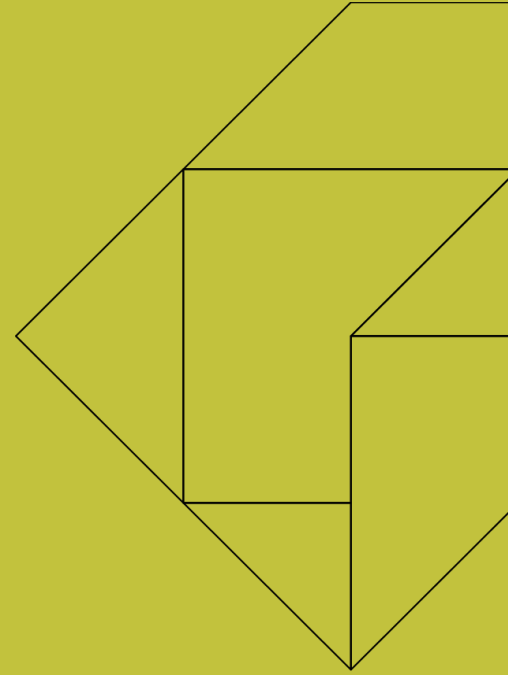


2023 Results Report



**Program**  
**Supplier**  
**Management**  
**Dexco**



## INTRODUCTION

Launched in 2012, the Dexco Supplier Management Program (GFD) is a strategic initiative aimed at consolidating a Responsible Supply Chain. Through assessments, face-to-face audits and ongoing encouragement for the integration of sustainable practices, the program seeks to raise standards throughout Dexco's supply chain.

To date, GFD has conducted more than 1,700 independent assessments and conducted 268 on-site audits, as well as 65 remote inspections. These efforts involved approximately 650 suppliers, which are essential to successive annual improvement and evaluation cycles. The following is a timeline that highlights the evolution and significant milestones of the Program:

### Timeline

Launch	Submission of self-assessment questionnaires
<b>2013</b>	24 visits
<b>2014</b>	84 reviews and 31 visits
<b>2015</b>	117 reviews and 30 visits
<b>2016</b>	125 reviews and 32 visits
<b>2017</b>	145 reviews and 31 visits
<b>2018</b>	156 reviews and 31 visits
<b>2019</b>	191 reviews and 31 visits
<b>2020</b>	192 reviews and 31 visits
<b>2021</b>	208 reviews and 30 visits
<b>2022</b>	264 reviews and 30 visits
<b>2023</b>	236 reviews and 29 visits

Since the implementation of the GFD Program, Gestão Origami has been Dexco's partner consultancy in the implementation of the project, supporting the supplier management process. This partnership involves the preparation and implementation of supplier self-assessment questionnaires, the consolidation and analysis of responses, the preparation of this report and the conduct of audit visits. These visits are essential to identify critical areas of improvement and notable aspects, in addition to providing support in the implementation of strategic actions, innovative processes and improvement initiatives aimed at raising the social and environmental standards of suppliers.

The GFD Program has already demonstrated tangible results and significant progress in the social and environmental practices of the suppliers involved. This is evidenced by the progress

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in evaluations from one cycle to another, which begins in January and ends in December. The compilation and analysis of the data, together with the observations collected on the ground, provide a comprehensive and strategic view on risk management and the maximization of economic, social and environmental benefits. This information is crucial to guide the Program's plans and objectives, aligning them with the Company's strategy, investments and management approach.

This report aims to present the consolidated data of the eleventh edition of the Dexco Supplier Management Program, held in 2023. It also aims to recognize and exalt suppliers who have excelled in the implementation of exemplary practices in the management of their activities and processes, and in the efficient conduct of their business, contributing significantly to Dexco's strategic objectives and to the sustainability of the sector.

## SUSTAINABLE SUPPLY CHAIN MANAGEMENT

The GFD program encompasses a structured management process, defined by socio-environmental, economic, compliance and quality criteria, which aims to create synergy and share Dexco's purpose with its suppliers.. The Program is one of the Company's main mechanisms for managing the relationship with suppliers and is used as a tool to mitigate risks related to the value chain and also encourage increasingly ethical and responsible business.

In 2017, Dexco structured its Sustainable Procurement System to map its supply chain and prioritize the different purchase categories. Thus, it was possible to carry out specific actions for each category, considering its criticality profile and mapping the facilitators of the defined processes and the formalization of the criteria for planning, specification, selection, evaluation and monitoring of suppliers.

With this System, the suppliers that participate in the GFD Program are selected annually, based on the analysis of a criticality matrix, which evaluates, in an axis, the Relevance of the Category, considering:

1. Reduced production/productivity;
2. Influence on the product;
3. Influence on cost;

And, in another axis, the Sustainability Risk, considering:

1. Exposure and incidence of socio-environmental problems;

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2. Co-responsibility (probability);
3. Reputation (probability).

The chart below reveals the construction logic of Dexco's supply chain criticality matrix:

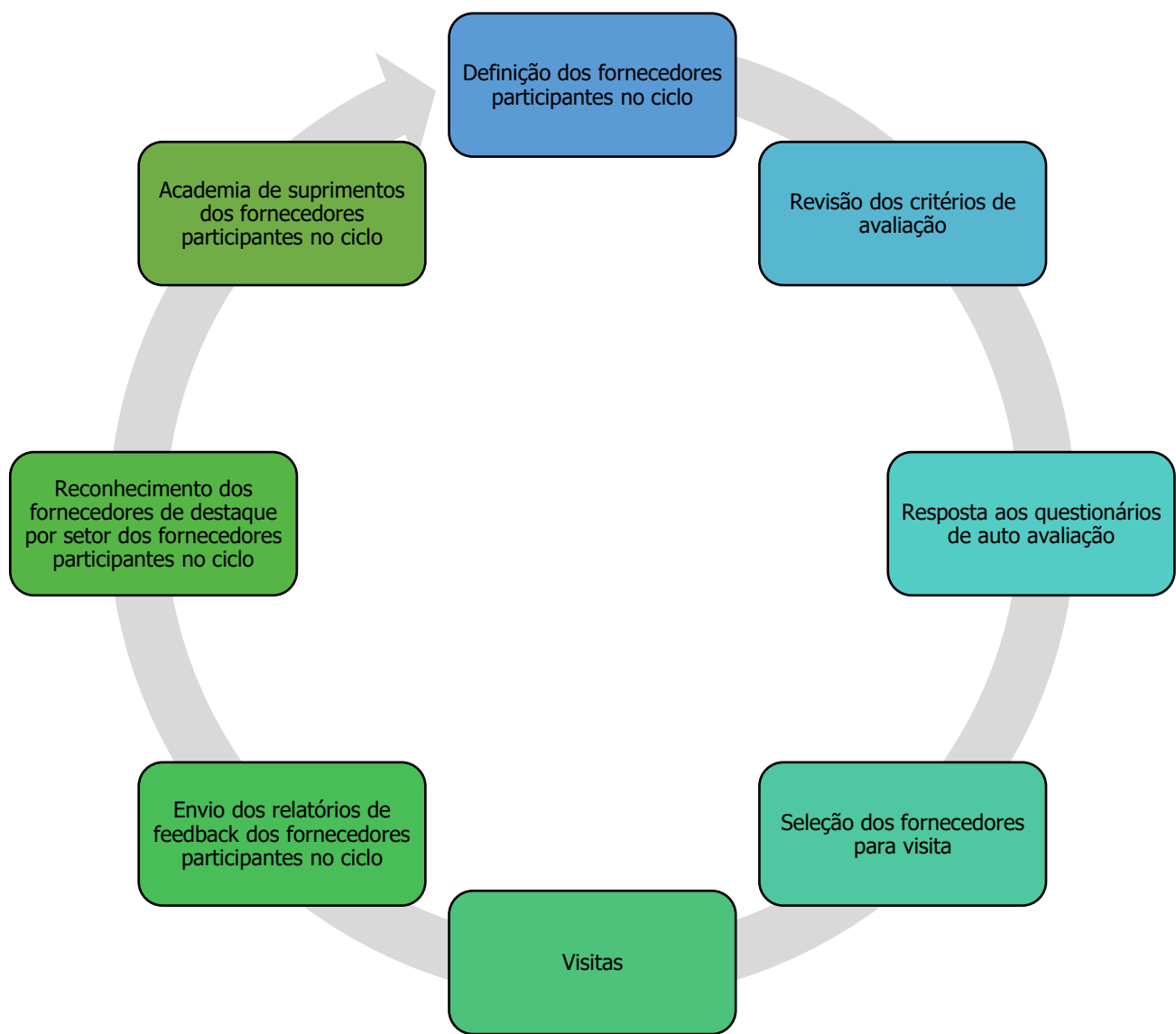
<b>Category Relevance</b>				
Discharge	<b>Medium criticality</b>	<b>Critical</b>	<b>Very critical</b>	
Average	<b>Low criticality</b>	<b>Medium criticality</b>	<b>Critical</b>	
Low				
	Low	Medium	High	
	<b>Sustainability Risk</b>			

The GFD program includes critical and very critical suppliers to complete the self-assessment questionnaire. For on-site and online audits, companies that presented a score lower than 6.0 in the self-assessment questionnaire are considered, as well as companies that presented significant positive or negative evolution in the Program. Suppliers who performed very well in the questionnaire are also visited and evaluated for possible recognition of their practices.

After the on-site and online analyses, specific reports are generated for each of the suppliers visited, which includes their outstanding practices, their points of attention and an Action Plan to support them in the adequacy of the issues scored.

Vendors with significant aspects for development are evaluated annually. If there is no evolution in your score and the supplier offers some type of social and environmental risk to Dexco, the supplier may stop supplying products to the company. It is worth noting that Dexco offers opportunities for improvement for the supplier and the GFD Program is another of the main tools for developing the supply chain. See below for the annual cycle of the GFD Program.

### Annual cycle GFD Program



### DIMENSIONS OF ANALYSIS OF THE GFD PROGRAM

The evaluation of suppliers' social and environmental practices in the GFD program encompasses seven dimensions of analysis, each of which is composed of a set of specific

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questions, which have different weights according to the sector and the size of the responding companies.

The dimensions of analysis are:

#### COMPLIANCE

The Compliance dimension represents the fulfillment of legal and technical requirements on the different fronts of the business for better management and minimization of the organization's risks. Compliance is extremely relevant, since failure to comply with some legal requirements and obligations can lead to sanctions, financial losses, difficulties in obtaining or renewing operating licenses, as well as important negative impacts on the organization's image. In this dimension, compliance with all legal obligations applicable to the organization is assessed. To ensure the best analysis of the data, in the on-site and online visits, the presentation of documentation, certificates and certificates that prove the regularity of the supplier is requested.

#### LABOR

Labor relations can be defined as the company's practices and rules that structure the relationship with its employees. The processes and practices adopted in the company for a structured management of human resources are part of the analysis of this dimension, such as employee remuneration, training, career development, standards of conduct and compliance with legislation related to the hiring of young apprentices and people with disabilities.

#### HEALTH AND SAFETY

The health and safety dimension includes the actions and policies adopted by the company to ensure a safe and healthy work environment, minimizing the risk of accidents and occupational diseases, in addition to protecting the integrity, productivity, and physical and mental health of employees. In this dimension, consistent practices in the areas of Health and Safety that reinforce the company's commitment to the subject, reduce costs associated with diseases and accidents, and enhance the organization's image are analyzed.

#### ENVIRONMENT

The environment within a company encompasses environmental management practices that aim to reduce as much as possible the environmental impacts resulting from its economic activities. The rational use of natural resources, the development of initiatives that seek the

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conservation of biodiversity, the adoption of systems for the treatment and proper disposal of solid waste, the treatment and reuse of water and other resources in production processes are some of the initiatives analyzed in this dimension. Efficient environmental management is directly connected to the sustainability of the business, reducing its costs, as well as preventing risks and penalties arising from non-compliance with applicable standards or legal requirements.

#### RELATIONSHIP WITH THE ENVIRONMENT

This dimension is related to the set of initiatives aimed at a positive relationship with the communities located near the company's operations. The management of the impacts of operations on communities must be conducted with respect for the characteristics and particularities of the peoples impacted by the business and valuing involvement in debates that affect them directly or indirectly. The establishment of dialogue on the impact of operations helps in the recognition and treatment of conflict situations, as well as in the promotion of local development or assistance projects that address the specific needs of that community. The inclusion of the surrounding communities is part of building a relationship of trust and transparency, which brings shared benefits and contributes to the company's good reputation

#### ETHICS AND HUMAN RIGHTS

The ethical and human rights dimension is extremely important and includes the set of principles, guidelines and practices that involve the management of sensitive issues, such as child, forced or slave labor, breaches of conduct and the management of corruption at different scales, unfair competition practices, the use of force by property security agents, promotion of gender equality, combating the sexual exploitation of children and adolescents, among others. In this dimension, the formal policies to address such issues and the implementation of effective and impartial inspection mechanisms, complaints and denunciations that legitimize the company's actions are analyzed, demonstrating respect for current legislation and conventions. Its great relevance is also from the point of view of human resources, who recognize the company as a safe and proactive place to combat possible deviations, with efficient reprimands and sanctions and with the adoption of actions to combat practices that disrespect the principles of Ethics and Human Rights. Transparency in the management of these issues brings benefits shared between the company, society and workers, avoiding risks of damage to the image and financial risks arising from complaints or criminal sanctions.

#### MANAGEMENT FOR SUSTAINABILITY

This dimension integrates social and environmental aspects related to the company's operation and value chain, taking into account the life cycle of the products and services offered, aiming to promote the adoption of policies and practices that allow for efficiency in

production processes and reduce the social and environmental impacts generated. In this dimension, initiatives aimed at supply chain management are evaluated, aiming at identifying and addressing their social and environmental impacts and risks, product and packaging recovery actions, and Research and Development (R&D) initiatives for products and services. Such actions have an impact on cost reduction, increased efficiency and generate benefits to the organization's image.

## **EVOLUTION OF THE GFD PROGRAM IN 2023**

As part of the process of improving the GFD Program, in 2023, the annual review of the supplier self-assessment questionnaire was carried out. This process seeks to reflect the dynamics of the evolution of socio-environmental issues in society.

In the sphere of the Environment, the 2023 review introduced significant advances, as can be seen below:

- **Biodiversity and Legislation:** For a deeper understanding of biodiversity conservation and compliance with the Forest Code, questions were integrated to assess the regularity in relation to legally protected areas (APP and Legal Reserve). In addition, we sought to understand the proximity of the suppliers' production units to essential areas for the conservation of biodiversity and conservation units, as well as areas under embargo by Ibama. This environmental risk management is critical for suppliers to identify and manage environmental risks, avoiding negative impacts that could arise from unsustainable practices.
- **Greenhouse Gases:** Existing questions about quantifying, controlling, and targeting greenhouse gas emissions have been expanded to include specific analysis of emissions related to land-use change, particularly for companies in the energy sector. This approach is especially important for energy companies, where emissions related to land-use change can be significant. By identifying and quantifying these aspects, the company can set more informed and realistic targets for emissions reduction, align with global sustainability standards, and demonstrate commitment to climate change mitigation.

In the context of the Relationship with the Environment:

- **Archaeological Heritage:** A question was introduced about the location of production units in archaeological heritage areas, aiming to ensure sustainable practices and respect for cultural heritage. This question allows us to understand whether suppliers are



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operating in compliance with archaeological heritage protection laws and whether they are adopting sustainable and respectful practices.

In the field of Ethics and Human Rights:

- **Risk Analysis:** The incorporation of questions about risk analysis by suppliers highlights the importance of effective, responsible and proactive business management. By assessing how suppliers identify, analyze and manage the risks to which they are exposed, Dexco can measure the robustness and maturity of its supply chain risk management processes. This is crucial, as the risks faced by suppliers can directly impact the company's operation, reputation, and financial sustainability. With this information, Dexco can prioritize partnerships with suppliers that demonstrate a proactive approach to risk management.
- **Integrity in Supplier Selection:** The new question about integrity criteria in supplier selection accentuates the need for compliance and ethical practices in the supply chain. This question allows us to assess the extent to which suppliers adopt due diligence and integrity practices, which are essential to mitigate legal, financial and reputational risks. By verifying that suppliers apply integrity criteria, conduct reputational reviews, and verify the existence of criminal or judicial proceedings, the company can identify and prevent associations with potentially problematic entities or entities that do not align with its corporate values. This is particularly relevant in a context of increasing focus on corporate responsibility and transparency, where supply chain failures can have significant implications.
- **Whistleblowing Channel:** The inclusion of a question about the existence and effectiveness of a Whistleblowing Channel underlines the importance of transparency and corporate accountability. This question evaluates whether suppliers have effective mechanisms for reporting and dealing with illegal practices, such as embezzlement, moral harassment or unethical actions. The presence of an effective Whistleblowing Channel, accompanied by a defined flow for investigating and handling complaints, reflects the supplier's commitment to legal compliance and business ethics. In addition, the dissemination of this channel to the external public and employees demonstrates a proactive and transparent approach to corporate responsibility and the fight against corruption.
- **Ethics and Conduct Training:** The new issue, focused on suppliers who have employees who work within Dexco's units, emphasizes the importance of educating suppliers' employees about Dexco's ethical practices and policies, ensuring operations align with high standards of professional conduct and legality. By ensuring that these employees

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receive appropriate training and have access to Dexco's Supplier Conduct Guide, the company fosters a consistent culture of ethics throughout its supply chain.

These innovations in the supplier self-assessment questionnaire reflect Dexco's ongoing commitment to sustainability, corporate governance and integrity in its operations and supply chain management.

## **2023 RESULTS**

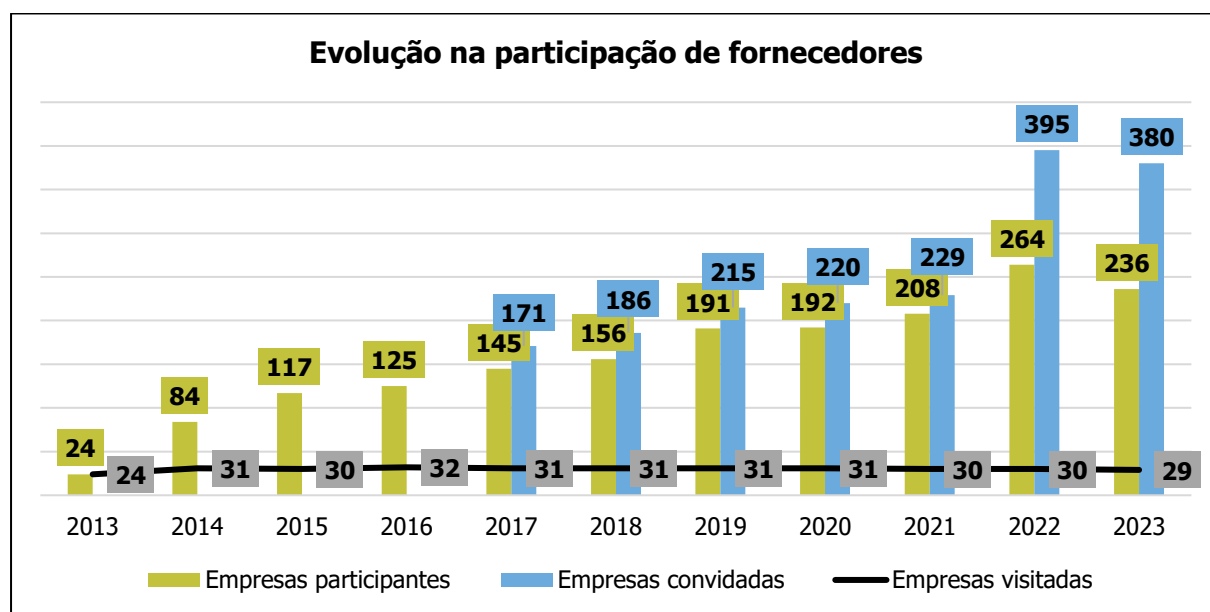
### **SUPPLIER PARTICIPATION**

In 2023, in the 11th year of the GFD Programme, 380 suppliers were invited to respond to the self-assessment questionnaire. The selection of these companies was carried out by the Procurement area, based on the representativeness of the supplier in Dexco's spending, the

## Dexco Supplier Management 2023 Results Report

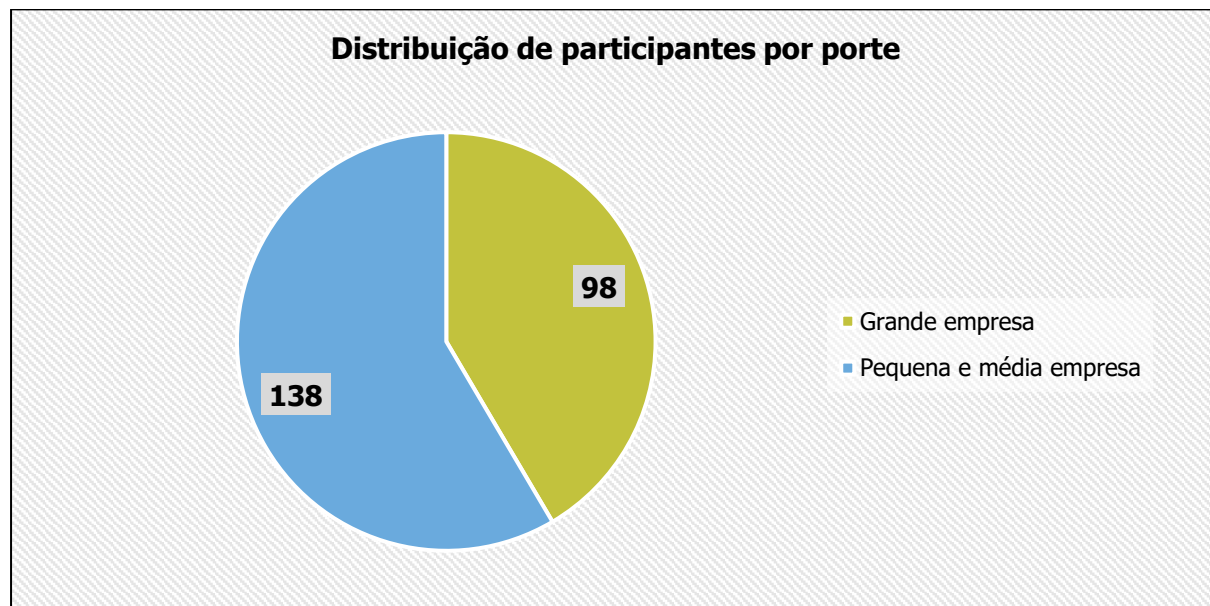
criticality of the sector in which it operates and the history of the supplier's participation in the GFD. Of these, there were 236 respondents, representing 62% of the invited suppliers, 78% of the guest suppliers' spend, and 53% of Dexco's total supplier spending.

Annually, of the total number of suppliers participating in the Program, about 30 suppliers are evaluated in more depth through an on-site or remote visit.

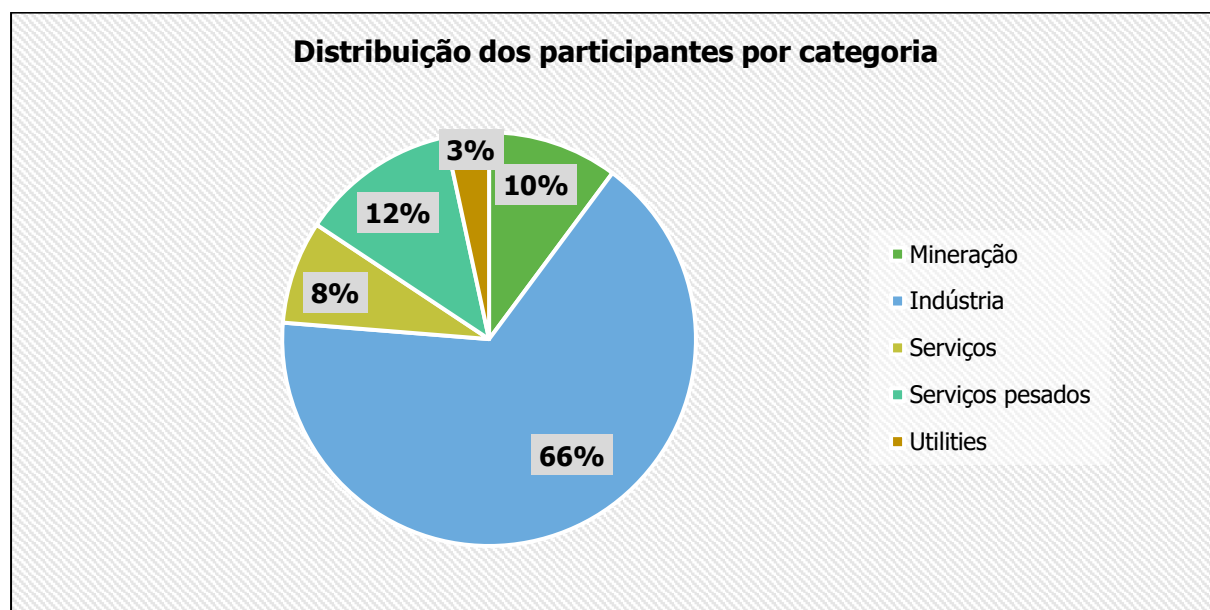


**Graph 1:** Evolution in supplier participation

Chart 1 shows that the number of suppliers invited to participate in the GFD Program in 2022 and 2023 was relatively higher overall, with an increasing increase in 2022. This increase is due to Dexco's higher spending in 2021 and 2022, which consequently expanded the number of critical and very critical suppliers in its supplier base. It is important to note that the supplier base evaluated always refers to the previous year.



**Graph 2:** Distribution of participants by size.



**Figure 3:** Distribution of participants by category

There is a concentration of the participation of small and medium-sized enterprises (SMEs) in Industry and Heavy Services, as has historically been the case in the GFD. Comparatively, in 2022, 36% of suppliers were large enterprises, while 64% were SMEs. In 2023, there was an adjustment in the proportion, with 42% representing large companies and 58% SMEs, showing an increase in the participation of large companies in the GFD suppliers.

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Specifically in the Industry sector, we noticed a fluctuating trajectory in participation over the years: a decrease between 2018, 2019 and 2020 (58% in 2018, 49% in 2019 and 40% in 2020), followed by an increase to 50% in 2021 and a significant increase to 70% in 2022. However, in 2023, the Industry sector experienced a 6% reduction, resulting in a 66% share. Likewise, the Heavy Services sector, traditionally with greater representativeness, recorded a decrease of 23% in 2023, equivalent to 12.3% of total suppliers.

On the other hand, the Mining sector showed remarkable growth: from a representativeness of 6.1% in 2022 to 10.2% in 2023, an increase of 68%. In addition, the Services and Utilities sectors also showed growth in their shares, from 6.4% to 8.1% and from 1.5% to 3.4%, respectively, in the same period. These changes in the composition of GFD Program suppliers are indicative of continued evolution and diversified supply chain dynamics, reflecting market trends and *the* company's sourcing strategies.

## PERFORMANCE IN THE PROGRAM

In 2023, participating suppliers achieved an average consolidated score in the GFD Program of 7.56, up from 7.29 for suppliers in 2022.

Looking at the fluctuations in the scores since 2016, it is noted that in 2020, there had already been a decrease in the average score, due to the inclusion of new questions in the questionnaire submitted to suppliers, as well as the entry of new suppliers into the Program, after the acquisition of the companies Ceusa (2017), and Cecrisa (2019), owner of the Portinari brand.

However, in 2021, supplier performance rose moderately again. It is important to highlight that, in 2020 and 2021, the pandemic instituted a crisis in the country, which affected the financial and structural health of many suppliers. This issue may have influenced the planning of social and environmental actions of companies.

In 2022, there was a reduction that can be associated with the evaluation of new suppliers, and in 2022, 142 new suppliers entered the base, which represents 54% of the total participants. Of these, 48% had a score below 7.0. The restructuring of companies in the post-pandemic scenario and economic inflation are also issues that can be associated with the decrease in suppliers' ratings.

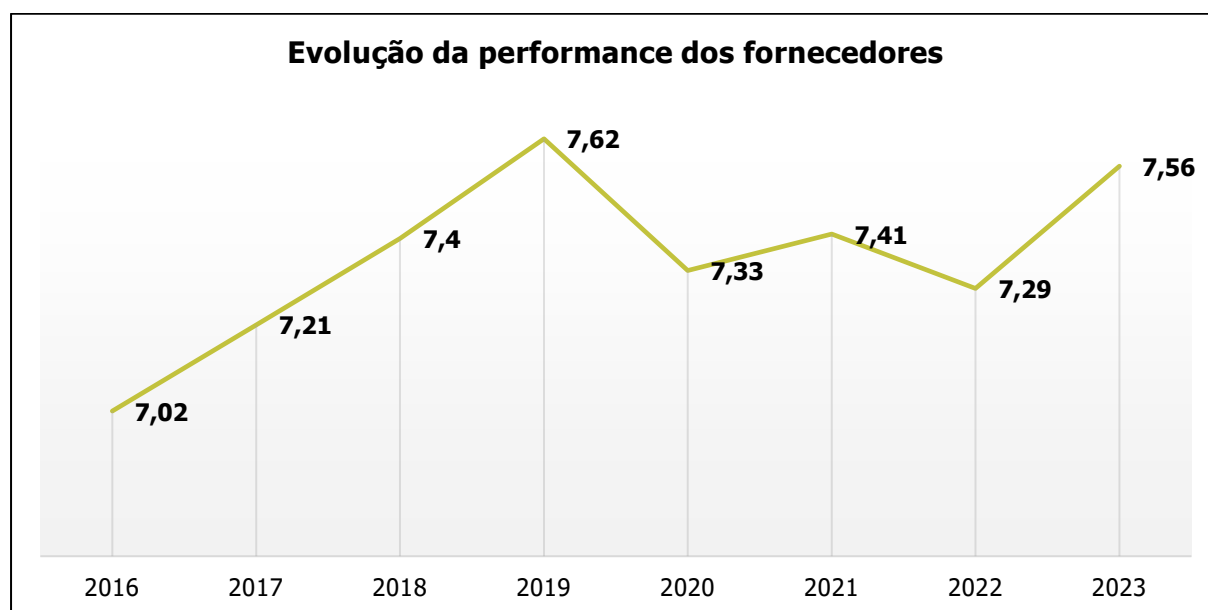
In 2023, a positive trend was observed in the GFD Program, with a significant increase in supplier scoring. Among the 101 new suppliers that joined the program this year, 54% of them achieved a score higher than 7. In addition, among vendors who were participating for the second year in a row, 68% demonstrated an improvement in their evaluations. This

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progress reflects not only the commitment and ability of suppliers to raise their performance standards, but also shows the effectiveness of the GFD Program as a catalyst for continuous improvement.

The chart below shows the evaluation of suppliers as of 2016:



Note: The chart above considers from 2016, when the questionnaire was revised, with the inclusion of new questions.

**Graph 4:** Evolution of supplier performance

Notably, Utilities companies showed a positive advance in their score, being the sector that had the highest GFD score in 2023 (8.56). As is usually the case in the GFD, foreign companies also have an extremely positive evaluation (8.10), followed by companies in the Heavy Services Large Companies sector (7.98), Services Large Companies (7.94) and Industry, Large Companies (7.79). On the other hand, the SME Services sector was the one with the worst evaluation (6.99), a result lower than in previous years.

The Table below shows the average score of suppliers in 2021, 2022 and 2023, by sector and size.

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Sector	Number of companies	Average Grade 2021	Average Grade 2022	Average Grade 2023	Variation 21/22	Variation 22/23
Foreign	32	8,65	8,15	8,10	-6%	-1%
Industry: Large	41	7,85	7,8	7,79	-1%	0%
Industry: SME	83	6,89	6,96	7,37	1%	6%
Mining: SME	24	7	6,99	7,17	0%	3%
Heavy Duty: Large	13	7,62	8,03	7,98	5%	-1%
Heavy Duty: SME	16	7,37	7,12	7,11	-3%	0%
Services: Large	4	7	9,4	7,94	34%	-16%
Services: SMEs	15	7,54	7,37	6,99	-2%	-5%
Utilities: Large	8	7,88	7,4	8,56	-6%	16%
<b>Total</b>	<b>236</b>	<b>7,41</b>	<b>7,29</b>	<b>7,56</b>	<b>-2%</b>	<b>4%</b>

**Table 1:** Average score of participating suppliers in 2023, by sector and size.

Table 1 shows that the Large Enterprise Services sector had the worst development in its evaluation, going from 9.4 in 2022 to 7.94 in 2023, a result closer to previous years. It is worth noting that in 2022 only one company responded to the Large Company Services questionnaire, raising the category's score to 9.4, not being considered as an overall score in the sector due to the lack of representativeness.

Also, it can be seen in Table 1 that SME Services also had a negative evolution of 5%. As shown in Table 2, it is important to note that 60% of SME Services companies are participating for the first year, which may have caused a significant decrease in SME Service providers' scores as of the suppliers who participated for the second year, 5 out of 6 showed an improvement in their evaluation.

On the other hand, it is important to highlight that the SME Industry showed an improvement of 6% in its evaluation, as can be seen in Table 1. Notably, 36 out of 49 suppliers participating for the second year showed an improvement in their evaluation, increasing the sector's score, as can be seen in Table 2.

Table 2 shows the evolution of participants between 2022 and 2023 and the percentage of new suppliers participating.

Sector	Number of companies	Average Rating	Improvement	Worsening	1st year
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Foreign	32	8,10	13	5	14
Industry: Large	41	7,79	16	10	15
Industry: SME	83	7,37	36	13	34
Mining: SME	24	7,17	9	5	10
Heavy Duty: Large	13	7,98	6	4	3
Heavy Duty: SME	16	7,11	5	1	10
Services: Large	4	7,94	0	3	1
Services: SMEs	15	6,99	5	1	9
Utilities: Large	8	8,56	3	0	5
<b>Total</b>	<b>236</b>	<b>7,56</b>	<b>93</b>	<b>42</b>	<b>101</b>

**Table 2:** Evolution of suppliers participating in GFD for the second year and percentage of new suppliers.

In 2022, the percentage of suppliers that obtained an evaluation score equal to or above 8.0 in the GFD increased from 28% to 34%. Likewise, participants with a score between 7.0 and 8.0 went from 31% to 33%, while suppliers with a score between 6.0 and 7.0 went from 34% to 29% of the total. It is important to note that, during the years 2022 and 2023, a significant milestone was observed: no supplier recorded a performance lower than a score of 5.0. This result aligns with the goal of achieving zero suppliers with scores below 5 by the year 2030, demonstrating remarkable and consistent progress towards this goal.

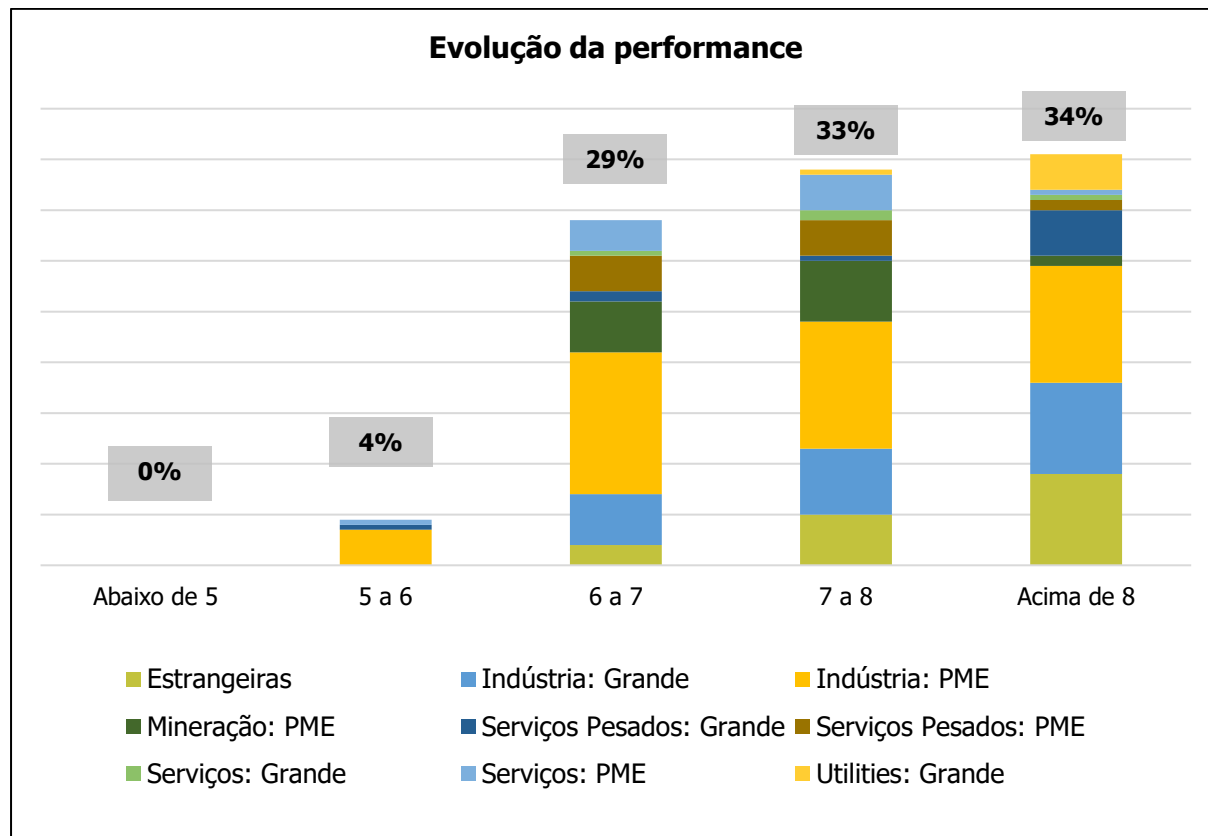
It is important to note that, in 2023, a company was removed from Dexco's supplier base due to unsatisfactory results in the Supplier Management Program. This company, after receiving a low rating, was the subject of a visit in which improvements were suggested. However, over the years, it has not shown significant progress. As a consequence, the decision to remove it from Dexco's list of suppliers was made.

It is noteworthy that 4% of the suppliers obtained scores lower than 6.0 (totaling 9 participants). This group received specific recommendations for improvements, which will be monitored in subsequent editions of the program. This segment represents a strategic focus for Dexco, which is committed to supporting these suppliers in the process of evolving and improving their performance.

Thus, a positive evolution was observed in supplier evaluations in 2023, evidencing the continuous improvement of the GFD Program in improving standards and effectiveness in the supply chain. This progress is in line with the goal of achieving a 10% increase in the average score of suppliers by 2025 from the base year of 2020, equivalent to an average evaluation score of 8, demonstrating consistent progress towards this goal.



Chart 5 shows the variation in participants' performance in 2023 by category.



**Chart 5:** Evolution of supplier performance in 2023.

## ASSESSMENT BY DIMENSION

For each of the dimensions analyzed, the adherence of the suppliers to the themes covered in the analyses is evaluated, i.e., the extent to which the suppliers, in a consolidated manner, have practices or policies that address the respective themes.

Supplier analysis across multiple dimensions shows continuous improvement in practices and policies, as evidenced by the annual charts. On issues of compliance, health and safety, and

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the environment, suppliers demonstrate high adherence. However, the dimensions of management, ethics and human rights, and labor have lower adherences, indicating areas for improvement. The Utilities sector of large companies stands out positively.

Conformity and the relationship with the environment are areas with high adherence, showing a consistent evolution over the years. By contrast, the management dimension for sustainability remains a challenge, with low levels of adherence across all sectors. There are notable differences between large companies and SMEs in a number of dimensions, especially in ethics and human and labour rights, suggesting that SMEs need to improve their practices in these areas.

The annual charts reveal a trend of improvement in SME scores in various dimensions over time, although there is still room for significant advancement, especially in management and labor practices. In summary, the graphs show an evolution in supplier practices, with areas of prominence and others that need further development, especially among SMEs. This explanation is detailed below.

As shown in Chart 6 below, in general, as in previous years, the topics related to regulation and/or legislation naturally have a greater adherence by suppliers, such as the issues of Compliance (average adherence of 93%), Health and Safety (79%), and Environment (73%), while the issues related to the Management dimensions (49%), Ethics and Human Rights (59%) and Labor (54%) have a lower level of adherence.

In the chart below, it is also possible to observe the comparison of the sectors, where the best performance is observed in the Utilities sector.

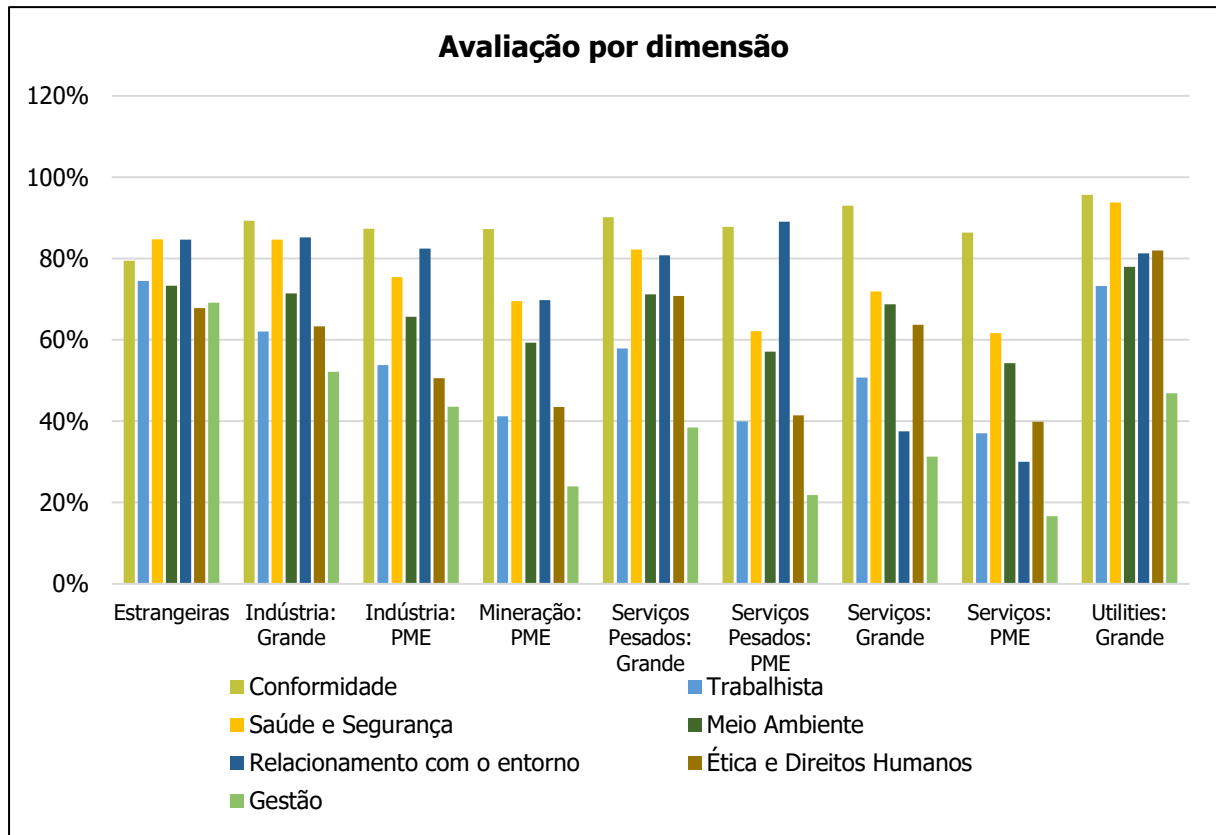
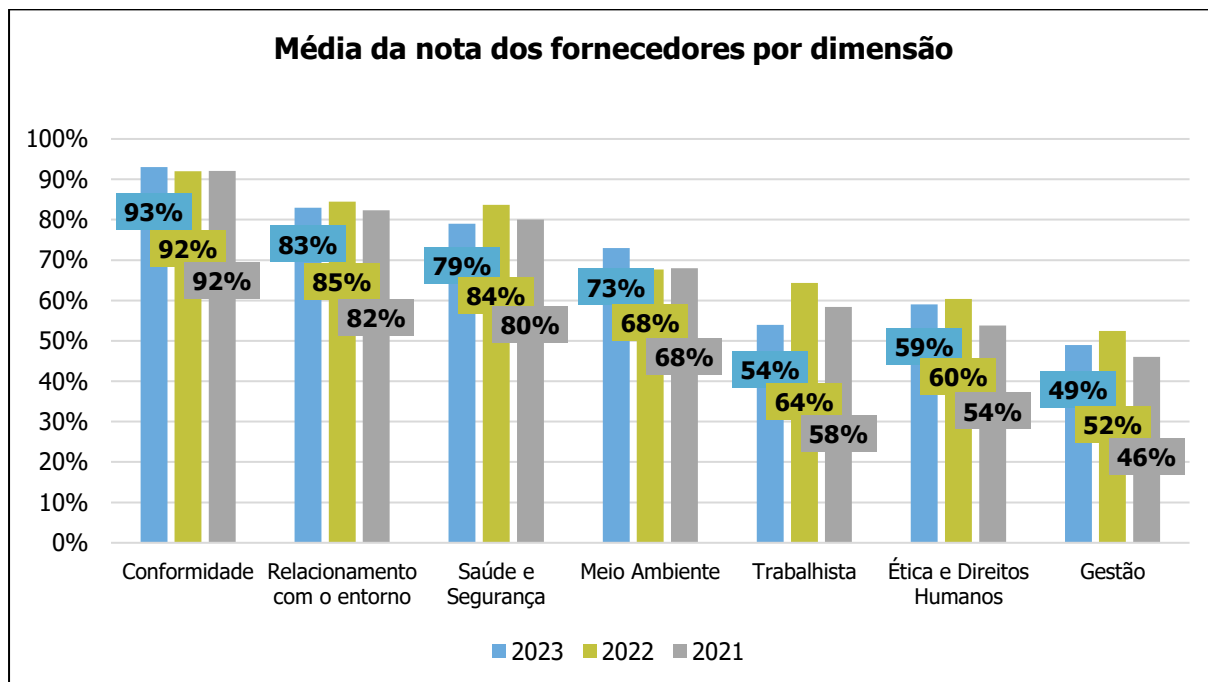


Figure 6: Evaluation of suppliers by size.

As can be seen in Chart 7, Compliance and Relationship with the Environment were the themes that had the greatest adherence in the GFD Program in 2023. It is important to highlight that Relationship with the environment has shown an evolution over the last few years. The dimension's scores in 2020, 2021, 2022 and 2023 were, respectively, 66%, 82%, 85% and 83%, showing the greater commitment of suppliers to the topic over the years.

On the other hand, the Management for Sustainability dimension, as a historical dimension in the GFD Program, presented the worst level of adherence, of 49% in all sectors covered. This dimension has evolved little in recent years, with adherence of 52% in 2022, 46% in 2021 and 43% in 2020. This assessment shows that sustainability promotion practices among suppliers and their supply chain are not being prioritized among suppliers and is a point where suppliers need to develop.

In Chart 7, it is possible to observe the evolution of suppliers, from 2021, 2022 and 2023, in each of the dimensions evaluated.



Graph 7: Overall score by dimension analysed.

Chart 8 below shows the comparison of scores by size in Small and Medium Enterprises (SMEs) and Large Enterprises. In this, there is a difference between large companies and small and medium-sized companies, especially in the dimensions that are not related to the Compliance dimension.

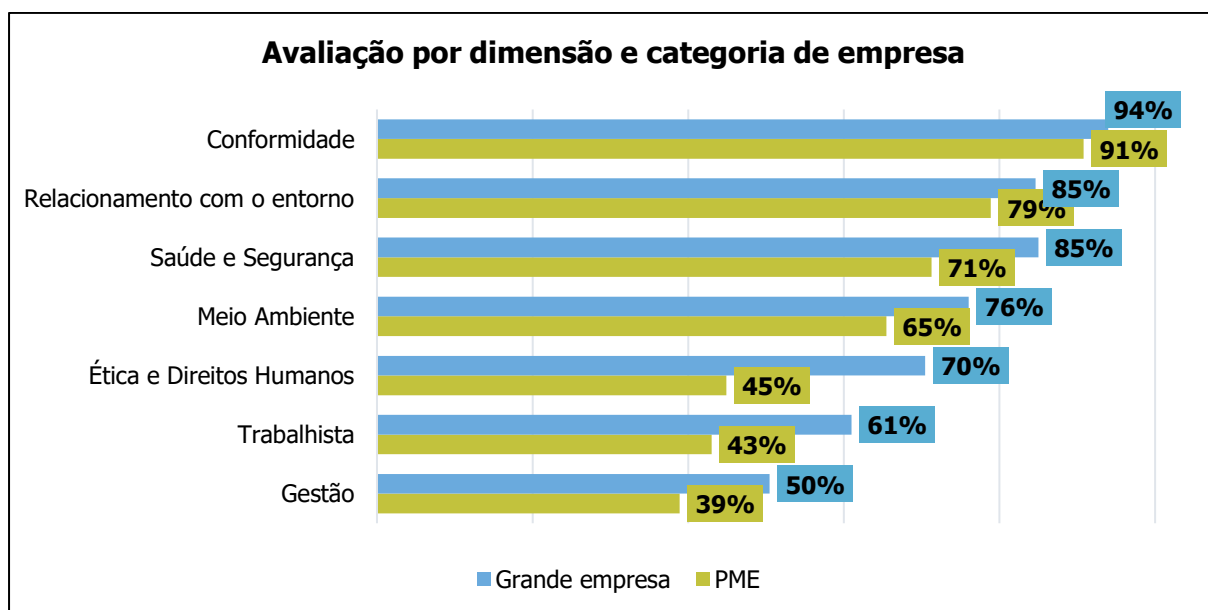


Figure 8: Valuation by size and category of company

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As can be seen in Chart 8, although the SME score was lower in all categories, in the Ethics and Human Rights dimension, this difference is even greater, with the score being 26 percentage points lower than the adherence measured by large companies (45% versus 70% respectively). This note shows that SMEs need to improve their practices regarding Ethics and Integrity issues internally and in their chain. This difference can also be observed in the Labor dimension, where SMEs have a difference of 18 percentage points lower than the measured adherence of large companies (43% versus 61% respectively). This can indicate areas where labor practices need greater attention and improvement.

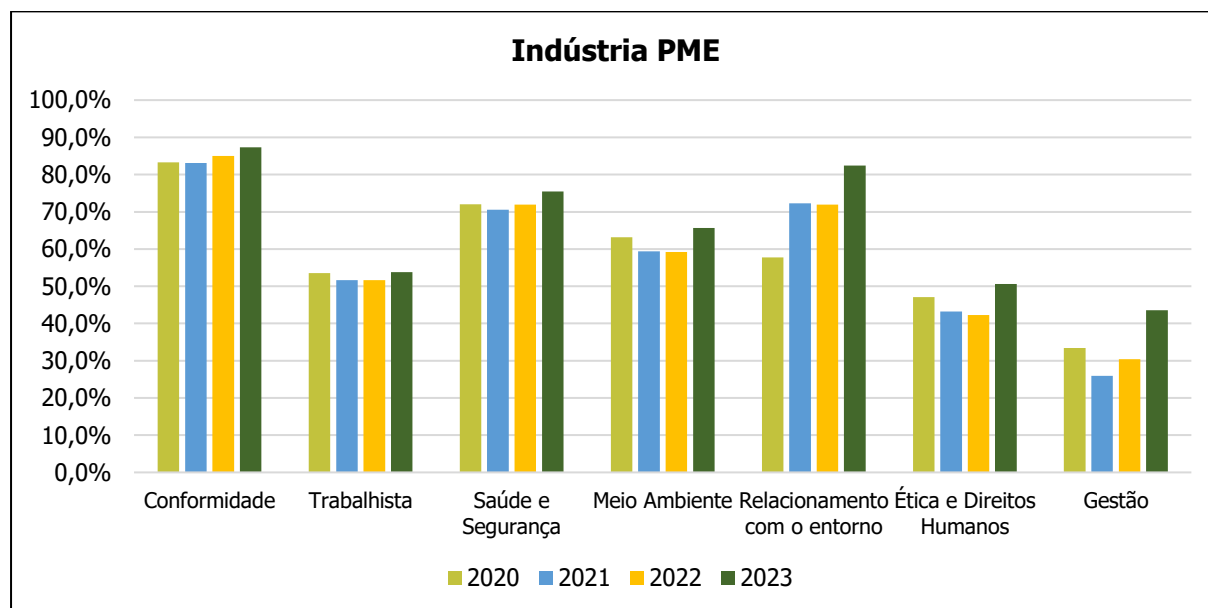
Compliance, as with the history of the GFD Program, is a dimension that has high adherence. In 2023, with a special emphasis on Utilities (96%) and Large Services companies (93%), which have the highest rates. This suggests a strong commitment to the regulations and standards required by the program.

The Health and Safety theme also generally presents a positive evaluation in the GFD Program, mainly due to the existence of demanding legislation and regulatory standards in Brazil in relation to this topic, requiring, especially from large companies, a responsible performance that guarantees safe and healthy working conditions for employees. In 2023, Utilities and Industries providers in general showed high success rates in this category. However, there is room for improvement among SMEs, particularly in Heavy Services and Services, suggesting the need to strengthen health and safety policies.

It is also important to highlight the Environment dimension, where it is possible to observe that environmental concern is consistent, with suppliers performing well in the theme, although SMEs in Mining, Services and Heavy Services have slightly lower rates, which may reflect the specific challenges of these sectors.

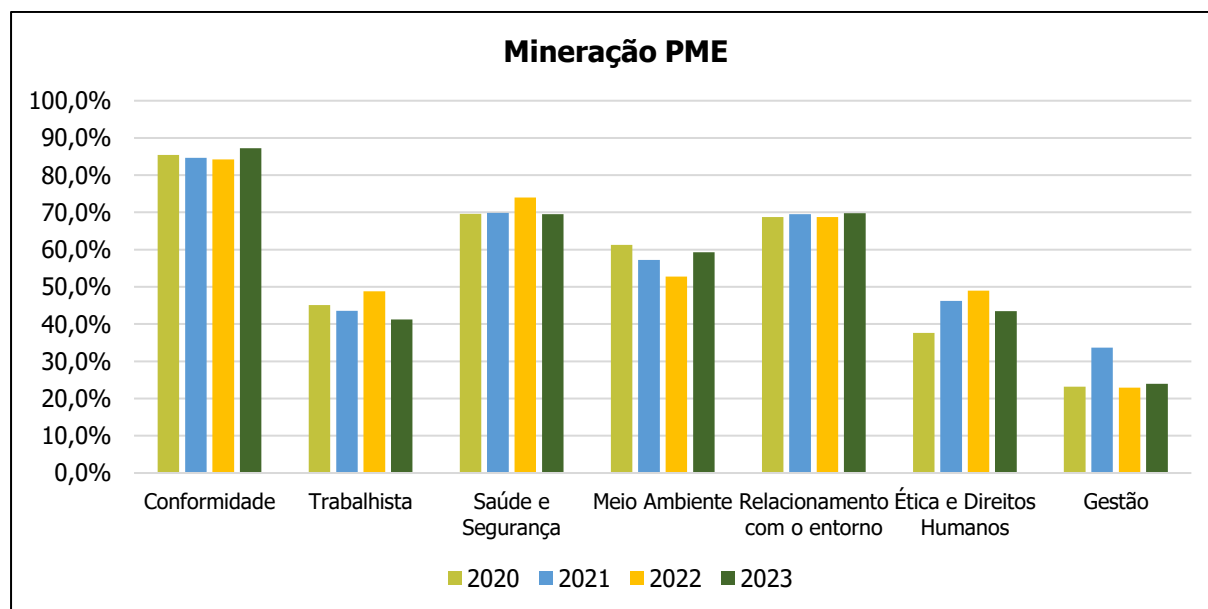
In general terms, the most critical dimensions, sectors and sizes, which presented scores below 30%, were: Relationship with Surroundings in the SME Services sector (30%), Management in the SME Mining sector (24%), SME Heavy Services (22%) and SME Services (17%).

Large companies are expected to have higher scores, due to more robust governance and more structured and developed processes on social and environmental issues. However, the evolution of the performance of small companies is of utmost importance and can show the role of the GFD Program in the development of these participating companies. Figures 9, 10, 11 and 12 show a comparison of SME scores in 2020, 2021, 2022 and 2023 by size.



**Chart 9:** Notes 2020 x 2021 x 2022 x 2023: Small and Medium-sized Enterprises - Industry

As can be seen in the chart above, in the Industry sector there was an improvement in the scores of companies in all dimensions. It is important to highlight that the Relationship with the Environment dimension showed the best evolution among the categories, with a difference of 24.7 percentage points between 2020 and 2023. In addition, the Management dimension also evolved, showing an increase of 13 percentage points in 2023, when compared to 2022.

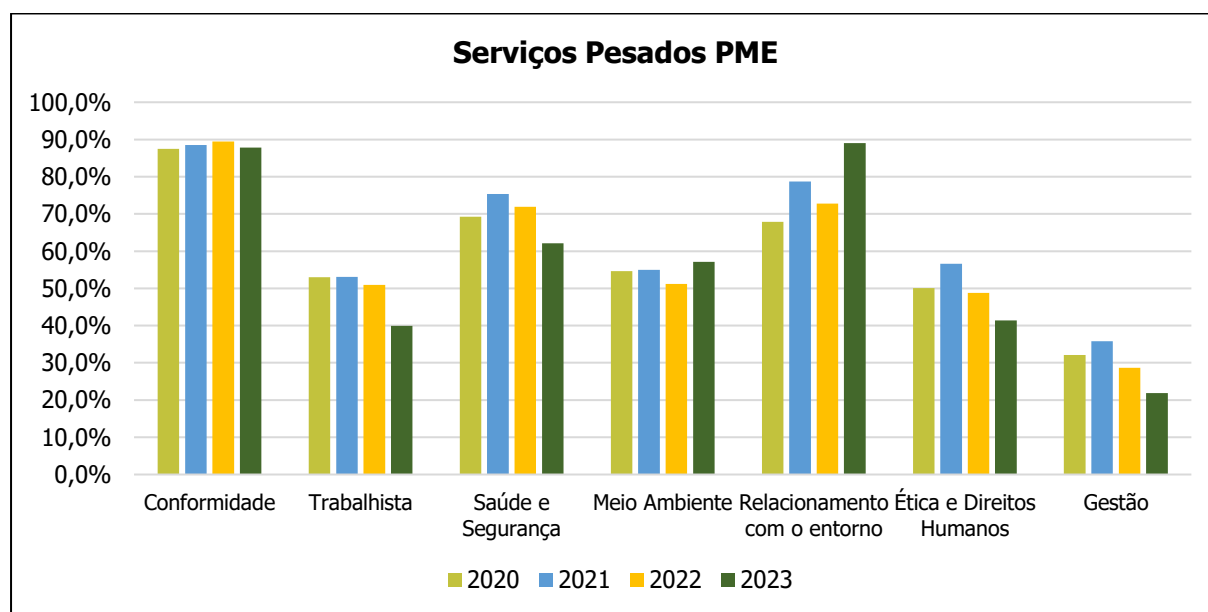


**Chart 10:** Notes 2020 x 2021 x 2022 x 2023: Small and Medium Enterprises - Mining

## Dexco Supplier Management

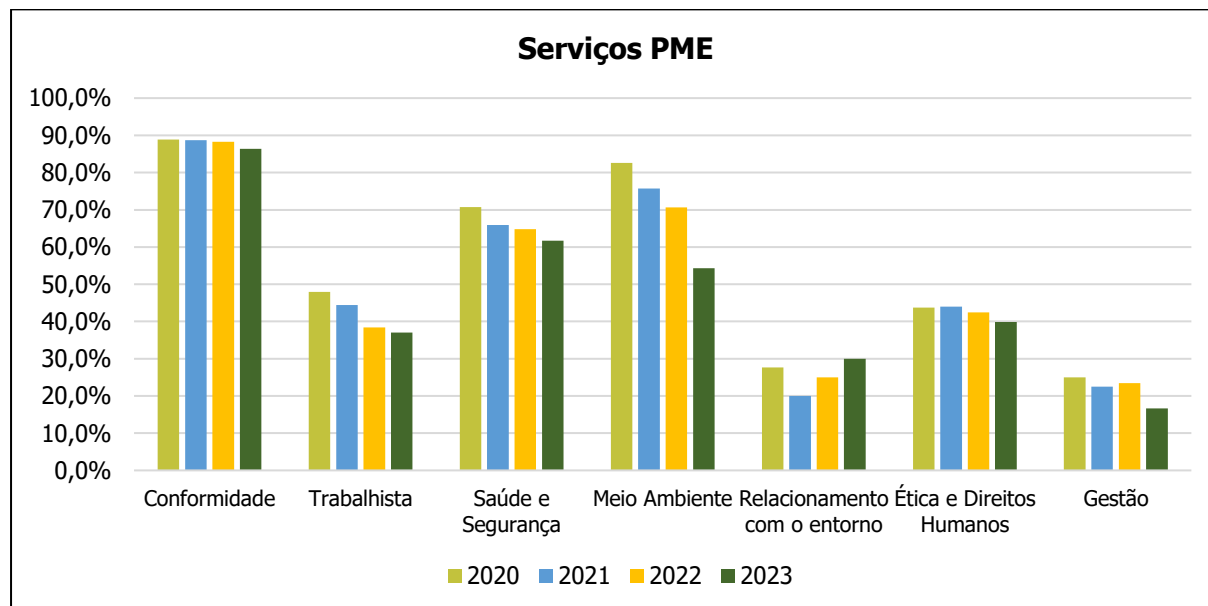
### 2023 Results Report

In the Mining sector, Chart 10 shows improvements from 2020 to 2023 in the categories of Compliance, Ethics and Human Rights, Relationship with the Environment and Management, in which there was an increase of 2.1%, 15.6%, 1.5% and 3.5%, respectively. On the other hand, it can also be observed that there was a decrease in the Environment dimension of 3.3% from 2020 to 2023 and in the Labor dimension of 8.7%.



**Chart 11:** Notes 2020 x 2021 x 2022 x 2023: Small and Medium Enterprises - Heavy Duty

As can be seen in the chart above, the Heavy Services sector had a drop from 2022 to 2023 in most dimensions, with emphasis on the Labor dimension, where it had a drop of 21.5%, and Management with a drop of 23.7%. Also in the Labor and Management dimension, it is possible to observe a significant drop from 2020 to 2023 of, respectively, 24.7% and 31.9%, showing the need for an evolution in its management practices and labor relations in the Heavy Services sector.



**Chart 12:** Notes 2020 x 2021 x 2022 x 2023: Small and Medium Enterprises - Services

In the same pattern as Heavy Services, there is the Services sector, which had a drop from 2022 to 2023 in most dimensions, with the exception of Relationship with the surroundings, where it had an increase of or 20%. Negatively, the Environment and Management dimension stands out, where they dropped 23.1% and 28.9%, respectively, from 2022 to 2023. It is also worth noting that, between 2020 and 2023, the Environment dimension of SME Heavy Services companies showed a drop of 34.3% and in Management a drop of 33.3%, showing the need for evolution of companies in this category in environmental and management practices for sustainability.

The following are the main results of 2023 for each of the dimensions of the GFD:

## COMPLIANCE

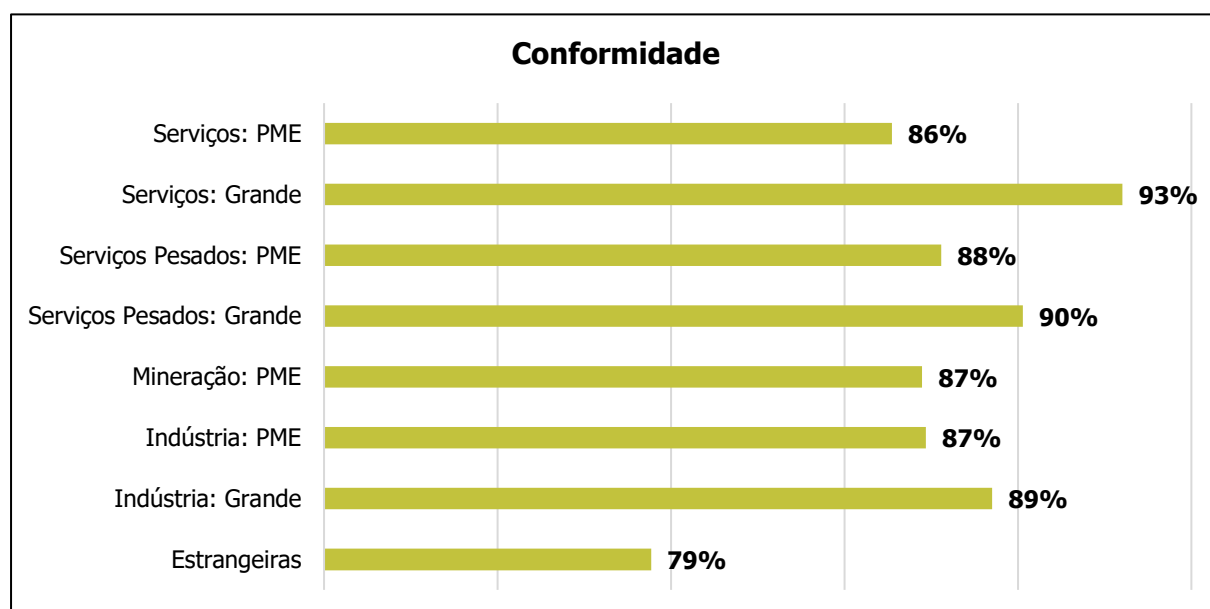


## Dexco Supplier Management

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In the Compliance dimension, in order for the supplier to perform well, it is necessary to comply with all legal obligations applicable to the organization and have no pending issues with the relevant bodies. In audits, for verification, certificates, documentation and certificates that prove the supplier's compliance with each of the applicable laws are requested.

Compliance issues are the ones that, historically, have the highest level of adherence among GFD participants (93% on average in 2023). As can be seen in the Chart below, the Services sector Large companies and Utilities had the highest score in the Compliance dimension.



**Chart 13:** Industry note in the Compliance dimension.

Even with a good average performance in this category, in 2023, 210 pending documents were found: National Legal Entity Registry (CNPJ), Municipal Permit / License, Fire Department Inspection Certificate (AVCB) or (CLCB), Environmental Operating License, FGTS Certificate of Good Standing, Federal Debt Clearance Certificate, State Debt Clearance Certificate and Labor Debt Clearance Certificate (CNDT).

Dexco reinforces the importance of compliance with legal obligations by its suppliers as a fundamental part of the sustainable management of its business.

## LABOR

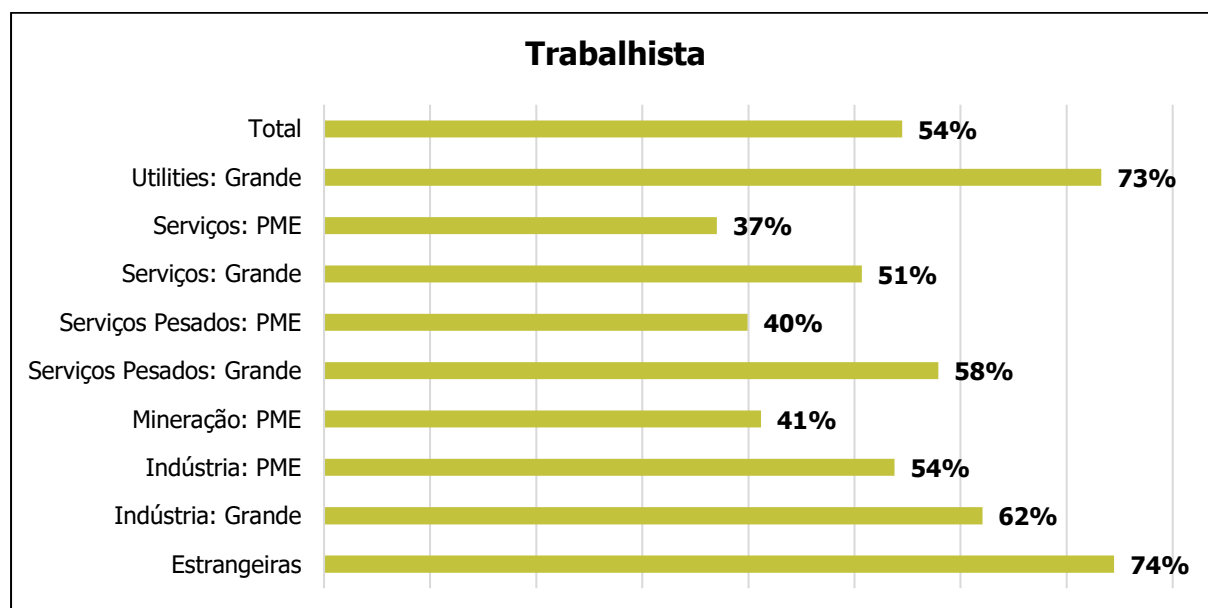
## Dexco Supplier Management

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The Labor dimension within the scope of the GFD is analyzed based on nine questions that address how suppliers ensure healthy labor conditions and relations, in an environment that values the care and development of employees, namely:

- Compensation and granting of benefits;
- Performance appraisal, career development and employee satisfaction;
- Training and qualification actions and programs;
- Hiring and development of young apprentices;
- Inclusion and development of people with disabilities;
- Support initiatives and flexible conditions for returning to work after maternity/paternity leave;
- Actions aimed at combating moral and sexual harassment in the workplace;
- Actions aimed at combating discrimination in the workplace;
- Ensuring fair and previously agreed disciplinary practices.

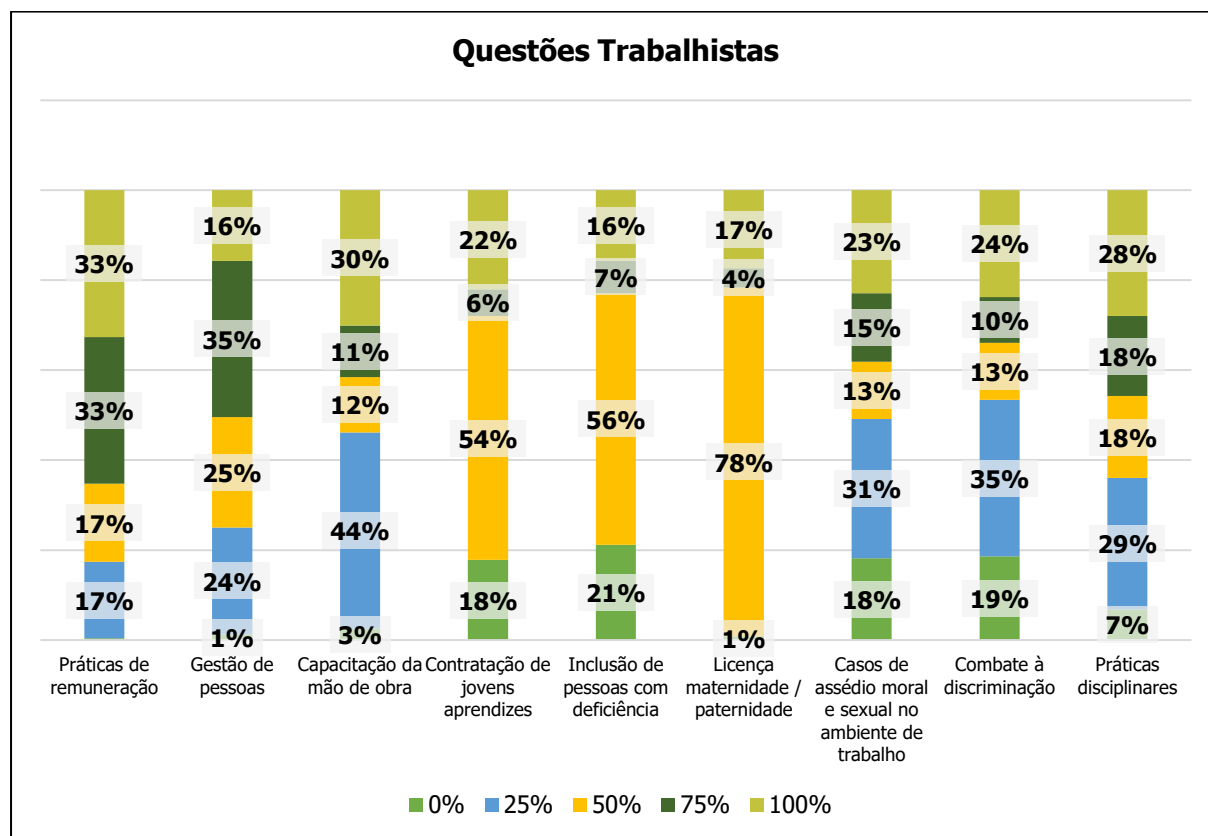
The Chart below shows the score of the different sectors in the Labor dimension.



**Chart 14:** Note by sector in the Labor dimension.

Graph 15, below, shows the distribution of scores for each question in the Labor dimension. Grade ranges should be considered between 0% (when the company does not have any type of practice related to the topic) to 100% (when the company presents robust and outstanding

initiatives). As an example, in the topic of Disciplinary Practices, 28% of the companies evaluated received the maximum score, while 7% of the companies received a score of zero.



**Graph 15:** Distribution of scores for each question in the Labor dimension.

The Graph also reveals, among the questions, the one that had the worst indicator, that is, the largest number of companies that answered that they do not have practices related to the theme or are incipient or punctual – performance index 0% or 25%, and the one that had the best indicator, that is, the largest number of companies that responded that have advanced practices related to the theme – performance index 75% or 100%. It can be seen, from the graph, that 21% of the companies have less than the quota established by law regarding the inclusion of people with disabilities and 18% do not meet the minimum quota of Young Apprentices.

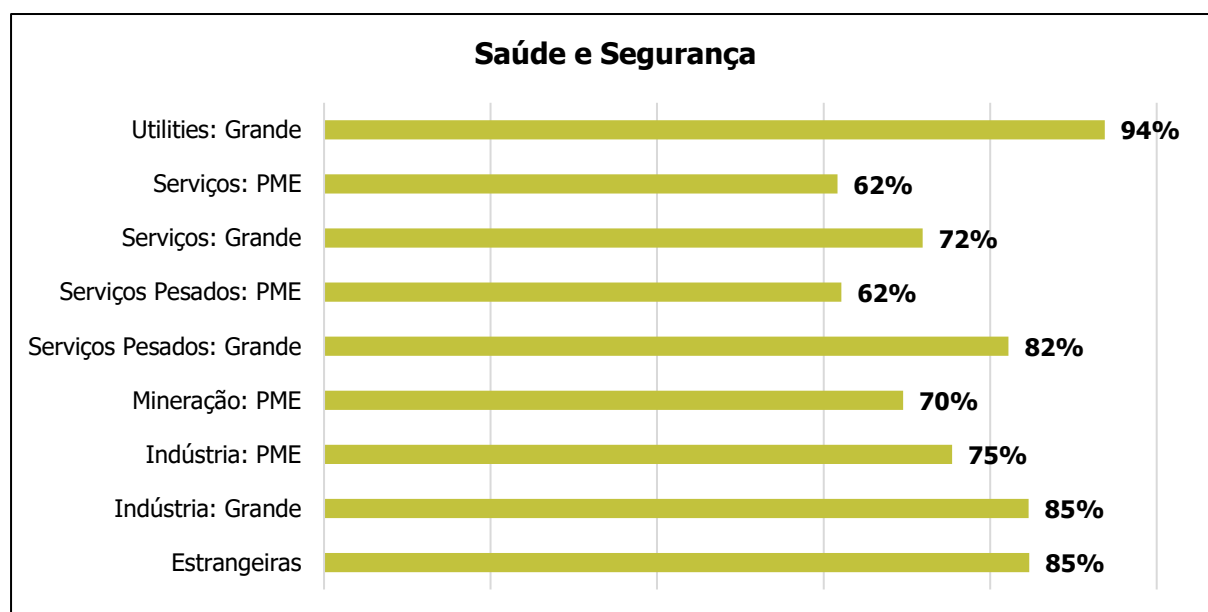
As historically observed in the GFD Program, the issue that presented the highest rate of adherence was related to compensation practices, since many companies evaluated seek to offer salaries or benefits above the market in order to attract the best professionals. It is worth highlighting the evolution in this issue in recent years, having gone from 40% in 2017 to 73% in 2019. However, in 2020 and 2021, there was a retraction to 64% and 58%,

respectively, reflecting the financial difficulties resulting from the pandemic. In 2022, suppliers showed a 60% adherence and in 2023 65%, which may demonstrate an evolution in the post-pandemic scenario.

## HEALTH AND SAFETY

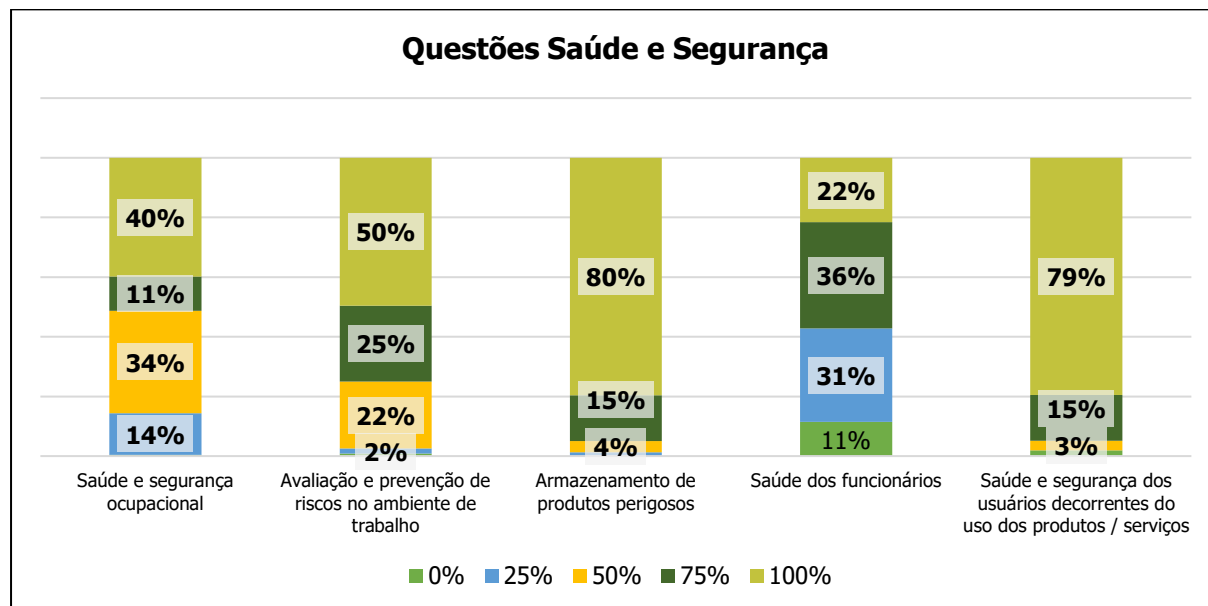
In this dimension, specific issues on occupational safety are evaluated, verified through compliance with NRs (Labor Regulatory Standards). In addition, issues related to the promotion of employee health, the prevention of risks in the workplace, the storage of dangerous products, as well as the health and safety of users resulting from the use of the products or services offered (which includes product labeling, when applicable) are also evaluated.

The Graph below shows the score of the different sectors in the Health and Safety dimension.



**Figure 16:** Score by sector in the Health and Safety dimension.

As can be seen in Chart 16, all sectors showed adherence above 60% in the Health and Safety dimension.



**Graph 17:** Distribution of scores for each question in the Health and Safety dimension.

Among the topics addressed, all questions showed adherence above 50%, and in the worst indicator, referring to the promotion of employee health, 11% of the respondents stated that they did not have a program or specific initiatives on this topic and 31% stated that they had only specific initiatives to promote the health of employees. On the other hand, the issue related to the health and safety of customers resulting from the use of products reached 95% adherence, mainly due to the fact that this issue does not apply to most suppliers. Another prominent theme is the storage of dangerous goods, which is highly regulated in various sectors, which has achieved a 95% adherence.

## ENVIRONMENT

In the Environment dimension of the GFD Program, the following topics are addressed:

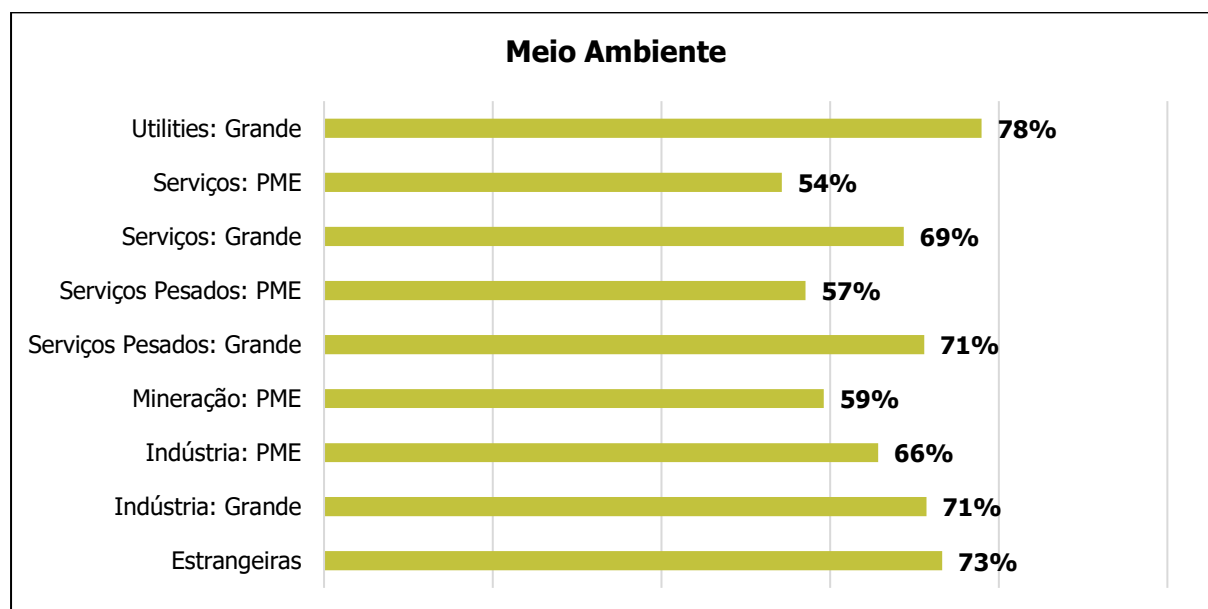
- Existence of an environmental management system;
- Occurrence of environmental infractions or complaints;
- Waste management and disposal (reduction initiatives and targets);
- Water (access to quality water in the necessary quantity, level of consumption, consumption reduction targets, effluent discharge, and incidence of spills);
- Energy (access to energy in the necessary quantity and quality, level of consumption, consumption reduction targets, energy matrix);
- Atmospheric emissions;
- GHG emissions (emission reduction initiatives and targets);
- Noises;

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- Biodiversity (impact of the operation on biodiversity, conservation, compliance and documentation in conservation areas and suppression of native vegetation);
- Use of renewable or recycled raw materials,
- Product and packaging recovery initiatives;
- Environmental origin of the wood (in the case of sectors that use native wood);
- Freight efficiency (in the case of the Transportation sector);
- Energy efficiency, electricity matrix, initiatives aimed at energy conservation (in the case of the Energy sector);

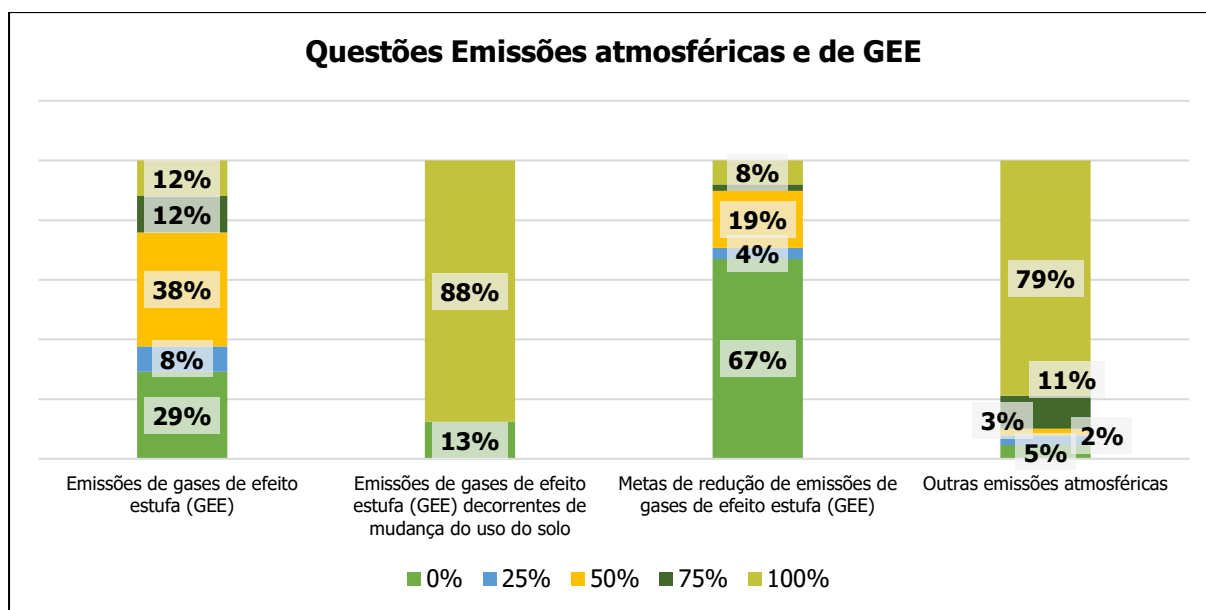
The Graph below shows the score of the different sectors in the Environment dimension.



**Graph 18:** Score by sector in the Environment dimension.

In the environmental sector, the definition of targets for the reduction of greenhouse gas (GHG) emissions proved to be one of the points with the least adherence among suppliers in 2023. It is observed that 67% of the suppliers indicated that they had not established specific goals, which represents an advance in relation to the previous year, in which 69% were in the same situation. However, there is an improvement compared to 2021 and 2020, in which 75% and 83% of suppliers, respectively, had also not set GHG reduction targets.

It is important to highlight that, to address this issue, Lectures were held at the Supply Academy in 2022 and 2023, focusing on Climate and Biodiversity, conducted by Dexco's ESG team. The initiative of the Academies may be one of the driving elements for the progress observed in the adherence to this issue in the last two years.



**Figure 19:** Distribution of grades for atmospheric emissions issues.

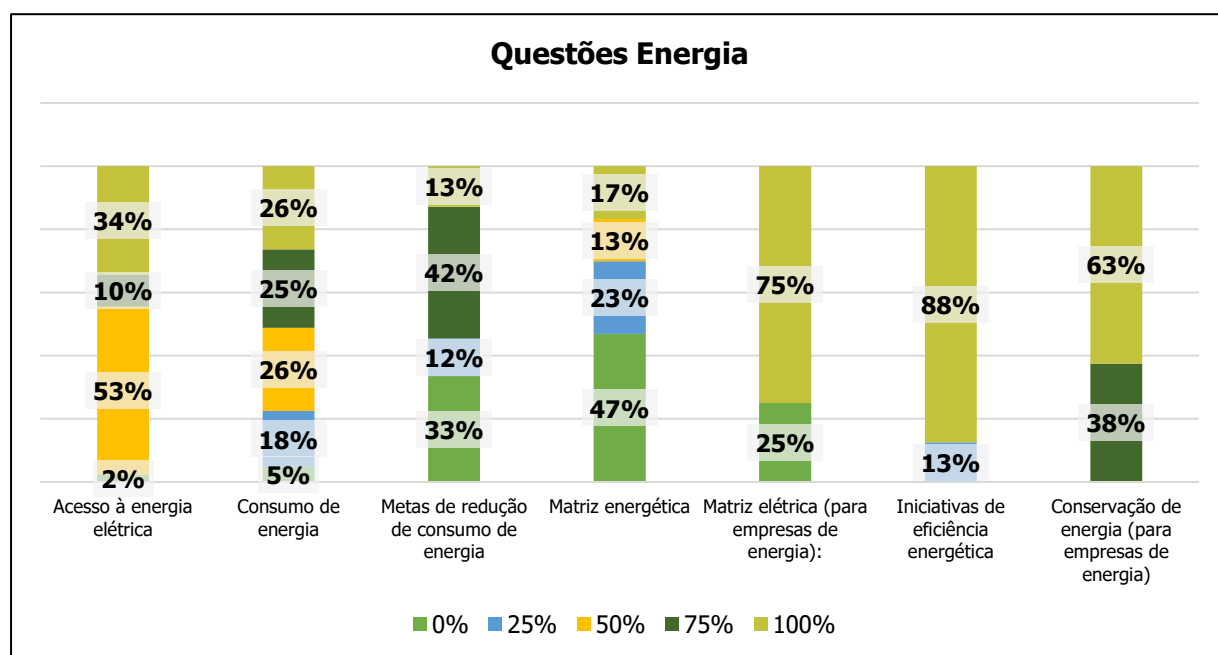
The Energy Matrix issue was also one of the most negatively highlighted, with 47% of suppliers admitting to not having knowledge about the proportion of renewable energy in their operations. In addition, 23% confirm that the use of renewable sources in their energy matrix is equal to or less than 50%. This issue may also show the lack of knowledge of companies on the subject, since the energy matrix in Brazil is composed of about 47.4% renewable matrices, according to data from the National Energy Balance – BEN 2023. The figures for 2022 were slightly different, where 51% of suppliers indicated ignorance about the share of renewable sources, and 22% reported having a share of renewable sources in the energy matrix equal to or below 50%. However, in 2021, the situation was more critical, with 62% of suppliers unaware of the composition of their energy matrix and 17% with a share of renewable energy of up to 50%.

It is worth noting that Environmental Management System Academies were held in 2022 and Energy Resources Management Academies in 2023, which focused on environmental indicators and energy resources. This may have been a driving factor for the improvement seen over the past two years. This progress underscores the importance of educating suppliers on how to properly complete reporting forms and the continued need for capacity building in environmental management.

Regarding energy consumption targets, 33% of companies reported not having defined targets, while 12% have targets but have not met them in the last year. Comparatively, in 2022, 39% of companies had no set targets, and in 2021, that number was 43%. Once again,

it is believed that the Environmental Goals and Indicators Academies may have contributed to the improvement of suppliers' performance in this indicator, reinforcing the need for continuous education and support in the establishment of sustainable practices and in the formulation of clear and attainable objectives in energy consumption.

A relevant fact is the commitment of energy companies in the themes of Energy Efficiency Initiatives, Electricity Matrix and Energy Conservation (for energy companies).

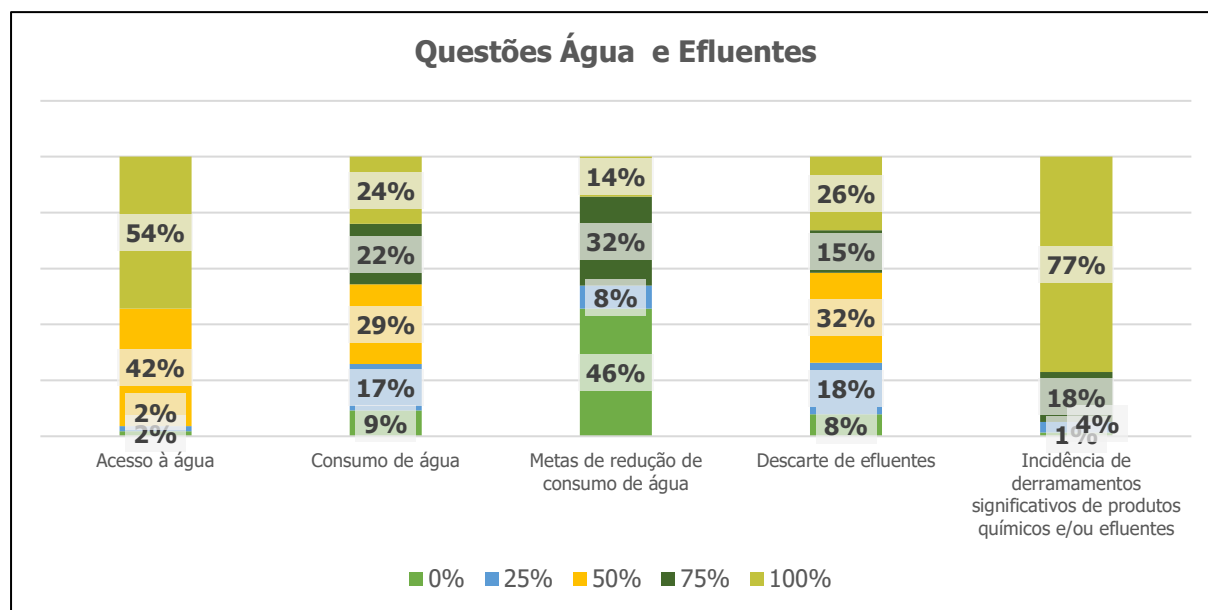


**Figure 20:** Distribution of grades for energy issues.

In the questions related to water use, the issue of concern with water consumption stands out, with 74% of suppliers saying that they monitor and manage water consumption. Despite this, 46% of suppliers do not have targets to reduce consumption, showing that they are not committed to reducing the use of water resources.

Regarding effluents and chemical products, suppliers performed well in terms of the incidence of significant spills of chemicals and/or effluents, with 95% reporting that they did not have any critical cases in this regard in the last 12 months. Naturally, the fact that this type of occurrence is regulated by environmental agencies and can incur fines makes the management of the issue receive a more careful look from companies.

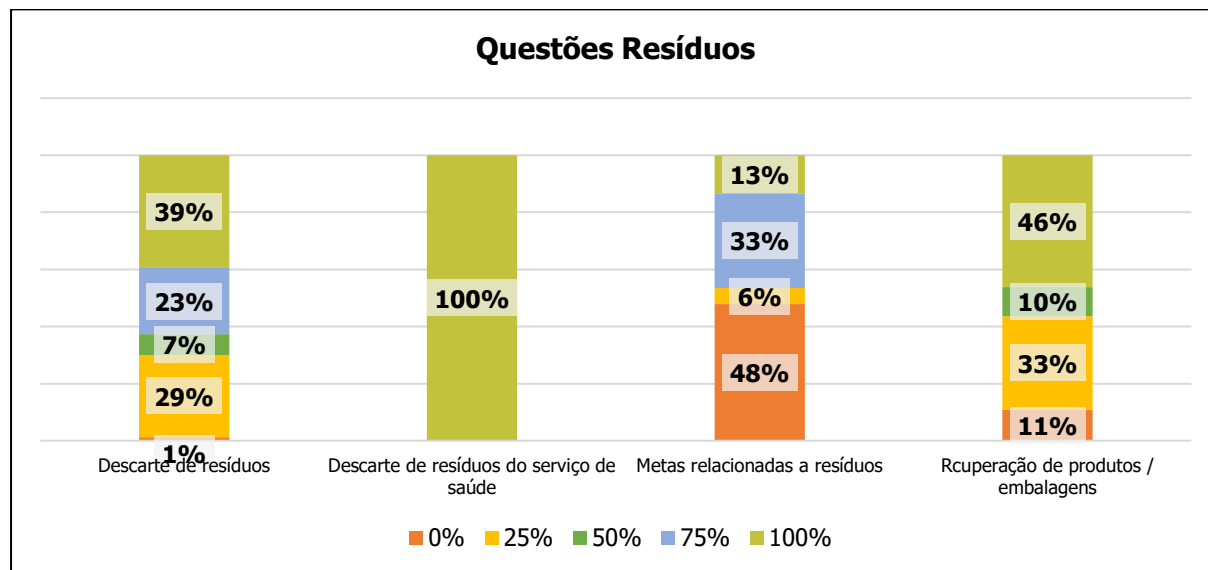




**Graph 21:** Distribution of scores for water issues.

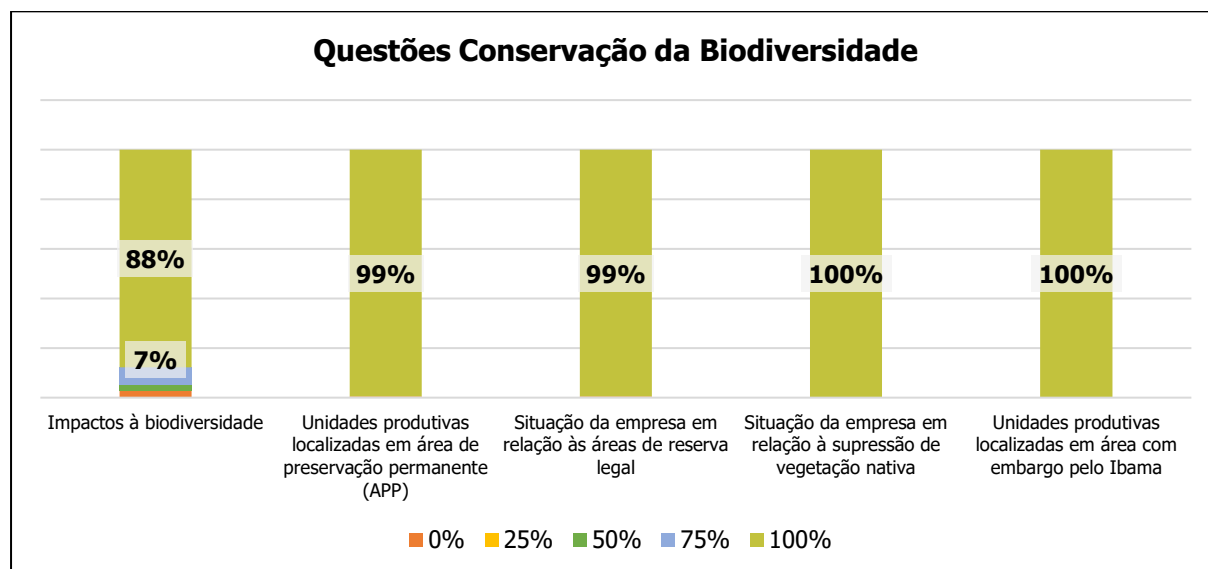
On questions related to waste, 99% of the companies said they dispose of their waste correctly and according to their class, 70% said they have a Solid Waste Management Plan (if applicable). On the opposite side, there is the commitment to waste-related targets, with 48% of companies not having waste reduction targets in their operation.

It is important to highlight that 100% of health service providers reported segregating and properly disposing of waste, in addition to having a Health Service Solid Waste Management Plan (PGRSS). This shows the commitment of health service providers to good environmental and waste management practices.



**Figure 22:** Distribution of grades for waste issues.

In 2023, there was once again a good commitment from suppliers to biodiversity issues. This high performance is partly due to the fact that it is an issue that is heavily inspected by the responsible environmental agencies, and partly because it is an issue indicated as "not applicable" by most of the participating companies. In 2023, 97% of suppliers who reported that their production activity generates direct negative impacts on biodiversity say they have plans to mitigate the impacts.

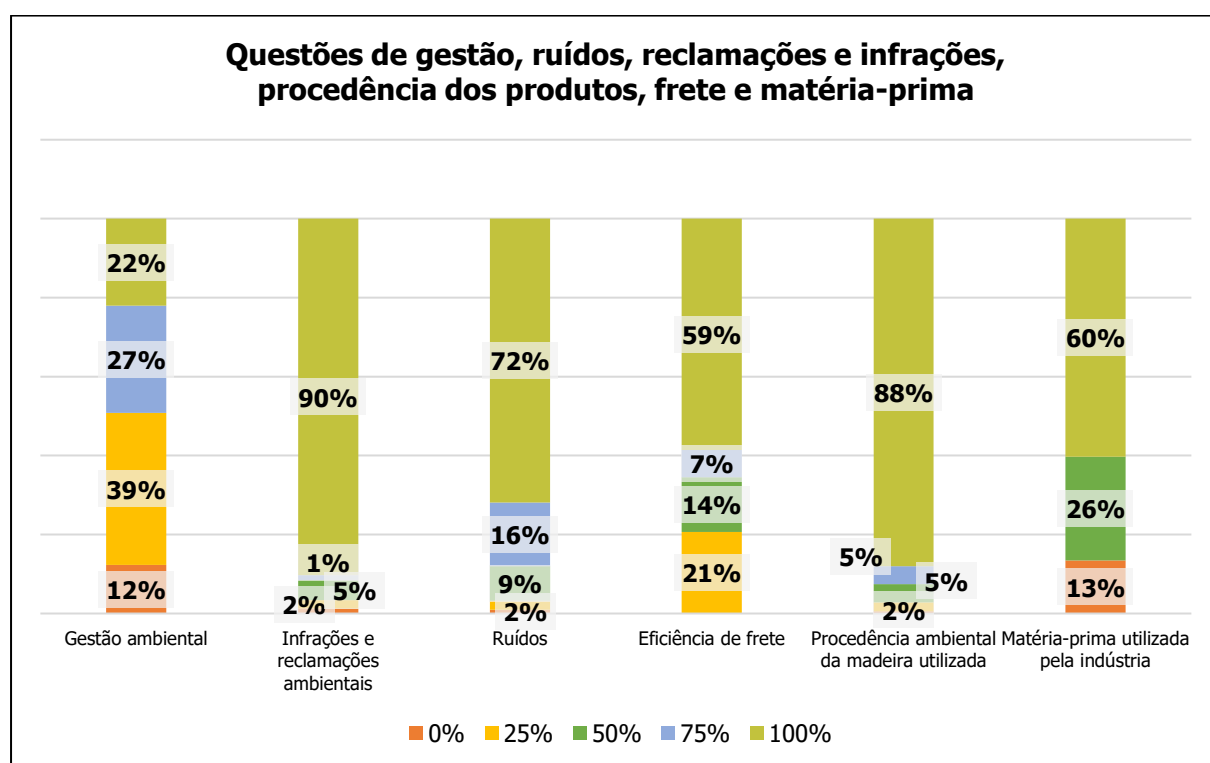


**Figure 21:** Distribution of scores for biodiversity issues.

Among other environmental issues, it is important to highlight negatively the issue of Environmental Management. In 2023, 12% of companies showed that they do not have a structured environmental management program, and 39% do not have a structured program, but say they carry out specific environmental actions to mitigate social and environmental impacts.

On the other hand, 97% of the respondent companies had a high performance in terms of environmental infractions and complaints, reporting that they had not received any environmental complaints or infractions in the last 12 months.

Still on environmental issues, it is possible to highlight that of the companies that use wood, 97% claim to have the necessary documentation for 100% of the native wood used or use only reforestation wood.



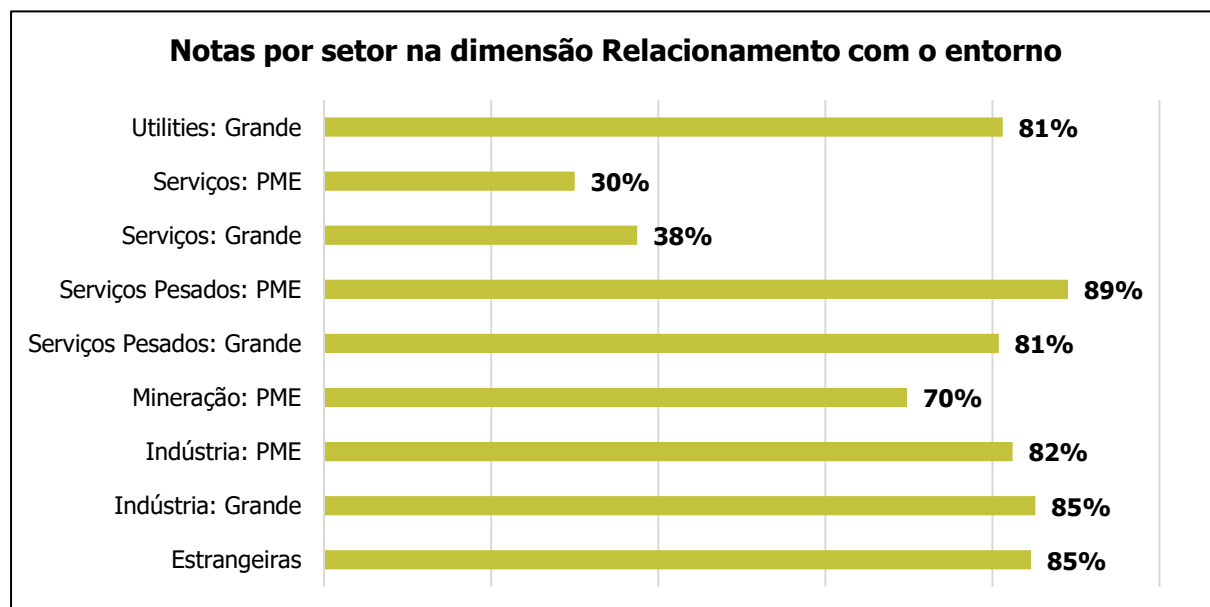
**Graph 22:** Distribution of scores for management issues, noise, complaints and infractions, origin of products, freight and raw material.

## RELATIONSHIP WITH THE ENVIRONMENT

The search for a transparent and respectful relationship with the communities surrounding the operations and the direct or indirect participation of the company in the resolution of its social and environmental problems are part of this dimension, covering the following topics:

- Social actions or initiatives aimed at local socioeconomic development;
- Initiatives that guarantee and promote the health and safety of the surroundings;
- Relationship with indigenous peoples and traditional communities that inhabit the region where the operation is installed;
- Existence of a decommissioning plan for the area that considers not only environmental aspects, but also actions aimed at the economic/fiscal independence of the region (in the case of mining companies);
- Existence of production units located within an area of archaeological heritage;
- Health risks related to exposure to electromagnetic fields, as well as initiatives focused on expanding access to electricity for low-income people (in the case of the Energy sector).

The Graph below shows the score of the sectors in the Relationship with the Environment dimension.



**Graph 23:** Score by sector in the dimension relationship with the environment.

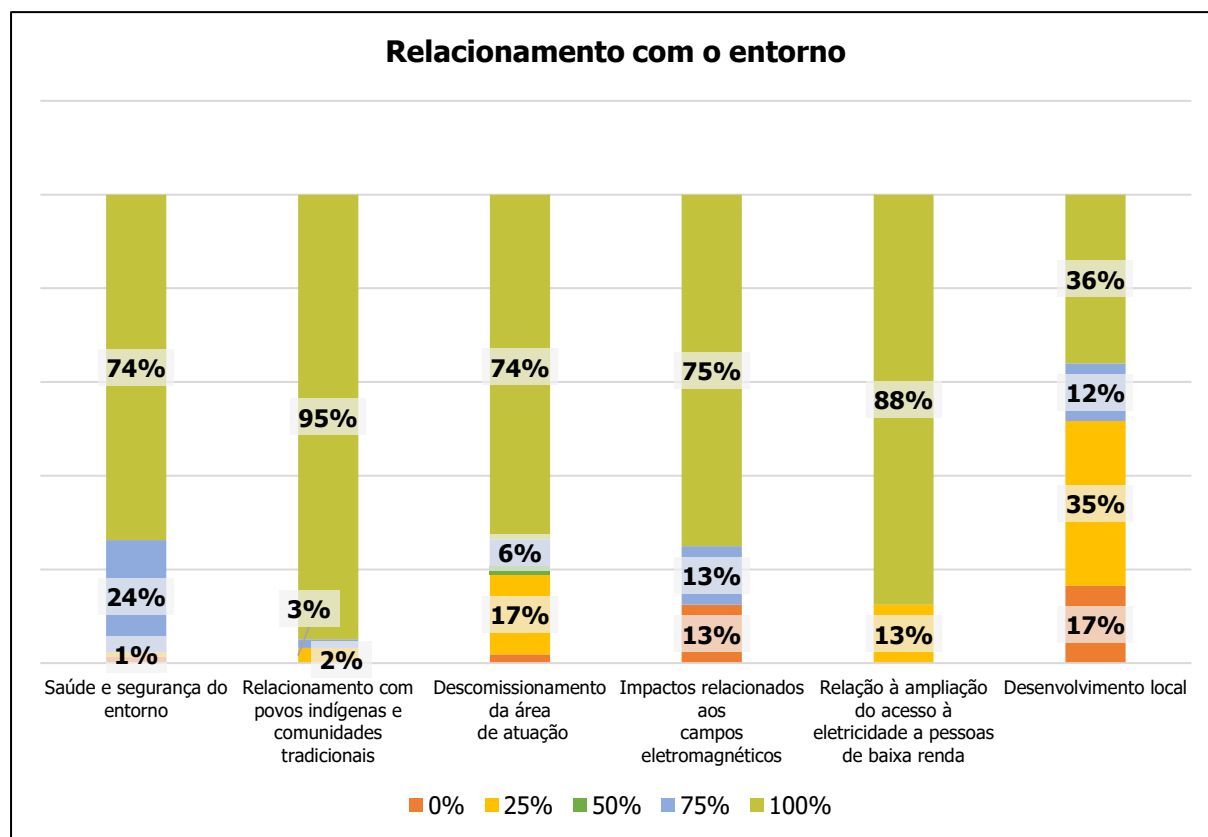
## Dexco Supplier Management

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Regarding the dimension of the relationship with local communities, there was an average degree of adherence of 83% among the sectors analyzed. As illustrated in Chart 23, it can be seen that companies in the Services category exhibited a relatively low adherence in this dimension, reflecting the limited engagement of these suppliers with the surrounding communities. It is important to consider that many Service providers operate primarily within their customers' facilities and, therefore, may not have large structures of their own. Thus, service companies often do not emphasize the relationship with their own communities, given that their activities are mostly external.

Regarding local development, remarkable progress can be observed in 2023. In the context of the GFD Program, it was observed that actions aimed at fostering the development of local communities were scarce among most of the suppliers evaluated in previous years. However, there was a qualitative leap in 2023, with adherence to formal local development practices reaching 48%, a significant increase compared to the 26% recorded in 2022. This growth shows a growing engagement of companies in well-structured social responsibility programs, as well as development and volunteering initiatives with local communities.

In addition, it is worth mentioning the indicator that measures the activities aimed at the health and safety of the surrounding communities, which registered an impressive adherence of 98%. This indicates that the suppliers in question carry out regular health and safety impact assessments in the areas adjacent to their operations and promote initiatives for risk mitigation and prevention. This high index reflects a commitment to the well-being of local communities and emphasizes the importance given to preserving the physical integrity and quality of life of the populations surrounding business activities.



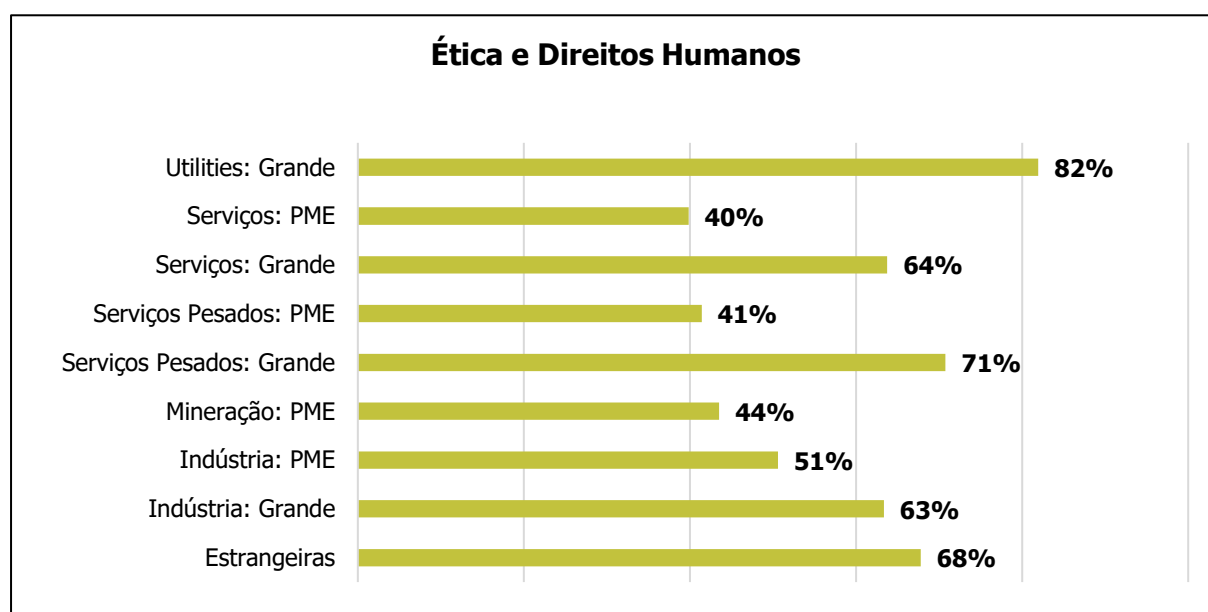
**Graph 24:** Distribution of scores for the questions of the dimension Relationship with the environment.

## ETHICS AND HUMAN RIGHTS

In the dimension of Ethics and Human Rights, the following topics are covered in the GFD:

- Existence of a Code of Conduct and Whistleblowing Channel;
- Actions to combat slave or child labor;
- Diversity promotion program or initiatives;
- Conducting an analysis of risks to which the company is exposed;
- Actions to combat the sexual exploitation of children and adolescents;
- Mapping of risks of sexual exploitation of children and adolescents in operations and in the value chain;
- Conducting training for employees who work directly with Dexco;
- Application of integrity criteria in the selection of suppliers;
- Property security and human rights.

The Graph below shows the score of the different sectors in the Ethics and Human Rights dimension.



**Figure 25:** Score by sector in the dimension of ethics and human rights.

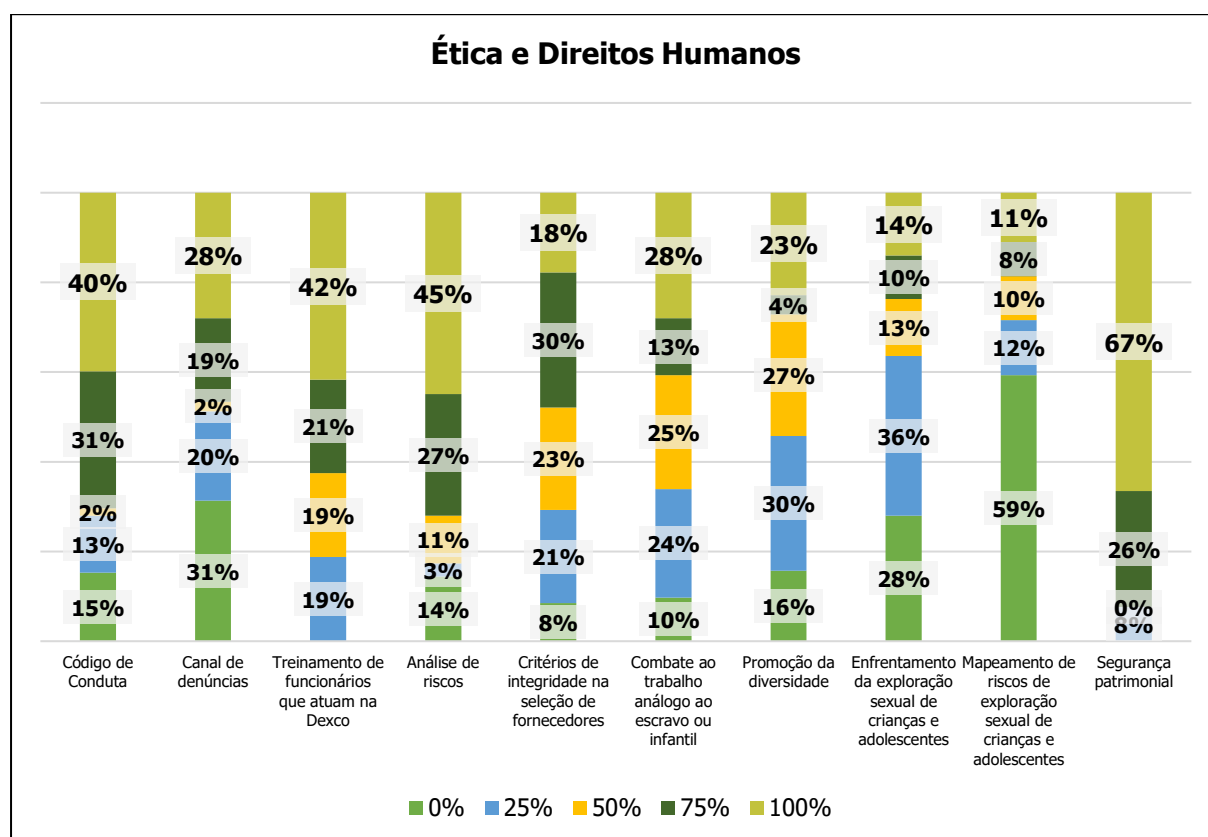
The level of engagement in the Ethics and Human Rights dimension was 59% in 2023, similar to the 60.4% in 2022, which shows an improvement compared to 2021 and 2020, in which there was adherence of 53.8 and 55%, respectively.

Among the topics that stand out negatively, few companies reported that they carry out actions to map and monitor the probability of risks of sexual exploitation of children and adolescents in their operation and in their value chain (19% of the total), with 72% of respondents stating that they do not have any type of mapping in this regard and 10% claiming to carry out risk mapping actions only in their operations. In 2022, 2021 and 2020, 73%, 76% and 71%, respectively, said they did not have this type of mapping, showing that the topic deserves to be highlighted and is a major challenge that still exists among Brazilian companies.

On the other hand, 92% of respondents said they had a private security team trained and updated on human rights and the use of force. Regarding the Code of Conduct, 72% stated that they had a Code of Conduct. In addition, 83% of companies carry out an analysis of the main risks to which the company is exposed.

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Importantly, in 2023, two important Supply academies were conducted, focusing on the areas of Compliance and Human Rights. These training events are designed to enhance suppliers' understanding and practice of compliance and business ethics. The issues addressed in these dimensions are key to ensuring that Dexco maintains a supply chain that is not only ethical, but also committed to strict compliance with its obligations, both in the legal framework and in established business agreements.



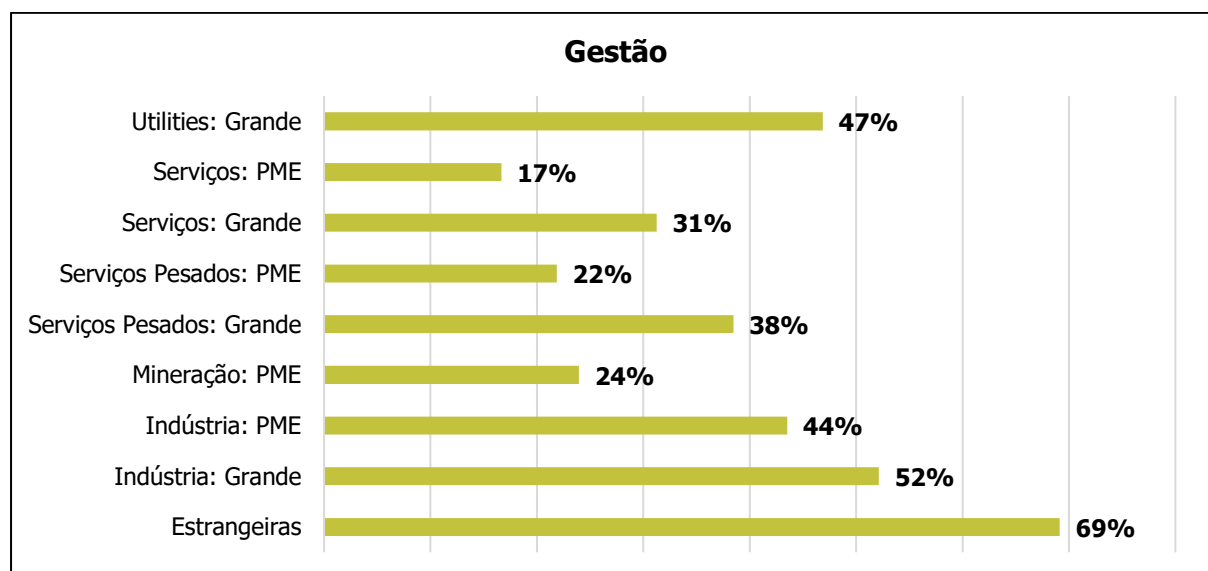
**Graph 26:** Distribution of grades for the issues of the Ethics and Human Rights dimension.



**MANAGEMENT FOR SUSTAINABILITY**

This dimension considers only two questions, with two sub-questions:

- Social and environmental management of suppliers, i.e., the extent to which the company has initiatives that seek to encourage its suppliers to adopt sustainable practices in their business (e.g., adoption of social and environmental clauses in contracts, request for compliance documents, performance of external audits, etc.). If the company answers yes, two other questions are available, namely:
- Criteria for identifying the company's critical suppliers
- Types of initiatives for evaluating the company's critical suppliers
- Initiatives focused on the research and development of products and services.



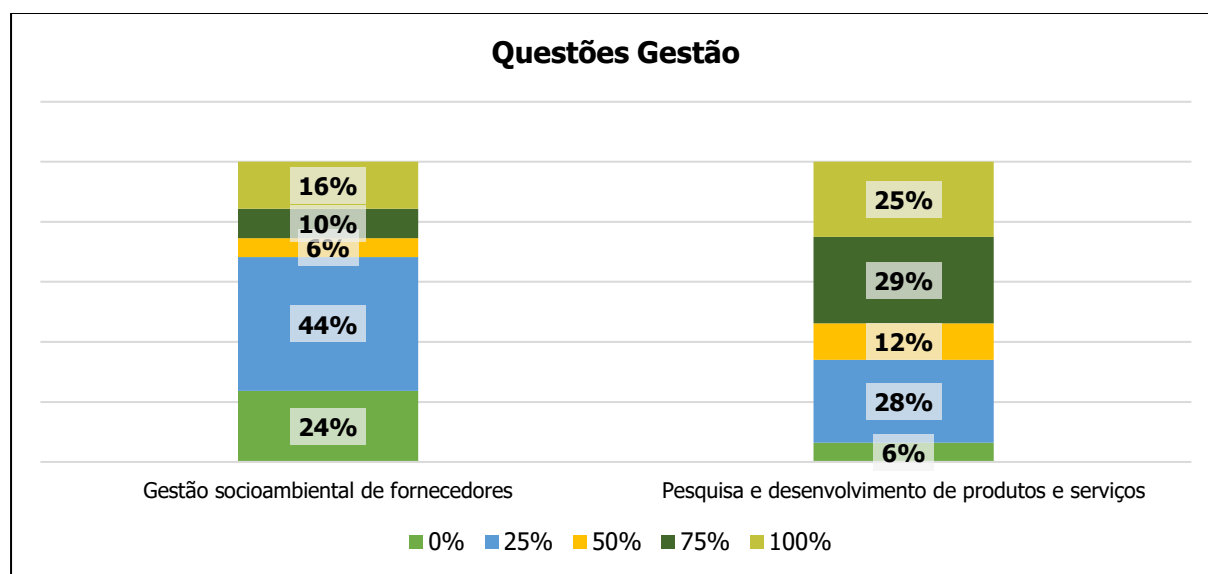
**Graph 27:** Score by sector in the management dimension.

The Management for Sustainability dimension, as a historical dimension in the GFD Program, presented the worst level of adherence, of 49% in all the sectors covered. This dimension has evolved little in recent years, with adherence of 52.5% in 2022, 46% in 2021, 43% in 2020 and 46% in 2019. This assessment shows that sustainability promotion practices among suppliers and their supply chain are not being prioritized, especially among medium and small companies.

Both questions had a median evaluation, with most companies reporting not having initiatives in this regard, or only specific actions, and in the case of social and environmental management of suppliers the level of adherence was lower, with 24% of respondents reporting no type of initiative in this regard. Regarding research and development, 54% of

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respondents reported having a formal R&D program for products and services. It is worth highlighting the commitment made by Dexco to encourage its suppliers to act as promoters of sustainability in their own value chains, ensuring sustainable performance from end to end of the chain.



**Graph 28:** Distribution of grades for questions in the Management dimension.

Among the companies that report some type of action with suppliers, the following stand out:

Criteria for identifying the company's critical suppliers:	Types of initiatives for evaluating the company's critical suppliers:
A. The company does not have a criticality assessment of the suppliers <b>65 suppliers</b>	A. The company does not have initiatives to evaluate critical suppliers <b>64 suppliers</b>
B. Vendor Spend: <b>66 Vendors</b>	B. Sending questionnaires for self-assessment <b>78 suppliers</b>
C. Number of annual transactions with the vendor : <b>74 vendors</b>	C. On-site visit to punctual critical suppliers, when the need is identified <b>113 suppliers</b>
D. Contract type: <b>79 suppliers</b>	D. On-site visit to critical suppliers, periodically <b>61 suppliers</b>
E. Relevance to the business of the product/service offered: <b>161 suppliers</b>	E. Initiatives for the development of suppliers in strategic themes <b>36 suppliers</b>

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- |   |  |
|---|--|
| F. Social and environmental impact of the sector where it operates: <b>80 suppliers</b> | F. Recognition of suppliers that stand out by pre-defined criteria <b>66 suppliers</b> |
|---|--|

### MOST CRITICAL ISSUES AMONG THE DIMENSIONS ASSESSED

The table below shows the issues that have the biggest performance gaps:

Question	0%	25%	50%	75%	100%	<50% OFF	Dimension
Regarding the mapping and monitoring of the probability of risks of sexual exploitation of children and adolescents in its operation and in its value chain, which alternative best describes the company's practices:	140	29	23	18	26	72%	Ethics and Human Rights
Regarding greenhouse gas (GHG) emission reduction targets, which alternative best describes the company's practices:	158	9	45	5	19	71%	Environment
Regarding the energy matrix, which alternative best describes the company's practices:	98	48	28	0	35	70%	Environment
Regarding the social and environmental management of suppliers, which alternative best describes the company's practices:	56	105	15	23	37	68%	Management
Regarding the protection and confrontation of the sexual abuse and/or exploitation of children and adolescents, which alternative best describes the company's practices:	66	84	30	23	33	64%	Ethics and Human Rights
Regarding water consumption reduction targets, which alternative best describes the company's practices:	99	18	0	69	31	54%	Environment
Regarding waste-related targets, which alternative best describes the company's practices:	104	12	0	72	29	53%	Environment
Regarding the fight against discrimination, which alternative best describes the company's practices:	44	82	30	24	56	53%	Labor
Regarding local development, which alternative best describes the company's practices:	39	83	0	29	85	52%	Relationship with the environment
Does the company have a whistleblowing channel and disseminate it to the external public and its employees?	74	47	5	44	66	51%	Ethics and Human Rights
Regarding environmental management, which alternative best describes the company's practices:	29	91	0	64	52	51%	Environment

In order to support the process of evolution of suppliers in social and environmental issues, the Supply Academies are held annually, which are training events on topics considered strategic and that have a performance gap in the general evaluation of suppliers. In 2023,

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four Supply Academies were held, related to Human Rights, Energy Resources Management, Climate and Biodiversity, and Compliance.

In order to continue this process of continuous improvement of the GFD Program, the suggestion for the 2024 cycle is that suppliers be involved in development actions related to the following topics:

- 1. Environment and Sustainability:** for another year, there was low engagement in issues related to environmental issues, since 5 of the 11 issues that had the worst engagement are in the Environment dimension. Thus, it is important for suppliers to understand more about the topic and its importance to Dexco's supply chain. It is worth highlighting a more focused approach to the topics that had less adherence, which were: greenhouse gas (GHG) emission reduction targets, energy matrix, environmental management and water and waste consumption reduction targets. A theme correlated to these indicators and that had a poor adherence was the social and environmental management of suppliers, a topic that is extremely important for Dexco to maintain a responsible business chain.
- 2. Prevention and confrontation of the sexual exploitation of children and adolescents:** for another year, it is possible to observe the low engagement in the two issues related to mapping and practices to confront the sexual exploitation of children and adolescents in the operation and in the supply chain. It is important to raise the awareness of suppliers by showing the relevance of the issue, as well as to encourage programs that promote the fight against exploitation, such as the Right Hand Program.
- 3. Ethics and Corporate Integrity Issues:** We note that, with the recent inclusion of the issue on the Whistleblowing Channel, there is a significant gap in the structuring of efficient complaint mechanisms by suppliers. It is crucial to provide specific training that enables suppliers to implement and manage tools dedicated to the communication and treatment of illegal or harmful conduct to the corporation, such as embezzlement, moral harassment and unethical behavior. In parallel with the implementation of the Whistleblowing Channel, it is essential to emphasize the need for a robust Code of Conduct. Despite substantial progress in this area, it was found that 28% of suppliers still lack a formalized Code of Conduct. This tool is essential for establishing clear standards and aligning behavioral expectations across the supply chain. In addition, the practices of promoting diversity are unsatisfactorily adhered to. Thus, it is essential that ethics and integrity training incorporate modules on diversity, reinforcing the importance of maintaining an inclusive corporate environment, with fair and transparent practices. This focus not only enhances organizational culture, but also broadens the understanding of the values that underpin effective and responsible corporate governance.

## BEST SUPPLIERS AWARD 2023

Dexco, in its commitment to excellence and sustainability, annually celebrates suppliers that have stood out for their innovative and efficient practices, identified through the evaluations carried out in the context of the GFD Program. The Best Suppliers Award is a way of valuing those who have not only excelled in their areas of activity — categorized into Small and Medium Enterprises (SMEs) and Large Companies — but also those who have demonstrated a commitment to action plans and continuous development with the GFD Program

For the year 2023, the scope of recognition expanded with the inclusion of new categories in the Award, among which the award dedicated to suppliers with the best performance in the Paper and Waste sectors stands out. A special milestone was the recognition of Castellato's best supplier, incorporated into the GFD Program this year, evidencing the expansion and strengthening of the program. In addition, Dexco also awarded outstanding projects that have demonstrated a significant and positive impact on the social and environmental sphere, thus reinforcing the importance of acting consciously and responsibly in the sector.

This recognition seeks to value the progress of suppliers in incorporating sustainability practices into their businesses, as well as to inspire other companies to adopt similar actions.

See below the suppliers that stood out in the 2023 edition, in each of the segments covered, as well as the main highlights:

<b>Industry (large enterprise)</b>	
<b>BASF</b>	Rating <b>9.43</b>

## Dexco Supplier Management

### 2023 Results Report

<b>Highlights</b>	<ul style="list-style-type: none"> <li>• Formal and robust program for promoting diversity. In addition to promoting diversity groups, they also promote the theme in the chain, being signatories to actions for women's empowerment, racial equality and LGBTI+ rights.</li> <li>• Global commitment to carbon neutrality by 2050 and scope 1 and 2 reduction target by 2025. In 2021, they started the Global CO2 Management Program for suppliers.</li> <li>• Use of <i>Sustainable Solution Steering</i> to classify your products considering sustainability aspects. In addition, in 2022 a <i>Net Zero Accelerator</i> unit was created, which has focused on the implementation of projects in low-end production technologies.</li> <li>• Robust practices to promote employee health. For example, the Movimentae Program encourages physical activity among employees, and the Always Well Channel offers psychological care.</li> </ul>
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#### Industry (small and medium-sized enterprises)

<b>NANOX</b>	Rating <b>7.74</b>
<b>Highlights</b>	<ul style="list-style-type: none"> <li>• Structuring of the Human Resources area, with the hiring of a psychologist, individual performance evaluation process, training plan, etc.</li> <li>• Development of the Code of Conduct, based on GFD recommendations.</li> <li>• The mapping process for compliance with the LGPD has begun.</li> <li>• Installation of an exhaust fan within the microbial particle production area, aiming to reduce emissions.</li> <li>• Innovation aimed at efficiency in powdered particulate matter: project to use less oven time and water, with a 10% reduction in consumption.</li> <li>• Reuse of water in the cooling tower in the washing process.</li> </ul>

#### Mining (small and medium-sized enterprise) and Castellato

<b>JUNDU MINING</b>	Rating <b>8.98</b>
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## Dexco Supplier Management

### 2023 Results Report

<b>Highlights</b>	<ul style="list-style-type: none"> <li>• Sustainability Roadmap with 96 actions, involving biodiversity, reforestation, waste management, monitoring (water, energy, CO2) and definition of 2025 goals.</li> <li>• Umbrella program focused on innovation: Innovation committee, multidisciplinary teams (audit of the units by St Gobain) + Automatic silo loading project (under test).</li> <li>• Project for the restoration and recovery of forests in former degraded areas: planting of native trees and environmental education with local communities (Child Project).</li> <li>• People Management: PLR based on individual and corporate goals for all functions and benefits package common to all employees, annual performance evaluation process, climate survey every 2 years, collaborative portal (career plan and other topics, such as environment and sustainability), actions to encourage sports and leadership training program (e.g.: Diversity and Inclusion).</li> <li>• Registered as a Corporate Citizen in August 2023.</li> <li>• Environmental management: closed water circuit and proper disposal of waste (lubricating oil, vehicle washer effluents, lamps, etc.).</li> </ul>
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<b>Heavy Duty (large enterprise)</b>	
<b>LUIZINHO TRANSPORTES</b>	Rating <b>9.24</b>

**Dexco Supplier Management**  
**2023 Results Report**

<b>Highlights</b>	<ul style="list-style-type: none"> <li>• They are SASSMAQ, ISO 9001, ISO 14001 and ISO 45001 certified.</li> <li>• They created an environmental management system with environmental assessment targets and indicators. In addition, they have joined the Global Compact and are members of the Green Logistics Brazil Program.</li> <li>• Creation of the Specific Electric Vehicle Program in which the main drivers are women.</li> <li>• Creation of the 24-hour Whistleblowing Channel, a topic suggested in the last visit.</li> <li>• A partner company of the Não Mão Certa Program for more than 5 years.</li> <li>• They started to carry out a GHG inventory and have a goal on the subject.</li> <li>• The company is in a continuous process of innovation, has a 24-hour control tower and real-time vehicle tracking.</li> </ul>
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**Heavy Duty (small and medium business)**

<b>URUBUPUNGA</b>	Score <b>8.18</b>
<b>Highlights</b>	<ul style="list-style-type: none"> <li>• Above-the-tier compensation and fringe benefits.</li> <li>• Formal process of performance evaluation and climate survey.</li> <li>• Annual calendar of awareness and prevention actions.</li> <li>• Carbon inventory, using the GHG Protocol tool.</li> <li>• Full implementation of processes related to the LGPD, including the definition of policy and appointment of a DPO.</li> <li>• Annual training program, defined based on the needs identified by managers, including refresher training and reaction assessment.</li> <li>• Initiatives to promote freight efficiency, including preventive maintenance, telemetry, and driver training/incentives.</li> <li>• Recurring actions to support the community, including the realization of the Day of Making a Difference, for voluntary mobilization of employees.</li> </ul>

**Utilities (large enterprise)**



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### 2023 Results Report

<b>RISEL</b>	Score <b>8.11</b>
<b>Highlights</b>	<ul style="list-style-type: none"> <li>• Anti-Harassment Policy in the Workplace and Driver's Manual, with rules of conduct (e.g., alcohol and drug consumption).</li> <li>• Adhesion to the Na Mão Certa Program in 2018, with the establishment of an action plan, mobilization of employees, campaigns (Orange May), training in all units, Driver's Day, events throughout the year, indicators, sending reports + OLHO VIVO campaign on the roads.</li> <li>• Health and safety awareness booklet, constant training, monthly monitoring by each area manager of KPIs (work accidents with lost time, related cost, etc.) and accident reduction target.</li> <li>• 100% of trucks with telemetry equipment, which provides data on vehicle driving in real time.</li> </ul>

#### Services: Large Enterprise & SME

<b>CORT</b>	Rating <b>8.03</b>
<b>Highlights</b>	<ul style="list-style-type: none"> <li>• Well-structured Code of Conduct published on the company's website, as well as a Whistleblowing Channel.</li> <li>• Privacy and Information Security Policies, in compliance with the LGPD, also disclosed.</li> <li>• The company is in the process of surveying to obtain ISO 9001.</li> <li>• Occupational health and safety as part of the company's culture: training actions in the applicable NRs, constant use of PPE, workplace gymnastics 3 times a week, no history of accidents, campaigns aimed at the health of employees.</li> <li>• Family-owned company with close management of employees and low turnover.</li> </ul>

#### Engagement to GFD

<b>VALU</b>	2022 rating <b>5.54</b> 2023 rating <b>6.96</b>
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<b>Relevant developments</b>	<ul style="list-style-type: none"> <li>• Completion of the renovation of the company's space.</li> <li>• Submission of evidence of compliance from the employee dormitory.</li> <li>• Presentation of the license and definitive location permit and declaration of exemption from licensing from the Fire Department.</li> <li>• Implementation of a calendar of health and safety campaigns, including mental health.</li> <li>• Conducting training on Dexco's Code of Ethics.</li> <li>• Compliance of vehicles and drivers, with presentation of documents to Dexco during the quarterly inspection.</li> </ul>
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Category: Waste	
<b>TERA</b>	Rating <b>8.29</b>
<b>Highlights</b>	<ul style="list-style-type: none"> <li>• It pays above the category floor and offers additional benefits, including education assistance.</li> <li>• Prevention and health promotion campaigns within your calendar of health and safety events.</li> <li>• It has a code of conduct and a whistleblowing channel.</li> <li>• The company is the sponsor of Casa da Fonte, a social project of CSJ and Tera, which supports 250 children in the after-school period.</li> <li>• In addition to the proper disposal of Dexco's WWTP sludge, the company produces organic fertilizer from the composting of materials.</li> </ul>

Category: Paper	
<b>SCHATTEDECOR</b>	Rating <b>8.64</b>
<b>Highlights</b>	<ul style="list-style-type: none"> <li>• People Management: salary, profit sharing, additional benefits, performance evaluation process and preparation of IDP based on the 10</li> </ul>

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	<p>fundamental competencies for 100% of the staff, training actions based on the points identified in the IDP, Internal Talent Bank program, global engagement survey conducted by the headquarters in Germany, Eureka program for ideas and suggestions for improvements, including process improvements, etc.</p> <ul style="list-style-type: none"> <li>• Zero Carbon Project and globally defined targets aimed at reducing carbon, process of obtaining ISO50001 Certification and preparation of the emissions inventory.</li> <li>• Well-structured Code of Conduct and whistleblowing channel being implemented (outsourced, integrated channel, with a structured investigation process and ethics committee to deal with cases).</li> </ul>
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<b>Category Projects</b>	
<b>SYNGENTA</b>	Rating <b>8.76</b>
<b>Highlights</b>	<p>Reuse Water Producing Station Initiative – EPAR.</p> <ul style="list-style-type: none"> <li>• Inauguration of the treatment plant to generate reused water, with a capacity of up to 10 m3/h. The project will save up to 40 million liters of water from the public system annually.</li> <li>• With an investment of US\$ 6.1 million, EPAR's treatment process involves the biological treatment of effluents in a series of tanks (aeration, anoxic and anaerobic), followed by ultrafiltration in MBR membranes and chlorination at the end of the process.</li> <li>• The reused water will be used in the production of fertilizers.</li> </ul>

<b>Category Projects</b>	
<b>MASSEI</b>	Rating <b>7.73</b>
<b>Highlights</b>	Initiative Introduction of more diversified uniforms, promoting diversity.

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	<ul style="list-style-type: none"><li>• Massei has expanded its range of uniforms to include women's models, wider standard sizes (from PP to XGGG), as well as larger sizes or custom versions, aimed at promoting diversity and inclusion.</li><li>• The initiative was carried out in partnership with Dexco, to promote uniforms that meet the varied needs and preferences of its employees.</li></ul>
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## PLANNING 2024

In 2024, Dexco commits to continuously improve the GFD Program, with the aim of expanding it to our sites in Colombia, including Caetex's suppliers. To increase transparency and optimize the process, we will automate the Program's self-questionnaire platform, making it easier for suppliers to fill out and for us to analyze data. This modernization will be carried out in partnership with Linkana, integrating the questionnaires into a dynamic and easily accessible platform.

In addition, the GFD Program will focus on the development of suppliers who have scored less than 7. Special attention will be paid to making all suppliers aware of the most critical issues identified in the self-assessment questionnaires. These issues include the environment and sustainability, the protection of children and adolescents, and the practices of ethics and corporate integrity. Our goal is not only to raise the overall standards, but also to promote a deep awareness of these important areas.