics of gender, people with disabilities, race and ethnicity and LGBTI+ and we organized awareness campaigns, panels and dialogue circles. There were 68 hours of activities and more than 7 thousand people participated.

We also held an executive mentorship with a specialist on the topic for Dexco's CEO and maintained our participation in forums and movements related to the matter, such as the *Rede Empresarial de Inclusão Social* (Corporate Social Inclusion Network - Reis), which brings companies together to support the creation of more inclusive environments for people with disabilities, and the *Movimento Mulheres 360°* (Women 360° Movement), which contributes to women's economic empowerment.



MEMBERS OF THE DELAS (THEIRS) PROGRAM - Itapetininga Panels Unit (State of São Paulo) - Nov 22

DIVERSITY IN GOVERNANCE BODIES GRI 405-1

By age group¹

	2020			2021			2022		
	Under 30 years old	Between 31 and 50 years old	Over 51 years old	Under 30 years old	Between 31 and 50 years old	Over 51 years old	Under 30 years old	Between 31 and 50 years old	Over 51 years old
Board of Directors	0%	25%	75%	0%	33%	67%	0%	33%	67%
Board of Officers	0%	27%	73%	0%	46%	54%	0%	50%	50%

By gender¹

	2020		2021		2022	
	Men	Women	Men	Women	Men	Women
Board of Directors	89%	11%	78%	22%	78%	22%
Board of Officers	90%	10%	83%	17%	86%	14%

¹ The indicator covers the effective members of Dexco's Board of Directors and specialists and alternate members are not accounted for.

See some of the main initiatives carried out over the course of the year:

D&I Portfolio – we implemented a portfolio of actions to give independence for each unit to manage the topic in accordance with the local needs and specificities, respecting the corporate guidelines.

Online integration – we worked on the organization of monthly forums whose purpose is to present our strategy and the fundamental concepts on D&I to new employees from different departments. The meetings last two hours and are open to all employees.

In-person integration – forums that take place at the units and are aimed at the practice of the inclusive culture, with different methodologies for leaders and administrative and operational teams. In addition to training the teams, the meetings are also intended to create multiplying agents.

At the end of 2022, giving continuity to the Company's agenda, we launched the *Cartilha de D&I* (D&I Booklet), a guide with the inclusive concepts and behaviors expected by Dexco in relation to the topics of the diversity, equity and inclusion agenda, which complements the literacy programs and forums held.

Diversity of gender

In 2022, we took another important step, exceeding our target and reaching 30% of women in leading positions at Dexco, which was determined in our Sustainability Strategy. The previous target (25%) had already been beaten in 2021, when we recorded 25% of women in leading positions such as CEO, vice presidents, officers, managers, coordinators and supervisors in Brazil and Colombia.

Recognitions

As recognition for our actions on diversity, we received from the Government of the State of São Paulo in 2022, the **Diversity Seal of the State of São Paulo**, which certifies public and private organizations and organizations from civil society that address the diversity topic in their people management departments.

T E V A
I n d i c e s

Another recognition came when Dexco was included in the portfolio of the **Índice Teva Mulheres na Liderança**® (Teva Women in Leading Positions Index), Brazil's first index that selects companies with more representativeness of women in governance.

The index takes into account the compositions of boards of directors, supervisory councils, boards of officers and management committees. Companies that reached equity or are promoting more women to leading positions are also assigned points.



MEMBERS OF THE ECONOMIC DEVELOPMENT DEPARTMENT OF THE STATE OF SÃO PAULO AND DEXCO'S DE&I TEAM - event of the Diversity Seal of the State of São Paulo - Nov 2022

The *Jornada do Feminino* (Journey of the Feminine), our female leadership development program was focused on skills and empowerment in 2022. In four meetings lasting two hours each, the female employees who participated developed reflections on formation as a woman, awareness levels, personality and a view on how they want to position themselves inside and outside Dexco.

In addition to this initiative, we promoted, in the month of International Women’s Day, debates on sexism, career dilemmas and challenges and violence against women. There were also open chats with female employees at the forestry and industrial units, with the support of materials on our main institutional actions intended for them.

38% of the **new hires** at Dexco **in 2022** were of **female candidates**.

Support for women is also provided with the process of education for men. The *Agosto Lilás* (Lilac August) campaign had an exclusive forum for men on issues such as gender and violence against women, from the work standpoint, in addition to an understanding of gender issues and microaggressions.

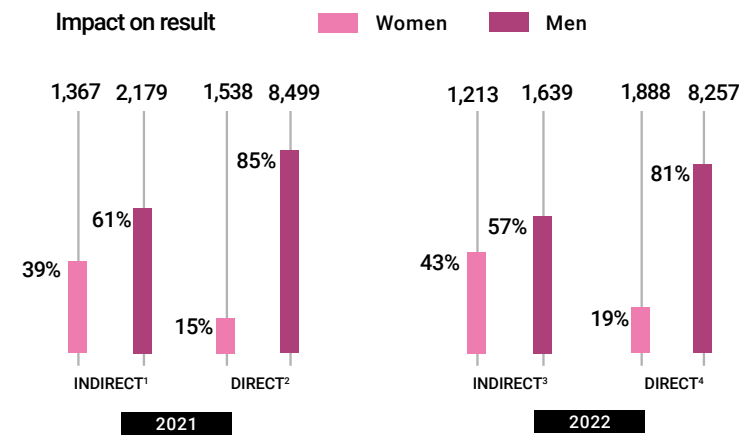
¹JG: function level of the Company for salary purposes.

Salaries

In 2021, we conducted a study to assess the salary gap between peers of different genders. The study compared positions with the same time in the Job Grade (JG¹) (up to 2 years in the JG; from 2 to 4 years in the JG; over 4 years in the JG) and same location. When looking for realistic comparison bases to obtain a good sampling, we found a mean ratio between the salaries established for different genders.

Making headway in our transparency, we also calculated the active participation of women in revenue-generating positions, in accordance with the chart on the side:

FEMALE REPRESENTIVENESS IN POSITIONS LINKED TO REVENUE GENERATION² GRI 405-1



²The data reflect Brazil only and do not include Castelatto.

³ Indirect impact on result: production and sales support positions (HR, Finance, IT, etc.).

⁴ Direct impact on result: positions with direct impact on the production process and sales.

In Brazil, there is no difference in the package of benefits for temporary workers and part-time employees. Accordingly, employees in these conditions must receive the same package of the other employees of the same level and location. In Colombia, all employees of the Company work full time. The temporary workers hired by third parties do not receive any type of benefit or out-of-court payment directly from the Company.

Learn more about the benefits that we offer to our employees in the [Handbook of Indicators](#) at the end of this document.

Salary positioning for men and women⁵ GRI 405-2

Position	< 2 years with no move ⁶		2 to 4 years with no move ⁶		> 4 years with no move ⁶	
	2021	2022	2021	2022	2021	2022
Gender	Women	Men	Women	Men	Women	Men
Average PR⁷	83.0%	81.0%	89.1%	88.6%	85.0%	86.0%
					86.8%	85.2%
					96.0%	91.0%
					94.5%	92.9%

⁵The data do not include Castelatto.

⁶ Time in which the employee is in the same position, with no career move.

⁷ PR: salary positioning ratio for the salary range defined by the JG (function level of the Company for salary purposes).





People with disabilities

At the end of 2022, there were 636¹ people with disabilities at Dexco Brazil, which represents 4.9% of our employees, whereas Brazilian legislation establishes 5% of inclusion of people with disabilities in relation to the total number of employees. If we consider Brazil and Colombia, this number increases to 645 employees.

We contracted a package of 240 hours per year of services of interpreters in the Brazilian Sign Language (Libras) to use in the se-

lection, integration and training processes, in addition to feedbacks for the inclusion of hearing-impaired employees.

In order to drive inclusion, we also created a task force to encourage the monitoring of actions to attract people with disabilities to many positions. Additionally, we launched the *Parte da Gente* (Part of Us) campaign for the purpose of educating about disability as human identity and fighting against ableism. Through literacy programs and a panel, we addressed the understanding of the types of disability and the creation of healthy, inclusive and safe environments for all people.

LGBTI+

Our awareness-raising and empowerment campaign *O Orgulho de Viver Ambientes Seguros* (The Pride of Living Safe Environments) is aimed at awareness and accountability as a way of changing behaviors. Through information and content in cards and videos, we work to promote a safe and healthy work environment for all. There were 7 literacy groups with 1,285 participants in total, and one panel, which gathered 530 people.

Additionally, in the Mother's Day, Father's Day and Family Day forums, we addressed parenthood in all its forms, as a group of people brought together by affection, regardless of formats or standards, and with respect for any type of diversity.



Race and ethnicity

The *Por Ambientes Livres do Racismo* (For Racism-Free Environments) campaign marked the establishment of race and ethnicity as a priority topic at Dexco. Its purpose was to raise awareness of the importance of the adoption of antiracist behaviors in our environments and in all relations inside the Company. The action had the attendance of 598 people in two literacy groups, mediated by a specialist, and it will be reinforced in 2023.

¹It does not include Castelatto.

Attractiveness and selection

GRI 3-3 (Organizational culture and people management)

We created and made available a new book of interviews to develop and support supervisors in the conduction of more objective selection processes connected with the new Way of Being and Doing.

We also carried out an assessment of customer service to measure the satisfaction of the departments with respect to the Attractiveness & Selection consulting firms, which were also subject to a thorough analysis of their performance.

In 2022, we received the Company That Gives Feedback seal from the Gupy recruitment platform. The purpose of the award is to recognize companies that give a minimum of 90% of feedback to the candidates, providing transparency to the processes and improving the experience of the professionals who participate in the companies' selection processes.

We present below our career attraction, development and acceleration programs: **GRI 404-2**

»»» **Delas** (Theirs) – a multi-business program aimed at development and acceleration of the career of female leaders. With a duration of 12 months, its



first edition was in 2022, with a focus on the industrial area, with 771 candidates and 23 positions filled. The development journey seeks hard and soft skills and also leadership skills and has an exclusive

module focused on gender. In addition to the trail, the program has a Sponsorship module in which a strategically positioned leader who has significant influence on decision-making processes or structures can support the development, and create and provide visibility for the sponsee internally.



»»» **Dextination** – a multi-business career acceleration program in which we encourage the hiring of women, black people, people with disabilities and their many intersectionalities. Of the 3,520 candidates who applied, 21 people were selected, of which 67% were female, 57% were black or brown and 5% were people with disabilities, who integrated the 18-month training course that started in January 2023. The program will have business

immersion and job rotation, a development program that will strengthen training and educational actions focused on hard and soft skills, as well as continuous encouragement, through the lifelong learning process, in addition to including practical projects, mentorship focused on diversity and monitoring by leaders during the entire program.

Geração D

»»» **D Generation Trainee Program** – in 2022, the program's development trail addressed topics such as career leading role, self-knowledge, tools and technologies, among other things. One of the actions of the trail, the D Marathon, presented a number of live meetings aimed at these stakeholders and 82% of the participants assessed the meetings as "very good", in accordance with the reaction surveys conducted after each event. For 2023, the selection will be centralized and will have a single entry for all businesses. The beginning of the process, with disclosure and registration for the program, took place in 2022.

»»» **Training** – the training program for the local community is inclusive and free of charge, with exclusive or priority vacancies for women. After the end of the course, there may be the hiring of the graduates who are then also more qualified to work at other companies or develop their own business. In 2022, the Female Training Program of the Wood Training Academy, carried in partnership with the National Service of Industrial Learn-

ing (Senai), trained 194 women for jobs such as car drivers, tractor drivers and machine operators. The program covers the units in Agudos, Itapetininga, Taquari and Uberaba. To increase female participation in our staff, the program was expanded and also reached intermediary levels of female leaders, with the training of 202 women in these positions. Since its creation in 2021, 31 women have been hired by Dexco.

The Ceramic Tiles unit in Botucatu (State of São Paulo) also opened a training course in 2022. In addition to theoretical and practical knowledge of ceramic tile manufacturing, the course will present concepts of the 4.0 Industry. There will be two simultaneous classes, with 16 students each, with a duration of 160 hours. The evening classes began in February 2023 and, at the end, the candidates who pass may be hired to work at Dexco's new unit in that city.

In a year characterized by retraction in demand and high inflation, Dexco recorded 3,851 withdrawals in 2022, compared to 3,571 in 2021. Of this total, 30% were voluntary and 17% were due to the end of a fixed-term employment contract. Among the involuntary withdrawals, there were previously cutback planned for 2022. **GRI 401-1**

Career development and talent management

GRI 3-3 (Organizational culture and people management), 404-2

Taking into consideration the pillars of our 2021-2025 strategy, people management gained great importance and our programs aimed at education and development of leaders show our efforts towards training the employees under our Way of Being and Doing. See the main initiatives in this context.

The **Novas Competências Dexco (Dexco New Skills)** program prepares leaders in Brazil and Colombia (managers, specialists and coordinators) for the growth journey, developing a corporate vision, digital mindset and consumer centricity. In 2022, there were 385 participants, with 2 modules per participant, totaling 9,240 training hours through the UniDexco digital platform and a curatorship with different initiatives (assessment and reassessment, mentorship, application project and pitch). The program began in 2021 and will continue in 2023.

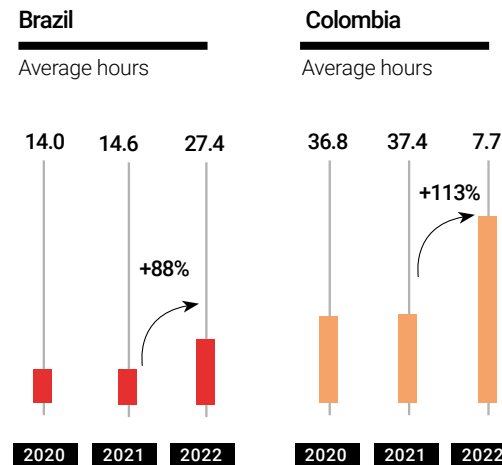
We also highlight the work of the **Escola de Liderança Dexco (Dexco Leadership School)**, a program that promotes the development of industrial and administrative supervisors in leadership skills and people management. In 2022, there were 17 in-person classes and 231 participants, with 2,541 training hours. The program will continue in 2023, with new modules.

We also invested in **Data Literacy**, with a series of 10 classes for leveling and deepening the knowledge of data aimed at leaders. The purpose is to reinforce the culture of being increasingly agile and seeking the best digital solutions. The average attendance of the course was 97 employees per live class and the course will be resumed in 2023.

Average training hours

GRI 404-1

In 2022, average training hours per employee in Brazil were 27.42, an increase of 88% from the previous year, and in Colombia, they were 79.70, more than double from 2021. The data do not include Castelatto, which had on average 10 training hours per employee in 2022.



We also developed the **Plataforma Digital Dexco (Dexco Educational Platform)**, in partnership with Konviva, a learning management system for companies. In 2022, we mapped internal processes and adjusted ourselves to the requirements of the General Data Protection Law (LGPD), among other development actions. Its launch is expected for 2023.

The **onboarding** program has been improved based on the evolution of our behaviors. As a novelty in 2022, we can mention a set of communication materials on integration, new videos and podcasts about the Company to be provided to the new employees before they start working at the Company. Additionally, we developed a compliance video, culture dynamics and a hub of Knowledge for New Leaders with materials on People management processes.

Learn more about our programs for the improvement of skills and assistance to career transition in the [Handbook of Indicators](#) at the end of this document.

Covid-19 changed the labor market and made working from home popular. Respecting the differences between the duties at the Company, we have been testing some flexible journey pilot projects to keep our attractiveness. Currently, as defined by the management members, the employees from the administrative departments mostly work based on the 4x1 model, that is, one day a week working from home and four days in-person. However, in the case of symptoms and/or positive testing for Covid-19, the employee will stay at home and under the application of the proper protocols.

In 2022, we remodeled our **Banco de Talentos (Talent Pool)** program, which, with the renewal of our culture, also led to a review of our **Ciclo de Gente & Gestão (People & Management Cycle)**, whose focus is now on the development of high potential employees and a succession mapping based on the new leadership profile and new behaviors.

We designed a new performance cycle, with process and system improvements and carried out our first multi-business succession mapping exercise called Talent Review, for 55 critical positions and for the board of officers. The new cycle will be implemented in 2023, including with a new development program for those who have already been mapped.

Health and well-being

GRI 403-6



We made available to all employees in Brazil a group life insurance, a dental care plan, which is offered as an option to the employees and their dependents, and a medical care plan, which is mandatorily offered, free of charge, which can be extended to the legal dependents. These are partnerships entered into through regionalized contracts to meet the needs of each location where we operate.

Cuidar Juntos

PROGRAMA

We take care of our employees through our Health and Well-Being Program, the *Cuidar Juntos* (Caring Together), structured on four pillars:

- »» **Promotion and prevention of health:** encompasses health education and communication and preventive intervention actions.
- »» **Occupational health management:** works through the strategic occupational appointment, certificate management and management of employees on leave

- »» **Healthcare management:** actions aimed at the employee's healthcare, covering the monitoring of chronic diseases, vaccine campaigns and monitoring of pregnant women, etc.
- »» **Comprehensive well-being:** involves health services and actions with a view to the employee's comprehensive health.

See some of the actions developed with a focus on the employee's comprehensive health:

- »» **Pronto Atendimento Pessoal (EAP - Employee Assistance Program)** – psychological, financial and legal support services for employees and their immediate family members.
- »» **Gestar Juntos (Maternity Program)** – aimed at female employees and pregnant dependents during the gestational and prenatal period, it offers ten rooms to support breastfeeding for the women who return from maternity leave.
- »» **De Bem com a Mente (Mental Health Program)** – promotes mental health through prevention, identification, support and rehabilitation measures.

- »» **Daycare Allowance** – our program for employees who are mothers and return from maternity leave, the holders of full custody or the persons primarily responsible for the child, in the case of homoaf-fective couples, went through an evolution with the provision of the benefit to the units.

In Colombia, all employees must be members of a health sponsoring entity chosen by each employee, ensuring the healthcare coverage through a monthly payment to the entity. If the employee needs an appointment or medical treatment, the necessary authorization is available for them to be absent from their jobs. In the case of outsourced employees, their employer must provide them with the same coverage.

Dexco also maintains the *Estilos de Vida Saudáveis* (Healthy Lifestyles) program, which has a number of initiatives, such as agreements with fitness centers, nutritional advisory services and physical activities, prevention of breast and prostate cancer, and conscious consumption of alcohol. A week dedicated to health is also organized at the Company's head office every year.

Human rights

GRI 2-23, 2-25

Our [Human Rights Policy](#) was published in August 2022 based on the review and compilation of internal standards and policies in effect at the Company, and it was approved by senior management at three levels: Executive Committee, Sustainability Committee and Board of Directors, the latter being the highest one.

The bases for its preparation were national and international benchmark documents, such as the principles of the Universal Declaration of Human Rights and the Declaration of the International Labor Organization and the Guiding Principles on Business and Human Rights.

Our policy establishes guidelines and principles that guide Dexco's commitment and operation with respect to human rights in both its activities and supply chain. Also, native and *quilombola* (state-recognized encampment communities of descendants of runaway slaves) peoples as well as children and other minority groups were prioritized. Among its principles are health and safety, diversity, equity and inclusion, combat of corruption, forced labor, human trafficking and child labor and sexual

exploitation, resettlement and compensation, remuneration, communities and society, the environment and data protection and privacy. **GRI 408-1, 409-1**

Our Human Rights Policy is also intended to identify ways to contribute to the remedy of negative impacts. In case of a violation of one of the principles inherent to human rights be identified, Dexco undertakes to quickly remedy and notify the interested parties, applying disciplinary measures, when applicable, and promoting the improvement of its processes and conducts whenever necessary.

The document is disseminated among employees through Dexco's communication channels and to the supply chain through the [Supplier Conduct Guide](#), the [Dexco Supplier Management Program \(GFD\)](#) and guidelines from the departments in charge. The policy's principles are also followed and analyzed in processes of acquisition of new businesses and/or mergers.

Occupational health and safety

GRI 403-1, 403-3

Our Occupational Health and Safety Program created in 2013, which was already significantly updated in 2021 – including its name, which was changed to Proteg – evolved even more in 2022. Certified in accordance with the ISO 45001 standard in 62.5% of the units (taking into consideration 24 plant and forestry units), it encompasses the Board of Officers and all groups of stakeholders that can be affected by the Company.

We also reinforced the multi-business structure of the health and safety staff. Its operation is based on three pillars (People, Safe and Healthy Work Environment and Strategy) and on the driving focuses (Communication, Training and Awareness, Structural Adjustments and Ergonomics, and Monitoring). All this to ensure the involvement of employees, safe installations

PROGRAMA PROTEG

and coordinated actions in the field of health, safety and well-being.

The system now has the Proteg Proactive Indicator (IPP), which started to monitor the safety performance at Dexco in the second quarter of 2022. The new tool considers the risk factors observed in the critical activities, critical incidents and presence of signs at the installations.

Dexco has outpatient clinics at all its units in Brazil where occupational and healthcare services are provided by doctors, nurses and occupational nursing technicians. Admission, periodic, change of occupational risk, return to work and dismissal health tests are carried out and healthcare services for non work-related complaints are provided. In Colombia, occupational health services are provided by an outsourced company.

Learn more about Proteg in the [Handbook of Indicators](#) at the end of this document.

WE ARE AGILE AND SEEK THE BEST DIGITAL SOLUTIONS



Intellectual capital




Material topic addressed in the chapter |
Research and innovation

Digital ambition

GRI 3-3 (Research and innovation)

Dexco moves on its path towards digital transformation, founded on three pillars and with a structure that also presents the skills we want to develop in our team, in addition to 14 commitments to guide project prioritization and enabling technologies. Our journey pillars and goals are as follows:

PILLARS OF TRANSFORMATION

 CONSUMER JOURNEY	 EFFICIENCY JOURNEY	 PEOPLE'S JOURNEY			
<p>Commitment to putting the consumer at the center of the decision, by using technology as a tool to bring Dexco closer to all phases of the journey of consumption of renovation, decoration and construction products and services.</p>	<p>Commitments to making Dexco a more competitive, agile, productive and safe company, with technology and digital mindset as key agents of this transformation.</p>	<p>Commitments to building an inclusive environment to foster a digital mindset, creating multi-business teams to generate outstanding results.</p>			
KEY CAPABILITIES					
CYBERSECURITY	ENTERPRISE ARCHITECTURE	DATA & ANALYTICS	OPEN INNOVATION	ESG	LEADERSHIP & CORPORATE MANAGEMENT

Our mission

Lead the transformation of the construction, renovation and decoration sector.

In 2022, priority was given to structuring policies, governance and an architecture that can be quickly reproduced to create a sound foundation for our digital transformation. Find out what we have accomplished in each of these three journeys:

Consumer Journey

Find out about consumer initiatives in the We Inspire Customers and Consumers chapter.

Efficiency Journey

In 2022, we took an important step in our Efficiency Journey with the implementation of the SAP 4 Hana system and satellite systems at Dexco Florestal and Caetex. The main satellite of these operations, Inflor, is a world-class forestry management solution under SAPIens, a project aimed to implement a new business management ecosystem featuring automated, integrated internal processes, enabling us to become a more efficient and strategic company with a data-based decision-making process.



PROJETO Sapiens

The SAPIens Project is key to Dexco's digital strategy. SAPIens will provide the optimization of our process management structure, working as an enabler of other digital initiatives.

Engaging over 400 employees in its development and implementation, this project impacts more than 6 thousand users through change management and training programs. With an investment worth US\$24 million in four years since the project kicked off in 2019, its goal is to accelerate the Company's digital transformation.

Initially implemented in the Tiles business, following a strategic review the project was expanded to the forestry business in late 2022. Project implementation throughout the organization is expected to be completed in the first half of 2023.

People's Journey

GRI 3-3 (Organizational culture and people management)

As part of our intrapreneurship front, we have the Imagine Program, our intrapreneurship platform created in 2012 to identify, provide training and recognize the Company's intrapreneurs. In 2021, the program was overhauled and expanded to the Colombia operation.

PROGRAMA **Imagine**

Imagine enables employees to come up with ideas and be rewarded for the results of those ideas that are chosen for implementation. The program has 35 ambassadors at the operational and corporate units to build an increasingly innovation-driven environment.

The ideas implemented through Imagine have given rise to R\$20.3 million in annualized captured return. The highest return was generated by the Wood division, with R\$18 million.

The program recognized 27 ideas from intrapreneurs, who were involved in the 10 best ideas in the Processes Challenge, 10 best ideas in the Customer and Consumer Challenge, five best ideas with captured return and two best ideas from Colombia. Recognition was also granted to one most engaged employee, one most engaged multiplier and one most engaged manager.

INNOVATION IN 2022

27 thousand ideas registered

»» **18** thousand in the **Processes Challenge**

»» **4.7** thousand in the **Customer and Consumer Challenge**

Most engaged business: Deca, with 19,612 ideas

Most engaged unit: Fixtures – Recife



DX Ventures

GRI 2-6, 3-3 (Research and innovation)

Our investments in open innovation are made through DX Ventures, Dexco's Corporate Venture Capital fund. Created in 2021 with an initial capital of R\$100 million, **DX Ventures has already approved investments worth R\$134 million** in minority interests in startups and scale-ups connected with our Sustainability Strategy and value proposition, strengthening Dexco's commitment to transforming the construction, renovation and decoration sector.

In 2022, R\$ 45 million was invested in two complementary businesses of the civil construction chain that use engineered wood, a product with a strong connection with sustainability, since, in addition to being renewable, comes from reforested areas and stores carbon removed from the atmosphere during its useful life.

A manufacturer of engineered wood beams, pillars and slabs, Urbem received R\$30 million. R\$15 million was allocated to Noah Wood Building Design, which develops real estate ventures with this raw material.

In 2022, Urbem signed its first contract to supply 16,000 cubic meters of wood parts to an engineering company. In October, it opened its first plant, located in the state of Paraná, with capacity to produce 77.6 thousand cubic meters per year.

Noah launched its first residential development made of engineered wood in October 2022. Located in this São Paulo, this project consists of six 400 m² houses each and combines high technology and sustainability.

Also in 2022 DX Ventures approved the investment of R\$ 89 million in interest equity in Brasil ao Cubo (BR3), a civil construction startup specialized in agile solutions and modular metal building construction. This investment is to be disbursed throughout 2023.



Data security

The materiality of the data security topic is indisputable. For Dexco, its importance lies on our digital ambition evolving at high speed. We need our actions and defense mechanisms to be updated at the same pace of our digital journey growth, in addition to the constant evolution of the digital behavior of our employees and partners.

Against this backdrop, in 2022 we invested more than R\$5.2 million in acquisitions, hiring and new services linked to security areas. Behavior-wise, we hired professional consultants to provide our employees with safe attitude training.

In 2022, there was only one incident related to breach of customer data privacy, caused by an operational error that was quickly identified and remedied, without data exposure. **GRI 418-1**

Taking into consideration legislation in force, and pursuing the best data governance practices, in November 2022 the Board of Directors approved the Policy on Data Governance and Personal Data Privacy, an integrated document outlining data governance guidelines and mechanisms, including the privacy and protection of personal data processed by the Company.

This policy aims to ensure that data are managed consistently and properly when it comes to quality, access, security, privacy and use in processes that supply and/or produce data, enabling the achievement of its strategic plan goals and compliance with the regulatory environment where it operates.

Cybersecurity culture

On the cybersecurity culture front, in 2022 we launched the second season of *Você + Protegido* (You + Protected), aimed at improving corporate cybersecurity maturity through a training program for all employees with a virtual connection with Dexco.

On that occasion, we use a gamification tool (use of gaming techniques) to encourage employee engagement, who can accumulate points by participating in activities, courses and tests or conducting cyber attitudes. As recognition, these points can be exchanged for benefits, thus keeping employee motivated.



Digital maturity



To assess our level of digital transformation and technological adaptation, we implemented the Cesar Digital Transformation Index (ICTd), developed by the Recife Center for Advanced Studies and Systems, which factors in eight dimensions to determine the digital maturity level of an organization, as follows: culture & people, consumers, competition, innovation, processes, business models, data & regulatory environments, and enabling technologies. **In 2022, we reached 65.1% of digital maturity** ✓, a total increase of 7.9 percentage points from 2021 (57.2%), showcasing our progress in digital ambition.

WE INNOVATE, SIMPLIFY AND LEARN FROM MISTAKES

Intellectual Capital

Material topic addressed in the chapter |
Research and innovation

GRI 3-3 (Research and innovation)

Innovation is the foundation of Dexco’s culture and strategy. We combine our investments in technology and data to our human capital to be increasingly closer to consumers and enhance the efficiency of our operations, making business more competitive, safe and sustainable.

The structure of corporate innovation at Dexco is broken down into two fronts: open innovation, which includes DX Ventures and Open Dexco, and intrapreneurship, which houses the Imagine Program.

Learn more about DX Ventures and the Imagine Program in the [We are agile and seek the best digital solutions](#) chapter.

Open Dexco

A major headway in 2022 was the first edition of Open Dexco, our open innovation program. As successor of *Garagem Duratex* (Duratex Garage), our former scale-up acceleration and support program, Open Dexco aims to enhance our connection and integration with the entrepreneurial ecosystem by hiring startups and scale-ups.

On this first journey, the program received 258 applications and selected 10 startups to carry out pilot projects and sort out 10 challenges seeking



to optimize the operational efficiency of corporate and business units.

During ten months, participants experienced in practice the startup evaluation and selection through pitch days. They also carried out three-month pilot projects to validate the conformity of solutions offered by the startups. At the end of the program, Dexco approved all pilot programs for extension or scale purposes.

Projects included electricity management, data management and capture for business intelligence, communication content management, equipment inspection in hard-to-reach places, automated fixtures inspection and sorting, process monitoring, optimization of the fixtures furnace production process, optimization of payment order process, traceability of products in the production chain, and a smart system for tax and fiscal support management.



Find out more about the management of material topic “Research and innovation” in the [Handbook of Indicators](#) at the end of this document.

Forest 4.0

Also on the open innovation front, in November 2021 Dexco became an ecosystem partner of AgTech Garage, the largest innovation hub specialized in agribusiness in Brazil. The aim was to approach startups that come up with innovative solutions for the development of the Company's forestry front. Throughout 2022, a number of initiatives were carried out with some hub startups aimed to promote solutions to our business demands.



Dexco aims to make further headway in digital transformation through the Forest 4.0 Journey, with a focus on improving efficiency, developing new products from forestland and mechanizing and automating operations.

This new partnership expands our connection with the entire agribusiness sector and agtechs (agribusiness startups) and also adds to our interactions with universities, research institutes and forestry companies. This initiative also enables us to open up possibilities for new forestry businesses, with sustainability and high added value.



AWARD CEREMONY AND CLOSING OF THE 7TH DEXCO INNOVATION WEEK - held from November 28 to December 1



Innovation Week

In this annual event we celebrate the results achieved with innovation initiatives throughout the year, recognize and pay tribute to employees who had a leading role in these achievements from the Imagine Program, and encourage the registration and implementation of new ideas by employees in the following year.

Our 7th Innovation Week featured *How to Further Innovate Together?*, a topic co-created with the participation of all Dexco units in Brazil and Colombia. During four days, we talked about intrapreneurship

and innovative behavior and the importance of cooperation with other departments and multi-disciplinary teams. We also told stories of innovations developed with or for customers and consumers.

On the last day we hosted an award ceremony recognizing the outstanding ideas and employees involved in the Imagine Program broadcast live to all Dexco units.



Our commitment to innovation has been recognized and in 2022 we received the related awards as follows:

- »» **Valor Innovation Award** – we ranked second among the most innovative companies in Brazil in the Construction Materials sector
- »» **100 Open Corps Ranking** – we ranked fifth in the Construction and Real Estate sector among companies promoting open innovation with startups in Brazil
- »» **The 100+ Innovators in the Use of IT** – we ranked 11th among companies who better use technology to promote innovative projects
- »» **Outstanding CIO Award** – Daniel Franco, Dexco's Innovation officer, was nominated to the award that recognizes IT executives who stand out in the segment for their leadership and innovation
- »» **Corporate Venture in Brazil 2022** – Largest Investment in Corporate Venture Capital in 2022 award went to DX Ventures, leading the investment round at Urbem

Learn more about innovation at Dexco by clicking [here](#).

WE INSPIRE CUSTOMERS AND CONSUMERS

ESG Pillar corresponding to the chapter | **S (social)**

Social and Relationship capital

Material topics addressed in the chapter |

Supply chain and traceability; Local community development

Our **Way of Being and Doing** drive us to inspire our customers and consumers, and also inspire us to build valuable relationships with a number of stakeholders, such as suppliers, stockholders and communities **where we are present**. This inspiration is drawn not only from our products and services, but also from our social responsibility, **commitment to ethics**, and integrity and **value creation**.

Customers and consumers

GRI 2-29

In our recent transformation process, we have established Dexco as our institutional brand, with consumer relations coordinated by our product brands that will strengthen the Dexco brand through the results of this interaction.

One way we relate to the consumer is by providing a fair service level, which, among other variables, includes providing quality, sales accuracy and a proper production plan, as well as a stock policy and logistics network for agile and fast delivery. We also need an efficient Customer Service function to quickly respond to the needs or questions of those who have purchased our products. This is how we reach out to our customer and, through them, the end consumer.

In 2022, for the second consecutive year, we carried out a brand health tracking (BHT) research for

five categories of our products: ceramic and non-ceramic tiles, bathroom fixtures and fittings, and electric showers. Also known as brand image research, this initiative aims at identifying and monitoring how real consumers perceive our brands and our main competitors' brands.

With this research, which is based on consumer opinion, we were able to measure some tangible results for Dexco, such as consumer engagement with our brands, which attributes are associated with brand images and which communications were carried out, as well as understanding whether the results achieved are in line with our goals. According to this research, Dexco brands perform well at the top of the funnel phases - such as inspiration and purchase consideration -

and are also able to adjust strategies for the purchase conversion and brand preference phases.

Design and sustainability

GRI 3-3 (Research and innovation)

Opened in 2022, Dexco's Design Center has already brought impressive results. The first one is that all the 2023 finishing for construction brands collection launches were pre-tested with consumers in a co-creation process that involved more than 6 thousand consultations. This evidences a behavioral change that supports our commitment to putting consumer at the center of our decision-making process.

Another massive achievement in 2022 was replacing plastic packaging with models made from recyclable cardboard in Deca's entire bathroom fittings line, resulting in significant environmental gains. This initiative was led by Dexco's Design Office and backed by the ESG Management. **In 2022, packaging for 30 products was developed under this new model, accounting for 74% of the volume of packaging in clamshell (packaging model with plastic composition).** ✓



This project was a co-creation that involved consultations with home centers, a distribution channel where this packaging has greater exposure, visits to points of sale, and consumer surveys. The new cardboard packaging was approved thanks to its alignment with the sustainability agenda of our partners (home centers), in addition to providing benefits in terms of logistics, product safety and value perception. Most consumers approved this new packaging in view of certain features such as product protection, design and presence of information, besides mentioning the sustainability issue.

DEXperience and our specifiers

We have had a massive evolution in our customer relations thanks to the **relationship and engagement program with specifiers** ✓ of the Deca, Portinari, Duratex and Ceusa brands, which was introduced to the market and officially launched in 2022.

This program aims to build relationships and provide value both professionals and students in the fields of architecture, interior design, civil engineering, landscaping, decoration and building technology who are close to our brands.

We believe our support to this audience contributes to their professional growth and the increased appreciation of architecture and design. Accordingly, we offer the following benefits:

- »» **Technical support** – exclusive content, specialized service, training and specification tools.
- »» **Visibility** – spaces for publicizing projects, awards and events.
- »» **Recognition** – awards, travel opportunities, and additional benefits for attending major architecture and design events.

DEXperience

DEXperience has a rewards program broken down into three categories: Evolution, Advanced, and Expert. Program members earn points by specifying our products and interacting with our brands. When they reach a specific category, they unlock exclusive benefits.

At the end of 2022, we had 30,328 members who had joined the program and products specified on the platform worth over R\$15 million.

Additionally, this program awards prizes to the top 40 specifiers with the highest scores in the cycle. The top ten ranked members were awarded trips to the International Furniture Fair in Milan (Italy). The next 30 who achieved the highest rankings won immersive experiences within the universe of our brands in the states of São Paulo or Santa Catarina.



The Deca Award, part of the DEXperience universe, concluded its 26th edition in November 2022 by honoring five professionals and three students across eight categories. These professionals were rewarded with a trip to Norway, where they had the opportunity to explore sustainable architecture trends in the country. The students on the other hand, received a laptop and a combo license for Sketch-up and V-ray to support their professional growth.

In addition to this, we have made significant progress in our consumer relations through the Duratex Club program. Since 2018, this program has provided carpenters with exclusive experiences, content, and benefits. The subscriber base of professionals has now surpassed 39,000, with specified products totaling R\$ 35 million. Furthermore, our e-commerce platform underwent transformative changes, including improvements to our system and logistics operations.

Learn more about this topic in the [Handbook of Indicators](#) at the end of this document.

Commercial relationships

GRI 2-6

Dexco maintains commercial relationships with customers primarily in a B2B capacity. By the end of 2022, we had approximately 1, 529 customers for the Wood division, and 21,397 customers for the Bathroom Fixtures and Fittings division, and 5,607 customers for the Tiles division. On the Construction Materials front, these customers can be classified as either wholesale or retail customers for Bathroom Fixtures and Fittings; and as retail customers for the Tiles division, spread across all Brazilian states. Furthermore, we export products from our Deca and Tiles divisions to over 23 and 44 countries, respectively.

The Wood division also serves the industry and export segments, in addition to the retail market, with distribution spanning across Brazil and over 33 countries.

Regarding business relationships, Dexco has different types of business contracts, as it adapts to different types of customers and products sold. For example, in the wood panel business, we prioritize long-term relationships despite the absence of fixed supply contracts. The customer defines the demand for the product based on the specific project and/or production requirements. Contracts may be short-term (monthly, quarterly or annual) for the Deca and Tiles divisions, according to the distribution channel used (for example, home centers).

Consumer health and safety GRI 416-1, 416-2

In the **Deca** division, all products undergo approval tests before production to ensure that products compliance with the prevailing standards set by the Brazilian Technical Standards Association (ABNT), which establish, among other aspects, the safety and health standards products have to conform to, regulating the materials to be used in the manufacturing process, and the maximum pressure to which they can be subject while in use.

Porcelain tiles and ceramic slabs under the brands **Ceusa** and **Portinari** possess quality certificates issued after audits conducted to verify their compliance. These audits occur every three months through laboratory tests conducted at institutions certified by the National Institute of Metrology, Quality and Technology (Inmetro), ensuring compliance with the current technical standards and regulations.

With respect to Brazil, all **Wood** division products comply with Brazilian Technical Standards (NBR) requirements.

For other countries, products comply with local specific requirements. As part of Dexco's quality policy, we actively participate in the revision of the NBRs via ABNT technical committees and the Brazilian Tree Industry (IBÁ), in which associated companies discuss revision topics with institutes and reputable third parties, as well as associations with converging topics.

In **Dexco Colombia**, to ensure the health and safety of individuals involved in the transformation and use of the produced panels, the company adheres to voluntary and regulatory standards defined in the European standards for the content of chemical substances in these products. The Company has monitoring and control plans, including internal and external occupational tests conducted in coordination with the Colombian occupational risk regulator, supported by guidelines issued by the Ministry of Labor.



Suppliers

GRI 2-6, 3-3 (Supply chain and traceability), 308-1, 308-2, 414-1, 414-2

Suppliers are other stakeholders we aim to inspire with the new Dexco culture. We have an open and close supplier relationship due to their importance to our brands. We aim to make sure that the entire supply chain is aligned with our sustainability and ESG commitments and goals.

PROGRAMA GFD

The Company's main initiative aimed at this stakeholder is **Dexco's Supplier Management Program (GFD)**. In 2022, three workshops were held aimed at developing and training small and medium-sized suppliers with performance gaps at GFD. The topics addressed were as follows: environmental management system indicators and

targets; climate change and GHG emissions; and human rights and ethics, the latter with the participation of Childhood Brazil. For 2023, the program will also cover Castelatto suppliers, currently undergoing an integration process. **GRI 408-1, 409-1**

In Colombia, supply chain management is carried out a recently implemented Suppliers Program. This is an integrated system covering environmental issues to ensure that this stakeholder complies with legislation to avoid materialization of risks; social issues, focusing on compliance with occupational health and safety policies, standards and laws, as well as governance issues, through the Sustainable Procurement System.

One decade of GFD

Our risk and opportunity management system to bring about ESG-oriented improvements to the supply chain completed 10 years in 2022. Topics covered by the program include governance, ethics and human rights, occupational health and safety, environmental management, community relations and biodiversity.

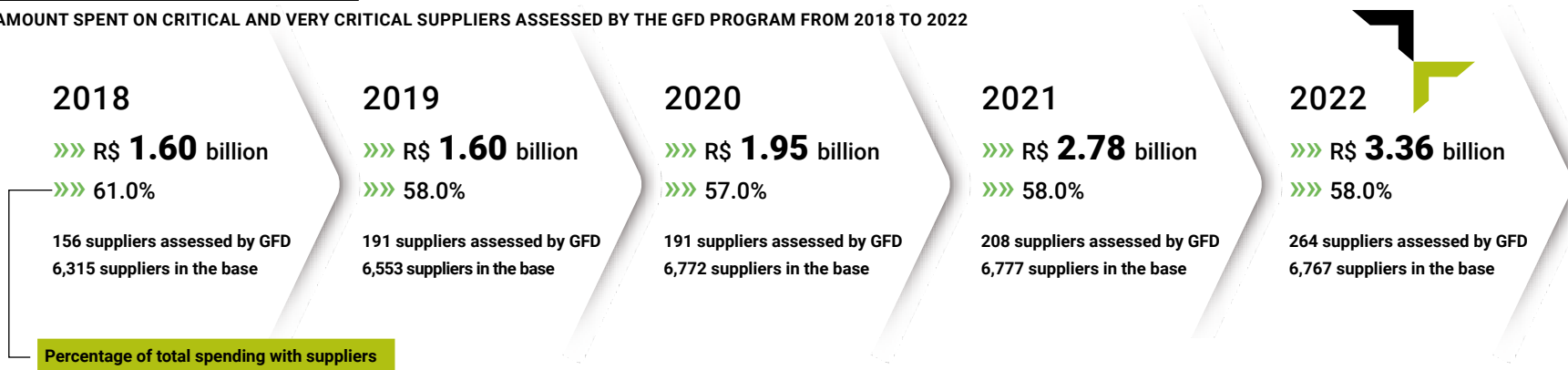
The GFD Program sorts our suppliers according to a criticality matrix that cross-checks the levels of risks and materiality to the operation. Suppliers considered critical and very critical are construed as being strategic and invited to take part in the GFD program. The Company uses its Supplier Performance Index to monitor its progress in relation to the items assessed.

In 2022 the average score assigned who participated in the GFD was 7.29 ✓. Learn more about the results and main initiatives of the GFD cycle 2022 by [clicking here](#).

In the Wood division, in addition to the responsible forestry management certification (FSC®) in owned and fostered areas, we have a system in Brazil in which all non-certified wood suppliers undergo documentary and field assessments regarding environmental, social and legal issues. This is a competitive edge, especially compared to European and North American competitors.

GFD SPENDING

AMOUNT SPENT ON CRITICAL AND VERY CRITICAL SUPPLIERS ASSESSED BY THE GFD PROGRAM FROM 2018 TO 2022



With the aim of aligning sustainable procurement practices with ISO 20400 standard guidelines, in 2017 Dexco built criticality matrix for the supply chain. To take part in the GFD program, suppliers are selected based on this matrix that reviews the materiality and sustainability risk of each category. The following suppliers take part in the GFD:

- » SUPPLIERS OF VERY CRITICAL CATEGORIES WITH SPENDING EQUAL TO OR OVER R\$500,000
- » SUPPLIERS OF CRITICAL CATEGORIES WITH SPENDING EQUAL TO OR OVER R\$1 MILLION

Learn more about this topic in the [Handbook of Indicators](#) at the end of this document.

WE INSPIRE CUSTOMERS AND CONSUMERS

A B2B portal was created in 2022 to centralize interactions with this stakeholder, with payment tools and purchase orders, among other features. We have developed an environment to discuss safety and share the good practices we have here at Dexco, where we can also track accident prevention training data. We initiated the process with a self-assessment of the stakeholders and the requirement for disclosing environmental and social issues as a prerequisite to participate in our bidding processes. We have also standardized the requirements suppliers have to meet to work with us.

There are 12 suppliers in Colombia who, due to their type of operation and geographical area, are at risk of engaging in child labor. All suppliers undergo audits conducted in the forestry area on a monthly basis, in which all employees are interviewed. Suppliers share preventive information with the Occupational Health and Safety department every month to ensure compliance with legal requirements, as demanded by Dexco. **GRI 408-1**

Environmental and social (E&S) criteria

GRI 308-2, 414-2

Our supplier assessment is conducted based on ESG criteria using GFD Program. We also use the Supplier Performance index as a tool to monitor the evolution of suppliers.

In 2022, 230 suppliers took the self-assessment questionnaire, and 30 suppliers with the highest and lowest places in the ranking were subjected to audits conducted by Dexco.

We also have a Supplier Conduct Guide, that sets guidelines for our suppliers, aiming at the adoption of an ESG-oriented management approach. This guide outlines the expected conduct by Dexco from its suppliers and service providers to be in line with our Way of Being and Doing.

In 2022, 264 suppliers were assessed for environmental and social impacts in Brazil, and it was identified that three suppliers specifically posed environmental risks, primarily because they lacked indicators, studies, and measures for improvement of current actions. No risk that required immediate intervention was identified, there were discussions regarding the development of appropriate action plans. No business relationships were terminated based on this assessment.

No suppliers were identified in Colombia to have caused real or potential adverse material social impacts.

Learn more about the management of our material topic "Supply chain and traceability" in the Handbook of Indicators at the end of this document.

Tackling child abuse and exploitation

In our supplier relations, we also conduct awareness-raising actions specifically targeting our suppliers' transporters to combat abuse and sexual exploitation of children and adolescents on Brazil's highways.

As signatories of the Na Mão Certa (On the Right Track) program promoted by Childhood Brasil, an organization fighting for the rights of vulnerable children and adolescents, we promote regular training so that these stakeholders may be allies in our action tackling this issue. **GRI 413-2**

Furthermore, in 2022 we engaged in a campaign to remind our employees of the National Day to Tackle Abuse and Sexual Exploitation of Children and Adolescents.



Communities

GRI 3-3 (Local community development), 413-1

Engaging with the communities surrounding our operations and contributing to local development are key parts of our social commitment. After developing our Sustainability Strategy, we have strengthened our focus on social issues and intensified efforts to advance Sustainability in our operations. The year 2022 marked significant and consolidation of these initiatives, which have gained increasing importance within the communities.

We have designed and approved our Social Responsibility Guidelines, which include behaviors aligned with our culture and Sustainability Strategy. We defined how Dexco will position itself in relation to communities, where we are ultimately going and what we will do in the social area. Our next step, in 2023, is to set our own social responsibility targets and indicators.

In 2022, we also responded to natural disasters affecting our employees (see more information in the [Community Pillar](#) item below). Although new, we have intensified efforts in this field, as these events have increasingly impacted our employees and their families.

Our social journey

Our Social Responsibility Guidelines have been designed to cut across the Company and get closer to other departments, aimed to bring more transparency and additional criteria for the application of resources. Throughout the year we made visits and conducted interviews, identified op-

portunities, defined and implemented a planning aligned with the sustainability framework. We acted on to reach an understanding of where and how we could help strengthen the [Sustainability Strategy](#) and the new Way of Being and Doing, as we believe the social issue cannot be restricted to communities only. That was our starting point. By analyzing each as-

pect of our Sustainability Strategy, we identified intersections with material social topics, contemplating internal and external aspects of the Company that positively impact the community. Accordingly, we designed this proposal to operate in **three pillars**, having the internal social pillar, dedicated to our employees, as our cross-cutting line.

SOCIAL RESPONSIBILITY GUIDELINES

 <p>COMMUNITY PILLAR</p> <p>Engaging with surrounding communities and fostering local development through donations, training, learning program, dialogue circles and corporate volunteering.</p>	 <p>FISCAL INCENTIVE PILLAR</p> <p>Ensuring efficiency in proposing and managing the implemented initiatives with the support of a partner company for curation and performance support.</p>	 <p>STRATEGIC INVESTMENT PILLAR</p> <p>Dexco's Private Social Investment initiatives, aiming at social and decent housing, while identifying significant networks, coalitions, and collaborations.</p>	<p>We strongly believe in prioritizing our employees as they are not only agents of internal change but also members of the communities where we operate, thus impacting our purpose at a local level. We understand that for a company to be socially responsible, it is essential to prioritize the well-being and care of our employees.</p>
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Learn more about each of our pillars:



The focus of these actions is on the local development of surrounding communities through donations, training, educational programs, dialogue circles and other local engagement actions.

FORMARE

In 2022, **Formare**, the learning program led by 44 volunteering employees, trained 13 young people in the municipality of Jundiá (State of São Paulo). However, no groups were established in the municipalities of Agudos (State of São Paulo), Itapetininga (State of São Paulo), João Pessoa (State of Paraíba), and Uberaba (State of Minas Gerais). From these previous groups, we hired seven young people in Agudos, four in Itapetininga and four in Jundiá, and our intention is to resume the program in 2023.

We also conducted **Dialogue Circles** at the Wood Division units in Itapetininga (State of São Paulo), Agudos (State of São Paulo), Uberaba (State of Minas Gerais) and Taquari (State of Rio Grande do Sul). Our objective here is to carry out a structured, active listening approach, in which the various stakeholders of the local community can together identify strengths, risks and social opportunities.

Learn more about our Dialogue Circles in the [Handbook of Indicators](#) at the end of this document.

In addition local community members, unit managers at Dexco and employees were trained engagement agents also participate in these Dialogue Circles. An action plan was developed as a result of these activities, with a list of initiatives that can be implemented by the units. **GRI 2-25**

In 2022, in addition to the Dialogue Circles, these units maintained a relationship with surrounding communities to check for any potential impacts and other material topics in their relationship with the Company. 338 dialogue circles were held and 17 community engagement actions were carried out, facilitated by Dexco employees, with the participation of about 800 people.



DIALOGUE CIRCLES - Agudos (SP) December 2022

Espaço Arvorar (Arvorar Space)

We resumed the Espaço Arvorar visitation program in 2022. Located in Agudos (State of São Paulo), the Arvorar project aims to promote the history of wood and its various uses in an interactive way with a sensory experience. We welcomed 2,153 visitors over the year.

Donations

Dexco's donations continued in 2022, something very significant throughout our history. Over the years, we have improved governance by updating internal rules, ensuring efficiency and providing transparency to the process. We increasingly strive to conform to the Company's strategy and have fine-tuned the criteria by making more assertive donations and strengthening the positive impact of our work.

Total donations reached R\$883,300.66 in the year, in market value of Dexco products or goods purchased by the Company, providing benefits to 23 institutions and 19 municipalities. Through Caetex, we also donated wood for a rural producers-aimed event.

GRI 203-1

We act on in response to emergency situations affecting our employees at the Jundiá (State of São Paulo), Queimados (State of Rio de Janeiro) and Cabo de Santo Agostinho (State of Pernambuco) units, each with its own set of actions. Products were also donated for the renovation of the headquarters of the social cooperative of seamstresses of the *Tereza, Vale a Pena!*, a project in the city of São Paulo that organizes the production, sale and marketing of social cooperatives, especially those helping victims of violence and/or released from the prison system.

Another important donation of Dexco products was intended for the establishment of the Unesco-SOST office (Unesco Sustainability Chair Barcelona) in the municipality of Cairu (State of Bahia). Despite not being located in the municipality of our operations, this donation was justified based on the relevance of the topic and its contribution to local development.



Our work in this area aims to improve the efficiency of proposing and managing social initiatives. Previously conducted on an annual basis before 2022, tax incentive contributions are now carried out quarterly. This change has increased the emphasis on the social aspect in Dexco's agendas, leading to a greater exchange of experiences among the Company's departments and internal recognition of the work.

In 2022, we sponsored 17 projects, investing approximately R\$ 2.5 million in 15 municipalities, with R\$ 1.7 million falling under the scope of federal laws. Additionally, six projects that were sponsored in 2021 were implemented in 2022, further enhancing our performance. Learn more about the selection criteria and the track record of supported projects [here](#). **GRI 203-1**

Among the projects carried out throughout the year, we highlight four as follows:

- »» **(Sports and Education Center) (PE)** – a project developed by Instituto Esporte e Educação encompassing education and sports as a social inclusion tool for 250 vulnerable children and adolescents.
- »» **Jovens Talentos Empreendedores (Young Talented Entrepreneurs)** – entrepreneurial trails in Criciúma (Santa Catarina - SC) – an initiative coordinated by Abadeus Charitable Association, this project focuses on entrepreneurial training of vulnerable young people joining the labor market. These young individuals have the opportunity to be hired by Dexco as young apprentices. **GRI 203-2**
- »» **Museu Água (Water Museum) project, in partnership with Sabesp in São Paulo** – in 2021 and 2022, Dexco supported the first stage of the Museum creation project, as it enabled the architectural and museological front. This support enabled advancements in architecture and museology. Once completed, the museum will be dedicated to the preservation, research, and sharing of water-related topics.
- »» **Portinari para Todos (Portinari for All)** – sponsored in 2021, this event took place in 2022 at the MIS Experience in São Paulo. It showcased the most comprehensive exhibition ever held on one of Brazil's greatest painters, Portinari. The exhibition included over 150 paintings displayed through projections and various immersive and interactive technologies.



17 projects sponsored in 2022¹
9 in progress and 8 being captured

15 municipalities served, mostly where Dexco has operations

R\$ 2.5 million invested
26,216 people benefitted²

¹ 11 projects in connection with federal laws and six with state laws
² It also addresses six projects sponsored in 2021 ultimately implemented in 2022



It encompasses Dexco's Social Investment, including initiatives that involve direct contributions, identification of networks, coalitions and significant arrangements. This pillar strengthens current discussions in the construction ecosystem, such as social housing and decent housing.

»» **Organized Accessible Housing System Project (SOMA)** – officially launched in March 2022, the building aims to benefit 110 low-income families in downtown São Paulo. The SOMA Project aims at creating a positive impact on the area's settlement project and contribute to the city's urban mobility.

AMOUNT INVESTED BY DEXCO IN **SOMA**

R\$ **3.7** million already invested
 (of which R\$2.1 million in 2022)

Total investment of R\$ **5.4** million forecast



»» **HousingPact** – an initiative that brings together companies and organizations to promote startups, impact business, and housing segment products and services aimed at the low-income population. In 2022, five focused pilot projects were accelerated and monitored and a Social Return on Investment (SROI) assessment was carried out to better understand and review the changes made. **GRI 203-2**



WE ARE EFFICIENT AND GENERATE OUTSTANDING RESULTS

ESG Pillar corresponding to the chapter | **G (governance)**

Financial capital and Manufactured capital

Material topics addressed in chapter |

Profitability and financial performance

Performance in 2022

GRI 3-3 (Profitability and financial performance)

The challenging market scenario in 2022 compelled Dexco to adapt to a new scenario, significantly different from the consumption boom experienced in 2020 and 2021, which resulted in record-breaking outcomes.

With the easing of the pandemic crisis, expectations were set about the pace of results to be achieved. However, in 2022, we realized that there was still much work to be done. We started the year confidently as we proceeded with our previously-announced projects. However, as the scenario changed we had to adapt and sort out short-term problems.

The conflict in Ukraine has led to inflation and instability in the export flow process. Volatility in the cost of freight, agricultural inputs and raw materials, as well as consumer insecurity, was rampant. These factors have also impacted the Brazilian economy. Therefore, we witnessed strong pressure in all sectors where we operate. Nevertheless, a Company like Dexco needs to maintain a long-term vision while also focusing on delivering in the short term. The Board of Directors confirmed our growth trajectory and all projects were kept on track.

In 2022, we confirmed our previously-announced investment cycle, which was adjusted to R\$2.1 billion from previously announced R\$2.5 billion,

with some projects surpassing expectations (learn more by clicking [here](#)). With respect to finance results, we posted our **second best Adjusted and Recurring EBITDA ever**, evidencing a new level of results in spite of instabilities.

The LD Celulose project deserves special mention as it operated at full capacity throughout the year, delivering outstanding and promising results for 2023. Taking into account the start of

operations in April 2022, LD Celulose closed the year with 139,700 metric tons sold, with a resulting Adjusted and Recurring EBITDA of R\$398.4 million and a 45.5% margin.

We anticipate that 2023 will be another challenging year. Therefore, we strengthen our commitment to directing efforts to increase profitability of our operations through greater efficiency and productivity.

DEXCO PERFORMANCE¹

GRI 2-6

R\$ **8,487** billion in net revenue

R\$ **771** milhões in recurring profit

R\$ **1.927** billion in adjusted and recurring EBITDA²

Financial leverage at **2.3times** net debt/ adjusted and recurring EBITDA

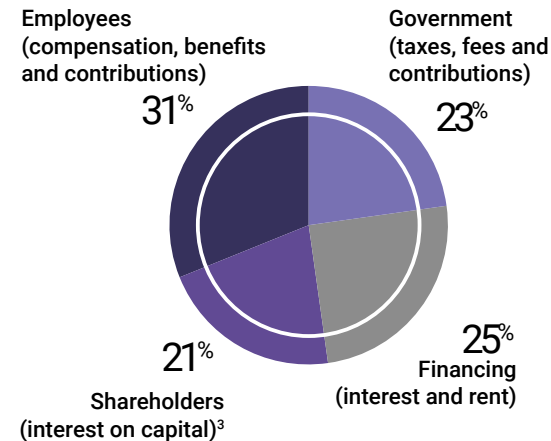
¹ The share of business in Dexco's revenue was Panels with 61%, Bathroom Fixtures and Fittings with 25%, and Tiles with 13%.

² Including LD Celulose's EBITDA with 49%.

³ It includes interest on third-party capital (interest provided for and non-controlling interests) and retained earnings (loss) in the year.

DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED AT DEXCO (STATEMENT OF VALUE ADDED) GRI 201-1

In 2022 Dexco generated approximately R\$10.494 billion in revenue, of which 65.2% were retained by the Company. The distribution among stakeholders is shown in the graph. Additional and historical information can be accessed in the [Financial Statements](#) of Dexco



Shareholder

Our primary communication channel with shareholders and investors is our [website](#), which consolidates all the information disclosed by the company, including Material Facts and Notices to the Market, as well as financial and legally required reports.

In 2022, we hosted the fourth edition of our Investor Day, an event open to all stakeholders, where we showcase strategic information and talk about the Company's results. Following the hybrid attendance model, this event was joined by over 1,700 registrants, both in-person and online. It was held in October 2022, together with the Earnings Review of the third quarter of the year.

Management of financial performance

GRI 3-3 (Profitability and financial performance)

Dexco addresses the main topics related to profitability and financial performance of its operations through its Financial Policy. This document aims at establishing the guidelines, limits and parameters to be complied with in the running of the Company's financial management so as to secure its ongoing financial strength and business continuity. We recognize that the financial risk is one of the major risks we are exposed to, as it is associated with the possibility of losses due to the exposure of financial operations (market, credit and liquidity risks). This topic is also covered in [Dexco's Internal Controls and Risk Management System Policy](#).

Our Internal Investment Management and Control Rule includes the assumptions to be followed for the Annual Investment Planning, taking into account not only the business impact of new investments, but also the financial volume of each new cash expenditure.

As described in the Integrated Report 2021, under our five-year growth plan (2020-2025),

we utilize the Annual Strategic Planning (DX Plan) and the Annual Budget Plan to define our action priorities and pursue financial gains.

Monthly managerial reports are prepared to provide information on result and market estimates, impacts of macroeconomic indicators on operations and sector utilization levels. Based on these indicators, Senior Management can develop specific action plans amid adverse scenarios, thus ensuring effective management and results.

Even though Dexco does not disclose earnings guidance to the market, it prepares internal expected projections for the year based on its budget assumptions in all business lines. As a publicly-traded company, Dexco shares quarterly results with the market, making them available to all stakeholders. This commitment requires the Company to have a comprehensive understanding of its financial performance, as well as its obligations and expectations regarding any events that may negatively impact its operations.



Corporate governance

GRI 2-9, 2-24

Dexco's governance structure cuts across all the Company's pillars, helping business areas create value for both shareholders and other stakeholders.

By the end of 2022, we had developed 21 policies and 77 regulations that directly and indirectly addressed the organization's commitments to responsible business conduct and complied with B3's New Market Regulations, which is the listing segment Dexco belongs to.

These policies outline macro processes and guidelines aligned with the Board of Officers and approved by the Board of Directors. Additionally, our internal rules provide detailed descriptions of operational processes and activities, including step-by-step instructions approved by responsible managers and officers.

We continuously strengthen our mechanisms and to minimize the risks that the company may face, aiming to enhance the ethical and transparent nature of our management.

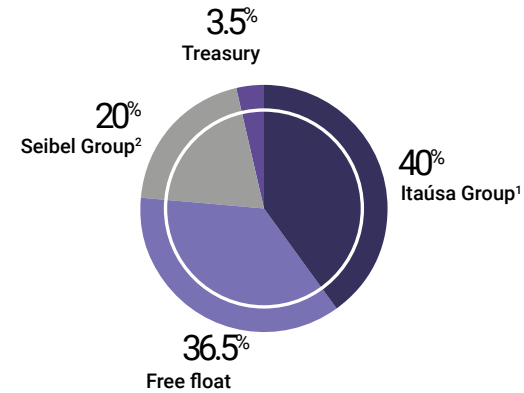
These efforts are guided by the best market governance practices. However, we strive to exceed the minimum requirements as outlined in our Sustainability Strategy, in order to pursue continuous improvement and explore new market opportunities.

AMONG OUR GOVERNANCE PRACTICES, WE HIGHLIGHT AS FOLLOWS:

- »» Only outstanding common shares are listed in B3's New Market segment.
- »» 100% tag-along rights for shares.
- »» More than 30% of independent members sitting on the Board of Directors, as defined in our Bylaws.
- »» Diversity of knowledge on the Board of Directors, with members specialized in the retail, technology, civil construction, corporate education and finance areas.
- »» A policy adopting a minimum mandatory dividend of 30% of adjusted profit.
- »» No Board member holds or can hold an executive position at the Company.

DEXCO'S OWNERSHIP STRUCTURE

GRI 2-1



¹ Itaúsa (Itaúsa S.A. and members of the Setubal and Villela families).
² Seibel family members.

Controlling stockholders and management benchmark

– Dexco's commitments and strategies align with those of its controlling stockholders, the Seibel Group and Itaúsa Group. Their dedication to corporate governance is widely recognized and acknowledged in the market. As a benchmark in management, our controlling stockholders believe that developing and carrying out long-term actions strengthen our commitment to sustainable development, minimize environmental impact and secure an expanded management of risks and opportunities for stockholders, employees and society.

Management Compensation

GRI 2-19, 2-20

Dexco's Remuneration Policy for Managers and the Members of the Supervisory Council was published in 2021, defining the compensation strategy of the Board of Directors and its committees, statutory and non-statutory Board of Officers and Supervisory Council. This document is mandatory for companies listed in B3's New Market segment, and aims to attract, retain and engage the best market professionals. All our employees have targets linked to the Company's overall financial performance. Learn more about this policy by clicking [here](#) and in the [Handbook of Indicators](#) at the end of this report.

Compensation is monitored annually through market surveys. Based on the data collected, we update salary tables that are broken down into 28 ranges (covering all the Company's positions), with each range further broken down into three steps (minimum, mid-point, and maximum). We also take into account a regional deflator to secure good local competitiveness (for senior management professionals, we consider the national salary strategy).

Therefore, the fixed portion of our executives' compensation is defined and adjusted according to the professional's merits in performing their functions, based on the performance evaluation during the period. Compensation policies must be proposed by the Personnel, Governance and Nomination Committee and approved by the Board of Directors.

Learn more about the benefits we offer to our employees in the [Handbook of Indicators](#) section at the end of this document.

Governance structure

GRI 2-9, 2-10, 2-11, 405-1

General Stockholders' Meeting

It elects the members of the Board of Directors, resolving corporate structuring issues, and making decisions on financial statements and profit allocation. In April 2022, the General Stockholders' Meeting made all advisory committees to the Board of Directors and the Supervisory Council statutory bodies. Access other documents on the General Stockholders' Meetings by clicking [here](#).

Board of Directors

GRI 2-9, 2-11, 2-15

Dexco's highest governance body, it is composed of 12 members, nine of whom are effective (including three independent members) and three are alternate members. Within this group, three members are women. All members have a one-year term of office, with re-election permitted. At Dexco, the Board chair does not accumulate the duties and the position of officer of the Company, including CEO. No Board member exercises an executive function at Dexco's Board of Officers. The Board of Directors is supported by six advisory committees and six councils.

Among its functions, the Board of Directors defines business strategies by taking into account the Company's impacts on society and environment, with the aim of business continuity and long-term value creation. The Board periodically assesses our risk exposure, approves our risk appetite and tolerance, evaluates the effectiveness of risk management systems, internal controls, and compliance systems. It also defines the Company's values and ethical principles and secures transparency in relations with all stakeholders, annually reviewing the corporate governance system for improvement purposes.

It is also the responsibility of the Board of Directors to prevent and address conflicts of interest or differences of opinion, ensuring that the Company's interest always prevails. Learn more about conflicts of interest in the [Handbook of Indicators](#) at the end of this document.

Along 2022, 12 Board meetings were held in which the following topics were discussed: business update, finance results, mergers and acquisitions, expansion projects, free float analysis, DX Ventures and digital strategy, new culture, General Personal Data

Protection Law (LGPD) and information security, Sapiens project, people evaluation, social responsibility guidelines, structuring the design department and ABC of Construction, optimizing the use of resources such as water, forestry management and climate change, approving risk appetite update and revising the Dexco Risk Map, in addition to analysis of committees.

Statutory Supervisory Council

This council became a permanent body, as stipulated in Dexco's Bylaws since the Annual General Stockholders' Meeting in April 2022. It consists of three effective and three alternate members, elected by the General Stockholders' Meeting. The chairperson and their substitute are chosen by the board members from among their peers. Learn more about the Internal Charter of the Supervisory Council by clicking [here](#).

Board of Officers

GRI 2-9, 2-13, 2-16

It is composed of seven members with a one-year term of office and re-election permitted. The responsibilities of Dexco's Board of Directors include directing, presiding over and coordinating the Company's activities, ensuring

EVALUATION OF THE BOARD OF DIRECTORS

Starting in 2022, the evaluation of the Board of Directors and its advisory committees takes place annually. This evaluation process involves self-evaluation and peer reviews, under the oversight of the Personnel, Governance and Nomination Committee. Results were disclosed in March 2023. The evaluation is conducted independently, and all participants receive personalized feedback to prepare their action plans. The Personnel, Governance and Nomination Committee collaboratively prepares an assessment that covers notable achievements and areas for overall improvement. **GRI 2-18**

Learn more about the evaluation of the Board of Directors in the [Handbook of Indicators](#) at the end of this document.

Learn more about the Board of Directors and its role in overseeing the Company's impact management in the [Handbook of Indicators](#) section, at the end of this report, and also by clicking [here](#).

compliance with the law, the Bylaws and the decisions made by the Board of Directors and the General Stockholders' Meeting. As outlined in its Internal Charter, the Executive Committee is comprised of the CEO, vice presidents, and other officers who report to the CEO. They convene on a weekly basis to discuss strategic matters relevant to the Company. The topics discussed in the Comex are brought to the Board of Directors as applicable and necessary, including ESG topics. The Board of Officers can be dismissed by the Board of Directors at any time.

All our officers are recruited from the local community, defined as the country where they operate in relation to their country of origin. We apply the country rule as our officers work across multiple states in Brazil. Besides our operations in Brazil, we have a Colombian officer who oversees the Colombian units. **GRI 202-2**

The performance targets of our members are aligned with Dexco's ESG goals, and tied to a minimum of 10% of their variable compensation, focusing on the departments they oversee. In 2022, the Executive Committee, in coordination with the Sustainability Committee, addressed key areas such as corporate governance by implementing standardized systems to enhance data-driven analysis and accelerating the achievement of Sustainability Strategy goals. Additionally, efforts were made to

disseminate the core principles of this strategy throughout the Company. Learn more about the Board of Officers [here](#).

In early 2023, the Company released a Material Fact announcing significant changes in its Board of Officers, including the renaming of the IT and Digital Office to IT and Growth, and the integration of the Marketing & Design Office into the Executive Committee.

Committees and councils

GRI 2-9

In 2022, the six advisory committees to Dexco's Board of Directors (Personnel, Governance and Nomination; Sustainability; Audit and Risk Management; Evaluation of Related Party Transactions; IT and Digital Innovation; and Finance) became statutory bodies. Each committee has its own charter approved by the Board of Directors to govern operational matters.

Recognizing that the topics discussed in this forum fall within the purview of management, the Disclosure and Trading Committee transformed into a council in 2022, providing direct reports to the Board of Officers and regular updates to the Board of Directors.

At Dexco, we believe corporate governance is inseparable from a successful business and therefore all our committees met more often than the minimum set in their charters, such as the [Sustainability Committee](#) that held eight meetings in 2022.

All committees share the responsibility for decision-making and overseeing the management of Dexco's impacts on the economy, the environment and people, even though some of these committees discuss these topics in their centrality:

»» **Sustainability Committee:** responsible for initiatives and discussions involving ESG topics. In 2022 topics such as the climate agenda, the impact of regulations and national and international sustainability forums such as COP 27, were addressed. The Committee also monitors the targets set in the Sustainability Strategy and in the Social Responsibility Guidelines. The year 2022 was notable for the revision of the Sustainability Committee Charter, which enhanced the description of its functions. In order to advise its Board of Directors, Dexco has a specialist, independent mem-

ber in its Sustainability Committee to guide such initiatives within the highest governance body.

»» **Finance Committee:** responsible for issuing opinions and recommendations and monitoring policies in force on financial management, investments and distribution of earnings within the scope of the Company's activities, ensuring that these activities are carried out in a way to protect and enhance its assets and optimize long-term return on capital. The organization's economic impacts are assessed through financial results and investment projects, primarily drive especially by the Administration, Finance and Investor Relations Office.

»» **Personnel, Governance and Nomination Committee:** responsible for advising the Board of Directors by issuing opinions and recommendations and monitoring policies related to the People department, in addition to organizational culture, executive compensation strategy, performance and succession of management members, diversity and inclusion, talent development and management. Their actions align with the company's strategy and business needs.

Ethics and compliance

GRI 2-23

Our operation is driven by ethics and transparency on all fronts. We aim for all our main stakeholders have the same commitment to compliance. We aim to strengthen these practices through our [Code of Conduct](#) and internal policies and standards.

Approved by the Executive Committee and the Board of Directors, the Code of Conduct guides how each direct or indirect employee is to do business on behalf of Dexco and sets the proper, coveted conduct when interacting with the Company or its stakeholders. The Compliance department is responsible for disseminating, training, revising and updating the Code of Conduct.

Our Code of Conduct contains express guidelines on human rights that all managers and employees must follow while carrying out their activities, making it clear that we do not tolerate any type of discrimination, harassment, abuse, hostility or injustice, and we reject any and all forms of degrading work, such as forced or compulsory and child labor.

GRI 408-1, 409-1

We fully comply with all legislation concerning our businesses and adopt the best market practices as benchmark, such as the frameworks of

the Institute of Internal Auditors (IIA), New Market (B3), the Brazilian Institute of Corporate Governance (IBGC) and the Office of the General Controller General (CGU). We also use the methodology issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) to map and rate risks. We are signatories to the United Nations Global Compact and the Ethos Institute's Business Pact for Integrity and the Working Group for Integrity and Against Corruption.

The compliance risk matrix was developed in the first half of 2022, according to the Company's risk management methodology and covering the main compliance risk factors to which the Company is subject. This matrix was approved by the Audit and Risk Management Committee and the Ethics Council.

Sharing the Code of Conduct

GRI 2-15, 2-23, 205-2

All Dexco's employees must formalize their commitment to the guidelines of our Code of Conduct, whether by physical or electronic means.

Operational employees without intranet access formalize their commitment by signing physical forms provided by managers and available at the units.

We conduct periodic training on the main guidelines of the Code, anti-corruption, tackling down harassment and conflicts of interest, aiming to ensure ethics in professional relations among employees, third parties, suppliers, customers and investors.

Ongoing training sessions are target new employees (onboarding) and managers, who are expected to disseminate this knowledge within their teams. Along 2022, Code of Conduct videos were released via email, intranet, messaging apps and wall

murals at plants, with QR Code for inclusive and easy access via mobile, reaching the operation.

In October 2022, we also released a video with our CEO Antonio Joaquim reinforcing the importance of the Code of Conduct and compliance with its guidelines, in addition to showcasing his support for compliance actions and the Company's Integrity Program, encouraging all employees to take part in training and other integrity actions.

The implementation of a corporate training platform at the Company is expected for 2023, aimed to centralize employee access and improve the management of acculturation indicators.

From 2020 to 2022, there were more than **40 Code of Conduct and anti-corruption training groups**

92% of managers trained

3,293 employees trained, of whom 597 managers

961 new employees trained in 2022

Integrity Program

Dexco has developed an Integrity Program based on the Federal Anti-Corruption Law (Law No. 12,846/2013) and the Federal Anti-Corruption Decree (Decree No. 11,129/2022), which aims to prevent, detect and remedy irregularities and unlawful acts carried out against the Public Administration, contributing to strengthen the Company's culture of integrity and transparency.

Its guidelines are included in our [Anti-Corruption Policy](#). In 2021, we developed a digital program guide to share its fundamentals throughout the company. The Integrity Program has eight pillars:

SENIOR MANAGEMENT'S COMMITMENT 

MONITORING AND REPORTING 

LEGAL COMPLIANCE 

POLICIES AND PROCEDURES 

TRAINING AND COMMUNICATION 

RISKS AND CONTROLS 

DUE DILIGENCE 

WHISTLEBLOWING CHANNEL 

Senior Management's Commitment (Tone at the top): Senior Management supports and participates in all actions implemented within the Integrity Program, receiving reports on its application and progress in the Company.

Monitoring and reporting: the program is monitored by the Compliance department and its actions are reported to the Senior Management through the Audit and Risk Management Committees and meetings of the Ethics Council.

Legal compliance: we operate in compliance with current legislation and adhere to good corporate governance practices, implementing measures to prevent fraud, money laundering and other wrongdoings. The compliance risk matrix was developed in 2022, covering the main compliance risks to which the Company is subject.

Policies and procedures: our key procedures and guidelines are formalized in internal policies and rules. Business areas are responsible for preparing and updating their respective rules, with the Compliance Department being responsible for managing this process. We adopt

measures to ensure accurate and faithful accounting records and submit our financial statements to periodic audits.

Training and communication: we provide training for managers and new employees on the Anti-Corruption Law and other Code of Conduct guidelines. Over the year, we also disclosed notices with guidance and recommendations on compliance and integrity

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

Due diligence: we adopt fair and transparent criteria for the selection and hiring of suppliers and conduct public surveys to assess related financial, registration and reputational conditions.

Whistleblowing Channel: we have a dedicated channel (phone number 0800 55 75 77, intranet, or website www.canalconfidencial.com.br/dexco) to receive complaints, including anonymous and confidential reports. All complaints are thoroughly investigated and handled with utmost confidentiality.

Assessment of the Integrity Program

In 2022, Dexco hired a specialized consultancy to assess of the Compliance department and the Integrity Program evaluating the maturity of adopted actions and identifying areas for continuous improvement. The overall result of this assessment indicated a 78% compliance rate with obligations and good market practices. The Whistleblowing Channel achieved an exceptional compliance rate of 98%.

Learn more about our Integrity Program by clicking [here](#)

Anti-corruption

GRI 2-23, 205-1, 205-2, 205-3

We revised our Anti-Corruption Policy in 2022 to reflect the updates of the new Decree No. 11,129, which regulates the Brazilian Anti-Corruption Law and came into force in July 2022. New obligations were introduced regarding due diligence care and risk management procedures, already under implementation by Dexco.

In conformity with our Integrity Program Guide, Dexco adopts several anti-corruption measures. Internally, our policy guidelines are disclosed via communications and training, in addition to being disseminated across the operation by managers. Anti-corruption guidelines are also included in the Supplier Conduct Guide, available on Dexco website, with the suppliers' commitment being formalized through a contractual clause.

In September 2022, we released a video with guidelines for interactions with Public Authorities and anti-corruption measures to all employees and management members, which can be accessed via notice, messaging app and QR Code. More than 300 reputational analyses were also carried out among suppliers, recipients of donations and sponsorships from the Company, thus mitigating any legal, image and reputational risks in the business

relations with partners and beneficiaries. Dexco's compliance risk matrix was developed in 2022 based on our corporate risk management methodology and covering 66 risk factors - including corruption risk. 21 actions were mapped out for corruption risk, 13 (62%) of which have already been completed and eight (38%) are planned for 2023. From a corporate point of view, corruption risk, as well as main controls in place and action plans, has already been fully mapped.

Given that corruption risk impacts all business units, as plants and facilities require a number of licenses, permits and public authorizations for operation, in 2023 the Compliance department will enhance this risk mapping for every business unit to check for any particularities and propose improvement actions accordingly.

Relationship Statement platform GRI 205-3

All our employees and management members are required to state their relationship with Dexco or inform that there has been no change of status via our Re-

lationship Statement Platform, in which they must also formalize their commitment to the Code of Conduct via online acceptance.

In 2022, the Compliance department reviewed 285 cases of positive relationships stated on its digital platform, resulting in the adoption of more than 30 actions aimed to mitigate or settle any conflicts of interest. A total of 96% active managers completed the platform statement and accepted the Company's Code of Conduct. 100% of the positive relationships stated by managers were reviewed and handled, with the adoption of action plans to address any conflicts of interest identified, such as transfers between management/departments and execution of commitment terms.

This new digital process makes it easier for the stated data management and allows the identification of any conflicts of interest - such as the presence of relatives in hierarchical subordination, professionals working at competitors or politically exposed persons - so that the Compliance department can deliver the proper treatment as required.



Whistleblowing Channel

GRI 2-25, 2-26

Our Whistleblowing Channel is one of the pillars of our Integrity Program. Overhauled in 2021, this Channel receives reports of cases in disagreement with Dexco’s Code of Conduct, policies and rules and/or failures to comply with legislation, as well as any wrongdoing, including those provided for in the Anti-Corruption Law.

Complaints can be made anonymously or identified and are received by an independent specialized company, ensuring confidentiality and proper handling of each case. Complaints are addressed by the Compliance and Internal Audit departments

* Brazilian service.

and periodically reported to the Company’s Senior Management, including the Ethics Council and the Audit and Risk Management Committee. Wrongdoers are subject to disciplinary and judicial measures, according to the internal rule regarding the Application of Disciplinary Measures (Nº 44).

The Whistleblowing Channel can be accessed via the [Internet](#) or by calling 0800 55 75 77* (business days from 8:00 a.m. to 8:00 p.m.). Learn more about our Whistleblowing Channel in the [Handbook of Indicators](#) at the end of this document. Calls for clarifications, suggestions, complaints and other assistance regarding Dexco’s

products and services are directed to the Company’s Service Customer channels. All guidelines on the Channel are included in the [Whistleblowing Channel Policy](#), available to the public for consultation on our Investor Relations website.

As in previous years, we had no incidents reported on the Whistleblowing Channel, ongoing or completed investigations into corruption cases, suspected or confirmed corruption cases involving employees, whether suspected or confirmed, involving employees or contracts with business partners, nor any judicial proceedings involving the Company and its employees in corruption or other wrongdoing against the Public Administration.

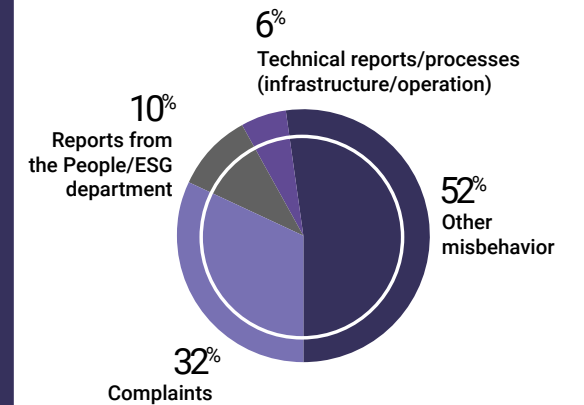
FIGURES OF THE WHISTLEBLOWING CHANNEL

	Complaints received by the Channel ¹	Complaints identified as legitimate	Complaints investigated by the Compliance department	Complaints investigated by Internal Audit	Complaints concluded	Complaints not concluded ²	Complaints on misbehavior ¹	Complaints on infrastructure and operations
2021	63	25	29	34	57	6	161	58
2022	57	27	32	25	52	5	93	28

¹ Complaints received in 2022 by category, in percentage, is as follows: 53% of ethical violations and misconduct, 33% of equity violations and favoritism, 14% of noncompliance with policies and internal rules.

² The six complaints reported in 2021 continued to be investigated at the beginning of 2022.

TYPES OF COMPLAINTS RECEIVED BY THE WHISTLEBLOWING CHANNEL IN 2022



Risk management

GRI 2-12, 2-17

Over 2022, the Risk department conducted 64 interviews with Dexco's key executives, from officers to managers, to gather their insights on the Company's risk exposure. Based on the findings, proposed updates to the **Risk Map**, **Risk Dictionary**, **Risk Ruler**, and the **Company's Risk Appetite and Tolerance** were submitted to the Risk Commission and the Audit and Risk Management Committee, receiving subsequent approval from the Board of Directors.



CEO ANTONIO JOQUIM DE OLIVEIRA - annual Leadership Meeting held in Itu (São Paulo), December 2022

Risk Appetite refers to the acceptable level of risk that the Company is willing to assume in order to pursue its activities, while **Risk Tolerance** represents the Company's threshold for tolerating risk in the pursuit of its strategic goals. The procedures used to define Dexco's Risk Appetite and Tolerance are formalized in the Risk Appetite and Tolerance Methodology, approved by the Board of Directors.

Risk Standards allow the Company to assess the significance of specific risks and the likelihood of their occurrence, enabling better classification and comparison among different risks to establish a corporate benchmark.

The **Risk Map** represents the compilation of risks to which the Company is exposed, including their levels of criticality and the respective responsible business units. It is developed using established processes and methodologies for identifying and assessing risks and controls.

The **Risk Dictionary** outlines the various types of risks to which the Company is exposed, categorized based on their characteristics, such as **strategic, financial, operational, cyber, and regulatory risks**. It aligns with the COSO methodology and framework.

The purpose of this review was to update the risks inherent in our processes, ensuring that residual risks remain within reasonable appetite and tolerance levels, while also establishing an effective control environment that aligns with strategic plan goals.

In 2022, we mapped Dexco's business continuity activities and defined the Company's degree of maturity. In 2023 we will kick off a process to define a methodology to formalize business continuity activities and corporate departments.

Beginning in 2023, we will closely monitor risks classified as critical and high, with risk owners responsible for defining mitigation action plans. The Risk Council will oversee the development and execution of these action plans, reporting them to the Audit and Risk Management Committee and the Board of Directors.

Detailed information regarding the Risk Management Policy and Internal Controls can be accessed in the Company's Reference Form, which is available on the Brazilian Securities and Exchange Commission (CVM) and the Investor Relations website.

Awards and recognition

In 2022, our performance was recognized, confirming our progress in implementing our business strategy and embodying our values:

- »» **Época Negócios 360° directory** – winner in the Construction Material and Decoration sector.
- »» **Valor Executive 2022** – In the Construction Industry category: Antonio Joaquim de Oliveira won for the second time the award promoted by *Valor Econômico* newspaper.
- »» **The Best of Dinheiro 2022** – winner in four categories: Financial Sustainability, Human Resources, Social Responsibility and Corporate Governance, in the Construction Materials sector, of the award granted by *IstoÉ Dinheiro* magazine; and second place in the Innovation and Quality category.
- »» **Anamaco Award 2022** – Antonio Joaquim de Oliveira was honored as the Personality of the Industry at the award held by the magazine.

LOOKING AT THE FUTURE

We believe that 2023 will be a challenging year, during which we will focus our efforts on increasing the profitability of our operations, through greater efficiency and productivity, and on our business sustainability.

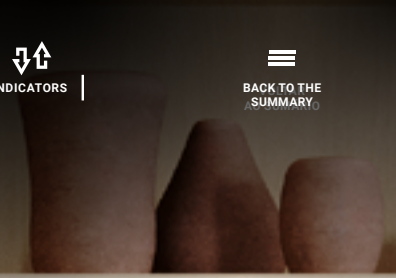
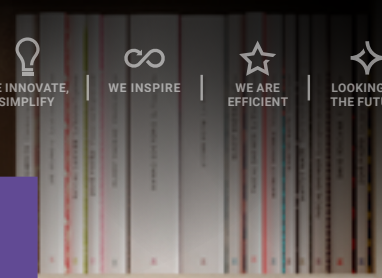
Our commitment to biodiversity is also demonstrated by expanding impact assessments to other businesses, in addition to the forestry business, starting in 2023. We aim at to develop a transition plan towards a low-carbon economy by 2024.

We have made advancements in our social guidelines and will now strengthen our relationships with the communities where we operate. We recognize our employees as neighbors and will invest in significant projects with a positive impact on people’s lives. In 2023, we will establish targets and indicators in this area.

Our employees will also be impacted by increased actions focused on culture, diversity, equity and inclusion which will be further explored in 2023. All of this is based on solid governance practices, which are a cross-cutting theme throughout Dexco that is reinforced on a daily basis. Our compliance policies, tools, and collaboration with suppliers continue to evolve as we strive for transparency and business ethics.

We believe we have reached a new level of results, that can withstand adverse macroeconomic scenarios, extending beyond Dexco’s operations. Therefore, we are highly focused and driven to make 2023 an even better year for the Company.





HANDBOOK OF INDICATORS



Our Way of Being and Doing

Who we are

SASB RR-FM-000.A

Forestland owned, leased and/or managed by the entity

SASB RR-FM-000.B

Aggregate standing timber inventory

SASB RR-FM-000.C

Total timber harvest volume

Production data from forestry activities	2020		2021		2022	
	Brazil	Colombia	Brazil	Colombia	Brazil	Colombia
Forestland owned, leased and/or managed by the entity (ha)	85,141	11,177	85,358	11,200	89,572	11,181
Aggregate standing timber inventory (CM)	17,346,714.9	996,419.0	16,464,688.2	986,425.0	14,401,354.8	1,266,887.0
Total timber harvest volume (CM)	4,293,971	120,105	4,821,665	161,908	4,846,896	185,023

Where we are

SASB CG-BF-000.B

Manufacturing facilities area

Manufacturing facilities area (sq.m.) ¹	2022
Wood panels (Brazil and Colombia)	Land: 2,101,291.5 – Built area: 567,982.2
Tiles	Land: 1,022,504.7 – Built area: 173,329.9
Bathroom fittings, fixtures, and electric showers	Land: 685,426.2 – Built area: 299,977.6

¹ As this indicator began to be monitored in 2022, there is no historical series yet. Tiles include Castelatto; Panels includes Brazil and Colombia.

Our businesses

GRI 2-29

Stakeholder engagement approach

Dexco believes that shareholders relations are essential for its good performance and the successful development of its projects. This relationship must be ethical and transparent, giving voice to stakeholders, and aimed at developing performance strategies more suitable to meet their demands or create local development.

All stakeholder engagement initiatives must be structured in a planned and strategic manner according to the methodology broken down into four steps as follows: stakeholder mapping, stakeholder prioritization, materiality build-up and action plan preparation.

Dexco has channels for registering demands from all stakeholders via email, hot line, in-person and on the website, through the [Whistleblowing Channel](#) and [Customer Service](#).

In **Brazil**, stakeholder mapping and prioritization are the responsibility of the departments that have direct relations with these stakeholders, in line with Dexco's Strategic Planning guidelines. Stakeholders are listed below:

GRI 2-29

Stakeholder engagement approach (cont.)

Stakeholder	Related stakeholders
Public authorities	Executive, Legislative and Judicial branches
Regulators and Supervisors	Brazilian Securities and Exchange Commission (CVM), stock exchanges, environmental agencies, oversight agencies
Stockholders and financial institutions	Stockholders, market analysts and lenders, rating and credit agencies
Employees	Own employees, contractors, interns, apprentices, retirees
Supply chain	Services, materials/ fixed assets
Customers	Industry, retail, wholesale, engineering, export, specialized stores, home centers, construction companies
Consumers	Buyers of Dexco's portfolio brands
Surrounding communities	Population, local businesses, neighborhood associations, community leaders and tenants
Organized civil society	NGOs, unions, federations, institutes and associations
Influencers	Engineers, architects, installers, decorators and carpenters
Press	Specialized, print, TV, radio, and digital press
Competitors and substitutes	Bathroom fixtures and fittings, electric showers, panels and flooring, ceramic tiles, and cementitious tiles

These Dialogue Circles engage directly with potentially affected parties, whose participation is voluntary and anonymous, who receive information material that include contact channels to be accessed in case of need or emergency. The language used is suitable to the stakeholder's profile. Data are recorded for later monitoring of operations, to check whether prevention measures are being effective. The information collected is included in planning of operations, compiled in internal databases, and used in the annual review of communities' categorization and social impact matrix.

With regard to the engagement of stakeholders related to Public Authorities, in 2020 Dexco created the Institutional and Governmental Relations department. This department operates predominantly together with sectorial entities to which the Company is affiliated, ensuring an impersonal, transparent, fact- and data-based political action with the primary objective of providing public entities with the tools for better decision-making and/or preparation of legislative proposals or public policies that impact the Company and society.

In **Colombia**, stakeholders, goals and engagements methods used were as follows:

»» **Employees:** internal communication, in-person and virtual meetings. Stakeholders are concerned with health, safety, well-being and quality of life issues. The objective is to understand and manage their needs to ensure the retention employees and keep them informed of what is happening around the company, colleagues and topics of general interest, so employees become strategic allies.

Dexco promotes participatory actions, such as Dialogue Circles, through which it listens to institutions located in the areas where it operates, such as assistance entities, NGOs, and neighborhood representatives, among others.

Dexco makes direct contact with neighbors of its wood panel plants and forestry operations and residents located on its transport routes through its in-charge technicians and surveillance teams that interact with these stakeholders. Specifically in forestry areas, Dexco conducts annual fire safety awareness-raising campaigns. With education and research institutions, Dexco has the Espaço Arvorar visitation center, which holds technical consultations once a year and research projects, an environmental education program and half-yearly campaigns.

In addition to the Dialogue Circles with significant stakeholders, the Wood units engage with residents of the areas surrounding the production units and wood transport routes, in accordance with the progress of operations, for a participatory diagnosis of the potential impacts of the operation.

GRI 2-29

Stakeholder engagement approach (cont.)

- »» **Students:** partnerships with universities, attending university recruitment fairs, internships. The objective is to attract the best talents and raise awareness of the Company through activities such as talks.
- »» **Contractors:** making available our Contractors Manual, follow-up meetings and hiring procedures. The objective is to develop strategic allies for the Company's full operation and ensure compliance with laws and regulations.
- »» **Communities:** study of territories, volunteering actions in the region, and meetings. The objective is to have constructive relations with the local population, understanding and managing their needs.
- »» **Suppliers:** bidding mechanisms and supplier registration processes and procedures. The objective is to develop strategic allies for the Company's full operation and ensure compliance with laws and regulations.
- »» **Customers:** trade fairs, specialist software (BTOB). The objective is to build customer loyalty and have a long-standing ongoing relationship as strategic allies.
- »» **Communication:** featuring in leadership articles to keep employees informed about what is happening around the Company, colleagues and topics of general interest, so that they become strategic allies.

»» **Activists and unions:** collective bargaining agreements and joint councils aimed at keeping well-rounded relationships and managing the needs that arise as a result of talks and requests.

Materiality

GRI 3-1

Process to determine material topics

Accordingly, there are important inputs from internal and external materials and documents to identify the main risks and impacts associated with Dexco. To map environmental and social impacts, we review surveys of environmental aspects and impacts (LAIA) carried out by each unit and take into account sectorial studies. For the financial risks survey, we took into account the risk map updated by the Company in 2022 and the inputs from stakeholders interested in this topic.

The material topics and prospects prioritized by each audience are as follows:

»» The *Supply chain and traceability* topic prevailed mainly among senior management, suppliers and technical assistance teams.

»» The *Profitability and financial performance* topic prevailed mainly among senior management, investors and financial institutions, employees, customers, consumers, suppliers, service providers and communities.

»» The *Organizational culture and people management* topic prevailed mainly among senior management and employees.

»» The *Climate change* topic prevailed mainly among the company's senior management, investors and financial institutions, employees and industry associations. Related topics, such as energy matrix, were also highlighted by service providers.

»» The *Water and effluents* topic prevailed mainly among investors and financial institutions, customers, consumers, suppliers, service providers, industry associations and communities.

»» The *Local community development* topic prevailed mainly among employees.

»» The Research and innovation topic prevailed mainly among investors and financial institutions, customers and consumers.

Learn more about the process to determine material topics on [page 19](#) of the Integrated Report.

We take care of life wherever it is

Biodiversity

GRI 304-1

Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas

SASB RR-FM-160A.2

Area of forestland with protected conservation status

SASB RR-FM-160A.3

Area of forestland in endangered species habitat

At Dexco Brazil, studies were carried out on biodiversity at different sites (8 in 2020, 9 in 2021, and 7 in 2022). In Brazil, there are 64,272.36 hectares in or adjacent to protected areas and areas of high biodiversity value.

Dexco's management plan follows the FSC® forest management standards both for farms in and outside the FSC® certified scope. The plan directs the company's forestry operations, and its objectives are as follows:

- »» From the economic viewpoint, ensure the production of wood to supply its reconstituted wood panel plants, according to established quality standards and cost competitiveness. When economically viable, other forest-based products can be obtained, such as resin, timber for sawmills and timber for energy in the form of logs or chips, as well as sales of standing timber.
- »» From the social viewpoint, ensure the protection, well-being in an inclusive way and the functional training of people directly involved in the company's forestry management activities; respect rights and encourage the development of communities in the regions of forestry areas where Dexco operates, maintaining channels for engagement with affected stakeholders.
- »» From the environmental viewpoint, preserve biodiversity, water resources and soil, aiming at maintaining and/or improving ecosystem services and environmental values, rationally and sustainably using natural resources and inputs required for forestry activities.

Dexco Colombia has three production units located in regions that are not in contact with areas of alert regarding biodiversity and five forestry regions that are not in or adjacent to conservation or protection areas declared at the national, state, local or municipal level. These regions have 13 High Conservation Value Areas (HCVAs) in protection areas that are part of the Colombian forestry assets.

With respect to forest management practices, some of the main actions carried out to secure the conservation of HCVAs are as follows:

- »» Signage: all existing aqueducts will be signposted so that they are identified for people working on the site and the community in general. It is possible then to carry out forestry activities and raise awareness of the importance of protecting this area from any type of intervention.
- »» Enclosure: areas with the most presence of people and that may be subject to intervention are enclosed with fences.
- »» Training: personnel working at the properties are trained on the importance of caring for natural forests in general, which include areas identified as HCVAs, both aqueducts and special ecosystems and endangered species.
- »» Disclosure: identified attributes are disclosed at meetings and through available means, so that communities can identify them and participate in conservation efforts.

GRI 304-1

Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas (cont.)

SASB RR-FM-160A.2

Area of forestland with protected conservation status (cont.)

SASB RR-FM-160A.3

Area of forestland in endangered species habitat (cont.)

Operational sites in, or adjacent to, protected areas and areas of high biodiversity value in Brazil, by state (ha) ¹	Type of conservation unit	Type of overlapping	Production farms		Conservation farms	
			2021	2022	2021	2022
São Paulo	Full protection	In the area	0.0	0.0	0.0	0.0
		Adjacent to the area	12,436.3	1,752.2	0.0	0.0
	Sustainable use	In the area	12,990.2	14,887.3	0.0	0.0
		Adjacent to the area	37,913.4	42,246.6	0.0	0.0
	HCVA ²	In the area	0.0	0.0	0.0	0.0
Minas Gerais	Full protection	In the area	0.0	0.0	1,345.7	1,100.3
		Adjacent to the area	0.0	0.0	1.6	0.0
	Sustainable use	In the area	1,060.2	875.6	0.0	0.0
		Adjacent to the area	3,347.7	3,377.9	0.0	0.0
	HCVA ²	In the area	32.5	32.5	0.0	0.0
Total			67,780.3	63,172.1	1,347.3	1,100.3

¹ Adjacent areas are 10 km away from protected areas or areas of high conservation value (AHCV). Operations in Rio Grande do Sul are not in or adjacent to these areas.

² High Conservation Value Areas

GRI 304-1

Operational sites owned, leased or managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas (cont.)

SASB RR-FM-160A.2

Area of forestland with protected conservation status (cont.)

SASB RR-FM-160A.3

Area of forestland in endangered species habitat (cont.)

High Conservation Value Areas (HCVAs) in Colombia, by type of value identified ¹	Region	State	Characteristics	2021	2022
Areas with endemic or threatened species	North of Antioquia	La Argentina, Mundo Nuevo, La Arabia	<i>Quercus humboldtii</i> forest, presence of <i>Ceroxylum quindiuense</i>	11.9	11.9
	Tolima ²	Galicia	Presence of <i>Atapletes flaviceps</i>	-	-
	North of Antioquia ²	San Mateo	Presence of <i>Atapletes blancae</i>	-	-
Areas with ecosystems and habitats	North of Antioquia	San Mateo	Páramo ecosystem	1.2	1.2
Areas with community needs	North of Antioquia	Argentina	Catchment of the Llanos de Cuivá aqueduct	2.0	2.0
	Caldas	Manantiales	Source of the Manantiales y Peñitas aqueduct	16.4	16.4
	Tolima	Bellavista	Source of the La Cuchilla aqueduct	5.8	5.8
	Tolima	Brasilia	Source and catchment of the Monteredondo aqueduct	6.5	6.5
	Tolima	La Albania, Galicia, Brasilia	Source and catchment of the El Tablazo aqueduct	14.0	14.0
	Tolima	Vista Hermosa	Source and catchment of the Fresno aqueduct	15.9	15.9
	Tolima	Vista Hermosa	Source and catchment of the La Picota aqueduct	25.0	25.0
	Tolima	San Antonio	Source and catchment of the Dos Quebradas aqueduct	2.0	2.0
	Tolima	La Pradera	Catchment of the Padua aqueduct	1.0	1.0
Total				101.7	101.7

All Dexco’s forestlands have conservation and production areas. Although the probability of finding endangered species is greater in conservation areas, Dexco understands that all of its forestry areas are located in endangered species habitats, since production areas can also be used by these species as a traffic corridor. No significant impacts on biodiversity were identified.

Also as part of FSC® certification requirements, field monitoring is carried out before, during and after activities. With the micro-planning of operations it is possible to identify any environmental and social impacts with higher probability to occur at a certain location, thus enabling measures to be established to prevent, minimize and/or mitigate such impacts.

¹ All areas are production or extraction areas.

² Areas included in the regions of Tolima (Brasilia – HCVA 8) and North Antioquia (São Mateo – HCVA 4), respectively. The 2021 report for these areas was revised. **GRI 2-4**

GRI 304-1

Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas (cont.)

SASB RR-FM-160A.2

Area of forestland with protected conservation status (cont.)

SASB RR-FM-160A.3

Area of forestland in endangered species habitat (cont.)

Area of forestland in endangered species habitat (ha)	2020		2021		2022	
	Brazil	Colombia	Brazil	Colombia	Brazil	Colombia
Own area	71,779.8	101.7	73,410.1	101.7	65,943.2	101.7
Leased area	68,792.0	0.0	68,708.6	0.0	71,237.1	0.0
Managed area from third-parties	0.0	11,177.0	0.0	10,814.0	0.0	11,395.0
Total	140,571.8	11,278.7	142,118.7	10,915.7	137,180.3	11,496.7

GRI 304-3

Habitats protected or restored

SASB RR-FM-160A.1

Area of forestland certified to a third-party forestry management standard, percentage certified to each standard

In 2022, Dexco’s area of habitats protected and restored totaled 134,920 hectares. FSC® certified areas accounted for 94.7% of total area. The company has set a target for forest management certification of 100% of owned and leased areas in Brazil by 2025.

Since 2019 Dexco has worked in partnership with a group of its fostered partner producers developed in Rio Grande do Sul to obtain FSC® certification. One of the certification requirements is to comply with legislation, which may require the survey and possible adjustment of areas that were planted in places that

should be directed for conservation - for example, permanent preservation areas.

In these cases, Dexco can recommend the most suitable technique for the situation, but the responsibility for carrying out such actions rests with fostered producers. These initiatives have been presented in the external audits for obtaining and maintaining the group’s FSC® certification since 2020 and, as new members and new areas are included in the group, these actions are being replicated.

GRI 304-3

Habitats protected or restored (cont.)

SASB RR-FM-160A.1

Area of forestland certified to a third-party forestry management standard, percentage certified to each standard (cont.)

Areas of forestland owned and leased in Brazil, by state and type of land use (ha) ¹		2020				2021				2022							
		Planted forests	Infrastructure	Conservation	Total	Planted forests	Available for planting	Infrastructure	Conservation	Total	Planted forests	Available for planting	Subtotal ²	Infrastructure	Conservation	Grand total	Total FSC [®] certified areas
São Paulo	Owned	40,783	2,742	16,486	60,011	37,721	2,978	2,708	16,095	59,502	39,858	1,817	41,675	2,076	15,760	59,511	56,869
	Leased	11,053	909	6,078	18,040	10,592	763	923	6,347	18,625	10,743	1,745	12,487	899	6,222	19,609	15,812
Minas Gerais	Owned	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Leased	28,519	1,610	17,838	47,967	26,270	2,249	1,571	17,919	48,009	26,811	1,764	28,575	1,205	17,411	47,191	46,496
Rio Grande do Sul	Owned	3,232	248	2,508	5,988	3,232	0	248	2,508	5,988	3,232	0	3,232	224	2,528	5,985	5,985
	Leased	1,554	189	808	2,551	1,518	36	189	808	2,551	1,500	106	1,606	197	821	2,624	2,551
Total		85,141	5,698	43,718	134,557	79,333	6,026	5,639	43,677	134,675	82,144	5,431	87,575	4,602	42,742	134,920	127,714

¹ Some data from 2021 were revisited and restated. **GRI 2-4**

² Planted + available for planting areas.

Areas of forestland fostered ¹ in Brazil, by state and type of land use (ha)		2020			2021			2022		
		Planted forests	Infrastructure	Total	Planted forests	Infrastructure	Total	Planted forests	Infrastructure	Total
São Paulo	Fostered	1,341	660	2,001	1,341	660	2,001	0	0	0
Minas Gerais		0	0	0	0	0	0	0	0	0
Rio Grande do Sul		13,865	11,344	25,209	14,547	11,902	26,449	12,499	10,225	22,724
Total		15,206	12,004	27,210	15,888	12,562	28,450	12,499	10,225	22,724

¹ The areas of fostered partners have no ownership relationship, but rather only a contractual relationship for wood procurement. Therefore, we have no control over conservation areas.

GRI 304-3

Habitats protected or restored (cont.)

SASB RR-FM-160A.1

Area of forestland certified to a third-party forestry management standard, percentage certified to each standard (cont.)

Areas being restored in Brazil, by state and regeneration stage (ha)		Initial stage		Intermediary stage		Advanced stage		Not assessed		Total	
		2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
São Paulo	Owned	317	302	5,025	5,025	10,511	10,511	241	861	16,095	16,699
	Leased	87	87	1,867	1,867	3,938	3,938	455	924	6,347	6,816
Minas Gerais	Leased	3,606	3,606	6,576	6,576	6,891	6,891	846	2,131	17,919	19,204
Rio Grande do Sul	Owned	15	15	288	288	2,205	2,205	1	1	2,508	2,508
	Leased	12	12	103	103	690	690	2	15	808	821
Total		4,038	4,022	13,859	13,859	24,236	24,236	1,545	3,932	43,678	46,049

GRI 304-3

Habitats protected or restored (cont.)

SASB RR-FM-160A.1

Area of forestland certified to a third-party forestry management standard, percentage certified to each standard (cont.)

In 2022, FSC® certified areas in **Colombia** (9,194 hectares) accounted for 82.1% of owned and third-party areas. This figure increases to 97.8% when it comes to certification of own areas (7,448 hectares). In the properties located in the northern region, for the conservation of a bird of the species *Atlapetes blancae*, a partnership between Dexco and the organization SalvaMontes Colombia was established, aimed at implementing conservation, protection and restoration strategies.

Habitats protected or restored, in Colombia (ha)	2020				2021 ¹					2022						
	Region	Planted forests	Available for planting	Conservation and other uses	Grand total	Planted forests	Available for planting	Conservation and other uses	Grand total	FSC® certification	Planted forests	Available for planting	Subtotal ³	Conservation and other uses	Grand total	FSC® certification
Own areas																
North of Antioquia	2,254	0	1,079	3,333	2,283	0	1,050	3,333	3,333	2,283	0	2,283	1,050	3,333	3,333	
Northeast of Antioquia	1,134	65	955	2,154	1,136	25	993	2,154	2,154	1,136	25	1,161	993	2,154	2,149	
Tolima	764	19	771	1,554	795	11	748	1,554	1,554	798	9	806	754	1,561	1,554	
Caldas	270	6	135	411	270	6	135	411	411	270	6	276	135	411	411	
Puerto Parra ²	114	0	42	156	114	0	42	156	0	114	0	114	42	156	0	
Subtotal	4,536	90	2,982	7,608	4,598	42	2,968	7,608	7,452	4,601	40	4,641	2,975	7,616	7,448	
Third-party areas																
Northeast of Antioquia	1,971	35	0	2,006	1,968	50	372	2,390	1,382	1,962	50	2,012	372	2,384	1,746	
Puerto Parra ²	682	0	518	1,200	682	0	518	1,200	0	682	0	682	518	1,200	0	
Subtotal	2,653	35	518	3,206	2,650	50	890	3,590	1,382	2,644	50	2,695	889	3,584	1,746	
Total	7,189	125	3,500	10,814	7,248	92	3,858	11,198	8,834	7,245	90	7,335	3,864	11,199	9,194	

¹ In 2021 Colombia started to report areas of planted forests and conservation and other uses to standardize its data with Brazil reports. Data on FSC® certified areas started to be reported in 2021.

² The nomenclature of the Puerto Parra region was revised and replaced with a more suitable name. It was named as Magdalena Medio in the 2021 report. Some data from 2021 were revisited and restated. **GRI 2-4**

³ Planted + available for planting areas.

GRI 304-3

Habitats protected or restored (cont.)

SASB RR-FM-160A.1

Area of forestland certified to a third-party forestry management standard, percentage certified to each standard (cont.)

Total and certified areas ¹	2020		2021		2022	
	Brazil	Colombia	Brazil	Colombia	Brazil	Colombia
Total area (ha)	134,557.1	11,177.0	134,674.7	11,200.0	134,919.6	11,199.5
FSC® certified area (ha)	131,171.3	9,194.0	130,889.7	9,194.0	127,713.7	9,194.3
Percentage certified (%)	97.5%	82%	97.2%	82%	94.7%	82.1%

¹ Including owned and leased areas in Brazil and owned and third-parties in Colombia

GRI 304-4

IUCN red list species and national conservation list species with habitats in areas affected by the organization’s operations

Threatened species, by level of threat in 2022 in Brazil ¹	São Paulo		Minas Gerais		Rio Grande do Sul		National (ICMBio and CNC)	
	Fauna	Flora	Fauna	Flora	Fauna	Flora	Fauna	Flora
Critically endangered	4	0	2	0	1	0	1	1
Endangered	8	2	7	1	1	2	4	9
Vulnerable	15	7	7	6	8	3	15	6
Near threatened	0	0	0	0	2	1	0	0
Least concern	0	0	0	0	241	8	0	0

¹ Indicator was based on the overall number of species found from 1970 to 2022.

Endangered species according to IUCN, in 2022 ¹	Brazil		Colombia		Total	
	Fauna	Flora	Fauna	Flora	Fauna	Flora
Critically endangered	0	2	2	0	2	2
Endangered	3	5	0	1	3	6
Vulnerable	18	11	0	1	18	12
Near threatened	35	6	0	0	35	6
Least concern	705	376	0	1	705	377

¹ IUCN (International Union for Conservation of Nature) red list of threatened species.

Forestry

SASB RR-FM-160A.4

Description of the company's strategy to optimize the opportunities created by ecosystem services

In 2022 Dexco was recommended for FSC® verification of three ecosystem services provided by its forests: conservation of forest carbon stocks, conservation of species diversity and recreational services.

Dexco's management activities in its planted forests and in the conservation of areas of native vegetation enable such services to be recognized and used by the Company, surrounding communities, and fauna and flora.

Forest carbon stock conservation results from the removal of CO₂ from the atmosphere by the process of photosynthesis in both planted and natural forests. In addition to contributing to carbon balance, the conservation areas maintained by Dexco are habitats for native flora and fauna. No forestry operations are carried out in these areas. Studies and researches have registered more than 2,300 species of plants and animals since the 1970s. Furthermore, due to their permeability, planted forests can also be used by fauna as corridors for their movement across conservation areas.

Conservation of native vegetation areas is a key part of Dexco's Integrated Pest Management (IPM), in which the presence of natural enemies is the first line of control of any pests that may impact the eucalyptus forests, contributing to greater productivity of planted forests and optimization of the use of pesticides.

All forestry activities are planned to prevent damage or impacts on conservation areas. Employees are trained for these activities, and micro planning maps contain guidelines for operations to be carried out in a safe and environmentally fair manner.

Buffer areas around water springs and streams are defined by Brazilian law as permanent preservation areas. Maintenance of native vegetation in these sites contributes to the protection of water resources, which are essential for forestry activities, and is a way of connecting fragments of vegetation, and acting as a corridor for the movement of fauna.

One of the practices used in Dexco's forest management is the minimum cultivation, which consists of leaving forest residues (branches, leaves and roots) in the field after harvesting, contributing to soil protection and conservation. By managing the soil in a conservationist way, the provision of this fundamental resource for forestry production is secured. Soil cover contributes to erosion prevention (also contributing to conserving water resources due to the lower risk of siltation); maintenance of soil temperature, favoring the presence of micro fauna; and

greater nutrient cycling, increasing the amount of organic matter in the soil and reducing the demand for mineral fertilizers.

Some Dexco units in **Brazil** have partnerships with beekeepers associations for beehive installation in forestry areas. The environment of eucalyptus forests and native vegetation of conservation areas provide good conditions for honey production. These sites are clearly marked to ensure employee safety, and hives are removed before the forest harvest period starts. This activity causes no impact on forest productivity.

A 32.5 hectare area in the region of Uberaba (Minas Gerais) has been classified as an Area of High Biodiversity Value, as it houses a rare endemic amphibian species in the 'Triângulo Mineiro' region (*Bokermannohyla sazimai*).

Under the Carvida program, units in **Colombia** were able to sell carbon credits resulting from forestry management activities, generating revenue from such sale in 2017 and 2021. None of these ecosystem services are currently remunerated in Brazil.

Also noteworthy is the recreational and tourist use of forestry management areas, which also constitute ecosystem services (recreational services), such as *Espaço Arvorar* (Arvorar Space).

SASB CG-BF-430A.1

(1) Total weight of wood fiber materials purchased, (2) percentage from third-party certified forestlands, (3) percentage by standard, (4) percentage certified to other wood fiber standards, and (5) percentage by standard

Dexco Brazil uses only raw materials from planted forests certified or controlled in its production chain, in compliance with FSC® requirements. FSC® certified forests follow a management plan that guides responsible forestry management in accordance with the principles and criteria of the system.

With regard to controlled wood, a robust evaluation process is in place to ensure that timber does not come from unacceptable sources, such as illegal logging; exploited in violation of traditional and/or civil rights; from areas of high biodiversity value threatened by management activities; or from deforested areas.

In these cases, the company has a due diligence system for acquisition of non-certified wood, in which it selects wood deemed as controlled in accordance with FSC® rules and standards.

All wood purchase negotiations are formalized via a legal contract and, before supplying this raw material, all suppliers and all supply departments undergo documentary and field audits. This audit process assess, as follows:

- »» Documents securing the ownership/possession and use of land
- »» Applicable environmental licenses for planting and harvesting planted forests
- »» Lawfulness of fiscal documentation
- »» Debt clearance certifications from suppliers at federal and state levels
- »» Embargoes by the Brazilian Institute of the Environment and Renewable Natural Resources (Ibama)
- »» Conformity of operations with environmental and occupational health and safety (OHS) legislations
- »» Conformity of workers documentation to secure all their labor rights

»» Overlapping and/or proximity of wood supply areas to Priority Areas for Conservation, Conservation Units, and local, indigenous or traditional communities

Dexco Colombia has only one own timber product, which is the “logged timber” that comes from certified planting. Non-certified own farms have nevertheless all legal documents attesting that these management units have legal wood, in accordance with local regulations and legislation.

Although there are no restrictions on non-certified wood in **Colombia**, to secure the legality of this product and have control on what is legal wood not sourced from unacceptable practices, we always request a planting registration, issued by the Colombian Farming Institute, before entering into an agreement with such supplier in accordance with national legislation.

We are also assured that no genetically modified organisms (GMOs) are used in our wood. We have no units or management in indigenous peoples’ land and we do not buy wood from native forests or conservation areas.

SASB CG-BF-430A.1

(1) Total weight of wood fiber materials purchased, (2) percentage from third-party certified forestlands, (3) percentage by standard, (4) percentage certified to other wood fiber standards, and (5) percentage by standard (cont.)

Total volume of wood fiber materials purchased and percentage by standard of forestry management and wood standards, in Brazil	2021		2022	
	Volume (metric tons)	Percentage (%)	Volume (metric tons)	Percentage (%)
Total volume of wood fiber materials purchased	5,016,359		4,819,894	
Volume of wood fiber materials sourced from forests with third-party forestry management standards ¹	242,230.55	5%	276,493.64	6%
Volume of wood fiber materials certified according to wood standards, by standard	Volume (metric tons)	Percentage (%)	Volume (metric tons)	Percentage (%)
FSC-STD-BRA-01-2014 V1-1 PT_ Harmonized Plantations	3,560,845.21	71%	3,662,447.61	76%
FSC-STD-BRA-03-2013 V3-2 FSC Forest Stewardship Standard for Brazilian Small and Low Intensity Managed Forests (SLIMF)	38,963.09	1%	64,599.43	1%
FSC-STD-40-004 V3-1 Chain of Custody Certification	548,063.52	11%	350,745.08	7%
FSC-STD-40-005 V3-1 Requirements for Sourcing FSC Controlled Wood Standard (STD)	841,334.66	17%	741,750.22	15%

¹ Wood purchased certified by third parties under standard FSC-STD-BRA-01-2014 V1-1 Harmonized Plantation.

Total volume of wood fiber materials purchased under standards of forestry management and wood standards, in Colombia	2021		2022	
	Volume (metric tons)	Percentage (%)	Volume (metric tons)	Percentage (%)
Total volume of wood fiber materials purchased ¹	345,820		373,490	
Volume of wood fiber materials sourced from forests with third-party forestry management standards	201,405	58%	222,161	59%
Volume of wood fiber materials certified according to wood standards, by standard	Volume (metric tons)	Percentage (%)	Volume (metric tons)	Percentage (%)
Colombian Farming Institute (ICA) registration	62,794	18%	64,647	17%
FSC® certified own wood	144,415	42%	155,955	47%
FSC® certified third-party wood	62,794	21%	64,647	20%

¹ Excluding by-products and wood purchased for biomass.

Climate change

GRI 3-3

Management of material topics | Climate change

To be able to measure and mitigate its impacts, Dexco makes an inventory of greenhouse gases (GHG) emitted as a result of its operations, with public data dating back to 2000, and external assurance since 2011.

Although it has grown steadily, both organically and through the business acquisitions, the Company has made commitments aimed at reducing the impact of its operations, taking into account mainly strategies to replace fossil fuel with renewable ones, such as LFP oil and natural gas with biomass (highlight for the Panel units). Additionally, as it operates in the forestry business, Dexco calculates carbon removals carried out by its incorporation into forests in order to offset emissions.

At the same time, when it comes to adaptation, the Company is strongly involved in forest genetic improvement, which consists in selecting and crossing species that make up the forests and replication via cloning, so as to study and select the most suitable and adapted trees for the most diverse regions where plantations exist, so that there is resistance even to possible extreme climate situations (droughts, floods, gale force winds, etc.).

Climate zoning, which characterizes the mapping of climate conditions characteristic of each location, enables each species to be allocated and combined to the region most suitable for its development. Taking into account that Dexco's forest plantations are located in areas already anthropized, with a track record of being used mainly for livestock and agriculture, with no conversion of natural forest ecosystems to plantations or other uses, planted areas end up serving as shelter for fauna, which is monitored. Furthermore, vegetation recovery areas, connectivity actions and native Legal Reserve areas, with an area larger than required by law, operate as a repository of flora and fauna biodiversity.

Both in its Environmental Policy and ESG Policy, Dexco publicly attests to its commitment to its continuous process improvement, as well as to adopting mitigation and adaptation mechanisms in connection with climate change. The Company also has a Responsible Forestry Management Regulation, Forest Management Plans and a Commitment to Biodiversity.

With the launch of the new Sustainability Strategy in 2021, in addition to specific targets linked to relative energy consumption reduction, Dexco has set four climate change-linked targets to be met by 2030:

1. Reduce by 37% GHG emissions of scopes 1 + 2 (baseline: 615,034 tCO₂e).

2. Keep a positive carbon balance (balance of emissions and removals).
3. Keep above 50% the share of renewable energy in the energy matrix.
4. Reduce by 15% the intensity of emissions from stationary sources at the Ceramic Tiles business division.

Actions guiding these commitments are closely related to the continuous improvement of production processes, aiming at eco-efficiency in the use of natural resources (especially fuel) and the replacement of fossil with renewable fuel. Carbon removal via forests is based on a robust model of responsible forestry management, which is monitored according to international standards (FSC®). In 2022, three ecosystem services from our forests were validated according to FSC® standards, one of which was the maintenance of carbon stocks (ratio of forest removals to emissions).

In order to measure the effectiveness of measures taken, Dexco uses processes such as GHG inventory, carbon balance and measurement of absolute and relative energy consumption. Every year Dexco publishes the status of progress of its public commitments via GRI and SASB indicators, CDP Climate and descriptive reports in its Integrated Reports.

GRI 3-3

Management of material topics | Climate change (cont.)

As a way to constantly evolve and pursue the best market practices, it also responds periodically to the CDP's Climate Change, Water Security and Forests questionnaires and adopts the Task Force on Climate-Related Financial Disclosures (TCFD) framework as a reference to develop action plans. It is also present in sectorial forums (such as IBÁ and Abrammat) to keep up to date and engage in climate-change related discussions. The requirements collected in these events are adopted as reference for the preparation and review of internal policies (such as ESG and Environmental).

In 2022, for example, a specific workshop was held, led by the Integrated Management and Training department (management with corporate action), involving the Environment, ESG, Engineering, Maintenance and Controllershship departments, aimed at disseminating the best eco-efficiency practices and identifying business improvement opportunities, while engaging strategic employees for such purpose.

Dexco has an Integrated Management System involving PDCA concepts. The culture of continuous improvement, strongly established through local training, encourages process improvement and eco-efficiency. With the reinforced local dissemination of environmental indicators, employees (not only from the operations or maintenance teams, but also from other supporting areas) incorporated practices to prevent waste and recommend evolution of production models into their routines. This behavior is also developed via innovation programs (such as *Imagine*) that encourage the registration of content-related ideas.

The Company concurrently makes efforts to spread out its Sustainability Strategy guidelines through all hierarchical levels.

GRI 201-2

Financial implications and other risks and opportunities due to climate change

SASB RR-FM-450A.1

Description of strategy to manage opportunities and risks to forestry management and timber production presented by climate change

Dexco carried out an assessment of climate risks per unit (forestry and manufacturing) and, therefore, already considers the geographic variation between them and the different exposures to risk vectors (water availability, wind and temperature, for example).

All forest units are maintained with the main objective of producing wood to supply panel plants. The possibility of taking advantage of alternative products was considered in the analysis of opportunities.

Dexco has pine and eucalyptus forest plantations, similarly managed and exposed to climate risks. The analysis of risks and opportunities addressed both species together as planted forests.

Lastly, this analysis was carried out by forest unit, comprising the Company's own forests (owned and leased areas). Due to their prox-

imity to our panel plants and own forestry units, the forests supplying wood procured from the market can also be considered covered by this assessment.

The main climate risks and opportunities identified were:

1. **Physical risks:** wildfires, water shortages and droughts
2. **Product and service opportunities:** supply of sustainable products to replace those that require greater use of water, energy consumption and chemicals in production and increased demand for sustainable products to replace higher carbon footprint products
3. **Market opportunities:** trade of carbon credits arising from increase in forest carbon sequestration and reduction in emissions
4. **Energy source opportunities:** energy production based on timber biomass
5. **Resilience opportunities:** development of seedlings adapted to climate change effects, such as temperature variation and lower water availability
6. **Resource efficiency opportunities:** reduction of costs and energy dependency with efficiency-boosting practices at industrial plants

Emissions

GRI 305-1

Direct (Scope 1) GHG emissions

GRI 305-2

Indirect (Scope 2) GHG emissions from energy purchase

GRI 305-3

Other indirect (Scope 3) GHG emissions

Direct and indirect GHG emissions (tCO ₂ e) ¹	Brazil			Colombia			Total		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Scope 1 ²	277,629.20	328,892.70	287,133.45	12,505.98	19,550.40	16,311.70	290,135.18	348,443.10	303,445.14
Scope 2	50,978.00	111,205.90	35,541.11	6,545.20	12,040.00	7,436.24	57,523.20	123,245.90	42,977.34
Scope 1 + scope 2	328,607.20	440,098.60	322,674.56	19,051.22	31,590.40	23,747.94	347,658.46	471,689.00	346,422.49
Scope 3 ³	78,900.90	98,525.50	97,593.50	3,774.20	3,235.94	3,229.80	82,675.10	101,761.42	100,823.30
Total (Scopes 1+2+3)	407,508.10	538,624.03	420,268.06	22,825.37	34,826.39	26,977.73	430,333.47	573,450.41	447,245.79

¹ CO₂, CH₄, N₂O and HFCs are included in the calculation. Operational control was the consolidation approach chosen for reporting emissions. The *Climas* System, based on the GHG Protocol Program and IPCC guidelines, was used for calculation. Calculation tool, 2016 cycle. Emission calculation tool of the Brazilian GHG Protocol Program (v 2023.1).

² It includes emissions from the forest and production process and emissions from wildfires.

³ Categories included in calculation: purchased goods and services, commuting, waste generated in operation, transport and distribution (downstream and upstream) and processing of products sold, and business travel.

GRI 305-1

Direct (Scope 1) GHG emissions (cont.)

GRI 305-2

Indirect (Scope 2) GHG emissions from energy purchase (cont.)

GRI 305-3

Other indirect (Scope 3) GHG emissions (cont.)

Biogenic CO ₂ emissions (tCO ₂ e)	2020		2021		2022	
	Brazil	Colombia	Brazil	Colombia	Brazil	Colombia
Scope 1 ¹	371,947.80	23,570.7	382,325.61	30,187.6	347,341,84.1	24,431.8
Scope 3	7,077.28	0.04	8,475.6	0.04	6,812.35	0.03

¹ In 2022, total scope 1 biogenic emissions for Brazil and Colombia totaled 371,773.64 tCO₂e.

GRI 305-4

GHG emissions intensity

GHG emissions intensity of Dexco's business (scope 1) ^{1 2}		2020	2021	2022
Brazil	Panels Brazil (tCO ₂ e/CM)	0.01158	0.01067	0.01079
	Deca Bathroom Fittings (tCO ₂ e/item)	0.00022	0.00017	0.00023
	Deca Bathroom Fixtures (tCO ₂ e/kg)	0.00036	0.00041	0.00048
	Hydra (tCO ₂ e/item)	0.00001	0.00001	0.00004
	Ceramic Tiles (tCO ₂ e/sq.m.)	0.00830	0.00852	0.00823
	Forestry Brazil (tCO ₂ e/ha)	0.18814	0.19865	0.19390
Colombia	Panels Colombia (tCO ₂ e/CM)	0.06504	0.08385	0.06883

¹ Specific metrics (denominator) chosen by the organization to calculate this index are: tCO₂e/item for Deca | Hydra Bathroom Fittings; tCO₂e/kg for Deca – Bathroom Fittings; tCO₂e/CM for Wood – Panels; and tCO₂e/sq.m. for Ceramic Tiles.

² Direct scope 1 GHG emissions are included in the intensity rate, as shown in the table.

GHG emissions intensity of Dexco's business (scopes 1 + 2) ^{1 2}		2020	2021	2022
Brazil	Wood Brazil (tCO ₂ e/CM)	0.0212	0.0192	0.0201
	Deca Bathroom Fittings (tCO ₂ e/item)	0.0002	0.0002	0.0004
	Deca Bathroom Fixtures (tCO ₂ e/kg)	0.0004	0.0004	0.0005
	Hydra (tCO ₂ e/item)	0.0000	0.0000	0.0001
	Ceramic Tiles (tCO ₂ e/sq.m.)	0.0083	0.0085	0.0084
	Forestry Brazil (tCO ₂ e/ha)	0.1885	0.1993	0.1941
Colombia	Wood Colombia (tCO ₂ e/CM)	0.0650	0.0839	0.1006

¹ Specific metrics (denominator) chosen by the organization to calculate this index are: tCO₂e/item for Deca|Hydra Bathroom Fittings; tCO₂e/kg for Deca – Bathroom Fittings; tCO₂e/CM for Wood – Panels; and tCO₂e/sq.m. for Ceramic Tiles.

² Direct scope 1 emissions and indirect scope 2 emissions are included in the intensity rate, shown in the table.

GRI 305-6

Emissions of ozone-depleting substances (ODS)

Emissions of ozone-depleting substances (ODS) ¹	2021			2022		
	Brazil	Colombia	Total	Brazil	Colombia	Total
HCFC-141b	0.006	0.000	0.006	0.943	0.011	0.954
HCFC-22	1.093	0.002	1.095	0.030	0.000	0.030
Total	1.099	0.002	1.101	0.973	0.011	0.984

¹ Substances included in the calculation are HCFC-22 and HCFC-11 b. The source of emission factors used, as well as standards, methodologies, assumptions and/or calculation tools adopted, was the Brazilian GHG Protocol Program. Calculation Tool, 2016 Cycle.

Inventory of GHG emissions and removals (tCO₂e) - Balance based on ISO 14064-I¹

	2020	2021	2022
Dexco S.A – Operations in Brazil			
Equity interest	100%	100%	100%
Direct emissions/ removals			
Emissions – productive processes	270,958.2	327,126.5	286,613.8
Emissions - land use and silviculture	6,671.0	1,766.1	597,767.6
Removals - land use and silviculture	402,210.2	699,487.2	-
Indirect emissions- energy import	50,978.0	111,205.9	35,541.1
Indirect emissions - other categories	78,900.9	98,525.5	97,593.5
Balance - Dexco Brazil	5,297.9	(160,863.1)	1,017,516.0
Dexco S.A – Operations in Colombia			
Equity interest	100%	100%	100%
Direct emissions/ removals			
Emissions – productive processes	12,491.6	19,550.4	16,112.6
Emissions - land use and silviculture	14.4	28.5	199.1
Removals - land use and silviculture	-	-	-
Indirect emissions- energy import	6,545.2	12,040.0	7,436.2
Indirect emissions - other categories	3,774.2	3,235.9	3,229.8
Balance - Dexco Colombia	22,825.4	34,854.9	26,977.7

	2020	2021	2022
Caetex			
Equity interest	50%	50%	60%
Direct emissions/ removals			
Emissions - productive processes	503.6	1,506.8	1,699.0
Emissions - land use and silviculture	-	97.4	70.4
Removals - land use and silviculture	187,684.6	73,308.5	39,818.6
Indirect emissions- energy import	-	-	-
Indirect emissions - other categories	-	-	-
Balance - Caetex	(187,181.0)	(71,704.3)	(38,049.2)
LD Celulose			
Equity interest	49%	49%	49%
Direct emissions/ removals			
Emissions - productive processes	2,839.9	5,293.8	68,924.0
Emissions - land use and silviculture	20,520.8	5.3	81.6
Removals - land use and silviculture	916,157.7	891,263.6	464,863.4
Indirect emissions - energy import	-	-	11,602.6
Indirect emissions - other categories	408.8	-	1,547.5
Balance - LD Celulose	(892,388.2)	(885,964.6)	(382,707.7)

Biogenic emissions (equity interest)	2020	2021	2022
Dexco - Brazil	100%	100%	100%
Direct biogenic emissions	395,518.5	382,325.6	347,341.8
Indirect biogenic emissions	7,077.3	8,475.6	6,812.4
Dexco - Colombia	100%	100%	100%
Direct biogenic emissions	15.5	30,187.6	24,431.8
Indirect biogenic emissions	-	0.0	0.0
Caetex	50%	50%	60%
Direct biogenic emissions	15.5	916.8	729.0
Indirect biogenic emissions	-	-	-
LD Celulose	49%	49%	49%
Direct biogenic emissions	165,476.4	351.5	1,100.8
Indirect biogenic emissions	-	-	-

	Recalculated using 2022 parameters			
Accumulated balance (equity interest)	2020	2021	2022	Accumulated
Dexco - Brazil	(5,297.8)	160,863.1	(1,017,516.0)	(861,950.7)
Caetex	187,181.1	71,704.3	38,049.2	296,934.5
LD Celulose	892,388.2	885,964.6	382,707.7	2,161,060.5
Total	1,074,271.5	1,118,531.9	(596,759.1)	1,596,044.4

Emissions by business (2022)	Scope 1	Scope 2	Scope 3	Total 2022
Wood Brazil	56,027.0	25,659.2	78,843.7	160,529.8
Wood Colombia	16,311.7	7,436.2	3,229.8	26,977.7
Bathroom fixtures	40,454.3	2,610.0	13,803.3	56,867.5
Bathroom fittings	3,115.9	2,065.9	2,601.6	7,783.4
Hydra	218.8	325.7	128.6	673.1
Tiles	187,317.6	4,880.3	2,216.4	194,414.3
Total	303,445.1	42,977.3	100,823.3	447,245.8

¹ Operations in Colombia are subject to a carbon market regulated by the Colombian Government. Emissions from Dexco units in Colombia are not included in the emissions balance. 2020 and 2021 removal figures were recalculated based on the assumptions used for the 2022 estimates. Sales of standing timber started to be considered as emissions, and the carbon stored in dead roots, harvest and forestry assets waste acquired from third parties is now accounted for.

GRI 305-7

NOx, SOx and other significant atmospheric emissions

In 2022, Dexco emitted 2,868.8 metric tons of particulate matter (PM), 2,656.5 metric tons of nitrogen oxides (NOx) and 328.3 metric tons of sulphur oxides (SOx). Emissions are estimated by measuring stationary sources.

NOx, SOx and other significant atmospheric emissions, by country and business units (metric tons) ¹		2022		
		PM	NOx	SOx
Brazil	Panels Brazil	2,225.9	2,148.4	0.0
	Deca Bathroom Fixtures	17.3	0.2	0.0
	Deca Bathroom Fittings	7.9	72.4	1.2
	Tiles	569.8	386.8	327.1
Colombia	Panels	47.9	48.7	0.0
Total		2,868.8	2,656.5	328.3

¹ Dexco considers as significant atmospheric emissions those from stationary sources. Emissions in metric tons were estimated based on specific direct measurements carried out in accordance with monitoring plans and local legal requirements. Formaldehyde, fluoride and metals emissions are also monitored, although deemed of little significance compared to the aforementioned reported items. Activities included in the calculation are atomizers, boilers, furnaces, generators, impregnation, dryers and exhaustion systems. As this indicator began to be monitored in 2022, there is no historical series yet.

Water resources

GRI 3-3

Management of material topics | Water and effluents

GRI 303-1

Interactions with water as a shared resource

GRI 303-2

Management of water discharge-related impacts

Dexco has a recent record of assessment notices (2021) received on the alleged failure in the management of effluents at the Queimados (State of Rio de Janeiro) unit - as further described in 2021 Integrated Report. Such issues have been promptly addressed and the Company currently operates with extra care regarding the environmental compliance of its units.

As it has robust Environmental Management Systems in its manufacturing and forest units, Dexco is constantly monitoring indicators and setting goals to continuously improve its production processes, boosting their efficiency in terms of water consumption and reuse.

Meanwhile, the Internal Audit and Risks departments provide support in the processes of verifying management and monitoring environmental indicators, complying with legislation and identifying risks associated with dependence on water, water shortage, floods, etc.

Considering the intrinsic attributes of solutions under Deca and Hydra brands, such as faucets, showers and sanitary ware, the water topic materiality is reinforced, since water is an essential resource for the operation of these products. Accordingly, the Product Development department strives to improve the eco-efficiency of products at the use phase. Both in its Environmental Policy and ESG Policy, the Company publicly attests to its commitment to protecting water and its continuous process improvement.

The Sustainability Strategy also features an indicator linked to the efficient use of inputs and raw materials, developing into targets related to the reduction of relative water withdrawal on all business fronts. This strategy also has a focus area entirely dedicated to the Deca|Hydra Division's Eco-Efficient Solutions, with targets linked to the water footprint and net operating revenue (NOR) with eco-efficient products:

»» Efficient use of inputs and raw materials (reduction in relative water withdrawal, a target applicable to each business)

»» Water footprint at the products use phase

A key milestone linked to the development of products that require water at the use stage was Deca Comfort technology, which since 2017 has brought the eco-efficiency of faucets and showers, previously restricted to commercial environments, to Brazilian households. Therefore, it is possible to reduce water consumption, with a standardized flow, by up to 60% compared to traditional products. Today 100% of bathroom and shower faucets come in with this technology.

GRI 3-3

Management of material topics | Water and effluents (cont.)

GRI 303-1

Interactions with water as a shared resource (cont.)

GRI 303-2

Management of water discharge-related impacts (cont.)

There is also Deca High Performance System for basins, distributing water flow efficiently with low water consumption. Another technology of this type is the Hydra Duo system, featuring the partial or total use of flushing according to need.

To measure the effectiveness of the measures taken in connection with water and effluents, we monitor: measurement of water withdrawal and discharge, water reuse, absolute and relative consumption, treatment and disposal of effluents (*in loco* or by third parties), and parameters, in accordance with legislation and licensing/grants.

The Integrated Management System and its continuous improvement model are the main learning mechanisms from the viewpoint of production processes. With regard to product development, captures via customer surveys, combined with design evolution and tests with potential solutions, include the most significant evolutions.

Water is withdrawn from surface, underground or third-party sources. Water consumption takes place in different ways in operating units, generating sanitary and industrial effluents properly treated in internal Effluent Treatment Stations or directed to external treatment in the public sewage network, as is the case of the Central Office and showrooms.

With the implementation of water reuse systems in most units, there is a considerable reduction in the volume of water withdrawal required. Additionally, water recirculation enables the volume of effluent discharged to be considerably lower. New reuse systems have been implemented and improvements are planned, so that the efficiency of the systems allows an even greater reduction in the need to capture water in industrial processes.

Dexco uses water at forest units via soil absorption, rainfall or irrigation and constantly carries out projects aimed at reducing water consumption in forestry operations. The company also adopts the minimum cultivation technique, which consists of keeping the plant material remaining from the previous forest at the harvest site, to form soil protection layers with leaf litter. One of the effects of this technique is the retention of moisture and consequent reduction in demand for water, in addition to the maintenance of conservation areas for native vegetation in places that help protect sources, watercourses and supply areas for underground water stocks.

Internal control is also in place over grants for the use of water resources, renewed according to the need for documentation revision or validity. This document contains withdrawal limits for each region based on the local water balance. Water withdrawal, consumption and discharge data are periodically re-

ported on the environmental indicators management platform, and critical analysis meetings are held quarterly to identify possible adverse impacts.

Internally, in addition to the aforementioned tools, the Company carries out specific operational controls aimed at eliminating or mitigating possible impacts on the use of water resources in the regions where it operates. Externally, it seeks to dialogue with suppliers through the Dexco Supplier Management Program (GFD), which encourages the adoption of good environmental practices in the supply chain. Suppliers share information about the use of water resources through the questionnaire applied. Through the Deca business, the Company provides its consumers with eco-efficient solutions in faucets, showers and sanitary ware, enabling the reduction of water footprint at the use of products (target under the 2025 Sustainability Strategy).

To assess potential issues related to shared resources, the reference used is the licensing to use water resources (right-of-use grant). The approval of such licensing requires the analysis of local basins and water use monitoring and limiting plans. The environmental agency itself also carries out a water balance in the region, taking into account uses granted by other users and prioritization of noble uses (such as water withdrawal for public supply purposes).

GRI 3-3

Management of material topics | Water and effluents (cont.)

GRI 303-1

Interactions with water as a shared resource (cont.)

GRI 303-2

Management of water discharge-related impacts (cont.)

Minimum standards for discharge of effluents are determined in accordance with current legislation in each location of operation and factoring in the specific characteristics of receiving water bodies. Businesses determine how to treat industrial and sanitary effluents based on local characteristics and requirements.

Most industrial units are equipped with effluent treatment stations, both for industrial and sanitary purposes, and in some locations effluent treatment is directed to treatment at the local concessionaire. Regular reviews secure efficient treatment and quality of effluents discharged.

Dexco has an Environmental Policy and ESG Policy outlining the protection of water resources and continuous process improvement. Local Environmental Management Systems have monitoring plans and specific environmental indicators addressing this issue.

Total water withdrawal in all areas, by source (ML) ¹			2020		2021		2022 ²	
			Areas with water stress	Areas without water stress	Areas with water stress	Areas without water stress	Areas with water stress	Areas without water stress
Brazil	Freshwater	Surface water	0.0	668.8	0.0	722.9	0.0	826.1
		Third-party water	53.3	263.0	60.2	384.7	65.6	339.1
		Underground water	0.0	2,553.8	0.0	3,117.7	0.0	2,909.2
Total Brazil			53.3	3,485.6	60.2	4,225.3	65.6	4,074.3
Colombia	Freshwater	Surface water	0.0	123.4	0.0	141.3	0.0	134.3
		Third-party water	0.0	5.3	0.0	6.9	0.0	6.6
		Underground water	0.0	9.6	0.0	11.3	0.0	9.6
Total Colombia			0.0	138.2	0.0	159.5	0.0	150.5

¹ Water withdrawn from reuse/ rainfall water was not included.

² Data on Castelatto started to be included in 2022.

GRI 303-3

Water withdrawal

In 2022, 4,290.3 megaliters of water were withdrawn by Dexco.

Total water withdrawal by source (ML)	2020	2021	2022 ¹
Surface water	792.2	864.2	960.4
Third-party water	321.6	451.8	411.2
Underground water	2,563.4	3,129.0	2,918.7
Total	3,677.2	4,445.1	4,290.3

¹ Castelatto's data began to be included in 2022.

GRI 303-4

Water discharge

In 2022, 883.8 megaliters of water were discharged by Dexco.

Total water discharge, by destination and type of discharge (ML) ¹			2020		2021		2022 ²		
			Areas with water stress	Areas without water stress	Areas with water stress	Areas without water stress	Areas with water stress	Areas without water stress	
Brazil	Surface water	Primary	0.0	0.0	0.0	0.0	0.0	1.3	
		Secondary	0.0	323.3	0.0	389.3	0.0	415.8	
	Third-party water	Primary	0.0	17.1	0.0	19.4	0.0	17.1	
		Secondary	53.3	229.2	60.2	261.4	64.9	267.2	
		Tertiary	0.0	79.1	0.0	80.8	0.0	63.4	
		Without treatment	0.0	0.6	0.0	0.6	0.0	0.6	
	Underground water	Primary	0.0	1.3	0.0	1.2	0.0	1.2	
		Secondary	0.0	3.3	0.0	4.0	0.0	6.4	
	Total Brazil			53.3	653.9	60.2	767.6	64.9	773.0
	Colombia	Surface water	Secondary	0.0	40.5	0.0	50.8	0.0	45.9
Total Colombia			0.0	40.5	0.0	50.8	0.0	45.9	

¹ Data reported in 2021 as primary and secondary treatment levels were restated as "secondary". **GRI 2-4**

² Data on Castelatto started to be included in 2022.

Total water discharge, by source (ML)	2020	2021	2022
Surface water	363.8	440.1	463.0
Third-party water	379.3	422.4	413.2
Underground water	4.6	5.2	7.5
Total	747.7	867.7	883.8

Volume of chemical oxygen demand (COD) released in watercourses (metric tons) ¹			2022
Country	Business Unit		
Brazil	Panels Brazil		198.8
	Deca Bathroom Fittings		41.9
Colombia	Panels Colombia		5.6
Total			246.3

¹ Data include releases to watercourses deemed most significant for the Company, estimated based on measurements carried out according to each business unit's monitoring plan.

GRI 303-5

Water consumption

In 2022, total water consumption at Dexco in all departments reached 3,406.6 megaliters. If reuse systems of operating units are considered, 6,042.5 megaliters are added to the initial total volume, resulting in a total consumption of 9,456.2 megaliters. In areas with water stress, consumption was equivalent to 0.7 megaliters and, if reuse is added, to 2.9 megaliters.

The Company already adopts measures to mitigate risks, such as intensifying water reuse, implementing a plan for purchasing water from alternative suppliers (water trucks, for example) and awareness-raising campaigns among employees. In 2022, no water shortage was reported at the units and no change in water storage was made at operational units.

Materials and **waste**

GRI 301-1

Materials used by weight or volume

Materials consumed at Dexco, by business division and type of source (renewable and non-renewable), are presented below. In 2022, 76% of materials used by the Company (measured in metric tons) were from renewable sources.

Materials consumed, by business and source (metric tons) ¹	2020				2021				2022			
	Renewable	Non-renewable	Total	% renewable	Renewable	Non-renewable	Total	% renewable	Renewable	Non-renewable-	Total	% renewable
Deca (bathroom fixtures and fittings)	8,234	110,717	118,950	7%	10,994	182,910	193,904	6%	8,656	149,485	158,141	5%
Deca Hydra	5,740	4,058	9,798	59%	14,613	4,505	19,118	76%	15,875	2,951	18,826	84%
Wood (Brazil) ³	4,008,807	337,049	4,345,857	92%	4,115,757	403,324	4,519,081	91%	3,697,754	374,355	4,072,109	91%
Ceramic Tiles	17,980	647,517	665,497	3%	20,680	803,872	824,552	3%	20,666	693,843	714,510	3%
Colombia ²	277,589	44,813	322,401	86%	275,141	56,855	331,996	83%	277,143	56,874	334,016	83%
Total	4,318,349	1,144,154	5,462,503	79%	4,437,185	1,451,466	5,888,651	75%	4,020,094	1,277,508	5,297,602	76%

¹ Indicator includes materials measured in metric tons only. Other materials are shown in the tables broken down by business.

² Some data were revised and restated. **GRI 2-4**

³ It includes forestry.

GRI 301-1

Materials used by weight or volume (cont.)

Materials consumed - Deca (bathroom fixtures and fittings)

Materials consumed by type of source (metric tons)	2020	2021	2022
Renewable sources			
Wood packaging	5,740.2	8,028.6	6,961.6
Paper and cardboard packaging	2,493.4	2,965.9	1,694.3
Subtotal	8,233.6	10,994.5	8,655.9
Non-renewable sources			
Molding sand	1,757.3	2,213.5	2,152.0
Clamshell	15.5	17.2	12.7
Plastic packaging	587.8	687.7	230.7
Bronze casting	7,952.1	8,374.8	3,739.9
Brass casting	4,225.1	2,357.7	1,208.8
Plaster	6,812.0	9,969.4	10,003.3
Raw materials for glazing ¹	1,840.7	2,896.4	2,873.6
Raw materials for mass ²	79,326.3	149,230.5	123,714.5
Brass	4,551.4	3,753.5	2,994.4
Plastic	1,699.5	1,732.3	1,427.3
Chemicals	1,268.6	1,128.7	844.5
Zamac	680.2	548.1	283.7
Subtotal	110,716.5	182,909.7	149,485.4
Total	118,950.1	193,904.2	158,141.3
Percentage of materials from renewable sources	7%	6%	5%

¹ Raw materials for glazing include dyes, feldspar, silicate, carbonate and zinc oxide.

² Raw materials for mass include kaolin, clay, crushed stone, granite, quartz and phyllite.

Other materials from non-renewable sources	2020	2021	2022
Imported components (total number)	15,639,112.0	11,400,172.0	90,033,358.2
Domestic components (total number)	96,368,967.0	94,315,339.0	73,474,633.9
Flapwheels and flapdiscs (units)	134,408.0	131,921.0	106,511.0
Total	112,142,487.0	105,847,432.0	163,614,503.1

GRI 301-1

Materials used by weight or volume (cont.)

Materials consumed - Deca|Hydra

Materials consumed by type of source (metric tons)	2020 ¹	2021	2022
Renewable sources			
Paper and cardboard packaging	5,740.2	14,613.0	15,875.4
Subtotal	5,740.2	14,613.0	15,875.4
Non-renewable sources			
Steel	5.5	2.0	6.1
Copper	26.3	13.0	13.3
Resistance wire	135.0	155.2	103.1
Resin	3,833.2	4,256.9	2,778.5
Brass strip	56.3	78.3	49.7
Other materials	1.4	0.1	0.0
Subtotal	4,057.7	4,505.4	2,950.7
Total	9,797.9	19,118.4	18,826.1
Percentage of materials from renewable sources	59%	76%	84%

¹ Some 2020 data were revised and restated. **GRI 2-4**

Other materials from non-renewable sources	2020	2021	2022
Imported components (total number)	15,639,112.0	13,739,785.0	18,046,199.9
Domestic components (total number)	96,368,967.0	184,632,546.2	34,255,937.2
Total components (total number)	112,142,487.0	198,372,331.2	52,302,137.1
Wires, cables and isolation materials (meters)	11,689,265.7	14,234.9	9,520.2
Other materials (meters)	58,891.0	6,746.9	3,516.3
Total wires, cables, isolation and other materials (meters)	11,748,156.7	20,981.9	13,036.5

Materials consumed - Wood

Materials consumed by type of source (metric tons)	2020	2021	2022
Renewable sources			
Organic compound fertilizers	22,135.6	3,207.9	6,223.2
Processed wood (humid)	3,974,831.7	4,096,074.7	3,675,801.0
Paper	11,839.9	16,474.2	15,729.8
Subtotal	4,008,807.2	4,115,756.8	3,697,754.0
Non-renewable sources			
Traditional fertilizers	14,715.7	33,981.3	24,861.3
Paraffin emulsion	10,567.6	13,070.8	10,695.3
Formaldehyde	74,261.3	79,747.3	86,777.2
Lubricants	339.2	414.7	349.8
Melamine	5,364.4	5,474.0	6,243.3
Methanol	48,246.0	56,390.5	57,185.3
Resin	104,991.2	123,970.3	93,124.9
Aluminum sulfate	940.7	1,036.2	47.6
Ammonium sulfate	2,136.3	3,451.5	2,849.7
Paint	20.6	3.7	2.2
Urea	69,067.0	81,906.5	84,563.9
Other materials	6,399.5	3,876.9	7,654.2
Subtotal	337,049.3	403,323.7	374,354.6
Total	4,345,856.5	4,519,080.5	4,072,108.6
Percentage of materials from renewable sources	92%	91%	91%

GRI 301-1

Materials used by weight or volume (cont.)

Materials consumed – Ceramic Tiles

Materials consumed by type of source (metric tons)	2020	2021	2022
Renewable sources			
Paper packaging	3,564.3	5,914.1	5,743.7
Pallets	14,415.4	14,765.9	14,922.7
Subtotal	17,979.7	20,680.0	20,666.3
Non-renewable sources			
Raw materials for mass ¹	622,427.4	770,874.5	658,555.9
Deflocculants	1,390.0	1,594.4	1,400.7
Mass additives	75.6	4,144.9	3,266.3
Raw materials for glazing ²	22,259.4	25,896.1	25,052.8
Inorganic dyes	47.7	54.0	56.6
Digital inks	125.2	158.5	127.6
Granilha (high resistance glass) and vitrosa ceramic tiles	427.8	865.3	357.5
Precious metals	0.0	0.0	0.0
Vehicles and glues	512.7	223.4	102.2
Glaze additives	31.2	53.5	128.3
Waterproofing	0.5	7.5	28.6
Plastic packaging	219.6	0.0	0.0
Binder materials ³	N/A	N/A	4,708.8
Finishing ³	N/A	N/A	58.0
Subtotal	647,517.1	803,872.1	693,843.3
Total	665,496.8	824,552.1	714,509.6
Percentage of materials from renewable sources	3%	3%	3%

¹ Raw materials for mass include clays, kaolins, feldspar, phyllite and argillite.² Raw materials for glazing include glazes, engobes, micronized materials and crude raw materials.³ Exclusive data from the Castelatto business, which became part of Dexco in 2022, which, therefore, do not apply to previous years.**Materials consumed in Colombia**

Materials consumed by type of source (metric tons) ¹	2020	2021 ²	2022
Renewable sources			
Organic compound fertilizers	N/A	42.3	0.0
Processed wood (humid)	276,664.4	273,706.4	275,630.9
Paper	924.2	1,392.1	1,511.6
Subtotal	277,588.6	275,140.9	277,142.5
Non-renewable sources			
Traditional fertilizers	479.5	260.9	321.0
Paraffin emulsion	1,451.8	1,894.9	1,775.3
Formaldehyde	1,032.6	1,856.5	2,330.3
Pre-emergent herbicides	N/A	0.0	0.1
Post-emergent herbicides	N/A	4.2	4.2
Insecticides and fungicides	N/A	0.6	0.4
Lubricants	17.8	27.6	47.1
Melamine	2,275.3	2,515.7	2,838.7
Methanol	7,453.3	9,246.9	8,670.6
Resin produced internally	23,620.6	29,800.2	29,641.7
Resin produced externally	167.3	1,309.9	1,372.1
Paint	11.2	3.0	1.5
Dyes	79.4	86.5	87.3
Urea	7,964.2	9,848.5	9,432.3
Other materials	259.7	291.2	351.1
Subtotal	44,812.7	56,855.3	56,873.7
Total	322,401.3	331,996.1	334,016.2
Percentage of materials from renewable sources	86%	83%	83%

¹ Data not available (N/A) started to be reported in 2021.² Some data from 2021 were revised and restated. **GRI 2-4**

GRI 301-2

Raw materials or recycled input materials used

In 2022, Dexco reused more than 192 thousand metric tons of materials in its production process.

Reused and/or recycled input materials, by business division (metric tons) ¹	Type of material	2020	2021	2022
Deca	Bronze casting	7,952.1	7,960.2	7,272.6
	Brass casting	4,225.1	2,017.6	1,704.8
	Zamac	680.2	507.5	366.2
	Polymers	0.0	2.1	0.0
	Unused mass	26,768.4	46,443.7	34,266.5
	Glaze	2,909.4	2,016.0	540.6
	Reused resin (Hydra)	4.7	0.0	0.0
	Reused plastic material	0.0	69.9	143.0
Ceramic Tiles	Unused mass	56,039.4	78,741.2	68,671.6
Colombia	Recycled wood	0.0	75,457.9	79,572.0
Total		98,579.3	213,216.1	192,537.3
Percentage of reused materials to total materials used		2%	4%	4%

¹ The percentage of materials reused is calculated based on total materials recycled divided by total materials used (content 301-1). The Wood Brazil unit does not use recycled input materials as raw material in products. Some data from 2020 and 2021 were revised and restated. **GRI 2-4**

GRI 301-3

Reclaimed products and their packaging materials

In 2022, 9,952.6 metric tons of paper, cardboard paper and plastic packaging were generated. Dexco is committed to offsetting annually, via recycling credit, 100% of the cardboard and plastic packaging circulating nationwide.

Total packaging reclaimed, by type and business unit (metric tons)	2020	2021	2022
Paper and cardboard packaging			
Wood	809.33	864.70	573.52
Deca Bathroom Fixtures	672.34	730.93	509.30
Deca Bathroom Fittings	1,405.09	2,002.01	2,827.45
Deca Hydra	499.80	505.96	740.69
Tiles ¹	3,978.11	5,392.93	4,988.46
Subtotal	7,364.67	9,499.07	9,639.44
Plastic packaging			
Wood	0.00	0.00	88.89
Deca Bathroom Fixtures	182.18	197.83	146.36
Deca Bathroom Fittings	17.67	15.97	2.91
Deca Hydra	27.01	33.11	112.62
Tiles ¹	0.00	0.00	51.26
Subtotal	226.86	246.91	313.17
Total packaging shipped	7,591.53	9,745.98	9,952.61

¹ In 2022, data on Tiles also include the volume of packaging generated by Castelatto.

GRI 306-1

Waste generation and significant waste-related impacts

GRI 306-2

Management of significant waste-related impacts

Dexco has well-defined waste input and output processes in all business divisions. As it is a multi-business company, it is necessary to specifically assess each production process, as well as the significant impacts linked to the generation and disposal of its waste.

Taking into account significant impacts (potential and real) from waste generation, main input comes from raw materials of materials associated with the production and packaging process.

Along the production process there may be losses or leakages mostly addressed locally (reclaimed, reused or disposed of, according to local management system procedures) to prioritize circularity by taking waste back to the process whenever possible or reusing it otherwise. Waste that cannot be reused internally is disposed of in an environmentally proper manner and with the assumption of preferred external reuse processes (recycling, composting, co-processing, energy generation or other recovery processes).

If no viable alternatives for reuse are in place or on the grounds of compliance with a legal requirement, waste is sent for disposal in landfills with a proper classification waste characterization (class I, IIA or IIB).

In the **Wood** Division, raw materials used come from certified forest crops and other controlled sources to manufacture MDF and MDP panels. After harvesting, the wood is debarked and chopped. Bark, dust and other wood waste are used as biomass for energy generation, thus evidencing the maximized use of inputs in the process.

At the **Bathroom Fittings** division, in the foundry process (fusion of metal alloys for molding of parts), bronze and brass dross is recovered and all metal by-products are reused in the production process. Exhaustion systems connected to extractor hood capture zinc oxide residues from the process, and this waste is sent for recycling.

At the **Hydra** division, plastic resins are used in the production process for pieces and showers, and part of these resins comes from pre-consumer recycled products. Metallic parts undergo a stamping process, in which parts that offer electrical conductivity to showers and injection are manufactured, thus shaping each piece. The finishing of the pieces generates plastic waste that is then ground and extruded and returned to the production process as raw material. Cardboard boxes are reused at the shipping phase. Dexco complies with legal

requirements related to the post-consumer reverse logistics for showers.

At the **Bathroom Fittings** business, ceramic putty is prepared after the receipt of materials and inputs. In this process, residues from pieces that have failed quality tests (pitcher) can be used. The material is crushed and reincorporated into the mass. The molds for bathroom bowls and basins are produced internally and made of plaster. After a certain period of use, molds are sent for plaster recycling. Specific internal controls are in place to secure proper waste management - for example, PPEs contaminated with oil, paint or solvent are sent to hazardous waste pits. Pallets are reused at the shipping phase.

At the **Tiles** business, the reuse of materials in the formulation of new products is a usual practice. Procedures and controls of significant waste-related impacts are carried out and can be consulted in the environmental impact assessments.

In 2022, approximately 152 thousand metric tons of waste was reused internally.

There is equipment such as crushing machines, which crush waste parts, at the **Bathroom Fixture** units. This waste is reused in the composition of the ceramic putty for the production of new pieces. The **Wood** units carry out the reuse of ash and sludge resulting from the treatment of effluents from units in an internal composting process, for subsequent use of fertilizers in forestlands.

GRI 306-1

Waste generation and significant waste-related impacts (cont.)

GRI 306-2

Management of significant waste-related impacts (cont.)

Bathroom fitting units have technology to recover bronze and brass scrap left from the casting process. At the Tiles business, waste is also reused in the composition of ceramic putty, and training for better waste management is provided. The São Paulo Fittings unit and the Itapetininga Panels unit reached in 2019 and 2021, respectively, the zero landfill mark and held on to this achievement in 2022.

At operational units, waste management is carried out by the environmental teams, responsible for recording, measuring and issuing relevant documentation such as the Waste Transport Manifest (MTR) and generation and disposal certificates. Proper waste sorting training for employees is usually provided at our units.

When waste is disposed of outside of the organization, we carry out an assessment of suppliers for the treatment of waste in accordance with current environmental legislation and internal supplier practices, including visits by the technical team of each unit to ensure compliance with legal requirements and good waste management practices (class I, class IIA and IIB).

GRI 306-3

Waste generated

GRI 306-4

Waste diverted from disposal

GRI 306-5

Waste directed to disposal

In 2022, total weight of waste generated in **Brazil** was approximately 417 thousand metric tons, of which 411,531 non-hazardous metric tons and 5,519 hazardous metric tons. In **Colombia**, total weight of waste generated was approximately 14.6 thousand metric tons, of which 14,406 non-hazardous metric tons and 239 hazardous metric tons.

Waste generated, by type (metric tons)	2020		2021		2022	
	Brazil	Colombia	Brazil	Colombia	Brazil	Colombia
Hazardous	6,171.5	281.5	6,880.1	341.9	5,518.6	239.2
Non-hazardous	279,705.5	301.90	387,796.7	16,060.5	411,531.45	14,405.5
Total	285,876.5	583.4	394,676.8	16,402.4	417,050.15	14,644.7

Waste recycled/ reused and disposed (metric tons)	2020	2021	2022
Total waste recycled/ reused	246,772.7	339,178.9	341,721.2
Total waste disposed to landfills	23,529.0	28,432.8	38,879.84
Total waste incinerated (without energy recovery)	22.6	23.4	31.8
Total waste directed to other types of treatment	16,135.5	43,444.1	51,062.0
Total waste disposed	39,687.1	71,900.26	89,973.64

Note: Some 2020 and 2021 data were revised and restated. **GRI 2-4**

GRI 306-3

Waste generated (cont.)

GRI 306-4

Waste diverted from disposal (cont.)

GRI 306-5

Waste directed to disposal (cont.)

Waste diverted from disposal and waste directed to disposal, by country, disposal operation and type (metric tons)			2020					2021					2022				
			In the organization		Outside of the organization		Total	In the organization		Outside of the organization		Total	In the organization		Outside of the organization		Total
			Non-hazardous	Hazardous	Non-hazardous	Hazardous		Non-hazardous	Hazardous	Non-hazardous	Hazardous		Non-hazardous	Hazardous	Non-hazardous	Hazardous	
Brazil	Waste diverted from disposal	Recycling	24,565.6	0.0	115,682.5	3,548.2	143,796.3	39,416.0	0.0	131,985.6	3,536.5	174,938.1	60,233.4	0.0	111,615.3	3,711.1	175,559.8
		Preparation for reuse	60,056.6	0.0	39,099.2	889.2	100,045.0	87,913.6	0.0	43,256.6	108.2	131,278.4	80,962.0	0.0	53,103.9	154.7	134,220.6
		Other recovery operations	0.0	0.0	1,148.7	1,525.9	2,674.6	11,115.9	0.0	3,022.2	3,016.9	17,155.0	11,059.3	0.0	5,561.6	1,393.1	18,014.0
		Subtotal	84,622.2	0.0	155,930.4	5,963.3	246,515.9	138,445.5	0.0	178,264.4	6,661.6	323,371.5	152,254.7	0.0	173,228.3	5,258.9	327,794.4
	Directed to disposal	Landfilling	0.0	0.0	23,017.5	203.2	23,220.7	0.0	0.0	27,642.3	211.9	27,854.2	0.0	0.0	37,931.9	247.3	38,179.2
		Incineration without energy recovery	0.0	0.0	0.5	3.8	4.3	0.0	0.0	0.6	6.4	7.0	0.0	0.0	0.0	12.5	12.5
		Other disposal operations	0.0	0.0	16,134.4	1.1	16,135.5	0.0	0.0	43,443.9	0.2	43,444.1	0.0	0.0	51,062.0	0.0	51,062.0
Subtotal	0.0	0.0	39,152.4	208.1	39,360.5	0.0	0.0	71,086.8	218.5	71,305.3	0.0	0.0	88,993.9	259.8	89,253.7		
Colombia	Waste diverted from disposal	Recycling	0.0	0.0	0.0	0.7	0.7	0.0	0.0	15,486.2	0.7	15,486.9	0.0	0.0	13,718.4	0.7	13,719.1
		Preparation for reuse	0.0	0.0	0.0	251.5	251.5	0.0	0.0	0.0	311.8	311.8	0.0	0.0	0.0	198.1	198.1
		Other recovery operations	0.0	0.0	0.0	1.1	1.1	0.0	0.0	0.0	8.4	8.4	0.0	0.0	0.0	9.6	9.6
		Subtotal	0.0	0.0	0.0	253.3	253.3	0.0	0.0	15,486.2	320.9	15,799.0	0.0	0.0	13,718.4	208.4	13,926.8
	Directed to disposal	Landfilling	0.0	0.0	301.9	6.4	308.3	0.0	0.0	574.3	4.26	578.6	0.0	0.0	687.1	11.5	698.6
		Incineration without energy recovery	0.0	0.0	0.0	18.3	18.3	0.0	0.0	0.0	16.4	16.4	0.0	0.0	0.0	19.3	19.3
		Other disposal operations	0.0	0.0	0.0	3.5	3.5	0.0	0.0	0.0	0.3	0.3	0.0	0.0	0.0	0.0	0.0
Subtotal	0.0	0.0	301.9	28.2	330.1	0.0	0.0	574.3	21.0	595.3	0.0	0.0	687.1	30.8	717.9		
Waste diverted from disposal			84,622.2	0.0	155,930.4	6,216.6	246,769.2	138,445.5	0.0	193,750.6	6,974.4	339,178.6	152,254.7	0.0	186,946.7	5,467.3	341,721.2
Waste directed to disposal			0.0	0.0	39,454.3	236.3	39,690.6	0.0	0.0	71,661.1	239.5	71,900.6	0.0	0.0	89,681.0	290.6	89,973.6

Note: Some 2020 and 2021 data were revised and restated. **GRI 2-4**

SASB CG-BF-410A.2

(1) Weight of end-of-life material recovered, (2) percentage of recovered materials recycled

Dexco does not incorporate materials from post-consumer products into its production processes. In 2022, approximately 192 thousand metric tons of materials were reincorporated as raw materials in the production processes, from recycling input (rejects and leftovers from processes). These were:

- »» At Deca (Bathroom Fixtures) division, some units are equipped with crushing machines, equipment that crushes shards of broken pieces, enabling their use in the production of ceramic putty in the format we call pitcher – crushed ceramic powder. Scrap, ceramic putty and glaze, is also reincorporated.
- »» At Deca (Bathroom Fitting) division, units have technology to reclaim and reuse internally all bronze, brass and zamac scrap left from the casting process.
- »» At the Ceramic Tiles division, we reuse the waste from broken ceramic.
- »» In Colombia, parts of recycled wood are used internally as raw material.

Efforts are made to collect, recover and recycle products that comply with current legislation, such as disposal of tires, fluorescent lamps, batteries and sludge, regulated by the National Solid Waste Policy (Law No. 12,305/2010). Additionally, in compliance with the same legislation, Hydra has joined the collective reverse logistics system for electrical and electronic products and their components through a partnership with a management entity that has signed a sectorial agreement with the Ministry of the Environment, thus ensuring the safety and proper disposal of post-consumer devices discarded by consumers.

We also have a packaging offsetting process in partnership with Eureciclo. Data about this project are already described in the body of the Report and further outlined in GRI 301-3 indicator.

SASB CG-BF-410A.1

Description of efforts to manage product lifecycle impacts and meet demand for sustainable products

Dexco is undergoing the adoption of life cycle analysis (LCA) for its products.

Part of the raw materials used in **Deca** products is recycled and reused in its own manufacturing process. Products usually have performance requirements required by standards aimed at savings in the use of products. It is the same for raw material reduction and optimization, reduction of weight and number of

components, replacement of packaging and use of recycled raw materials (cardboard). We also replaced plastic packaging with recycled packaging.

We have implemented a flow restrictor (Deca Comfort) in all our faucets and showers, generating savings in the use of products. New flush toilet tanks are designed for low consumption, six liters per flow, and old ones were redesigned. Products feature a flush valve and flush box with full or half flush options. Hydra’s electric showers have electronic temperature control to optimize power consumption and avoid unnecessary consumption.

The production process at the **Ceramic Tiles** division give rise to a series of environmental impacts linked to the production chain. Accordingly, we use a method to assess environmental aspects and impacts to measure the criticality of these impacts, from raw material extraction to the Tiles production process. Therefore, we are able to carry out environmental actions and controls to mitigate the environmental impacts of our production process and reduce the impact on the environment where we operate.

In that regard, we have options to replace raw materials and other components linked to the production process, provide training and outsource regional suppliers, reduce inputs, reuse materials and optimize natural and energy resources during the production process to minimize the environmental impact of production.

SASB CG-BF-410A.1

Description of efforts to manage product lifecycle impacts and meet demand for sustainable products (cont.)

This demand is now being required from the consumer market, through a change in environmental criteria, and we pursue Floor Score and Indoor Air Quality certifications, which accredit our Tiles for scores in the LEED standard works. Other actions were taken in the process, such as optimization of production losses, reuse of waste in the formulation/preparation of new Tiles and improvements in technical development, which enables the increase in the useful life and quality of our Tiles, making it a prominent factor of choice to consumers.

We are also working to improve the resistance of our products for outdoor areas (new Hard), ensuring the resistance to slipping throughout the useful life of the product (greater assertiveness in the choice of material), regardless of which cleaning method will be used by the customer, and also an easy care product (easy to clean). The new Hard product has greater resistance to scratching and abrasion, ensuring greater durability.

The manufacture of **wooden panels** has an environmental strategy for inputs starting from the main raw material, reforested wood. Another major raw material is decorative paper, which also comes from certified forests or other controlled sources.

In our production processes, we adopt practices aimed at managing efficiency in consumption of inputs and electricity and

thermal energy generation, from renewable sources of biomass and waste generated internally in processes. We act on to reduce high concern substances, such as formaldehyde. Even though we operate with high safe levels and follow the best practices and regulations, we seek the ongoing reduction of such products as a precautionary principle.

The packaging of plate packages (covers) has in its major composition the use of internally recovered or declassified panels. We work towards its rationalization, achieving significant weight reductions to contribute to lower impact on product transport. We also strive to make a better use of post-use packaging, purchasing components from our customers in a voluntary model similar to reverse logistics.

We provide panels and laminate flooring under the Brazilian Habitat Productivity and Quality Program (PBQP-H). Our products are certified in all regulatory and environmental requirements and are eligible for federal, state or municipal public procurement projects.

Specifically for public tenders for school furniture, we rely on low formaldehyde emission products. Part of our laminate flooring is GreenGuard-certified, as it concerns voluntary certification.

Percentage of products certified ¹ by third parties with sustainability standards	2020	2021	2022
Wood panels ²	5%	32%	40%

¹ Finishing Materials for Construction, under Deca and Hydra brands, as well as Tiles, are still not certified by third-party standards.

² Products certified as CARB/EPA, with low formaldehyde emissions, were considered for markets in which this parameter is required, mainly in exported products.

Energy

GRI 302-1

Energy consumption within the organization

GRI 302-4

Reduction of energy consumption

SASB CG-BF-130A.1

- (1) Total energy consumed,
- (2) percentage electricity grid,
- (3) percentage renewable

In 2022, 10,685,252.48 GJ of energy were consumed within the organization, of which 10,005,539.96 GJ in **Brazil** and 679,712.52 GJ in Colombia. No major reductions in absolute energy consumption have taken place in Brazil in recent years. In 2022, energy consumption was down 9.6% on a year-on-year basis. The increase in energy consumption in recent years is directly linked to the purchase of the Ceramic

Tiles units in 2019 and of Castellato in 2022, as well as to the new production lines at Hydra Aracaju and Itapetinga Panel units.

In 2022, even though production demands decreased compared to 2021, a record year for results, energy consumption remained high, given the minimum demands for installed capacity maintenance. Units have been implementing actions to meet relative consumption reduction targets. In their search for alternative fuel, the **Ceramic Tiles** units reduced energy consumed from mineral coal by 16% on a year-on-year basis. Energy and operation optimization carried out during the year gave rise to expected results, even though strongly affected by the interruption and resumption of production activities. Good operational performance and the shutdown of less efficient production lines also contributed to the reduction of total emissions.

Studies are being carried out to improve energy efficiency in the production equipment of the Barbosa **Bathroom Fittings and Panels** unit. Results at the Bathroom Fixtures were driven by higher efficient furnaces and temperature scales (regula-

tion of firing ramps) inside burning furnaces. Industry 4.0 contributions stand out at the panels unit, supporting the better control over equipment electricity consumption.

The optimization and improvement in the energy matrix and efficiency of our production units will take the Company to another level of emissions in 2023.

With the launch of the new Sustainability Strategy in 2021, new commitments were prepared with its developments and applications, with emphasis on ensuring sustainable growth with a positive carbon balance. Dexco encompasses a multitude of businesses, each with its own features and procedural challenges. One of the purposes of this commitment is to continuously monitor and improve production processes to optimize the use of natural resources. As a result, targets were set for each business division of the Company, with a baseline defined by unit.

Learn more by accessing the Sustainability Strategy [e-book](#) and clicking [here](#) to find out our 2022 target status.

GRI 302-1

Energy consumption within the organization (cont.)

GRI 302-4

Reduction of energy consumption (cont.)

SASB CG-BF-130A.1

(1) Total energy consumed, (2) percentage electricity grid, (3) percentage renewable (cont.)

Energy consumption (GJ) ¹	Brazil			Colombia		
	2020	2021	2022	2020	2021	2022
A. Energy generated by the consumption of non-renewable fuel						
Acetylene	91.4	186.0	159.2	0.0	0.0	0.0
Sub-bituminous coal	776,044.5	946,864.1	791,553.6	0.0	0.0	0.0
Diesel	274,821.6	312,414.4	314,446.7	6,551.0	7,857.2	8,134.4
Natural gas	2,562,370.0	3,058,683.4	2,649,947.9	58,908.2	76,525.0	85,996.4
Vehicular natural gas	0.0	20,512.7	17,471.0	0.0	0.0	0.0
Gasoline	4,266.5	17,203.8	23,487.5	0.0	0.0	0.0
Liquid petroleum gas (LPG)	73,016.8	96,281.6	101,240.2	111,508.9	202,114.0	144,852.1
Fuel oil	54,094.6	67,429.3	30,902.2	0.0	0.0	0.0
Propane	563.8	825.5	577.7	0.0	0.0	0.0
Subtotal	3,745,269.2	4,520,400.8	3,929,785.87	176,968.1	286,496.1	238,982.9
B. Energy generated by the consumption of renewable fuel						
Biomass ²	3,037,439.6	3,341,392.3	3,403,374.9	234,101.8	299,053.6	228,265.8
Ethanol	12,253.7	984.8	816.7	0.0	0.0	0.0
Subtotal	3,049,693.3	3,342,377.1	3,404,191.6	234,101.8	299,053.6	228,265.8
Percentage of energy from biomass (%)	31.3%	30.3%	33%	39.5%	37.4%	33.6%
C. Energy purchased						
Electricity	2,894,399.4	3,161,483.9	2,989,041.74	181,253.0	213,517.6	212,463.9
Percentage of energy consumed supplied by electricity grid (%)	29.9%	28.7%	29%	30.6%	26.7%	31.3%
D. Total						
Total energy consumption (A + B + C)	9,689,361.9	11,024,261.7	10,323,019.21	592,322.9	799,067.3	679,712.5

¹ Adexco uses the GHG Protocol approach guidelines to account for energy consumption data. Employees from each Company's unit report monthly the fuel and electricity consumption, via the *Climas* System. The *Climas* System converts input data into emission values by using GHG Protocol factors and metrics. Conversion factors are all listed on the *Climas* platform and audited by a third party. These factors are extracted from sources such as GHG Protocol, national reports and IPCC.

² Approximately 50% of total biomass used for energy generation in 2022 were FSC® certified. Only wood from planted forests was consumed for energy generation, minimizing the risk of using materials from controversial sources (areas of conversion of native vegetation, for example). In Brazil, 100% of the wood used in the manufacturing process or for energy generation not FSC® certified is assessed in our due diligence system (as detailed throughout the Integrated Report), ensuring its traceability. Risks associated with atmospheric emissions are low - the process of using biomass basically consists of simply burning it in boilers, with emissions mainly of biogenic CO₂, N₂O and CH₄. In Colombia, as required by local legislation, we ensure that all wood consumed comes from a legal source, regardless of FSC® certification. There are two risks associated with the use of biomass as fuel in Colombia, as follows: 1. risk of atmospheric emissions due to the new regulations on dioxins and furans, as well as the investments that must be made in control systems to ensure compliance with these pollutants; and 2. supply risks.

GRI 302-1

Energy consumption within the organization (cont.)

GRI 302-4

Reduction of energy consumption (cont.)

SASB CG-BF-130A.1

(1) Total energy consumed, (2) percentage electricity grid, (3) percentage renewable (cont.)

Total energy consumption (Brazil + Colombia) (MWh)	2020	2021	2022
Total non-renewable energy consumption	1,259,876.5	1,491,262.5	1,356,934.1
Total renewable energy consumption	1,596,147.10	1,792,995.6	1,699,380.3
Total energy consumption	2,856,023.6	3,284,258.1	3,056,314.4
Percentage of energy from renewable sources to total (%)	55.9%	54.6%	55.6%

GRI 302-2

Energy consumption outside of the organization

In 2022, **Dexco Brazil** had energy consumption outside of the organization of 973,667 GJ, calculated from scope 3 emissions. These data are related to fuel consumption based on mileage traveled by our transport providers and are externally audited.

Energy consumption outside of the organization ¹ (in GJ)		2020	2021	2022
Non-renewable fuel	Diesel	889,933.1	1,065,607.3	960,668.6
	Gasoline	5,071.2	12,043.9	3,116.4
	Liquid petroleum gas (LPG)	0.0	1,043.4	1,289.4
	Vehicular natural gas	164.0	387.7	177.2
	Aviation kerosene	6,285.5	6,250.7	12,093.7
Renewable fuel	Hydrated ethanol	6.8	8.5	15.5
Electricity acquired	Electricity	0.0	10,618.4	12,079.3
Solid waste	Lubricants	2.106	2.72	4.8
Total		901,462.6	1,096,644.7	989,444.9

¹ This indicator includes energy consumption from sources categorized as scope 3. Although conservatively categorized as non-renewable fuel, gasoline and diesel has the addition of renewable fuel (ethanol and biodiesel, respectively). Indicator does not include data from Colombia.

GRI 302-3

Energy intensity

Dexco's energy intensity is calculated by the ratio of energy consumption to production of each business, with the respective unit of measurement. Energy intensity includes scopes 1 and 2 of inventory.

Energy intensity		2021	2022
Brazil	Panels Brazil (GJ/CM) ¹	1.862	2.074
	Deca Bathroom Fittings (GJ/item)	0.009	0.016
	Deca Bathroom Fixtures (GJ/kg)	0.014	0.011
	Deca Hydra (GJ/item)	0.004	0.006
	Tiles ² (GJ/sq.m.)	0.142	0.137
Colombia	Panels Colombia (GJ/CM)	3.410	2.903

¹ Energy intensity data for the Panels business was revised for 2021. **GRI 2-4**

² It includes Castelatto starting in 2022.

GRI 302-5

Reductions in energy requirements of products and services

There were no reductions in energy requirements of Dexco's products. Hydra electric showers are energy-intensive products. For these items, we had no nominal reduction in the powers available in the products. However, with the feature of electronic temperature regulation, energy intensity can be reducing during its use, since the desired temperature is reached more quickly and can be properly and gradually adjusted into multiple positions, consuming the precise power to reach the desired bath water temperature.

We invest in people and develop amazing teams

GRI 2-7

Employees

The tables below show the data breakdown.

Number of employees, by gender ¹	2020						2021						2022					
	Brazil			Colombia			Brazil			Colombia			Brazil			Colombia		
	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total
Total employees ²	10,225	2,533	12,758	424	113	537	10,678	2,905	13,583	437	125	562	9,895	3,101	12,996	443	136	579
Permanent employees	10,013	2,359	12,372	192	84	276	10,547	2,601	13,148	185	84	269	9,729	2,792	12,521	179	92	271
Temporary employees ³	212	174	386	232	29	261	131	304	435	252	41	293	166	309	475	264	44	308
Full-time employees	10,061	2,383	12,444	424	113	537	10,557	2,624	13,181	437	125	562	9,755	2,820	12,575	443	136	579
Part-time employees	164	150	314	0	0	0	121	281	402	0	0	0	140	281	421	0	0	0

¹ Data from Brazil do not include Castelatto. In 2022, total number of Castelatto employees was 235, 181 men and 54 women, all with permanent employment contracts. With respect to working days, two women employees have no guaranteed workload, three women employees and five men employees are hired on a part-time basis. Other employees are full-time employees. These figures also include effective and alternate members of the Board of Directors and Supervisory Council, in addition to paid members of Board advisory committees.

² Interns are not included in this indicator. There were no employees without a guaranteed workload for 2020, 2021 and 2022, except for Castelatto.

³ In Brazil temporary employees correspond to apprentices. Colombia does not include apprentices in this indicator.

GRI 2-7

Employees (cont.)

Number of employees, by region ¹	Brazil											
	2020 ⁴				2021 ⁴				2022			
	Northeast	Southeast	South	Total	Northeast	Southeast	South	Total	Northeast	Southeast	South	Total
Total employees ²	3,040	7,243	2,475	12,758	2,884	8,117	2,582	13,583	2,598	8,343	2,055	12,996
Permanent employees	3,040	7,032	2,428	12,500	2,722	7,883	2,543	13,148	2,453	8,105	1,963	12,521
Temporary employees ³	128	211	47	386	162	234	39	435	145	238	92	475
Full-time employees	3,047	6,975	2,419	12,441	2,726	7,920	2,535	13,181	2,450	8,164	1,961	12,575
Part-time employees	121	140	56	317	158	197	47	402	148	179	94	421

¹ Data from Brazil do not include Castelatto.

² Interns are not included in this indicator. There were no employees without a guaranteed workload for 2020, 2021 and 2022, except for Castelatto. These figures also include effective and alternate members of the Board of Directors and Supervisory Council, in addition to paid members of Board advisory committees.

³ In Brazil temporary employees correspond to apprentices.

⁴ Data from previous years have been revised. **GRI 2-4**

Number of employees, by region	Colombia														
	2020					2021					2022				
	Barbosa	Yarumal	Manizales	Principal	Total	Barbosa	Yarumal	Manizales	Principal	Total	Barbosa	Yarumal	Manizales	Principal	Total
Total employees ¹	158	188	73	118	537	173	184	86	119	562	183	189	79	128	579
Permanent employees	88	76	6	106	276	88	70	7	104	269	85	68	6	112	271
Temporary employees ²	70	112	67	12	261	85	114	79	15	293	98	121	73	16	308
Full-time employees	0	0	0	0	0	173	184	86	119	562	183	189	79	128	579
Part-time employees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

¹ Interns are not included in this indicator. There were no employees without a guaranteed workload for 2020, 2021 and 2022, except for Castelatto.

² In Brazil temporary employees correspond to apprentices. Colombia does not include apprentices in this indicator.

GRI 2-8

Workers who are not employees

Number of workers who are not employees and whose work is controlled by the organization					
2020		2021		2022	
Brazil	Colombia	Brazil	Colombia	Brazil	Colombia
5,916	4,914	9,067	6,972	8,791	7,845

In 2022, **Dexco Brazil** had 8,791 outsourced workers, all directly employed by service providers. The main functions performed by these workers are shipping, gardening, cleaning, maintenance, production, security and transport. Change in the number of workers between 2020, 2021 and 2022 was due to the impacts caused by the Covid-19 pandemic.

In **Colombia**, total number of outsourced workers in 2022 was 7,845. Outsourced workers, who have a service provision contract or purchase order, use the Company's facilities, but contractors are responsible for paying benefits and supplying personal protection equipment (PPE) to these workers, whose most common functions are electrician, engineer, factory worker, miscellaneous trade personnel, mechanic, environmental sampling services, environmental measurements, waste collection, security and transport services. It is important to emphasize that, before performing a service, the worker receives the OSH manual and needs to validate documentation, if any, such as specific course certificates. The service is only scheduled after approval.

GRI 401-1

New employee hires and employee turnover

Total number of hires and terminations in Brazil ¹	2020		2021		2022	
	Hires	Terminations	Hires	Terminations	Hires	Terminations
By gender						
Male	2,814	1,877	3,427	2,669	2,152	3,019
Female	958	590	1,350	902	1,295	1,357
By age group						
Under 30 years old	2,089	1,322	2,652	1,786	1,830	1,865
31-50 years old	1,626	1,051	2,019	1,562	1,507	2,203
Over 51 years old	57	94	106	223	110	308
By region²						
Northeast	1,402	628	985	1,089	530	769
Southeast	1,968	1,499	3,010	1,769	2,391	2,551
South	402	340	782	713	526	1,056
Total	3,772	2,467	4,777	3,571	3,447	4,376

¹ The total number of employees included for calculating the turnover rate was: 2020:12,758; 2021:13,583; and 2022:12,997.

² Dexco has no operations in the North and Central-West regions, and data do not include Castelatto.

GRI 401-1

New employee hires and employee turnover (cont.)

Rate of hires and turnover in Brazil ¹	2020		2021		2022 ³	
	Rate of hires	Turnover rate	Rate of hires	Turnover rate	Rate of hires	Turnover rate
By gender						
Male	37.8	30.6	32.0	29.0	22.0	26.0
Female	27.5	22.9	46.0	39.0	42.0	43.0
By age group						
Under 30 years old	51.6	42.2	69.0	58.0	44.0	44.0
31-50 years old	21.1	17.4	30.0	27.0	19.0	24.0
Over 51 years old	5.7	7.6	3.5	5.0	10.0	20.0
By region²						
Northeast	44.3	32.0	34.0	36.0	20.0	25.0
Southeast	27.7	24.4	37.0	29.0	29.0	30.0
South	16.2	15.0	30.0	29.0	26.0	38.0
Total	27.0	22.2	35.1	30.8	27.0	30.0

¹ The total number of employees included for calculating the turnover rate was: 2020:12,758; 2021:13,583; and 2022:12,997.

² Dexco has no operations in the North and Central-West regions, and data do not include Castelatto.

³ Female turnover rate increased 4 percentage points from 2021, but the number of women employees decreased 4% in staff (1,295 hires to 1,357 terminations), while the number of men employees decreased 40% (2,152 hires to 3,019 terminations). This evidences the increase in female representation on Dexco's staff.

Vacancies filled by internal candidates, in Brazil	2022
Number of vacancies filled by internal candidates	1,412
Total number of vacancies	4,933
% of vacancies filled by internal candidates	29%

Total number of hires and terminations, in Colombia ¹	2020		2021		2022	
	Hires	Terminations	Hires	Terminations	Hires	Terminations
By gender						
Male	46	59	83	72	77	71
Female	21	15	36	25	40	29
By age group						
Under 30 years old	38	27	60	24	59	38
31-50 years old	28	42	59	63	58	54
Over 51 years old	1	5	0	10	0	8
By region						
Barbosa Plant	13	28	40	26	36	29
Yarumal Plant	24	20	28	32	30	25
Manizales Plant	6	10	22	8	14	21
Head and regional offices	24	16	29	31	37	25
Total	67	74	119	97	117	100

¹ Indicator does not include temporary workers or apprentices.

GRI 401-1

New employee hires and employee turnover (cont.)

Rate of hires and terminations, in Colombia ¹	2020		2021		2022	
	Hires	Terminations	Hires	Terminations	Hires	Terminations
By gender						
Male	8.6	19.6	6.4	27.6	17.4	13.0
Female	3.9	6.7	14.8	10.9	29.4	6.0
By age group						
Under 30 years old	7.1	12.1	10.7	15.0	37.6	8.0
31-50 years old	5.2	13.0	10.5	21.8	16.5	10.0
Over 51 years old	0.2	1.1	0.0	1.8	0.0	1.0
By region²						
Barbosa Plant	2.4	7.6	7.1	11.8	19.7	6.0
Yarumal Plant	4.5	8.2	5.0	10.7	15.9	5.0
Manizales Plant	1.1	3.0	3.9	5.4	17.7	3.0
Head and regional offices	4.5	7.4	5.2	10.7	28.9	5.0
Total	12.5	26.2	21.3	38.6	20.2	19.0

¹ Indicator does not include temporary workers or apprentices.

Number and rate of hires and terminations, in Brazil and Colombia	2022			
	Hires	Terminations	Rate of hires	Rate of terminations
Male	2,229	3,090	21.6%	29.89%
Female	1,335	1,386	41.2%	42.82%
Under 30 years old	1,889	1,903	43.6%	43.75%
31-50 years old	1,565	2,257	19.3%	23.52%
Over 51 years old	110	316	9.8%	19.05%
Total	3,564	4,476	26.25%	29.61%

Number of hires and terminations, by employee category	2022					
	Brazil		Colombia		Total	
	Hires	Terminations	Hires	Terminations	Hires	Terminations
Management	11	20	1	1	12	21
Coordination	43	94	6	6	49	100
Supervisor	70	95	8	10	78	105
Senior management	424	562	26	19	450	581
Trainees	0	0	0	0	0	0
Administrative	269	582	9	5	278	587
Technical staff	78	123	12	16	90	139
Operational staff	2,065	2,521	55	43	2,120	2,564
Apprentices ¹	480	379	0	0	480	379
Total	3,440	4,376	117	100	3,557	4,476

¹ Indicator does not include temporary workers or apprentices for Dexco Colombia.

Organizational **culture**

GRI 3-3

Management of material topics | Organizational culture and people management

Organizational culture and people management are important mechanisms of attraction and retention of employees, aligned with the Company's ESG principles. By attracting and retaining talents, Dexco tends to become an employer brand in the locations where it operates, and to be recognized by the products and solutions it develops. Otherwise, with the possible increase in turnover rates, for example, it takes more time for the Company to enforce its guidelines and for the employees to become familiar with the demands of their respective duties, and this may result in failure in deliveries or in meeting deadlines or even in financial impacts.

The complex and multiple nature of all the production processes and products that are under the Dexco brand is noteworthy, although, in some way, they are associated with the civil construction industry. In recent years, the Company has carried out many acquisitions, and inherited employees used to different mindsets and management practices. Therefore, the process

for integrating, capturing the best practices, and the subsequent cultural homogenization is a big and ongoing challenge. These factors, together with the variety of locations and particularities of the facilities in **Brazil** and **Colombia**, require a robust people management structure.

Dexco has a standard that describes the attraction and selection mechanisms and another standard that provides the guidelines for fixed compensation and salary changes. The Company also has other standards that describe the procedures related to vacation and disciplinary measures, for example. The Occupational Health and Safety Policy, based on Proteg (Dexco's robust occupational health and safety management system) also merits attention.

The Company has an Integrated People Management (GIP) system that includes mechanisms for employee performance evaluations (taking into account dimensions, such as deliveries and

behaviors), analysis of criteria for career and succession, recognitions (financial or non-financial), attraction and selection, and elements associated with organizational climate (such as work relations and diversity). A robust people analytics system (via Power BI) is in place, which helps the people management processes.

The Sustainability Strategy has a specific indicator for the employee engagement and cultural alignment ratio, and its target is to reach 80% by 2025. Also, another target is to achieve 35% of women in leadership positions by 2025. Additionally, the CESAR Digital Transformation Index, another indicator used in this Strategy, assesses eight dimensions, and culture and people are some of them.

Annually, Dexco reports the evolution of the Sustainability Strategy targets in the Integrated Report and describes its people and culture management practices in the same report.

Diversity and Inclusion

GRI 405-1

Diversity of governance bodies and employees

Percentage of employees by employee category, gender and country ¹	Brazil						Colombia					
	2020		2021		2022		2020		2021		2022	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Board of Officers	90%	10%	83%	17%	86%	14%	n/d	n/d	n/d	n/d	n/d	n/d
Management	74%	26%	69%	31%	71%	29%	71%	29%	57%	43%	50%	50%
Coordination	74%	26%	73%	27%	70%	30%	73%	27%	74%	26%	70%	30%
Senior management	59%	41%	60%	40%	63%	37%	50%	50%	71%	29%	63%	37%
Supervisor	83%	17%	83%	16%	73%	27%	45%	55%	41%	59%	73%	27%
Technical staff	96%	4%	91%	9%	90%	10%	97%	3%	97%	3%	90%	10%
Operational staff	88%	12%	85%	15%	84%	16%	96%	4%	95%	5%	84%	16%
Administrative	55%	45%	63%	37%	54%	46%	54%	46%	48%	52%	54%	46%
Apprentice	54%	46%	30%	70%	35%	65%	35%	65%	18%	82%	N/A	N/A
Total	80%	20%	79%	21%	76%	24%	77%	23%	78%	22%	77%	23%

¹ Data for 2021 was reviewed. The Expert category was excluded, and the CEO category is now included in the Board of Officers. Data on apprentices are not included in the indicator for Colombia. Overall, considering Brazil and Colombia, in 2022 Dexco's employees were composed of 78% men and 22% women. **GRI 2-4**

GRI 405-1

Diversity of governance bodies and employees (cont.)

Percentage of employees by employee category, age group and country ¹	Brazil						Colombia					
	2021			2022			2021			2022		
	Below 30 years old	Between 31 and 50 years old	Over 51 years old	Below 30 years old	Between 31 and 50 years old	Over 51 years old	Below 30 years old	Between 31 and 50 years old	Over 51 years old	Below 30 years old	Between 31 and 50 years old	Over 51 years old
Board of Officers	0%	46%	54%	0%	50%	50%	N/A	N/A	N/A	N/A	N/A	N/A
Management	2%	76%	22%	0%	86%	14%	0%	86%	14%	0%	100%	0%
Coordination	8%	68%	24%	9%	80%	11%	4%	93%	3%	3%	90%	7%
Senior management	27%	52%	21%	32%	63%	5%	14%	57%	29%	45%	54%	5%
Supervisor	12%	62%	26%	20%	73%	7%	28%	70%	2%	20%	68%	12%
Technical staff	12%	43%	45%	19%	71%	10%	19%	66%	15%	18%	66%	16%
Operational staff	27%	51%	22%	31%	61%	9%	0%	86%	14%	28%	58%	14%
Administrative	35%	47%	18%	37%	57%	6%	45%	47%	8%	43%	49%	8%
Apprentice	94%	0%	6%	100%	0%	0%	0%	0%	0%	N/A	N/A	N/A
Total	N/A	N/A	N/A	32%	60%	8%	N/A	N/A	N/A	27%	61%	12%

¹ The data on employees by employee category and age group started to be reported in 2021. Data for 2021 was reviewed, and the Expert category was excluded, and the CEO category is now included in the Board of Officers. The data on apprentices are not included in the indicator for Colombia. In 2021, the total for age group was not disclosed. In total, including Brazil and Colombia, in 2022, 18% of the employees were below 30 years old, 33% were between 31 and 50 years old and 49% were over 50 years old. **GRI 2-4**

Percentage of employees by race in Brazil ¹ (%)	2020	2021	2022
White	57%	43%	54%
Brown	33%	31%	33%
Yellow	9%	1%	1%
Black	9%	9%	10%
Indigenous	N/A	0%	0%
Not reported	N/A	16%	2%

¹ The data on employees by race comprises only the unit in Brazil, and the categories "Indigenous" and "Not reported" started to be reported in 2021. Information on race was self-reported by employees. In Colombia, there is no self-reporting of one's race by employees.

GRI 405-2

Ratio of basic salary and remuneration of women to men

The ratio of basic salary of women to men at Dexco is 93% in Brazil and 99% in Colombia on average.

Ratio of basic salary of women to men by gender, employee category and country ¹	Brazil ²			Colombia			Total
	2020	2021	2022	2020	2021	2022	2022
Management	87%	85%	88%	n/d	87%	113%	112%
Coordination	94%	97%	96%	104%	93%	83%	83%
Supervisor	89%	100%	94%	107%	106%	106%	106%
Senior management	90%	92%	98%	125%	136%	87%	87%
Technical staff	76%	77%	75%	64%	65%	66%	66%
Operational staff	63%	68%	70%	88%	93%	98%	98%
Administrative	96%	100%	97%	87%	80%	101%	101%
Apprentice	89%	100%	91%	N/A	N/A	N/A	101%
Total	88%	92%	93%	100%	92%	99%	99%

¹ The ratio is calculated as follows: basic salary of women / basic salary of men by functional level. Dexco does not disclose the data of this ratio because the ratios are very similar, since compensation is calculated based on the salaries of each category.

² The data do not include Castelatto. In the Company, in 2022, women earned an average of 65% of the salaries of men.

Career development and **talent management**

GRI 404-1

Average hours of training per year per employee

Average hours of training per employee	2022		
	Brazil	Colombia	Total
Gender			
Male	26.77	79.69	29.20
Female	29.48	79.68	31.59
Employee category			
Management	41.03	79.67	43.05
Coordination	45.63	79.68	48.46
Supervisor	49.01	79.67	52.49
Senior management	17.78	79.68	20.54
Trainee	0.00	0.00	0.00
Administrative	17.89	79.67	20.28
Technical staff	41.49	79.68	46.42
Operational staff	28.45	79.68	30.51
Apprentice	15.14	79.68	17.62
Total	27.42	79.69	29.78

GRI 404-2

Programs for upgrading employee skills and transition assistance programs

In addition to the programs and initiatives aimed at upgrading employee skills mentioned in the 2022 Integrated Report, Dexco provides the following programs:

- »» **Culture Workshops – Preparation for dissemination:** internally conducted forums to prepare leaders (Board of Officers, managers, coordinators and supervisors) to disseminate the new behaviors among its teams. Leaders are trained to carry out a storytelling about Dexco’s culture (history of the culture evolution, second season of Our Way of Being and Doing, design process for new behaviors and their introduction, introduction of Dexco’s new leadership profile and the leader’s role in a change management process). 667 people in 21 groups were involved overall.
- »» **Literacy on Diversity, Equity and Inclusion:** on-line and in-person sessions, aimed at disseminating knowledge and train our employees on this topic. The meetings address topics such as unconscious bias, importance of respect for safe environments and the relation between diversity and

innovation and outstanding results, in addition to social markers - gender, people with disabilities, race and ethnic, LGBTI+, generations, etc. Over 7,000 participants in a total of 68 hours.

- »» **Development of leaders - Journey of the Feminine:** development program focused on skills and women’s empowerment, which stimulates reflections about development as a woman, levels of awareness and building of the personality. During the program, women at Dexco developed a deep look in their histories and beliefs, and built a vision on how they want to position themselves when looking at the future. The journey had 24 participants (coordinators and managers).
- »» **Semeando Talentos (Sowing Talents):** Dexco’s attraction program for newly-graduated young students to begin their careers in the Wood Division. The program provides opportunities whose main purposes are professional development and career leverage, and it has three modalities:

1. Technical Internship Program – a gateway to young students of technical courses, which provides assisted training over a 12-month period at the most. It enables training in a profession, with increasingly complex du-

ties. The program is ideally indicated for training for administrative, technical and operational positions.

- 2. New Technical Graduates** – it is mainly focused on accelerating the development of professionals to hold entry positions in the maintenance and operation area, with duration of up to 24 months. The attraction strategy is focused on people who completed a technical training course on Mechanics, Electrics, Instrumentation, Automation, Agriculture and Forestry.
- 3. Newly College Graduates** – in addition to the technical operational standpoint, this modality of the program includes the People Management module and aims at training participants to tackle their first leadership challenge. With a duration of 24 months for the Panels Department and of 36 months for the Maintenance Department, it is focused on Engineering (Electrics, Mechanics, Chemical, Production, Forestry and Industrial Wood), and the training trajectory aims at guiding the exposure to activities related to operation management, result management and people management. The development journey is based on a training track that follows the 70 | 20 | 10 methodology, in which practical challenges are presented by a tutor with expertise in the area who carries out daily training sessions.

GRI 404-2

Programs for upgrading employee skills and transition assistance programs (cont.)

Dexco also believes that the way how terminations are handled directly impacts the organizational climate, culture management and its own image as an employer. Therefore, the Company makes it a point to carry out terminations in a respectful way, based on the result of the formal performance evaluation process, which measures the employees' deliveries and behaviors. Every decision on employee transfer and termination is made jointly based on calibration carried out by their immediate supervisor and the People team (business partners). We have two termination processes:

»» **Individual process:** for executive or key positions, we have an individual outplacement/career individual transition program, supported by a specialized consultancy, which is applied based on eligibility criteria. An additional termination package (bonus, release of the stock option program upon the Board of Directors' approval, and other benefits) may also be adopted to recognize employees with significant length of service (at least 10 years) and significant contribution made during their period of work, that is, with irreplaceable performance and conduct in a time of restructuring

of a company or department. Whenever required, other employees may receive timely, individual or group career guidance.

»» **Collective process:** for collective processes, the company provides workshops to guide on the search for opportunities, résumé preparation, and tips on performing well in interviews, among other issues in support to this transition process.

In **Colombia**, we have the following initiatives:

»» **Onboarding program:** a one-year follow-up for all people joining Dexco via quarterly meetings with representatives of the Selection and Development team, seeking to reduce gaps in specific being, knowing, and doing skills.

»» **Leadership Qualification Program:** the behavioral development of all leaders is monitored based on the 9 Box assessment and on calibration, focused on how much they are aligned with the culture and the target-based result. The

9-box assessment consists of measuring the results of target achievement and behavioral evaluation. The combination of these two assessments is provided in a Cartesian plane consisting of 9 boxes ranging from 1 to 9. (1, 2 and 3) people with critical results in red, who should undergo immediate intervention, since their continuity in the Company may be at risk; (4 and 5) people with results in yellow, that is, not balanced, or who do well in behavior or in target achievement, and the variable should be strengthened; (6) people with blue results, that is, who are delivering what is expected from them by the company; and (7, 8, and 9) people with green results, who are identified for promotion and inclusion in the talent pool, as well as for inclusion in different projects.

»» **Training:** they are provided according to specific and development needs, such as skills in chatting, customer service and 4.0 trading, leadership and technical training.

»» **Culture program:** through experiential workshops, virtual training, rituals, and chat spaces, immersions are carried out focused on Our Way of Being and Doing.

GRI 404-3

Percentage of employees receiving regular performance and career development assessments

In 2022, 8.8% of the employees were assessed in **Dexco Brazil**, and in **Colombia** all eligible employees were assessed. Managers, offices and CEO are assessed using the 360-degree assessment model.

Percentage of employees assessed, by gender and employee category, in Brazil (%) ¹	2020	2021	2022
Gender			
Male	7%	8%	8%
Female	10%	11%	12%
Employee category			
Board of Directors	0%	0%	0%
CEO	100%	100%	100%
Board of Officers	100%	100%	100%
Management	97%	90%	100%
Coordination	94%	93%	100%
Senior management	27%	30%	22%
Supervisor	95%	94%	100%
Total	8%	8%	9%

Percentage of employees assessed, by gender and employee category, in Colombia (%) ¹	2020	2021	2022
Gender			
Male	85%	55%	100%
Female	86%	45%	100%
Employee category			
Board of Directors	N/A	N/A	N/A
CEO	N/A	N/A	N/A
Board of Officers	N/A	N/A	N/A
Management	86%	0%	100%
Coordination	85%	31%	100%
Senior management	0	0	100%
Supervisor	85%	60%	100%
Total	N/A	N/A	100%

Percentage of employees assessed, by gender and employee category, in Brazil and in Colombia ¹	2022
Gender	
Male	8%
Female	13%
Employee category	
Board of Directors	0%
CEO	100%
Board of Officers	100%
Management	100%
Coordination	100%
Senior management	23%
Supervisor	100%
Total	10%

¹ The administrative, technical staff, operational staff, and apprentices categories are not part of Dexco's Performance Program and, therefore, are not included in the table.

Benefits and compensation

GRI 2-19

Remuneration policies

At Dexco, the compensation rules are specific for each audience:

- »» Board of Directors: the compensation package is composed of the basic salary plus an additional payment for chairing a committee (only for those who chair a committee), except for the chairs of committees who are stockholders.
- »» Senior management: the compensation package is composed of four elements, which are: basic salary, short-term incentives (bonus/profit sharing), long-term incentives (shares of the Company), and benefits. Short and long-term incentives are part of variable compensation and are contingent upon corporate, business and individual targets being met, in line with the Company's strategy, which include E&S performance aspects.

About the termination process of this group, there is no difference from the termination process adopted for other employees, except for the legal provisions that must be complied with for statutory hiring. For the variable items, it must be taken into account that:

- »» Short-term incentives: the management member that leaves the Company is no longer eligible for the executive bonus and

becomes eligible for the profit sharing of the business unit they served.

- »» Long-term incentives: in 2019, the last stock options were granted, which are effective until 2027. As from 2020, we have been adopting the performance shares and matching shares plans:

- Performance shares: in case of termination without cause or non-reappointment to the position, as from the 37th month of the grant, the management member will receive, in the end of a five-year period, a number of shares in proportion to the period worked. In the event of voluntary termination (resignation), the management member will lose the right to the shares regardless of the period elapsed.
- Matching shares: in case of termination without cause or non-reappointment to the position, as from the 13th month of the grant, the management member will be entitled to matching shares in proportion to the period worked, to be settled at the end of the fifth year. In the event of voluntary termination, the officer will lose the right to the matching shares.

Currently, the short-term incentive program is composed of 40% of annually agreed individual targets, aimed at ensuring the implementation of Dexco's new culture and ESG strategy and in accordance with the following parameters:

- »» Involvement of the Board of Directors and the leading team in the new cultural transformation journey

- »» Development of new skills for leaders and talents

- »» Dissemination of the ESG strategy, so that it permeates the Company's decision-making

With respect to long-term incentives, management members (CEO, Vice Presidents, and statutory officers) receive shares issued by Dexco if the performance target is met. This compensation is released based on Dexco's strategic plan targets for a five-year period. The performance target is defined on an annual basis by the Personnel, Governance and Nomination Committee and approved by the Board of Directors.

GRI 2-21

Annual total compensation ratio

The ratio of the compensation of the highest paid employee (including basic salary + short-term incentive target + long-term incentive target) to the median compensation (including basic salary + short-term incentive/profit sharing target + long-term incentive target) of all employees is 34.088%. On the other hand, the ratio of the percentage increase in the compensation of the highest paid employee (including only the basic salary) to the average increase in the compensation of all other employees is 3.38%.

GRI 2-30

Collective bargaining agreements

Dexco has 89% of its employees in **Brazil** and 14% of its employees in **Colombia** covered by collective bargaining agreements, totaling 85% of the Company's employees.

GRI 2-30

Collective bargaining agreements (cont.)

Percentage of employees covered by collective bargaining agreements		2020	2021	2022
Brazil ¹	number of employees covered	12,758	13,583	11,574
	percentage of employees covered	100.0%	100.0%	88.6%
Colombia ²	number of employees covered	100	95	78
	percentage of employees covered	18.6%	16.4%	13.5%
Total	number of employees covered	12,858	13,678	11,652
	percentage of employees covered	96.7%	96.6%	85.4%

¹ It includes employees hired under the Consolidation of Labor Laws (CLT) in the units in Brazil. In 2022, total does not correspond to 100% since no amicable settlement was reached for a Collective Bargaining agreement applicable to the Ceramic Tiles Division. The labor union then escalated the issue to the regional Labor Court, which dismissed the collective bargaining process on the grounds of lack of a mutual agreement. Therefore, employees are left with no valid Collective Bargaining agreement. In the other operations, the Company ensures the conditions provided for in its Collective Bargaining Instruments.

² It includes contracts covered by collective bargaining agreements. For the employees who are not covered by any collective bargaining agreement, Dexco defines the employment conditions and terms based on the collective bargaining agreements that cover the other Company's employees.

GRI 202-1

Ratios of standard entry level wage by gender compared to local minimum wage

At Dexco in Brazil, the wage floor (R\$1,302) is equivalent to 107% of the national minimum wage. In Colombia, the lowest wage paid by Dexco (COP1,000,000) is equivalent to 100% of the local minimum wage, which is determined by government and by different unions every January.

Ratio of entry-level wage to local minimum wage, by gender (%) ¹	2020		2021		2022	
	Men	Women	Men	Women	Men	Women
Brazil ²	101	101	102	102	107	107
Colombia	109	109	110	110	100	100

¹ For the indicator, each country of operation is deemed as a relevant operational unit.

² It does not include Castelatto.

GRI 401-2

Benefits provided to full-time employees that are not provided to temporary or part-time employees

In **Brazil**, the benefits¹ offered by the Company are:

- »» Outpatient clinic
- »» Medical and dental care
- »» Funeral allowance
- »» Food staple
- »» Christmas basket
- »» Partnership club
- »» Pharmacy agreement for discounts on medications
- »» Payroll loans
- »» Parking
- »» *Plano PAI* (PAI Plan - individual retirement plan)
- »» Maximum profit sharing of three nominal salaries
- »» *Cuidar Juntos* (Caring Together) Program
- »» Daycare reimbursement for 24 months
- »» Life insurance
- »» Food allowance and meal voucher
- »» Toy voucher
- »» Transportation voucher and chartered buses
- »» Marriage allowance
- »» Education allowance for employees and their children
- »» Allowance in case of death in family
- »» Bereavement allowance
- »» Extralegal vacation bonus
- »» Extralegal Christmas bonus
- »» Discount on purchase of products
- »» Vehicle financing (individual, forestry and business)
- »» Housing loan
- »» Loan for domestic calamity
- »» Bereavement leave (legal benefit)
- »» Maternity and paternity leave (legal benefits)
- »» Paid graduation leave for employees and their children
- »» Paid leave for domestic calamity
- »» Marriage leave
- »» Life insurance
- »» Bonus for length of service
- »» Financial support for glasses
- »» Transportation (plant's employees)²

In **Colombia**, the benefits¹ include:

- »» Food allowance²
- »» Paid birthday leave
- »» Allowance for children born

¹ The benefits may vary based on the business unit.

² The food and transportation benefits apply to temporary employees and apprentices.

GRI 401-3

Parental leave

In 2022, in **Brazil**, the rate of return following the parental leave was 99% for men and 79% for women, whereas the rate of retention following the leave was 100% for men and 92% for women. The data do not include Castelatto, which recorded in 2022 six men who took paternity leave, with a 100% return rate and 67% of permanence one year after their return, and three women who took maternity leave, of whom two returned from the leave and no one remained employed one year after their return. In **Colombia**, the return rate and the retention rate were 100% for both genders.

Parental leave in Brazil ¹	2019		2020		2021		2022	
	Men	Women	Men	Women	Men	Women	Men	Women
Total employees who took leave	295	65	231	64	301	124	270	106
Total employees who returned to work following the leave	288	62	231	47	301	124	268	84
Total employees who remained employed one year after returning from the leave	270	63	211	43	273	103	268	77
Rate of return following the leave (%)	98%	95%	100%	73%	100%	100%	99%	79%
Rate of retention following the leave (%)	94%	100%	91%	91%	91%	83%	100%	92%

¹ The calculation included all employees who returned following the end of their leave. The retention rate was calculated based on the return in the same year, since some leaves begin and end in different years. Castelatto's data was not included.

Parental leave in Colombia ¹	2019		2020		2021		2022	
	Men	Women	Men	Women	Men	Women	Men	Women
Total employees who took leave	5	1	9	3	9	3	5	4
Total employees who returned to work following the leave	5	0	9	3	9	3	5	4
Total employees who remained employed one year after returning from the leave	5	0	9	3	9	3	5	4
Rate of return following the leave (%)	100%	0%	100%	100%	100%	100%	100%	100%
Rate of retention following the leave (%)	100%	0%	89%	100%	100%	100%	100%	100%

¹ In Colombia, the rate of retention is calculated based on employees who took leave in the current year. The rate of retention for 2022 will be calculated in 2023.

Human rights

GRI 407-1

Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk

In our operations, we maintain a good relationship with all trade unions. Our Human Rights Policy includes a provision that ensures the freedom of association. This topic extends to the supply chain, which is formalized by Dexco's Supplier Conduct Guide. Accordingly, there is no indication of this kind of event in our operations.

Operations that have been subject to human rights reviews or impact assessments

By means of a due diligence, Dexco assesses the environmental and social aspects, using this information to strategically determine the location of its operations. For operations in progress, without investments in expansion or acquisition of new units, the Company has internal rules and policies, health and safety programs and a Whistleblowing Channel, to ensure the integrity of employees and surrounding communities. The Company assesses the impacts before acquisitions and expansions. In 2022, Human Rights were assessed in eight units.

Employee training on human rights policies or procedures

Dexco has a training schedule that includes how and how often each training session is to be held. Topics address the Integrity Program and human rights, notably sexual harassment, and anti-discrimination. Until 2022, 6,948 employees have been trained on the Code of Conduct, of whom 648 were leaders. Additionally, videos about the Code of Conduct, relationship with public authorities and anti-corruption were produced and disseminated. In 2022, 53% of the employees were trained on topics of the Code of Conduct and on the pillars of the Integrity Program, including 597 leaders, which account for 92% of the management positions.

Occupational health and safety

GRI 403-1

Occupational health and safety management system

Set up in 2013, Dexco's Occupational Health and Safety Management Program, Proteg is based on three pillars: People, Safe and Healthy Workplace, and Strategy.

- 1. People:** it aims at ensuring the engagement of all employees (internal employees, service providers, suppliers, visitors and other stakeholders) in safety and health-related topics through leadership's commitment, assigning of responsibilities to everyone, genuine listening and active care.
- 2. Safe and healthy workplace:** continuous search for facilities, machinery and equipment ensuring compliance with legislation and best practices on health, safety and well-being.
- 3. Strategy:** a set of actions, adjustments, coordination, good practices, and strategies to define responsibilities, programs and guidelines to help design safety and health decision-making processes.

Proteg aims at providing a safe and healthy workplace, preventing occupational injuries and health problems, and continuously improving occupational safety performance. For Dexco to reach the intended results, in addition to senior management, Proteg focuses on the following factors:

- »» Integration of the Occupational Health and Safety processes
- »» Communication
- »» Consultation with and participation of workers and their representatives

GRI 403-1

Occupational health and safety management system (cont.)

- »» Allocation of the required resources
- »» Management of hazards and risks
- »» Seizing of opportunities
- »» Compliance with legal and other requirements
- »» Occupational Health and Safety Policy compatible with Dexco's general strategic goals
- »» Continuous performance assessment and monitoring focused on improvement

In its activities associated with the production of reconstituted wood panels, bathroom fixtures and fittings, water heating systems, industrial valves, management of forestry plantations and sale of wood, Dexco is determined to continuously promote safe and healthy working conditions, preventing injuries and health problems, working on the management of risks and opportunities inherent in the nature and scale of its facilities and units, including the commitment to consulting with and enabling the participation of workers. The assumptions of the system are as follows:

- »» Ensure the alignment with Dexco's culture and existing policies.
- »» Ensure training and development on occupational health and safety to all employees.

- »» Ensure that processes aimed at eliminating hazards and reducing operational risks are in place.
 - »» Establish goals and targets aimed at preventing and reducing incidents, accidents and occupational diseases.
 - »» Meet all occupational health and safety legal requirements applied to the business.
 - »» Promote and influence comprehensive health and well-being.
- In addition to Proteg, Dexco has the *Cuidar Juntos* (Caring Together) Program, a health and well-being program that reaches the Company's employees in all levels and their dependants.

GRI 403-2

Hazard identification, risk assessment, and incident investigation

The ongoing process for identifying hazards and risks is covered by Proteg. The hazard and risk identification, which is based on the requirements of ISO 45001:2018, with the subsequent control measure analysis, assessment and application, covers all processes and activities (all Dexco's businesses, including the units in Colombia), and it results in a document

called the Hazard and Risk Survey, which is made available to workers at the workplaces and reviewed annually or whenever a major incident occur.

The hazard identification is a full scope process that takes into consideration the people who have access to the workplaces, the human factor, internal and external hazard sources, infrastructure, legal obligations¹ and changes. Additionally, human factors such as skills, behaviors and limitations are also taken into consideration.

The operational controls, applied according to their hierarchy, are assessed on an ongoing basis, based on the meeting of goals, audit results, data analysis, corrective actions and critical analysis by senior management, to verify their effectiveness.

All employees are guaranteed the right to refuse to start or stop an activity if they think it involves a serious, imminent risk to their safety and health or the safety and health of others. Once a risk situation is detected, employees have access to reporting channels, such as forms and incident records, the Ombudsman's Office, etc., or they can immediately report the fact to their supervisor or the Occupational Safety team, who,

¹ Brazil: law that regulates the Regulatory Standards, and the highlight is the NR-1 General Provisions and Occupational Risk Management; Colombia: Decree n° 1443.

GRI 403-2

Hazard identification, risk assessment, and incident investigation (cont.)

if necessary, must take the appropriate measures to eliminate or neutralize the risk. The system is described in a procedure, pointing out that the employee is protected from any type of reprisal.

The incident analysis and investigation system is covered in a specific section of Proteg and includes from the identification of the signs (reasonably detectable event, condition or action that serves as the warning alert of an event, that is, an anomaly with the potential to result in a high risk event, which will eventually result in fatality, serious injuries or diseases that may have consequences to life) to incidents, record and subsequent analysis and proposal of corrective actions.

The analysis and investigation is focused on the critical incidents with or without an injury and potential to cause serious injuries and fatalities (also called Potential SIF (PSIF) incidents). PSIF incidents are critically reviewed at each cycle of Dexco Management System (DMS) meetings, and disclosed to all units, in light of their scope, when applicable. The control measures in place in the event are highlighted and later strengthened as lessons learned.

GRI 403-4

Worker participation, consultation, and communication on occupational health and safety

With respect to participation and consultation instruments, Dexco has a Whistleblowing Channel backed by a dedicated department that will address any actions to be taken based on the workers' complaints. The employees also participate in the decision-making on health and safety issues during the Safety Dialogues, hazard and risk identification, and meetings of the Dexco Management System (SGD), the fire brigade, and the Ergonomics Committee, as well as during Internal Accident Prevention Commission (CIPA)/ Internal Commission for the Prevention of Accidents with Rural Workers (Cipatr) meetings.

Dexco provides arrangements so that workers and their health and safety representatives have time and resources to actively participate in the organization, planning and implementation processes, assessment and action to improve the occupational health and safety.

The goal of the worker consultation and participation process provided for in Proteg is to limit possible reporting barriers between

Dexco and its workers and their representatives, including contractors. The Company encourages employees to take part in the occupational health and safety management system and report situations they consider to be risky.

All employees are represented by committees made up of Dexco's representatives and the workers themselves. Monthly meetings of the accident prevention commissions are held with representatives of the workers and attended by fixed service providers allocated to our units.

The responsibility of these committees include:

- »» Monitoring the hazard identification and risk assessment process, and adopting the prevention measures implemented by the Company.
- »» Recording the perception of risk by workers based on the mapped hazards and risks, and assisting the employer's health and safety representatives.
- »» Verifying the workplace and working conditions, aiming at identifying situations that may pose risks to the workers' safety and health.

GRI 403-4

Worker participation, consultation, and communication on occupational health and safety (cont.)

- »» Preparing and monitoring a work plan that allows for preventive action for occupational health and safety issues, taking part in the development and implementation of occupational health and safety programs.
- »» Monitoring the analysis of critical incidents, accidents and occupational diseases.
- »» Proposing, when applicable, measures for solving the identified problems.
- »» Requesting the Company to provide occupational health and safety information about workers, including the Work Accident Reports.

GRI 403-7

Prevention and mitigation of occupational health and safety impacts directly linked by business relationships

Dexco monitors the needs and expectations of its stakeholders to prevent or mitigate possible significant impacts on health and safety by assessing the context of the organization, the risks and opportunities of the Occupational Health and Safety Management System (Proteg) and Stakeholders Panel.

GRI 403-8

Workers covered by an occupational health and safety management system

At **Dexco Brazil**, both in 2021 and 2022, 100% of the employees are covered by an Occupational Health and Safety Management System, including contractors. Proteg is ISO 45001 certified in the following business units: Wood (Panels and Forestry), Deca Queimados Bathroom Fixtures, Jundiaí Bathroom Fixtures, São Paulo Bathroom Fittings, Jundiaí Bathroom Fittings, and **Colombia** Yarumal and Barbosa units. In addition to the forestry units in **Brazil**, ten industrial units have an ISO 45001:2018 certified Occupational Health and Safety Management System in place. No worker is excluded from this system.

GRI 403-9

Work-related injuries

In 2022, the main types of activities with the potential to contribute to the occurrence of accidents were man-machine interaction and the manual handling of parts in the production process. Hazards were identified based on a methodology

adopted in the hazard and risk survey. Additionally, in order to eliminate other hazards and minimize risks of occupational accidents using the hierarchy of controls, the following is in place:

- »» Review of the hazard and risk survey (new survey and setting of control measures)
- »» Managerial meetings system to manage hazards and risks (incidents, accidents, investments, certifications, etc.)
- »» Investments in machinery and equipment adjustments
- »» Audit/compliance to be carried out at Dexco's units (at least annually at each unit)
- »» Safety inspection tool for the areas, which is applied by CIPA members (Mission of CIPA members)
- »» Two-way dialogue tool between the leader and the led (Protect Lives)

GRI 403-9

Work-related injuries (cont.)

Work-related injuries, by country ¹	Brazil			Colombia			Total		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
Total number of occupational accidents resulting in leave	39	37	140	35	25	58	74	62	198
Rate of occupational accidents resulting in leave	1.81	1.45	4.03	23.10	14.20	20.24	3.30	2.27	5.27
Total number of occupational accidents without leave	32	64	123	4	7	1	36	71	124
Rate of occupational accidents without leave	1.49	2.50	3.54	3.27	3.98	0.35	1.58	2.60	3.30
Total number of occupational accidents with serious consequences (except fatalities) – employees	1	2	2	0	0	1	1	2	3
Rate of occupational accidents with serious consequences (except fatalities) – employees	0.05	0.08	0.07	0.00	0.00	0.57	0.04	0.07	0.10
Total number of occupational accidents with serious consequences (except fatalities) – contractors	0	2	0	0	0	1	0	2	1
Rate of occupational accidents with serious consequences (except fatalities) – contractors	0.00	0.31	0.00	0.00	0.00	0.90	0.00	0.30	0.12
Total number of occupational accidents requiring mandatory notification – employees	71	101	245	36	32	29	107	133	274
Rate of occupational accidents requiring mandatory notification – employees	3.30	3.96	9.00	32.70	18.18	16.50	4.90	4.88	9.45
Total number of occupational accidents requiring compulsory notification – contractors	3	12	18	N/A	12	30	N/A	24	48
Rate of occupational accidents requiring compulsory notification – contractors	N/A	1.88	2.40	N/A	36.88	27.07	N/A	3.59	5.57
Total number of fatalities resulting from occupational accidents – employees	0	0	1 ²	0	0	0	0	0	1 ²
Rate of fatalities resulting from occupational accidents – employees	0.00	0.00	0.04	0.00	0.00	0.00	0.00	0.00	0.03
Total number of fatalities resulting from occupational accidents – contractors	0	0	0	0	0	0	0	0	0
Rate of fatalities resulting from occupational accidents – contractors	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

¹ All Dexco safety rates and figures are calculated based on 1,000,000 hours worked. In Brazil, the total number of hours worked was 27,226,326 for own employees and 7,506,597 for contractors. In Colombia, the totals were 1,757,080 and 1,108,218, respectively. Castelatto's data was included in the indicator.

² In 2022, Dexco recorded an incident that resulted in a fatality in a forest unit that serves its panel plant in the city of Itapetininga (State of São Paulo). The Company provided assistance to the family of the deceased employee and the government authorities that investigated the incident.

GRI 403-10

Work-related ill health

Based on the hazard and risk mapping, it is possible to identify the ones that pose risk of occupational diseases. Subsequently, the required operational controls are defined. In **Brazil**, no case of occupational disease was recorded in 2022. In **Colombia**, a single case of respiratory disease was recorded, due to the exposure to particulate matter, gases and vapors. No fatalities driven by occupational diseases were recorded.

Dexco has a health surveillance program that monitors suspected and confirmed disease cases. Workers' absenteeism is monitored, as well as a joint-monitoring is carried out with the occupational risk supervisor. Accordingly, the following measures are taken:

- »» Adjustment of inputs to reduce the emission of gases and vapors during the process
- »» Corrective maintenance in facilities and equipment to minimize particulate matter emission
- »» Equipment isolation and improvement in extraction systems
- »» Project and implementation of an extraction cleaning system
- »» Hygiene measures related to exposure to gases and vapors
- »» Use of respiratory protection devices

We innovate, simplify and **learn from mistakes**

GRI 3-3

Management of material topics | Research and innovation

Dexco works on developing Solutions for Better Living, which are aimed at generating positive impacts on people's lives. Accordingly, the solutions that generate comfort and well-being, solutions of a health nature (Deca|Hydra), as well as solutions with antibacterial characteristics (Panels and Ceramic Tiles), water and energy-saving/eco-efficient products (Deca|Hydra), products that delay flames from spreading and moisture-resistant products (Panels) and FloorScore certified products (Portinari) are examples of developments that required research and innovation over the years to meet the demands of customers and consumers (who are increasingly attentive to and demanding of product's features related to quality, health and eco-efficiency).

When acquiring new businesses or strategic investments, Dexco seeks to include companies or support initiatives that are in line with the purpose and the guidelines of the Sustainability Strategy.

In the Wood Division, the formaldehyde has been mapped as a component indicated by the World Health Organization (WHO) and in the Brazilian List of Agents that Cause Cancer in Humans (LINACH). In **Brazil** there are no official studies or discussions on this topic, and we comply with the standards related to this requirement at each destination of the product. For **Brazil**, all Wood Division products meet the requirements of the Brazilian Technical Standards (NBRs). For other countries, products must meet specific local standards. As part of the Company's quality policy, we actively participate in the review of NBRs through technical committees under the Brazilian Technical Standards Association (ABNT) and with the Brazilian Tree Industry (IBÁ), in which associated companies discuss review topics with reputable third-party institutes and entities, and with associations with converging topics.

Dexco has specific Product Development Offices in its business divisions, which strongly act on the constant improvement, research and innovation of materials, form and function of its solutions. With the challenge of increasingly approach the final consumer, despite the predominantly B2B nature of the company, the research and innovation carried out by Dexco open a way to handle consumers' pains and desires, aiming at providing *Solutions for Better Living*. The Sustainability Strategy includes a pillar based on the Consumer Environment, which addresses comfort and experience, eco-efficient solutions, and health and well-being in environments. These features are closely related to the ongoing evolution in product development.

GRI 3-3

Management of material topics | Research and innovation (cont.)

Additionally, Dexco has a Design Office, which has a cross-cutting role across the business units and is responsible for connecting trends, surveys with customers, benchmark content and technical expertise to recognize opportunities and implement improvements in solutions. It has an Innovation Office as well, which also has a corporate role, and works on internal innovation programs (such as Imagine), encouraging and recognizing employees, and on open innovation programs (such as Open Dexco).

In the Wood Division, the Forestry Development Department works on genetic improvement of the eucalyptus species (predominantly) to make them more adapted to all the different locations and possible extreme climate events. The Flow Tower is also an example of a project carried out in partnership, in this case, with the Forestry Research and Studies Institute (IPEF), aiming at monitoring the forest biogeochemical cycles. More recently, Dexco created a venture capital fund, the DX Ventures, aimed at getting closer to the sustainable innovation ecosystem in the civil construction industry (engineered wood, for example). Investments in Noah, in Urbem and in *Brasil ao Cubo* have already been announced.

To monitor this topic, Dexco has indicators linked to the results of the innovation programs (Imagine, Open Dexco etc.),

and indicators and targets of the Sustainability Strategy that require solutions directly or indirectly related to research and innovation:

- »» Investments in initiatives that promote a conscious renovation and change the constructive paradigm
- »» CESAR Digital Transformation Index (innovation is one of the dimensions assessed)
- »» Wood products with E1 or lower formaldehyde emission
- »» Water, energy and carbon footprints in the product use phase
- »» Net operating income (NOI) from products with technologies that promote health and well-being and eco-efficient products
- »» Consumer satisfaction rate

Every year, Dexco reports in its Integrated Report the evolution of the Sustainability Strategy targets and describes its actions associated with research, development and innovation. Additionally, the learnings in R&D and innovation were acquired based trial and error, tests, MVP (Minimum Viable Product), benchmark and other concepts associated with agile methodology.

We inspire customers and consumers

Customers and **consumers**

GRI 417-1

Requirements for product and service information and labeling

In the **Deca** and **Tiles** divisions, the information on products and services is reported in compliance with the requirements of the Brazilian Technical Standards Association (ABNT) and the Consumer Protection Code, and applies to 100% of the portfolio: source of components of the product or service; content, in particular substances that may cause environmental or social impact; safe use of the product or service; disposal of the product and environmental or social impacts. For Ceramic Tiles, the information provided on the packaging may vary as required.

In the **Wood Division - Brazil**, 100% of the reconstituted wood panels and flooring sold with FSC® certification of the chain of custody has the respective statement in its sales documents (invoices)

GRI 417-1

Requirements for product and service information and labeling (cont.)

and/or packaging (for Durafloor products), in compliance with the requirements of the applicable FSC® standards. Information on the correct storage and application are also included in the labeling and packaging of coated plates and laminate flooring, in compliance with the requirements of the applicable regulatory standards and with the guidelines of the industry’s panel quality program (Brazilian Habitat Quality and Productivity Program - PBQP-H). For exported products, the labeling complies with certificates of compliance with California Air Resources Board (CARB) and Environmental Protection Agency – TSCA Title VI (EPA) regulations.

At **Dexco Colombia**, the operation has ISO 14001 Environmental Management System certificates. Internal certificates are issued based on customers’ environmental needs, such as certificates of use and legality of the origin of wood, and on environmental impacts associated with manufacturing, sale, and transportation. Similarly, we have an own statement of environmental product that, even though it is not issued by a third party, adds points to the LEED buildings. The information supplied covers 78% of the products sold in Colombia, of which there is certainty about the origin of the raw materials and inputs.

GRI 417-2

Incidents of non-compliance concerning product and service information and labeling

The Company recorded a case in 2022, addressed by Administrative Proceeding N° 09.2021.00026564-4 (FA: 23.001.001.210009387), filed by the Public Prosecution Office of the State of Ceará, on

alleged misinformation displayed on the packaging of product *Ducha Eletrônica Quatro Estações Blindada* (Protected Electronic Four Seasons Shower), which claimed ease of installation whereas a visit of a technician was otherwise required. A fine in the amount of R\$25,931.25 was paid and the lawsuit was settled.

GRI 417-3

Incidents of non-compliance concerning marketing communications

No incident of non-compliance concerning marketing communications was identified.

GRI 416-1

Assessment of the health and safety impacts of product and service categories

In the **Deca** division, the water filter used on our taps, for example, complies with ABNT (Brazilian Technical Standards Association) 16098, which provides for the non-toxicity of materials used in its production, so that no extractables or contaminants that may damage the health of users are added to water. Another example is the discharge valve, which complies with ABNT 15857, which provides for that the finishing of the parts of the valve which the users will have contact cannot have any burrs or sharp corners, so that not to cause physical damage. The standard also provides for that the set must support static water pressures of up to 400kPa and possible

overpressures of 200kPa when it is closed, thus ensuring a safe use.

In the product portfolio of the **Tiles Division**, approximately 11% of the products are indicated to be installed in places where slip resistance is required, since the product performance impacts the user’s safety. These products are identified as Hard, which identifies their characteristic of slip resistance, and they are indicated for external and open areas, for example.

In the product portfolio of **Cementitious Tiles**, approximately 14% of the products are indicated for installation in places where slip resistance and athermality is required, where the product performance impacts the user’s safety. These products are identified as Athermal, which identifies their characteristic of slip resistance and athermality, and they are indicated for wettable areas, for example.

Also, in the product portfolio of Cementitious Tiles, 0.8% of the products are indicated for installation in places where the surface runoff of water must be reduced, allowing the rapid percolation of water through the tile, where the product performance impacts the user’s safety. These products are from the product line named Ekko, which identifies their characteristic of being permeable products, and they are mainly indicated for external areas. All flooring and tiles under the Castelatto brand comply with the requirements of the applicable ABNT NBR standards.

GRI 416-1

Assessment of the health and safety impacts of product and service categories (cont.)

The **Wood Division** – Brazil has mapped the formaldehyde as a component indicated by the World Health Organization (WHO) and in the Brazilian List of Agents that Cause Cancer in Humans (LINACH). In Brazil there are no official studies or discussions on this topic and we comply with the regulation related to this requirement of each destination of the product.

In the new sustainability agenda, we define the corporate goal of having 100% of the wood boards reducing the emission levels to below E1, in accordance with the European standard DIN EN 120 grade E1. In 2022, we obtained the certification that allows exporting planks with the lowest emission levels in accordance with the Environmental Protection Agency - TSCA Title VI (EPA)/California Air Resources Board (CARB).

SASB CG-BF-250A.1

Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products

To produce **Ceramic Tiles**, Dexco uses chemicals in some parts of the development of its products (water based products), in addition to products for effluent treatment, as well as laboratory tests (use of chemicals to simulate defects of the tiles). For applicable products (effluent treatment and laboratory tests), the Company holds all required registrations with the Civil Police, Federal Police and the Army Forces offices for use in its pro-

duction process. Additionally, with respect to the environmental issue, these chemicals are stored in appropriate containment areas, aimed at mitigating their possible environmental impacts.

For safety purposes, the chemicals are controlled at the time their possible risks are identified, and the personal protective equipment (PPE) required and the respective control for their manipulation and use are specified. For laboratory chemical tests, hoods (controlled environments) are used for manipulation with low risk to the professional. Additionally, a Safety Information Sheet for Chemical Products (FISPQ), showers, eye washers and emergency kits are available.

The plants also have an Emergency Action Plan, which covers leakage of chemicals and other emergencies (fire, leakage, accidents), with a group of professionals trained and capable of acting in these situations.

The control process of chemicals begins at the time the input is purchased, through inventory in the SAP system. For products controlled by regulatory bodies, we only work with approved companies, even to closings and movements by means of a monthly map of chemical products with the police entities.

After they are received, the products are stored in delimited areas and requested as required. These chemicals are sent to the sectors where they will be used and are stored in delimited areas and/or with mobile containment to prevent leakage. At these workstations, there is a safety folder with the Safety Informa-

tion Sheet for Chemical Products and other information about use/manipulation. After it is used, the packaging is segregated in a hazardous waste area, and it is disposed to a special landfill (type 1 - hazardous), in accordance with the required safety criteria.

The company is carrying out a pilot project for assessing the lifecycle analysis (LCA) of its units. The level of exposure to chemicals is low for the ceramic tiles units, and it occurs only in specific activities, complying with legal regulations. The results obtained from these LCA pilot studies also indicate low exposure and will support future actions taken.

No specific work with reduction targets aimed at optimizing the chemicals is being carried out. However, in one-off cases, work is done to replace them (such as reducing the use of solvent for waterproofing ceramic tiles). In this case, the product formulation was changed, and another water-based technique was used to eliminate the use of the inflammable product.

In other sectors where replacement is not feasible, a joint work is carried out by the environmental and the occupational safety departments to make the Safety Information Sheet for Chemical Products available and implement methods to prevent leakage and to ensure a safe operation. With respect to tests, since the concentrations of chemicals used are minimum (low content) and associated with the production method, the chemical components of the tiles are made inert at the sintering (burning) stage, and they are not volatilized or dispersed to the environment.

SASB CG-BF-250A.1

Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products (cont.)

Based on classification tests, in accordance with NBR 10.004, the tiles are in Class II-B (inert), with no physical and chemical characteristics above the limits established by the standards in force.

The operations to produce reconstituted **wood panels**, in turn, use chemical products as raw material/input in the process, and the risk is assessed at the time the product is developed, seeking to identify the characteristics in their use and application, as well as residues in the product over its lifecycle. As a rule, these raw materials are well established on the technological platform, and the replacements and alternative sources are submitted to these analyses and controls.

The chemicals management approach is risk-based, with internal processes with operational, personal, property and environmental safety procedures in place to mitigate these risks.

With respect to the impact of our products on external stakeholders, customers and consumers, we adopt management by means of monitoring residues of chemical products identified as posing toxicological risk. This monitoring is carried out through regulatory updating, ordinances of entities related to health and active surveillance of other consumer markets, mainly out of the country. The management of chemical products at the units is carried out based on applicable internal procedures, which cover issues related to occupational health and safety, and environment:

- »» Correct storage
- »» Correct identification of packaging based on GHS (globally harmonized system of labeling and classification of chemicals)
- »» Safe handling
- »» Availability and consultation of the safety information sheets for the products
- »» Procedures for acquisition and systems for inspection of storage sites

The process to identify hazards and risks is planned in a specific document when there are specific hazards for chemical products, such as formaldehyde and volatile organic compounds (used in some laboratory analysis processes). The control measures are planned in accordance with the hierarchy of controls provided for in ISO 45001:2018 standard. All the wood panel units are certified by the Integrated Management System (including ISO 9001, ISO 14001 and ISO 45001 standards).

The management of the product lifecycle during the manufacturing process is prepared by measuring a sample of the identified risky chemical product (formaldehyde) in work environments. In the final product, the risk is measured based on a monitoring

plan established in compliance with national and international standards specified to control this variable. Labelling is defined in accordance with the specification of each market. For some products there are some voluntary labels mainly defined by business or customer needs.

The prioritization of chemicals used is based on the known risk level of the substance(s), and it is put into practice by adopting the precautionary principle, since no studies or scientific proof exist that the exposure to the current residual levels is harmful to health. The work to reduce and minimize the residual quantities is carried out with internal technologies and partners in the development of resins with lower emission, together with the internal teams, that make the required adaptations to the process to adjust the performance and quality of the final products.

Alternative raw materials and inputs, with lower or no emission, are being studied by the R&D Department, through technological surveillance and within the innovation opportunity funnel of the Company.

In the **Deca Division**, all suppliers are checked and approved based on environmental, safety and quality criteria, and reports are required of all chemical materials and metal alloys used. In addition to assessing the certificates submitted by suppliers, we analyze the chemical compositions of inputs and raw materials, ensuring that they comply with the limits established

SASB CG-BF-250A.1

Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products (cont.)

In the assessment of suppliers of chemical products, we value the integrity and good practices of the supplier, avoiding the purchase products with contaminants and possible products that may put the health of our customers and employees at risk. Choosing a supplier begins with the approval of the company based on environmental, safety and quality criteria. Then, the products are submitted to a critical analysis in an internal laboratory and, if required, in a certified external laboratory. All products are only purchased and used if they comply with the internal standards and specifications. Dexco invests in research and development to improve the processes and mitigate the use of chemical products that may be harmful to its customers and employees.

The approach used in the management of chemical products is based on legal compliance, that is, the compliance with standards and legislation in force in the country regarding the use of each product. All chemical products have an expert report that states their composition, in addition to the internal laboratory analysis to ensure their composition. This practice is used for both metal alloys and chemical products. Additionally, Deca participates in the main national forums and programs of the industry, such as the Brazilian Association of Bathroom Supplies (Asfamas), aiming at contributing to the best market practices.

The only product that may have an influence on the finished product for human consumption is the line of filters. In this case, the control of production and purchase of the filtering elements complies with NBR 16.098 standard, which ensures the origin and efficiency of the filtering element, in addition to guiding all the assembly good

practices used in the production line. The control of internal chemical products complies with ISO 14001 standard, ensuring the composition and storage of the controlled chemical products. We require the report of all chemicals and alloys used in the production process, in addition to checking both in internal and external laboratories certified by the responsible bodies. All the line of filters is certified by the National Institute of Metrology, Quality and Technology (Inmetro).

With respect to product lifecycle, in the bathroom fittings segment, the chemical impact is directly associated with the useful life, ensuring mechanical protection against corrosion of the product and, therefore, the quality of the item sold. Destructive tests carried out internally ensure the mechanical resistance and accelerated tests ensure the resistance against corrosion and chemicals. This practice aims at providing longevity to the product, in addition to consumer safety and satisfaction.

SASB CG-BF-250A.2

Percentage of eligible products meeting volatile organic compound (VOC) emissions and content standards

Percentage of revenue from products meeting volatile organic compound (VOC) emissions and content standards and other compounds	2020	2021	2022
Tiles ^{1,2}	N/A	79%	82%
Wood panels ³	100%	100%	100%
Bathroom fixtures and fittings and electric showers ⁴	100%	100%	100%

¹ For these products, the Floor Score and Indoor Air Quality certifications are used, which are granted to the products under the Portinari brand. These products are submitted to annual certification, and parts are tested in accordance with the CDPH/EHLP method, v1.2-2017 (California Section 01350), which entered effect on April 1, 2017, for indoor use (schools/offices) of flooring models. These products are accredited with these certifications in the LEED rating system to sustainable buildings.

² Products under the Portinari and Ceusa brands.

³ There is no systemic approach for VOCs. Only the formaldehyde is analyzed on a broad range and in 100% of our production. When required, the VOC analysis is applied in accordance with the methodologies for building materials, ISO 16001 (3/6/9/11), ASTM D 6196 for VOCs and ASTM D 5197 for light aldehydes and liquid chromatography (HPLC).

⁴ There is no systemic approach for VOCs. Only the formaldehyde is analyzed on a broad range and in 100% of our Panel production. The products that make up the portfolio do not use materials that emit VOC. The products use VOCs in some production processes, but these compounds are not part of the raw materials and final products, as they are used in different environments.

Suppliers

GRI 3-3

Management of material topics | Supply chain and traceability

Due to the complex and multiple nature of the production processes and products under the Dexco brand, there is a great diversity of materials and services required to carry out the Company's activities. Accordingly, Dexco has different degrees of dependence and risk (both financial and related to ESG topics) associated with its supply chain and traceability, based on each business division.

The highlight is one of the main raw materials of the Wood Division - wood. As a pioneer in the certification for responsible forestry management (since 1995), in managing its forests, Dexco has the opportunity to ensure the traceability, availability and desired characteristics of this important raw material, which is used to produce panels and flooring. By ensuring that forestry management complies with international environmental and social responsibility standards, the Company expands its possibility to access foreign markets.

In addition to its own forests, Dexco fosters independent wood suppliers (including small producers) in the State of Rio Grande do Sul, in order to encourage and support the certification of

third parties. Wood is also used as biomass to generate thermal energy in production processes in Panel units, replacing fossil fuel previously used (such as BPF oil and natural gas).

Examples of possible negative impacts related to the supply chain in general include possible failure or lack of environmental, health and safety controls, human rights and/or compliance in suppliers of material and services, which result in Dexco's co-responsibility.

The Wood Division receives the inputs to produce the resin used in the panels, and accidents and/or leakage may occur during the transportation of raw materials.

Environmental and social impacts linked to the mining supply chain have more weight in the Deca Bathroom Fixtures and Tiles divisions, since this sector is usually intensive in GHG emissions and environmental impacts in the mineral extraction process, and is associated with impacts on local communities, including resulting in reputation issues.

The economic dependence of local suppliers (particularly small/medium-sized suppliers) on Dexco is also a possibility. This type of factor – degree of dependence- is also included in the questionnaire of Dexco Supplier Management Program (GFD).

The categories of Dexco's critical suppliers (taking into account a matrix based on a cross-reference between relevant

sectors and volume of expenses with these suppliers) include the industry, heavy services, services, mining and utilities sectors. Due to the nature of the services and products purchased from these categories of partners, Dexco prevents labor, human rights, environmental and governance issues, for example, through the mechanisms described particularly in the Supplier Management Program.

The matrix available in this report indicates that the criticality level of the macro sectors mentioned above is related with their relevance to the business (in terms of spending) versus possible associated sustainability risks. The Supplier Management Program is based on this matrix for applying the questionnaires (which are specific to each sector: industry, heavy services, services, mining and utilities).

The supply processes are managed by an integrated management system (ERP) and communications with suppliers take place officially through orders and/or contracts, which follow formal analysis and approval flows. The supply policies and practices are established in internal rules and procedures, in accordance with the Supplier Conduct Guide. Periodically, these rules and procedures of the Supply Department are reviewed and submitted to the approval of the managers and officers of the department. The updated versions of these documents are available on the portal of policies and rules on the intranet.

GRI 3-3

Management of material topics | Supply chain and traceability (cont.)

An important tool for risk management, identification of opportunities and introduction of improvements in Dexco’s critical suppliers is the Supplier Management Program, mentioned above, which has an annual cycle of assessment, sample audit, analysis, feedback and recognition of outstanding suppliers, and all of this is supported by a partner company (which provides higher credibility to the process).

In total, seven dimensions are assessed (compliance, labor, health and safety, environment, relationship with surrounding communities, ethics and human rights, and management for sustainability). In 2022, in partnership with the ESG Management and the Compliance Department, the Supply Department organized three workshops to train suppliers (particularly small and medium-sized suppliers) on topics related to environmental indicators, GHG inventory and human rights, respectively.

Since the transportation of Dexco’s raw materials and finished products is carried out with the support of partner companies, the Company is also a signatory to the Corporate Pact Against the Sexual Exploitation of Children and Adolescents, through Childhood Brazil’s *Na Mão Certa* (On the Right Track) Program, aimed at raising awareness among truck drivers and carriers of how to fight violence against children and adolescents on highways.

The business units also have robust Integrated Management Systems, which assess, from the local standpoint, the possible risks related to waste receivers and suppliers of relevant raw ma-

terials, periodically analyzing the updating of E&S-related documentation and conducting approval visits.

To gauge the effectiveness of the measures taken, Dexco uses processes, such as the Supplier Management Program, FSC® certification, internal rules, ERP tool (Integrated Management System) and the annual publication of the results obtained from the Supplier Management Program, including through a specific report, presenting the progress achieved over the years on a transparent basis.

Dexco also has a specific target for this topic in its Sustainability Strategy, which is to achieve an average score of 8 in the performance index of the Supplier Management Program by 2025. The Company is also committed to achieving 100% of own areas and 80% of fostered areas certified by 2025.

The challenge related to the proposed target is significant, since Dexco has been growing with acquisitions of new businesses, which gradually include their own suppliers in the scope of the program. This factor makes the process complex, but Dexco keeps its commitment to the development of its supply chain.

With Dexco’s business growth and diversification, the policies and standards are reviewed and the Supplier Management Program is improved based on the learning from the companies that are already part of the group. With new acquisitions, previous experiences are incorporated in the process.

GRI 204-1

Proportion of spending on local suppliers

In **Brazil**, the percentage of spending on local suppliers, those located in the main cities and their neighboring cities, of all industrial and forest units and head office was 29% in 2022 – an increase of 13 percentage points on a year-on-year basis.

In **Colombia** operations, the percentage of local procurement was 51%. Local suppliers are located in the same city as the significant operations, where the production centers, plantations and head office in Yarumal, Barbosa, Manizales and Medellín are located.

Percentage of spending on local suppliers ¹	Brazil	Colombia
2020	22%	28%
2021	16%	21%
2022	29%	51%

¹ Local suppliers are those located in the same municipality as the operational unit. In Brazil, the neighboring cities are also included.

GRI 308-1

New suppliers selected based on environmental criteria

GRI 414-1

New suppliers selected based on social criteria

Suppliers are not selected based on environmental and social criteria, but they are assessed based on their ability to continue supplying, as described in item “Suppliers”. In any case, environmental and social aspects are already taken into account by the Supply Department.

In 2022, **Dexco Brazil** started to design the new supplier approval process, which will provide higher support to this topic and input to buyers to enable them to make decisions based on environmental factors.

In 2022, for example, the product diethylene glycol was replaced with glycerin, which is a renewable source instead of a fossil source. Additionally, a workshop was held with our critical suppliers and a CO₂ calculator was made available so that they are able to measure their carbon footprint. In 2023, the program should be expanded, with more suppliers, and feedback on data calculated will be requested.

In **Dexco Colombia**, 86 suppliers were assessed for the control of environmental aspects, impacts and criteria. These suppliers account for 56% of the critical suppliers in the operation, of a total of 153.

GRI 308-2

Negative environmental impacts in the supply chain and actions taken

GRI 414-2

Negative social impacts in the supply chain and actions taken

Total number and percentage of suppliers assessed for environmental and social impacts ^{1 2}	2020		2021		2022		
	Brazil	Colombia	Brazil	Colombia	Brazil	Colombia	Total
Number of suppliers assessed for environmental and social impacts	208	N/A	208	178	264	153	417
Number of suppliers identified as drivers of actual and potential negative impacts	220	N/A	286	0	264	0	264
Percentage of suppliers identified as drivers of actual and potential negative impacts with whom improvements were agreed as a result of the assessment carried out	100%	N/A	73%	0%	100%	0%	63%
Percentage of suppliers identified as drivers of actual and potential negative impacts with whom the organization terminated its business relationships as a result of the assessment carried out and of the reasons that led to this termination	0,5%	N/A	0%	0%	0%	0%	0%

¹ Different criteria are assessed, which are related to the social and local impacts that the undertaking may bring, associated both with documentation and actions carried out to mitigate impacts. In the questionnaire sent to the suppliers that participate in the Supplier Management Program, we assess the following dimensions: labor, health and safety, relationship with surrounding communities, ethics and human rights. With respect to environmental aspects, the following topics are assessed: water consumption and discharge; air emissions and GHG emissions, energy consumption, waste management and disposal, energy matrix.

² In Dexco Colombia, we carry out campaigns aimed at further advancing in positive social management. Accordingly, in 2022, we maintained our partnership with La Fundación - Gestión Socioambiental, with 16 general strategies and expectations broken down into three lines of interest: FSC® certification, Dexco and Communities.

Communities

GRI 2-25

Processes to remediate negative impacts

By means of its Integrated Management System, Dexco's operations are committed to survey and monitor the impacts of their activities, and measures are adopted to prevent, mitigate or remediate the negative impacts. Additionally, we have an active listening process with the community in place, carried out through Dialogue Circles and other engagement initiatives, as a way of identifying possible complaints related to human rights and other issues that impact the community in general.

The Dialogue Circles are carried out on a cross-cutting basis by the Social Responsibility Department and the units, by means of engagement agents (*Agente da Gente* (Peoples's Agent) Program). All units have an average of six employees who attend to a training conducted by the Social Responsibility Department, aimed at developing skills of open listening and identifying opportunities arising from the demands made. Since the pilot training, this training was provided in all operations, but, due to the Covid-19 pandemic, it was put on pause and resumed in 2021, initially on a remote basis and, in 2022, on an in-person basis.

As it is an active listening process, the Dialogue Circle is participatory and democratic, and provides room for identifying opportunities for continuous improvement. In the Dialogue Cir-

cle, strengths and weaknesses of the municipality, risks and opportunities are identified, and the perception of the community about Dexco is checked.

The stakeholders who participate in this process are those that are mapped by the local units and identified based on how their influence affect us or how they are affected by our operations. The participants should be diverse and representative of local companies and non-governmental institutions, and can be community leaders and/or neighbors of the units. The circles are carried out every year and, after they are held, the units prepare an action plan, aimed at listing up to three initiatives that will be implemented over the year, as a way to respond to the demand identified.

Other engagement actions may be adopted in accordance with the opportunities identified in the communities, such as campaigns, vegetable gardens, actions in schools, visits to the units, among other actions.

In the areas where forestry operations are carried out, a dialogue process is held with the possibly affected parties to identify impacts, and these are checked by responsible technicians. In addition to collecting the information desired, the dialogues provide informative material on the channels available for future calls. The complaints identified and the handling adopted are internally recorded and monitored.

If there is indication or evidence that our activities are causing or contributing to non-compliance with human rights, ethics and integ-

rity, or are not aligned with the expected responsible conduct, the facts are impartially investigated and, if required, disciplinary and/or legal measures are applied. If the call involves other matters that are not classified as complaints, the report is intermediated with the responsible department/supervisor and, if the matter is legitimate, mitigation or corrective action plans should be adopted, aiming at the timely interruption of the irregularities found.

GRI 3-3

Management of material topics | Local community development

GRI 413-2

Operations with significant actual and potential negative impacts on local communities

Dexco has operations in eight Brazilian states and in at least four regions in Colombia, in cities of different sizes. It is recognized as an employer company of significant importance to local populations, in particular to smaller municipalities.

In **Brazil**, in general, Dexco's units are installed in developed regions with Human Development Index (HDI) higher than the national average index, with well-established social organization and governance, with no significant social conflicts recorded, based on data provided in the Map of Conflicts of Fundação Oswaldo Cruz (Fiocruz).

GRI 3-3

Management of material topics | Local community development (cont.)

GRI 413-2

Operations with significant actual and potential negative impacts on local communities (cont.)

There is no record of significant conflicts about the use of natural resources between Dexco and the communities.

The main input used in the production processes is not classified as hazardous substances that pose risk to the environment and to people, and due care is taken in its use to prevent contamination.

The production units have the status of big employers in the smaller municipalities, thus generating a material positive impact.

The main activities that generate negative impacts on the surrounding communities are associated with wood transportation (in forestry areas), which create noise, vibration and dust, in addition to manufacturing activities that generate noise and emission of particulate matter. In the event of discontinuation or temporary suspension of activities in a unit, like what has already occurred in recent years in the cities of Itapetininga (State of São Paulo), Botucatu (State of São Paulo), São Leopoldo (State of Rio Grande do Sul), Tubarão (State of Santa Catarina) and Urussanga (State of Santa Catarina), employability may be impacted. However, the company makes every effort to transfer or hire employees back, whenever possible.

In 2022, Dexco defined its Social Responsibility Guidelines based on three pillars: community, tax incentive and strategic invest-

ment. In the same year, the Human Rights Policy was launched, which addresses social responsibility aspects focused on the internal and external audiences. Additionally, the Company has Forestry Management Plans that describe mechanisms to avoid/minimize negative impacts on the surrounding communities (in addition to the FSC® certification for responsible forestry management).

The Dialogue Circles, which were already described in the previous topic, are among the active listening tools adopted by Dexco to identify possible impacts of its operation.

Through the local integrated management systems of each unit, a formal communication and feedback flow is in place, in the event of urgent and/or one-off demands from communities and other stakeholders.

Also noteworthy is the extensive interaction process carried out with communities associated with forestry management and wood transportation activities. This is also a condition to meet the requirements for the certification for responsible forestry management.

In the event of suspension of activities (total or temporary), Dexco seeks to absorb the maximum of the labor force by relocating it to other units or hiring it back when activities are resumed.

There is a matrix of aspects and impacts of the main activities developed by the business, as well as their characterization and measures recommended for prevention. Through dialogue and engagement actions, the significant impacts are reported and updated according to the considerations of the stakeholders. Additionally, Dexco is a signatory to the Corporate Pact Against the Sexual Exploitation of Children and Adolescents, through the *Na Mão Certa* (On the Right Track) Program, in partnership with Childhood Brazil, aimed at raising awareness among truck drivers and carriers of how to fight violence against children and adolescents on highways. We are also signatories to the Brazil Network of the Global Compact of the United Nations (UN), strengthening the Sustainable Development Goals (SDG) topics in our initiatives and long-term strategies.

In 2022, in a specific action of Dexco Supplier Management Program, the Supplier Academy, in one of its modules, addressed the topic ethical companies and the commitment to human rights, in addition to the *Na Mão Certa* Program.

Dexco is developing more assertive indicators and targets associated with its Social Responsibility Guidelines (newly established). Currently, indicators of Private Social Investment and Strategic Investments are monitored, which indirectly address the communities

GRI 203-1

Infrastructure investments and services supported

All the process is based on the Internal Donation Standard. The requests received are analyzed by the Social Responsibility Department, forwarded to the Compliance Department and, subsequently, submitted to approval of the members of the Executive Committee.

In addition to the donations, the relationship with the community and the local development permeate Dexco's social investment decisions. The stages of the social investment process were designed to achieve more effectiveness in mitigating negative impacts and optimizing positive impacts on communities. The main assumptions that guide the social investment are as follows:

- »» Benefit communities surrounding operations.
- »» Meet the priority demands of communities, identified through an active listening process
- »» Promote social impact and transformation

It is also noteworthy to mention that, in 2022, Dexco acted in emergencies, such as in the State of Minas Gerais, when, together with a local company, furniture was donated benefitting the community impacted by adverse climate events.

With respect to Private Social Investment, the projects supported are expected to contribute to the development of the local com-

munity, promoting positive impacts. Such investment is made using federal or state incentive laws.

Donations of Dexco's products, items purchased by the Company or financial funds are a way to support communities in vulnerable situation, in addition to being a relationship opportunity.

Donations ¹ made by Dexco	2021	2022
Amount donated (R\$)	373,222	888,301
Number of municipalities benefited	26	19

¹ Donations of products at market value or goods purchased by the Company.

With respect to the development of forestry management operations, investments are made to improve the infrastructure of the roads used for wood transportation that, many times, are also paths used by the communities, and partnerships may be entered into with the public authority for the lending of machinery and equipment or material supply. The areas to be adapted are evaluated in the micro-planning of forestry harvesting and transportation operations, aiming at preventing possible impacts of the operations. In 2022, approximately R\$800,000 were also invested in the maintenance of roads which are used by the communities. The maintenance of paths used by the communities contributes to the quality of life of the local community, providing access roads adequate for need of displacement.

GRI 203-2

Significant indirect economic impacts

The purchase of products and services in the regions where the Company operates produces a significant effect on the local economy. Establishing a forestry incentive strategy promotes the diversification of agricultural producers in the State of Rio Grande do Sul and their development. In 2022, two fostered groups composed of 38 producers were organized, who were trained and prepared to have their production processes certified in accordance with FSC® standards, thus improving management of productive areas in the state.

Based on the information collected from 264 suppliers evaluated by Dexco Supplier Management Program, we identified that the Company's revenue supported 12,441 jobs in these suppliers and, based on the current minimum wage, the monthly income is estimate at R\$15 million in salaries.

GRI 413-1

Operations with local community engagement, impact assessments, and development programs

The information mapped with the communities is taken into account in the social investment strategy to define the projects that will be supported by Dexco, in line with the Company's investment guidelines and its long-term strategy, which are submitted to the approval of the Executive Committee and Sustainability Committee.

GRI 413-1

Operations with local community engagement, impact assessments, and development programs (cont.)

Percentage of operations that implemented engagement, impact assessment and/or development programs focused on the local community, by initiative, in Brazil	2022	
	Total number of operations	Percentage (in relation to total operations)
Dialogue Circles	8	40%
Social investments	13	65%

Of the 17 projects sponsored by Dexco in 2022, three were developed based on the consultation processes. In addition to the Dialogue Circles, Dexco’s institutional website has a channel in the “Sponsorships” tab aimed at allowing proponents and fund-raisers to submit proposals to analysis. The projects are selected based on the following criteria:

- »» Social vulnerability rate in the region
- »» Social topics identified in the dialogues
- »» Relevant causes: health, education, environment, culture and housing
- »» Target audience: children and adolescents
- »» Assessment of results/expected impact of each project
- »» Execution capability of the organization
- »» Consistency and clarity of the proposal
- »» Adherence to Dexco’s ESG Strategy

Investment in social projects, via tax incentive laws, in Brazil (R\$)	2020	2021	2022
Incentive via federal laws	2.2 million (8 projects)	4.7 million (10 projects)	1.7 million (11 projects)
Incentive via state laws ¹	1.6 million (10 projects) ²	-	0.8 million (4 projects)
Total	3.8 million	4.7 million	2.5 million

¹ No incentive was granted via state laws in 2021 due to governmental suspension, but such incentives were resumed in 2022.

² Data includes the amounts invested in 2019 and 2020.

Dexco Colombia has a social policy managed by a foundation that is in charge of all the social management of the communities, through which studies of social impact are carried out in different areas, depending on the assessment of the environmental impact of the forestry activities, and on other analyses. Dexco reports the actions carried out by the company in each community, with activities such as meetings with community leaders, which are held every year, and in the Don Madero newspaper.

The communities are periodically visited and many workshops are carried out to share the planned activities. The tool to identify positive and negative impacts is applied in each community and they are recorded in a matrix that guides the Company’s actions to correct the impacts generated.

SASB RR-FM-210A.2

Description of engagement process and due diligence practices with respect to human rights, indigenous rights, and the local community

Dexco’s forestry management operations and industrial activities planning includes a participatory diagnosis of possible impacts on local communities, carrying out consultations and assessments of features of high conservation value and other required prevention measures, as well as the monitoring of the effectiveness of these measures over the course of its operations.

Legal rights and habits of local and traditional communities, as well as their rights on land use, are respected and protected. To this end, the company constantly monitors the managed area and conducts field visits establishing a direct contact with the community. We have programs aimed at communicating and integrating with local communities and studies are conducted for mapping and characterization of the surrounding communities. In the characterization work, special emphasis is given to identifying traditional communities, such as indigenous and slave-descendant communities.

SASB RR-FM-210A.2

Description of engagement process and due diligence practices with respect to human rights, indigenous rights, and the local community (cont.)

Currently, there is no evidence of impacts on traditional communities, their territories or livelihoods. Our production units are installed in areas compatible with the activities developed, preventing the negative impacts covered by our Human Rights Policy and Responsible Management Standard.

The monitoring of impacts on the communities is annually audited by a third party to check its compliance with FSC® and ISO 45001 standards, and there is no history of material points for attention on these issues.

A specific procedure guides the management of the social aspects of forestry management, including specific actions focused on traditional communities, and the following practices stand out:

- »» Mapping of the territories of local traditional communities in the regions where the Company operates
- »» Constant monitoring of impacts of the activities with field visits
- »» Dialogues with local communities to assess their perception about Dexco's activities

The assessment of operating areas include the definition of criteria to identify features of high conservation value, including aspects such as environmental weaknesses, bi-

odiversity protection, protection of ecosystem services and maintenance of traditional sites and cultural practices. For this assessment, consultations with the surrounding communities are held, specific studies are conducted and a survey of secondary data is carried out, which is collected, analyzed and submitted to experts for validation.

For buying wood, we have a due diligence system that assesses, among other aspects, all suppliers in terms of environmental and social impacts of the harvesting and transportation operations.

At Dexco Colombia, due diligence procedures are carried out in the communities surrounding and close to the Company's forestry areas. The procedures are described in the social policy and monitored through an activities management system to check and identify all areas and impacts associated with forestry harvesting activities. When they cannot be detected or prevented, agreements are reached with the community so that the Company's commitments are met, within the defined deadlines, maintaining an ongoing communication with the communities to report information on advances made or in progress. Suppliers and partners are required to assume the responsibilities and act fast to remediate the situation, whenever required.

We are efficient and generate **differentiated results**

Performance 2022

GRI 3-3

Management of material topics | Profitability and financial performance

With respect to profitability and financial performance, positive impacts on the economy can be noted through job and income generation in the communities in which the Company is inserted, since positive results from operational efficiency and production and demand levels perpetuate the business development and, consequently, opportunities of organic and inorganic growth and new investments.

Contrary to this front, operational results below expectation, driven by low levels of productivity and manufacturing efficiency, generate loss of investments in local communities, as well as discontinuation of operations in the regions, which leads to job and income reduction.

By means of its Financial Policy (PO.15), Dexco addresses the key topics related to profitability and financial performance of its operations. The purpose of this document is to establish the guidelines, limits and parameters to be followed for the Company's financial management, aimed at ensuring its financial strength and business continuity are maintained.

GRI 3-3

Management of material topics | Profitability and financial performance (cont.)

The Company understands that the financial risk is one of the main risks to which it is subject, and it is associated with the possibility of loss due to the exposure to financial operations (market, credit and liquidity). This topic is also addressed in Dexco's Policy on Internal Control and Risk Management System (PO.04).

With respect to this topic, Dexco's Internal Investment Management and Control Standard (NO. 32) includes the assumptions to be considered for the annual investment planning, which take into account not only the impact of new investment on the business, but also the financial volume of each new cash disbursement.

As described in the 2021 Integrated Report, as part of the five-year growth plan (2020-2025), in addition to its Annual Strategic Planning (DX Plan), Dexco also uses its Annual Budget Plan to define the fronts of action to enhance the financial gains. Managerial reports are produced every month with information on estimates of results and the market, impacts of macroeconomic indicators on operations and sectoral levels of usage.

Aware of these indicators, the Company's senior management is capable of developing specific action plans in adverse scenarios, which ensures effectiveness in management and, consequently, its results.

Dexco does not disclose a guidance of results to the market, but it internally projects the expectations for the year, aligned

with its budget assumptions in all business lines. Additionally, as a publicly-held company, it discloses its results to the market on a quarterly basis, in a document available to all stakeholders, which requires the Company to have assertive knowledge and positioning about its financial performance, and about terms and expectations of possible negative impacts on its operations, since investors and regulatory bodies closely monitor this information.

GRI 201-4

Financial assistance received from government

Dexco and its subsidiaries recorded in 2022 approximately R\$64.1 million in fiscal incentives, as follows:

Fiscal incentives (R\$) ¹	2022
Brazil	48.2 million
Colombia	15.9 million
Total	64.1 million

¹ The Company does not have in its corporate organization any government body in any level. There is no historical series for this indicator, since it started to be reported in 2022.

The greatest tax incentive is the deduction of income tax and social contribution from research and development expenses (Good Law).

GRI 207-1

Approach to tax

Dexco's approach to tax is linked to the financial strategy based on the targets agreed. The Corporate Tax team has targets for implementing opportunities with positive impact and process improvements, seeking tax compliance in operations. These targets are included in the Company's approval and update routine (approval by the Tax and Controllership Officer), and their evolution is monitored on a monthly basis.

Regulatory compliance is ensured by the Tax Compliance team, which regularly carries out technical monitoring of legislative changes, and by the Institutional and Government Relations team, which reports and anticipates trends of approval of new laws. Special attention is also given to tax risk management, payment control and governance of requirements for tax benefits. These compliance procedures, together with the goals of legal optimization of the tax burden, contribute to Dexco's sustainable and perennial development.

In 2022, the Corporate Tax team consolidated its Innovation Department, effectively making headway in creating computerized reports of Dexco's tax operations, facilitating the strategic management of this department. This movement fosters the adherence to the data-driven culture by the Tax Department, which is also a fundamental pillar of the Company's strategy.

GRI 207-4

Country-by-country reporting

Tax jurisdictions included in the financial statements	<ol style="list-style-type: none"> 1) Brazil 2) Colombia 3) United States 4) Peru 5) Argentina 6) Belgium
Names of the resident entities	<ol style="list-style-type: none"> 1) Dexco Revestimentos Cerâmicos S.A. 2) Caetex Florestal S.A. 3) Duratex Florestal Ltda. 4) Dexco S.A. 5) Dexco Empreendimentos Ltda. 6) Dexco Hydra Corona Aquec. Ltda. 7) Estrela do Sul Participações Ltda. 8) Trento Adm. & Part. S.A. 9) Viva Decora Internet S.A. 10) LD Celulose S.A. 11) LD Florestal S.A. 12) Dexco Com. de Produtos Const. S.A. 13) SCP – Monte Alegre 14) SCP – Nova Ponte 15) SCP – Rio Claro 16) Castelatto S.A. 17) ABC Atacado Brasileiro da Construção S.A.
Primary activities of the organization	Manufacturing, sale, import and export of wood byproducts, bathroom fixtures and fittings.
Revenue from third-party sales	R\$10,462,892,529.27 (2021: R\$10,151,736,990.24)
Profit/loss before tax	R\$917,545,432.83 (2021: R\$1,989,065,181.00)
Tangible assets other than cash and cash equivalents	R\$7,530,264,731.40 (2021: R\$6,388,774,888.63)
Corporate income tax paid on a cash basis	R\$(114,212,121.04) (2021: R\$270,429,896.95)
Corporate income tax accrued on profit/loss	R\$(152,622,646.72) (2021: R\$263,382,544.68)
Reasons for the difference between corporate income tax accrued on profit/loss and the tax due if the statutory tax rate is applied to profit/loss before tax	Temporary differences (provisions, biological assets, goodwill, etc.), interest on capital and non-deductible expenses
Time period covered by the information reported	FY 2022

Corporate Governance

GRI 2-13

Delegation of responsibility for managing impacts

Dexco's People and ESG Office consolidates the management of the Company's impacts related to environment and internal and external stakeholders. The ESG Department, in particular, plays a key role on this front.

The new strategy process started in 2020 and was consolidated with the change in name and organizational structure in the following year. The Sustainability Office, now renamed ESG Office, comprises the Sustainability and Social Responsibility departments and reports to the People and ESG Office.

Additionally, Dexco's Board of Directors has one sustainability expert in the committee that discusses this topic, aimed at having these initiatives addressed by the highest governance body. With respect to the economic impacts of the organization, they are measured based on their financial results and investment projects, mainly guided by the Administration, Finance and Investor Relations Office.

GRI 2-16

Communicating critical concerns

The Chair of the Executive Committee selects and suggests major topics to the Chair of the Board of Directors, which are proposed as agendas and discussed at the meetings of the Board of Directors. In 2022, 12 meetings were held and the crucial concerns communicated to the highest governance body were three: defense mechanism against cyberattacks, climate change and Sapiens Project.

GRI 2-9

Governance structure and its composition

Information about the members of the Board of Directors:

	Name	Position	Independence	Consecutive terms of office	Gender	Race	Skills relevant to the organization's impacts	Number of other important positions and commitments of each member and the nature of these commitments
1	Alfredo Egydio Setubal	Effective member	No	7	Cisgender man	White	Knowledge of the financial sector of financial and non-financial organizations	Member of the Personnel, Governance and Nomination Committee
2	Alfredo Egydio Arruda Villela Filho	Effective member	No	26	Cisgender man	White	Knowledge of the financial sector of financial and non-financial organizations	Member of the Personnel, Governance and Nomination Committee; and Chair of the IT and Digital Innovation Committee
3	Andrea Laserna Seibel	Effective member	No	13	Cisgender woman	White	Knowledge of the civil construction and construction material industry	Member of the IT and Digital Innovation Committee
4	Helio Seibel	Effective member	No	23	Cisgender man	White	Knowledge of the civil construction and construction material industry, particularly in the wood panel market	Chair of the Finance Committee
5	Juliana Rozenbaum Munemori	Effective member	Yes	6	Cisgender woman	White	Knowledgeable in the retail and consumer goods industry	Member of the Audit and Risk Management Committee; member of the Finance Committee; and Chair of the Evaluation of Transactions with Related Parties Committee
6	Márcio Fróes Torres	Effective member	Yes	2	Cisgender man	White	Experience in non-cyclical consumer industries applied to People and Supply Departments	Member of the Evaluation of Transactions with Related Parties Committee; Chair of the Personnel, Governance and Nomination Committee; and member of the Sustainability Committee
7	Raul Calfat	Effective member	Yes	8	Cisgender man	White	Technical knowledge in several areas, from cement to energy; he has also led large pulp and paper projects	Chair of the Audit and Risk Management Committee; member of the Finance Committee; and member of the Evaluation of Transactions with Related Parties Committee
8	Ricardo Egydio Setubal	Effective member	No	14	Cisgender man	White	Expert in corporate governance	Member of the Sustainability Committee
9	Rodolfo Villela Marino	Effective member	No	13	Cisgender man	White	Business administrator and Master in Development Studies and Economics and Philosophy	Member of the Personnel, Governance and Nomination Committee; member of the Finance Committee; and Chair of the Sustainability Committee
10	Alex Laserna Seibel	Alternate member	No	1	Cisgender man	White	Work in the real estate industry – including real estate development and management – and in the retail industry	Member of the Sustainability Committee
11	Alexandre de Barros	Alternate member	No	2	Cisgender man	White	Specialization in risk management, working in areas such as technology, hardware infrastructure, software, telecommunications, channels, data and application systems.	Member of the Personnel, Governance and Nomination Committee; and Chair and specialist member of the IT and Digital Innovation Committee
12	Paula Lucas Setubal	Alternate member	No	2	Cisgender woman	White	Educator with specialization in educational psychology working in people and community management	Member of the Personnel, Governance and Nomination Committee; and member of the Finance Committee

Notes:

None of the members of Dexco's Board of Directors hold an executive position in the Board of Officers.

From underrepresented social groups, Dexco has three women, of whom two are members and one is an alternate member.

All members of the Board of Directors were elected at the General Stockholders' Meeting, after counting the votes directly received via voting forms or by proxy from its stockholders.

As a result of the Annual and Extraordinary General Stockholders' Meeting held on April 27, 2023, the Board member Raul Calfat was not reelected, as well as the members of the Supervisory Council Isabel Cristina Lopes and Rodolfo Latini Neto.

GRI 2-10

Nominating and selecting the highest governance body

Dexco's Board members are elected by stockholders, based on a minimum percentage established by law, through a multiple voting process, attributing to each share as many votes as the number of Board members, and stockholders have the right to accumulate votes for a single candidate or distribute them among various candidates.

The holders of shares representing at least 10% of Dexco's capital stock are entitled to elect and remove from office the Board members and their alternates, by separate voting, excluding the controlling stockholder.

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

Criteria such as unblemished reputation, time availability for the performance of duties, complementary skills, knowledge and diversity are also taken into account, which allow the Company to benefit from the plurality of arguments and a

decision-making process of the greatest quality and safety, aimed at harmonizing its interests with those of its stockholders, employees and other stakeholders, as well as the Company's environmental and social responsibility.

Under the terms of the Company's Nomination Policy, the following requirements for the nomination of a Board member stand out:

- »» Not to have been barred by a specific law, or criminally convicted of bankruptcy, malfeasance, graft or bribery, embezzlement or crime against the economy, the public faith or property or a criminal penalty that prevents, if only temporarily, access to public office.
- »» Not to hold positions in companies that may be deemed competitors in the market, in particular as a member of advisory committees, boards of directors or supervisory councils, unless this requirement is waived by the General Stockholders' Meeting, when applicable.
- »» To have no conflicting interests with the Company, unless this requirement is waived by the General Stockholders' Meeting.
- »» Not to have been convicted for a penalty involving suspension or temporary disqualification by the Brazilian Securities and Exchange Commission (CVM), rendering the

individual ineligible for management positions in a publicly held company.

- »» To have recognized and proven experience, skills and condition to the requirements for the position for which they will be nominated.

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

As provided for in the Nomination Policy, the decision of the General Stockholders' Meeting may be based on the recommendation of the Personnel, Governance and Nomination Committee to the Board of Directors; the statement submitted by the nominee to independent Board member certifying their compliance with the independence criteria, in accordance with the definition of the New Market Regulation; and the statement of the Company's Board of Directors on the fulfillment of the independence criteria by the candidate, included in the management proposal concerning the General Stockholders' Meeting for the election of management members.

GRI 2-12

Role of the highest governance body in overseeing the management of impacts

Any and all public and strategic positioning of the Company is resolved upon by the highest governance body of the organization. As an example of these processes, for historical purposes, we can mention Dexco’s Purpose (a document that replaced the vision and mission), which was defined by the Board of Directors in 2017.

The corporate policies (which are reviewed every three years) are assessed by this body not only when they are created but throughout all levels of review. When the Sustainability Strategy and its material topics were defined, they were submitted not only to the approval of but also to the consultation and active discussion with this body, as well as its advisory committee.

Consultations with stakeholders are not directly carried out by the Company’s highest governance body, but the latter receives the results of these consultations from its Advisory Committees and Executive Board as input for deeper and more informed discussions about material topics, which must be submitted to the evaluation and/or approval of the Board of Directors.

The main sources of access of the Board of Directors to the priority topics for discussion are its six advisory committees fol-

lowed by the Executive Board. The committees hold periodical meetings and often bring experts and consultants to address topics that may be considered critical by the Company. The committees have schedules for periodic meetings with the Board of Directors, at least twice a year.

All the results of the Company’ projects and processes are submitted to the Board of Directors by its Executive Board, which, as described in its Internal Charter, is responsible for:

- »» Implementing the Company’s strategies and guidelines approved by the Board of Directors.
- »» Ensuring the best allocation and management of financial, operational, human, environmental and social resources.
- »» Monitoring risks to which the Company may be exposed.
- »» Leading the Company in the search for long-term value creation, ensuring the best corporate governance practices.

It is incumbent upon the Board of Directors to define the continuity of the projects and approve the strategies and investments that will be made by the Company, which are also informed to the group by the Executive Board and by the advisory committees.

GRI 2-15

Conflict of interests

The duties of Dexco’s Board of Directors include seeking to avoid, and to manage situations of conflict of interests or divergence of opinions to ensure that the interests of the Company always prevail. Additionally, the Board members may not participate in resolutions on matters in which their interests conflict with those of the Company. Each member must communicate to the Board of Directors any conflict of interest as soon as the matter is included in the agenda or proposed by the Chair of the Board and before the start of any discussion on each topic.

Even though the matter had not been included in the agenda during the meeting, the Board members should speak up on any possible conflicts of interest or particular interest over any matter under discussion or resolution, in which their independence may be compromised. Any Board member aware of any conflicting situation regarding another Board member and the matter subject to resolution must speak up thereon.

Accordingly, the conflicted member should abstain from taking part in the resolution of the related matter and, if they refuse to abstain, the Chair of the Meeting shall determine the annulment of the pronounced conflicted votes even if it is after the Meeting. In the first meeting after their election, the elected member must inform the other members of the Board of Directors of:

GRI 2-15

Conflict of interests (cont.)

- a. The main activities they carry out outside the Company
- b. Participation in the boards of other companies
- c. Business relationships with companies of the conglomerate, including the provision of services to these companies

This information must be provided on an annual basis and whenever a new event that requires the updating of this information occurs. If the member of the Board or a company controlled or managed by them carries out a transaction with Dexco, a set of rules must be followed:

- a. The transaction must be carried out under market conditions.
- b. If it is not a usual transaction or service provision, a report must be issued by a reputable company confirming that the transaction or service provision was carried out under market conditions.
- c. The transaction must be reported to the Board of Directors.
- d. The transaction must be carried out by the usually applicable channels in the Company's hierarchy, and forwarded to the Committee for the Assessment of Transactions with Related Parties, provided that the rules and conditions in the Related-Party Transactions Policy are complied for.

The Company has a [Code of Conduct](#), an Evaluation of Transactions with Related Parties Committee, and a [Transactions with Related Parties Policy](#), in addition to many other policies, to which all management members and employees are subject.

GRI 2-17

Collective knowledge of highest governance body

In 2022, no specific actions for the collective knowledge of highest governance body were carried out regarding the sustainable development. However, Dexco holds an off-site meeting every year, a meeting to discuss good practices, look at the future and develop strategies. The main purpose of the Board of Directors and the Executive Committee, together with Dexco's leaders, in these two days is to deepen and expand the knowledge on our business. In 2022, the off-site meeting held in December included an exclusive schedule for Dexco's ESG agenda, with debates on climate change, carbon credit market, eco-efficiency projects and development of the Company's Sustainability Strategy.

GRI 2-18

Evaluating the highest governance body's performance

The stages for evaluating Dexco's Board of Directors include:

- » **Individual and collective diagnosis:** complete an evaluation form in a consulting system that guides the process, and attend to individual interviews to supplement the overview of the Board of Directors.
- » **Benchmarks:** market analysis, seeking for good practices regarding the skills of the Board members, including their positioning about management of economic, environmental and social impacts.
- » **Feedback:** the results are delivered as analyses to the Chair of the Board of Directors, to the participants as a whole and individually (each participant receives their report and the feedback from the consulting team, pointing out strengths, opportunities for improvement and suggestions for a development plan).

The process is carried out by an external consulting firm, with great expertise in evaluating Boards of Directors, to ensure the fairest process possible. In 2022, Dexco started to carry out this process every year (from the previous biennial frequency). The process begins in November and is completed between March and April of the following year, based on the schedules of those involved, following Dexco's performance process. All members of the Board and of the committees participate in this process.

Further information on the Board of Directors' evaluation process will be available in item 7.1 of the Company's [Reference Form](#).

GRI 2-18

Evaluating the highest governance body's performance (cont.)

As provided for in its Internal Charter, the reelection of Board of Directors members and of the committees takes into consideration their good performance during the term of office and the attendance in the meetings during the previous term of office, as well as their experience and level of independence. The attendance level of the Board members in the meetings in 2022 was 100%, including the attendance of the alternate members.

GRI 2-28

Membership of associations

Dexco is a member of associations strategic to its business and/or that foster better corporate management practices. The Company's senior management has a seat on the Board of Directors of some of these entities, and its employees participate in projects and councils based on their duties and expertise.

Advocacy actions and the governance of the activities related to sectoral entities are carried out and/or monitored by the Institutional and Governmental Relations Department. In 2022, Dexco disbursed around R\$1.6 million in membership fees and maintained its presence in representative entities, such as:

- »» Brazilian Electrical and Electronics Industry Association (Abinee)
- »» Brazilian Formaldehyde and Derivatives Producers Association (Abraf)

- »» Brazilian Building Materials Industry Association (Abramat)
- »» The Brazilian Association of Publicly-Held Companies (Abrasca)
- »» Brazilian Association of Shared Services (ABSC)
- »» Criciúma Business Association (Acic)
- »» Rio Grande do Sul Forestry Companies Association (Ageflor)
- »» Minas Gerais Forest-Based Industry Association (Amif)
- »» National Association of Energy Consumers (Anace)
- »» National Association of Manufacturers of Ceramic Tiles, Sanitary ware and Similar Products (Anfacer)
- »» Brazilian Association of Research and Development of Companies (Anpei)
- »» National Association of Freight Transport Users (Anut)
- »» Brazilian Association of Bathroom Supplies (Asfamas)
- »» Center of São Paulo State Industries (CIESP)
- »» Brazilian Electricity, Electronics, Lighting, and Telecommunications Committee (Cobei)
- »» São Paulo Forestry Forum (FFSP)
- »» Federation of Industries of the State of São Paulo (Fiesp)
- »» São Paulo Association of Planted Forest Growers, Suppliers and Consumers of (Florestar)
- »» Forest Stewardship Council Brazil (FSC Brazil)
- »» Forest Stewardship Council (FSC International)
- »» Brazilian Tree Industry (IBÁ)
- »» Brazilian Institute of Investor Relations (Ibri)
- »» Manufacturing Development Studies Institute (Iedi)
- »» Ethos Institute of Companies and Social Responsibility
- »» Brazilian Government Relations Institute (Irelgov)
- »» Participation in cooperation programs linked to the Forestry Research and Studies Institute (Ipef)
- »» Brazilian Corporate Life Cycle Assessment Network (ACV Network)
- »» São Paulo State Nonferrous Metal Artifacts Industry Association (Siamfesp)
- »» Ceramic Industry Association (Sindiceram) of Criciúma, State of Santa Catarina (SC)
- »» Ceramic Industry Association (Sindiceram) of São Paulo, state of São Paulo (SP)
- »» São Paulo State Reconstituted Wood Industry Association (Sindifibra)

Ethics and compliance

GRI 2-24

Incorporation of policy commitments

Dexco has a Code of Conduct approved by the Board of Directors and internally widely disseminated, which is periodically updated to meet the most recent needs and evolutions. Non-compliance with or breach of the existing assumptions of the Code may imply disciplinary measures, based on the seriousness and complexity of the case, including dismissal for employees or contract termination for outsourced companies.

Additionally, Dexco has an established organizational culture, which strengthens ESG aspects (the Way of Being and Doing) and is also an important mechanism for applying and monitoring the evolution of this topic in the Company. Dexco also signs up to voluntary commitments, such as the Global Compact of the United Nations (UN).

With respect to business relations, Dexco's business values and principles include valuation of human capital, ethics in business, creation of value for stockholders and transparency. The Company's Antitrust Policy ensures free competition between companies in accordance with market rules, thus ensuring that their products and services compete for the preference of consumers according to fair criteria.

Dexco's standard that guides Supply issues (NO. 52) describes the need to analyze the conduct of strategic suppliers, aimed at checking the existence of discrediting processes or situations that may damage the Company's image or reputation. The Compliance Department is responsible for carrying out such analyses, based on which it recommends or does not recommend the maintenance of the contract. If the business area chooses to maintain the contract even after it is recommended otherwise by the Compliance Department, the officer in charge must be reported that they will be accountable for the risk assumed. Dexco Supplier Management Program also has important pillars that guide and develop the Company's relationship with these stakeholders.

The responsibility for managing, disseminating and training on each policy and standard is on the offices to which the topics are related. For example, the Investor Relations Department is responsible for providing periodic training on insider trading, which is applied every month when new employees are integrated and in quarterly meetings that address the dissemination of results, the Compliance Department is responsible for managing and periodically training on the Code of Conduct, and the Supply team is responsible for the relationship and management of topics related to suppliers.

GRI 2-25

Processes to remediate negative impacts

The Whistleblowing Channel can be used by all Dexco's stakeholders, thus enabling the complainer to monitor the

outcome of the investigation through a service protocol, always receiving feedback on the complaint raised. If the complaint lacks enough information or needs to be supplemented to enable its due investigation, the Whistleblowing Channel will contact the complainer, via system (for anonymous complainers) or through the information provided by the complainer. The complainer may, at any time, supplement the information and evidence supplied to the Channel, helping the investigation.

The management of the Whistleblowing Channel, which includes tracking of data and the effectiveness of the existing mechanisms and procedures, is carried out by the Compliance Department, by means indicators on the BI platform, which are reported at least quarterly to the Audit and Risk Management Committee. The complainer may monitor the complaint by means of a protocol and, if desired, a feedback can be sent to the channel after the complaint is registered.

The monitoring carried out by the Compliance Department enables the adoption of other actions, aiming at continuously improving the processes and raising employees' awareness on topics related to ethics and integrity, such as the application of training to units with higher incidence of complaints.

The proper handling of the complaints received is monitored by contacting the stakeholders involved and it is supplemented whenever any need for improving the actions adopted is identified.

GRI 2-26

Mechanisms for seeking advice and raising concerns

Calls received through the Whistleblowing Channel are investigated by the Compliance and Internal Audit departments with the support of an independent consulting firm so as to ensure an impartial and independent process, and wrongdoers will be subject to disciplinary and judicial measures.

Specific service channels for questions about matters involving human resources (People Department) and Dexco's products and services (Customer Service) were also created, which are disclosed on the Company's website.

All indicators related to the Whistleblowing Channel, investigation made and disciplinary measures applies are periodically reported to the Company's senior management, including the Ethics Council, Audit and Risk Management Committee and People Committee.

In 2022, 57 complaints were received, which were internally investigated, resulting in the application of 35 disciplinary measures to those involved. The disciplinary measures are recommended by the Ethics Working Group, made up of the Compliance, Legal, People and Labor Relations departments. In the same year, 20 meetings of the Ethics Working Group were held to discuss how to handle complaints reported and

possible measures. Critical cases are forwarded for decision making by the Ethics Council, composed of the Company's Executive Committee.

GRI 2-27

Compliance with laws and regulations

In 2022, Dexco was charged with a massive environmental fine related to year 2021, in the amount of R\$139,368.38, for the unauthorized removal of isolated trees in firebreak areas. The Company was fined only at the environmental level, with no civil, labor or tax issue reported.

Total number and monetary value of fines for non-compliance with laws and regulations in the reporting period, broken down by:		2020	2021	2022 ²
Total number of fines for non-compliance with laws and regulations in the current reporting period ¹	Environmental	3	4	1
Monetary value of fines for non-compliance with laws and regulations in the current reporting period ¹	Environmental	R\$70,223.86	R\$2,994,986.12	R\$339,903.68
Total number of fines for non-compliance with laws and regulations paid in previous reporting periods	Environmental	0	0	1
Monetary value of fines for non-compliance with laws and regulations in the previous reporting periods ³	Environmental	0	0	R\$139,368.38

¹ For 2020 and 2021, the assumption follows the former. **GRI 307-1**

² With respect to the environmental topic, significant fines/sanctions, monetary or non-monetary, are considered those that arose in the reporting year and are still in progress, for non-compliance with laws and regulations, based on the threshold of US\$10,000.00. With respect to labor, tax and civil information, assumptions of pending fines or sanctions for non-compliance with laws and regulations were adopted, based on the materiality criteria of fine with amounts higher than R\$10 million with chance of probable loss or R\$ 20 million with chance of possible loss.

³ In 2022, an amount of R\$560,000,00, which is linked to the Consent Decree of lawsuit No. 005775-52.2021.8.19.0067 – Queimados (State of Rio de Janeiro), was paid, and this amount is related only to a voluntary monetary contribution paid by Dexco in favor of the State Fund for Environmental Conservation – FECAM. We emphasize that it refers to a voluntary monetary contribution paid by Dexco and not to a fine, and this is the reason why it was not included in the response to the question.

GRI 205-2

Communication and training about anti-corruption policies and procedures

All employees and members of the Board of Directors were communicated about the anti-corruption procedures adopted by the Company through periodic training programs and communications to all units.

In 2022, the [Anti-Corruption Policy](#) was reviewed, including the changes in legal requirements, and, after the approval of the Board of Directors, it was disclosed to all Company's employees by the Compliance Department through different media, such as email, intranet and corporate TV programs. A video with guidelines on relationship with public authorities and anti-corruption was also disclosed to 100% of the employees.

This policy and the anti-corruption guidelines are periodically disclosed in the Compliance training programs, applied to new employees and to supervisors, who receive material to enable the content to be shared with their teams.

In 2022, in Brazil, 6,948 employees (53% of the total) were trained on the Company's Code of Conduct. Among them, 92% are active supervisors, which include members of the Company's Executive Committee, made up of the CEO, Vice-Presidents and Officers. The content addressed in the training programs always includes anti-corruption and anti-bribery guidelines and practices. In 2021, 1,567 em-

ployees (584 supervisors) were trained, accounting for 12% of the total employees. In 2022, compliance integration training was provided to 961 employees, 102 of which to management positions – 12 managers, 39 coordinators, 7 specialists and 65 supervisors.

All the Company's suppliers have access to the [Supplier Conduct Guide](#), which contains anti-corruption guidelines and is publicly available on Dexco's website. These stakeholders are also committed to work in compliance with all the rules provided in the code, by means of a contractual clause.

GRI 206-1

Legal actions for anti-competitive behavior, anti-trust, and monopoly practices

We were not filed with lawsuits, the subject matters of which were anti-competitive behavior, anti-trust and monopoly practices.

GRI 406-1

Incidents of discrimination and corrective actions taken

In 2022, the Whistleblowing Channel received and handled 178¹ behavioral cases, including seven calls (4%) about discrimination. All calls involving reports of discrimination and related matters were analyzed and handled following the flows and procedures provided in the [Whistleblowing Channel Policy](#).

After due investigation of the calls that were somehow related to discrimination, two cases were found illegitimate, three inconclusive and two legitimate, for which action plans were defined and remediation measures were adopted. Additionally, the topic was discussed by leaders and their teams, and an announcement about the topic was disclosed to all employees by the Compliance Department, which used the opportunity to strengthen that Dexco does not tolerate this type of behavior.

In addition to these one-off actions, the continuous grid of compliance integration training sessions include topics related to discrimination and moral and sexual harassment, and the indicators are periodically reported to the leaders of the units and to senior management.

GRI 415-1

Political contributions

Dexco does not make political contributions, in accordance with the [Anti-corruption Policy](#), which prohibits expenditures and donations to candidates or political parties, in compliance with applicable legislation. Other types of donations to government bodies may only be made on an exceptional basis and meeting several criteria, in accordance with the formal procedure in the Donation Standard (N0.05). For any donation, a previous reputational analysis by the Compliance Department is required, in addition to the approval of Dexco's steering board and the CEO.

¹ Only 57 of the 178 calls were classified as complaints, in accordance with the table detailed on [page 70](#).

GRI AND SASB SUMMARIES

Statement of use	Dexco reported in accordance with GRI Standards for the period from January 1 st to December 31, 2022.		
GRI 1 Used	GRI 1- Foundation 2021		
GRI Standard / Other source	Disclosure	Location	Omission
GENERAL DISCLOSURES			
GRI 2: General Disclosures 2021	2-1 Organizational details	Integrated Report: 9 , 11 , 15 , 64	
	2-2 Entities included in the organization's sustainability reporting	Integrated Report: 6 , 9 , 10	
	2-3 Reporting period, frequency and contact point	Integrated Report: 6 , 7 , 9	
	2-4 Restatements of information	Integrated Report: 6 , 10 Additionally, the indicator is indexed in the footnotes of the Report, when applicable.	
	2-5 External assurance	Integrated Report: 6 , 7 , 164	
	2-6 Activities, value chain and other business relationships	Integrated Report: 9 , 10 , 12 , 15 , 16 , 47 , 55 , 56 , 62	
	2-7 Employees	Integrated Report: 34 Handbook of Indicators: 111 , 112	
	2-8 Workers who are not employees	Handbook of Indicators: 113	
	2-9 Governance structure and composition	Integrated Report: 64 , 65 , 66 , Handbook of Indicators: 147	
	2-10 Nominating and selecting the highest governance body	Integrated Report: 65 Handbook of Indicators: 148	
	2-11 Chair of the highest governance body	Integrated Report: 65	
	2-12 Role of the highest governance body in overseeing the management of impacts	Integrated Report: 71 Handbook of Indicators: 149	
	2-13 Delegation of responsibility for managing impacts	Integrated Report: 20 , 65 Handbook of Indicators: 146	
	2-14 Role of the highest governance body in sustainability reporting	Integrated Report: 6	

GRI Standard / Other source	Disclosure	Location	Omission
GENERAL DISCLOSURES			
GRI 2: General Disclosures 2021	2-15 Conflicts of interest	Integrated Report: 65, 67 Handbook of Indicators: 149, 150	
	2-16 Communicating critical concerns	Integrated Report: 15, 65 Handbook of Indicators: 146	
	2-17 Collective knowledge of the highest governance body	Integrated Report: 71 Handbook of Indicators: 150	
	2-18 Evaluation of the performance of the highest governance body	Integrated Report: 65 Handbook of Indicators: 150, 151	
	2-19 Remuneration policies	Integrated Report: 64 Handbook of Indicators: 123	
	2-20 Process to determine remuneration	Integrated Report: 64	
	2-21 Annual total compensation ratio	Handbook of Indicators: 123	
	2-22 Statement on sustainable development strategy	Integrated Report: 3, 4	
	2-23 Policy commitments	Integrated Report: 20, 37, 44, 67, 69	
	2-24 Embedding policy commitments	Integrated Report: 64 Handbook of Indicators: 152	
	2-25 Processes to remediate negative impacts	Integrated Report: 44, 59, 70 Handbook of Indicators: 140, 152	
	2-26 Mechanisms for seeking advice and raising concerns	Integrated Report: 70 Handbook of Indicators: 153	
	2-27 Compliance with laws and regulations	Handbook of Indicators: 153	
	2-28 Membership of associations	Handbook of Indicators: 151	
	2-29 Approach to stakeholder engagement	Integrated Report: 53 Handbook of Indicators: 75, 76, 77	
2-30 Collective bargaining agreements	Handbook of Indicators: 123, 124		
MATERIAL TOPICS			
GRI 3 – Material topics 2021	3-1 Process to determine material topics	Integrated Report: 19 Handbook of Indicators: 77	
	3-2 List of material topics	Integrated Report: 19	

GRI Standard / Other source	Disclosure	Location	Omission
MATERIAL TOPIC: ORGANIZATIONAL CULTURE AND PEOPLE MANAGEMENT			
GRI 3: Management approach 2021	3-3 Management of material topics	Integrated Report: 35 , 36 , 41 , 42 , 47 Handbook of Indicators: 116	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Integrated Report: 34 , 41 Handbook of Indicators: 113 , 114 , 115	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Handbook of Indicators: 124	
	401-3 Parental leave	Handbook of Indicators: 125	
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Integrated Report: 24 , 44 Handbook of Indicators: 126 , 127	
	403-2 Hazard identification, risk assessment, and incident investigation	Handbook of Indicators: 127 , 128	
	403-3 Occupational health services	Integrated Report: 44	
	403-4 Worker participation, consultation, and communication on occupational health and safety	Integrated Report: 24 Handbook of Indicators: 128 , 129	
	403-6 Promotion of worker health	Integrated Report: 43	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Handbook of Indicators: 129	
	403-8 Workers covered by an occupational health and safety management system	Handbook of Indicators: 129	
	403-9 Work-related injuries	Handbook of Indicators: 129 , 130	
	403-10 Work-related ill health	Handbook of Indicators: 131	
	GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Integrated Report: 42 Handbook of Indicators: 119
404-2 Programs for upgrading employee skills and transition assistance programs		Integrated Report: 41 , 42 Handbook of Indicators: 120 , 121	
404-3 Percentage of employees receiving regular performance and career development reviews		Handbook of Indicators: 122	
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	Integrated Report: 37 , 39 , 65 Handbook of Indicators: 117 , 118	
	405-2 Ratio of basic salary and remuneration of women to men	Integrated Report: 39 Handbook of Indicators: 119	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Handbook of Indicators: 154	

GRI Standard / Other source	Disclosure	Location	Omission
MATERIAL TOPIC: LOCAL COMMUNITY DEVELOPMENT			
GRI 3: Management approach 2021	3-3 Management of material topics	Integrated Report: 58 Handbook of Indicators: 140 , 141	
GRI 202: Market presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	Handbook of Indicators: 124	
	202-2 Proportion of senior management hired from the local community	Integrated Report: 66	
GRI 203: Indirect economic impacts 2016	203-1 Infrastructure investments and services supported	Integrated Report: 59 , 60 Handbook of Indicators: 142	
	203-2 Significant indirect economic impacts	Integrated Report: 60 Handbook of Indicators: 142	
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	Integrated Report: 27	
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Integrated Report: 58 Handbook of Indicators: 142 , 143	
	413-2 Operations with significant actual and potential negative impacts on local communities	Integrated Report: 57 Handbook of Indicators: 140 , 141	
MATERIAL TOPIC: SUPPLY CHAIN AND TRACEABILITY			
GRI 3: Management approach 2021	3-3 Management of material topics	Integrated Report: 56 , 57 Handbook of Indicators: 137 , 138	
GRI 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers	Handbook of Indicators: 138	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Integrated Report: 56 Handbook of Indicators: 139	Dexco is structuring the disclosure of new suppliers approved using environmental criteria.
	308-2 Negative environmental impacts in the supply chain and actions taken	Integrated Report: 56 , 57 Handbook of Indicators: 139	
GRI 407: Freedom of Association and Collective Bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Handbook of Indicators: 126	
GRI 408: Child labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Integrated Report: 44 , 56 , 57 , 67	
GRI 409: Forced or compulsory labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Integrated Report: 44 , 56 , 67	

GRI Standard / Other source	Disclosure	Location	Omission
MATERIAL TOPIC: SUPPLY CHAIN AND TRACEABILITY			
GRI 414: Supplier social assessment 2016	414-1 New suppliers that were screened using social criteria	Integrated Report: 56 Handbook of Indicators: 139	Dexco is structuring the disclosure of new suppliers approved using environmental criteria.
	414-2 Negative environmental impacts in the supply chain and actions taken	Integrated Report: 56 , 57 Handbook of Indicators: 139	
MATERIAL TOPIC: CLIMATE CHANGE			
GRI 3: Management approach 2021	3-3 Management of material topics	Integrated Report: 28 , Handbook of Indicators: 89 , 90	
GRI 201: Economic performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	Handbook of Indicators: 90	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Integrated Report: 32 Handbook of Indicators: 108 , 109 , 110	
	302-2 Energy consumption outside the organization	Handbook of Indicators: 110	
	302-3 Energy intensity	Handbook of Indicators: 110	
	302-4 Reduction of energy consumption	Handbook of Indicators: 108 , 109 , 110	
	302-5 Reductions in energy requirements of products and services	Handbook of Indicators: 110	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Integrated Report: 29 Handbook of Indicators: 91 , 92	
	305-2 Energy indirect (Scope 2) GHG emissions	Integrated Report: 29 Handbook of Indicators: 91 , 92	
	305-3 Other indirect (Scope 3) GHG emissions	Handbook of Indicators: 91 , 92	
	305-4 GHG emissions intensity	Handbook of Indicators: 92	
	305-5 Reduction of GHG emissions	Integrated Report: 29	
	305-6 Emissions of ozone-depleting substances (ODS)	Handbook of Indicators: 92 , 93	
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Handbook of Indicators: 94	

GRI Standard / Other source	Disclosure	Location	Omission
MATERIAL TOPIC: WATER AND EFFLUENTS			
GRI 3: Management approach 2021	3-3 Management of material topics	Integrated Report: 30 Handbook of Indicators: 94, 95, 96	
GRI 303: Water and effluents 2018	303-1 Interactions with water as a shared resource	Integrated Report: 30 Handbook of Indicators: 94, 95, 96	
	303-2 Management of water discharge-related impacts	Handbook of Indicators: 94, 95, 96	
	303-3 Water withdrawal	Handbook of Indicators: 96	
	303-4 Water discharge	Handbook of Indicators: 97	
	303-5 Water consumption	Handbook of Indicators: 97	
MATERIAL TOPIC: PROFITABILITY AND FINANCIAL PERFORMANCE			
GRI 3: Management approach 2021	3-3 Management of material topics	Integrated Report: 62, 63 Handbook of Indicators: 144, 145	
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	Integrated Report: 62	
	201-4 Financial assistance received from government	Handbook of Indicators: 145	
GRI 207: Tax 2019	207-1 Approach to tax	Handbook of Indicators: 145	
	207-4 Country-by-country reporting	Handbook of Indicators: 146	
MATERIAL TOPIC: RESEARCH AND INNOVATION			
GRI 3: Management approach 2021	3-3 Management of material topics	Integrated Report: 46, 47, 50, 53 Handbook of Indicators: 131, 132	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Handbook of Indicators: 98, 99, 100, 101	
	301-2 Recycled input materials used	Handbook of Indicators: 102	
	301-3 Reclaimed products and their packaging materials	Integrated Report: 31 Handbook of Indicators: 102, 106	
OTHER INDICATORS WITHOUT CORRELATED MATERIAL TOPICS			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Integrated Report: 69	Dexco does not disclose the total number and the percentage of operations assessed for risks related to corruption because the assessment in the company is made on a cross-sectional basis.

GRI Standard / Other source	Disclosure	Location	Omission
OTHER INDICATORS WITHOUT CORRELATED MATERIAL TOPICS			
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	Integrated Report: 69 Handbook of Indicators: 154	Dexco does not disclose the total number and the percentage of employees trained by region.
	205-3 Confirmed incidents of corruption and actions taken	Integrated Report: 69	
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Handbook of Indicators: 154	
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Integrated Report: 25 Handbook of Indicators: 78, 79, 80, 81	
	304-2 Significant impacts of activities, products, and services on biodiversity	Integrated Report: 25, 26	
	304-3 Habitats protected or restored	Integrated Report: 25 Handbook of Indicators: 81, 82, 83, 84, 85	
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Integrated Report: 25 Handbook of Indicators: 85	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Integrated Report: 31 Handbook of Indicators: 103, 104	
	306-2 Management of significant waste-related impacts	Integrated Report: 31 Handbook of Indicators: 103, 104	
	306-3 Waste generated	Handbook of Indicators: 104, 105	
	306-4 Waste diverted from disposal	Integrated Report: 31 Handbook of Indicators: 104, 105	
	306-5 Waste directed to disposal	Integrated Report: 31 Handbook of Indicators: 104, 105	
GRI 415: Public Policy 2016	415-1 Political contributions	Handbook of Indicators: 154	
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Integrated Report: 55 Handbook of Indicators: 133, 134	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Integrated Report: 55	
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Handbook of Indicators: 132, 133	
	417-2 Incidents of non-compliance concerning product and service information and labeling	Handbook of Indicators: 133	
	417-3 Incidents of non-compliance concerning marketing communications	Handbook of Indicators: 133	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Integrated Report: 48	

SASB Topic / Code	Reporting metrics	Location	Omission
SASB: Building Products & Furnishings (CG-BF)			
ENERGY MANAGEMENT IN MANUFACTURING			
CG-BF-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable.	Integrated Report: 32 Handbook of Indicators: 108 , 109 , 110	
MANAGEMENT OF CHEMICALS IN PRODUCTS			
CG-BF-250a.1	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	Handbook of Indicators: 134 , 135 , 136	
CG-BF-250a.2	Percentage of eligible products meeting volatile organic compound (VOC) emissions and content standards	Handbook of Indicators: 136	
PRODUCT LIFECYCLE AND ENVIRONMENTAL IMPACTS			
CG-BF-410a.1	Description of efforts to manage product lifecycle impacts and meet demand for sustainable products	Handbook of Indicators: 106 , 107	
CG-BF-410a.2	(1) Weight of end-of-life material recovered, (2) Percentage of recovered materials recycled	Handbook of Indicators: 106	
WOOD SUPPLY CHAIN MANAGEMENT			
CG-BF-430a.1	(1) Total weight of wood fiber materials purchased, (2) percentage from third-party certified forestlands, (3) percentage by standard, and (4) percentage certified to other wood fiber standards, (5) percentage by standard.	Handbook of Indicators: 87 , 88	
ACTIVITY METRICS			
CG-BF-000.A	Annual production	Integrated Report: 12 , 16 , 17	
CG-BF-000.B	Area of manufacturing facilities	Handbook of Indicators: 75	

SASB Topic / Code	Reporting metrics	Location	Omission
SASB: Forestry Management (RR-FM)			
ECOSYSTEM SERVICES AND IMPACTS			
RR-FM-160a.1	Area of forestland certified to a third-party forest management standard, percentage certified to each standard	Handbook of Indicators: 81 , 82 , 83 , 84 , 85	
RR-FM-160a.2	Area of forestland with protected conservation status	Handbook of Indicators: 78 , 79 , 80 , 81	
RR-FM-160a.3	Area of forestland in endangered species habitat	Handbook of Indicators: 78 , 79 , 80 , 81	
RR-FM-160a.4	Description of the approach to optimize ecosystem service opportunities provided by areas of forestland	Integrated Report: 26 Handbook of Indicators: 86	
RIGHTS OF INDIGENOUS PEOPLES			
RR-FM-210a.1.	Forest area on indigenous lands	Integrated Report: 27	
RR-FM-210a.2.	Description of engagement processes and due diligence practices with respect to human rights, indigenous rights, and the local community	Handbook of Indicators: 143 , 144	
CLIMATE CHANGE ADAPTATION			
RR-FM-450a.1.	Description of the strategy to manage opportunities and risks for forest management and timber production introduced by climate change	Handbook of Indicators: 90	
ACTIVITY METRICS			
RR-FM-000.A	Area of forestland owned, leased, and/or managed by the entity	Handbook of Indicators: 75	
RR-FM-000.B	Aggregate standing timber inventory	Handbook of Indicators: 75	
RR-FM-000.C	Timber harvest volume	Handbook of Indicators: 75	

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Independent auditors' limited assurance report on the non-financial information contained in the Annual Sustainability Report and Greenhouse Gas Emissions Inventory

To
Shareholders, Directors and Management of
Dexco S/A
São Paulo - SP

Introduction

We have been engaged by Dexco S/A (“Dexco” or “Company”) to present our limited assurance report on non-financial information contained in Dexco's 2022 Annual Sustainability Report (“Report”) and the Greenhouse Gas Emissions Inventory, for the year ended December 31, 2022.

Our limited assurance does not extend to prior period information or any other information disclosed in conjunction with the Report, including any embedded images, audio files or videos.

Responsibilities of Dexco's management

Dexco's management is responsible for:

- select and establish appropriate criteria for preparing the information contained in the Report and Greenhouse Gas Emissions Inventory;
- prepare information in accordance with the criteria and guidelines of the Global Reporting Initiative (“GRI Standards”), the Sustainability Accounting Standards Board - Forestry Management and Building Products Furnishings (“SASB”) and for Greenhouse Gas Emissions Inventory accordance with the Brazilian Program GHG Protocol
- design, implement and maintain internal control over the relevant information for the preparation of the indicators and Greenhouse Gas Emissions Inventory, which are free from material distortion, regardless of whether caused by fraud or error.

Responsibility of the independent auditors

Our responsibility is to express a conclusion on non-financial information contained in the Report and Greenhouse Gas Emissions Inventory, based on the limited assurance work carried out in accordance with Technical Communication CTO 07 - Limited Assurance Engagements regarding the non-financial information contained in the Integrated Report issued by the CFC, and based on NBC TO 3000 - Non-Audit Assurance Work and Review, also issued by the CFC, which is equivalent to the international standard ISAE 3000- Assurance engagements other than audits or reviews of historical financial information, issued by the International Auditing and Assurance Standards Board (IAASB)

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And NBC TO 3410 - Assurance Work for Greenhouse Gas Emissions and Climate Change Claims (“NCTO 3410”) which is equivalent to the international standard ISAE 3410 - Assurance Engagements on Greenhouse Gas Statements (IAASB). These standards require the auditor to comply with ethical requirements, independence and other responsibilities related to it, including the application of the Brazilian Quality Control Standard (NBC PA 01) and, therefore, the maintenance of a comprehensive quality control system, including documented policies and procedures on meeting ethical requirements, professional standards, and applicable legal and regulatory requirements.

Additionally, the aforementioned standards require that the work be planned and executed with the objective of obtaining limited assurance that the non-financial information disclosures contained in the Report, taken as a whole, are free of material distortions.

A limited assurance engagement conducted in accordance with NBC TO 3000 (ISAE 3000) and NBC TO 3410 (ISAE 3410) consists primarily of inquiries to Dexco's management and other Company professionals who are involved in preparing the information, as well as the application of analytical procedures to obtain evidence that make it possible to conclude, in the form of a limited assurance, on the information taken as a whole. A limited assurance work also requires the execution of additional procedures, when the independent auditor becomes aware of matters that lead him to believe that the indicators disclosed in the Report and in the Greenhouse Gas Emissions Inventory, taken as a whole, may present material distortions.

The selected procedures were based on our understanding of the aspects related to the compilation, materiality and presentation of information contained in the Report and in the Greenhouse Gas Emissions Inventory, other circumstances of the work and our consideration of areas and processes associated with the material information disclosed in the Report, in what material misstatements could exist. The procedures comprised, among others:

- a) the planning of the work, considering the relevance, the volume of quantitative and qualitative information and the operational systems and internal controls that served as a basis for the preparation of indicators and climate disclosures contained in the Report and in the Greenhouse Gas Emissions Inventory;
- b) understanding the calculation methodology and procedures for compiling indicators and climate disclosures through inquiries with the managers responsible for preparing the information;
- c) the application of analytical procedures on the quantitative information and inquiries about the qualitative information and its correlation with the indicators and climate disclosures contained in the Report and in the Greenhouse Gas Emissions Inventory;
- d) for cases in which non-financial data correlate with indicators of a financial nature, the confrontation of these indicators with the financial statements and/or accounting records.

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The limited assurance work also included adherence to the guidelines and criteria of the GRI Standards, SASB and guidelines of Brazilian Program GHG Protocol applicable in the preparation of information contained in the Report and Greenhouse Gas Emissions Inventory.

We believe that the evidence obtained in our work is sufficient and appropriate to support our limited conclusion.

Scope and limitations

Procedures performed in limited assurance engagements vary in nature and timing and are less extensive than in reasonable assurance engagements. Consequently, the level of assurance obtained in a limited assurance engagement is substantially less than that which would have been obtained if a reasonable assurance engagement had been performed. If we had carried out a reasonable assurance work, we could have identified other matters and possible distortions that may exist in the indicators contained in the Report. Accordingly, we do not express an opinion on this information.

Non-financial data are subject to more inherent limitations than financial data, given the nature and diversity of methods used to determine, calculate or estimate such data. Qualitative interpretations of data materiality, relevance and accuracy are subject to individual assumptions and judgments. Additionally, we did not carry out any work on data reported for previous periods, nor in relation to future projections and targets.

The preparation and presentation of sustainability indicators and climate disclosures followed the GRI Standards, SASB and guidelines Brazilian Program GHG Protocol and, therefore, do not have the objective of ensuring compliance with social, economic, environmental or engineering laws and regulations. The aforementioned standards provide, however, for the presentation and disclosure of any non-compliance with such regulations when sanctions or significant fines occur. Our assurance report must be read and understood in this context, inherent to the selected criteria (GRI Standards, SASB and guidelines of Brazilian Program GHG Protocol).

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Conclusion

Based on the procedures carried out, described in this report and on the evidence obtained, nothing has come to our attention that leads us to believe that the non-financial information contained in Dexco's Report for the year ended December 31, 2022, were not prepared, in all relevant aspects, in accordance with the criteria and guidelines of the Global Reporting Initiative – GRI (“GRI - Standards”), Sustainability Accounting Standards Board (“SASB”) and Brazilian Program GHG Protocol.

São Paulo (SP), May 15th, 2023.

Ernst & Young

Audidores Independentes S/S Ltda.
CRC SP- 034519/O



Leonardo Masseli Dutra
Sustainability Partner



Flavio A. Machado
Accountant CRC MG - 065.899/O-2

Dexco's Coordination
Investor Relations Management
ESG Management

Editorial project, writing, editing and proofreading
Quintal 22

Graphic project and design
107artedesign

Consulting services for indicator and materiality
Avesso Sustentabilidade

Pictures
Dexco's Collection

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