

F0. Introduction

F0.1

(F0.1) Give a general description of and introduction to your organization.

Duratex is a publicly traded company with 70 years of history, that has the Value Proposition of offering Solutions for Better Living to customers and consumers. With its business divisions - Wood, Deca and Ceramic tile - we are working to produce and sell products for the furniture and finishings sectors in the civil construction industry. We are part of people's daily lives, working in the segments of wood panels, bathroom fixtures and metals, electric showers and ceramic tiles through our brands recognized in their segments for design and quality: Durafloor, Duratex, Deca, Hydra, Ceusa and Portinari.

Duratex now has sixteen industrial units located in the South, Southeast and Northeast regions of Brazil and three additional wood panels units in Colombia, Notable among the products in our portfolio are MDP and MDF paneling, fiberboard sheets, wood flooring, sanitary ware, metals, metal fittings and electric showers. Besides serving the Brazilian market, our products reach over 50 countries, with a special presence in South America, Central America, Africa and the USA. In addition to the factories, Duratex is responsible for more than 140 thousand hectares of planted forests and conservation areas in Brazil and Colombia. Duratex ensures the use of the best native area conservation and management practices. On July 1st, 2020, we celebrated 25 years from the date we obtained the Forest Steward - ship Council® (FSC®) certificate of responsible forest stewardship. We were the 1st Company in the entire southern hemisphere to obtain it and the 5th in the world. Our chain of custody is also certified, assuring the traceability of wood used in our production process. In our forest areas in Brazil and Colombia, we produce eucalyptus seedlings in nurseries, planting them at our own farms and at leased farms and using the wood to supply the fiberboard and paneling factories. We also manufacture the resin used to bind the particles and fibers in MDP and MDF panels. Verticalization of operations and the proximity between planted areas and industrial units are some of our main competitive advantages, adding value to our business at a lower cost. We acquired, in 2020, the Viva Decora constructech, an online platform with more than 10 million single sessions per month. In 2020, we gave continuity to the LD Celulose project, a joint venture with Lenzing AG, which will be one of the world's largest pulp plants.

F0.2

(F0.2) State the start and end date of the year for which you are reporting data.

| | Start Date | End Date |
|----------------|----------------|------------------|
| Reporting year | January 1 2020 | December 31 2020 |

F0.3

(F0.3) Select the currency used for all financial information disclosed throughout your response.

BRL

F0.4

(F0.4) Select the forest risk commodity(ies) that you are, or are not, disclosing on (including any that are sources for your processed ingredients or manufactured goods); and for each select the stages of the supply chain that best represents your organization's area of operation.

| | Commodity disclosure | Stage of the value chain | Explanation if not disclosing |
|-----------------|---|--|-------------------------------|
| Timber products | Disclosing | Production Processing Trading Manufacturing | <Not Applicable> |
| Palm oil | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Cattle products | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Soy | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Other - Rubber | This commodity is not produced, sourced or used by our organization | <Not Applicable> | <Not Applicable> |
| Other - Cocoa | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Other - Coffee | <Not Applicable> | <Not Applicable> | <Not Applicable> |

F0.5

(F0.5) Are there any parts of your direct operations or supply chain that are not included in your disclosure?

No

F1. Current state

F1.1

(F1.1) How does your organization produce, use or sell your disclosed commodity(ies)?

Timber products

Activity

Growing/production of raw materials
Harvesting
Milling
Crushing
Using as input into manufacturing process for power generation
Using as input into product manufacturing

Form of commodity

Sawn timber, veneer, chips
Unprocessed wood fiber
Boards, plywood, engineered wood
Other, please specify (Wood from forest plantations (pine and eucalyptus))

Source

Owned/managed land
Smallholders
Contracted suppliers (processors)

Country/Area of origin

Brazil
Colombia

% of procurement spend

Not applicable

Comment

Duratex carries out its own production of wood products. We are responsible for more than 140 thousand hectares of planted forests and distributed conservation areas on owned and leased farms, with approximately 92 thousand hectares to supply our wood panel factories. The percentage of spending on acquisitions is not relevant to our organization due to the lease agreements and fostered areas we have.

F1.2

(F1.2) Indicate the percentage of your organization's revenue that was dependent on your disclosed forest risk commodity(ies) in the reporting year.

| | % of revenue dependent on commodity | Comment |
|-----------------|-------------------------------------|--|
| Timber products | 51-60% | In 2020, the Madeira Business corresponds to 55.3% of Duratex's revenue. |
| Palm oil | <Not Applicable> | <Not Applicable> |
| Cattle products | <Not Applicable> | <Not Applicable> |
| Soy | <Not Applicable> | <Not Applicable> |
| Other - Rubber | <Not Applicable> | <Not Applicable> |
| Other - Cocoa | <Not Applicable> | <Not Applicable> |
| Other - Coffee | <Not Applicable> | <Not Applicable> |

F1.3

(F1.3) Provide details on the land area you control and/or manage that is used for the production of your disclosed commodity(ies).

Forest risk commodity

Timber products

Type of control

Own land

Country/Area

Brazil

Land type

Tree plantations

Area (Hectares)

134557.1

% Area certified

97.48

Certification scheme

FSC Forest Management certification

Conversion of natural ecosystems during the reporting year

No

Area converted during the reporting year (hectares)

<Not Applicable>

% covered by natural forests

<Not Applicable>

Please explain

This number considers the total of own and leased land in Brazil, including, 85,141.20 hectares of plantations, 43,717.90 hectares of set-aside conservation areas and 5,698.00 hectares of infrastructure and other areas. In 2020, we celebrated 25 years of our FSC® certification for responsible forest management. Duratex was the first company in the southern hemisphere to obtain the Forest Stewardship Council® (FSC®) certification. Currently, 97.48% of areas Duratex operates in Brazil bear the seal, and we also work to encourage our partner producers to seek the certification. In 2019, 50 of them participated in a meeting, organized by Duratex's Forestry Management, to get to know the concepts on which the certification is based and understand the necessary adjustments. In November 2020, the 1st group of producers was subject to an external audit. At the end of the process, the certification was recommended, covering 20.1% of the fostered forest areas.

Our assets were also analyzed by an international consulting firm and reached a maximum evaluation score, which ensures the efficient management of our forests. The strategy of the division consists of obtaining synergy from the industrial and forest operations, in addition to allowing for new business opportunities.

FSC license codes - FSC C006042 - FSC-C165415

Forest risk commodity

Timber products

Type of control

Own land

Country/Area

Colombia

Land type

Tree plantations

Area (Hectares)

10814

% Area certified

81.58

Certification scheme

FSC Forest Management certification

Conversion of natural ecosystems during the reporting year

No

Area converted during the reporting year (hectares)

<Not Applicable>

% covered by natural forests

<Not Applicable>

Please explain

Duratex received forest management certification thanks to the result obtained from the formal evaluation process that began in April 2012, which demonstrated compliance with the "Standards for Voluntary Forest Certification of Forest Plantations in Colombia under the FSC® Scheme". This is largely due to the good management of the reforestation program that the company has been carrying out. Also thanks to its business approach based on social responsibility and environmental sustainability, and the committed work that the staff has been doing since 2011 to fulfill this task. Our forests are distributed in four nuclei: Caldas, Tolima, North of Antioquia and Northeast of Antioquia. Currently, in Colombia, Duratex has 81.58% of hectares that are FSC® certified of the total of operated areas.

FSC Certificate - FSC C109955

F1.4

(F1.4) Provide details on the land you control and/or manage that was not used for the production of your disclosed commodity(ies) in the reporting year.

Forest risk commodity

Timber products

Country/Area

Brazil

Type of control

Own land

Land type

Set-aside land

Area (hectares)

43717.9

% covered by natural forests

100

Please explain

We seek to lead by example by adopting the best practices and cutting-edge technologies. Accordingly, we highlight the use of drones to monitor forests and conservation areas. We are aware of the flora and fauna diversity found in our forest areas, with 1,414 e and 1,136 species, respectively, From this total, 15 flora and 24 fauna species are classified as threatened species by the International Union for Conservation of Nature (IUCN).

Forest risk commodity

Timber products

Country/Area

Colombia

Type of control

Own land

Land type

Set-aside land

Area (hectares)

3500

% covered by natural forests

100

Please explain

Since 2011, we have carried out the work of characterizing forest conservation areas to determine the existence of species of special importance ("Assessment of the biological diversity of forests associated with the production centers of DURATEX S.A. ").

In 2012, work began on identifying High Conservation Value Attributes as part of the preparation process for Voluntary Forest Certification. After this identification, the Update of High Conservation Value Forests was carried out in 2014. From these analyses, the list of High Conservation Value Forests ("BAVC") of DURATEX SA was obtained. En 2020, la especie Atapletes blancae fue identificada en el núcleo norte y agregada a la lista BAVC.

F1.5

(F1.5) Does your organization collect production and/or consumption data for your disclosed commodity(ies)?

| | Data availability/Disclosure |
|-----------------|---|
| Timber products | Consumption and production data available, disclosing |
| Palm oil | <Not Applicable> |
| Cattle products | <Not Applicable> |
| Soy | <Not Applicable> |
| Other - Rubber | <Not Applicable> |
| Other - Cocoa | <Not Applicable> |
| Other - Coffee | <Not Applicable> |

F1.5a

(F1.5a) Disclose your production and/or consumption data.

Forest risk commodity

Timber products

Data type

Production data

Volume

2631116.84

Metric

Cubic meters

Data coverage

Full commodity production/consumption

Please explain

<Not Applicable>

Forest risk commodity

Timber products

Data type

Consumption data

Volume

4251496.1

Metric

Metric tons

Data coverage

Full commodity production/consumption

Please explain

<Not Applicable>

F1.5b

(F1.5b) For your disclosed commodity(ies), indicate the percentage of the production/consumption volume sourced by national and/or sub-national jurisdiction of origin.

Forest risk commodity

Timber products

Country/Area of origin

Brazil

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (São Paulo)

% of total production/consumption volume

53.3

Please explain

In 2020, 53.3% of all wood consumed by the Brazilian factories came from São Paulo state. Our plants in Agudos, Botucatu and Itapetininga were supplied by these sources, mainly our own forests.

Forest risk commodity

Timber products

Country/Area of origin

Brazil

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Minas Gerais)

% of total production/consumption volume

28.7

Please explain

In 2020, 28,7% of all wood consumed by the Brazilian factories came from Minas Gerais state. Our Uberaba plant was supplied by these sources, mainly our own forests.

Forest risk commodity

Timber products

Country/Area of origin

Brazil

State or equivalent jurisdiction

Specify state/equivalent jurisdiction (Rio Grande do Sul)

% of total production/consumption volume

18

Please explain

In 2020, 18.0% of all wood consumed by the Brazilian factories came from Rio Grande do Sul state. Our Taquari plant was supplied by these sources, mainly fostered smallholders.

F1.6

(F1.6) Has your organization experienced any detrimental forests-related impacts?

Yes

F1.6a

(F1.6a) Describe the forests-related detrimental impacts experienced by your organization, your response, and the total financial impact.

Forest risk commodity

Timber products

Impact driver type

Physical

Primary impact driver

Forest fires

Primary impact

Impact on company assets

Description of impact

Fires occurred in Duratex's planted areas

Primary response

Other, please specify (Monitoring and mitigation plan)

Total financial impact

0

Description of response

The occurrence of forest fires, either natural or human-induced, is inherent in the process. Our mitigation actions include fire brigade training, sites for water collection for firefighting with water trucks, an emergency action plan and a local community communication plan for care and cooperation.

To fight possible forest fires, we keep our forest unit teams ready, through training and development, so that we are able to promptly and actively respond to emergencies. In 2019, we replaced motorbikes by vehicles less vulnerable to accidents, equipped with a rapid response kit to fight forest fires at the first signs of fire. Radio and camera systems and satellite surveillance equipment installed in our forests allow for real-time surveillance of the security of our assets.

The financial impact refers to the areas affected by the forest fires.

In 2020, 395.21 hectares were affected by forest fires in Brazilian operations. In Colombia, 1.9 hectares were affected by fires. The vast majority of fires occurred accidentally. These were small-scale fires, with no significant financial losses. In cases where the forest is severely damaged, its value is written-off in our biological assets.

F2. Procedures

F2.1

(F2.1) Does your organization undertake a forests-related risk assessment?

Yes, forests-related risks are assessed

F2.1a

(F2.1a) Select the options that best describe your procedures for identifying and assessing forests-related risks.

Timber products

Value chain stage

Direct operations
Supply chain

Coverage

Full

Risk assessment procedure

Assessed as part of other company-wide risk assessment system

Frequency of assessment

Annually

How far into the future are risks considered?

> 6 years

Tools and methods used

Internal company methods

Please explain

To assess the company's general risks, including the analysis of socio-environmental risks, are evaluated according to their impact and vulnerability. The impact consists of the assessment of risks according to qualitative and quantitative criteria, with weighted variables, taking into account financial impact, scope of operations, damage to the image, operational and legal. These variables are properly weighted. According to the impact, risks are classified as critical, high, medium and low. For the vulnerability, it is evaluated how much the company is exposed or unprotected to risk events, where the frequency of recurrence of the event is evaluated, the internal controls adopted and the response time to regularize or treat the risk. Weights are also assigned. As for vulnerability, risks are also classified as critical, high, medium and low. After analyzing the impact and vulnerability, the resulting risks as critical and high are always classified as considerable risks. However, there are monitoring for all risks assessed by Duratex. For the two classification "critical" and "high" for the socio-environmental risks, mitigation plans are established and risk managers are designated for continual monitoring, with a check by the Audit area and Sustainability Area. The Risk Commission is responsible for providing accountability every semester for action plans executed to the Audit and Risk Management Committee which advises our Board of Directors.

In addition to corporate risk assessments, we have a risk assessment specifically for our forests, where we identify and assess the risks related to our forest activities inherent to our operation, with a 21-year horizon and evaluated, verified and reviewed annually by the operation Duratex Forestry, also encompassing our chain.

(F2.1b) Which of the following issues are considered in your organization's forests-related risk assessment(s)?**Availability of forest risk commodities****Relevance & inclusion**

Relevant, always included

Please explain

The lack or scarcity of inputs can cause adverse effects on the results resulting from unscheduled stoppages of the production lines. In addition, variations in prices and availability of inputs and raw materials can increase production costs and negatively impact the Company's operations. The supply of wood is dependent on the production of forests. Accordingly, the distance and availability of mature and available forests to supply the Company's operations can significantly impact Duratex's costs. Therefore, the Company chose to verticalize most of this process in forests close to the industrial panel manufacturing operations.

Focused on forest production and supply, Duratex uses the Risk & Opportunity Forest Management and considers a risk for the organization the availability of wood from our forests in our direct operations or in our supply chain (this last one on a smaller scale). The non-availability of wood could cause a risk of supply to Duratex's panel factories. This risk directs the management and practices of forest management and the continuous rise in productivity of our business, as well as the monitoring and preservation of our forest assets.

Quality of forest risk commodities**Relevance & inclusion**

Relevant, always included

Please explain

As well as availability, the wood quality is a risk assessed and monitored by the company. For the assessment, Duratex uses the Risk & Opportunity Forest Management and considers a risk for the organization the quality of wood produced in our forests, which will influence directly in our process and in Duratex's wood products quality. The quality of the wood is accompanied by the forestry operation and also by Duratex's factories.

Impact of activity on the status of ecosystems and habitats**Relevance & inclusion**

Relevant, always included

Please explain

Impact of forest management activities on the status of ecosystems and habitats is a relevant risk that Duratex considers. We assess the potential environmental impacts of our operations and continuously monitor the ecosystems where we are located, adopting the best practices, conserving natural habitats, to leave a small ecological footprint. Duratex is convinced that preservation is the best way to sustain forestry businesses in the long term and that is how we guide our management practices and preservation actions.

Regulation**Relevance & inclusion**

Relevant, always included

Please explain

Regulations may have a positive or negative impact on Duratex's business. To assess the possible risk and impact of regulations, Duratex has a system for monitoring legislation and applicability for the entire company including the forestry business (Sistema Ambito). New regulations applicable to the business and products are evaluated in order to verify the possible impact on the company's activities. Duratex also has a legal department that monitors all laws that may have a possible impact on the Company on all fronts. In addition, we rely on sectorial support, especially from the Brazilian Tree Industry - Ibá, to assess trends in regulations for the forestry sector, carry out governmental fronts and new laws, and actively monitor Duratex specialists.

Climate change**Relevance & inclusion**

Relevant, always included

Please explain

Climate change is a risk that we consider for Duratex's business, and especially for the forestry business, as it can directly affect forest production in the long term. Adaptations to climate change are carried out and we undertake studies for a genetic improvement that allows for the development of varieties that generate forests more adapted to climate change, with more productivity and more resistance. One of the methodologies for assessing climate risks in forestry businesses is the Edafoclimatic Risk Assessment, following the RCP 8.5 model.

Impact on water security**Relevance & inclusion**

Relevant, always included

Please explain

Duratex's operations require the use of water for industrial operations and forestry production. This resource is relevant to Duratex's business and we assess the impact on water security. The possible lack of this natural resource can make operations unviable and poor management of the resource can cause damage to the image and penalties for the company.

Tariffs or price increases**Relevance & inclusion**

Relevant, always included

Please explain

Tariffs or price increases can impact Duratex's operations due to the increase in the price of the commodity or innovations in processes to reduce costs. Variations in the price of wood, price in inputs, new taxes and increased costs of operations are possible risks that may affect forestry operations. These risks are assessed by the forestry operations team.

Loss of markets

Relevance & inclusion

Relevant, always included

Please explain

Loss of market due to other material preferences by consumers, new product regulations, performance of the company's products in relation to the market and in relation to competitors are risks assessed by Duratex. The commercial intelligence of the Madeira business, evaluates these points and verifies possible risks that they may suggest related to the loss of the market.

Leakage markets

Relevance & inclusion

Not relevant, included

Please explain

All production and sale of wood is controlled by Duratex, in all company's operations. The production carried out by the company is predominantly consumed internally, to supply the wood panel industrial units.

Brand damage related to forest risk commodities

Relevance & inclusion

Relevant, always included

Please explain

We consider the risk of Brand damage related to our wood products.

Duratex being associated to a brand that uses unacceptable forest management and deforestation practices is a risk to the brand image. Risk of loss of certification may also cause damage to the brand. Our due diligence system for wood procurement aims to mitigate that risk through document analysis and field audits.

We established a communication plan for Duratex and we also have a Crisis Committee internally to avoid the risk of damage to the brand. We also believe that the deterioration of relations with the surrounding communities and with professional associations may incur damage to the image and assets, in addition to partial interruption of the Company's activities.

In all regions where Duratex has manufacturing units, there are relationships with groups that defend the interests of a certain class or community. Although there are constant efforts to maintain a good relationship, the Company cannot guarantee that actions by these groups will not occur, such as property invasions or blocking access to units, which may interrupt the Company's industrial activities. In addition, such events could be publicized by the media, on terms not manageable by the Company, which could have an impact on the image of Duratex and its products with its customers and suppliers.

Corruption

Relevance & inclusion

Relevant, always included

Please explain

Corruption is a risk monitored by Duratex.

We have instituted, since 2015, the Anti-Corruption Policy, which establishes obligations and penalties applicable to individuals or companies that represent our brand before the Public Administration.

Our Compliance structure is responsible for preventing and detecting corruption risks through the activities provided for in our Integrity Program and practices defined in our Code of Conduct and the Anti-Corruption Policy.

Our Anti-Corruption Policy establishes that the Executive Committee makes decisions based on investigations and guidelines issued by the Legal and Ethical Compliance Area, while the Board of Directors is responsible for decisions that directly involve the members of the Executive Board, as recommended by the Executive Board. People, Governance and Nomination Committee.

Social impacts

Relevance & inclusion

Relevant, always included

Please explain

The Forestry Business actively monitors and mitigates the possible social risks that the operations may cause to the surrounding communities.

We use a social impact matrix, used to measure and assess the specific impacts of forestry operations.

In addition, in order to strengthen relationships with communities, we also continuously use our forests socially, which consists of taking advantage of the structures of our farms to carry out productive or recreational activities that do not consist of wood production.

It is important to mention that the communities around the operations do not have significant records of invasion and or related issues. Instead, there is a good relationship and dialogue with the communities around Duratex.

Other, please specify

Relevance & inclusion

Please explain

F2.1c

(F2.1c) Which of the following stakeholders are considered in your organization's forests-related risk assessments?

Customers

Relevance & inclusion

Relevant, always included

Please explain

Duratex's customers are diverse, considering the company's extensive portfolio, and dialoguing with customers and consumers in order to understand demands and anticipate trends is one of our lines of action. About the Wood Division, the Forestry area has sawmill customers, consumers of biomass, and Duratex Panel factories (considered internal customers). In addition, for the Panels business, we have customers from the civil construction and furniture, in addition to the final consumers of the products. In this sense, the Clients Committee is an important instrument of approximation and source of inspiration to develop Solutions for Better Living in all areas of our business divisions. For the Madeira division, the Customer Committee was created with the objective of being closer to the furniture industry and retailers and to co-create new solutions that increase consumer satisfaction.

For our customers, the FSC certification is also extremely relevant. Duratex was the first company in the Southern Hemisphere to conquer it and in 2020 we became the first company in Latin America to reach 25 years of uninterrupted certification.

Employees

Relevance & inclusion

Relevant, always included

Please explain

Our employees are considered in all of our assessments.

100% of employees in Brazil covered by collective labor agreements or conventions. In Colombia, 16.4% of our staff is covered

by this type of negotiation. The remainder has individual benefit agreements. Duratex also negotiates with unions the conditions for applying the Profit Sharing Program to which all employees are eligible, to encourage individual performance, teamwork and value creation engagement. For the sustainability of the business, in 2020 we made more than 1,300 individual agreements for home working and negotiated more than 15 collective agreements with workers' unions to regulate the emergency measures to face the pandemic, aimed at preserving the level of employability and the income of the employees.

In our Occupational Health and Safety Management Program – DuraSeg, we hold events and training sessions aimed at spreading this culture among the teams. In this regard, Duratex's indicators are monitored through the Duratex Management System – SGD, with the engagement of leaders in periodic meetings. Leaders also participate in the Safety Training Observation Program (STOP) at all units. Employees are guided and made aware to constantly monitor the work environment to identify risks and take corrective and preventive actions, as well as propose improvements, think and act to prevent occupational incidents and accidents and immediately report any deviations, risk situations, incidents and accidents. They also receive guidance on the right to refuse, ensuring that all employees are entitled to refuse starting or interrupting an activity if they believe it involves a serious and imminent risk to their own or others' safety and health. Once the risk situation is identified, the employee must immediately report it to their leader or to the safety technician, who, if necessary, must take the appropriate measures to eliminate or neutralize the risk without expecting reprisals.

We are aware of the flora and fauna diversity found in our forest areas, and our employees are instructed on the care that should be taken during operations to avoid or minimize any impacts of our operations on the environment.

Investors

Relevance & inclusion

Relevant, always included

Please explain

Duratex considers investors as relevant in its risk assessment because forest related risks and opportunities could have a significant impact in our results, of which Wood Division (Forest and Panels) represents 55.3% of Company's revenue. Impact in our reputation could shrink the access to investments and impact investment decisions. Being a publicly-listed company, we have our shares traded in the New Market of B3 S.A. – Brasil, Bolsa, Balcão (B3) under the ticker DTEX3, with a 100% tag along. We have also been part, for more than ten years, of the Corporate Sustainability Index (ISE) of B3, which serves as benchmark for responsible investment in Brazil.

Also in 2020, Duratex was nominated for the Sustainability Policy Transparency Toolkit (SPOTT) as the company in Brazil and in the Americas with greatest transparency in the ESG commitments from the wood and pulp sector. The ranking is prepared by the Zoological Society of London (ZSL). In the world ranking, the Company was in 4th place, of a total of 100 companies assessed. We also participate of CDP Forest, for the first year in 2020 (2019 report), and for CDP Climate Change Duratex joined the A List, also part of the ICDPR-70 index.

This achievement reflects our effort in considering environmental and social criteria in the decision-making processes. We also adhered to the Abrasca Code of Self-Regulation and Good Practices of Publicly-Listed Companies of the Brazilian Association of Publicly-Listed Companies (Abrasca) of which we are members. Accordingly, we are in tune with the best market practices and with the principles of transparency, equity, accountability and corporate responsibility.

As a commitment to transparency, we publish our annual reports, such as Integrated Reporting, the Forest Management Plan, in addition to our financial statements, other public policies and certifications on our website.

Local communities

Relevance & inclusion

Relevant, always included

Please explain

To identify and assess the demands of local communities, we use engagement and relationship tools that help us direct investments, efforts and prioritize actions. In the Forestry business, it is Duratex's tradition to maintain the communication with internal and external communities in order to enable dialogue. The low incidence of situation records conflicting indicates that care for the environment, people and the community assumed in the Forest Management Plan are incorporated into the activities and operations developed in the company. Established in rural areas, forestry farms are predominantly surrounded by other forest properties, agricultural cultivation areas (usually sugarcane and soybeans) and cattle pastures. Duratex does not manage areas demarcated as indigenous or from traditional peoples. In these cases it is established that the free, prior and informed consent of the impacted communities must be obtained before the beginning of the forestry activities. In every forestry operation we identify all stakeholders that might be affected by our activities and prior to the beginning of the harvesting we do the "Community Dialogue", in which our neighbors and people on the transportation route can appoint potential impacts and help us to define control measures. This dialogue continues during the activities and these stakeholders have an open channel to make complaints to us. After we finish our activities in that forest, we engage with them once more in order to assure that all impacts were mitigated and any complaints are resolved.

Also, to further strengthen the relationship with our surrounding communities, we have the Espaço Arvorar, a space located in our largest panel unit and a relevant planting area in the city of Agudos-SP, where it is possible to present the history of wood in society through sensory experiences that promote knowledge in a creative and innovative way.

NGOs

Relevance & inclusion

Not relevant, included

Please explain

NGOs are stakeholders considered and addressed in our assessment in a sectorial way, via Ibá (Brazilian Tree Industry), and other state forestry associations. Considering that Duratex's operations are located in areas largely free from conflicts or strong NGO presence, they are not a relevant stakeholder. Regardless of that, we consider them in our planning and assessments and in 2020, we approached the São Paulo State Forest Forum, local representative of the Brazilian Forest Dialogue, where forest companies, NGOs, Universities and civil society meet to discuss social and environmental issues. Full membership was obtained in 2021.

Other forest risk commodity users/producers at a local level

Relevance & inclusion

Relevant, always included

Please explain

State associations, local wood suppliers and consumers, small landowners, are considered in our forest growth and expansion plan, being considered in our risk assessments and in the company's planning decisions. In one of our Brazilian factories, the great majority of wood supply comes from fostered smallholders, which must be considered on our short and medium-term planning and risk assessments.

Regulators

Relevance & inclusion

Relevant, always included

Please explain

Regulators are considered stakeholders in Duratex's risks, especially environmental agencies responsible for the locations where we operate. In addition to having a specific system in the company for monitoring legal requirements, we participate in sectorial associations, closely following drafting of laws and new trends at the federal, state and municipal levels. Our legal department has procedures to follow the government updates and to foresee any new regulations that might impact our operations.

Suppliers

Relevance & inclusion

Relevant, always included

Please explain

Through the Duratex Supplier Management program (GFD Program), the main evaluation, relationship and development of business partners, we encourage the adoption of good socio-environmental management practices in our sector productive. We want to contribute to sustainable development of our partners by promoting value creation shared and, at the same time, minimize potential risks in our supply chain. The sustainability of our business relies on a supply chain that shares our principles and commitments. For this reason, we developed the Duratex Supplier Management program (GFD), set up seven years ago, a structured process to assess strategic suppliers based on environmental, social, economic and quality criteria, by recognizing, through the Best Supplier Award, those who have come forward with outstanding practices under the program. Annually, we select strategic suppliers from our relationship base to join the GFD. This process consists of the provision of information about all purchases in a criticality matrix.

Therefore, these data are analyzed based on the risk and materiality to the operation quadrants, resulting in the classification of suppliers. Partners assessed as critical and very critical are prioritized in the program. Although the GFD so far does not include the Colombian supply chain, a process whose adaptations are still under study, we are part of the Multinational Companies program that serves us both in Brazil and in Colombia, so that they consider, even indirectly, the operations of suppliers operating in Colombia. Even so, the operation in Colombia carries out an evaluation using its own methodology, in which it considers as a critical supplier the one offering goods or services that, when a failure occurs, can generate representative non-compliance affecting the customer satisfaction, occupational safety or the environment. If, in the assessment of suppliers, any type of risk or non-compliance is evidenced, an action plan must be created and its results must be regularly monitored.

Specifically for wood supply, Duratex has a due diligence system to assess every third-party supplier according to legal, environmental, social, labor and land tenure criteria. This system includes field audits and interviews with their workers, ensuring that all timber used on our processes come from responsible sources.

Other stakeholders, please specify

Relevance & inclusion

Relevant, always included

Please explain

Our competitors are also considered and analyzed. Another stakeholder group considered by Duratex is the academy (universities and research institutions). We have partnerships and close relationships to support our research and improve forestry practices. For example, Duratex is a founding member of IPEF (Forestry Research and Studies Institute), a renowned Brazilian institute which gathers some of the biggest forestry companies in Brazil to foster research and develop technologies to improve forest management. One of these projects is Euflux, a cooperative study about the carbon, energy and water fluxes on Eucalyptus forests.

F3. Risks and opportunities

F3.1

(F3.1) Have you identified any inherent forests-related risks with the potential to have a substantive financial or strategic impact on your business?

| | Risk identified? |
|-----------------|------------------|
| Timber products | Yes |
| Palm oil | <Not Applicable> |
| Cattle products | <Not Applicable> |
| Soy | <Not Applicable> |
| Other - Rubber | <Not Applicable> |
| Other - Cocoa | <Not Applicable> |
| Other - Coffee | <Not Applicable> |

F3.1a

(F3.1a) How does your organization define substantive financial or strategic impact on your business?

The assessment of the company's general risks, including the analysis of socio-environmental risks, is done according to their impact and vulnerability. The impact is predicted by the assessment of risks according to qualitative and quantitative criteria, with weighted variables, taking into account financial impact, scope of operations, damage to the image, operational and legal. These variables are properly weighted. According to the impact, risks are classified as critical, high, medium and low. For the vulnerability, it is evaluated how much the company is exposed or unprotected to risk events, where the frequency of recurrence of the event is evaluated, the internal controls adopted and the response time to regularize or treat the risk. Weights are also assigned. As for vulnerability, risks are also classified as critical, high, medium and low. After analyzing the impact and vulnerability, the resulting risks as critical and high are always classified as considerable risks. However, there are monitoring for all risks assessed by Duratex.

For both classifications "critical" and "high", the socio-environmental risks are considered substantive financial or strategic risks. As a result, mitigation plans are established and risk managers are designated for continual monitoring, with a check by the Audit area and Sustainability Area. The Risk Commission is responsible for providing accountability every semestre for action plans executed to the Audit and Risk Management Committee which advises our Board of Directors.

Critical risks are considered to be above 3% of shareholders' equity (which may cause impacts greater than R\$ 155,650,920.00). High risks are considered to be less than or equal to 3% and above 2% of shareholders' equity (that is, between R\$ 103,767,280.00 and R\$ 155,650,920.00).

F3.1b

(F3.1b) For your disclosed forest risk commodity(ies), provide details of risks identified with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Forest risk commodity

Timber products

Type of risk

Physical

Geographical scale

Forest management unit

Where in your value chain does the risk driver occur?

Direct operation

Primary risk driver

Rising mean temperatures

Primary potential impact

Reduction or disruption in production capacity

Company-specific description

The non-availability of wood could cause a risk of supply to Duratex's panel factories and impact the Wood business (Forestry and Panels), which corresponds to 55.3% of Duratex's revenue.

This risk directs the management and practices of forest management and the continuous rise in productivity of our business, as well as the monitoring and preservation of our forest assets. Climatic events, water scarcity, reduced growth and productivity in forest areas, incidence of pests and fires in commercial forest areas, are factors that can influence the impact of the risk.

Duratex has also carried out a study to assess current and future climate vulnerabilities in the Zona da Mata region (Atlantic Forest), in regions that are important for our forest business. The edaphoclimatic study identified, evaluated and quantified temperatures, water balance, rainfall, water deficiency and temperature evolution in the regions studied, between the years 1980 to 2050, with projections and scenarios for the long term (climatic scenario RCP 8.5 and climate model Hadgen2-ES). As a result, it was found that none of the objective areas of the study for Duratex presented risks in the scenarios evaluated for our specific characteristics of our planted forests. Even so, Duratex understands that investments in forest productivity and reduction in the use of natural resources is strategic for the company.

Timeframe

>6 years

Magnitude of potential impact

High

Likelihood

Unlikely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial

Duratex does not yet disclose this figure. We are working on this estimate and will present it in the 2022 cycle.

Primary response to risk

Promotion of sustainable forest management, including financial incentives

Description of response

Our management practices ensure the protection of conservation areas and the rational use of natural resources, such as water and soil, allowing the long-term production of the input that supplies our factories. Duratex has been carrying out a genetic improvement program for over 40 years, which aims to select the eucalyptus species well adapted to different climatic conditions and present higher quality standards (such as density and resistance to pests and diseases). We have instituted the silviculture protocol, which includes practices such as minimum cultivation and the soil fertilization program, with the best practices for protection and better use of nutrients. We also count on the best practices of forest monitoring (which also includes the monitoring of possible increase in pests, prioritizing their biological control) and a forest protection program (with actions that guarantee the prevention and fight against forest fires, in order to protect cultivation and conservation areas, as well as the community and the company's employees, machines and facilities). Since 2008, we have been participating of the Euclux program. This is a cooperative initiative coordinated by universities and research institutes to periodically collect data on carbon, water and nutrients flows of the planted forests. These actions and investments are strategic so that we can be more productive, reduce the use of natural resources, minimizing the risk of wood reduction.

Cost of response

1330000

Explanation of cost of response

For the cost of response, Duratex considered the actual cost to control, improve and adaptation. In this amount, we include the annual expenses with projects, staff, partnerships, research and development.

F3.2

(F3.2) Have you identified any forests-related opportunities with the potential to have a substantive financial or strategic impact on your business?

| | Have you identified opportunities? |
|-----------------|------------------------------------|
| Timber products | Yes |
| Palm oil | <Not Applicable> |
| Cattle products | <Not Applicable> |
| Soy | <Not Applicable> |
| Other - Rubber | <Not Applicable> |
| Other - Cocoa | <Not Applicable> |
| Other - Coffee | <Not Applicable> |

F3.2a

(F3.2a) For your selected forest risk commodity(ies), provide details of the identified opportunities with the potential to have a substantive financial or strategic impact on your business.

Forest risk commodity

Timber products

Type of opportunity

Resilience

Where in your value chain does the opportunity occur?

Direct operation

Primary forests-related opportunity

Improved climate change adaptation

Company-specific description & strategy to realize opportunity

At the Forestry Division, we seek to optimize the use of water by using proper management techniques, such as minimum cultivation, a technique that reduces exposure to soil temperature and, consequently, water evaporation. The learning achieved along the genetic improvement program contributed to the ongoing improvement of our forestry processes.

Estimated timeframe for realization

>6 years

Magnitude of potential impact

Medium

Likelihood

Likely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Measure is still under evaluation. However, the results in cultivation are measurable.

Concerned about productivity, a critical sustainability component, for decades we have run a genetic improvement program to develop varieties that generate forests more adapted to climate change, with more productivity and resistance to pests and diseases.

With these initiatives, we have practically doubled our productivity: in the 1980's, it was about 30.0 m³/ha/yr. and, in 2020 we reached 54.0 m³/ha/yr, (forests in the areas of São Paulo) above Brazilian current average of 35.3 m³/ha/yr, according to data from the 2020 Annual Report of the Brazilian Industry of Trees (IBÁ).

F4. Governance

F4.1

(F4.1) Is there board-level oversight of forests-related issues within your organization?

Yes

F4.1a

(F4.1a) Identify the position(s) of the individual(s) (do not include any names) on the board with responsibility for forests-related issues.

| Position of individual | Please explain |
|-------------------------------|--|
| Board Chair | Duratex's Board of Directors is responsible for the general direction of the Company's business. Duratex, operating in the segments of sanitary ware and metals, electric showers, ceramic tiles and wood panels, has shown in 2020 55.3% of its revenue in this last segment. Therefore, forests related issues are a big concern to our Board. The Forestry business is monitored by the Company's Board of Directors and Floresta's Annual Plan has its approval, also being part of the strategic decisions of this business. |
| Chief Executive Officer (CEO) | Duratex's Executive Board is composed of 6 members, headed by our Chief Executive Officer. They are responsible for the effective management of the business, including our Forest and Panels operations. Our CEO also reports on forestry issues to the Company's Sustainability Committee, which also supports the Board of Directors. The CEO of our company is supported and makes joint decisions with the Vice Presidency of Madeira, one of the members of Duratex's Executive Committee, covering operations in Brazil and Colombia. The Financial Vice Presidency of Duratex, which is part of the Company's Executive Committee, also participates in Forestry decisions. Decision-making for the Forestry Business is directed in the Company's structured agenda for dealing with and deciding on forestry issues, namely: costs and productivity of forests, workers and safety issues, associated risks and decisions in forestry areas, expansions, Forest Inventory. |
| Chief Operating Officer (COO) | On our Executive Board, there is a vice president and a board responsible for the Wood Business (Panels and Forests), composed of 26% of direct employees in Brazil and Colombia, encompassing Duratex's forestry operations, with a dedicated operational team, who perform the management, management, operation and monitoring of planted and conservation areas, genetic improvements, forestry certifications, firefighting, biodiversity management. Our Forestry Director is responsible for forestry management, covering operational issues, costs and productivity of forests, workers and safety issues, associated risks and forest inventory, supporting and supporting the decisions of the Executive Committee. |

F4.1b

(F4.1b) Provide further details on the board's oversight of forests-related issues.

| | Frequency that forests-related issues are a scheduled agenda item | Governance mechanisms into which forests-related issues are integrated | Please explain |
|-------|---|---|--|
| Row 1 | Scheduled - all meetings | Monitoring implementation and performance Overseeing acquisitions and divestiture Overseeing major capital expenditures Providing employee incentives Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding corporate responsibility strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing innovation / R&D priorities Setting performance objectives | The meetings of the Board with the CEO of Duratex encompass all issues related to the Company's forestry business, as well as the other business of the company (Panels, Deca and Ceramic Coating) in their respective agenda and Committees. All the topics mentioned are addressed at the respective meetings of the Forestry business and are directed to the Company's strategic decisions. The Board of Directors holds monthly meetings involving the Executive Committee, dealing with and resolving on the Company's forestry matters. The Board participates in the approval of Floresta's annual budgeting and annual and strategic plan, in line with Duratex S.A.'s macro strategy and purpose With our governance, forestry issues are addressed from the most operational level to the level of the most strategic decisions. One of the 2019 actions of the Board of Directors, in conjunction with our Presidency, was the conclusion of the feasibility analyzes of the engineering studies and negotiations for creation of a joint venture (LD Celulose) in the soluble cellulose segment . Another highlight was the continuity of the structured plan aimed at optimizing assets, such as divestments in the panel plant in Botucatu (SP) and the sale of forest assets in the State of São Paulo. These movements, in addition to not reducing the volume of production, balanced the supply capacity in relation to the existing demand and maintained the potential to monitor the operations in an eventual increase in demand. |

F4.2

(F4.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests-related issues (do not include the names of individuals).

| Name of the position(s) and/or committee(s) | Responsibility | Frequency of reporting to the board on forests-related issues | Please explain |
|---|---|---|---|
| Chief Executive Officer (CEO) | Both assessing and managing forests-related risks and opportunities | More frequently than quarterly | Our operations are supported by the Duratex Management System (SGD), which has been strengthening year after year as a tool that ensures more and more intelligence and safety in operations, providing cost and expense reduction. SGD is an important ally for the management of corporate, operational and sustainability goals, accompanied by milestones that indicate the completion of phases, as timelines and action plans. In this tool, we monitor the Company's indicators, also including questions about costs, productivity and quality of our forests. Follow-up meetings range from the operational level, Executive Committee and CEO, to our Board of Directors. Weekly and monthly meetings are held by the CEO to monitor the Forestry Business, including productivity and operation of forests, monitoring of indicators (SGD), associated forestry risks and strategic decisions for the Company. |
| Chief Operating Officer (COO) | Both assessing and managing forests-related risks and opportunities | More frequently than quarterly | The Forestry Director, who reports to the Vice President of the Madeira Business (member of the Executive Committee), monitors and directs all operational issues and decisions that affect our forestry area. It also has a constant synergy with the Panel Board, involving all logistic and wood supply operations for the manufacture of our panels and floors. The Forestry Directorate is responsible for the result of Forest Inventories, productivity of planted forests and preservation of our conservation areas, genetic improvement program and protection of forests. There is a specific monitoring of the forestry area for discussions of risks, expansions, monitoring of the safety program and issues related to our employees (training, qualification, salary issues and variable remuneration). The results of the board of directors are presented weekly to the company's Executive Committee, and there are also specific meetings on a monthly basis. Commissions for investment approvals for forestry areas, purchase of equipment and CAPEX projects, have a specific address at the Company. There are also marketing approval committees for timber products, which are established as an additional way to ensure compliance and damage to the brand. As a highlight of 2019, there was the involvement of the Forestry Department to monitor and assess forest risks in the LD Celulose joint venture. |

F4.3

(F4.3) Do you provide incentives to C-suite employees or board members for the management of forests-related issues?

| | Provide incentives for management of forests-related issues | Comment |
|-------|---|--|
| Row 1 | Yes | Duratex has forestry goals applied from the area director to the rural worker. Annual goals for the director, managers and coordinators are established and we also have a system of variable remuneration according to the productivity, quality and cost of the forest area. |

F4.3a

(F4.3a) What incentives are provided to C-Suite employees or board members for the management of forests-related issues (do not include the names of individuals)?

| | Role(s) entitled to incentive? | Performance indicator | Please explain |
|---------------------|---|---|---|
| Monetary reward | Chief Executive Officer (CEO) Chief Operating Officer (COO) | Achievement of commitments and targets Supply chain engagement | The Forestry Department has objectives and goals linked to variable remuneration, including not only the director but also all employees of this business. There are annual goals, linked to the cost, production and quality of operations, as well as specific goals for forest protection and monitoring and carbon balance, for example. The indicators are monitored in the results of the Company and the evaluation of the achievement of the goals is evaluated by the direct leadership and by the company's human resources team, in semiannual follow-ups of the evolution of the commitments and in a final annual evaluation, to validate the achievement of the goals within our Integrated People Management program. The goals involve safety performance, increased forest productivity and forest quality, for example. |
| Non-monetary reward | Chief Executive Officer (CEO) Chief Operating Officer (COO) Chief Sustainability Officer (CSO) Other C-suite Officer | Achievement of commitments and targets Supply chain engagement | At Duratex's Sustainability Strategy, the theme "Sustainable forest management" was established within the pillar "Processes. Duratex has 8 specific public goals in relation to this topic, to be addressed and achieved, among them, the reduction of pesticides usage, efficient irrigation, increase of genetic bases, certified areas (own and fomented). All goals are public and disclosed annually, with their evolution, in our Integrated Report. The assessments are annual and monitored by the Sustainability area. |

F4.4

(F4.4) Did your organization include information about its response to forests-related risks in its most recent mainstream financial report?

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

Duratex_RA_2020_Book_en.pdf

F4.5

(F4.5) Does your organization have a policy that includes forests-related issues?

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

F4.5a

(F4.5a) Select the options to describe the scope and content of your policy.

| | Scope | Content | Please explain |
|-------|--------------|--|--|
| Row 1 | Company-wide | <p>Commitments beyond regulatory compliance</p> <p>Commitment to transparency</p> <p>Commitment to stakeholder awareness and engagement</p> <p>Recognition of the overall importance of forests and other natural ecosystems</p> <p>Description of forests-related standards for procurement</p> | <p>Our Sustainability policy establishes principles for managing the environmental aspects and impacts of activities, in order to reaffirm Duratex's commitment as an environmentally responsible company. Forest management is presented as one of the processes that we continuously improve in our operations, seeking social and environmental balance throughout the value chain.</p> <p>Among our procedures and responsibilities are:</p> <p>Use of proper forestry and nutrition practices and development of genetic improvement programs that allow the maximization of forest productivity indices;</p> <p>Promotion of integrated pest and disease management and understanding of climate change, ensuring the Duratex's forest productivity;</p> <p>Use of optimized harvesting, processing and transport techniques to reduce the use of resources and mitigate impacts social and environmental;</p> <p>Protection of biodiversity, springs, water courses, as well as as the conservation of the genetic bases of the soil and the forest, aiming at maintaining and/or improving ecosystem services and values;</p> <p>Constant search for technological innovations in processes.</p> <p>We also have our Environmental Policy, which establishes principles for managing the environmental aspects and impacts of our activities.</p> <p>https://dexco.s3.sa-east-1.amazonaws.com/Arquivos/download/Sustainability_Policy.pdf</p> <p>https://dexco.s3.sa-east-1.amazonaws.com/Arquivos/download/Environmental_Policy.pdf</p> <p>https://www.dex.co/ir/corporate-governance/regulations-and-policies</p> |

Environmental_Policy.pdf
 politica-ambiental.pdf
 Sustainability_Policy.pdf
 Politica-de-Sustentabilidade.pdf

F4.5b

(F4.5b) Do you have commodity specific sustainability policy(ies)? If yes, select the options that best describe their scope and content.

| | Do you have a commodity specific sustainability policy? | Scope | Content | Please explain |
|-----------------|---|------------------|--|--|
| Timber products | Yes | Company-wide | Commitment to eliminate conversion of natural ecosystems Commitment to protect rights and livelihoods of local communities Commitments beyond regulatory compliance Commitment to transparency Commitment to stakeholder awareness and engagement Recognition of the overall importance of forests and other natural ecosystems Description of business dependency on forests Description of forest risk commodities, parts of the business, and stages of value-chain covered by the policy List of timebound commitments and targets Description of forests-related standards for procurement | Our Sustainability policy establishes principles for managing the environmental aspects and impacts of activities, in order to reaffirm Duratex's commitment as an environmentally responsible company. Forest management is presented as one of the processes that we continuously improve in our operations, seeking social and environmental balance throughout the value chain. Among our procedures and responsibilities are: Use of proper forestry and nutrition practices and development of genetic improvement programs that allow the maximization of forest productivity indices; Promotion of integrated pest and disease management and understanding of climate change, ensuring the Duratex's forest productivity; Use of optimized harvesting, processing and transport techniques to reduce the use of resources and mitigate impacts social and environmental; Protection of biodiversity, springs, water courses, as well as as the conservation of the genetic bases of the soil and the forest, aiming at maintaining and/or improving ecosystem services and values; Constant search for technological innovations in processes. We also have our Environmental Policy, which establishes principles for managing the environmental aspects and impacts of our activities. We also have, specifically for Forestry, the Management Plan. The Forest Stewardship Plan contains the guidelines and procedures for the management of certified forest areas. This document is part of Duratex's Management documentation. Furthermore, we also have a policy for the procurement of wood from controlled sources, which establishes the minimum requirements and unacceptable sources for these purchases. https://dexco.s3.sa-east-1.amazonaws.com/Arquivos/download/Sustainability_Policy.pdf https://dexco.s3.sa-east-1.amazonaws.com/Arquivos/download/Environmental_Policy.pdf (Brazil's operations) https://www.duratex.com.br/upload/sustentabilidade/Plano-Manejo-Florestal-2021.pdf (Colombia's operations) https://duratex.com.co/empresa-verde/ |
| Palm oil | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Cattle products | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Soy | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Other - Rubber | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Other - Cocoa | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Other - Coffee | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |

Brazil2021ForestManagementPlan.pdf
 PLAN-DE-MANEJO-FORESTAL-2020_Resumen-público.pdf
 Plano-Manejo-Florestal-2020.pdf

F4.6

(F4.6) Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?

Yes

F4.6a

(F4.6a) Has your organization endorsed any of the following initiatives as part of its public commitment to reduce or remove deforestation and/or forest degradation?

Other, please specify (FSC Membership and Letter in Favor of the Amazon)

F4.6b

(F4.6b) Provide details on your public commitment(s), including the description of specific criteria, coverage, and actions.

Forest risk commodity

Timber products

Criteria

- No conversion of natural ecosystems
- No conversion of High Conservation Value areas
- Adoption of the UN International Labour Organization principles
- No sourcing of illegally produced and/or traded forest risk commodities

Operational coverage

Direct operations

% of total production/ consumption covered by commitment

100%

Cutoff date

Not applicable

Commitment target date

No target date

Please explain

Duratex is a member of FSC Brasil and FSC International and, therefore, is a subject to FSC Policy for Association, which mission is to promote the environmentally appropriate, socially beneficial and economically viable management of the world's forests. This policy establishes the unacceptable activities that associated organizations (including members and certificate holders) must not be involved with.

Brazi - FSC license codes: FSC C006042 - FSC-C165415

Colombia - FSC Certificate: FSC C109955

FSC Policy:

<https://fsc.org/en/document-centre/documents/retrieve/53eab6fd-915c-4210-a56b-f6b57d67e153>

F5. Business strategy

F5.1

(F5.1) Are forests-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

| | Are forests-related issues integrated? | Long-term time horizon (years) | Please explain |
|-----------------------------------|--|--------------------------------|--|
| Long-term business objectives | Yes, forests-related issues are integrated | >30 | Forestry issues are integrated into Duratex's long-term strategic business plan. The company currently manages more than 140 thousand hectares of conservation areas and planted forests to supply its fiberboard factories (southeastern and southern Brazil). The forestry area manages its forests in order to guarantee environmentally appropriate, socially beneficial, with FSC certification. Planting is carried out in owned and leased areas, with some leases having contracts for more than 30 years. The company is also a benchmark in forestry production with productivity above the national and international average. All of this, in line with one of the lowest production costs in the market. Duratex annually updates its short and long term strategic plan for all businesses with validation by the board of directors. Both our 7 panels industries and the our forestry areas are included in the strategic plan and are considered core business by the company. |
| Strategy for long-term objectives | Yes, forests-related issues are integrated | >30 | Forestry issues are integrated into Duratex's long-term strategic business plan. The company currently manages more than 140 thousand hectares of conservation areas and planted forests to supply its fiberboard factories (southeastern and southern Brazil). The forestry area manages its forests in order to guarantee environmentally appropriate, socially beneficial and economically viable production, with FSC certification. Planting is carried out in owned and leased areas, with some leases having contracts for more than 30 years. The company is also a benchmark in forestry production with productivity above the national and international average. All of this, in line with one of the lowest production costs in the market. Duratex annually updates its short and long term strategic plan for all businesses with validation by the board of directors. Both our 7 panels industries and the our forestry areas are included in the strategic plan and are considered core business by the company. |
| Financial planning | Yes, forests-related issues are integrated | >30 | Forestry issues are integrated into Duratex's long-term strategic business plan. The company currently manages more than 140 thousand hectares of conservation areas and planted forests to supply its fiberboard factories (southeastern and southern Brazil). The forestry area manages its forests in order to guarantee environmentally appropriate, socially beneficial, with FSC certification. Planting is carried out in owned and leased areas, with some leases having contracts for more than 30 years. The company is also a benchmark in forestry production with productivity above the national and international average. All of this, in line with one of the lowest production costs in the market. Duratex annually updates its short and long term strategic plan for all businesses with validation by the board of directors. Both our 7 panels industries and our forestry areas are included in the strategic plan and are considered core business by the company. Our financial planning is revisited annually in all Duratex businesses. Strategic planning is presented to the Board, including actions for business growth (expansions or sale of areas) and long-term capital allocations (over 5 years, especially for forestry businesses), also envisioning short and long-term opportunities deadline. |

F6. Implementation

F6.1

(F6.1) Did you have any timebound and quantifiable targets for increasing sustainable production and/or consumption of your disclosed commodity(ies) that were active during the reporting year?

Yes

F6.1a

(F6.1a) Provide details of your timebound and quantifiable target(s) for increasing sustainable production and/or consumption of the disclosed commodity(ies), and progress made.

Target reference number

Target 1

Forest risk commodity

Timber products

Type of target

Other, please specify (Forest production)

Description of target

To increase dry mass per hectare by 10.0% (by 2035).

Linked commitment

Not linked to specific commitment

Traceability point

<Not Applicable>

Third-party certification scheme

<Not Applicable>

Start year

2017

Target year

2035

Quantitative metric

Percentage

Target (number)

<Not Applicable>

Target (%)

10

% of target achieved

96.6

Please explain

One of the goals of Duratex's Sustainability Strategy for our Forest Management is to increase dry mass per hectare by 10% (by 2035). The baseline was 21.55 ton.dry mass / ha. In 2020, we reached the value of 22.90 ton.dry mass / ha (almost aligned to 2019). That is, we reached the rise in dry mass per hectare by 6.26%. Dry mass has been increasing as planned.

Target reference number

Target 2

Forest risk commodity

Timber products

Type of target

Third-party certification

Description of target

For 80.0% of fostered areas to be certified (by 2035)

Linked commitment

Social commitments

Traceability point

<Not Applicable>

Third-party certification scheme

FSC Forest Management certification
FSC Forest Management Group certification
FSC SLIMF (small or low-intensity managed forest)

Start year

2017

Target year

2035

Quantitative metric

<Not Applicable>

Target (number)

<Not Applicable>

Target (%)

80

% of target achieved

20.1

Please explain

In the first years of the proposed goal, the engagement of producers where the promoted areas are concentrated is being carried out, so the "zero" percentage in reaching this goal. The reach will be in the coming years, considering the 2035 horizon for reaching the goal. In 2019, we held a meeting with producers at Taquari, where most fostered areas are located, to explain the demands required for certification and how we intend to assist them in this process. Over 2020, actions with the first group of producers were carried out aimed at adjusting them to certification requirements. The external audit carried out in November 2020 recommended the certification of 20.1% of the areas. The certificate was issued in march 2021.

Target reference number

Target 3

Forest risk commodity

Timber products

Type of target

Other, please specify (Engagement with community)

Description of target

For 100.0% of communities to be involved in harvest planning.

Linked commitment

Social commitments

Traceability point

<Not Applicable>

Third-party certification scheme

<Not Applicable>

Start year

2017

Target year

2025

Quantitative metric

Percentage

Target (number)

<Not Applicable>

Target (%)

100

% of target achieved

93

Please explain

During 2020, 555 dialogues were held, of which 165 were in the pre-harvest stage, in a total of 177 named neighbors. The baseline for 2017 was 0%.

F6.2

(F6.2) Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?

| | Do you have system(s) in place? | Description of traceability system | Exclusions | Description of exclusion |
|-----------------|---------------------------------|---|------------------|--------------------------|
| Timber products | Yes | <p>All our Brazilian factories are certified according to FSC Chain of Custody standard, which ensures only wood from responsible sources are used in our manufacturing process.</p> <p>For wood grown in our own forests, we have a complete database that allows us to track every truck load of wood up to the plot within the forest. Every load has the transportation documentation as required by law.</p> <p>For procured wood, we have a due diligence system in place. Every supplier is assessed against our standard and measures are taken according to the risk of origin. This system requires us to conduct field audits in all our suppliers' forests that are not FSC-certified, including all the suppliers of the mills that supply us sawdust. Every audit results in a score and if a supplier reaches an established threshold, it can be suspended until the issues identified on the audit are solved or, if major problems (child labor, for instance) are found, it can be banished from our pool of suppliers. This system is annually audited by a third party as part of our FSC chain of custody certification.</p> <p>For example, in 2020 we conducted 175 field and desk audits on the suppliers of our Taquari plant. As a result of these audits, 3 suppliers were suspended due to health and safety-related documentation issues.</p> | Not applicable | <Not Applicable> |
| Palm oil | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Cattle products | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Soy | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Other - Rubber | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Other - Cocoa | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Other - Coffee | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |

F6.2a

(F6.2a) Provide details on the level of traceability your organization has for its disclosed commodity(ies).

| Forest risk commodity | Point to which commodity is traceable | % of total production/consumption volume traceable |
|-----------------------|---------------------------------------|--|
| Timber products | Tree plantation | 100 |

F6.3

(F6.3) Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)?

| | Third-party certification scheme adopted? | % of total production and/or consumption volume certified |
|-----------------|---|---|
| Timber products | Yes | 79.72 |
| Palm oil | <Not Applicable> | <Not Applicable> |
| Cattle products | <Not Applicable> | <Not Applicable> |
| Soy | <Not Applicable> | <Not Applicable> |
| Other - Rubber | <Not Applicable> | <Not Applicable> |
| Other - Cocoa | <Not Applicable> | <Not Applicable> |
| Other - Coffee | <Not Applicable> | <Not Applicable> |

F6.3a

(F6.3a) Provide a detailed breakdown of the volume and percentage of your production and/or consumption by certification scheme.

Forest risk commodity

Timber products

Third-party certification scheme

FSC Forest Management certification

Chain-of-custody model used

<Not Applicable>

% of total production/consumption volume certified

78.86

Form of commodity

Hardwood logs

Softwood logs

Volume of production/ consumption certified

3344222

Metric for volume

Cubic meters

Is this certified by more than one scheme?

No

Please explain

Wood from our own and leased certified areas in Brazil.

Forest risk commodity

Timber products

Third-party certification scheme

FSC Chain of Custody

Chain-of-custody model used

<Not Applicable>

% of total production/consumption volume certified

0.86

Form of commodity

Hardwood logs

Softwood logs

Sawn timber, veneer, chips

Volume of production/ consumption certified

36416

Metric for volume

Cubic meters

Is this certified by more than one scheme?

No

Please explain

Certified wood sourced from third parties.

F6.4

(F6.4) For your disclosed commodity(ies), do you have a system to control, monitor, or verify compliance with no conversion and/or no deforestation commitments?

| | A system to control, monitor or verify compliance | Comment |
|-----------------|---|------------------|
| Timber products | Yes, we have a system in place for our no conversion and/or deforestation commitments | <Not Applicable> |
| Palm oil | <Not Applicable> | <Not Applicable> |
| Cattle products | <Not Applicable> | <Not Applicable> |
| Soy | <Not Applicable> | <Not Applicable> |
| Other - Rubber | <Not Applicable> | <Not Applicable> |
| Other - Cocoa | <Not Applicable> | <Not Applicable> |
| Other - Coffee | <Not Applicable> | <Not Applicable> |

F6.4a

(F6.4a) Provide details on the system, the approaches used to monitor compliance, the quantitative progress, and the non-compliance protocols, to implement your no conversion and/or deforestation commitment(s).

Forest risk commodity

Timber products

Operational coverage

Direct operations
Supply chain

Description of control systems

Direct operations: Duratex is a FSC member, and as such has the commitment not to convert any natural forest into plantations or any other land use. As part of our annual third party audits, we have to show compliance to this requirement, with greater detail for the areas that are being included into the certified scope. The assessment and monitoring of these areas are made initially through satellite imagery and, if necessary, field visits. In 2020, we celebrated 25 years from the date we obtained the FSC® certificate of responsible forest stewardship. We were the 1st Company in the entire southern hemisphere to obtain. Supply chain: According to our wood supply policy, we do not buy wood from areas being converted. Through our due diligence system for wood procurement, we visit all our suppliers in field audits and one of the assessed points is the presence of deforestation or conversion. If any of these are found on the area, the supplier is immediately suspended.

Monitoring and verification approach

Geospatial monitoring tool
Ground-based monitoring system
First-party verification

% of total volume in compliance

100%

% of total suppliers in compliance

100%

Response to supplier non-compliance

Suspend & engage
Exclude

Procedures to address and resolve non-compliance with suppliers

Re-integrating suppliers back into supply chain based on the successful and verifiable completion of activities

Please explain

If a supplier is found not to be complying to our due diligence system requirements, it can be suspended according to the relevance of the issue. Evidence of deforestation is enough for the automatic suspension. After a supplier is suspended, it can propose corrective actions in order to solve the problems with defined deadlines. If the issue is resolved, it can be allowed to be a Duratex supplier again, otherwise it will be still suspended. If many other problems are found during the audit, the supplier can be excluded. In 2020, we did not have any exclusion of suppliers due to evaluations and poor performance, however, 3 suppliers were suspended due to issues not related to conversion or deforestation.

F6.5

(F6.5) For your disclosed commodity(ies), indicate if you collect data regarding your own compliance and/or the compliance of your suppliers with the Brazilian Forest Code.

| | Do you collect data regarding compliance with the Brazilian Forest Code? | Please explain |
|-----------------|---|---|
| Timber products | Yes, from both suppliers and owned/managed land | Owned land: 100% of our managed areas is compliant with the Brazilian Forest Code. Every property is registered on CAR, legal reserves are in place and permanent preservation areas are respected. As part of FSC certification, we have annual third party audits which inspect on the ground how we comply with applicable laws, including the Forest Code. All CAR receipts are filed on our database. Suppliers: As part of our due diligence system, we require all suppliers to be registered on CAR, as well as to have a valid environmental permit (where required). This, along with field audits, ensures that every property is compliant with the Forest Code. |
| Palm oil | <Not Applicable> | <Not Applicable> |
| Cattle products | <Not Applicable> | <Not Applicable> |
| Soy | <Not Applicable> | <Not Applicable> |
| Other - Rubber | <Not Applicable> | <Not Applicable> |
| Other - Cocoa | <Not Applicable> | <Not Applicable> |
| Other - Coffee | <Not Applicable> | <Not Applicable> |

F6.5a

(F6.5a) For your disclosed commodity(ies), indicate which Key Performance Indicators (KPIs) you use to measure your own compliance with the Brazilian Forest Code and your performance against these indicator(s).

Forest risk commodity

Timber products

KPIs

% of owned and/or managed properties registered on the Rural Environmental Registry (CAR) database, with active status

Performance against indicators

91-100%

Please explain

Every owned or leased area is registered in CAR. All of our managed areas have active status.

Forest risk commodity

Timber products

KPIs

% of owned and/or managed properties with no gross deforestation after July 2008

Performance against indicators

91-100%

Please explain

Duratex does not engage in any form of deforestation. All forests are planted in already anthropized areas, mainly with a long history of use for forest plantations, cattle raising or agriculture. As part of FSC certification, no conversion after 1994 is allowed in certified areas.

F6.5b

(F6.5b) For your disclosed commodity(ies), indicate which Key Performance Indicators (KPIs) you use to measure the compliance of your suppliers with the Brazilian Forest Code and their performance against these indicator(s).

Forest risk commodity

Timber products

KPIs

% of suppliers registered on the Rural Environmental Registry (CAR) database, with active status

Performance against indicators

100%

Please explain

As part of our due diligence system, we require all our suppliers to be registered in the CAR ("active status") before they can supply us timber. Consequently, all our supply units have been registered on CAR.

F6.6

(F6.6) For your disclosed commodity(ies), indicate if you assess your own compliance and/or the compliance of your suppliers with forest regulations and/or mandatory standards.

| | Assess legal compliance with forest regulations | Comment |
|-----------------|---|------------------|
| Timber products | Yes, from both suppliers and owned/managed land | <Not Applicable> |
| Palm oil | <Not Applicable> | <Not Applicable> |
| Cattle products | <Not Applicable> | <Not Applicable> |
| Soy | <Not Applicable> | <Not Applicable> |
| Other - Rubber | <Not Applicable> | <Not Applicable> |
| Other - Cocoa | <Not Applicable> | <Not Applicable> |
| Other - Coffee | <Not Applicable> | <Not Applicable> |

F6.6a

(F6.6a) For you disclosed commodity(ies), indicate how you ensure legal compliance with forest regulations and/or mandatory standards.

Timber products

Procedure to ensure legal compliance

Own areas: Duratex has many systems to ensure full compliance with all applicable laws. We have a corporate compliance department which conducts internal audits, independent from the business divisions, both for environmental and health/safety issues. Our legal department follows changes of legislation on many themes, such as taxation, labor, civil, commercial, environmental and health and safety. Within the forestry division, we have a system in place to monitor all environmental and health/safety applicable legislation, with frequent verification of conformity and registration of compliance evidence. Furthermore, 97.7% of our own and leased areas are FSC-certified, which includes annual third-party audits on, among other criteria, legal compliance. It is important to mention that the forest management activities on certified and not yet certified areas is completely the same. All our procedures and control systems apply to all our areas, regardless of certification. Therefore, we cover 100% of our areas.

Suppliers: our due diligence system was designed to assess our suppliers on their compliance on several issues: land tenure, workers' rights, environmental laws (Forest Code included, such as our requirement for CAR registration), health and safety, training, tax payments. We also require our suppliers to show us compliance certificates from government agencies, such as Ibama (federal environmental agency), states' environmental agencies, federal and state tax bureaus, Labor Justice, Labor Attorney General and Ministry of Labor. In addition to desk audits, we also do field audits in all our suppliers to ensure legal compliance. These procedures allow us to ensure all our suppliers' conformity with the law.

Country/Area of origin

Brazil

Law and/or mandatory standard(s)

General assessment of legal compliance
Brazilian Forest Code

Comment

These methodologies apply only to Brazil.

F6.7

(F6.7) Are you working with smallholders to support good agricultural practices and reduce deforestation and/or conversion of natural ecosystems?

| | Are you working with smallholders? | Type of smallholder engagement approach | Smallholder engagement approach | Number of smallholders engaged | Please explain |
|-----------------|------------------------------------|---|---|--------------------------------|--|
| Timber products | Yes, working with smallholders | Supply chain mapping Financial and commercial incentives | Supplier audits Other, please specify (Offering field technical assistance and extension services) | | For our approach with smallholders we have in place our fostering program. Through this program we can reach smallholders that are located nearby our factories and establish a partnership with them, where we supply seedlings and technical assistance for them to plant forests. In 2020 we had 255 smallholders enrolled in this program through 680 contracts. As part of the fostering contract, Duratex is the preferred buyer of the production. The cost of seedlings is then discounted from the timber sales price. This program helps smallholders to diversify their income, reducing their dependency on the sale of agricultural goods. Regardless of being a participant of the fostering program, all suppliers must be assessed according to our due diligence system in order to be able to sell timber to our factories. These assessments include desk and field audits to ensure compliance with laws and other commitments. In 2019 we begun our process of helping some of our smallholder suppliers to get FSC-certified by the end of 2020. Over 2020, actions with the first group of producers were carried out aimed at adjusting them to certification requirements. The external audit carried out in November 2020 recommended the certification of 20.1% of the areas. |
| Palm oil | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Cattle products | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Soy | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Other - Rubber | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Other - Cocoa | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Other - Coffee | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |

F6.8

(F6.8) Are you working with your direct suppliers to support and improve their capacity to comply with your forests-related policies, commitments, and other requirements?

| | Are you working with direct suppliers? | Type of direct supplier engagement approach | Direct supplier engagement approach | % of suppliers engaged | Please explain |
|-----------------|--|--|--|------------------------|--|
| Timber products | Yes, working with direct suppliers | Supply chain mapping Capacity building Financial and commercial incentives | Supplier audits Offering on-site training and technical assistance Organizing capacity building events Purchase guarantee linked to best agricultural practices | 100% | For our approach with smallholders we have in place our fostering program. Through this program we can reach smallholders that are located nearby our factories and establish a partnership with them, where we supply seedlings and technical assistance for them to plant forests. As part of the fostering contract, Duratex is the preferred buyer of the production. The cost of seedlings is then discounted from the timber sales price. This program helps smallholders to diversify their income, reducing their dependency on the sale of agricultural goods. Regardless of being a participant of the fostering program, all suppliers must be assessed according to our due diligence system in order to be able to sell timber to our factories. These assessments include desk and field audits to ensure compliance with laws and other commitments. In 2019 we begun our process of helping some of our smallholder suppliers to get FSC-certified by the end of 2020. Last November we organized a meeting with several suppliers (more than 100 people attended) to explain what was FSC certification, the benefits and what they need to do to become certified. In 2020 we supported financially and technically these smallholders to get ready for certification. Over 2020, actions with the first group of producers were carried out aimed at adjusting them to certification requirements. The external audit carried out in November 2020 recommended the certification of 20.1% of the areas. |
| Palm oil | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Cattle products | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Soy | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Other - Rubber | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Other - Cocoa | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Other - Coffee | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |

F6.9

(F6.9) Are you working beyond your first-tier supplier(s) to manage and mitigate deforestation risks?

| | Are you working beyond first tier? | Type of engagement approach with indirect suppliers | Indirect supplier engagement approach | Please explain |
|-----------------|------------------------------------|---|---|--|
| Timber products | Yes, working beyond first tier | Supply chain mapping | On-site meetings with indirect suppliers Supplier audits | As part of our due diligence system for wood suppliers, we have the same requirements for first-tier suppliers (direct suppliers) as for second-tier suppliers (sub-suppliers). Most of the wood procured by Duratex comes from direct suppliers, but in cases we buy wood sub products (chips, for example) we assess all the sub-suppliers of our suppliers like they are our own suppliers. In 2020, Duratex procured wood from 5 sawmills and all their suppliers were assessed against our due diligence system through both desk and field audits. |
| Palm oil | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Cattle products | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Soy | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Other - Rubber | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Other - Cocoa | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |
| Other - Coffee | <Not Applicable> | <Not Applicable> | <Not Applicable> | <Not Applicable> |

F6.10

(F6.10) Do you participate in external activities and/or initiatives to promote the implementation of your forests-related policies and commitments?

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Involved in multi-partnership or stakeholder initiatives

Initiatives

UN Global Compact
Forest Stewardship Council (FSC)

Jurisdictional approaches

<Not Applicable>

Please explain

As signatories to the Global Compact of the United Nations (UN), since 2008, Duratex is still committed to ensuring human rights in all regions and forests where it operates. Duratex is also a member of FSC International and FSC Brazil, being elected in 2019 to be a member of the FSC Brazil Board of Directors through 2022.

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Engaging with communities

Initiatives

<Not Applicable>

Jurisdictional approaches

<Not Applicable>

Please explain

Aimed at strengthening our customer and community relations, in 2017 we opened the doors of the Espaço Arvorar, located in our forest unit of Agudos (State of São Paulo). Interested people can visit this site free of charge, upon prior scheduling, during which we introduce the history of wood in society through sensorial experiences that promote knowledge in a creative and innovative way.

In 2020, due to the Pandemic, we promoted Virtual Tour to Espaço Arvorar.

Duratex also contributes for the social development of the communities where we have operations. We have strengthened an active listening process year by year, carried out Dialogue Circles with the communities surrounding our facilities. We seek to invite local people in a diverse manner so that we can have different approaches on each community. Duratex has talked with local government authorities to get to understand their plans and priority demands, based on which we can prepare a diagnosis to guide the projects to be implemented in each community. This work is carried out by employees who are trained specifically to act as local agents of engagement. These professionals, who are qualified for talking with the community, work as key allies in the internal disclosure of actions and incentive to volunteering, among other members of their teams and in line with business strategies.

In 2020, the Agentes de Gente (People Agents) program has trained 29 employees from the Ceramic Tiles units on dialogue with the community, supplementing the training in 2019 in other business units.

A customized approach is taken in the forest units, where we also have the Dialogue with the Community project, where the parties impacted by our management are notified about our operations and may cooperate to identify potential social impacts. Under this initiative, closer contacts are made before, during and after operations. The purpose is ensuring the efficacy of the measures adopted to mitigate impacts. In 2020, Duratex held 558 dialogues with the communities.

We also carry out social activities in Colombia, developing a program intended to communities located in areas of influence of our forests. A number of processes are developed, taking into account the identification and mitigation of impacts of our operations, in addition to conflict resolution actions.

Forest risk commodity

Timber products

Do you participate in activities/initiatives?

Yes

Activities

Funding research organizations

Initiatives

<Not Applicable>

Jurisdictional approaches

<Not Applicable>

Please explain

Since 2008, we have been participating of the Torre de Fluxo (Tower of Flow) program. This is a cooperative initiative coordinated by the Institute of Forest Research and Studies (IPEF), the French Agricultural Research Center (Cirad), and the Luiz de Queiroz College of Agriculture of the University of São Paulo (Esalq/USP), to periodically collect data on carbon, water and nutrients flows of the planted forests. It is intended to gather more and more insights for researches on the best responsible forest management practices, by aligning productivity and sustainability together. In 2019, we renewed our participation in this program for seven additional years.

In 2020, Duratex invested R\$ 36,916.00 in Eucflux. This program aims to quantify the inputs and outputs of carbon, water and nutrients for a complete rotation of Eucalyptus, increasing the collection of biogeochemical cycles of forests, which help to formulate practical recommendations, optimize production and ensure the sustainability of crops. This program has already provided relevant information to improve forest management, such as the reduction in the fertilization of forest plantations. It also showed that one hectare of planted forest sequesters more than one tonne of CO2 per month and that, after harvesting, the carbon balance is again positive seven months after planting the new stand. In this sense, advances in research in this field provide specific data characterizing Duratex plantations and assist in the improvement of carbon capture and balance measurement methodologies. Since there is no consolidated methodology or regulation in Brazil in terms of carbon balance and commercialization, Duratex invests in its own studies.

F6.11

(F6.11) Is your organization supporting or implementing project(s) focused on ecosystem restoration and protection?

Yes

F6.11a

(F6.11a) Provide details on your project(s), including the extent, duration, and monitoring frequency. Please specify any measured outcome(s).

Project reference

Project 1

Project type

Set aside land

Primary motivation

Required by regulation

Description of project

Brazilian Forest Code (Law 12651/2012) requires all rural properties to set aside at least 20% of their areas to conservation in Mata Atlantica, Cerrado and Pampa biomes. Therefore, Duratex had at the end of 2020 32.49% of its own and leased lands in Brazil set aside for conservation purposes (43.7 thousand hectares). In order to measure the environmental quality of these areas, we conduct biodiversity studies (every 3 years for fauna, every 5 years for flora) in some key plots that are representative of the remaining areas. For areas that were planted with eucalyptus and now are set aside for conservation, we have procedures in place to monitor the natural regeneration for at least 5 years in order to evaluate if further actions are needed. In 2020, Duratex calculated our carbon stocks in these conservation areas: more than 7 million tons of carbon equivalent.

Start year

2012

Target year

Indefinitely

Project area to date (Hectares)

43717.9

Project area in the target year (Hectares)

Country/Area

Brazil

Latitude

-23.940794

Longitude

-47.73391

Monitoring frequency

Every two years

Measured outcomes to date

Biodiversity

Carbon sequestration

Please explain

The 2012 beginning date is defined by the approval of the most recent Brazilian Forest Code. Duratex has been maintaining set aside areas for several years, dating back to the 70s. However, considering that many areas were aquired throughout the years, we chose the 2012 date for standardization. Since this is a continuous action, we repeated the target area. The coordinates are from one of our set aside areas, just for example. All our farms have set aside areas according to the law.

F7. Verification

F7.1

(F7.1) Do you verify any forests information reported in your CDP disclosure?

No, but we are actively considering verifying in the next two years

F8. Barriers and challenges

F8.1

(F8.1) Describe the key barriers or challenges to eliminating deforestation and/or conversion of other natural ecosystems from your direct operations or from other parts of your value chain.

Forest risk commodity

Timber products

Coverage

Supply chain

Primary barrier/challenge type

Limited availability of certified materials

Comment

In our areas in the south of the country, there is a significant number of promotions, when compared to other states in which we have forestry operations. There is a great effort by Duratex to engage developers to certify their forestry operations in this location. There is a specific goal in our Sustainability Strategy linked to the certification of these areas and over 2020, actions with the first group of producers were carried out aimed at adjusting them to certification requirements. The external audit carried out in November 2020 recommended the certification of 20.1% of the areas.

F8.2

(F8.2) Describe the main measures that would improve your organization's ability to manage its exposure to deforestation and/or conversion of other natural ecosystems.

Forest risk commodity

Timber products

Coverage

Supply chain

Main measure

Greater supplier awareness/engagement

Comment

To reach our goal and improve the supply chain, Duratex promotes the engagement of suppliers and fostered through its actions in the forest chain and also through its supplier management program (GFD Program). Training is provided, questionnaires are applied and audits are carried out through these Duratex action fronts. As a result, the engagement of these suppliers is evaluated and recognized through our programs.

F17 Signoff

F-FI

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

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

In 2020, despite the crisis scenario, we were able to present our best result in almost 70 years of history. And we have achieved this without cutting jobs while protecting the health of all of those who are part of Duratex. At the end of the year, we had a record free cash flow generation, amounting to R\$1,128.8 million, excluding projects, a result that was far above expectations. The Wood Division, whose Adjusted and Recurring EBITDA represented more than 60.0% in the consolidated statements at the end of 2020, is noteworthy. Net revenue grew 17.3% in relation to 2019, closing the year with R\$5,879.6 million. Despite the pandemic, we continued to implement projects and continued to grow. We obtained international financing for the construction of one of the world's largest dissolving wood pulp plants, LD Celulose, a joint venture with Austria's Lenzing AG. Worth mentioning is the expansion of sales to the foreign market, up 26.9% on a year-on-year basis, as a result of conquering new markets since early 2020.

Over 2020, investments reached R\$487.4 million, of which R\$302.1 million were allocated to fixed and intangible assets. This amount includes, among other operations, the investment of R\$5.4 million in the new Ceramic Tiles line (started in 2019), R\$185.3 million in the formation of biological assets, and R\$20.5 million allocated to the acquisition of land in the region of Itapetininga (SP). This acquisition will further reduce wood panel production costs, considering the reduction in the average forest and plant radius.

Relevant fact:

On July 15, 2021, Duratex (DTEX3) informed the market of the change of name to Dexco, also changing, as of August, its trading code on the Brazilian Exchange (B3), to DXCO3.

Duratex is now Dexco. In the year in which we celebrated 7 decades of operations and recorded the best results in our entire history, together with our brands – Deca, Portinari, Hydra, Duratex, Ceusa and Durafloor – we are taking another important step in our trajectory. The change symbolizes the company's new growth moment.

With the change, we consolidated our profile centered on the end consumer and on their journey. The promise of the new brand – Viver Ambientes – fulfills the purpose of offering Solutions for Better Living and translates greater attention to people, also combining the solidity of conscious and efficient business management with a careful look at design in the delivery of high-end products. differentiated quality and aesthetics.

A fundamental part of this movement is the attentive look at the meaning of each of the brands. In an integrated manner, the company's business revisited its visual identities and its marketing strategies. They brought new promises, new positioning, new territories and new visual language. Movement aligned with consumer-centricity. And as that message was renewed, the corporate brand review became more necessary. A brand platform was then established which, with the purpose of offering Solutions for Better Living, creates environments that can be experienced in their entirety, as it is from the harmonious coexistence between aesthetics and functionality that Dexco's solutions will be able to offer well-being, comfort and care for people's lives.

The transformation also represents a new moment of development. For the next few years, investments of approximately R\$ 2.5 billion are planned for a new growth cycle. In addition, the permanent search to attract new businesses, which are profitable and in line with the Company's purposes, continues to be one of the strong guidelines of this new moment with projects that enable important advances in the process of digitization and improvement of the consumer journey.
5167-20210715-Material-Fact.pdf

F17.1

(F17.1) Provide the following information for the person that has signed off (approved) your CDP forests response.

| | Job Title | Corresponding job category |
|-------|------------------------------------|-------------------------------|
| Row 1 | Chief Executive Officer of Duratex | Chief Executive Officer (CEO) |

SF. Supply chain module

SF0.1

(SF0.1) What is your organization's annual revenue for the reporting period?

| | Annual revenue |
|-------|----------------|
| Row 1 | 5879616000 |

SF0.2

(SF0.2) Do you have an ISIN for your organization that you are willing to share with CDP?

Yes

SF0.2a

(SF0.2a) Please share your ISIN in the table below.

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

SF1.1

(SF1.1) In F6.3 you were asked "Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)? Indicate the volume and percentage of your certified production and/or consumption". Can you also indicate, for each of your disclosed commodity(ies), the percentage of certified volume sold to each requesting CDP supply chain member?

Yes

SF1.1a

(SF1.1a) For each of your requesting CDP supply chain members, indicate the percentage of certified volume sold per disclosed commodity(ies).

Requesting member

MRV Engenharia e Participações

Forest risk commodity

Timber products

Form of commodity

Other, please specify (Laminate flooring)

Third-party certification scheme

FSC Chain of Custody

Total volume of commodity sold to member

898000

Metric

Square meters

What % of the volume reported in column 5 is certified?

100%

Comment

Duratex has become one of the world's 10 largest companies in the segments. In the Wood Division, the products stand out for their beauty, quality, functionality and respect for the environment. The source of the raw material has FSC Forest Management certification and the manufacturing units have the FSC chain of custody certificate, which guarantees that Duratex products are manufactured with wood from forests managed in an environmentally appropriate, socially beneficial and economically viable manner. and from other controlled sources.

SF2.1

(SF2.1) Please propose any mutually beneficial forests-related projects you could collaborate on with specific CDP supply chain members.

Requesting member

MRV Engenharia e Participações

Commodity related to the project

Timber products

Category of project

Communications

Type of project

Joint case studies or marketing campaign

Estimated timeframe for realization of benefits to customer

1-3 years

Details of project

Communication of the positive environmental impact of the product in its chain, application and use.

Projected outcome

Encouraging the choice and consumption of certified products with less environmental impact, in search of a more sustainable construction.

SF2.2

(SF2.2) Have requests or initiatives by CDP supply chain members prompted your organization to take organizational-level action to reduce or remove deforestation/forest degradation from your operations or your supply chain?

No

SF3.1

(SF3.1) For your disclosed commodity(ies), do you estimate the GHG emission reductions and/or removals from land use and land use change that have occurred in your direct operations and/or supply chain?

Timber products

Estimate GHG emissions and removals from land use and land use change

Yes, willing to share details with requesting CDP SC members

Please explain

Emissions from forestry activities in relation to land use. Emissions related to land use change do not apply to Duratex. Specifically for the Forestry business, emissions in the last 5 years decreased by 48.6%, due to improvements in management, sales of rural properties and better calculation of the agricultural inventory. In 2020, Duratex’s forests removed 302,000 tCO2e.

SF3.1a

(SF3.1a) For your disclosed commodity(ies), provide details on the actions implemented in your direct operations and/or supply chain that have resulted in a reduction of GHG emissions and/or enhancement in removals.

Forest risk commodity

Timber products

Description of actions

In 2020, Duratex made progress with the calculation of our agricultural inventory, also expanding the methodology to areas in Colombia and also to the operations that we control. Therefore, it was possible to calculate our emission balance more accurately and in line with the realities of forest operations. We also updated the emission factors needed for the calculation, as revised in the 4th Communication. In the reporting year, we removed 302,000 tCO2e from the atmosphere through our forestry operations in Brazil and Colombia.

CO2e reductions and removals achieved from base year (metric tons CO2e)

301978.3

Base year

2018

Emissions accounting boundary

Included in the corporate GHG inventory boundary

Scope

Scope 1

Emissions accounting methodology and standards

The GHG Protocol Agricultural Guidance

Please explain calculation

This amount of removals come from changes in carbon stock in planted forests, growth of native vegetation areas.

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

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

Please confirm below

I have read and accept the applicable Terms