



Dexco

2025 Sustainability Strategy

Climbing plant on the trunk of copaiba
(*Copaifera langsdorffii*), native tree species in
the conservation areas in Dexco's forest farms

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Dear reader, this is interactive material.
For additional content, please click on the
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that appear throughout this document.

01. Message from the CEO

Dear reader,

In recent years we have seen environmental, social and corporate governance (ESG¹) values gain much more ground throughout the world. Mostly in face of the evidence of climate change and its effects on the economy and society, a number of actors and institutions have shown themselves to be more committed to ESG issues.

In 2020, Larry Fink, the Board chairman and CEO of asset manager BlackRock – which has US\$9 trillion worth under management – wrote in his letter to CEOs that climate change has become “a decisive factor in the long-term prospects of companies.” In that same year, the World Economic Forum named climate change as the biggest threat to global economy.

Today there is consensus among investors and stakeholders that factoring in these aspects have become key for the survival of not only humanity, but also companies, especially in the transition into a low-carbon economy.

Companies have meanwhile been perceived by society as agents of transformation. It should be noted that this demand is not limited to the environmental factor: we have noted society’s desire for more diversity in companies and institutions and for greater transparency of information reporting.

Here at Dexco, the commitment to ESG values has always been part of our journeyman example is the FSC® forest management certification: we were the first Company in the Southern Hemisphere and the fifth in the world to be certified, long before sustainability has become part and parcel of corporate vocabulary.

Also in 2020, we raised an international loan worth US\$ 1.1 billion for the construction of a dissolving wood pulp (DWP) plant, as the result of a JV (LD Celulose) with Austrian company Lenzing AG. Both the partnership with this European company, acknowledged for its commitment to sustainable values, and the loan raised have evidenced our sustainability concerns.

This is not just a concern within the Company’s boundaries. In 2020, Dexco was a signatory to the Letter on Behalf of the Amazon, urging Brazil’s Federal Government to take measures to tackle advances in forest deforestation. In that same year, we donated R\$10 million to COVID-19 pandemic relief efforts.

As a Company with seven decades of history, our vision and approach to sustainability issues have changed over time, following the evolution worldwide. We understand the Sustainability Strategy is something alive and dynamic, that is, that not only can, but must undergo changes.

Accordingly, also in 2020 we began the redesign of our Sustainability Strategy, a process driven by our new stance as a Company. In 2021, **we reinvented ourselves as a brand by launching Dexco**, featuring the Viver



Ambientes (Live Environments) concept: our spaces exist not for their beauty alone, but also to be lived. Therefore, besides being aesthetically pleasing, they must be functional and sustainable.

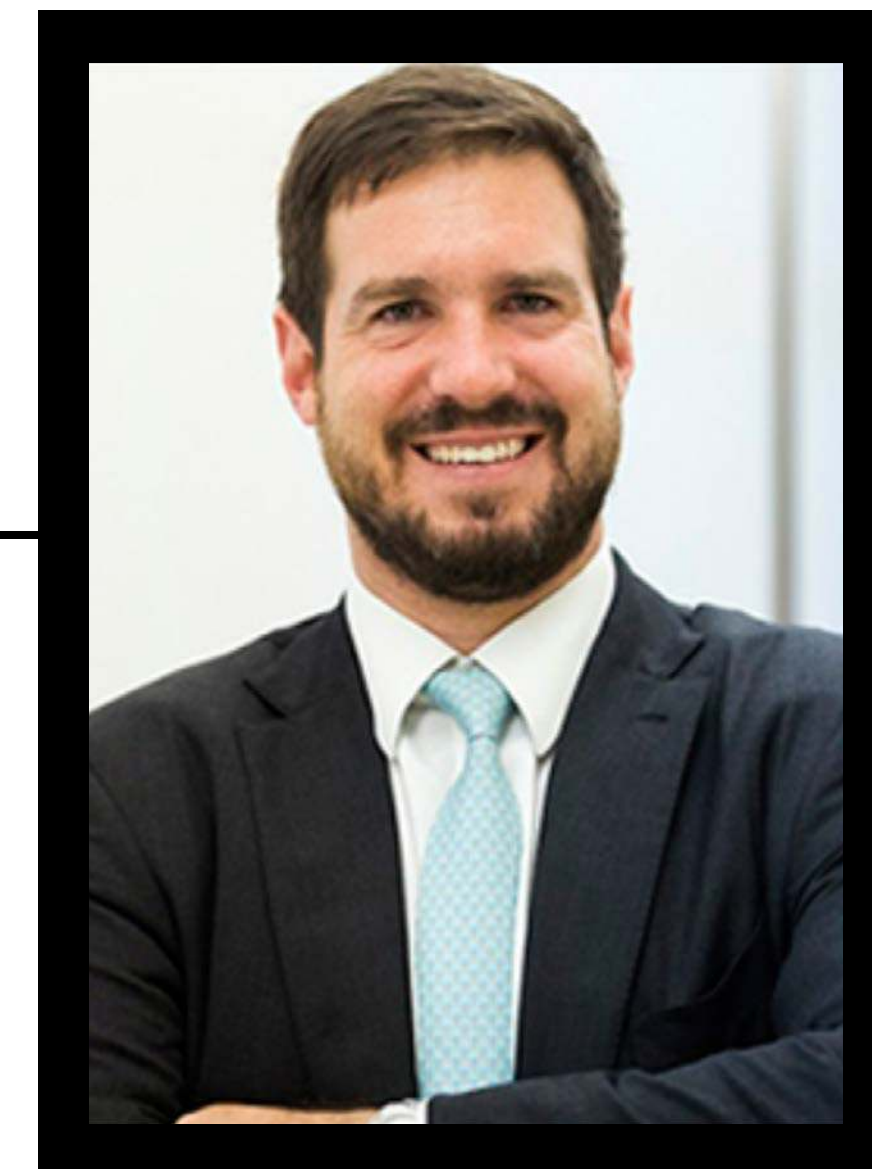
To redesign our strategy, we have listened to our employees and gone through international studies, global agendas and the best market practices in question. We also aimed to enhance our alignment with the UN’s 17 Sustainable Development Goals (SDGs). We acted on to strengthen connections between strategy and business, purpose and culture, communication and brand. The outcomes of these efforts can be seen in this report.

Enjoy your reading!

Antonio Joaquim de Oliveira

1. Environmental, Social and Governance.

02. Message from the ESG Manager



Dear reader,

I believe companies should not shy away from facing social and technological transformations and the challenges posed by climate change, at the risk of becoming anachronistic or not surviving at all. Around the world, we are witnessing growing demands for more inclusive and diverse, environmentally sustainable and transparent companies.

Aware of our need and ability to evolve, throughout 2020 we redesigned our Sustainability Strategy to make it more consistent with the global momentum and our purpose as a Company, that is, to provide people with more than just products, but wellbeing.

We have also changed our organizational structure. Our Sustainability Office, now renamed ESG Office, comprises the Sustainability and Social Responsibility departments. They all report to the People and ESG Board.

Our aim – and challenge – is that the department has a cross-cutting role across Dexco, so that all our decisions take into account ESG values. To this end, we have moved from a 45-target strategy model to a more assertive one, with three major strategic drivers

supported by 16 performance indicators crisscrossing the Company's business. Since 2021 these new targets have helped determine part of the senior management's variable compensation.

We have also set up an ESG Council. Comprised of representatives from nine departments, this Council is responsible for defining an ESG agenda, with action plans and follow-up measures to enhance our strategy.

All changes were not only approved, but embraced by the Company's senior management, the Board of Directors included, which showcases our commitment to the new strategy at all levels.

Dexco has a history of commitment to ESG values. We acknowledge at the same time that we can and must continually improve, as we believe in our capacity to adapt to changes is our greatest asset.

This document has an in-depth outline of this new step in our trajectory.

Enjoy your reading!

Guilherme Setubal

03.
Dexco



Over 140,000

hectares of planted forests and conservation areas in Brazil and Colombia.

 Learn more about Dexco by clicking [here](#):



13,000+ employees.

16 plants in Brazil.

3 plants in Colombia.

Brazil's largest production Division comprises wood laminate floor, recyclable PVC; and raw and coated MDI machining capability for civil construction in Brazil.

Brazil's leading bathroom fixture brands account for 40% of the market and kitchen sinks and residential discharging the for bathrooms.

Under the Ceusa and Portir is responsible for ceramic tiles are among the leading ones in Brazil. Its production includes be used both in the dryer rooms, corridors and bedrooms (kitchens and bathrooms). and special coatings, with 3-D technology, in addition tiles for numerous applications.

LD Celulose: expected to become one of the world's largest pulp plant, LD Celulose was born from a joint venture with Austria's Lenzing AG entered into in 2018 and in which we hold a 49% interest. The construction of the unit started in 2020, in the State of Minas Gerais, and its production will be fully sold to the plants of Lenzing AG in Europe, Asia and North America.

Caetex: the result of a joint venture with Usina Caeté S.A. entered into in 2014 and in which we hold a 50% interest, Caetex is aimed at the plantation of eucalyptus forests in the State of Alagoas.

Our portfolio:

Wood Division

Deca Division

Ceramic Tiles Division

Other Business

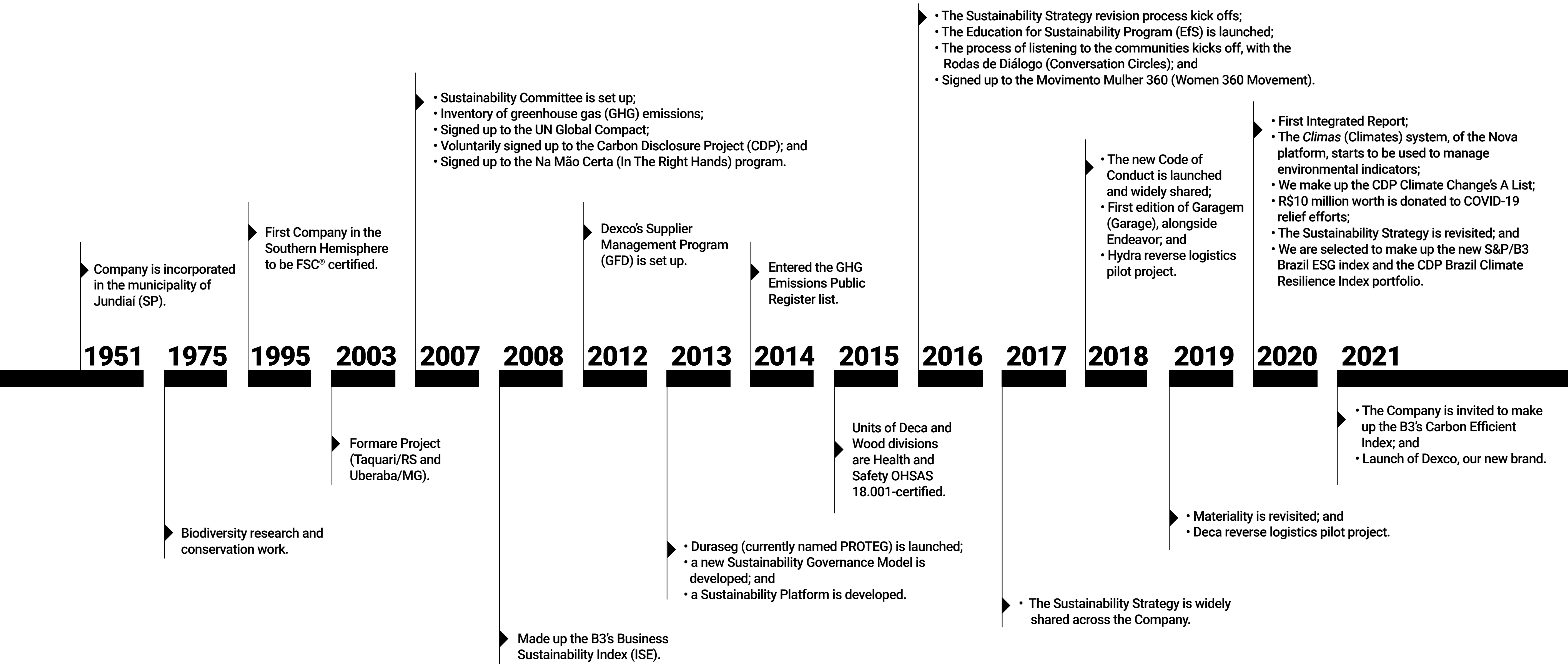
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04.

Our ESG Journey



Our ESG journey



Our ESG journey

For many decades now, ESG issues have been factored in our business decision-making process. We understand that addressing these aspects is key for the Company’s long-term continuity – but this is not all. We believe that, like every company, we have a role in society, beyond the boundaries of Dexco.

Still in 1975, we started a work of investigation and preservation of biodiversity in our forests, through which we have already registered hundreds of flora and fauna species. In 1995, we became the first Company in the Southern Hemisphere and the fifth in the world to be granted the FSC® seal of forest management. Moreover, since 1997 we have been ISO 14001-certified for Environmental Management Systems (EMS), which attests that our performance is in conformity with international standards.

In the 2000s, our focus turned more towards the social area, with the creation of projects such as Formare, active to date, coaching underprivileged young people for the job market. This and other Dexco social initiatives have always aimed at acting in the places where our units are located, promoting a positive impact on surrounding communities. Since 2007, we have reached significant milestones in the development and implementation of ESG actions. Governance pillar-wise, we created the Sustainability Committee and the Code of Ethics and Conduct. In that same year, we started to adopt the Global Reporting Initiative (GRI) standard for annual reporting.

Also in 2007, we became signatories to the UN Global Compact, a voluntary initiative that provides guidelines for sustainable growth and citizenship through committed corporate leaders. Members of this Pact also take the responsibility of helping achieve the 17 Sustainable Development Goals (SDGs) set up in 2015.

As we believe in the importance of all employees understanding sustainability and its centrality to Dexco, in 2016 we launched the *Educação para a Sustentabilidade* (Education for Sustainability) program to raise awareness among and educating all our employees. We provide training to leaders to act on to share the Sustainability Strategy and promote internal engagement actions. Facilitators trained in these sessions have been responsible for spreading this content in our industrial and forestry units. We thus help to foster a culture of sustainability within the Company.

Our work on sustainability and related values has advanced over the years and led us to make up stock exchange indices that demand ESG commitment. Also in 2008, for example, we joined B3’s Corporate Sustainability Index (ISE-B3).

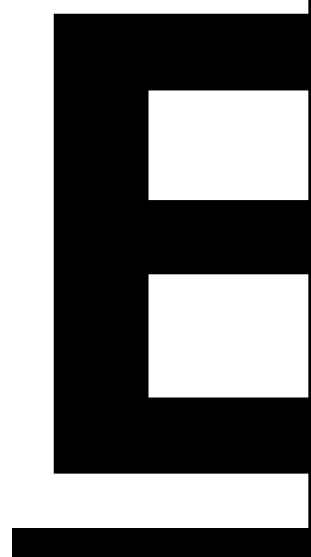
A series of accreditations and awards are the result of this path followed by Dexco. More recently, in 2020, we were accredited as a leader in corporate sustainability by CDP, a global environmental non-profit organization, securing a place on the prestigious “A List” for our role in tackling climate change. We stood among the only six Brazilian companies to make up that list and the only Brazilian company from our industry.

In 2020 and 2021, the “Annual Summary of Timber and Pulp Assessments”, published by the London Zoological Society (ZSL), appointed Dexco as the Company in Brazil and the Americas with the highest transparency rate in terms of ESG commitments in the wood and pulp sector, in the Sustainability Policy Transparency Toolkit (SPOTT) ranking.

We highlight below some ESG initiatives that have marked our journey and of which we are most proud.



We also list and categorize elements that reinforce our alignment with the UN SDGs, according to the **SDG Compass** guidelines for this classification. **Please see these contributions in detail by clicking on the SDG icons.**



Environment

ODS		SDG Target addressed	How we contributed
	Ensure availability and sustainable management of water and sanitation for all.	6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.	Monitoring and managing absolute and relative (in relation to production) water consumption in operations; constantly improving processes to enhance eco-efficiency in the use of water; water reuse and adequate effluent treatment systems; constantly developing eco-efficient products and solutions at the use phase, particularly in the Deca Hydra Division.
		6.6 By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes.	Own and fostered areas with FSC certified management and maintaining native forest areas, protecting ecosystems in order to favor the natural water cycle.
	Ensure reliable, sustainable, modern and affordable access to energy for all.	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.	Energy mix mostly composed of renewable sources (56% in 2020), and the highlight was the use of biomass as fuel to generate thermal energy to the Panel plants.
		7.3 By 2030, double the global rate of improvement in energy efficiency.	Monitoring and managing absolute and relative (in relation to production) energy consumption; constantly improving processes to enhance eco-efficiency in the use of energy.
	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead.	Constantly improving processes , aiming at enhancing eco-efficiency in the use of natural resources, based on robust Environmental Management Systems ; constantly developing eco-efficient products and solutions at the use phase, particularly in the Deca Hydra Division.
	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.	Constantly improving processes, aiming at enhancing eco-efficiency in the use of natural resources; investments in the 4.0 industry in the Ceramic Tiles Division, which already led to improved environmental indicators.
		12.2 By 2030, achieve sustainable management and efficient use of natural resources.	Robust Environmental Management Systems with ISO 14001 certification in industrial units and FSC certification in forest areas; monitoring environmental indicators ; constantly improving production processes to enhance eco-efficiency in the use of natural resources
	Ensure sustainable consumption and production patterns.	12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.	Robust Environmental Management Systems through which waste management is carried out, in line with legal requirements and internal Standard for the Approval of Waste Recipients ; constantly improving processes, aiming at reducing waste generation , constantly searching for alternative and noble waste disposals, reducing disposal in landfills; monitoring and constantly reducing the levels of formaldehyde in Panel plates
		12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse.	Constantly improving processes , aiming at reducing waste generation, constantly searching for alternative and noble waste disposals, reducing disposal in landfills.
		12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.	Introducing improvements and monitoring the supply chain through the Dexco Supplier Management Program (GFD) in terms of environmental and social issues, including environmental management issues.
		12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.	Robust Environmental Management Systems through which constant training is carried out, aimed at setting up cross-cutting responsibilities related to environmental management and awareness raising on sustainability issues.
	Take urgent action to combat climate change and its impacts.	13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.	Genetic improvement program to develop varieties of trees more adapted to climate change, as well as more productive and resistant to pests and diseases
		13.2 Integrate climate change measures into national policies, strategies and planning.	Developing targets aligned with the SBT (Science Based Targets) guidelines and with the Brazilian (Nationally Determined Contribution [NDC]) target, associated to the Paris Agreement.
	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.	15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally. 15.b Mobilize significant resources from all sources and at all levels to finance sustainable forest management and provide adequate incentives to developing countries to advance such management, including for conservation and reforestation.	Own and fostered areas with FSC certified management .

Our ESG journey

S



Social

We work inside and outside Dexco to achieve our culture, health, safety, wellbeing, diversity and social responsibility goals.

Accordingly, we highlight as follows:

At Dexco

Diversity and Inclusion

Backed by a plan that provides for affirmative and awareness-raising actions, we aim to make Dexco a more diverse and inclusive Company.

Cuidar Juntos (Caring Together)

Launched in October 2019, this program promotes our employees’ health and full wellbeing, involving internal physical and psychological wellbeing, a healthy diet and disease prevention actions.

PROTEG

Set up in 2013, Proteg, our Occupational Health and Safety Management Program, is based on 3 pillars: People, a Safe and Healthy Workplace, and Strategy. We identify hazards and risks and apply control measures for all processes and activities.

Safety certifications

- 4 out of 8 Deca|Hydra plants are ISO 45001-certified in terms of health and safety standards; and
- 6 of the 7 panel units in Brazil and Colombia are ISO 45001-certified, as well as all of our own forestry units.

From Dexco to society

R\$10 million donated for COVID-19 relief efforts

In 2020, we made donations to about 20 initiatives aimed to tackle the pandemic in Brazil. #MãosÀObra-ParaVencerOVirus (#Let’sWorkToBeattheVirus).

UN Global Compact

We are signatories of the Brazil Network of the Global Compact, a UN initiative to encourage companies to adopt social, corporate responsibility and sustainability policies.

Active listening to communities

We hold Rodas de Diálogo (Conversation Circles) in the locations where we operate to identify demands and opportunities, in addition to strengthen our relationship with communities. This work is carried out by local collaborators, the Agentes da Gente (Our People).

Tackling violence against children and adolescents

We are partners with Childhood Brasil, an entity fighting sexual violence against children and adolescents. In this area, we also support the Bem Cuidar (Taking Good Care) project, which seeks to strengthen the protection network for children and adolescents in João Pessoa (Paraíba).



Training young apprentices

Promoted by Fundação IOCHPE and held at Dexco since 2003, the Formare program provides vulnerable young people with apprentice training, and our employees act as voluntary educators. We also sponsor the Jovens Talentos Empreendedores (Young Talented Entrepreneurs) Program, which provides training and directs young people towards the labor market.

To learn more about our social activities, please access the [2020 Integrated Annual Report](#).

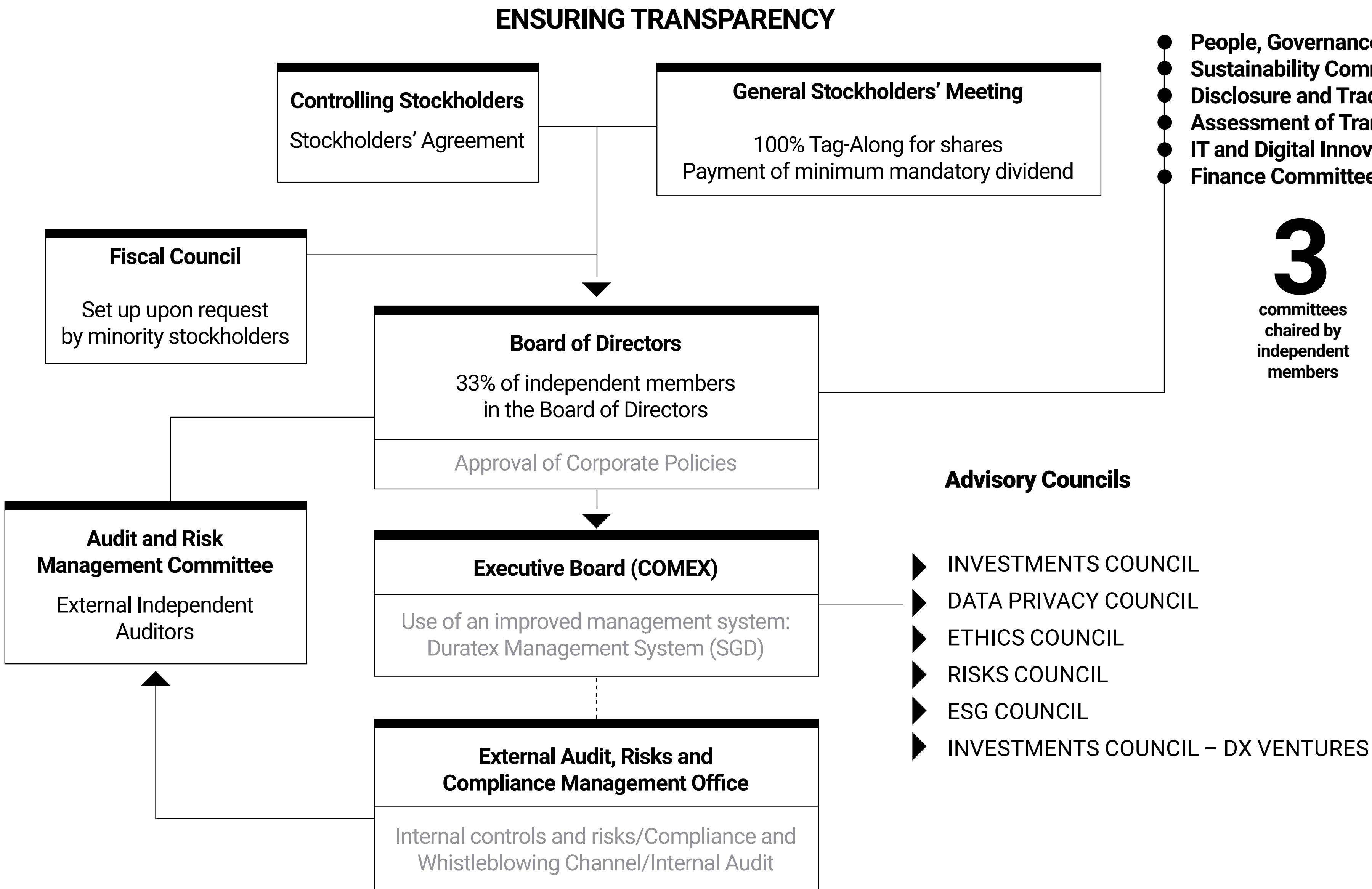
Our ESG journey

G



Governance

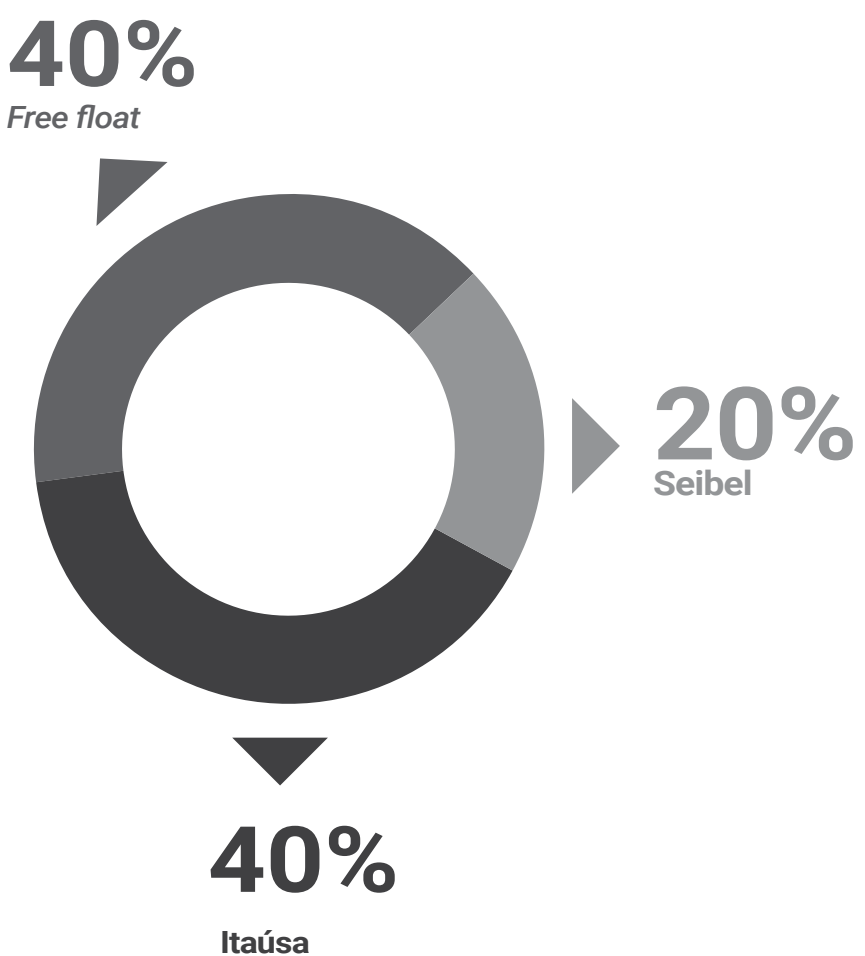
We have a solid structure and a number of policies and codes to ensure good corporate governance and transparency.



Advisory Councils

- ▶ INVESTMENTS COUNCIL
- ▶ DATA PRIVACY COUNCIL
- ▶ ETHICS COUNCIL
- ▶ RISKS COUNCIL
- ▶ ESG COUNCIL
- ▶ INVESTMENTS COUNCIL – DX VENTURES

Ownership structure



05.

Sustainability Strategy



Sustainability Strategy

On why we redesigned our Sustainability Strategy

Incorporated in 1951, Dexco has transformed its sustainability vision many times in the wake of countless global changes. Debates on the environment and its conservation have begun in the late 1960s. Since then, the concepts and relevance of the topic have evolved.

It is more recently, however, that the process of transformation towards a low carbon economy has sped up across the world, given the growing evidence of climate change. In 2015, 195 countries signed the Paris Agreement, which provides for measures to reduce GHG emissions from 2020 onwards aimed to limit the average increase of global temperature to 2°C, when compared to pre-industrial levels. Brazil is one of the signatories to this Agreement.

In 2020, the COVID-19 pandemic became a powerful catalyst on the path towards a greener economy. This was due to the worsening of structural inequalities, political, economic and social crises, in addition to calling into question our way of producing and living. It has become even more crystal clear that no country or organization is an island: it is necessary that everyone acts on to turn around environmental degradation and social inequality.

It has come a long way for the vision of sustainable development to surpass the arena of academic and niche conversations, as it is now embraced by a good part of society, companies and governments. It was the outbreak of the new coronavirus, however, that definitively put the ESG concept at the center of the debate among investors.

Designed in recent years and was accelerated by the pandemic, this scenario has represented an opportunity for us at Dexco to reflect on our performance as a company and how we could evolve. We believe that plans and strategies are dynamic and must change whenever necessary.

We thus started to work to redesign our Sustainability Strategy in 2020, a process completed in 2021.

Our intention during this process was to gather together the ESG aspects of our sector to be able to act as agents of transformation in relation to construction and renovation processes and thus support sustainable growth with a commitment to keeping a positive carbon balance. In the meanwhile, we want to increasingly promote health and wellbeing, not only for our customers, but for everyone who engages with us and are part of our Company. Therefore, we extend the concept of Solutions for Better Living to all our stakeholders.

The redesign: what can a building company do for the world?

To build our new Sustainability Strategy, we listen to our employees, seek international studies, global agendas and the best market practices. We also seek to have an even greater alignment with the 17 UN SDGs.

In May 2020, we started listening to Dexco senior management. In a series of interviews, with all the officers and some senior management members from other hierarchical levels, we have strived to understand the vision of every one of them regarding this topic and how the Company addressed it. We have the support of a consulting firm assisting us in this process.

An intensive work was subsequently carried out with all officers and managers from some departments to review our business and collect information. We then involved our senior management in a series of workshops, in which we worked together to develop the new strategic framework.

Throughout the process, we also turned our gaze outside the Company. We explored what was happening globally

when it came to ESG issues: climate risks, the stance of internationally relevant entities and actors, and global ESG agendas.

We are also looking more carefully at an important shift in the investor and Company bias: companies from different sectors have been shifting the focus on stockholders for all stakeholders, thus turning their purpose of existence back to society as a whole.

This entire scenario has made us move from a strategy of four pillars – people, processes, products and services – to an action that encompasses three dimensions: consumer, company and society.

How we have evolved

As we have redesigned our framework, we have not left our previous Sustainability Strategy behind. Some of the targets set in 2016 have already been achieved, others are strongly incorporated into the operation, and those remaining no longer make sense amid the new scenario in which we are living.

To learn more about the progress of previous goals and their transition into the new Strategy, please [click here](#).

Sustainability Strategy

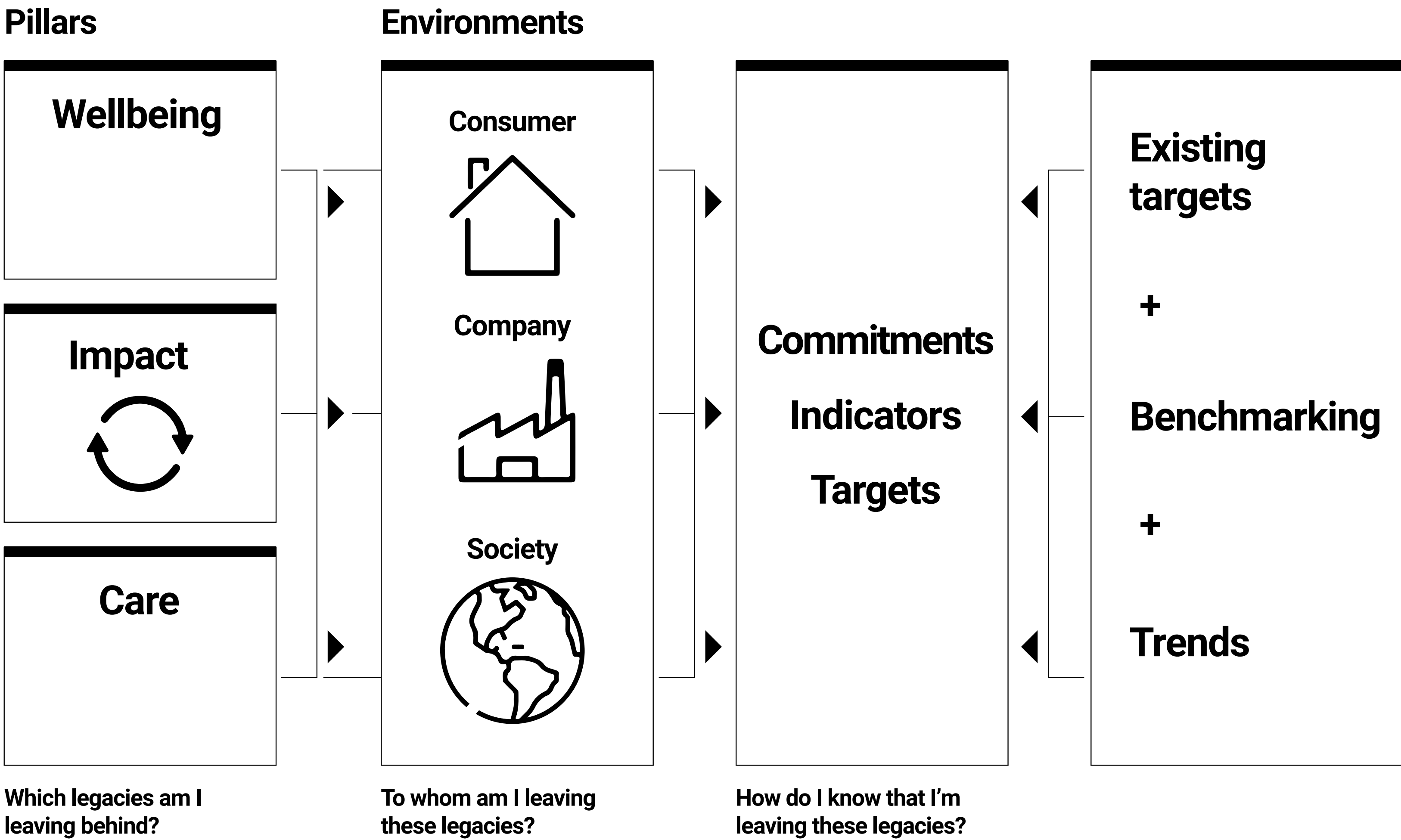
In each of these dimensions, we work on the wellbeing, care and impact pillars.

After all, **wellbeing** connects with health. A house in poor, unhealthy conditions has negative impact on the family living in that space, for example. We want to bring wellbeing to everyone with whom we interact, our employees included.

Positive **impact** is what we seek to have in the world, especially through the way we position ourselves in the construction sector: we want to be alongside companies that promote sustainable development, capture more carbon than we emit and help promote new ways of thinking construction and renovation.

Last but not least, **care** must be the basis our relationship with people – inside and outside Dexco – and the environment. We make breakthroughs in research to develop solutions promoting health and safety to consumers and engage our employees in sustainable practices. We intend to expand our activities in this regard by also engaging influencers in civil construction, renovation, and decoration.

Methodology



Sustainability Strategy

We thus arrive at a 3x3 matrix. Based on the resulting nine focus areas, we have defined three major strategic commitments:

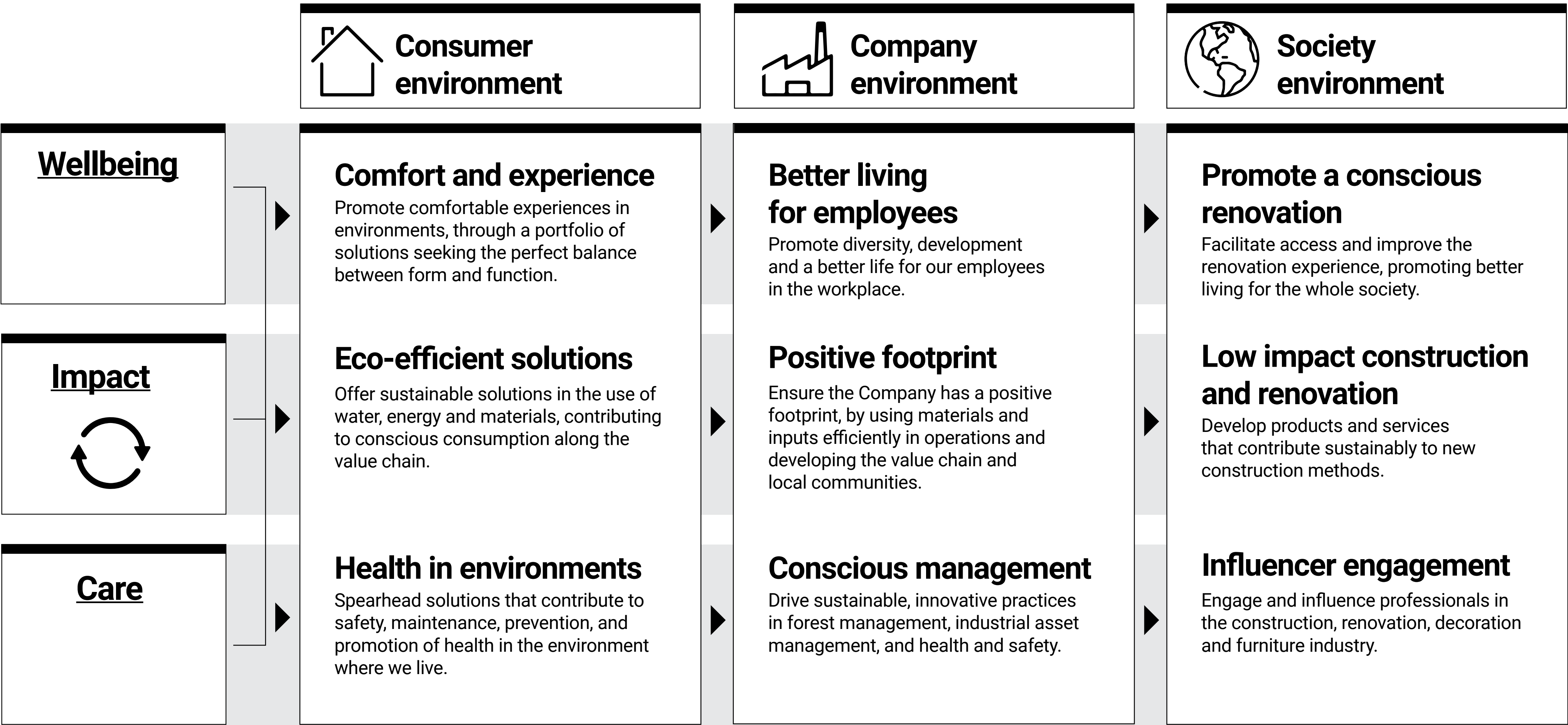
- Make the construction and renovation journey easier;
- Ensure sustainable growth and keep a positive carbon balance; and
- Promote health and wellbeing in environments.

These goals were the basis for setting performance indicators and targets.

Our new framework aims at sustainability, that is, at the business and the company continuity by factoring in environmental, social, economic and governance aspects. It is thus a Sustainability Strategy that relies on the cross-cutting aspect of ESG elements to be implemented. These framework, indicators and targets were submitted for approval from the Executive and Sustainability Committees and the Board of Directors.

Strategic framework

Purpose: Solutions for Better Living
Brand promise: Live Environments

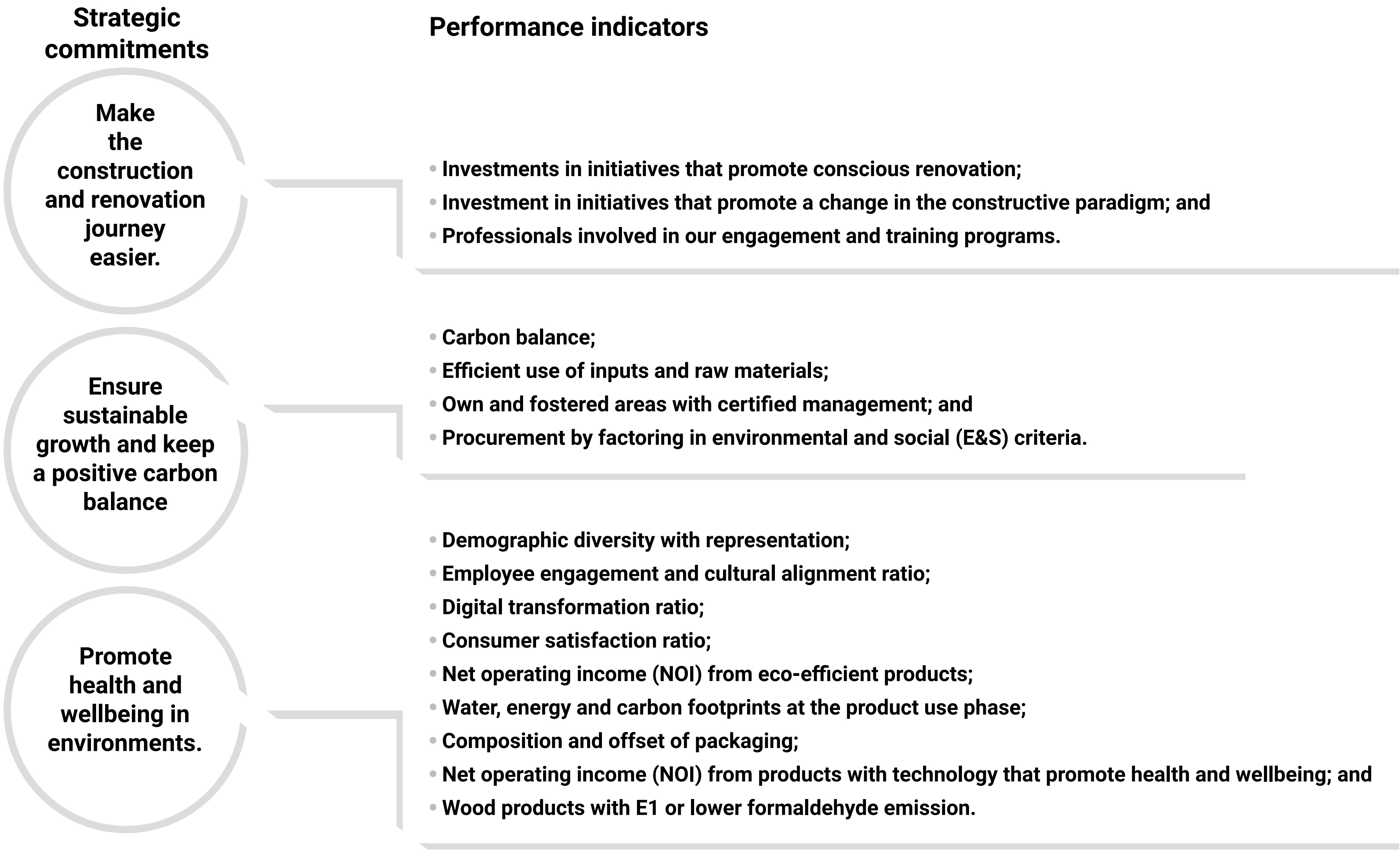


06.

Commitments, indicators, and targets



Commitments, indicators, and targets



Commitments, indicators, and targets

Make the construction and renovation journey easier

Aware that a renovation and construction process is usually surrounded by difficulties, one of our strategic goals is to transform this experience. The aim is to go beyond mere products and offer solutions and information for consumers and sector professionals. We believe that simplifying this process makes it more environmentally sustainable – as it prevents waste, for example –, prevents cost rises and enhances customer experience as a whole. Moreover, making this journey easier involves investing in new constructive models, more affordable and in line with our concern for the environment and people.

We will invest
R\$ 140 million by 2025.



Commitments, indicators, and targets

Indicator:

Investment in initiatives that promote a conscious renovation and change the constructive paradigm

Make the construction and renovation journey easier.

What it is all about	Where we are to where we want to be			How to achieve it	SDG
The goal is to facilitate and improve the consumer's renovation experience, avoiding problems such as greater waste generation, increased costs and rework. We hope to develop partnerships, products and services that contribute to new construction methods in a sustainable way.	Assumption	Reference (2020)	2025	• Approach the entrepreneurial ecosystem through open innovation programs to develop and accelerate new business and thus explore new markets and foster national entrepreneurship; • Map the ecosystem growth and the evolution of start-ups and scale-ups; • Develop intrapreneurship initiatives, internally strengthening the culture of innovation and advancing in processes and tools to improve solutions; and • Structure an investment fund for greater stake in companies with solutions in line with our growth strategy.	 
	Investments in initiatives that promote conscious renovation.	R\$400,000	R\$40 million		
	Investments in acceleration initiatives aimed to change the construction paradigm.	-	R\$100 million		

What we have already done about it



HousingPact

Since 2019 we have been one of the sponsors of the **HousingPact** – Pact for Decent Housing social impact project. Its purpose is to change the housing standards of vulnerable populations by accelerating start-ups connected with the construction industry and small local businesses that bring new solutions in construction, equipment, services, maintenance and public spaces.

Viva Decora

Online **Viva Decora** platform helps consumers find inspiration for their decoration and renovation projects. It simultaneously offers the opportunity to exhibit projects free of charge to architecture, decoration, interior design and landscaping professionals.



Commitments, indicators, and targets

Make the construction and renovation journey easier.

Professionals involved in our engagement and training programs

What it is all about	Where we are to where we want to be			How to achieve it	ODS
One of the ways to help improve the renovation and construction experience is through the professionals’ engagement and qualification. This is also a way of contributing to society, that is, by training professionals and reaching the end consumer, as these workers act as middle men.	Assumption	Reference (2020)	2025	• In-person and online training, conducted by teams of instructor in our Training Programs; • Engagement in in-person and online solution launch events; and • Engagement through digital media.	8 DECENT WORK AND ECONOMIC GROWTH 4 QUALITY EDUCATION
	Number of trained and engaged professionals: Wood ¹ : architects, carpenters, store salespeople, installers and civil construction channel audiences; Deca Hydra ¹ : plumbing installers; and Ceramic Tiles : fitters and specifiers.	27,370	26%		
	1. The Wood and Deca Hydra business also have own individual targets by 2030 (+48% and +65%, respectively).				

What we have already done about it

The Wood Division provides training to woodworkers, installers, store salespeople, architects, and influencers, in addition to promoting in-person events where technical information, trends and best practices are shared. To recognize innovative projects designed by these professionals, the Division has launched the **Arqué Award**.

The Deca Division offers a **free Training Program** for plumbing installers nationwide, to encourage the development of professionals who have a direct connection with its products.

The Ceramic Tiles Division has held live streaming events on Ceusa and Portinari brands social networks, bringing content to both end customers and specifiers. We have also designed online training sessions by expanding the distance-learning system.

Another way to engage influencers is through the **Viva Decora** platform, where architects, decorators, interior designers and landscape designers can display their work for free.



Commitments, indicators, and targets

Ensure sustainable growth and keep a positive carbon balance

Dexco is committed to promoting positive environmental and social impact on society, even with its growth and acquisition of new businesses. While revisiting our challenges, we have reviewed the history and potential of each Division against factors such as energy matrix, eco-efficiency, production capacity and supply chain management. By combining these aspects with the Company’s strategic planning, we study different possible scenarios, on the base of which we set our targets.

Dexco is committed to keeping

a positive carbon balance,

in the 2020-2030 period.



Commitments, indicators, and targets

Ensure sustainable growth and keep a positive carbon balance.

Carbon balance

What it is all about	From Where we are to where we want to be			How to achieve it	SDG
We developed targets related to management of GHG emissions from our operations, as well as the carbon captured by our forests, based on scientific methodologies. These challenges were set in line with the global commitment to limiting global warming to 1.5°C, as provided for in the Paris Agreement.	Assumption	Reference	2030	• Continue working in the energy matrix management, seeking opportunities to expand the use of renewable fuels; • Improve the eco-efficiency of production processes on an ongoing basis; • Monitor carbon removals from our forests; and • Continue to adopt the best forest management and productivity practices to leverage carbon removals.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 13 CLIMATE ACTION
	Net removals (emissions + removals) accumulated between 2020 and 2030	Balance of removals 522,433.2 tCO ₂ e (2020) ¹	Positive balance: removals outdoing emissions		
	Absolute emissions (Scopes 1+2) against the baseline scenario for each business	<u>Baseline of each business</u>	-37% ²		
	Emission intensity in Ceramic Tiles ³	1.32 tCO ₂ e/metric ton (2020)	-15%		
	Share of renewable sources in the energy matrix	56% (2020)	> 50%		
	1. Balance includes Dexco and its equity interests 2. Reduction in relation to the baseline sums of each business. 3. Dexco's most carbon-intensive business division				

What we have already done about it

2011

Data collected started to be audited and we also started to voluntarily respond to the Carbon Disclosure Project (CDP) questionnaire.

2010–2019

The Carvida program in Colombia has become the largest Colombian GHG forest offset program.

2007

We started monitoring and publishing a GHG emissions inventory based on the GHG Protocol.

2014

We joined the Public Registry of GHG Emissions and the Climate Disclosure Standards Board (CDSB).

2020

- We made up the CDP Climate Change “A List” and were selected to make up the CDP Brazil Climate Resilience Index Portfolio; and
- We implemented a new carbon inventory management system, which has become a market benchmark.

Our Wood Division products come from renewable sources and contribute positively by mitigating climate change, as they are able to store the carbon naturally captured by wood for many years. We developed pioneering work to monitor this accounting, based on the Harvested Wood Products (HWP) methodology. **We stored 29 million tCO₂e in our panels from 2009 to 2020.**

In addition to these emission reduction initiatives, Dexco is committed to removing CO₂ from the atmosphere, keeping a positive carbon balance in the 2020 - 2030 period.



Strategic driver: ensure sustainable growth and keep a positive carbon balance

Indicator: 2. Efficient use of inputs and raw materials

SDG		SDG Target addressed	How we contributed
	Ensure availability and sustainable management of water and sanitation for all.	6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.	● We monitor and manage absolute and relative water consumption in our operations, and constantly improve processes to enhance eco-efficiency in the use of water; water reuse, adequate effluent treatment and preventive maintenance systems. ⬇ These actions aim at reducing potential negative impacts related to the availability and quality of water. ■ The contribution is direct by seeking for a balanced and efficient use of water.

CLASSIFICATION OF CORRELATIONS BETWEEN SDG INDICATORS AND TARGETS

- Current – Topic currently already addressed (it is expected to maintain/expand actions).
- Potential – Topic with the potential to be explored or bring results in the future.
- ⬆ Positive – The correlation with the topic aims at enhancing positive impacts.
- ⬇ Negative – The correlation with the topic aims at reducing or mitigating negative impacts.
- Relevant – The correlation with the topic is direct, relevant and based on significant/consolidated commitments and actions.
- Not very relevant – The correlation with the topic is indirect, not very relevant and based on incipient/one-off actions.

Commitments, indicators, and targets

Ensure sustainable growth and keep a positive carbon balance.

Own and fostered areas with certified management

What it is all about	Where we are to where we want to be			How to achieve it	SDG
Of over 140,000 hectares of planted forests and conservation areas we have in Brazil to supply our wood panel plants, 97.5% of own areas are FSC® certified for responsible forest management. Our aim is to improve these percentages.	Assumption	Reference (2020)	2025	• Keep and continuously improve the management system and operational controls that allow meeting FSC® certification requirements³; • Include some new proper forest areas within the certification scope; and • Engage and foster qualification actions for partner producers (fostered people) to achieve the FSC® certification.	6 CLEAN WATER AND SANITATION 13 CLIMATE ACTION 15 LIFE ON LAND
	Own and leased areas with certified management according to FSC® standards, divided by total owned and leased areas in Brazil.	97.5%	100%		
	Forested areas (effective planting) with certified management according to FSC® standards, divided by the total number of forested areas (effective planting). Scope: only forested areas in RS-Brazil.	20%	80%		

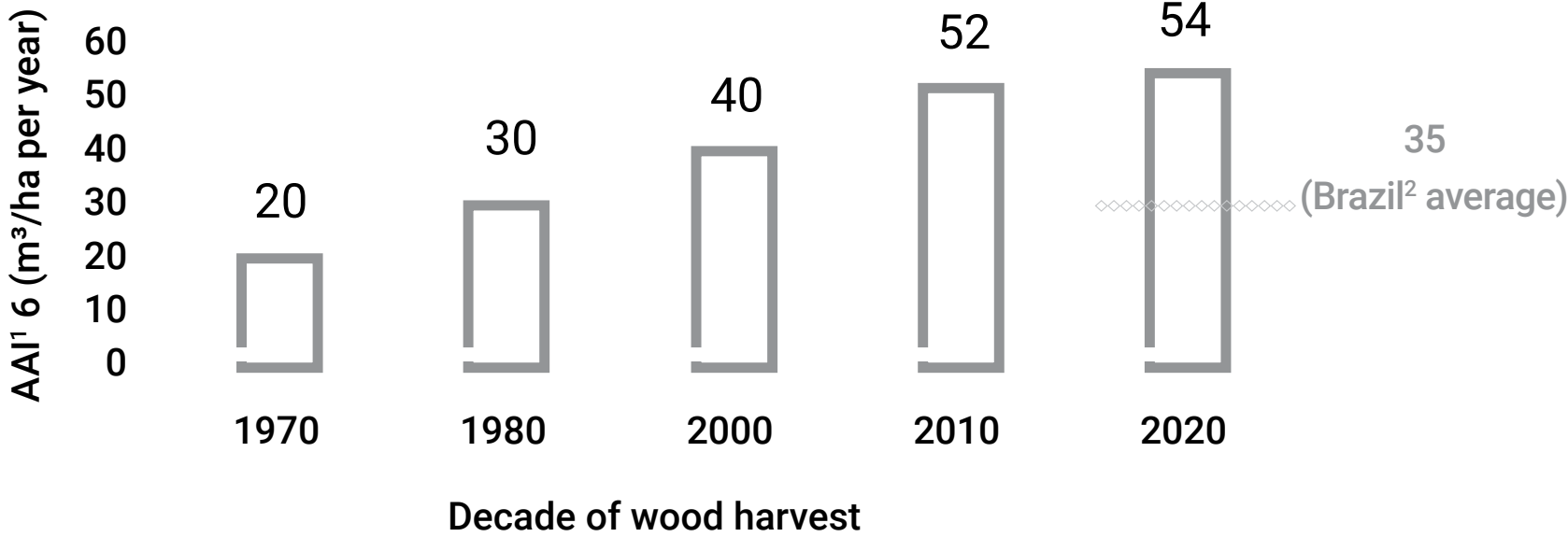
What we have already done about it

We became the first company in the Southern Hemisphere and the fifth in the world to be granted the FSC® seal of forest management. To achieve this seal, it is imperative to meet certain requirements, such as conforming to labor guarantees, assessing and minimizing E&S impacts and preferably using local labor force. We have also worked to encourage our partner producers to seek the certification.

In addition to responsible management, we are concerned with productivity

As part of our concern about forests, since the 1980s we have had a program to develop varieties to produce trees that are more adapted to climate change, more resistant to pests and diseases and with greater productivity, a critical sustainability element. In the State of São Paulo, which concentrates about 60% of our commercial areas in Brazil, we have nearly doubled productivity: In the 1980s, it was about 30.0 m³/ha/year and, in 2020 we reached 54.0 m³/ha/year, above Brazilian current average of 35.3 m³/ha/year, according to data from the 2020 Annual Report of the Brazilian Industry of Trees (IBÁ).

Productivity over time (São Paulo State areas)



1. Annual average increase
2. 2020 data.

Commitments, indicators, and targets

Ensure sustainable growth and keep a positive carbon balance.

Procurement to follow E&S criteria

What it is all about	Where we are to where we want to be			How to achieve it	SDG
Dexco's Supplier Management Program (GFD) is a risk and opportunity management system to induce supply chain improvements, ESG-wise, through cyclical and regular assessment of strategic suppliers, in line with continuous improvement principles. Along with the performance index of the suppliers evaluated in this methodology, GFD is one of our main assessment tools to follow up this evolution.	Assumption	Reference (2020)	2025	• Assess our partners based on ESG criteria, through the SMP; and • Engage and support suppliers at every GFD cycle, with initiatives that include: • Encourage them to respond to questionnaires; • Give feedback and suggestions for improvement; and • Promote training and accreditation events.	8 DECENT WORK AND ECONOMIC GROWTH  12 RESPONSIBLE CONSUMPTION AND PRODUCTION 
	Average performance ratio of strategic suppliers in the GFD cycle ¹	7.33	8		
	1. Keeping no supplier which receives a score below 7.				

What we have already done about it

In 2012 we started the GFD program, in which suppliers are classified in a criticality matrix, based on a cross-reference between risk levels and relevance to operation. Suppliers deemed critical and very critical are understood as being strategic and invited to take part in the GFD program, grouped by area of operation. See also our [Guide of Conduct for Suppliers](#).

ESG topics covered in the program:

- Legal, operational, tax, and labor compliance;
- Ethics and human rights;
- Occupational health and safety (OHS) management;
- Environmental management;
- Use of renewable or recycled raw materials;
- Product and packing recovery initiatives.
- Environmental origin of wood;
- Relationship with environment and the public administration;
- Efficient freight (for the transportation sector);
- Monitoring the second chain level;
- Relationship with Dexco; and
- Biodiversity.

GFD program: cycle



Specific criteria for waste recipients

In addition to strategic suppliers included in the GFD program, we assess specific environmental and social requirements based on a corporate standard for **Approval of Waste Recipients**. These companies are monitored and periodically visited by our internal teams to check conditions reported in documents, which are also kept updated in our database. We have criteria for monitoring action plans when it comes to improvement opportunities or disqualification of recipients.

Commitments, indicators, and targets

Promote health and wellbeing in environments

When it comes to promoting health and wellness, we think about the relationships we have both inside and outside Dexco. Our customers must have access to products that ensure health and comfort while generating the least possible environmental impact. Likewise, our employees must have safe and socially inclusive workplaces.

We will increase our revenue from products that provide health, wellbeing and eco-efficiency and increase

the share of women in leadership positions to 35% by 2025.



Commitments, indicators, and targets

Promote health and wellbeing in environments.

Demographic diversity with representation

What it is all about	Where we are to where we want to be			How to achieve it	SDG
We want to make Dexco an increasingly diverse and inclusive workplace. Our goal to be a company that delivers solutions to everyone is aligned with a company that engages internally in diversity and inclusion. We believe that gathering people from different backgrounds and viewpoints enrich our workplace and decision-making process.	Assumption	Reference (2020)	2025	• Expand internal awareness-raising initiatives with lectures, booklets and web-meetings; • Carry out affirmative actions to attract more diverse people to Dexco, having greater diversity already in the selection phase; and • Carry out adjusted inclusion activities.	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
	Gender: women in leadership positions.	19%	35%		
	Note: Leadership: VPs, Officers, Managers, Coordinators, Specialists, and Supervisors in Brazil and Colombia.				

What we have already done about it

In 2020 we developed a Diversity & Inclusion (D&I) action plan. We understand that all societal markers are important; however, factoring in our greatest challenges, we have kicked off by underlining gender and persons with disabilities (PWD) related topics.

Much of our work takes place through awareness-raising actions at all hierarchical levels. We also strive to address affirmative action in selection processes. We defined major gender targets, such as presence of women in short-lists of selection processes for positions from analyst upwards.

Regarding our operational staff, we started to work on training women so that they could fill these positions. In 2021, we teamed up with SENAI in the municipality of Agudos (SP) to offer a female-only technical course to train production assistants.

In 2020, about 80% of these vacancies already had women picked up for the last phase of the process.

More than attracting, including is paramount

Bringing different people is not enough, it is necessary to offer adequate working conditions that meet everyone's needs. Accordingly, we encourage simple attitudes on the part of senior management make all the difference, such as changing shifts for mothers returning from maternity leave.

We have also implemented the Gestar Juntos (Expecting together) program, to support mothers during the gestational and postpartum periods, with the implementation of breastfeeding support rooms, for example. With such activities, in 2020, we reduced by 33% the number of terminations in the first 12 months after return from maternity leave.

We have adopted PWD-related initiatives, such as online meetings with the presence of Brazilian sign language interpreters and, with the pandemic, the distribution of acrylic-display masks for lip reading.

Commitments, indicators, and targets

Promote health and wellbeing in environments.

Employee engagement and cultural alignment ratio

What it is all about	Where we are to where we want to be			How to achieve it	SDG
Monitoring employees’ adherence to our internal culture and their motivation via the pulse survey. Adherence and motivation are key aspects for purposes of talent retention and target achievement at companies.	Assumption	Reference	2025 target	• Initiatives to strengthen our culture among employees, such as performance evaluation (feedback/feedforward), culture rituals, conversation circles, Open Chat events with senior management (including Executive Board members), in addition to regular communications in our internal media; and • Training events to onboard recently-hired employees into the organization internal culture.	
	Internal pulse survey, i.e. frequent, brief and targeted questionnaires.	A pulse survey started in 2021.	80%		

What we have already done about it

In 2015, we revisited and redesigned our internal culture. We started to work based on four pillars – people, processes, results and customers –, which make up Way of Being and Doing. These are behaviors that guide day-to-day decisions, in addition to contributing to a better workplace.

Our Way of Being and Doing Strategic Pillars

People

People are our strength



Processes

We do it well, in a simple and safe way



Customers

We are the best choice



Results

Sustainable high performance



Today, our culture undergoes a transition into a new positioning to take into account Dexco’s current growth cycle. Since 2015, when we started its reinvention, we have worked hard for our all employees get to know and adhere to our culture. Our Way of Being and Doing is perceived as central to the business, so much so that, after the acquisition of a new company, our first front of action is to align behaviors and practices with our culture.

Dexco’s culture is increasingly consolidated among our employees.

Such alignment with our Way of Being and Doing is regularly monitored. An open dialogue is one of the features of our culture that has mostly evolved in recent years, carried out, for example, during employee performance evaluations, Open Chat events with senior management and work day-to-day.

In 2021, as a way of monitoring the employees’ perception of the Company’s environment, we started to apply a pulse survey.

Commitments, indicators, and targets

Promote health and wellbeing in environments.

Digital transformation ratio

What it is all about	Where we are to where we want to be			How to achieve it	SDG
Evaluate our performance in terms of digitization and technological adjustment, based on the Index of the Center for Advanced Studies and Systems of Recife (CESAR ITCd Index) through a questionnaire that addresses eight axes: people and culture, consumers, competition, innovation, processes, business models, data, and enabling technologies. This questionnaire is applied at Dexco to executive senior management members.	Assumption	Reference (2021)	2025	- Enhance digitization of processes, transactions and sales, modernizing our internal administrative and industrial infrastructure, including by improving the consumer experience; and - Boost the digitization and innovation culture among employees.	 
	CESAR Digital Transformation Index (ITCd).	57.2%	80%		

What we have already done about it



Our proposal for digital transformation and innovation translates into four fronts of action: buying experience, digital retail, solutions and services, and data analysis. Some activities we have already carried out help illustrate this strategy:

- We have invested to modernize and digitize our ERP management system. In 2020, we implemented SAPS/4HANA in the Ceramic Tiles Division, and we are expanding this transition to the other Business Divisions.
- We have launched **Deca Marketplace**, the Company's first direct channel to end consumers, who can make direct purchases with Dexco and receive the product through our partners.

- We have opened the **Smart Store** of the Ceramic Tiles Division, following the global omnichannel retail trend. With a simulation tool, it is possible to take pictures of rooms at home and, at the smart store, project them from their own mobile phone to the interactive screen at the store.
- We have acquired construtech **Viva Decora**, an online platform with over 10 million single sessions per month, which works as a tool to capture perceptions about our products' impact and performance.

• **Imagine** is a digital innovation platform aimed to mobilize the organization to generate and implement ideas, working as a suggestion box and boosting the innovation culture among employees. Due to its success, it was turned into an open innovation platform and made available for use in other companies in the market.

Commitments, indicators, and targets

Promote health and wellbeing in environments.

Consumer satisfaction ratio					
What it is all about	Where we are to where we want to be			How to achieve it	SDG
We annually closely monitor consumer satisfaction through the Net Promoter Score (NPS), and we want to improve our performance.	Assumption	Reference (2020)	2025	• Capture synergies and review processes at the Customer Service, which was unified across the different Business Divisions in 2020; • Expand digitization of processes, transactions, and sales; • Approach the end consumer, via e-commerce and omnichannel experiences; and • Optimize logistics operations to improve product delivery time.	
	Unified service customer NPS.	66	75		
	NPS based on the satisfaction survey conducted with consumers served by Deca's authorized service network.	59	75		

What we have already done about it



To standardize our service and gain synergies, in 2020 we unified service customer across all business division.

We aim to constantly improve the performance of our products and solutions, by teaming up with other professionals from our segments via regular events and meetings.

The approach and improvement of our consumers' buying experience are also fully considered in our digital transformation journey. Accordingly, we have already launched the **Deca Marketplace** and the **Smart Store** for Ceramic Tiles, for example.



Commitments, indicators, and targets

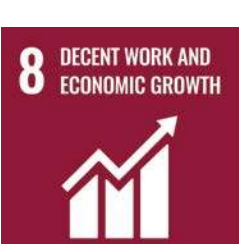
Indicators:

- Net Operating Income (NOI) from eco-efficient products; and

✕

Strategic driver: promote health and wellbeing in environments

Indicator: 5. Net operating revenue with eco-efficient products
6. Water, energy and carbon footprints at the use phase

SDG		SDG Target addressed	How we contributed
	Ensure availability and sustainable management of water and sanitation for all.	6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.	● Constantly developing water and energy-saving products (DecalHydra), which promote foster eco-efficiency at the use phase. ⬇️ Eco-efficient products contribute to reducing potential negative impacts on water and energy consumption. ■ It is a direct contribution, aiming at offering solutions that promote a balanced water and energy consumption and consequently lower carbon emissions at the use phase.
	Ensure reliable, sustainable, modern and affordable access to energy for all.	7.3 By 2030, double the global rate of improvement in energy efficiency .	
	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.	8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation , in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead.	
	Ensure sustainable consumption and production patterns.	12.2 By 2030, achieve sustainable management and efficient use of natural resources .	

CLASSIFICATION OF CORRELATIONS BETWEEN SDG INDICATORS AND TARGETS

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In 2015, we designed the **Hydra Samira electronic shower**, which features an electronic display of the water volume consumed. This technology also enables users to regulate temperature gradually, also avoiding electricity waste.

We also developed the **Deca High Performance System** for basins, distributing water flow efficiently with low water consumption. Another such technology is the Hydra Duo system, which enables the partial or total use

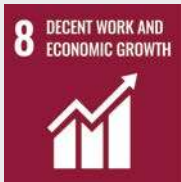
The water volume saved by our eco-efficient products, in the 2015 – 2025 period, would be enough to supply households in the city of São Paulo for a year.



Commitments, indicators, and targets

Promote health and wellbeing in environments.

Composition and offset of packaging

What it is all about	Where we are to where we want to be			How to achieve it	SDG
Implement a model for offsetting packaging of products to end consumers, that is, ensure that the volume of packaging of products sold nationwide has its equivalent mass allocated to recycling through cooperatives, for example. Develop alternatives to replace or phase out the use of oil-based plastics in Deca's product packaging.	Assumptions	Reference	2025	• Gradually increase the volume of offset packaging, ensuring the entire process traceability; • Ramp up efforts to rationalize the use of packaging; and • Develop technological alternatives for oil-based plastic packaging in Deca products.	
	Wood, Deca Hydra and Ceramic Tiles Divisions: percentage of packaging ¹ offset.	22% (2020)	100%		
	Deca Division: phase out plastic and/or use biodegradable plastic in packaging to end consumers.	-	100%		
	1. Waste generators for end consumers, made from plastic, paper and cardboard from products sold nationwide.				

What we have already done about it

The Wood Division has adopted major initiatives to optimize the use of packaging, such as reducing plastic films and tapes and increasing the number of boards per package.

In 2021, the Wood Division reduced packaging volume by approximately 30,000 metric tons.

Packaging offset

The volume equivalent to 22% of Dexco product packaging to end consumers nationwide in 2020, is being offset through recycling. Backed by a partner company, this process is fully tracked and audited, ensuring a noble disposal of plastic, paper and cardboard packaging.



Commitments, indicators, and targets

Promote health and wellbeing in environments.

Indicators:

- **NOI from products with technology that promote health and wellbeing; and**
- **Wood products with E1 or lower formaldehyde emission.**

What it is all about	Where we are to where we want to be			How to achieve it	SDG
Some product lines stand out because, besides providing comfort, they come with specific features that enhance the health of our solutions, evidencing our care for our consumers' wellbeing.	Assumptions	Reference (2020)	2025	• Continue working on the research and development of solutions with features that add health and wellbeing to internal and external, public and private spaces; • Act strategically to increase the sales of products with health and wellbeing promotion technologies, focusing on the disclosure of their advantages; and • Attentive to technological developments, standards and international trends, continue the ongoing improvement of processes to phase out the levels of formaldehyde emission in Panels.	 
	NOI of the product lines described below on total NOI of the three Business: Deca: twin filter faucet and single lever, accessories for special needs, touchless basin, electronic Deca line, toilet seat with thermosetting bactericide, luxury electronic basin, electronic soap dispenser; Hydra: Puravitta filter; Wood (Brazil): coated panels (MDP and MDF) and Durafloor (laminare flooring) with Protekto Plus technology; and Ceramic Tiles: Hard, Flossy, Satin, Bactericidal, Athermic and other products hitting the market.	22%	34%		
	Average level of formaldehyde (in mg) per 100 g of panels produced at the Agudos, Itapetininga, Uberaba and Taquari units, covering the MDF and MDP production lines.	Standard: E2 <20 mg/100 g Dexco average: 15,4 mg/100 g	E1 (<8 mg/100 g)		

What we have already done about it

By its own design, the DecalHydra portfolio already provides hygiene and health in environments. Here we underline those product lines with specific features, from making do with touchless activation to those packed with antibacterial technologies, for example.

The Ceramic Tiles Division has products aimed to improve consumers' comfort and safety through their differentiated surfaces, such as high-performance non-slip and Flossy and Satin textures, which provide greater comfort to the touch and better cleaning. All Portinari line products are Floorscore-certified (SCS-USA), which is assigned to floors contributing to good air quality thanks to the low emission of volatile organic gases, present in indoor spaces.

The Wood Division has launched the Protekto Plus flooring line, the first with antibacterial and antiviral protection in Brazil. From 2022, 100% of the coated panel portfolio (MDP and MDF) will already be packed with this technology. In addition to the scope of products providing health and wellbeing, included in this indicator, we also work with lines that increase environmental safety, such as MDF Fire panels, with technology that delays flame from spreading. Another innovation within the Division is the ultra-moisture-resistant MDF panels. Moreover, 100% of the MDF and MDP panel line products fall into category E2 regarding formaldehyde level in their composition, in conformity with the European standard. Although we are compliant with these standards, our ambition is to further evolve and have 100% of panels at E1 level – that is, with even lower formaldehyde level– by 2025.



Commitments, indicators, and targets

SDGs that are priority for Dexco

We have picked up five UN Sustainable Development Goals (SDGs) as priorities. They inform our main contributions already carried out and our aspirations to ramp up such adherence in the future.



07.
Target
management



Target management

Set commitments and targets is just one part of the process to become an increasingly sustainable company. We understand that our governance is key for our achieving the results we are committed to.

To this end, we have a structure comprising different committees, we manage risks and develop initiatives such as the E&S Program related to the onboarding of newly acquired businesses. We make ongoing improvements to our indicator management – in 2020, for example, we acquired a new management system for corporate sustainability indicators. These are measures that ensure target monitoring and achievement.

In view of our strategy redesign process, we have strengthened our governance by changing the structure of the department in charge of Sustainability issues, which was renamed ESG Management and became also responsible for Social Development and Governance. All these departments are now part of the People & ESG Board.

Also in 2020, we set up the **ESG Council**, responsible for defining an agenda with action plans and follow-up measures to leverage our strategy. The following departments make up the Council: Sustainability and Social Responsibility, Investor Relations, Legal, Human and Organizational Development, PROTEG, Environmental Management, Controllershship, Innovation and Business Development, and representatives of each business. Overall, the Council meets eight times a year.

These new targets are being deployed to the executive management members and their respective teams, and monitored via the Dexco Management System (DMS). Their evolution is periodically addressed at different forums, such as the Executive and ESG Committees.

Furthermore, it is worth mentioning that ESG values are part of the scope of Itaúsa, a Company that holds 40% of Dexco's shares and exerts influence over the companies in which it invests through its participation in boards and committees by sharing these values. Among its strategic drivers, Itaúsa defines that its investment portfolio must be engaged with environmental, social and governance issues, valuing people, promoting good corporate governance practices and adopting strict ethical principles.



08.

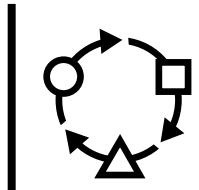
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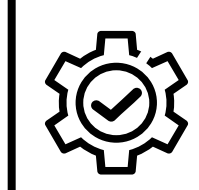
Our strategic approach is dynamic and subject to required adjustments. The tables below show the previous sustainability strategy targets launched in 2017 that were incorporated or reframed within our new framework.

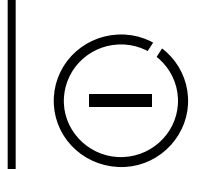
We have noted over time that some activities that until then had been framed or consolidated in the Company are now operational and no longer represent our strategic aspirations. Other initiatives no longer make sense in view of the new scenarios of both the Company and the world and thus are being discontinued.

The next steps will see our developing key targets for our business in Colombia, based on strategic goals to meet the challenges of the local reality in that country.

Caption

- 

Target incorporated or adjusted to the new framework.
- 

Target already achieved or incorporated into operational routine.
- 

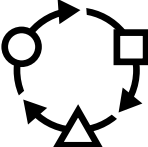
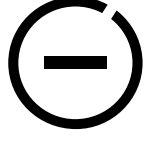
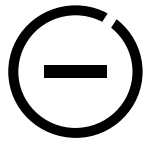
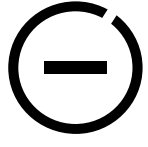
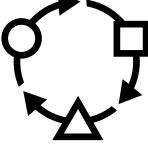
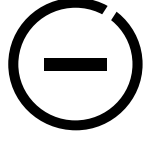
Discontinued target



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How we have evolved

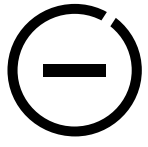
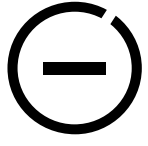
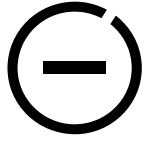
8.1 People

Topic	Original target	Transition status
Working conditions and development of workers	Have accident rate with time off equal to or lower than 1.0 for own and third-party employees.	Accident Frequency Rate (AFR) is an important indicator of PROTEG, Dexco's Security program. This indicator is already operational and the Company's target will remain the same. Additionally, since 2019 we have operated proactive safety indicators in PROTEG, which also include actions for prevention of major process-related accidents.
	Have a rate of adherence to the new culture equal to or higher than 85%.	Our culture is undergoing an evolutionary process, and we have adjusted these indicators within the new framework for "Employee Engagement and Cultural Alignment Index", with a new evaluation methodology.
	Be among the best companies to work for.	
	Have 80% of senior management acknowledged for honest and open dialogue and for people development.	Open dialogue is a feature of Dexco's culture – Our Way of Being and Doing – and one of the most enhanced behaviors in recent years. Senior management relies on different tools, such as performance evaluation (feedback/feedforward), culture rituals and conversation/open chat circles.This indicator will continue to be monitored internally.
	Have 70% of vacancies filled through internal transfers.	Internal transfers are a standard common practice within the Company. This indicator will continue to be monitored internally.
Customer and consumer engagement	Develop 50% of the product portfolio using the co-creation model (10% at Ceramic Tiles).	The development of products in models of co-creation with customers and influencers is already a fully operationalized practice in our Company. This target was discontinued, since we understand that the co-creation process enables the qualification of the portfolio, which is more significant than the portfolio growth it causes.
	Have 90% of carpenters, installers, electricians and fitters trained/qualified.	Internal transfers are a standard common practice within the Company. This indicator will continue to be monitored internally.
	Be the favorite brand for 60% of carpenters and fitters and for 70% of plumbing installers and electricians.	
	Have 20% of Wood PAATs revenue coming from new services.	Target achieved. We will continue to follow this target group.
	Be acknowledged by 90% of domestic market consumers for its sustainability and innovation.	Indicators are monitored based on specific surveys. We understand that we have an important journey to get closer to consumers, which has been driven by our process of digital transformation and engagement with influential professionals.
	Be acknowledged by 50% of foreign market consumers for its sustainability and innovation	

Attachments

How we have evolved

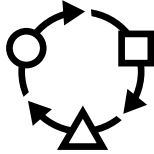
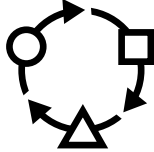
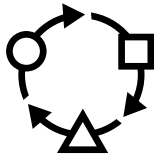
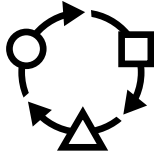
8.1 People

Topic	Original target	Transition status	
Relationship with communities and local development	Have an 80% approval rate for the community engagement process.		Through the Sustainability and Social Responsibility departments, the Company systematically promotes a number of activities involving the communities in the municipalities where it operates. As it is an assumption of its social action, this indicator will continue to be monitored in the operational day-to-day.
	Have 100% of supervisors exposed to a local community experience.		Supervisors are intensely involved in training Engagement Agents and holding Rodas de Diálogo (Conversation Circles). We understand that this process, under this format, is already operational in the Company.
	Have ten employees per operating unit acting as agents of engagement, qualified to hold a dialogue with the community.		The regular training and updating of Engagement Agents will continue to be part of the Company's Social Responsibility department.
	Influence two public policies (approved) per location where we are present.		We will continue to engage in relevant public forums and sectoral discussions aimed to influence public policies whenever applicable.
	Have a 75% acknowledgement rate for environmental and social responsibility within the communities surrounding our operating units.		We deem the acknowledgement of our environmental and social responsibility as the direct result of the Company's actions and initiatives, as this is perceived during the regular relationship with these communities.
	Measure and communicate positive impacts in 100% of the communities surrounding our operating units.		As a transparent Company, all results achieved through private social investments are disclosed on our official channels. This target was incorporated into the department routine.

Attachments

How we have evolved

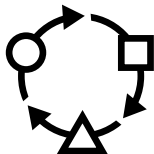
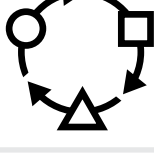
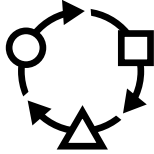
8.2 Processes

Topic	Original target	Transition status	
Eco-efficiency	Reduce relative water consumption by 10% (20% at Ceramic Tiles).		The Panels business (Brazil), which accounted for over 56% of the Company's absolute water capture in 2020, has reduced its relative water consumption by over 58% since the base year (2016), exceeding the target and reflecting positively on Dexco's indicators as a whole. We expanded our ambitions to optimize water use through the "Efficient use of inputs and raw materials" indicator.
	Reduce the relative waste disposal to landfill by 20% (100% at Ceramic Tiles).		From 2016 to 2020, the Panels and Bathroom Fixtures and Fittings (which together accounted for 58% of the absolute waste disposal to landfill in 2020), posted reductions of 71%, 39% and 62% in relative waste disposal to landfill, respectively, successfully overcoming the challenge proposed at the time. The target, then applicable to the Ceusa business, now extends to Ceramic Tiles as a whole. We have ramped up our ambitions to optimize waste management through the "Efficient use of inputs and raw materials" indicator.
	Have 95% of the energy matrix come from renewable resources to generate thermal energy at Panels (by 2018).		Target exceeded.96% of the matrix of Panels (Brazil) for thermal energy generation already come from renewable sources. We will keep on our efforts accordingly.
	Reduce the relative energy consumption at DecalHydra and Ceramic Tiles by 20%.		The advances on this target were quite impressive. The Bathroom Fixtures business alone, which accounted for 75% of the absolute energy consumed at the DecalHydra Division in 2020, reduced by 29% its relative energy consumption (2016–2020). The target, then also applicable to Ceusa business, was adjusted and extended to Ceramic Tiles and Panels, as a whole, within the "Efficient use of inputs and raw materials indicator.
	Take into account environmental and social criteria in 100% of new project developments.		This approach is incorporated in our internal processes and is gradually being improved.
	Perform a Life Cycle Assessment (LCA) for the highest volume products in each business.		Since 2016, we have developed some LCA studies in the DecalHydra and Wood Divisions, with the highlight going to the Aspen faucet LCA, which found out that most of the impact of water and carbon consumption is concentrated in the use phase. Aimed to be more assertive in this measurement, we have adjusted this concept with the new "Water, energy and carbon footprints of products, in the use phase" indicator.
	Implement an Environmental and Social Program within two years at the acquired companies.		The Environmental and social Program implementation has already been internalized, and its operation will continue to be carried out as the business expands.

Attachments

How we have evolved

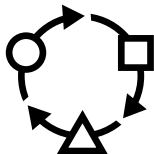
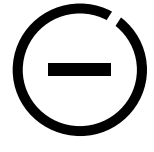
8.2 Processes

Topic	Original target	Transition status	
Climate change	Reduce the Company’s absolute GHG emissions by 25% (Scope 1).		We have revisited our climate agenda-related targets, which have been adjusted within the “Carbon balance” indicator.
	Reduce the relative GHG emissions at Panels by 50% (Scope 1).		
	Reduce the relative GHG emissions at Deca and Hydra by 10% (Scope 1).		
	Improve the measurement of Scope 3 emissions by 50%.		
Sustainable management of forests	Reduce by 5% the use of pesticides per effectively planted hectare, keeping the desirable production levels.		Target achieved in 2020. Integrated pest management continues to be a key part of the forestry operations, contributing to our continuously seeking greater efficiency in the use of pesticides. Additionally, recommendations and quantities used are annually checked by a third party in FSC® audits.
	Reduce water consumed by irrigation per planted hectare by 50%.		Topic-related actions are still in progress, with results positively surpassing expectations, and mainly focus on the use of the best forest management techniques to help minimize the need for irrigation in forests. Moreover, the use of genetic materials better adapted to local conditions also contributes to a more efficient use of water by plants.
	Influence 100% of neighboring landowners of conservation areas larger than 500 hectares and in a radius of 2 km.		No conservation areas exist surrounding our farms that meet the target criteria. However, the connectivity of our conservation areas (both with each other and external areas) is assessed in the FSC® audits, as are the potential impacts of our activities on the landscape.
	Have 100% of communities involved in harvest planning.		Expectations have been surpassed over the last few years, in terms of community engagement dialogues. This activity is already incorporated into the business routine.
	Double genetic bases.		The genetic base is broadening as expected. Dexco’s genetic improvement program is ongoing and follows the Company’s strategic planning, aimed to develop genetic materials with the desired features for forest management and that adapt well to local conditions.
	Ensure that 100% of our own areas are management-certified.		This target remains in the “Own and forested areas with certified management” indicator.
	Increase dry mass per hectare by 10%.		The increase in dry mass is proceeding as expected, having reached the expected milestone in 2020.This is one of the pillars of Dexco’s genetic improvement program and forest management actions and is part of the Forest Development work routine, being monitored and adjusted according to the Company’s strategic planning.
	Have 80% of forested areas certified.		Target remains the same, with the achievement term brought forward to 2025 in the “Own and fostered areas with certified management” indicator.

Attachments

How we have evolved

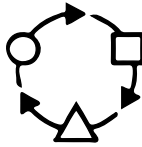
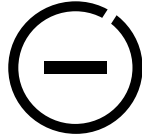
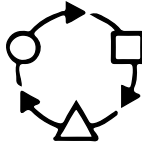
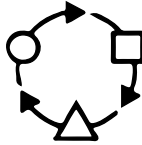
8.2 Processes

Topic	Original target	Transition status	
Responsible supply chain	Have 80% of strategic suppliers with a performance rate equal to or higher than 8.0.		While improving the Dexco Supplier Management Program (GFD), we have noted that the average performance ratio of strategic suppliers translates into a more representative indicator, and covers all the suppliers evaluated in each cycle. We have adjusted this target, which is now included in the “Purchases factoring in environmental and social criteria” indicator.
	Have 100% of strategic procurement factor in environmental and social criteria.		100% of the strategic procurement processes already include E&S criteria-based assessments. We aim to keep on maintaining this level.
	Have 100% of critical suppliers be assessed up to the 2nd supply chain level.		We must focus our efforts on the challenge of evaluating and inducing continuous improvements at the first level of strategic suppliers, a fact that ends up reflecting in improvements to the second level. We have developed second-level supply chain assessment criteria within the GFD.

Attachments

How we have evolved

8.3 Products and Services

Topic	Original target	Transition status	
Products and services	Have 100% of Wood Division products with less E2 by 2018 and less E1 by 2021.		We have consistently reduced our average formaldehyde levels in Panels as expected. Following the debates in the sectors we operate, we will continue to pursue the achievement targets for E1 by 2025.
	Develop two alternatives for renewable raw materials for the manufacturing of Deca and Hydra-products.		The Division's R&D department will continue to work on the development of new raw materials. Additionally, we are studying alternative packaging models to reduce the use of plastic, according to the new "Use of packaging" indicator.
	Have a R\$20 million revenue coming from ProÁgua services.		The promotion of eco-efficient solutions is still a key focus area within our new strategic framework. We note that, more than offering a variety of options in our portfolio, what really matters is the positive impact we generate in terms of water, energy and carbon savings, for the Consumer and Society environments, as well as the revenue achieved in the Company environment. Therefore, we have two new indicators in our strategy: "Water, energy and carbon footprints in the use phase" and "NOI from eco-efficient products". The collection plan, originally, related to the ProÁgua program, has been revisited and redirected the revenue expansion strategy to other projects, which also intend to leverage the "NOI from eco-efficient solutions".
	Have 100% of the Deca portfolio of finished bathroom fixtures and bathroom toilets become eco-efficient.		
	Have 25% of the sales volume at Hydra come from eco-efficient products.		
	Lead the implementation of a reverse logistics model.		We have developed two reverse logistics projects for Hydra showers and Deca products, with a number of lessons learned. In addition to keeping on studying the complex flow of waste generation in the civil construction sector, we intend to continue acting on more strongly in the management of the packaging portfolio, according to the new "Use of packaging" indicator.

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