



Duratex

Solutions for better living

Integrated Report 2020

Presentation

For the 2nd consecutive year, we are presenting our results, strategies, policies and prospects in the Integrated Report format, according to the guidelines of the International Integrated Reporting Council (IIRC), and this report has been prepared in accordance with the GRI Standards: Core option. We also follow the criteria of the Brazilian Association of Publicly-Held Companies (ABRASCA) as a way to improve our annual reporting, which has been published since 2004. [|102-51, 102-52, 102-54|](#)

In this document, we concentrated our efforts on presenting, in a transparent and objective manner, our corporate initiatives, which were adopted over the course of 2020, and our long-term targets, challenges and strategies. Together, these pieces of information show how we create value for society and our synchronicity for the purpose of offering Solutions for Better Living. Any reformulations of information are pointed out throughout the report. [|102-48|](#)

Our contributions, which support the sustainable development by means of global initiatives, such as the UN's Sustainable Development Goals (SDGs) and the Global Compact, are pointed out throughout the report. [|102-12|](#)

In 2019, we carried out a perception study, which allowed us to prepare a Materiality Matrix ([learn more here](#)), and identify the topics that are most relevant to our stakeholders. The report presents the topics that are relevant to shareholders, customers, and suppliers in the materiality process. It also takes into consideration the vision of the senior management members who were involved in the stages of analysis and validation of the topics. This time, we sought to evolve in the coverage of these topics and in the presentation of our value creation strategy. [|102-40, 102-44|](#)


All indicators presented are related to the 3 business Divisions – Wood, Deca and Ceramic Tiles – covering the operations in Brazil and Colombia, for the period between January 1st and December 31st, 2020. The Financial Statements were audited by PwC whereas the environmental and social data related to the GRI were subject to the external examination of KPMG Assessores Ltda. [|102-45, 102-50, 102-56|](#)

Enjoy your reading!

Questions related to this publication may be forwarded to our Investor Relations (investidores@duratex.com.br) and Sustainability teams (sustentabilidade@duratex.com.br). [|102-53|](#)



- 
1. Respect
 and support the human rights that are internationally recognized on its area of influence.
- 
2. Assure
 the non-participation of the Company in violations of human rights.
- 
3. Support
 freedom of association and recognize the right to collective bargaining.
- 
4. Eliminate
 all forms of forced or compulsory labor.
- 
5. Eradicate
 all forms of child labor in your productive chain.
- 
6. Encourage
 practices that eliminate any type of job discrimination.
- 
7. Assume
 practices that adopt a preventive, responsible and proactive approach to environmental challenges.
- 
8. Develop
 initiatives and practices to promote and disseminate environmental and social responsibility.
- 
9. Encourage
 the development and the dissemination of environmentally responsible technologies.
- 
10. Fight
 corruption in all forms, including extortion and bribery.

 To learn more, please click [here](#).

Message from the Board of Directors |102-14|

In 2020, the COVID-19 pandemic imposed on all of us a complex scenario, with effects on society and the economy worldwide. At the first signs of the pandemic, we understood that, more than a health crisis, this would be a humanitarian crisis. We knew that there was a great challenge ahead of us, particularly in view of all uncertainties.

To deal with this scenario, we created a Crisis Committee that met every day to reassess the prospects and make agile decisions. Our basic guidelines were to take care of people – inside and outside Duratex – ensure the financial soundness of the Company and provide the support necessary to all stakeholders.

Aware of our potential to act with society, we donated more than R\$10 million to field hospitals and social initiatives focused on fighting COVID-19. Part of the donations were made in products of our brands, which then helped build more than 3,800 hospital beds all over Brazil.

Inside the Company, we concluded that our primary role was to protect the employees, guaranteeing the nearly 13,000 jobs. Meanwhile, with respect to safety, we established the remote work system for part of the staff and ensured the improvement of sanitization at the units. We also focused on communication and monitoring of infections as a way to mitigate risks.

On the financial front, we raised R\$1.6 billion in the market. With this cash increase,

we were able to continue with all the projects and extend the payment date of receivables from customers. At the same time, we negotiated with our strategic suppliers to extend our payment dates. On another front, we continuously reviewed our inventory operation and management model to increase efficiency and ensure a better use of our resources.

Planning agility and ability in view of the uncertainties allowed the Company to be prepared to seize the recovery in demand that took place in the middle of the year. The measures taken by us, combined with the low interest rate environment and recovery in consumption, led Duratex to present its best result ever in 2020.

At the same time, we continued to evolve in the realm of environmental indicators and in the debates in the social sphere, aware of the path that we still have ahead of us, we have been paying attention to people – whether employees, customers or society in general – and to the Company's governance. Going one step further, we established that all senior management members will have at least one target

associated with Environmental, Social and Corporate Governance (ESG) in 2021.

The performance of Duratex in 2020, in view of a crisis on a global scale, proves that the Company was prepared to deal with a wide range of scenarios, including the most uncertain ones, while remaining attentive to the market trends and its long-term business plan. We are ready to grow organically or through acquisitions, looking for businesses that are relevant and in line with our purpose.

With a history that completes 7 decades in 2021, Duratex has already faced different economic crises and technological and social transformations. In 2020, this ability to adapt was tested once again, resulting in an even stronger Company. We see the coming years with optimism, certain of the challenges that will always exist, but also certain of our resilience to overcome them.



Alfredo Egydio Setubal and Salo David Seibel
Co-Chairmen of the Board of Directors

Message from the Executive Board |102-14|



Antonio Joaquim de Oliveira

CEO

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.

We believe that this exceptional result is due to a series of factors, starting from our work for the past 5 years, aimed at optimizing the Company and strengthening our internal culture. The good relationship that we established with clients and suppliers over time was also crucial to allow us to make terms and payments more flexible, always prioritizing the financial health of our chain.

Last year, our challenge was to work in the face of uncertainties. But we were able to act quickly and continuously reassess the scenarios, taking the necessary measures with our Crisis Committee.

When the activities were resumed in Brazil, thanks to the planning efforts made since the beginning of the pandemic and to the homework done before that, Duratex was prepared to seize that scenario. At the end of July, even after the suspension of most of our activities, we were already operating

at full capacity, which assured us significant gains in market share in all segments.

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.

In view of the historical results of operations and the commitment to our liability management strategy, we reviewed our debt structure: we advanced the payment of the principal amount of R\$510 million raised at the beginning of the pandemic. Therefore, we reduced its average cost and the exposure to short-term debts.

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. The plant, which is expected to start operations in 2022, will diversify our sources of

revenue, operating countercyclical to the domestic economy.

Last year, we accelerated our digitalization and innovation strategy, and became the holders of the totality of the capital of Viva Decora, in addition to launching the first marketplace of Deca and solutions such as the Ceramic Tiles smart store. Also, we worked on the integration of Ceusa and Portinari, which are benchmarks in market results.

In 2021, we have new challenges ahead of us and a number of expected improvements, such as the modernization and automation of the bathroom fixtures unit in the city of Jundiaí and the investments in the increase of the capacity of wood panel finishing, another step towards the improvement of the Company's product mix.

After the corporate restructuring and reorganization work for the past 5 years, in addition to operational efficiency gains for 2020, Duratex will be able to further explore its advantages and its ability to continue to offer Solutions for Better Living.

Stand on COVID-19



For making decisions and taking measures with agility and efficiency, we established a Crisis Committee composed of the Senior Management and 11 other leaders, in addition to the support of specialists from the Occupational Health and Safety field.

The Committee worked on 5 fronts: People and Communication; Technology; Industrial/Supplies; Commercial; and Finance. With daily meetings, including on weekends, until August 2020, and twice a week after this period, the group worked tirelessly for the employees and the company to be supported over the course of the whole year.

3 GOOD HEALTH AND WELL BEING



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



11 SUSTAINABLE CITIES AND COMMUNITIES



See more

SDG

1 People and Communication

The actions in the People field were divided into 3 topics: protection of our employees (Health and Safety); qualified information; and business sustainability. These topics had our cultural organization as a basis, which proved to be essential to strengthen team and result-oriented work, especially in such a difficult year.

The Company's focus was to take care of its employees and follow all recommendations of the WHO and local governments and, for this reason, the first definitions of the Executive Committee, supported by the Crisis Committee, were to establish strict health and safety protocols in all units and to stop at nothing to maintain jobs. Proof of this is that the number of admissions expected for the year was maintained and the number of involuntary dismissals was lower than in the previous year ([learn more here](#)).

We defined 11 work protocols, ensuring adjustments to internal processes, health actions, security reinforcement, training of management members and employees, communication campaigns, social actions to fight the pandemic,

prioritizing the communities where we are present, and dialogue with partners, such as suppliers, service providers, customers and unions. As a way to monitor the contamination levels, the Health team, through the policlinics at the units, regularly monitors employees, performs regular tests and has structured faster communication channels, such as email.

We established the remote work system for 1,500 employees from the administrative and commercial areas, and the majority of them are still working from their homes. On a weekly basis, we monitor the situation of every location and if necessary, we apply the protocols more restrictively. We also paid special attention to those in risk groups for COVID-19 for whom there is no expectation of return to in-person activities yet. For the sustainability of the business, 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.



1,500 employees working from their homes.



Definition of **11** internal protocols to protect the health of the employees.



401 communications with significant and quality content exclusively prepared about the pandemic.



Increase of the transportation fleet to implement social distancing.



Increase of sanitization, and asepsis in units and offices.

We structured a number of alternatives for the management of people during the period of reduced demand and temporary closure of plants, such as: working from home for those who could stay connected, use of the overtime bank, overdue and brought forward vacation, in addition to future vacation, in particular if there was a need to keep the employees at their homes for a period longer than 60 days.

To ensure the integrity of the staff that has to be in the field, we reinforced the cleaning, sanitization and asepsis of our units and central office, particularly canteens, common spaces and chartered buses.

In the period of the easing of the social distancing measures, we respected the phases determined by government authorities and tested all employees before their return. We adopted the rotation system with the necessary distancing, keeping an occupancy rate that is in accordance with the defined protocols. We also implemented separation with acrylic barriers when necessary.

In line with Duratex's Way of Being and Doing, we established ongoing and transparent communication with the employees so as to keep them informed of the Company's next steps and about the pandemic.

By the end of 2020, we had 401 materials exclusively prepared about the pandemic, including videos, podcasts, magazines, and a web series. We also promoted campaigns on health and safe resumption.

We kept dialogue channels open for everyone, while the Human Resources staff and Executives organized events such as the Papo Aberto (Open Talk), Café com o RH (Coffee with HR), Rodas de Prosa (Chatting Rounds) and individual forums. Additionally, we made available, on a proactive basis, the Personal On-Call Service (Pronto Atendimento Pessoal, PAP in Portuguese), as a tool aimed at financial, legal and psychological assistance to employees, their children and spouses.

Despite all the care taken, by December 31st, 2020, 1,004 employees of Duratex's units in Brazil were contaminated and 3 died as a result of COVID-19. The units in Colombia recorded only 64 cases and none of them needed to be hospitalized. It is worth noting that the Company performs periodic tests, or whenever necessary, on all its employees.

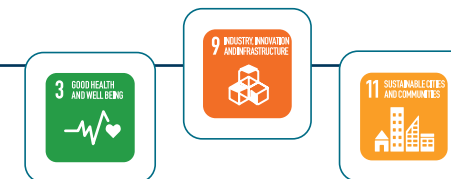
As we know that the pandemic has not yet come to an end, we continue to assess the scenario and implement actions that are in line with the guidance of the World Health Organization (WHO) and government authorities.

2 Technology

Aware of the trends, this department identified strategic long-term projects that could be accelerated in view of the transformations imposed by the pandemic – in particular the change in consumers' habits, focused on their histories and main difficulties. As a result, in 2020, we launched the first e-commerce business for the Deca brand and the first smart store for Duratex in the Ceramic Tiles segment ([learn more here](#)).

We also took an important step in the modernization of our Enterprise Resource Planning (ERP) management system by starting to replace the old model by SAP/4HANA, with cloud technology. In 2020, we started to implement this new system in the Ceramic Tiles Division and, by 2022, we will have the new system in place throughout the Company. This will provide us with more agility and efficiency in our processes.

Additionally, our efforts were concentrated in the Company's strategic projects, such as the implementation of the Oracle Transportation Management Cloud tool (Oracle OTM) aimed at reducing the costs of charters to the Wood Division units and at executing the ARIBA Project, taking the Supply Department to the market level, in compliance with the



rules of the Procurement Department and the SAPIens Journey.

The Technology Department was also essential in enabling, with speed and efficiency, the remote work of 1,500 professionals, allowing for the continuity of our operations. For this process, it had the support of the robust technology structure implemented in the past few years, with tools such as Cloud, Virtual Private Network (VPN) and Application Virtualization.



3 Industrial/Supplies

We put into practice initiatives to ensure the efficiency of processes, the optimization of costs and the reduction of expenses. All of this without forgetting to ensure strict health safety standards to protect the employees.

We reassessed our inventory management, reduced costs with the purchase of inputs and reduced our levels of inventories, which led us to operate at levels that are a lot lower than the historic levels. Additionally, our operational process was reviewed on a daily basis. This monitoring, combined with the strategic inventory management, led to the temporary suspension of the plants so as to ensure a better use of resources.

We took advantage of the suspension of operations to bring forward the stoppages to conduct maintenance, which allowed us to achieve full production capacity in a quick and safe manner upon the resumption of activities. In the forestry field, the activities were maintained but we operated with a reduced number of workers.

At the same time, we negotiated with suppliers the extension of our payment dates, in line with the relationship we have been cultivating with these stakeholders for many years. As we are aware that we have a more robust structure than many of our suppliers, we provided support to them all, taking measures such as this to ensure the continuity of their operations.

All these actions were essential to ensure the quick repositioning of products upon the recovery of the market, which helped us to gain market share in all segments.



Reassessment of inventory management and reduction of expenditures with the purchase of inputs.

4 Commercial

The staff from the Commercial Department prioritized the constant contact with customers, offering them all the support necessary and passing on information on health and safety, including to smaller-sized partners, such as carpentry shops and hydraulic installers.

Due to the Company's privileged cash position, the Commercial Department renegotiated around 35.0% of the credits receivable and extended the payment dates for thousands of customers at the beginning of the pandemic.

This flexibility was essential to strengthen our relationship with customers, which proved to be essential for us to be among the brands that were most sought for when the demand was resumed. We had market share gains in all off our lines.

Due to the need to social distance, our Customers and Suppliers Committees started to hold meetings via videoconference, which made the meetings easier and allowed for these partners to be closer. As such, the meetings, which were previously held on a quarterly basis, are now held on a monthly basis.



Renegotiation of 35.0% of receivable credits and postponement of the payments dates.

5 Finance

In view of the initial difficulty in measuring the impacts of the pandemic on the economy, the Crisis Committee acted quickly to obtain additional resources so as to ensure financial liquidity and the continuity of strategic projects – such as the construction of the new dissolving wood pulp unit. At the end of May, we had already raised R\$1.6 billion in the market.

At the end of the year, our sustaining free cash flows totaled a record amount of R\$1,128.8 million, excluding projects, and the Adjusted and Recurring EBITDA was R\$1,288.3 million, an increase of 41.7% from 2019.

Given the record results of operations, we reviewed our debt structure, in line with our liability management strategy. We brought forward the payment of the principal amount of R\$510 million raised at the beginning of the crisis and, as a result, we reduced our exposure to short-term debt and our debt average cost.

At the end of 2020, the Company's Net Debt was R\$1,477.3 million, R\$408 million lower than in the 3rd quarter of 2020, which resulted in a reduction in the gearing ratio to 1.2 in Net Debt/ Adjusted and Recurring EBITDA.



R\$ 1.6 billion raised in the market.

R\$ 1,128.8 million in sustaining free cash flows, excluding projects.

R\$ 1,288.3 million of Adjusted and Recurring EBITDA, an increase of 41.7% from 2019.

6 Actions for Society

[103-2 e 103-3: Indirect economic impacts, 203-1]

We believe that every company has a role in society and must pay attention to its surroundings. Therefore, we do not hesitate to do our part: in total, Duratex donated R\$10 million in Brazil and COL\$35 million (approximately R\$50,000) in Colombia to COVID-19 relief efforts in 2020.

Of the total amount, R\$5 million was donated to the Todos pela Saúde (All for Health) project, an alliance organized by Itaú Unibanco Holding S.A. whose funds are managed by a group of specialists from the Health community ([learn more here](#)). Another R\$1 million was donated to the match funding Salvando Vidas (Saving Lives) of the National Bank for Economic and Social Development (BNDES), which is seeking to raise R\$100 million to help more than 1,000 charity hospitals that are part of the Brazilian Single Healthcare System (SUS).

R\$ 10.0 million donated in Brazil for the fighting COVID-19 in 2020.

Engagement in more than **20 projects** across Brazil to combat the pandemic.

Donation of 12,000 products from our brands that helped build more than **3,800** hospital beds.



were donated, contributing to the construction of more than 3,857 hospital beds.

In the city of São Paulo, our products (more than R\$546.9 thousand to cater to 2,712 hospital beds) were sent to the field hospitals in the districts of Anhembi, Pacaembu, Ibirapuera and Heliópolis and to the Irmandade Santa Casa Hospital, Dr. Arnaldo Cancer Hospital, Heliópolis Hospital, Florescer Shelter and the annex to the Municipal M'Boi Mirim Dr. Moysés Deutsch Hospital (100 hospital beds). In the latter hospital, the construction was carried out in partnership with one of the companies accelerated by the [Garagem Duratex](#) (Duratex Garage) program, Brasil ao Cubo, and used bathroom fixtures and fittings from our brands.

The assistance to the hospital network and other institutions also reached the cities of Agudos, Botucatu, Lençóis Paulista and Itapetininga, in the State of São Paulo, as well as the cities of Tubarão and Criciúma, in the State of Santa Catarina; Queimados, State of Rio de Janeiro; Taquari, State of Rio Grande do Sul; Aracaju, State of

Sergipe; Curitiba, State of Paraná; Recife, State of Pernambuco; and Belo Horizonte, State of Minas Gerais, among others. Also, we participated in the partnership between the Government of the State of São Paulo and the DASA Group for the production of COVID-19 tests.

Within our industry, since 2018, we have been supporting the Marcenaria do Bem (Carpentry of Good) project, created by the Leo Institute of the company Leo Madeiras. In 2020, the project sought to minimize the impacts of the crisis generated by COVID-19 by providing financial support to the professionals who lost their jobs due to the social distancing measures. Duratex, as one of the project's strategic partners, financially supported thousands of small woodworkers from all over Brazil.



LEARN MORE ABOUT
all the benefitted
institutions.

We immensely thank the engagement of all employees and partners who are with us in the project.

#MãosÀObraParaVencerOVírus
(#Let'sWorkToBeattheVirus)



ABOUT THE REPORT



Materiality Process

|102-43, 102-46|

Materiality is the process through which a company identifies the most significant matters given the business and the impacts it generates in all aspects, providing support to risk and opportunity management, as well as to value creation. The study of materiality allows for greater engagement by stakeholders in understating the Company's ESG priorities, in addition to serving as a basis for the Integrated Report.

The revisit to our materiality process started in 2019. With the support of an independent consulting firm, which took into consideration institutional documents, social studies and interviews, the priority topics for Duratex were defined. They are divided into 4 pillars: proper business environment; people who transform; responsible processes; and sustainable solutions.





After defining the material topics, we want to transform commitments into targets. We established that all management members will have at least one target associated with ESG this year. It is based on the definition of these targets that we started to work in 2021.

Our priority topics are divided into 4 pillars:

- Proper business environment;
- People who transform;
- Responsible processes; and
- Sustainable solutions.



Duratex's Material Topics |102-46, 102-47, 102-49, 103-1|

Pillar	2020 Topic	Order of Priority	Duratex Impacts		GRI Topic		SDG	
			Inside	Outside	Management Approach 103-1, 103-2, 103-3	GRI Disclosures		
 Proper business environment	Ethics and compliance	1	●		Anti-Corruption	205-1, 205-2, 205-3	16	
	Innovation and digitalization	9	●		Environmental Compliance	307-1	16	
	Cash generation and funding	6	●		There is no related GRI topic			
	Diversification of business portfolio	10	●	○	Economic Performance	201-1	8, 9	
 People who transform	Health and safety	2	●	○	Occupational Health and Safety	403-1, 403-2, 403-4, 403-5, 403-9	3, 8, 16	
					Customer Health and Safety	416-1		
					Supplier Social Assessment	414-2	5, 8, 16	
	Diversity and inclusion	11	●	●		Socioeconomic Compliance	419-1	16
	Professional training	3	●	●		Diversity and inclusion and Equal Opportunity	405-1, 405-2	5, 8, 10
	Local development	14			○	Training and Education	404-1, 404-2, 404-3	4, 5, 8, 10
						Indirect Economic Impacts	203-1	5, 9, 11
Environmental education	15			○	Local Communities	413-2	1, 2	
					Indirect Economic Impacts	203-1	5, 9, 11	
 Responsible processes	Supply chain	5	●	○	Local Communities	204-1, 413-2	1, 2, 3, 6, 8, 11, 12	
					Procurement Practices	204 -1	8	
					Supplier Environmental Assessment	308-2	3, 8, 11, 12	
	Forest management	8			○	Supplier Social Assessment	414-2	5, 8, 16
						Biodiversity	304-3	6, 14, 15
	Environmental performance	4			○	Supplier Environmental Assessment	308-2	3, 8, 11, 12
						Environmental Compliance	307-1	16
						Materials	301-1, 301-2	8, 12
						Energy	302-1	7, 8, 12, 13
						Water and Effluents	303-3	6, 12
Climate change	12			○	Emissions	305-1, 305-2, 305-3, 305-4	3, 12, 13, 14, 15	
					Waste	306-1, 306-2, 306-3, 306-4, 306-5	3, 6, 11, 12, 15	
					Environmental Compliance	307-1	16	
 Sustainable solutions	Eco-efficient solutions	13	●	○	There is no related GRI topic			
	Environment solutions	7		○	There is no related GRI topic			

Value Creation

The purpose of creating Solutions for Better Living is at the center of our strategies and actions and it is based on 4 pillars: careful designers; determined engineers; restless inventors; and committed supervisors.

These 4 qualities are present in our 3 drivers of creation of value: Duratex's Way of Being and Doing efficient and responsible processes; and sustainable solutions and their outcomes.

Our daily work is focused on the attempt to encourage constant innovation, anticipate trends and develop sustainable products that consider form and function with design and quality. Our integrated platform of brands and business is structured to support the solid reputation of the Company and create value for all stakeholders.

Our policies and work strategies are in line with the International Integrated Reporting Council (IIRC) and are frequently reassessed based essentially on concern with environmental, social and governance issues that ensure the longevity of the Company and value for society.

Our business model includes many capitals that interact and provide support to the growth of the organization:



Productive Asset Capital

We do things well and assimilate new production models and processes, including outsourcing. This is how we work to have increasingly operational and productive management.



Intellectual Capital

Our brands are recognized for their innovation, design and high quality. We invest in an intense process of digital transformation so that we can quickly adjust to demands and anticipate trends.



Reputational Capital

The ethical and close relationship with our stakeholders, which inspires us and allows us to develop solutions and transform environments.



Human Capital

People are our strength, with a more inclusive and cooperative culture, and the capacity and ability to implement Duratex's Way of Being and Doing and to strengthen the culture so that we can be more agile, make better decisions and make a difference in the markets in which we operate



Natural Capital

We use sustainable materials and inputs in operations, seeking to positively contribute to carbon capture by means of our forest operations.



Financial Capital

The financial resources allow us, in addition to supporting and expanding our operations, to invest in opportunities, always aimed at returns above the cost of capital.

Business Model

Capitals

- Productive Asset Capital**
 19 industrial complexes, of which 16 are in Brazil and 3 in Colombia.
- Reputational Capital**
 Strong operation and stand in view of the COVID-19 pandemic.
- Natural Capital**
 + than 140,000 hectares of planted forests.
- Intellectual Capital**
 R\$ 143.7 million invested in technology.
- Human Capital**
 13,295 employees.
- Financial Capital**
 R\$1,128.8 million in operational cash flow generation, excluding investments in projects.

Value Creation



Value created: It can be classified as the products, processes and services arising from an organization.

Shared value: Characterized as innovation and improvements obtained together with the stakeholders, providing social benefits to those involved in the organization's value chain.

Source: Adapted from Porter and Kramer, 2006.

Created Value

- Financial investment of **R\$523.1 million** in the construction of the dissolving wood pulp plant in 2020.
- Donation of more than 12,300 products from the Wood and Deca Divisions and almost 3,400 sq. m. of ceramic tiles from the Ceusa and Portinari brands.
- Our forests removed **971.9 thousand tCO₂e** from the atmosphere in 2020.
- In the industrial front, we launched flooring with antiviral surface protection, toilet flush and single-handle faucets activated by sensor. In the technology front, we launched the **smart store** and Deca **marketplace**.
- R\$919.4 million** invested in compensation, training, and incentives.
- R\$517.1 million** paid as dividends and interest on capital.

Shared Value

- Around ¼ of the suppliers are from the regions where the Company has an industrial or forest activity. This group was responsible for approximately R\$500 million of the total spending in the year.
- Donations were made to more than 20 projects from all over Brazil, generating 3,857 hospital beds. Also among contributions, we highlight R\$1 million to match-funding *Salvando Vidas* (Saving Lives) and the donation of R\$5 million to the "Todos pela Saúde" (All for Health) project.
- Our carbon balance is positive, contributing to remove 522,000 metric tCO₂e from the atmosphere through our operations.
- Improved in-person and online customer experience, bringing innovation and convenience to meet market demands. Meeting the needs of society in an expeditious and assertive way, with the launch of touchless and high tech products in record time (roughly 7 months).
- 2,854 new jobs created at Duratex Brazil and Colombia in 2020, with additional 8,000 direct jobs expected during the construction works of the new DWP unit between the municipalities of Indianópolis and Araguari (State of Minas Gerais).
- R\$620.3 million paid to the government in the form of taxes and contributions, an increase of 28.2% from 2019.

- 8 RECENT WORK AND ECONOMIC GROWTH
- 3 GOOD HEALTH AND WELL-BEING
- 13 CLIMATE ACTION
- 9 INDUSTRY INNOVATION AND INFRASTRUCTURE
- 8 RECENT WORK AND ECONOMIC GROWTH
- 11 SUSTAINABLE CLUSTERS AND COMMUNITIES

A DURATEX



Almost 70 years of history that ensure a pioneering spirit in our business and leadership in the markets in which we operate.

A Company in Constant Transformation

With almost 7 decades of history, we have become one of the world's 10 largest companies in the segments in which we operate. This longevity and the path of achievements are the result of Duratex's Way of Being and Doing and of our belief that change and adaptation are essential for the sustainability of a company.

Therefore, we continue to transform and innovate, always prioritizing the satisfaction of our customers and creation of value for all of those with whom we relate.

We have brands that are recognized for their design and quality in all the segments in which we operate: Durafloor, Duratex,

Deca, Hydra, Ceusa and Portinari. Together, we turn houses into homes, environments into experiences, dreams into reality.

We are Duratex S.A.! |102-1|



TO LEARN MORE, please access our website here.



Wood Division – Brazil's largest producer of wood panels.



Deca Division – Brazil's leading company in the production of bathroom fixtures and fittings and one of the largest producers of electric showers.



Ceramic Tiles Division – responsible for ceramic tile finishing lines that are among the leading lines in the segment in Brazil.



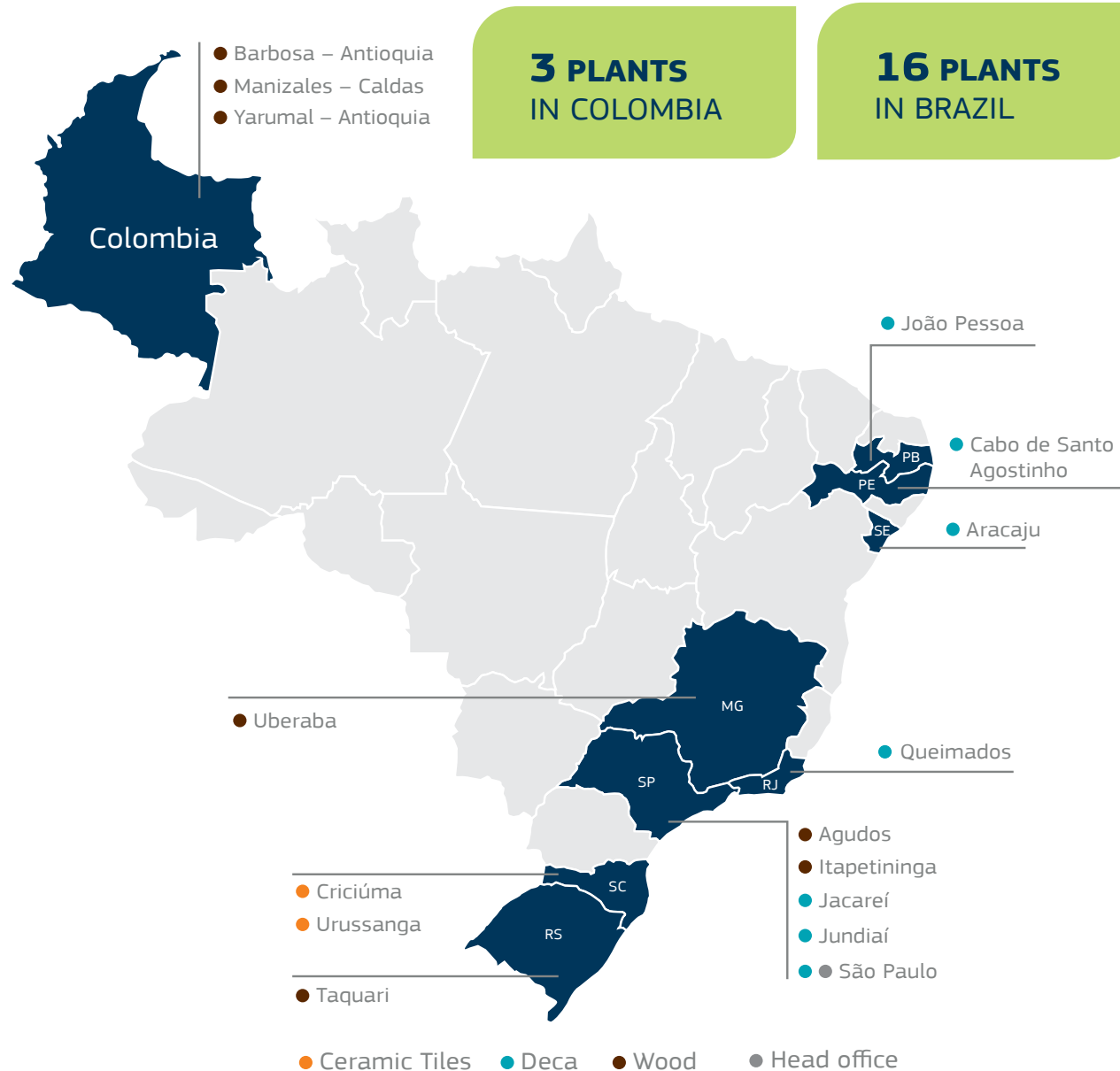
New business: Dissolving Wood Pulp Division – will be one of the world's largest pulp plants.



deca | hydra | ceusa | durafloor | duratex | PORTINARI

Celulose

Where We Are |102-2, 102-3, 102-4, 102-6, 102-7|



13,295
EMPLOYEES
|102-8|

More than **140,000** hectares of planted forests and conservation areas in Brazil and Colombia.

Adjusted and Recurring EBITDA
R\$1.3 billion.

Consolidated net revenue of
R\$5.9 billion.

Recurring net income of
R\$528.2 million.



Markets served: wood panels; bathroom fixtures and fittings; electric showers; and ceramic tiles. |102-6|

Business Units

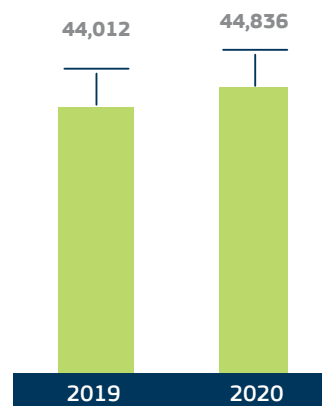
We gathered positive results in 2020 in our 3 business Divisions: Wood, Deca and Ceramic Tiles. We increased market share in the domestic market in all segments and opened new doors in the international market.

For us, all these achievements were possible thanks to the restructuring actions that took place in the past 5 years, in particular the optimization of assets, to the transparent relationship that we maintain with partners and to the attentive strategic management of business in view of the challenges imposed by COVID-19.

When the industries resumed operations, we faced an accelerated demand, driven by low interest rate and changes in the habits of consumers. Thanks to the strategic planning and the optimization of processes, our resumption was quick and ahead of competitors, with gains in market share in all segments.

At the end of the year, the Adjusted and Recurring EBITDA was R\$1,288.3 million, an increase of 41.7% when compared to 2019. It is worth noting that the Wood Division, with a sharp reduction in costs, recorded an increase of EBITDA of 38.3% from the previous year.

**Adjusted and Recurring EBITDA
Consolidated – R\$ million**





Wood Division

The restructuring processes that took place in the past few years, combined with initiatives to reduce costs in 2020, led us to reduce the annual unit cash cost by 2.1% in relation to 2019. The growing demand over the course of 2020, in particular in the 2nd half, resulted in higher levels of usage of plant capacity.

On the strategic front, in the most critical period of the pandemic in Brazil, the strong appreciation of the Brazilian real enabled the execution of contracts for the shipment of part of the inventories to the United States, Europe and Asia to start with. Then, we strengthened our position in Latin America. At the end of the year, sales to the foreign market had increased 5.9% from 2019.

At the same time, we were in constant contact with Brazilian customers so that we could understand the scenario and how we could act. Therefore, we streamlined relationships and worked to postpone payments when necessary.

All these actions led to exceptional results and a gain in market share when the economy was reopened in Brazil. Whereas the sales of wood panels of the industry as a whole increased 6.5% in 2020, the sales of Duratex's Wood Division grew 12.9% in accordance with data from the Brazilian Industry of Trees (IBÁ). At the end of the year, the Adjusted and Recurring EBITDA was R\$788.2 million, 38.3% higher than in 2019, and the margin was 24.2%.

- **Products**
- **MDP and MDF panels (raw and coated)**
- **Laminated floors and vinyl flooring**
- **Finishing and skirting boards**

durafloor 

duratex 



R\$788.2 million

of Adjusted and Recurring EBITDA, 38.3% higher than in 2019.

Our Forests [304-3]

We maintain more than 140,000 hectares of planted forests and conservation areas in Brazil and Colombia in our own or leased farms, which supply our wood plants.

Our awareness of the importance of sustainability in this segment is not new. On July 1st, 2020, we celebrated 25 years from the date we obtained the Forest Stewardship 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.

We also worked to encourage our partner producers to seek the certification. In 2019, 50 of them participated in a meeting, organized by us, 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.

The target is to have 80.0% of these areas certified by 2035.

We believe that the certification represents our commitment to the responsible management of forest resources. This results in positive impacts on both our Company and the environment and, accordingly, benefits all society.

Over the course of our sustainable journey, we have become a global benchmark. It was not by chance that the Austrian group Lenzing AG chose us to establish a joint venture in the dissolving wood pulp sector, back in 2018, giving rise to LD Celulose.

With an 80-year history, Lenzing AG is dedicated to the ecologically responsible production of textile fibers made from responsible wood. Its concern with the environment started in the 1970s, long before it became a relevant topic for the world.

It is, therefore, a company that started to have sustainability in its DNA many decades ago, and it chose to partner with Duratex.



Deca Division

The year 2020 was a challenging year for Deca, which was affected in the 1st quarter by a flood arising from strong rainfalls at its metals unit in São Paulo. The Division also faced a sharp reduction in demand with the closing of the economy arising from the pandemic, and only started to show signs of improvement after the reopening of the stores.

However, the strengthening of the commercial actions on different fronts, such as the food industry, as well as the differentiated marketing actions taken with customers and the strong recovery of the renovation segment after the reopening, were sufficient to boost growth of

25.1% of the Adjusted and Recurring EBITDA of the Division in the year. Deca's billing grew 3.8% in 2020, whereas the civil construction industry recorded a decrease in deflated billing of 0.4%, according to the Brazilian Association of the Construction Materials Industry (ABRAMAT).

After the initial stage of the crisis triggered by the pandemic, the Division showed agility in the resumption of the business, which is the result of the priority given to the operational efficiency for the past 2 years, such as the consolidation of assets, improvement of productivity, reorganization of inventory management and intensification of commercial strategies.

Additionally, in view of the complex economic scenario that the pandemic posed to us, we decided to accelerate our strategic commercial performance pillar with excellence, which involved actions such as the expansion of the area for the Sales Department, price strategy and the structuring of a more competitive commercial policy, among other initiatives.

Accordingly, we created the Revenue Growth Management (RGM) Department, which is focused on maximizing the volume of revenue, market share and EBITDA. The work is based on an in-depth analysis of the portfolio, gaps of competitors and the elasticity of our demand, among other aspects.

We seek the diversification of the sales channels, which has already brought positive results with the growth of Hydra in the food channels. In February, the market share of the brand in supermarkets was 12.0%. In December, this number had already reached 30.0%.

In line with the proposed diversification of channels, we created the Deca marketplace, the 1st direct channel of Duratex with end consumers. This channel allows the consumer to shop directly with Duratex and receive the product by means of our partners.

With these changes, we prepared Deca/Hydra for the unification process with the Ceramic Tiles Division, which will take place in 2021. This union will intensify the focus on the relationship with customers and consumers, increase our competitiveness and speed up the digital transformation movement.



Click **here** to get to know the Deca marketplace.



Increase of 25.1% in Adjusted and Recurring EBITDA in 2020.

- **Products**
- Bases
- Faucets
- Mixers
- Showers
- Lavatories
- Basins
- Seats
- Flushing systems
- Bidets
- Urinals
- Accessories
- Finishing
- Sanitary spray hoses
- Sinks
- Single-handle faucets
- Filters
- Douches

deca 
hydra 



Ceramic Tiles Division

In the 2nd half of 2020, in order to follow the recommendations of the health and governmental agencies to mitigate contagion by COVID-19, we reduced the flow of people and turned off some furnaces, which affected around 50.0% of our production capacity.

Despite this restriction period, the increase in demand as from the middle of the year resulted in an increase in revenue and EBITDA by the end of 2020 that exceeded our initial expectations. In the 4th quarter of 2020, we operated with 96.0% of our installed capacity, higher than the 84.0% disclosed by the National Association of Manufacturers of Ceramic Tiles for Coatings, Sanitary Ware and Similar Applications (ANFACER).

We accelerated initiatives and invested R\$15.2 million in the project of the SAP S/4HANA system at the Division, which was implemented in 2021, an important step towards the Company's digitalization process, providing connectivity with digital market solutions.

We relied on the complementarity of Ceusa and Portinari, which went through an integration process over the course of the year, and

we discontinued the Cecrisa brand whose focus was not the premium market. We worked to strengthen the brands focused on high value-added products. The synergies between the units also expanded the recycling of the waste generated in the operations and the automation of the effluent treatment systems and optimized the use of chemicals.

The relationship with customers took on new proportions with the inauguration of a smart store in Porto Alegre (State of Rio Grande do Sul), in line with the international retail market trend of omnichannel solutions. With a simulation tool, it is possible to take pictures of rooms at home and, at the smart store, project them from the mobile phone itself to the interactive screen at the store. In addition to visualizing and testing different porcelain tiles through the simulator, the consumer can feel the textures and finishing of samples on display, an experience that allows for a more assertive choice. In 2021, we intend to replicate this model to around 50 points of sale all over Brazil. The concept also includes an online simulation functionality, with which the consumer can make a simulation without having to go to the store, using their own smart phone or computer ([learn more here](#)).

Our investments in the 4.0 industry have caused progress in environmental issues, in the use of integrated systems to control applicable requirements and in the management of environmental performance indicators. Aware of the Division's carbon emission levels, the Company is considering the replacement of old machinery by updated and clean versions to reduce our CO₂ emissions, in addition to optimizing the efforts of the operation in the maintenance of the equipment.

As a way to obtain more synergy and to offer complete solutions to our customers, in 2021 the Durafloor brand will be integrated into the Division. We will continue to work to reach a leading position in the high-end market, always with a view to cohesion between our brands.

We inaugurated our **1st smart store**  in Porto Alegre, State of Rio Grande do Sul, a model that will be replicated in 2021.

Products

Internal and external walls

Coatings

Flooring

Roof tiles

ceusa 
PORTINARI



Dissolving Wood Pulp Division

In 2020, we gave continuity to the LD Celulose project between the cities of Indianópolis and Araguari, in the State of Minas Gerais.

With a production estimated at 500,000 metric tons a year, the volume will be fully used in the plants of Lenzing abroad. This partnership has a strategic importance for Duratex since it will represent a source of revenue in U.S. dollars, and it will operate countercyclical to the domestic economy.

In 2020, we were successful in obtaining international financing, in the total amount of US\$1.2 billion, to be used in the construction of the venture and optimization of the capital structure. As a result of the successful negotiation, we won the Loan of the year, Infrastructure financing of the year: Brazil and Syndicated Loan awards of the LatinFinance Awards ([learn more here](#)).

In 2020, we made a financial investment in the amount of R\$523.1 million. There was also a contribution of 44,000 hectares of forests in the amount of R\$487 million, which represents around 80.0% of the total financial capital to be invested in the new business and 60.0% of the future forest needs.


We closed the year according to the schedule, with 48.0% of the construction works com-

pleted, despite the difficulties to stagger and ensure the health and safety of more than 4,000 workers.

It is worth noting that, since the beginning of the project, environmental and social sustainability has been a concern of Duratex and Lenzing AG, both of which are benchmarks in this field. Therefore, the plant will have a biomass-based energy co-generation plant that, in addition to supplying the unit, will allow for the sale of energy to the market. It is also worth noting that LD Celulose has already been responsibly managing approximately 70,000 hectares of eucalyptus forests.

New Business

LD Celulose, which will be one of the world's largest pulp plants, was born from a joint venture with Austria's Lenzing AG entered into in 2018 and in which we hold a 49.0% interest. Even in a pandemic year, we maintained the project and obtained international financing to start its construction, which proves our high ESG standards.

 **R\$523.1 million** in financial investments in the project in 2020.

Financing for LD Celulose

The financing obtained by Duratex for the construction of the new dissolving wood pulp unit is co-led by the International Finance Corporation (IFC), a member of the World Bank, by IDB Invest, of the Inter-American Development Bank (IDB) Group, and by Finland's export credit financing agency Finnvera, in addition to 7 commercial banks.

The total amount of US\$1.2 billion is divided as follows:

Loan of US\$500 million from IFC, maturing within 9 to 11 years.

Credit of US\$500 million from IDB Invest, maturing within 9 to 11 years.

Door to door loan of US\$210 million, for a period of 13 years, granted by many financial institutions and endorsed by Finnvera.



Macroeconomic Scenario and Macro Trends

The unexpected scenario imposed by the COVID-19 pandemic in 2020 had a direct impact on the daily lives of people and the economy. In Brazil, as in the whole world, we had a sharp drop in Gross Domestic Product (GDP). Nevertheless, Duratex obtained record results. Our restructuring work for the past 5 years and the quick response we had to the pandemic were combined with a scenario that proved to be positive for the industry.

To reduce the impact on income caused by the need to keep social distancing, the government adopted measures such as the emergency income support, which was distributed to around 70 million people, and the authorization to withdraw cash from the Government Severance Pay Fund (FGTS). In the 2nd half of 2020, the Central Bank of Brazil reduced interest rates to the lowest level ever, stimulating the real estate industry as a whole.

Among consumers, the need to keep social distancing caused a strong behav-

ioral change, which is directly related to our field of activity. By spending more time at home, people started to invest more where they live, doing renovations and repairs.

The macroeconomic changes, combined with the change in consumers' behavior related to their homes, caused the segments of renovation and civil construction to recover quickly and post the highest increases in sales volume since 2014. When business resumed, Duratex was ready to move forward and seize the opportunities. We moved forward more quickly than the competition, with significant gains in market share in all segments.

The Wood Division grew 12.9% in production in the year in relation to the previous year, whereas the wood panel sector showed an increase of 6.5% in sales, according to data from IBÁ.

The performance of the Deca Division followed suit by beating the market data. ABRAMAT recorded a reduction in deflated

billing of 0.4% for the year, whereas Deca posted an increase of 3.8% in the period.

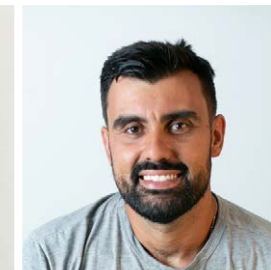
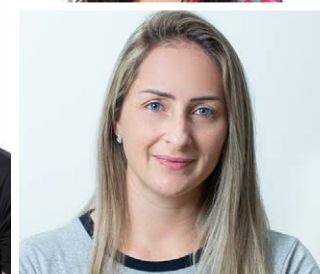
The Ceramic Tiles segment grew above the market average and, at the end of 2020, it operated at a 96.0% capacity, higher than the 84.0% of the segment, as disclosed by ANFACER.

Therefore, at the end of 2020, our Adjusted and Recurring EBITDA had grown 41.7% and the cash flow generation was R\$1,128.8 million, excluding projects. Our indebtedness dropped to 1.15x the net debt of Recurring EBITDA, one of the lowest levels in our history.

This performance is not limited to the initiatives adopted in 2020: it reflects all the efforts of the previous years aimed at effective cash management and the reduction of indebtedness, among other actions aimed at providing an even safer financial position. The strengthening of our internal culture in the past few years, aimed at team and result-oriented work also played an important role in the achievement of these figures.

Our restructuring work for the past 5 years and the quick response we had to the pandemic were combined with a scenario that proved to be positive for the industry.

RECONHECIMENTOS



Our trajectory of innovation and respect for the environmental, social and governance aspects is frequently recognized. In 2020, once again, we had reasons to celebrate.



CDP – A List: For climate change mitigation, in 2020, we were included in the "A List" of CDP, a non-profit international environmental organization. We were among the only 6 Brazilian companies to compose the list and the only Brazilian company from our industry.

ICDPR-70: We were selected to compose the portfolio of the CDP Brazil Climate Resilience Index, which measures the performance of the shares of companies with distinguished climate management practices.



ALAS20 Award: 2nd place in the Leading Company in Corporate Governance category.

Best Company of the Stock Exchange 2020 in Basic Materials – InfoMoney ranking.

ISEB3

We have been part of B3's Corporate Sustainability Index, a benchmark for responsible investment in Brazil, for 13 years.

ICO2 B3

In 2020, we were invited to be part, starting January 2021, of B3's Carbon Efficient Index.

S&P/B3 Brazil ESG: In 2020, we were selected to compose the new S&P/B3 Brazil ESG Index, which measures the performance of companies that comply with ESG criteria.



SPOTT

1st place in ESG transparency: 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.

Three awards for LD Celulose

The structured financing for the LD Celulose joint venture drew the attention of the market and won 3 awards granted by the LatinFinance magazine, which specializes in the coverage of financial markets in Latin America and the Caribbean:

- **Loan of the Year**
- **Infrastructure Financing of the Year/Brazil**
- **Syndicated Loan**

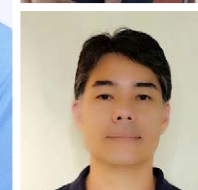
The awards are intended to recognize the most relevant transactions in accordance with their size, complexity and innovations, in addition to taking into consideration the organizations involved in the transaction.

Innovation Valor Award: For another year, we appeared in the group of the 5 most innovative companies in the Wood and Construction Industry category.

Valor Executive Award: Our CEO, Antonio Joaquim de Oliveira, was elected one of the main Brazilian executives of the year.



NOSSO JEITO DE SER E DE FAZER



Strategic Planning

In 2020, Duratex completed the structuring stage of its long-term strategic planning composed mainly of 3 actions: review of the asset portfolio, entry into new markets – such as ceramic tiles and dissolving wood pulp –, and cultural transformation. Accordingly, with an optimized asset base, mature processes and corporate culture incorporated into the practices of management members and employees, Duratex found itself prepared to face the challenges and uncertainties of the COVID-19 pandemic.

Notwithstanding, the solid competitive advantages of Duratex leveraged its leading position during the crisis, such as the lower costs of panels at the Wood Division and the strength of the Deca and Portinari brands. Together with the financial soundness to care for the health of its value chain, Duratex increased its market share in all business divisions during the pandemic.

Duratex identified, in the intensification of the confinement measures, opportunities

to accelerate its digital transformation process with the launch of the Deca marketplace, which not only expands the Company's distribution channels but also serves as an essential tool for the implementation of Deca's price compliance policy.

Also in 2020, Duratex announced the unification of the Deca/Hydra and Ceramic Tiles business divisions under a single vice president's office so as to move forward in the process of capture of synergies between their operations, in addition to increasing the focus on the relationship with its customers and consumers, becoming more competitive and accelerating its digital transformation process.

Accordingly, we started 2021 prepared to begin a new virtuous growth cycle with Return On Invested Capital considering our corporate purpose of Solutions for Better Living and best ESG practices.



Market intelligence – to manage corporate market intelligence aimed at supporting business in a strategic manner, seeking to map trends and evolve in the competitive scenario, in products and in the changes in the industry.



Strategic planning – to continuously push our business with respect to the preparation of the strategic plan and new business models.



Business development – to optimize our assets and business portfolio.



Sustainability Strategy

Just about to complete 70 years of history, our vision of sustainability has changed many times, following the global changes. Over the course of the last 5 decades, the concept and relevance of the topic has changed and evolved, until it arrived at the ESG acronym, which refers to environmental, social, and governance aspects.

In 2020, in view of the crisis caused by the pandemic, these 3 letters became stronger all over the world. In turn, Companies started to be seen as powerful change agents, with the potential – and responsibility – to positively impact not only their shareholders but also all of those that engage with them.

We saw this scenario as an opportunity to revisit our Sustainability Strategy, published in 2017. Over the course of 2020, we worked on its redesign to strengthen the connection between strategy and business, purpose and culture, and communication and brand.

We listened to our employees and searched for international studies, global agendas and best market practices in this context. We sought to increase our alignment with the UN's 17 Sustainable Development Goals (SDGs).

We are shifting from a 4-pillar strategy – people, processes, products, and services and new business – to a broader approach that includes 3 dimensions: consumer, company, and the society. Based on each one of these aspects, 3 pillars will be developed: well-being, impact, and care.


We intend to bring the ESG aspects closer to our industry, working as major change agents in relation to construction and renovation processes and, consequently, establish sustainable growth with the commitment to remove carbon from our activities. At the same time, we want to increasingly promote health and well-being, not only for our customers, but for all of those who engage with us and are part

of our Company. Therefore, we extend the concept of Solutions for Better Living to all of our stakeholders.

The definition of specific metrics and targets is in its final stage but yet in 2020 we established that, in 2021, all Senior Management members will have ESG targets connected to variable compensation. The targets will be specific for each office and business.

At the same time as the reformulation, many aspects of our original plan were integrated into the daily routines of our business and they will remain a priority. In 2020, we gave continuity to, for example, the Environmental and Social Program, but this time with the full integration of the Ceramic Tiles Division, and we continued to evolve with respect to our targets related to operational eco-efficiency and improved the management of indicators. In the social aspect, we understood that our role was to help Brazil during the pandemic, in addition to protecting our employees.

In 2021, we will validate and disclose the new sustainability plan, even more connected to the Company. We believe that the ESG factors should not only be part of the business, but be included in all aspects of the Company so that everything we think, do, and produce has this brand, inside and outside Duratex.

 **LEARN MORE ABOUT**
the management of indicators.

 **LEARN MORE ABOUT**
the progress of the targets assumed.

 **LEARN MORE ABOUT**
the mapping of trends.



Environmental and Social Program |102-43|

Conceived in 2016, our Environmental and Social Program consists of an internal process of integration of the newly acquired brands aimed at disseminating and standardizing the Company's policies, practices, and Sustainability Strategy.

The initiative is carried out for 2 years and it is based on 3 major pillars: Management, Suppliers, and Communities. In the 1st year, we established a local internal team to work on environmental and social topics. We assessed practices, programs and projects that already existed in the new business, identified risks and opportunities, disseminated our policies, standardized the management of indicators, measured the adherence to market indexes, checked compliance with the legislation in force, mapped critical suppliers and observed the relationship with the surrounding communities.

Meanwhile, the 2nd year is the consolidation, with the implementation of management systems and action plans, inclusion of critical suppliers in the Duratex Supplier Management (GFD) program, dialogues with the communities, and definition of targets related to the mapped indicators.

Hydra, Ceusa, and Duratex Colombia went through this process between 2018 and 2019. In 2020, it was time to implement the 1st stage of the program in the 2 Portinari plants, taking into consideration the integrated management of the topic in the 4 Ceramic Tiles plants. With this integration, there were many synergies in terms of optimization of environmental management, in particular of waste.

The initiatives at the Ceramic Tiles Division in the year encompassed the disclosure of the Company's Environmental and Health and Safety Policies, most notably the implementation of the guidelines of the Duraseg Program (in the Safety field), adequacy of procedures, redefinition of indicators and targets of management systems, inclusion of new suppliers in the GFD program, and training of new agents for engagement with the community.

LEARN MORE ABOUT the Duratex Supplier Management (GFD) program.

LEARN MORE ABOUT the dialogues with communities.

How we integrate the newly-acquired businesses

	1 st YEAR	2 nd YEAR
Management	<ul style="list-style-type: none"> • Definition of a local team to work on the environmental and social topics; • Mapping of the existing programs, projects and actions; • Mapping of the environmental and social risks; • Implementation of policies; • Standardization of environmental and social indicators; and • Definition of action plans. 	<ul style="list-style-type: none"> • Implementation of the environmental management and Occupational Health and Safety systems; • Monitoring of action plans; and • Inclusion of the new business in the Company's reports and sustainability strategy.
Suppliers	<ul style="list-style-type: none"> • Mapping of critical supplier management. 	<ul style="list-style-type: none"> • Inclusion of suppliers in the GFD.
Communities	<ul style="list-style-type: none"> • Mapping of the relationship with communities and prioritization of stakeholders. 	<ul style="list-style-type: none"> • Dialogue rounds.

Digitalization and Innovation

Duratex has always adjusted to technological changes over the course of its history. In 2020, in view of the pandemic, this process of continuous transformation was accelerated. With the changes in the habits of consumers, who started to spend more time at home and invest more in their houses, we saw an opportunity to make new changes to take advantage of the growth of demand more efficiently. Accordingly, we focused our innovation and digitalization strategy on the consumer's history: the challenges when choosing and buying products, hiring professionals, building, and renovating. All of which is part of our proposal of Solutions for Better Living, bringing well-being, health, and comfort to the homes of Brazilians.

To better understand the headaches of consumers, a multidisciplinary group – with executives from all Business, Technology, Innovation and Sustainability departments – mapped the 20 trends that most impact the construction, renovation, and decoration experience. We divided the trends into 4 clusters: new demands; modernization of the value chain; digital technology; innovation in materials; and new methods. Based on this, we structured our digital transformation and innovation proposal in 4 work fronts: Purchasing Experience, Digital Retail, Solutions and Services, and Data Analysis.

Taking into consideration that a major part of these trends also affects the value chain, we started, 2 years ago, to move closer to the entrepreneurial ecosystem by means of acceleration programs: Garagem Duratex (Duratex Garage) and HousingPact.

1

Purchasing experience: we want to improve the consumption experience and make the sustainability aspects of our products more visible to the consumer. We believe that technology can be an ally in this aspect by making the product purchasing process easier and helping find professionals to provide the services.

2

Digital retail: by means of technology, we are able to create direct sales channels with consumers. We focus on e-commerce and marketplace, also following the international retail market trend of omnichannel solutions. Accordingly, in 2020, we launched our first smart store, in the Ceramic Tiles Division, in Porto Alegre, State of Rio Grande do Sul. In 2021, we will create more than 50 of these units all over Brazil. We also launched Deca's marketplace, selling the products directly to the consumer and distributing them through our partners. Based on geolocation tools, it is possible to identify the stores that are closest to the customer and, therefore, direct the purchase.

3

Solutions and services: in the coming years, we intend to be closer to customers and excellence influencers, making the process of choosing professionals easier for consumers.

4

Data analysis: based on this, we are able to clearly understand and monitor the consumer's journey, with tools that allow us to assess the impact that our products generate and how we can better connect with them. Therefore, we can direct projects to increase our opportunities. In that regard, we acquired, in 2020, the Viva Decora constructech, an online platform with more than 10 million single sessions per month.

Today, we have 700 mapped startups with a view to the development of business or even long-term structuring partnership by means of our acceleration and incubation programs. In 2021, we intend to go further by structuring a fund to invest in the entrepreneurial ecosystem, investing in companies with solutions that are in line with the 20 mapped trends.

As part of our digitalization and innovation acceleration, and to better connect with the disruptive businesses to which we have become closer, we started to invest in the modernization and digitalization of our ERP management system. In 2020, we implemented the SAPS/4HANA in the Ceramic Tiles Division, which is totally in the cloud and can be easily integrated with

digital market solutions. We will extend the new system to the entire Company in the coming years, making our processes much faster and more efficient.

All these improvements are the result of the Company's sizable investments in its own transformation. In 2020, we had the highest budget of Duratex's history for the Technology Department: R\$143.7 million, compared to R\$106 million in 2019. From this total amount, R\$84.5 million was used in Operational Expenditure (OPEX) and the remaining R\$59.2 million was used in investment projects.

The Corporate Innovation Department also performed other actions that merit attention, such as:

Imagine

Created in 2018, Imagine is a digital innovation platform whose purpose is to mobilize the organization for the generation and implementation of ideas, serving as a suggestion box. Due to its success, it was turned into an open innovation platform and made available for use in other companies in the market.

In the middle of 2020, by means of an internal campaign driven by the pandemic, Imagine received more than 1,200 ideas for the reduction of costs, mainly in the production lines. 5 of these ideas received awards and, by the end of 2021, the proposals are expected to save up to R\$6 million.

HousingPact

For the 2nd consecutive year, we are one of the sponsors of the social impact project HousingPact – Pact for Decent Housing. Its purpose is to change the housing standards of vulnerable populations by means of the acceleration of startups connected with the construction industry and of small local businesses that bring new solutions in construction, equipment, services, maintenance, and public spaces.

In 2020, the focus of the program was the community of Jardim Ibirapuera, a district in the southern area of the city of São Paulo, State of São Paulo. 3 initiatives stood out:



Isobloco – It offers a new construction method with benefits regarding thermal isolation and solution for humidity. 5 families were selected.



Coletando – Implementation of micro franchises of eco-points of Coletando, financed by microcredit operated by Firgun. An advisory service on micro franchises was offered for 2 people to be responsible for 2 eco-points with a potential profit of R\$3,500 a month starting in the 2nd month of operation.



Repagina.me – In partnership with the Bloco do Beco Cultural Association, 4 commercial establishments were chosen for renovation after a diagnosis and analysis of the physical demands, focused on the commercial and financial improvement of their operations.



Garagem Duratex

The Garagem Duratex (Duratex Garage) open innovation program organized in partnership with Endeavor is an accelerator of companies that connects innovative scale-ups with large companies.

The 2nd edition of the program started in 2019 when 7 scale-ups were selected from the construction materials and decoration sector, the so-called constructechs, and ended in 2020. The chosen companies were mentored and able to leverage their business with Duratex and to have access to the network of the Company's partners, strengthening the entrepreneurial ecosystem in Brazil. See the companies selected:

- **Brasil ao Cubo**
- **Sintecsyst**
- **Birmind**
- **Digibee**
- **EasyDeco**
- **InstaCasa**
- **Home Hero**

Scale-Up Constructech Program

As a continuation to the Garagem Duratex Program, in 2020, Duratex, together with Ambar, Leroy Merlin, Incorporadora Tegra, Tigre, and Casa do Construtor, sponsored the Scale-up Constructech Program with the support of Endeavor.

Scale-up Constructech is an open innovation program made for companies that are transforming the civil construction and real estate industries. The segments selected were pre-construction works, construction, real estate agencies, renovation and decoration services, and financial services.

The selected companies had access to mentoring programs and networking, participated in the community of entrepreneurs that help each other to grow, accessed the Endeavor network of events and mentoring programs and, finally, established a connection with the business of Duratex.



LEARN MORE ABOUT
Garagem Duratex.

Viva Decora

In 2020, as part of our digitalization and innovation strategy, we fully took over Viva Decora, one of the first companies with which we had contact in the Garagem Duratex acceleration program.

The platform for decoration, interior design, architecture and landscaping ideas has digital marketing intelligence and generates a high number of data through organic traffic, which helps us understand the consumer's journey.

Accordingly, with the acquisition of Viva Decora, Duratex takes another step to strengthen its digital channels and streamline the contact with partners and final consumers, combining technology and innovation. Additionally, by means of the display of products in decorated rooms, the Company intends to drive the strength of its brands towards complete solutions for environments.



Corporate Governance

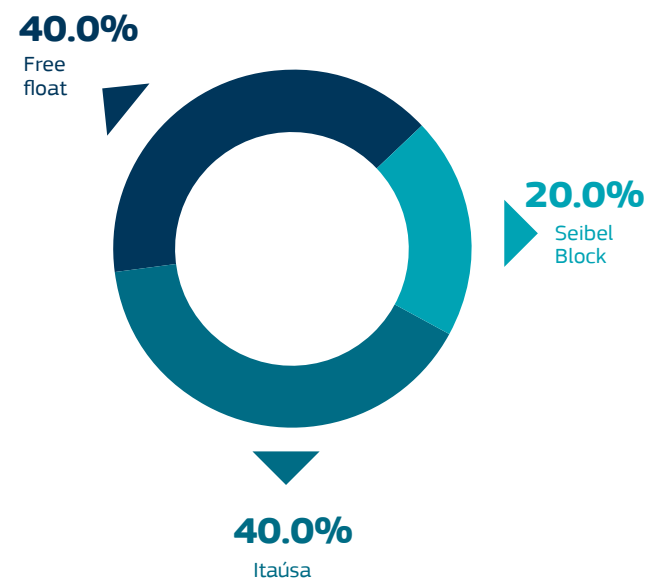
We have been a publicly-held Company since 1952, with shares traded in the New Market of the Brazilian Stock Exchange, B3 S.A., under the ticker DTEX3 and tag along of 100.0%. We had been part of B3's Corporate Sustainability Index (ISE-B3), a benchmark for responsible investment in Brazil, for 13 years in 2020. We are part of 9 other indexes of B3, including the Shares with Differentiated Tag Along (ITAG) and the Trade Corporate Governance (IGCT).

As a member of the Brazilian Association of Publicly-Held Companies (ABRASCA), Duratex maintains its commitment to the ABRASCA Code of Self-Regulation and Good Practices of Publicly-Held Companies, with best market practices and the principles of transparency, equity, accountability, and corporate responsibility.

Our positioning reflects the unblemished reputation of our controlling shareholders: Itaúsa, which guides investment strategies in the financial and industrial areas, in addition to managing social institutions, and the Seibel Block, which gathers investments in the retail, industrial, energy generation, real estate, agricultural and financial areas.

Capital Structure of Duratex S.A.

[102-1, 102-5]



LEARN MORE ABOUT Regulations and Policies.



Executives' Skills and Abilities

[103-2 and 103-3: Diversity and equal opportunities]

Nominations for the executive positions of the Company should be made for people who have not yet reached the age of 65 – in the case of officers – and 70 – in the case of board members – on the election date.

The nominees must also have recognized and proven experience in the duties for which they will be chosen. Additionally, it is our commitment to increasingly seek greater diversity from among the executives. We believe that having a team composed of people of different origins, gender identities and race not only makes us a more inclusive Company but also strengthens our skills in capturing the perceptions of our consumers and society.

In the past 5 years, we have been seeking to strengthen the pillars of our culture, which will support growth in the long-term. To this end, we reviewed the management staff for the purpose of reducing hierarchies and increasing the engagement of all staff in our strategy.

Aware of the leading position that we intend to reach within our industry, we believe that the diversity of knowledge of the Board of Directors and Board of Officers is essential for us to achieve this target.



Daniel Lopes Franco
IT and Digital Innovation Officer



Governance Structure |102-18|

General Shareholders' Meeting

It is responsible for electing the members of the Board of Directors, deciding upon the financial statements and the allocation of profit and resolving upon any forms of corporate restructuring, among other duties. The Meetings are convened in accordance with Brazilian Corporate Law (Law No. 6404/1976).

Board of Directors

It is composed of 9 members, of whom 3 are independent and 3 are alternate members. This group is responsible for the general guidance of the business. Its main duties are to determine the general guidance of the business and ensure its good performance with a view to long-term sustainability. It meets ordinarily 6 times a year, and extraordinarily whenever required. The members are evaluated at the end of each term of office, which lasts for 1 year, and reelections are permitted. In 2021, the Company will have 2

women in the Board of Directors, showing its commitment to the search for diversity also at this level. |102-28|

For the Board of Directors, the compensation package is composed of management fees based on 12 payments a year, plus an additional payment for chairing a committee, except for the chairs of committees who are shareholders. |102-35|

Executive Board

It is responsible for the effective management of the business; at the end of 2020, the Board of Officers was composed of 11 statutory members, elected and removable by the Board of Directors.

Their term of office is 1 year and reelections are permitted. They receive a fixed compensation established based on market research, and variable compensations tied to the achievement of targets established based on our strategic planning. |102-35|



LEARN MORE ABOUT
management members'
compensation.



LEARN MORE ABOUT
the members of
the Committees.

Committees

They support the Board of Directors in the assessment of strategic topics. They are:

- Personnel, Governance, and Nomination Committee;
- Sustainability Committee;
- Audit and Risk Management Committee;
- Disclosure and Trading Committee;
- Assessment of Transactions with Related Parties Committee; and
- IT and Digital Innovation Committee.

Business Integrity [102-16 and 102-17, 103-2 and 103-3: Anticorruption]

Duratex's Way of Being and Doing is guided by ethics, legality and justice. In order to ensure alignment in behavior, all employees and outsourced employees are asked to sign our [Code of Conduct](#). This document guides professionals in the relationship with shareholders, customers, consumers, competitors, suppliers, communities, and public authorities, and in relations between our employees and outsourced employees.

In line with best Corporate Governance practices, we created, in 2020, the Compliance Policy, which establishes mechanisms, internal procedures and compliance responsibilities at the Company. As a way to strengthen these guidelines, we disclosed frequent communications to employees on compliance, addressing topics of our Code of Conduct, conflicts of interest, caution when interacting with government agencies, guidelines for trading securities, data protection, and information security, among others. In order to reach all of our employees, the communications were sent via email and made available on the TVs at the units, WhatsApp groups, podcasts, applications and Duratex's radio.

In 2020, in view of the pandemic, we developed an online compliance training program where we address the content of the

Code of Conduct and our main policies, and raise awareness on harassment, legislation, anticorruption practices, caution when interacting with government agencies and data protection.

We completed the application of these training programs for the Company's supervisors, with all management members trained on the guidelines of the Code of Conduct. Additionally, we started to periodically train all newly-admitted employees, regardless of the department, position, or business unit, so that they can be introduced from the very beginning to the main ethical and conduct values of the Company.

In addition to the Code of Conduct and Compliance Policy, we had the Combating Corruption Policy since 2015 – in compliance with the Anticorruption Law (Law No. 12846/2013) – which establishes obligations and fines applicable to individuals or legal entities that represent our brand before the public authorities. In the past year, we reviewed it to include guidance related to the interaction with different stakeholders.

Our compliance structure is responsible for preventing and detecting risks of corruption by means of the activities provid-

ed for in our Integrity Program and practices defined in our Code of Conduct and in the Combating Corruption Policy.

In 2020, we created the Technical Group of the Ethics Council, composed of representatives from the Corporate Governance, Legal and Human Resources offices. This group defines action proposals related to Ethics and Conduct, and monitors the reports received in our Whistleblowing Channel.

We also created the Ethics Council, composed of the Executive Committee and Corporate Governance and Legal Offices, which resolves upon critical complaints of breach of the Code of Conduct, defining the possible application of disciplinary measures to those involved, and it monitors the activities proposed by the Technical Group.

Additionally, the activities related to ethics and compliance are presented every 3 months to the Audit and Risk Management Committee.

As an institutional stand, we are also signatories to the UN's Global Compact and the Corporate Pact for Integrity and Against Corruption by the Ethos Institute. We also serve on the Working Group for Integrity and Against Corruption by the Ethos Institute and

Governance, Ethics, and Compliance Committee of the Brazilian Association of Corporate Communication (ABERJE). **[102-12 and 102-13]**



Paula de Araujo Lima

Corporate Governance Manager

Actions of Duratex's Integrity Program in 2020:

- Dissemination of Duratex's Code of Conduct: the totality of supervisors and new employees;
- Support to the Business areas in the prevention of legal risks and implementation of controls;
- Raising the awareness of and guiding the employees on topics involving ethics, conduct, compliance, and governance;
- Reputational analysis: we carried out 170 reputational and compliance analyses for assessing suppliers, partners, and grantees; and
- Management of Duratex's Rule Portal.

Pillars of the Integrity Program



► **Commitment of the Senior Management (Tone at the top)** – Duratex's Senior Management supports and participates, on a continuous and unequivocal bases, in all actions adopted in the Integrity Program, receiving periodic reports on its application and evolution in the Company.



► **Monitoring and Reporting** – the Integrity Program is periodically monitored by the Compliance Department, and its actions are frequently reported to the Senior Management through the Audit and Risk Management Committee and meetings of the Ethics Council.



► **Legal Compliance** – Duratex cares about working in compliance with the legislation in effect and good corporate governance practices, adopting measures to prevent fraud, money laundering and other illicit acts.



► **Policies and Procedures** – the main procedures and guidelines of the Company are formalized in policies and internal rules. The Business areas are responsible for preparing and updating their respective rules, and the Compliance Department is responsible for managing the process so as to maintain an updated governance environment. The Company adopts measures to ensure accurate and faithful accounting records and submits its financial statements to periodic audits.



► **Training and Communication** – the Compliance Department applies periodic training programs to supervisors and new employees regarding the Anticorruption Law and the other guidelines of the Code of Conduct for the purpose disseminating the culture of compliance and contributing to the prevention and combat of damaging acts against the public authorities. Over the course of the year, communications with guidance and recommendations on compliance and integrity are also disclosed.



► **Risks and Controls** – Duratex monitors the risks and control tests in its main processes in order to comply with the laws and good Corporate Governance practices.



► **Due diligence** – the Company adopts fair and transparent criteria when selecting and contracting suppliers and conducts public surveys to assess the financial, registration file, and reputational position involved, as also described in the Company's internal rules.



► **Whistleblowing Channel** – Duratex has a channel to receive complaints, including anonymously and secretly, via the phone number 0800 55 75 77, the intranet or the website www.duratex.com.br. All complaints are analyzed and addressed under the highest secrecy level.

Ombudsman's Office [102-17, 102-34]

The Company makes available a channel called Ombudsman's Office for the registration of complaints regarding actions that may be in breach of the Code of Conduct, other policies, and rules of the Company and applicable legislation, as well as the registration of complaints in 2nd instance by customers who were not satisfied with the service in the 1st instance provided by the Customer Service (SAC) Channel. The Ombudsman's Office is accessible via phone, email, website, post office or in-person service in the city of São Paulo. The anonymity of the complainer is assured since an external company is responsible for receiving, screening, and pre-analyzing the complaints.

For the purpose of strengthening the focus on corporate governance, in December 2020, the Ombudsman's Office was incorporated into the Corporate Governance Office, becoming part of the Compliance Coordination Office and maintaining its independence by reporting to the Audit and Risk Management Committee.

In 2021, this channel will be restructured. Because it is a widely-disseminated channel,

sometimes the information received was not under the jurisdiction of the staff, polluting the bases for analysis and monitoring. The purpose of the change is to make this channel exclusively dedicated to reports of misconduct and non-compliance with Duratex's Way of Being and Doing Things, our procedures, policies and Code of Conduct, as well as complaints of corruption.

The figures will reflect this change only at the end of 2021, when the new Whistleblowing Channel will be fully in place. The calls related to other matters, such as complaints, consultations, and criticisms, will be redirected to the respective service channels, such as Customer Service (SAC), which, in addition to the calls in 1st instance, will have a team dedicated to the 2nd instance service.

In 2020, the Ombudsman's Office received approximately 780 calls, in line with the previous year (767), of which 73 were related to complaints and only 1 was considered critical. The other calls were related to criticisms and consultations, which were directed to the departments in charge.



Our Ombudsman's Policy determines the forwarding flow of complaints related to moral and sexual harassment, as well as cases of discrimination. The analysis is made by the Ombudsman's Office itself, which, depending on the case, may also call the Internal Audit function, which receives and analyses complaints about fraud and corruption. These complaints are forwarded for the attention of the CEO, Chairman and Specialist of the Audit and Risk Management Committee and the Co-Chairmen of the Board of Directors. The result of the analysis follows the same forwarding flow.

Any cases involving management members are communicated to the Company's CEO, the Chairman of the Board of Directors, and the Chairman of the Personnel, Governance, and Nomination Committee. The identified facts are presented and the name of the complainer and the people that may have helped in the analysis are kept in secrecy. When they are proven, they are also reported to the Chairman of the Audit and Risk Management Committee.

Semiannually, the Ombudsman's Office reports its activities to the Executive

Committee of the Board of Officers and the main indicators to the Personnel, Governance, and Nomination Committee, in addition to providing accountability on its work to the Audit and Risk Management Committee and, when requested, to the Board of Directors.

The Ethics Council is responsible for the decision-making with respect to the disciplinary measures for complaints that are considered critical based on the outcome of the investigations and guidance reported by the Corporate Governance Office. The Board of Directors is responsible for the decisions that directly involve the members of the Board of Officers, in accordance with the recommendations of the Personnel, Governance, and Nomination Committee.

The Corporate Governance Office issues a Memorandum of Investigation for each investigated complaint, describing the analyses made, as well as the result of such analyses.

The reports provided for in the Ombudsman's Policy are also noteworthy. Every 6 months, the Ombudsman's Office must:

1 Report its activities to the Executive Committee of the Board of Officers;

2 Report the main indicators to the Personnel, Governance and Nomination Committee; and

3 Provide accountability on its work to the Audit and Risk Management Committee and, when requested, to the Board of Directors.

There is also the Monthly Executive Report on Indicators, which is forwarded to the Officers, Vice Presidents, CEO, Chairman of the Board of Directors, and Chairmen of the Strategic Committees.

Process Management

Our operations are supported by the Duratex Management System (SGD), launched in 2015. The platform was extremely important in 2020 not only to ensure control and contribute to the reduction of costs and expenses but also to support the review of action plans and targets as a result of the changes in scenarios and perceptions triggered by the pandemic.

The Process Management Department was supported by our Shared Service Center (CSC). Established in 2019, this unit is responsible for the control of all commercial operations – from procurement to payment, from the sale to the receipt – and it helped the Company efficiently meet the strong demand seen since the 2nd half of the year.

To deal with the intense movement of inventories, the professional counts on standardized procedures, robust systems and equipment, such as the Robotic Process Automation (RPA), and the Catalogue of Services. The RPA automates parts or the totality of the processes, helping eliminate repetitions and reducing errors. Meanwhile, the catalog records all procedures performed by the CSC staff.

Risk Management

|102-15, 102-29|

Our Internal Control System and Risk Management Policy is aimed at setting the guidelines of the set of policies, rules, procedures, and activities of control defined by the Company for risk identification and management in order to achieve organizational goals and targets by identifying, assessing, monitoring, controlling, and mitigating risks inherent in the Company's processes in such a way to keep residual risks at proper appetite levels and a proper control environment as well.

The Risk Management process is performed through approaches at strategic levels (Risk Council, comprising the Executive Committee, Audit and Risk Management Committee, and the Board of Directors) and the 3-Line Model, aimed at defining risk management Roles and Responsibilities at the Company's several departments, as follows:

- **1st line:** Operating and/or Business Supervisors, who are responsible for knowing and managing their own risks and should implement and carry out mitigating ac-

tions (action plans) to ensure conformity of operations and strategies of its proper process management. It is also the responsibility of the 1st line to proactively report any changes in internal controls and processes in relation to identified risks, in order to ensure the constant risk identification update towards the 2nd line.

- **2nd line:** the Internal Controls, Risk, and Compliance departments, the Corporate Governance Management is comprised by, which help the 1st line on an advisory basis to identify risk-associated causes and consequences.

- **3rd line:** the Internal Audit department, under the Corporate Governance Management, which is independent to assess and approve the controls implemented by the 1st line, as provided for in the Internal Audit Policy.

The individual formalization of the risk types to which the Company is exposed is included in Duratex Risk Dictionary, broken down into categories by level of characteristics, as follows:



Strategic Risks: related to decision-making. These are managed by the Board of Directors and Board of Officers with the support of executive committees:

Governance Risks: associated with the possibility of loss due to activities being performed in disagreement with or lack of rules, policies and control procedures; the definition of aspects that may lead to the performance of actions inconsistent with the Company's strategies, values, or goals; poor planning or lack of planning related to aspects of the Company's succession, executives, and stockholders; among other risks associated with the Governance framework.

Business Model Risks: associated with the possibility of loss due to insufficient information for short- and long-term investment decision-making, projects carried out within terms and costs exceeding forecast or investments that fail to add value to the Company's activities; factors related to mergers and acquisitions poorly planned and executed, untimely or inconsistent with the Company's targets and goals; development and

follow-up of technology innovations that do not meet the requirements of the Company's several departments and operations; among other risks associated with the Company's Business Model framework.

Political and Economic Risks: associated with the possibility of loss due to changes in government policies and poor monitoring of or change in macroeconomic policies that may directly impact the Company's running of operations, as well as risks associated with the set of public activities that fail to ensure social and infrastructure rights (security, transportation, health, and environment) and impact the Company's achievement of goals.

Financial risks: related to the exposure of our financial operations (volatility of interest, fluctuations in inflation, and foreign exchange rates, among other factors).

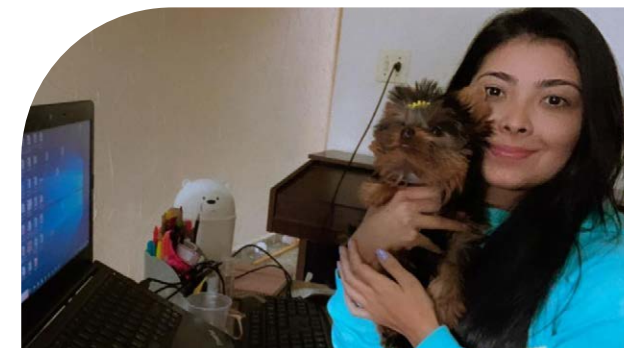
Market Risks: risks that, if materialized, will result in loss due to changes in interest and foreign exchange rates, and in prices of equities and commodities.

Credit Risks: risks that, if materialized, will result in loss of amounts agreed with borrowers or customers in connection with financed products.

Liquidity Risks: risks that, if materialized, will result in loss due to failure to carry out a transaction within a reasonable time and without material value loss; or lack or funds to honor commitments assumed due to mismatches between assets available and liabilities overdue.

Regulatory Risks: arising from possible changes in legislation that may impact the profitability of our activities.

To check the effectiveness of the Internal Control System and Risk Management Policy, the Corporate Governance department provides clarifications on the progress of mapping and mitigation activities to the Executive Committee and the Audit and Risk Management Committee, which advises the Board of Directors.



Internal Control and Risk Management Team

Operational Risks: arising from operational and procedural flaws, obsolescence of equipment, fraud, among other factors, in addition to external events, such as disasters that harm the performance of operations:

Environmental and Social (E&S) Risks: associated with the possibility of negative impacts due to procedures harmful to the environment and surrounding communities that may expose the Company to proceedings filed by environmental authorities; shortage or lack of natural resources used in operations, which may affect the Company's capacity to provide products and services demanded from customers, as well as risks related to unfair activities in connection with employees' health and security that may expose the Company to labor liabilities. E&S risks are assessed on 6 fronts: 1) Communities Relations, Private Social Investment, and Human Rights, 2) Labor Relations, 3) Ethics, Transparency, and Compliance, 4) Supplier Relations, 5) Occupational Health and Safety, and 6) Environment.

Process Risks: associated with the possibility of loss due to poorly deployed distribution channels and non-competitive costs, which may impact the performance and

management of the Company's logistics; achieving results that fail to meet business goals that have been set; unnecessary costs driven by characteristics of the information flow and how business process are performed; excess, obsolescence or loss of stock, or other assets used or consumed in business processes, among other risks related to the Company's processes.

People Risks: associated with the possibility of loss due to procedures being performed by employees who lack the required knowledge, training or experience to carry out the defined business activities; dependence on key personnel to perform activities critical to the Company's Business departments; activities performed in nonconformity with the authority level set by the Company or lack of definition of such authority levels; as well as risks associated with poor talent hiring and retention mechanisms that should be in line with the Company's goals.

Information and Technology Risks: associated with the possibility of loss due to unauthorized access to data and information; poor definition of security parameters and lack of protection of critical informa-

tion against undue disclosure; unreliable information or lack of information to monitor business and decision-making; failure to achieve information due to communication flaws, loss of processing capacity or difficulty to operate systems; as well

as risks associated with the registration, processing and reporting of invalid, incomplete data or data in disagreement with decision-making requirements.

Brazilian General Personal Data Protection Law (LGPD)

As part of our risk management process, in 2020 we implemented Duratex LGPD Compliance Project, in connection with the Brazilian General Personal Data Protection Law (LGPD), No. 13709/2018, which came into effect in September 2020. The LGPD seeks to protect data holders from unfair data use and requires that all handling of personal data by companies has a legal basis.

In the 1st stage of this project, we have identified the Company's processes, flows and systems in which personal and/or sensitive data are used. In the 2nd stage, currently in progress, the focus is on the review, adequacy and operation of all stages, and activities identified, among which we highlight:



- Defining the Privacy Governance Framework (Data Protection Officer, or DPO, and Privacy Council);



- Reviewing workers' employment contracts;



- Implementing a centralized consent management process for websites and portals;



- Assessing maturity and performing third-party contractual analysis; and



- Reviewing supplier agreements for clause adjustments.

Socioeconomic Compliance Management

[103-2 and 103-3: Unfair competition, 103-2 and 103-3: Socioeconomic compliance]

Socioeconomic compliance management is carried out by the Company's Legal department, except for noncompliance with taxes, which is monitored and handled by the Tax department.

When it is notified about civil, labor, or consumer proceedings filed against the Company, the officer responsible for these issues at Duratex's Legal team requests inputs from the Business department involved. They subsequently address a partner office to monitor and make arrangements with the proper inspection authority. The

issue is monitored by a proprietary system and through the interface between the partner office and the Company's Business departments.

Inspection authorities are currently implementing electronic monitoring systems in specific regions, which keep us attentive to new ways to forward responses and clarifications.

Fines and non-monetary sanctions related to tax and social security proceedings are jointly monitored by the Legal Tax and Corporate Tax depart-

ments. Information is received by the Shared Service Center (CSC), which subsequently reports it to the proper departments to assess the validity of claims received to either regularize or challenge them. The Legal Tax department is responsible for filing the defense and corresponding running of the issue, with indication of the chance of success for the Company. The non-materialized risk management and compliance process, in turn, is the responsibility of the Corporate Tax department, which handles these issues to measure and mitigate potential contingencies in the post-audit stage.

Major topics are handled by the Corporate and Tax Matters Council (CAST), which is composed of Officers, Managers, and Experts from the Tax department.

In 2020, we received no material regulatory fines or sanctions over alleged non-compliance with laws and socioeconomic regulations in connection with civil, labor, or consumer proceedings. [419-1]

As a way to mitigate socioeconomic compliance-related risks, the Company also has a series of internal rules and procedures, in addition to policies approved by the Board of Directors, which guide the best compliance practices, such as the Free Competition Protection Policy and Anticorruption Policy – both revisited in 2020.



Eco-efficiency and Environmental Management

[102-11, 103-2 and 103-3: Environmental compliance, 306-1, 306-2]

At Duratex we are continually improving our operations in the search for environmental and social (E&S) balance throughout the value chain. We understand that it is our commitment and duty to use natural resources and inputs in a rational and sustainable way by adopting principles to enable their reduction, reuse and optimization. Our sustainability and environmental policies strengthen this commitment, ensuring that Duratex's business increasingly creates shared value to society.

We are proud of being the 1st company in the Southern hemisphere and the 5th in the world to be granted the FSC® certification for forest management, as a result of our fair environmental practices.

Our Environmental Management Systems are ISO 14001 certified, attesting that our operations are in conformity

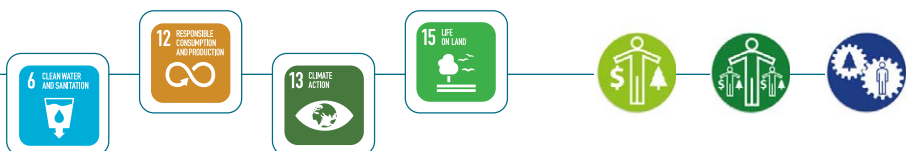
with international quality and environmental management standards.

Under our sustainability strategy, we set targets related to the eco-efficiency of our operations and the challenge of reducing, by 2025, water and energy consumption and the disposal of waste in landfills, as well as increasing energy use efficiency.

Duratex's operating units calculate and control environmental indicators (water, effluents, energy, greenhouse gas [GHG] emissions, and waste). The consolidation and analyses of these indicators are carried out across the corporation, with these figures disclosed in our reports and communications to several stakeholders. Our reported environmental indicators are verified by independent auditors every year.

In 2020, we improved the way we manage and calculate these indicators by implementing the Climas (climate) system, an online platform that gathers information related to the environmental indicators we follow. In addition to the corporate report of the indicators, the industrial units follow up these numbers and communicate periodically through dissemination on boards of management, managerial meetings, dialogues with the operating teams, internal events, and environment agencies, among others.

Our Environmental Management System also involves the management and monitoring of any noncompliance. We received three tax assessment notices, overall, with fines in a non-material monetary value. These refer to non-material, non-recurring, one-off occurrences in relation to which we make due arrangements and submit proper defense and responses to applicable authorities. [307-1]



Quantitative Highlights: Eco-efficiency and Management



56.0% of energy matrix comes from renewable sources;



145.0% of water reuse to ratio of collection, that is, more water is in internal use than being extracted from the environment;



The ratio of waste disposal in landfills to total waste inventoried ratio is **8.0%**, down **58.0%** in the last 5 years; and



Over **84,600 metric tons** of waste were reused internally in production processes in 2020.

Note: All data include operations in Brazil and Colombia and refer to consolidated year 2020.

Aware of the sustainable development commitment, we seek to increasingly improve the production processes in our plants and forest operations, aimed at improving performance in issues involving water, effluents, emissions, energy, and waste.

All our operating units have an Environmental Management System (SGA), of which 52.6% are ISO 14001 certified, considering plants alone. We constantly monitor water, effluents, emissions, energy and waste indicators at all our plants and forest operations, as we seek to improve our performance in line with business sustainability. **|103-2 and 103-3: Water and effluents, 103-2 and 103-3: Energy, 103-2 and 103-3: Waste, 103-2 and 103-3: Emissions, 103-2 and 103-3: Materials|**

In 2020, we collected 3.7 million cubic meters of water at our units. From this total, 8.7% were supplied by concessionaires, 69.7% came from groundwater sources, and 21.5% from surface water sources. We reused 5.3 million cubic meters of water. The ratio of water reuse to total collected was 145.0%, which means that more water is in use than being extracted from the environment. ([learn more here](#)). **|303-3, 303-5|**

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 Torre de Fluxo (Tower of Flow) program and the genetic improvement also contributed to the ongoing improvement of our forestry processes ([learn more here](#)). Among other resources, we started to use soil conditioners (polymers mitigating changes in soil water availability) and localized irrigation (applied only in the sites of seedlings and upon lack of rainfall).

We also take heed of effluent-related topics, with generation 16.5% lower from 2019 (Brazil and Colombia) ([learn more here](#)). Disposal of waste in landfills to total waste inventoried ratio was 6.9% in 2020. This ratio fell by 64.0% in the last 5 years (2016–2020). Furthermore, over 84,600 metric tons of waste were reused internally in production processes in 2020. **|306-5|**



Accountable for the production of wood panels, the Agudos (State of São Paulo) plant expanded its composting area in 2020, raising its capacity and efficiency in composting of sludge waste from treatment of effluents and ash. The plant in Itapetininga (State of São Paulo) no longer disposes impregnated paper waste in landfills, after it has found alternatives for its disposal. At the wood panel production units, 89.0% of energy consumed came from renewable sources.



Deca Divisions' metals units have a technology that recovers and reuses all bronze and brass scrap left from the casting process. A major achievement of the Metals São Paulo unit since last year: the hallmark of zero waste intended for landfills, with waste from restaurants being sent for composting and general waste transformed into fuel for energy generation.



The Ceramic Tiles witnessed the optimization of waste management, thus improving reuse by 97.0%. The Portinari units, the last ones to be integrated, have a solid waste overflow plant. Operated by third parties, it carries out a blend of waste from our production process and from other companies in the region, which supplements the operation. It operates 2,300 metric tons/month of volume shipped, with reuse of 97.0% of waste in the cement production chain. The waste treatment improvement process started in 2019 and is expected to progress to 100.0% of use in 2021.

Forest Management |103-2 and 103-3: Biodiversity|

In 2020, we celebrate 25 years of our FSC® certification for responsible forest management, which ensures environmental management practices to be fair, beneficial to society, and economically feasible. To achieve this certification, it is imperative the meeting of certain requirements, such as labor guarantees, assessment and minimization of environmental and social impacts, in addition to preference to use local workforce.

This seal reflects our commitment to the responsible management of forest resources and results in positive impacts on the company, the environment and society.

Currently, from over 135,000 hectares of planted forests and conservation areas we have in Brazil to supply our wood panel plants, 97.5% of proprietary areas are FSC® certified. In Colombia, 81.6% of forest areas are certified. |304-3|

To underline our commitment to sustainable practices, in 2019 our forest operation was appraised by consulting firm McKinsey that rated our production standards as a benchmark for the sector, with practices above the industrial average.

Our concern about forests comprises a number of aspects, and wildfires are one of them. Part of the field employees working at forest units are trained for this kind of emergency situation. We have special vehicles and rapid response kits to fight wildfires at the first signs of fire, in addition to radio systems, drones, cameras, and satellite surveillance devices installed in our forests. In line with our care with soil use, we do not use fire in our forest management operations.

To prevent non-authorized activities from happening, such as hunting and deforestation, we have equity surveillance structures to enable monitoring constant of areas.

The Productivity of our Forests Rises Every Decade

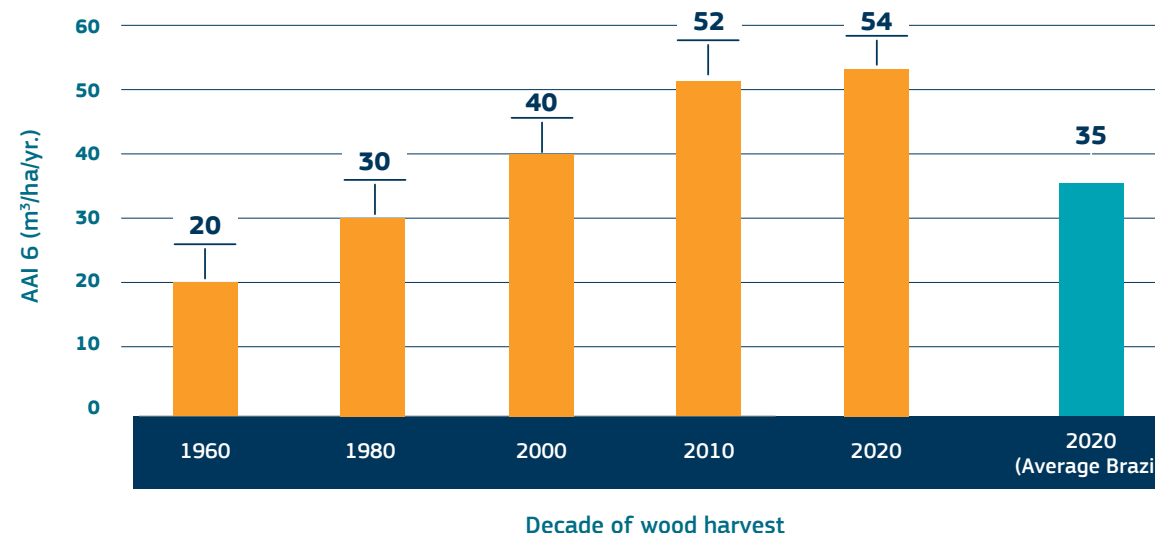
Concerned about productivity, a critical sustainability component, for decades we have run a genetic improvement program to develop varieties that generate forests more adapted to climate change, with more productivity and resistance to pests and diseases.

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., 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).

The genetic improvement program has also been selecting the most adequate species to meet the demands of the future DWP plant under construction in Minas Gerais ([learn more here](#)).

Productivity over the Years (State of São Paulo's Areas)



Our forests are not managed in peat areas in Brazil or Colombia, neither in land demarcated as indigenous, *quilombola* (state-recognized encampment communities of descendants of runaway slaves), or Afro-Colombian territories. In these cases, it is established that the free, prior and educated consent of the communities impacted must be obtained before the start of forestry activities. |304-3|

All employees are instructed on the care to be taken during operations to prevent or minimize the impact of our operations on the environment and surrounding communities.

Since the 1970's, conducting researches on the biodiversity found in our forests is an integral part of our processes. We have already identified 1,414 flora and 1,136 fauna species. From this total, 15 flora and 24 fauna species are classified as threatened species by the International Union for Conservation of Nature (IUCN).

Since 2008, we have participated in the Torre de Fluxo (Tower of Flow) program, 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). The purpose of this program is to periodically collect data on carbon, water, and nutrient flows of planted forests.

It is intended to gather more and more inputs 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 7 additional years.

We also opened our 1st pottery nursery in Colombia, in the city of Barbosa, aimed at increasing productivity and improving the quality of the wood used in industrial processes.

Also in 2020, Duratex was nominated by the Annual Summary of Timber and Pulp Assessments as the most transparent Company in Brazil and the Americas in ESG commitments in the wood and pulp industries. This ranking is developed by the Sustainability Policy Transparency Toolkit (SPOTT) program, an initiative of the Zoological Society of London (ZSL). The Company was ranked 4th out of a total of 100 companies appraised in the world ranking. In 2020, Duratex scored 76.1%, up 10.2 percentage points from 2019. The average score of all appraised companies was 22.6% in 2020.

It is worth mentioning that our concern about the environment goes beyond our forests and the regions where we operate, which has led us to sign up to the Letter on Behalf of the Amazon in 2020. This document advocates the fight against systematic illegal deforestation, a practice that accounts for 98.0% of deforestation in the biome. This initiative is led by the Brazilian Business Council for Sustainable Development (CEBDS), the Brazilian Agribusiness Association (ABAG), and IBÁ; and is supported by the Brazilian Association of Vegetal Oil Industries (ABIOVE), and the Global Compact – Brazil Network.

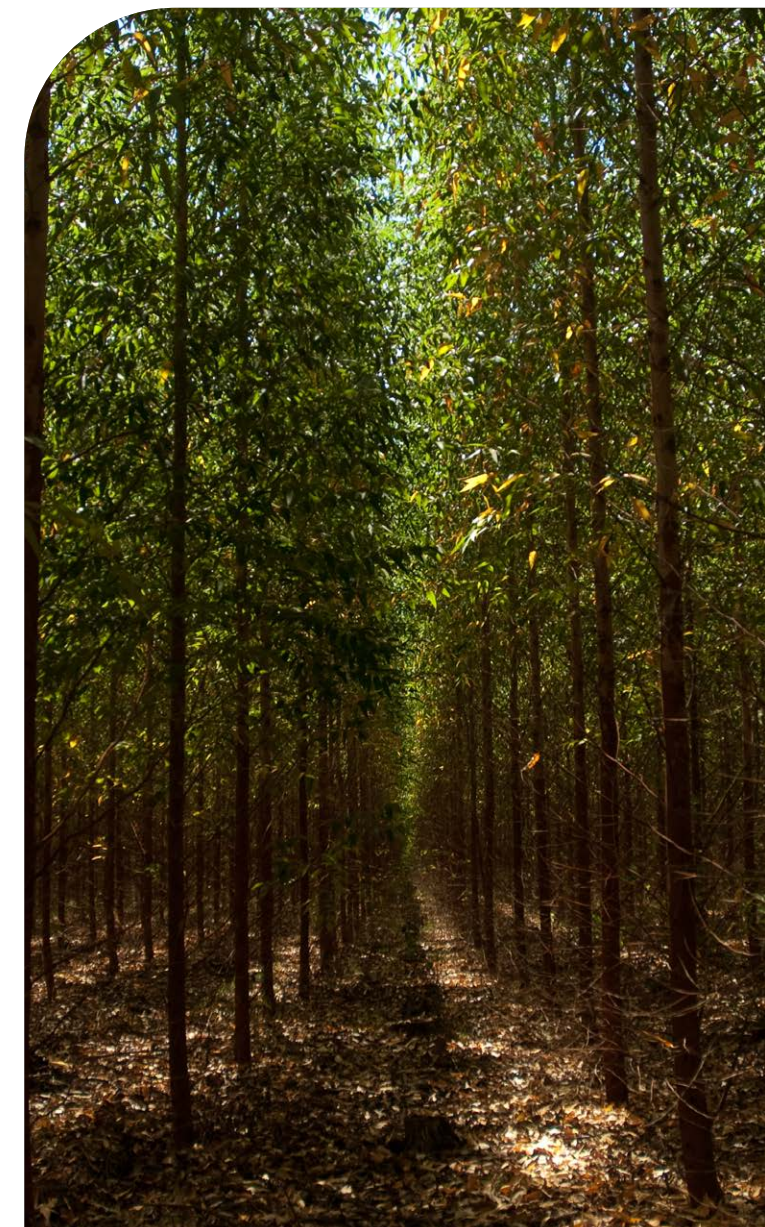
This statement, signed by 79 companies and business groups, in addition to 5 leading investment funds and 5 CEOs, was handed over to the then-Prosecutor General of the Republic, Mr. Augusto Aras, at a virtual meeting in August 2020. These leaders have announced the adoption of new actions to proceed with the dialogue and coordination of arrangements with government authorities.



A marca do manejo florestal responsável



La marca del manejo forestal responsable



Climate Change

|102-15, 102-29, 103-2 and 103-3: Emissions|

In 2020 we witnessed the outcome of maturity of discussions on climate change in the Company, which will have an even greater impact when we revisit our sustainability strategy, whose new version will be disclosed in 2021. We are now addressing the commitment to reducing and setting GHG emission targets in a strategic way. We will soon complete a science-based study with proposed GHG emission targets in line with Duratex's zero carbon strategy.

We calculate our GHG emissions by following the guidelines of The Greenhouse Gas Protocol – the top international benchmark for corporate emission calculation – and its Brazilian counterpart, the Brazilian GHG Protocol Program.

Attentive to all opportunities to help fight climate change, we continually seek to replace the use of fossil fuel with renewable alternatives and adopt

new and less polluting equipment in our industrial processes. In 2020, over 56.0% of the energy we used came from renewable sources (including Scope 1 and Scope 2 energy), and outstanding were the panel operations with 86.0% of its matrix composed of renewable energy.

In the last year, we made headway in the calculation of agricultural emission removals and emission inventory. We calculated the emissions and removals at our subsidiaries, with emphasis on Caetex and LD Celulose operations. We also disclosed our balance of emissions and removals, in accordance with NBR ISO 14064/2007 standard of ABNT (Brazilian Association of Technical Standards), supplementing GRI 305: Emissions indicators.

In our Colombia unit, we proceed with the Carvida Duratex – a Carbon Bonus for Life program, which ensured, from 2010 to 2019, the capture of carbon dioxide

from the atmosphere, generating a bonus over 950 thousand metric tCO₂ through the forests in that Country. This volume is equivalent to the total emissions of all vehicles driving for 14 days in the metropolitan area of Valle de Aburrá, the 2nd most populated city in Colombia. Thanks to these results, we have received the Icontec Forest Compensation Certification, which ranks our initiative as the best forest GHG compensation program in Colombia.

Our commitment to a low carbon economy has also led to Duratex being recognized in 2020 as a corporate sustainability leader by the CDP, a global non-profit environmental organization, ensuring it a place in the prestigious A List for fighting climate change. We are the only Brazilian company, among 6 only, to make up the list and the only one of this sector in Brazil.



Climas (Climate) System

In 2020, we acquired a new online indicator management platform, the Climas (Climate) system. The Environmental Managers of Duratex units report information on consumption of natural and energy resources, as well as generation of waste and effluents, from which we generate the Company's basic indicators. This tool enables us to carry out a robust management of inventories of GHG emissions and provides updated information on emission factors, in addition to interactive graphical elements.



LEARN MORE ABOUT
the Brazilian GHG Protocol Program.



LEARN MORE ABOUT
our emissions in the Attachments section.


Carbon Balance – Duratex 2020

We made headway in the calculation of our Scope 3, improving the calculation of emissions of raw materials (both transportation and production) and waste generated in operations. The most recently acquired units of Ceramic Tiles also had their emissions calculated and included in the inventory of emissions. We also progressed in the agricultural emissions inventory of the Colombian forest areas and, for the first year, reported inventories at Caetex and LD Celulose operations, operations in which we hold interest (50.0% and 49.0% respectively).

The infographics show the consolidated carbon balance of Duratex S.A., comprising our Deca, Wood and Ceramic Tiles operations, as well as Caetex and LD Celulose operations, proportionally to their interests.


In 2020, our operations removed 522 thousand metric tCO₂e from the atmosphere, excluding emissions.



 [Click here for our Balance](#)

LD CELULOSE

In 2020, we contributed to the removal of 522 thousand tCO₂ from the atmosphere.

 **LEARN MORE ABOUT** our emissions in the Attachments section.

Culture Management

People, Processes, Customers, and Results are the pillars that summarize our strategy, consolidate Duratex's Way of Being and Doing and reflect how we create and share value with society and provide return to our stockholders.

Duratex's Way of Being and Doing

Duratex's Way of Being and Doing is what we mean by the attributes and behaviors we deem important and expect from our employees. These behaviors guide the day-to-day decision-making and contribute to a better work environment as well. Our culture reinvented itself in 2015, and in recent years we have ramped up the share of this culture with our employees. In 2020, we endeavored to consolidate this culture among teams and share it at the Ceramic Tiles Division towards the leaders.

Duratex's 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; and
- Results**
Sustainable high performance.



Duratex Business Culture

Ceramic Tiles

The integration and share of Duratex Culture with the Ceramic Tiles Business unit had already been scheduled in the 2020 strategic agenda. However, with the change in scenario caused by the pandemic, the timetable was adjusted to fit the social distancing rules and the use of available resources in a creative way.

All leadership training workshops were held by the team virtually, with theory and practice activities focused on awareness-raising, mobilization and inspiration of leaders to become cultural transformation agents. In the year, we held 15 thematic workshops and had 30 groups. Approximately 170 professionals were trained, among leaders and HR staff. Sharing culture in 2020 was taken to Management Members.

Toolbox

As a way to support our culture, in 2020 the HR team rescued and consolidated all tools worked along our cultural journey, thereby creating a toolbox to help leaders apply Duratex's Way of Being and Doing practices and experiences.

The toolbox was taught at workshops and seminars in previous years. Composed of 12 practices, it helps management members strengthen their roles as protagonists and push forward the consolidation of pivotal corporate culture behaviors.

Internal Public |103-2 and 103-3:

Employment|

The pandemic has changed our employees' reality of work, with some of them working remotely and others being forced to adjust to new health and safety rules at the units. With the new scenario, we started to operate in 3 fronts: protection of our employees (Health and Safety); qualified information; and business sustainability.

We have invested in effective and transparent communication by delivering guidance, recommendations and tips on how to act in the face of the COVID-19 pandemic, both at home and at company. In this scenario, our culture strengthening efforts, which have completed 5 years in 2020, have also helped us, as it was decisive to keep teams cohesive and employees engaged.

Faced with the new reality, we adjusted talent development programs, launched a new integrated program more aligned to our culture, and developed a leadership training system. We implemented new tools to help the management members by increasingly strengthening people management. Among these tools, we highlight:

- **Cuidando Juntos (Caring Together) WebApp** – Accessed via mobile or computer, this app allows employees to self-monitor their health condition before starting the workday and indicates which conduct should be adopted based on answers to questions made. It is part of Duratex's Health and Well-Being program as a supplemental way to ensure that Company's health and safety protocols are followed.
- **New Attraction and Selection System (GUPY)** – Aimed at supporting the management of selective processes, measuring indicators, providing new resources to capture and attract talents, and strengthening the applicant's experience. In 2020 the system was parameterized and both HR staff and management members were trained accordingly. The Go Live event took place in January 2021.

- **Movement of People Portal** – It provides an automated, agile process with better compliance for requesting and moving people around, approved based on workflow, and may be carried out via computer, tablet, or smartphone.
- **Power BI with Team Information** – A graphic interface featuring the analysis of a series of data on employees to provide the Leader with more independence in people management, as it gathers all information required for analysis and decision-making purposes in a single place.
- **New performance Cycle Management System (PERF)** – It provides the management of all Performance Cycle stages and tools aimed towards the development of eligible employees. In 2020, this system was parameterized and we carried out the "agreement of targets 2021" for the leading team and managers. Other stakeholders will be involved in 2021, with remaining functionalities becoming available as well.

As a way to promote dialogue between teams or room for learning, we held 10 web meetings, every two weeks or once a month, for management members

and administrative staff on culture, development, diversity & inclusion, health, safety, and wellbeing.

In 2020, we also underlined our approach on diversity and inclusion and developed an action plan focused on gender and people with disabilities (PwD), considering our challenges at entrance doors and workplace. D&I is now a part of Duratex's strategic development for the 2021–2025 period.

We closed 2020 with 13,295 employees, including 3,839 hires and 2,541 terminations, down 23.0% from 2019, which is consistent with the industry turnover profile. Still,

58.4% of terminations were due to the end of employment contract with term or the employee's own discretion. These data underpin the commitment assumed with employees, still at the onset of the pandemic, to preserve jobs and salaries. [\[401-1\]](#)

At the end of 2020, we had 12,758 of employees in Brazil covered by collective labor agreements or convention, that is, 100.0% of employees hired under the Consolidation of Labor Laws (CLT) scheme. In Colombia, 16.4% of our staff is covered by this type of negotiation. The remainder has individual benefit agreements. [\[102-41\]](#)



Development and Succession |103-2 and 103-3: Employment|

Performance Evaluation |404-2, 404-3|

We evaluate our employees of senior and higher levels through the Performance Cycle, a major Integrated People Management process (GIP). Held as an annual cycle, it features 4 stages: (1) agreement of targets; (2) appraisal of behaviors and targets; (3) calibration – when management members talk collectively on employee performance –; and (4) feedback, feedforward, and development plans.

As a result, employees are classified by the Nine Box, a performance evaluation methodology that factors in the outcomes of the target and behavior axes. Based on these data, we outline people management and development practices, as well as those of meritocracy and consolidation of our culture.

We observe delivery and behavior indicators linked to our culture. We also observe behaviors in connection with the Duratex's Way of Being and Doing for all employees evaluated. When it comes to management members, 7 behaviors are added to the people management role. Overall, 997 employees were evaluated under this process. In 2020,

the management members of the Ceramic Tiles Division were included in this process.

We standardized the benefits granted in the Ceramic Tiles Division and all variable sales compensation models, in accordance with each business needs. We also implemented a job and salary structure by following the Company's practices as a whole, with job grades (levels of jobs based on the Company structure) connected with the backbone of jobs, and adjusted the salary table based on regionally used deflators. Specifically at Ceusa, we implemented the profit sharing scheme for the whole operation, holding on to the compensation package competitiveness against the market and in line with Duratex's practices.

Based on consistent performance evaluation outcomes, once a year the company carries out an additional potential evaluation to identify in-company talents that may take over more complex leading positions within a framework of 2-4 years. The so-called Talent Bank program has a 2-year development

trail, with workshops, exposure to the Company's executives, coaching sessions and application projects. In 2020, we had 3 Talent Bank teams totaling 33 leading participants, of whom 58.0% achieved some sort of career development (merits, transfer and/or promotion).

For other stakeholders, each business carries out its Evaluation Cycle in a way more suitable to their own needs, but ensuring a open dialogue about the performance presented and its alignment with the organizational culture. Therefore, in 2020, we set up the feedback practice at the Wood Division to evaluate 100.0% of the Division professionals. This practice is aimed at recognizing and helping the development and recognition of these professionals. |404-2|

Training and Education |404-2, 103-2 and 103-3: Training and education|

To support the development of employees, specific and training programs that meet the needs of the different departments are

offered. Career trail and training programs, such as technical and behavioral training aimed at developing competencies for performance of duties and segmented schools are offered, among other actions.

In 2020, some qualification programs were held online to enable employees' attendance even working from home, as was the case of the Trainee Program.

The so-called Rite of Passage, the closing event, was held in August 2020, with attendees setting off their new professional journey. We held approximately 105 training hours, 7 thematic live streaming events, and 10 content curator editions overall, among other activities.

We also held a content curator for self-development purposes. This curator was structured in various forms to support management members by underlining behaviors and competencies essential to the crisis and post-crisis times. 65 contents were shared over 9 months.

Attraction

Here at Duratex we have top tools to attract new talents, which is a fundamental part of our growth strategy. Among these tools, we highlight:

- **Trainee Program:** a 18-month program, along which trainees walk through an institutional development path by immersing themselves into our business and education actions with technical and behavioral focus, project development and activities in our different departments. We continuously encourage the participants' self-development and self-knowledge.
- **Maratona Geração D 2020 (Generation D 2020 Marathon Internship) Program:** a pioneering initiative for multi-business development actions for the Company's interns, focused on widening the repertoire on the Company and our culture. We hold virtual meetings with interns from different units across Brazil to talk about our departments, processes and business. We also provide drops of knowledge in videos uploaded on the online exclusive program courses platform. All interns receive certificates that may be counted as supplemental hours in education institutions.

- **Embaixadores da Marca – Semeando Talentos (Brand Ambassadors – Sowing Talents) Program:** a multidisciplinary team of Human Resources leaders and professionals has been picked up and trained to be the spokesman of the Sowing Talents program. An initiative of the Wood Business Unit, the Sowing Talents program seeks to attract new professionals willing to grow, share challenges and develop competencies to work in our forest and manufacturing operations, fulfilling vacancies for interns and new graduates from technical and graduate courses. Brand ambassadors help promote the Company and the program among education institution partners through online or offline actions.

Terminations |404-2|

Duratex believes that how terminations are handled directly impacts the organizational climate, culture management and its own image as an employer. Therefore, we make it a point to carry out terminations in a respectful way, based on the outcome of the formal performance evaluation process, which measures the employees' deliveries and behaviors. Every decision on employee

transfer and termination is made jointly by the immediate Supervisor and the HR team.

- **Individual Process:** For executive or key positions, in accordance with eligibility criteria, we have an individual outplacement/career transition program supported by a specialized consultancy. The whole departure process is analyzed and a specific package may be added accordingly. An additional termination package (bonus, release of the Stock Option Program upon Board of Directors' approval, and other benefits) may also be adopted to recognize employees with significant length of service (at least 10 years) and contributions made during their period of work, that is, with irreproachable performance and conduct in a time of restructuring of a company or department.

Whenever required, other employees may receive timely, individual or group career guidance.

- **Collective Process:** For collective processes, the Company provides workshops to guide on the search for opportunities, résumé preparation, and tips on performing well in interviews, among other issues in support to this transition process.



Duratex's Employees

Diversity & Inclusion |103-2 and 103-3: Diversity and equal opportunities, 405-1|

We believe that, by gathering people from different backgrounds and viewpoints, we enrich our workplace and decision-making. Therefore, we want to make Duratex a more inclusive place, where everyone can be who they are and be appreciated for their differences. Our goal to be a company that delivers solutions to everyone is aligned with a Company that engages internally in diversity and inclusion.

Accordingly, in 2020 we developed a Diversity & Inclusion (D&I) action plan. Although we understand that all societal markers are important, we have kicked off by underlining people with disabilities (PwD) related topics, considering our challenges at entrance doors and our workplace.

Over the year, we **had 20 awareness-raising initiatives on Diversity & Inclusion, Unconscious Bias, Gender, and PwD** intended to our Human Resources team, Managers, Coordinators, Supervisors and other interested employees.

We defined major gender targets, such as presence of women in short-lists of selection processes for positions from Analyst upwards, in addition to monitoring female employees returning from

maternity leave. Results can already be observed: approximately **80.0% of these positions had women shortlisted for the last stage of the selection process, and a 33.0% reduction in the number of terminations in the 1st 12 months after return from maternity leave.**

With respect to PwD, we defined 2 priority guidelines: attracting PwD talents to Duratex and making the Company have an inclusive workplace for these employees.

As a result of the strong work developed with the HR team to capture talents, we had a major milestone by reaching **5.0% of PwD employees in our staff**, as required by law. This minority quota was a challenge for the Company, as we have been working towards achieving it for the past few years. Therefore, we were able to settle a Consent Decree in connection with this topic with the Prosecution's Office.

Under the inclusion dimension, since the onset of the pandemic we have taken measures to make our PwD employees' day-to-day more accessible wise. Among such initiatives, we highlight procuring acrylic face masks for lip reading, providing Brazilian Sign Language interpreters at online meetings,

and procuring accessibility equipment for employees working from home.

We have prepared an educational booklet, provided to all employees, with information and tips on inclusion. We also mapped our PwD employees, their Supervisors and the HR departments at the units to listen to the different perspectives on inclusion.

In 2020, in addition to keeping on our participation in the *Movimento Mulher 360* (Women 360 movement – MM360), in September we signed up to the Rede Empresarial de Inclusão Social (REIS) (Social Inclusion Network), for discussions on the inclusion of PwD in the labor market. Our executives also held two meetings with Diversity & Inclusion market specialists to learn more about this topic.

At the end of 2020, we took a major step: D&I has gained importance in our new Sustainability and People strategy for the 2021–2025 period. Accordingly, our intention is to keep on making headway in this journey by increasing and sharing knowledge in this field – and becoming a Company for everyone.



Health and Safety

|403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 103-2 and 103-3: Occupational health and safety|

Occupational Health and Safety

In a year overshadowed by the pandemic, occupational health and safety were the drivers for most of our actions towards employees. All initiatives in this area are performed in line with the Occupational Health and Safety Management Program (DuraSeg) and based on guidance from the World Health Organization (WHO) and Brazilian government agencies.

Our health team has monitored all actual or suspect COVID-19 cases among employees and family members via the Health WebApp created under the *Cuidar Juntos* (Caring Together) program. We kept ongoing communication with all professionals, delivering healthcare tips and guidance. We also promoted surveys of health self-evaluation, proactive service for employees, and online labor gymnastics, among other actions.

Though our internal communication channels, we held virtual meetings addressing significant topics for these times, such as the mental health-related Yellow September. We also developed content on diverse topics, such as relationship with the family, fighting domestic abuse, and

self-development. Also as part of our employee health actions, every year we promote awareness-raising prevention campaigns Pink October and Blue November, with online talks and tips on how to take care of oneself. The focus is encouraging employees to boost their learning and share the health care culture with more people.

All Duratex's employees are covered by group life insurance (except for Ceramics Paraíba and Recife units), an optional dental care plan offered for employees and their dependents, in addition to a medical assistance plan (compulsory, except for the Hydra Aracaju unit), which also cover their legal dependents.

Employees and first-degree relatives may also count on the *Pronto Atendimento Pessoal* (PAP) (Personal On-Call Service), aimed at supporting families by providing guidance in three fields: psychological, financial, and legal guidance. In 2020, we also introduced the social assistance service to support these groups whenever required. This service is available via phone (0800), 24/7. Furthermore, we had the proactive performance of PAP for cases the Company understood as necessary.

Cuidar Juntos (Caring Together)

Launched in 2019, this program is aimed at promoting employees' health and full well-being, with internal actions involving physical and psychological well-being, a healthy diet and disease prevention, among other topics. The *Cuidar Juntos* (Caring Together) program came to the forefront in 2020, as part of our novel coronavirus relief efforts.

Gestar Juntos (Gestate Together) |401-3|

Bearing in mind the complex moment of expecting a baby, in 2020 and under the scope of the *Cuidar Juntos* (Caring Together), Duratex set up the *Gestar Juntos* (Gestate Together), an initiative focused on monitoring pregnancy and postpartum periods. The purpose here is providing health and wellbeing for both mother and baby, delivering guidance, support and encouraging habits such as breastfeeding.

This program is structured on 3 axes:

1 Capturing: this is how pregnant employees join the program, which may be upon voluntary demand or by referral from the outpatient clinic, supervisors or the Business HR department.

2 Monitoring: pregnant employees are monitored by health professions, aimed at sharing guidance and answering questions.

3 Breastfeeding Support Room: in 2020, we started to implement breastfeeding support rooms at Duratex as a way to help female employees returning from maternity leave. In these environments, and during working hours, female employees may pump breast milk, store them at a proper place and then take it home, thus increasing the baby breastfeeding time. All these rooms were built following ANVISA's regulation. By the end of 2020, 9 rooms have been completed.

In addition to the infrastructure support, in 2020 we set the target to retain female employees for the 1st 12 months after they return from maternity leave.

DuraSeg

Set up in 2013, DuraSeg, our Occupational Health and Safety Management Program, is based on 3 pillars: people, equipment and procedures. We identify hazards and risks, and apply control measures, for all processes and activities. DuraSeg comprises Senior Management (Executive Council) and all groups of stakeholders that may be affected by the Company. It is OHSAS 18001 and ISO 45001 certified, and has a proprietary policy to set guidelines, scopes and assumptions.

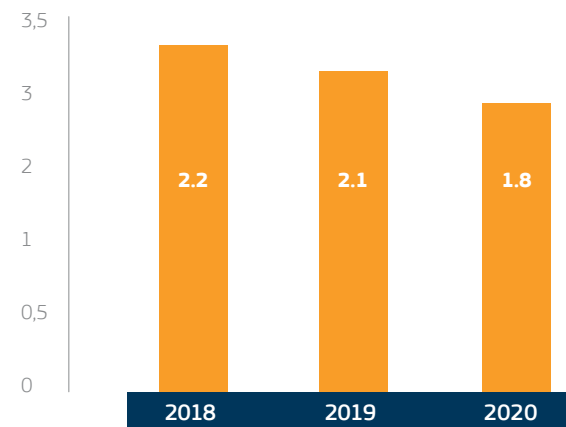
Safety inspections, audits, periodic external assessments and indicators are monitored by the Duratex Management System (SGD), with the engagement of management members at meetings held from time to time. Management members also take part in the Behavioral Observation Program.

All Duratex's employees attend OHS training. Needs are identified through a training matrix by position and function. Although training contents are defined in law, we may also provide additional topics for most of our courses.

DuraSeg also provides for internal communication actions, through which employees are instructed to monitor the work environment to identify risks, implement corrective and preventive actions, and propose improvements. We also disclose indices and hold talks, among other awareness-raising actions.

The critical incident identification and analysis process is also planned under DuraSeg. Any events with potential to lead to life-changing or fatal accidents are widely disclosed and addressed, regardless of the occurrence of injuries. This system also includes the identification of critical incident precursors.

Accident Frequency Rate (AFR)* Brazil |403-9|



* Rate of number of accidents requiring time-off for each 1 million hour/man of risk exposure.

We also set up the Prevention Guardians (*Guardiões da Prevenção*), a group of employees who, through permanent observation and inspections, are responsible for assessing compliance with control measures planned under COVID-19 fighting pillars – Hygiene, Social Distancing, Individual Protection and Monitoring. The outcomes of these inspections by the Guardians, at all units, are followed weekly.

Management members' responsibilities:

- Monitoring the work environment to identify risks, implement preventive actions and propose improvements;
- Taking on the implementation, maintenance and ongoing improvement of DuraSeg; and
- In-person monitoring of work practices and not tolerating misconduct.

Employees' responsibilities:

- Monitoring the work environment to identify risks, implement preventive actions and propose improvements;
- Thinking and acting to prevent occupational accidents and incidents; and
- Immediately reporting misconduct, incidents and accidents.

ISO 45001 Certification

In 2020, the Wood Division unwaveringly prepared itself for the migration of certifications at the Panels and forest areas units, that is, from OHSAS 18001 to ISO 45001. To ensure this certification, we took actions based on the Occupational Health and Safety Policy (OHS) revision to underline more consultation to and participation of employees, management system opportunities and determination of the organization scenario. The process to migrate from OHSAS 18001 to ISO 45001 ended in February 2021, with all Wood Division units in Brazil continued to be certified.

Occupational Medicine

Through the Occupational Health and Medical Control Program (PCMSO) we carry out clinical-occupational assessments, monitor supplemental examinations and medical reports aimed at following up possible occupational diseases. By mapping factors that may represent risks of occupational diseases, we define operating controls ranging from physical barriers, such as access controls, to warnings, signaling, etc.

Upon risk identification, controls are identified according to the following order: elimination or replacement of hazards where applicable, followed by possible risk reduction (through engineering and administrative controls), and adoption of personal protective equipment (PPE) as a last resort. Controls are continuously assessed for its effectiveness. In 2020, the Company registered no deaths or Occupational Accident Report (CAT) arising from occupational diseases.

Outpatient Clinic at the Agudos unit

Medical Service at Units

Our units have outpatient clinics to provide occupational health assistance services to employees. The team is composed of occupational doctors, nursing technicians, nurses and physiotherapist (Hydra Aracaju unit), and its size is in line with NR 4 SESMT standard.

Employees may make occupational appointments at our outpatient clinics, such as hiring and periodic examinations, as well as examinations in connection with change of jobs, return to work and

termination, in addition to assistance services comprising any type of medical other than work-related complaints.

All calls received are screened by the nursing team and are referred to the doctor appointment. If required, the employee is referred to the external medical assistance network and the case is followed up by the related unit's medical service team until resolution. Appointments are scheduled in advance, but all employees may activate the medical service at the unit whenever

they feel the need to, either in or out of working hours.

All medical appointments made by Duratex's medical outpatient clinic team are registered at the employee's medical card, under an Occupational Health and Safety system with medical secrecy protection. This system offers the possibility of managerial and operating reports, which enables the health team to monitor and drive disease prevention and health promotion actions more assertively.



Social Development

|103-2 and 103-3: Local communities, 413-1|

Our social investment focus on the places where we operate, with stages designed to achieve more effectiveness in mitigating negative impacts and optimizing positive impacts.

Therefore, we have engaged the communities through a set of initiatives towards local development and relationships with surrounding communities.

The purpose is contributing to the regions impacted by Duratex by setting a channel for dialogue. As a result of this relationship, it is possible to assertively drive social investments, maximizing local positive impact.

Based on internal guidelines, the engagement process is carried out through 2 tools: The Materiality Matrix, designed at all business units from the Environmental and Social Program, and the Company's Stakeholder Engagement Policy, which sets forth that the relationship with employees, communities and organized civil society is the responsibility of the Social department. |102-40, 102-42|

Three assumptions guide Duratex's social investment:

1 Location: Benefit communities surrounding our facilities;

2 Meet the priority demands of communities, identified through an active listening process; and

3 Promote social impact and transformation. To carry out all projects supported by the Company, we always seek to value the region by prioritizing local professionals, artists, educators and partners.

In 2020, the transfer of own funds was increased and allocated to over 20 projects to help Brazilian society fight the novel coronavirus. We have donated R\$10 million overall. Focused on emergency service and increasing hospital services, we have allocated equipment, hospital and

hygiene supplies, in addition to products from our portfolio, prioritizing initiatives in places where we operate and cities with critical indicators.

Furthermore, we proceeded with other major projects we usually support, such as:

Bem Cuidar (Taking Good Care) |102-12|



Aimed at strengthening the safety net against abuse of children and adolescents in the municipality of João Pessoa (State of Paraíba). This initiative was launched in 2018 based on Duratex's pilot project *Sorrir e Proteger em Rede* (Smile and Protect Net) under the scope of Childhood Brazil's *Na Mão Certa* Program. The 1st step was conducting a quick local diagnosis of the Protection of Children's and Adolescents' Rights System (SGDCA) and the sexual violence scenario in the municipality. Launched 3 years ago, in 2019 this program prioritized the training of safety net professionals, involving institutions such as the Child Protective Council. In 2020, we designed the 1st municipal plan to fight violence against children and adolescents, which was delivered to the local government and should be subject to approval from the City Council and be implemented in 2021. Its purpose is to provide victims of violence with a quicker service, direct them to proper service units and that the city commits itself to fight the problem.



Caminhos do Consumo Consciente (Conscious Consumption Paths) |102-12|



Teamed up with the public education network in 11 municipalities, the *Caminhos* program works with roughly 15,000 High School students. Every year it focuses on a sustainability-related topic to be addressed in the classroom by way of

a different artistic expression. Educators go under specific training and promote activities with students. In 2020, the topic addressed was consumption and the tool used was photography.

Formare |102-12|



Promoted by Fundação IOCHPE and held at Duratex since 2003, the Formare program provides young apprentices with training as our employees act as voluntary educators.

The program comprises both theory and practice study hours. Therefore, material is designed in partnership with Fundação IOCHPE aimed at providing content related to our operations. In some cases,

some young people are promoted to employees at Duratex.

In 2020, we reached out to 70 youngsters and involved 196 employees as volunteers, deployed at 5 units (Agudos, Itapetininga, João Pessoa, Jundiaí and Uberaba). This year, the Jundiaí unit started its 2nd group, benefitting 17 youngsters and involving 48 employees as voluntary educators.

Jovens Talentos Empreendedores (Young Talented Entrepreneurs) |102-12|



In partnership with Associação Beneficente ABADEUS in the municipalities of Urussanga and Criciúma (State of Santa Catarina), this program qualifies and

trains youngsters to the labor market by awakening their competencies and encouraging youth entrepreneurship. In 2020, 255 young people were benefited.

The need to keep on social distancing measures has led us to temporarily suspend some in-person activities in Brazil in 2020. We discontinued *Rodas de Diálogo* (Dialogue Circles), an initiative that seeks to listen to the communities, and the dialogue with the local government to identify demands to enable us to carry out and guide projects in the locations where we operate. |413-2|

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.

Other than Brazil, we carry out social activities in Colombia. Duratex develops a program in Colombia 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 on these communities, in addition to conflict resolution actions. This initiative was launched in 2012 in partnership with Fundación Gestión Social y Ambiental. |102-12, 102-43|

To improve our E&S performance, in 2020 we implemented 15 social projects benefitting over 29 thousand people across all municipalities where our company units operate. We intend to step up Duratex's social initiatives from 2021 on, by redesigning our Sustainability Strategy and increasing the focus on projects linked to the sector in which we operate.



LEARN MORE ABOUT
Sustainability Strategy.

Suppliers

[102-9, 102-10, 102-43, 103-2 and 103-3: Market presence, 204-1, 103-2 and 103-3: Procurement practices, 204-1]

The Supply department faced an atypical year in 2020 in view of fluctuations in prices and supply of materials and inputs. Nevertheless, total expenditures amounted to R\$3.4 billion, even with the US dollar appreciation and the inclusion of Portinari suppliers in our base. In Colombia, expenditures totaled COL\$163.7 trillion.

The good performance is a result of our market strategy and social responsibility vision. We worked closer to our suppliers during the pandemic, renegotiating payments terms and commercial conditions, both in Brazil and Colombia. Accordingly, the suppliers of Duratex were able to hold on in a time of crisis and were ready to resume the pace of activities.

No material changes were made to the Company's structure, ownership or supply chain last year. In 2020, total suppliers engaged by the Supply department were 6,772. There was a slight increase from 2019, despite the inclusion of Portinari in the scope of our procurement base. However, 80.0% of the spend was

consumed by less than 500 suppliers. This planned distribution has enabled us to keep proper risk control and management programs focused on few companies.

Duratex Colombia engaged 923 suppliers in 2020, of which 15.0% in services and 85.0% in raw materials and inputs. We prioritize suppliers based in the same locations of our plants, which facilitates logistics and promote the development of the surrounding communities, which is in line with our Social Development Policy. Therefore, 28.0% of total suppliers are based locally.

In Colombia, the supply of wood is 100.0% local, and we have a handling plan that ensures 50.0% of the plants requirements. Other raw materials are mostly produced abroad, but are purchased from local companies, except for paper and melanin.

At the end of the year the Colombian supply chain had to adjust itself to the new dynamics in the face of the increased demand and shortage of raw materials,

such as melanin. This added to the scenario of the maritime cargo transport, which was impacted by lack of containers, which made international logistics costs soar. [102-10]

Supplier Assessment [103-2 and 103-3: Supplier social assessment, 103-2 and 103-3: Supplier environmental assessment, 103-2 and 103-3: Forced or compulsory labor]

We seek to increase the Company's positive E&S impact through ongoing tracking, monitoring and improvement of the whole supply chain activities, whereas concurrently focusing on high performance management decision making.

To this end, we have a series of policies and programs, such as the Duratex Supplier Management Program (GFD). Set up 8 years ago, the GFD assesses strategic suppliers based on environmental, social, economic and quality criteria, and seek to provide them with conditions to promote in-company changes and manage supply chain risks. This assessment comprises 7 dimensions: ethics



and human rights, labor, compliance, relations with surrounding communities, health and safety, environment, and management.

Duratex suppliers are rated within a criticality matrix, based on risks posed and materiality to the operation. Suppliers deemed as critical and very critical are construed as being strategic and invited to take part in the GFD program, grouped by area of operation.

The whole process is supported by an external consultancy firm (Gestão Origami) mainly operating as interface with suppliers, notably in assessments and in-person field visits (remote visits in the 2020 cycle). Accordingly, we seek to ensure impartial assessments, with no interference of commercial or other bias in the supplier assessment process.

The whole program is defined, adjusted and validated by an internal Committee with members from the Supply, Sustainability, Internal Controls and Communication departments – with the possible definitive or temporary inclusion of other Company's departments. Data are stated in the GFD Result Report, prepared every year.

In 2020, 220 suppliers were mapped and selected. Of this total, 192 responded

to the self-assessment questionnaire, accounting for 54.0% of the spend of Duratex (surpassing annual amount of R\$1.8 billion). 34 companies were visited remotely in view of the pandemic scenario.

We kept a good performance average in the program, with consolidated score of 7.3 in a 0 to 10 scale. No suppliers had score below 5 in this mapping.

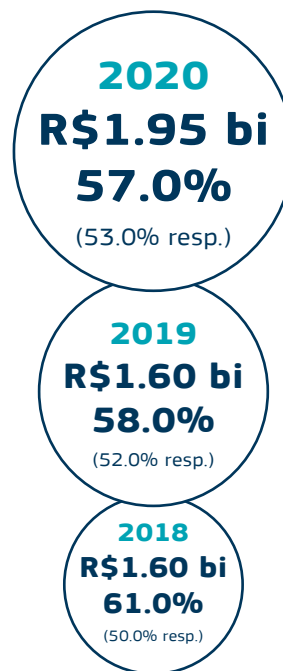
All participants were provided with feedback reports with suggestions for improvement. We recognized outstanding suppliers based on the best practices by category by granting awards at an online event.

This program does not include the Colombian supply chain, although it considers multinational companies that serve both Brazil and Colombia. The Colombia unit has a proprietary methodology, which assesses as critical any supplier with nonconformities that may compromise the occupational safety or the environment, which will then give rise to an action plan.

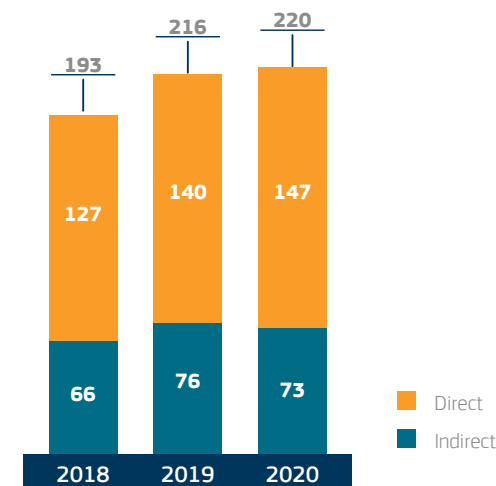
Concurrently to the GFD, since 2017 we have kept a due diligence system for wood procurement purposes. This is aimed at ensuring compliance of non-certified wood (including foresting) with labor, environmental, land, tax and occupational

health and safety legislations, criteria that are the basis for future certification. Suppliers in disagreement with these requirements may either execute action plans to address any failures or have the supply suspended until regularization, based on the seriousness of the situation. In critical cases, the supplier may be subject to termination of contract.

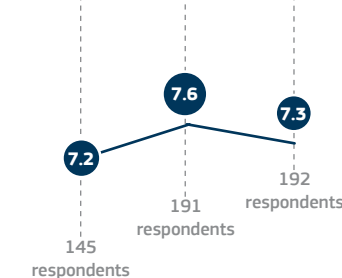
Representativeness in the Spend of Suppliers



Suppliers Selected for the GFD



Progress of Performance*



* Performance score (0 to 10 scale).

 **LEARN MORE ABOUT the GFD Results Report 2020 here.**

[103-2 and 103-3: Supplier environmental assessment]



Existence of an environmental management system;



Occurrence of environmental violations or complaints;



Waste management and disposal (waste reduction initiatives and targets);



Atmospheric emissions;



Biodiversity (impact of operation on biodiversity and conservation actions);



GEE emissions (emission reduction initiatives and targets);



Noise;



Water (access to quality water in the volume required, consumption level, consumption reduction targets, disposal of effluents and occurrence of significant leakages);



Environmental source of wood (for sectors using native wood);



Energy efficiency of energy matrix, initiatives towards energy conservation (for energy sector);



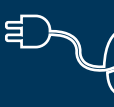
Use of renewable or recycled raw materials;



Monitoring 2nd chain level;



Freight effectiveness (for transport sector);

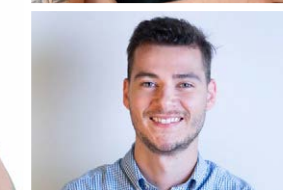


Energy (access to energy in the volume and quality required, consumption level, consumption reduction targets, energy matrix); and



Products and packing recovery initiatives.

SOLUÇÕES PARA MELHOR VIVER



Solutions for Better Living is our purpose as a company, based on the delivery of wellbeing to our customers. This is what guides us in all our business strategies as well. Our goal is to drive investments, projects and efforts to understand what people need and offer solutions, more than just quality products.

Products and Services

Technology and innovation have driven the launch of products and the improved customer journey in 2020 in all our busi-

ness divisions, in line with our [digitalization and innovation strategy](#).

With respect to products, we were the 1st company in Brazil – in fact the only one so far – to announce coated wood panels and laminated floors with antibacterial and antiviral surface protection, including against enveloped virus, which is the case of the novel coronavirus.

One of the novelties in the Ceramic Tiles division is our closeness to customers. In line with one of the **top trends in world retail, that is the omnichannel** (which integrates physical and virtual stores), brands Ceusa and Portinari launched its first **smart store** in the city of Porto Alegre (State of Rio Grande do Sul).

Protecto Plus: the 1st flooring with antiviral surface protection in Brazil

Duratex is the 1st company in Brazil to have coated wood panels and laminate floors with antibacterial and antiviral surface protection, including enveloped virus, which is the case of the novel coronavirus. Launched in 2020, this technology also offers protection against stains and bad odor caused by mold, thus extending the useful life of the product.

Named Protecto Plus, this technology uses a silver-ion additive in its composition to optimize the antiviral effect. It was developed by a specialist nanotechnology company.

This product was tested and approved by independent external labs, following recommendations of ANVISA, the Brazilian Health Surveillance Agency, ISO 21702

(Measurement of antiviral activity on plastics and other non-porous surfaces) and EN 14476 (Chemical disinfectants and antiseptics – Quantitative suspension test for the evaluation of virucidal activity in the medical area) methodologies, reaching 99.9% in the ensuing minutes. There are over 100 Duratex-branded coated panel patterns and other 50 Durafloor-branded laminated floors featuring this innovation.



This new format brings together digital and conventional resources of physical stores to widen and improve the customer experience. The consumer may take digitalized pictures of the room they want to decorate or renovate and these images are projected on a panel that simulates any brand coating model, so that they can have an accurate perspective of how the interior will look like after it is ready. Additional 50 units in points-of-sale of top customers are expected to be implemented.

In addition to the advancements in the purchase experience field, the Division has launched about 220 new Portinari and Ceusa brand products.



The highlight of them all was the **grand format**. Collections of its own production with **pieces in 120 x 120 cm and 80 x 160 cm formats offer more visual comfort and cleanness with the reduction of seams between pieces**, bringing amplitude to the room and modernity through different patterns and designs of natural materials.

These **products launched by Ceusa** feature technologies such as **monotom, which produces lots with exactly the same color** at all times, without the risk of lots presenting different tones, and **monocalibere**, with rectified coating and tiles with a **single size for all lots**. The convenience is that the size stated in the packing is exactly the same of the manufactured product, regardless of the lot.

At **Portinari**, innovation has another name: **Dry Laying**, a solution that enables the **laying of our tiles without gaps between pieces**, just leaning one piece against the other, with no need of joints. This gives more amplitude to the room, bringing the feeling of a seamless panel with no dirt built upon on the joints. In 2020, not only the new collections, but most of other portfolio products now feature this different technical edge.

At **Deca Division**, we launched the **1st brand marketplace**, a project just sped up due to the pandemic and that has put us in direct contact with our customers. Furthermore, it is worth mentioning that the 2020 line has introduced pieces with the signature of architects Arthur Casas, Ricardo Bello Dias, Osvaldo Tenório, and Jader Almeida, who align design to durability and sustainability.

Brand **Hydra joined the water purifier category** by offering a line of electric faucet water purifiers, which is the first 3-in-1 product in the market: hot, cold, and filtered water.

In 2020, Deca also introduced new products that offers more comfort and hygiene, such as high-tech bowls and the coupled box, in which the flush is activated by a sensor by simply waving the hand over the sensor button. In the face of consumers' new habits and needs along 2020, Deca has speed up the development of bathroom fixtures activated by proximity sensors. These are 6 new product lines that ally all Deca design to top technology and may be used in residential or business environments, offering hygiene and convenience, without ever giving up the design.

Conscious Customers |102-43|

Helping customers make conscious and sustainable choices is part of our history. Bearing this in mind, since 2013 we have counted on the Deca ProÁgua program, with the commitment to helping residential, commercial and industrial customers make a smarter and more efficient use of water at home and businesses.

The proposal consists of offering solutions to save water or enable its reuse and may be installed in the room chosen by the consumer. Designed by Deca's professionals, these projects are customized and developed after analyses of the users' consumer habits. Since its outset, the Deca ProÁgua program has already developed over 600 projects, of which 127 were performed in 2020.

In face of the pandemic, we were forced to discontinue some projects in progress and in-person programs aimed at the awareness-raising and sustainable use of natural resources, such as the *Descarte Consciente* (Conscious Disposal) initiative, in order to ensure the safety of our professionals and customers. These initiatives are expected to be resumed in due course.

Customer Relations

|102-43, 103-2 and 103-3: Market presence|

Dialogue with customers is part of Duratex's Way of Being and Doing as an important tool for understanding demands and anticipating trends. As part of our Relationship Policy, our business Divisions have Customer Committees that organize quarterly in-person meetings with the main partners of each department. Due to the need for social distancing, in 2020 these meetings began to be held via conference calls.

Due to the agility and convenience of this tool - considering that not all partners live in the same city - these meetings have become monthly and more efficient, both to strengthen relationships and achieve a more updated panorama of the sector and better capture market trends. Therefore, we will keep on this strategy in the post-pandemic world. Another novelty in the year was the set-up of a unified customer service for all brands and Divisions, providing an opportunity for customer service synergy and customization.

The strengthening of our stakeholder relations guided our actions at all Divisions in 2020.

In addition to the attention given to customer demands, we work to give more support in the face of the pandemic.

The Wood Division offered online training for woodworkers, architects and influencers in Brazil and Colombia, so they could get to know and install panels, floors and finishing with more safety. This relationship was strengthened with the implementation of a commercial execution model adapted for remote service and, for that purpose, over the year 45 training sessions were carried out with the field teams. As a way of recognizing architects and designers, the Division launched the Arqué Award, which had 2,200 registrations and reached out to 478 thousand people in its 1st edition.

Deca Division provided free online qualification courses for plumbing installers across Brazil to encourage the development of professionals who have a direct relationship with the Division's products. 7 training courses are available with a 15-hour workload, with theory and practice on topics such as basic plumbing, timers, flush systems, bathroom fixtures

and fittings, douches and showers. Members of the Deca/Hydra Installers Club also accumulate credits after the completion of each module, which can be reverted to discounts and rewards. The Division also strengthened its partnership with customers by extending payment terms.

The Ceramic Tiles Division held daily meetings to monitor the situation and the focus was on planning actions to leverage sales, shipments and production, in addition to offering and providing facilitated conditions to customers.

We revisited the customer benefit programs not only to preserve our relationship, but also to expand it. We held live streaming events on Ceusa and Portinari brands social medias, bringing content to our customers and specifiers, and we also develop virtual training sessions with the expansion of the Distance Learning system.



Unification of the Customer Service for all brands and Divisions;



Online training for woodworkers, architects and influencers in Brazil and Colombia, organized by the Wood Division;



Creation of the Arqué Award by the Wood Division, to recognize architects and designers;



Free online qualification courses for plumbing installers in Brazil, organized by the Deca Division; and

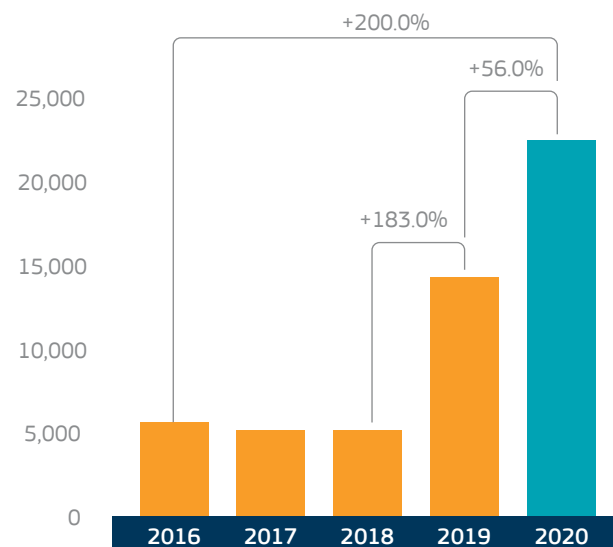


Live streaming events on social medias to promote the Ceusa and Portinari brands.

Shareholders Relations

As a publicly-traded company, Duratex has a team dedicated to managing relationships with shareholders and general investors in its Investor Relations department. This department constantly seeks to improve the way it relates to specific groups, such as bank and investment fund analysts, pension funds and individuals.

Individual shareholders



In the last 5 years, Duratex has gained a lot of visibility before individual shareholders, with this group soaring over 200.0% in our base. This change required the improvement of materials, revision of information on the Investor Relations website and even new ways of disclosing information.

To hold on our shareholder engagement, Duratex discloses its results on a quarterly basis and holds an open conference call in Portuguese and English with participation of the CEO, CFO and the heads of the Business Divisions. Furthermore, to keep shareholders updated on its strategy and prospects, since 2019 the Company has held the Duratex Day, with live streaming transmission (via YouTube) in Portuguese and English, as an evolution of its annual public meeting. **[102-43]**

Following the provisions of Official Letter No. 7/2020-CVM/SEP, we have disclosed notices to the market about all public events where our management members address issues that may be of interest to the general public. For everyone to have

access to this information, a video tab has been included on the Investor Relations website ([please learn more here](#)), with the history of all events, as well as curiosities and processes about the business Divisions.

The Company monitors closely the forums and discussions on expectations and how to disclose information, indices and ratings that may influence the decision-making of investors and institutions. It thus evidences Duratex's commitment to seek the best management practices and its engagement in view of initiatives that may interfere in its business – both positive and negative ones. **[102-15]**

It is attentive to sustainability trends and discussions, which are increasingly in evidence, and to the stances of companies faced with the needs of society. To this end, in 2020 we started discussions to revise our sustainability strategy, seeking not only the company's commitment to targets, but also its engagement with measures that are related to Duratex's materiality and purpose. **[102-15]**



Natasha Utescher

Investor Relations Manager

Consumer Health and Safety

[103-2 and 103-3: Consumer health and safety, 416-1]

At Duratex, the concern and commitment to the health of consumers permeate all of our processes. The procedures adopted by the Company ensure that products meet internal standards even stricter than external normative requirements, being attested daily through tests carried out by a qualified technical department, ensuring the best performance in terms of use, greater durability and customer satisfaction.

At the Wood Division, all products meet the requirements of the Brazilian Standards (NBRs) that attest to their quality through statistical tests, meeting 100.0% of specifications. As part of the Company's quality policy, we actively participate in the review of NBRs through technical committees under the Brazilian Tree Industry (IBÁ). Associated companies discuss topics under revision with reputable third-party institutes and entities, such as the Institute for Technological Research (IPT), and leading universities.

At Deca Division, our products are developed in compliance with the Brazilian Technical Standards Association (ABNT) requirements, in relation to both general and specific standards for each product. We participate in study committees in the segments in which we operate, in the Brazilian Habitat Quality and Productivity Program (PBQP-H) – in which civil construction products are analyzed –, in the IPT program for labeling electric showers, and the National Institute of Metrology, Quality and Technology (INMETRO) mandatory certifications for faucets with water filters.

Ceusa and Portinari branded porcelain and ceramic tiles are quality certified by conformity audits conducted in the production processes. These audits take place every three months through laboratory tests at INMETRO-certified institutions, in which the compliance with requirements of current technical standards and ordinances are evaluated.

Taxes

[103-2 and 103-3: Taxes, 207-1, 207-2]

The purpose of the Company's Tax department is ensuring strategic compliance via implementation of intelligent processes that ensure sustainable information and tax efficiency in operations, sharing and managing results in an assertive and transparent way.

This department is responsible for managing tax matters; calculate and pay taxes, evaluate and implement opportunities; manage risks, meet inspections; and carry out administrative and judicial proceedings, in addition to carry out institutional initiatives with government agencies and sectoral entities. Duratex's tax governance is concentrated in the areas of Corporate Tax, Shared Service Center (CSC) and Tax Legal.

The Tax department's goal for the coming years is to automate tax calculation and payment processes, aiming at more reliable, quicker and sustainable information and the safe registration of processes and storage of information and documentation storage.

Moreover, under this transformation plan, we work more closely to sectoral representation entities and government bodies to anticipate possible impacts and monitor new decisions and trends. Accordingly, two specific cells were set up in 2020: Coordination of Tax Innovation and Coordination of Government and Institutional Relations.

[207-3]

Our conduct in the Tax area is guided by the following guidelines:

1

Performance 100.0% integrated with internal policies (Duratex's Way of Being and Doing);

2

Efficient and sustainable processes;

3

Performance integrated as a business partner, rather than as back office;

4

Transparent reporting and analysis of data and facts for obtaining opinions;

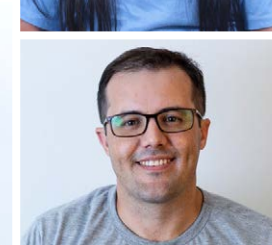
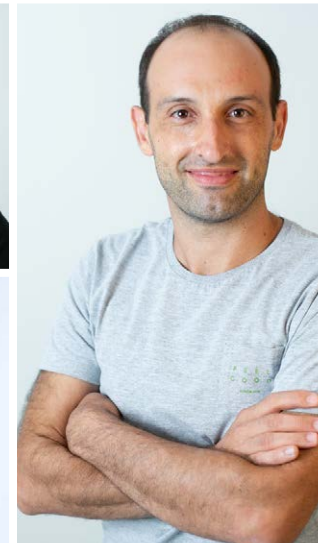
5

Keeping the Company's fiscal regularity; and

6

Seeking the courts for reparations of undue tax collection.

RESULTADOS FINANCEIROS



Economic-Financial Performance [103-2 and 103-3: Economic performance]

Net Revenue

The rapid recovery of demand and pricing adjustments that occurred throughout 2020 made it possible to offset the impact of the disruption of economic activities in 2020, and close the year with R\$5,879.6 million in net revenue, up 17.3% on a year-on-year basis. 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.

Cash Flows

We closed the year with a historic result: the Company generated R\$1,128.8 million of Sustaining Free Cash Flow (ex projects), when disregarding non-recurring events, including the investment in the LD Celulose construction project. Working capital reached R\$484.7 million at the end of 2020, up 179.2% on a year-on-year basis. This is a result of the 50-day reduction in the cash conversion cycle, with emphasis on the continuing strong work with suppliers, reduction of inventory levels of finished products and increase in average receipt term, even with the impact of postponements by customers in the second quarter, the most critical months of the pandemic.

Investments

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.

Underlining the focus on a differentiation strategy, R\$55 million was invested in the purchase of Low Pressure (BP) equipment to the Wood Division. This piece of equipment should start operating in October 2021 and will allow the expansion of the coating raw plates capacity, with no impact on nominal capacity.

Based on international funding, we also made an important contribution to the construction of our dissolving wood pulp unit in Minas Gerais, LD Celulose, in the amount of R\$523.1 million.

Indebtedness

At the end of the year, Net Debt totaled R\$1,477.3 million, resulting in a drop in the leverage ratio to 1.2 times Net Debt/ Adjusted and Recurring EBITDA in the last 12 months, below the mark of 1.9 times Net Debt to Adjusted and Recurring EBITDA in 2019. This decline was driven by consecutive operating records, strong cash generation and the 41.7% increase in Adjusted and Recurring EBITDA in 2019.

Faced with the pandemic, Duratex raised R\$1.6 billion to guarantee liquidity in a year of uncertainty, including to ensure the continuity of projects. In view of the historical results reached in 2020, we reassessed our indebtedness in line with our liability management strategy, with the aim of re-



ducing the cost of debt and increasing the settlement period. Thus, we prepaid part of the amount raised at the outset of the crisis - in the principal amount of R\$510 million in the year-to-date. Average cost of funding closed the year at 147.3% of Interbank Deposit Certificate (CDI) (2.95% p.a.), and average maturity is 3.2 years.

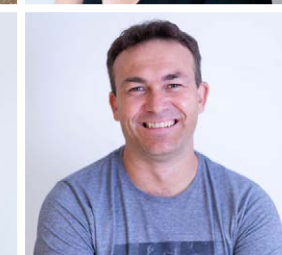
Added Value [201-1]

Economic Performance

Year-to-date, the added value totaled R\$2,201.1 million. Of this total, R\$620.3 million (28.2%) was allocated to federal, state and municipal governments as taxes and contributions.

Added Value Distribution (DVA) [201-1]	2020	2019	2018
	In millions of Reais		
Total amount to be distributed	2,201.1	2,001.7	2,101.4
Employees (compensation, benefits and charges)	858.6	790.6	776.9
Government (taxes, fees and contributions)	620.3	542.6	620.5
Financing (interest and rent)	268.3	262.9	272.2
Shareholders (interest on capital)	454.0	405.7	431.8

METAS DE SUSTENTABILIDADE



Goals for 2025 Sustainability Strategy ^[102-15]

Pillar	Topic	Target	Status	Comments
People	WORK CONDITIONS AND DEVELOPMENT OF EMPLOYEES	To have an accident frequency rate with time off equal to or below one for our own and third-party employees.		The Accident Frequency Rate decreased by 14.2% and reached 1.8.
		To have a rate of adherence to the new culture equal to or higher than 85.0%.		The indicators measured by an independent consulting firm already exceeded the projected target. This goal is under review.
		To be among the best companies to work for.		The last survey was carried out in 2019 and met expectations (it is carried out every two years). Next survey will be carried out in 2021.
		For 80.0% of leaders to be recognized for honest and open dialogue and personnel development.		Result measured by evaluating the skills in the year.
		To have 70.0% of vacancies filled through internal transfers.		With the consolidation of Duratex's Way of Being and Doing Things, and the periodic culture qualitative assessment, the selection process is under review and new actions are being developed and implemented to improve the indicator.
	ENGAGEMENT OF CUSTOMERS AND CONSUMERS	To have 50.0% of the portfolio of products using the co-creation model (10.0% at Ceramic Tiles).		Cocreation expectations were exceeded in the Wood and Ceramic Tiles business and in Deca some significant initiatives were implemented focusing on portfolio development.
		To have 90.0% of woodworkers, installers and electricians to be qualified/trained.		Even in an atypical year, we managed to reinvent contents and tools to reach our stakeholders. Over 10,800 people were trained, including the three business Divisions. In the Ceramic Tiles division, a new project on training and relationship is being developed to bring our stakeholders even closer.
		To be the favorite brand of 60.0% of woodworkers and 70.0% of plumbing installers and electricians.		Engagement actions with professionals have brought these stakeholders closer. The highlight is the excellent feedback evaluation of the Clube Duratex (Duratex Club), Wood division.
		To have 20.0% of revenue from Authorized Technical Assistance Centers of the Wood division to come from new services.		Increased revenue from Authorized Technical Assistance Centers of the Wood division, driven by services made available by Durafloor, exceeded the forecast.
		To be recognized by 90.0% of domestic market consumers by its sustainability and innovation features.		In the Wood division, it is worth mentioning the positive evaluation of woodworkers, architects and customers in the Arqué award, a Duratex's initiative aimed at encouraging innovation and creativity. In the Deca division, increased revenue was driven by new products.
		To be recognized by 50.0% of foreign market consumers for its sustainability and innovation features.		The challenges of this goal are under revision, taking into account that Duratex has already achieved some goals focused on the foreign market.
		COMMUNITY RELATIONS AND LOCAL DEVELOPMENT	To have approval rate of 80.0% for the community engagement process.	
	To have 100.0% of supervisors exposed to a local community experience.			During the pandemic, supervisors could not actively take part in initiatives in the local communities and Dialogue Circles. However, they were involved in the COVID-19 pandemic relief efforts.
	To have ten employees per operating unit acting as agents of engagement, qualified to hold a dialogue with the community.			The Agentes da Gente (Our agents) Program trained and qualified groups of agents in all business units and, in 2020, included the new Ceramic Tiles units.
	To influence 2 public policies (approved) per location where Duratex is present.			We worked on developing and approving the 1 st Municipality Plan to fight sexual exploitation of children and adolescents in the city of João Pessoa (State of Paraíba).
	To have a 75.0% recognition for its environmental and social responsibility within the communities where operating units are present.			The perception surveys in the communities were suspended due to the Covid-19 pandemic.
	To measure and report positive impacts in 100.0% of the communities where operating units are present.			Through our system of internal and external communication, the company's social investment plan and the local results achieved are disclosed in a transparent manner and can be consulted.

Pillar

Topic

Target

Status

Comments

Processes

ECOEFFICIENCY

To reduce the relative water consumption by 10.0% (20.0% at Ceramic Tiles).



Even with the inclusion of the Portinari business in the Ceramic Tiles division, the share of the Panel business in absolute water consumption is still the highest in the Company. The reduction in relative water consumption of the Panel business has already significantly exceeded the target set for the year, which generally impacted the Company's results for this indicator.

To reduce the relative disposal of waste in landfills by 20.0% (100.0% at Ceramic Tiles).



This indicator was significantly improved compared to the expectation, in the three business divisions.

To have 95.0% of the energy mix from renewable sources to generate thermal energy at the Panel division (by 2018).



The consumption of energy from renewable sources to generate thermal energy at the Panel division has already exceeded the target set.

To reduce the relative energy consumption at Deca, Hydra and Ceramic Tiles by 20.0%.



The bathroom fixtures business accounted for a significant share in the absolute energy consumption at Deca | Ceramic Tiles divisions and significantly reduced the relative energy consumption, exceeding the expected for the year.

To take into account environmental and social criteria in 100% of new projects development.



The approach to environmental and social criteria in new project development is under analysis.

To perform the Life Cycle Assessment (LCA) for the product with the highest volume in each business



Proceeding with the Life Cycle Assessment projects already performed at the Bathroom Fittings and Fixtures divisions, in 2020, we revised the system and discussed on improvements to extend the assessment to the Ceramic Tiles division. In 2020, we carried out a life cycle inventory and assessed the environmental impacts on 15 mm MDF panels.

To implement an environmental and social program within 2 years at the acquired companies.



The first implementation stage of the Portinari's Environmental and Social program was completed.

CLIMATE CHANGE

To reduce absolute GHG emissions at Duratex by 25.0% (Scope 1).



We exceeded the target set for the units involved in the projection made when the Sustainability Strategy was defined. We are revising our GHG emissions targets in compliance with Duratex's strategic planning and the global challenge to reduce emissions. The new emission targets will be published in 2021.

To reduce the relative GHG emissions at Panel division by 50.0% (Scope 1).



The progress in reducing the relative emissions by business division has exceeded the planned reduction. Our GHG emissions targets in compliance with Duratex's strategic planning and the global challenge to reduce emissions are under review. Duratex's new emission targets will be published in 2021.

To reduce the relative GHG emissions at Deca and Hydra by 10.0% (Scope 1).



We expanded the assessment of emissions from waste processing at the industrial units, as well as the calculation of emissions from the production of raw material and transportation of finished products, and expanded the calculation of emissions from waste disposal.

To increase measurement of Scope 3 emissions by 50.0%.



The reduction in the use of pesticides exceeded the target set for the year. Noteworthy is the improved quality of pesticide application processes and technology.

To use 5.0% fewer pesticides per effectively planted hectare, maintaining desirable production levels.



The target has been continuously exceeded.

To reduce water consumed by irrigation by 50.0% per hectare of crops.



To influence 100.0% of neighboring landowners of conservation areas larger than 500 hectares and in a radius of 2 km to use regional connectivity.



The surrounding areas of Duratex's farms (5 km) were analyzed and no portions of native vegetation in an area larger than 500 hectares were found. New analyses will be carried out as other areas are acquired or leased.

SUSTAINABLE FOREST
MANAGEMENT

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



The involvement with these stakeholders exceeded the target for the year. We adopted procedures to manage potential social impacts and an application to facilitate interface with the community.

To double genetic bases.



Genetic bases have been expanded as planned, which is inherent in the forest business, and the target was exceeded.

To ensure that management of 100.0% of our own areas is certified.



97.5% of our own areas are certified. Five farms were included in the certified scope in 2020. The remaining areas are newly acquired farms or farms with young forests.

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












Dry mass has been increasing as planned, which is inherent in the forest business, and the target was exceeded.




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



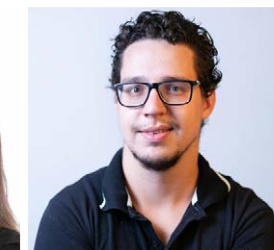
Over 2020, actions with the first group of producers were carried out aimed at adjusting them to certification requirements. The external audit carried out in November 2020 recommended the certification of 20.1% of the areas.

Pillar	Topic	Target	Status	Comments
Processes	RESPONSIBLE SUPPLY CHAIN	For 80.0% of strategic suppliers to have a performance rate equal to or above 8.		59.0% of the critical suppliers are rated above 7, and 25.0% of them are rated above 8. In this cycle, new suppliers of the Ceramic Tiles business were included. The pandemic scenario has made progress difficult and even resulted in a lower rate for some suppliers. The suppliers overall average rate was 7.3.
		For 100.0% of strategic procurement to take into account environmental and social criteria.		All the strategic procurement processes were assessed based on environmental and social criteria.
		For 100.0% of critical suppliers to be assessed up to the 2 nd level of the supply chain.		An analysis methodology was developed for the 2 nd level of the supply chain. Out of Duratex's critical suppliers, 19.0% have formal assessment programs for their related supply chains and 57.0% have specific assessments of supplier management.
PRODUCTS AND SERVICES	PRODUCTS AND SERVICES	For 100.0% of Wood products to have less Scope 2 emissions by 2018 and less Scope 1 emissions by 2021.		Migration to less Scope 2 emissions has been implemented since 2018, and emissions are still under control. For Scope 1 emissions, the deadlines for adjustments are under discussion.
		To develop two alternatives for renewable raw materials for the manufacturing of Deca and Hydra-products.		The use of renewable raw materials for product components at the Deca and Hydra division is being tested.
		To have a R\$20 million revenue from the ProÁgua services.		The program is in operation. However, the target planned for the year was not reached.
		For 100.0% of the Deca's portfolio of finished fittings and toilet bowls to be eco-efficient.		100.0% of the bathroom faucets and showers are eco-efficient and 32.0% of the toilet bowls are high performance products.
		For 25.0% of the sales volume at Hydra to be of eco-efficient products.		We are continuously working on the disclosure of this product category on the social media and points of sales (POS).
		To lead the implementation of a reverse logistics model.		Pilot projects for reverse logistics have been developed over the years. Our positioning regarding reverse logistics is under review.

Internal commitments for 2020:

-  Fulfilled or exceeded, with planned activities carried out.
-  Partially fulfilled, with planned activities partially carried out.
-  Not fulfilled, with planned activities postponed or not carried out.

ANEXOS GRI



102-8 – Information on employees and other workers

Number of Employees in the Operations in Brazil and Colombia, by Gender

	2020				2019				2018			
	Brazil ⁽¹⁾		Colombia ⁽²⁾		Brazil		Colombia		Brazil		Colombia	
	Number of employees	Percentage (%)	Number of employees	Percentage (%)	Number of employees	Percentage (%)	Number of employees	Percentage (%)	Number of employees	Percentage (%)	Number of employees	Percentage (%)
Men	10,225	80.1	424	79.0	8,181	82.7	436	80	8,804	83.1	424	79.3
Women	2,533	19.9	113	21.0	1,716	17.3	108	20	1,791	16.9	111	20.8
Total	12,758	100	537	100	9,897	100	544	100	10,595	100	535	100

(1) Data include all employees hired under the Consolidation of Labor Laws (CLT) and apprentices. Additionally, in 2020, we provided data on the entire Ceramic Tiles business, including Ceusa and Portinari brands, which increased total headcount.

(2) This does not include apprentices.

Number of Employees in the Operations in Brazil and Colombia, by Employment Contract

	2020				2019				2018			
	Brazil ⁽¹⁾		Colombia ⁽²⁾		Brazil		Colombia		Brazil		Colombia	
	Number of employees	Percentage (%)	Number of employees	Percentage (%)	Number of employees	Percentage (%)	Number of employees	Percentage (%)	Number of employees	Percentage (%)	Number of employees	Percentage (%)
Permanent employment contract	12,372	97.0	276	51.4	9,420	95.2	283	52.0	10,315	97.4	297	55.5
Fixed-term employment	386	3.0	261	48.6	477	4.8	261	48.0	280	2.6	238	44.5
Total	12,758	100	537	100	9,897	100	544	100	10,595	100	535	100

(1) Data include all employees hired under the Consolidation of Labor Laws (CLT) and apprentices.

(2) This does not include apprentices.



Number of Employees in the Operations in Brazil by Employment Contract and Gender

	2020								2019								2018							
	Brazil				Colombia				Brazil				Colombia				Brazil				Colombia			
	Permanent employment contract	Percentage (%)	Fixed-term employment	Percentage (%)	Permanent employment contract	Percentage (%)	Fixed-term employment	Percentage (%)	Permanent employment contract	Percentage (%)	Fixed-term employment	Percentage (%)	Permanent employment contract	Percentage (%)	Fixed-term employment	Percentage (%)	Permanent employment contract	Percentage (%)	Fixed-term employment	Percentage (%)	Permanent employment contract	Percentage (%)	Fixed-term employment	Percentage (%)
Men	10,013	80.9	212	54.9	192	69.6	232	88.9	7,864	83.5	317	66.5	206	72.8	230	88.0	8,335	83.8	469	72.8	222	74.7	202	84.9
Women	2,359	19.1	174	45.1	84	30.4	29	11.1	1,556	16.5	160	33.5	77	27.2	32	12.0	1,616	16.2	175	27.2	75	25.2	36	15.2
Total	12,372	100	386	100	276	100	261	100	9,420	100	477	100	283	100	261	100	9,951	100	644	100	297	100	238	100

Number of Employees in the Operations in Brazil, by Employment Contract and Region

	Brazil											
	2020				2019				2018			
	Permanent employment contract	Percentage (%)	Fixed-term employment	Percentage (%)	Permanent employment contract	Percentage (%)	Fixed-term employment	Percentage (%)	Permanent employment contract	Percentage (%)	Fixed-term employment	Percentage (%)
Northeast	3,040	24.6	128	33.2	2,254	23.9	99	20.8	2,334	23.5	77	12.0
Southeast	6,904	55.8	211	54.7	6,425	68.2	348	73.0	6,517	65.5	167	25.9
South	2,428	19.6	47	12.2	741	7.9	30	6.3	1,100	11.1	400	62.1
Total	12,372	100	386	100	9,420	100	477	100	9,951	100	644	100

Number of Employees in the Operations in Colombia, by Employment Contract and Region

	Colombia											
	2020				2019				2018			
	Permanent employment contract	Percentage (%)	Fixed-term employment	Percentage (%)	Permanent employment contract	Percentage (%)	Fixed-term employment	Percentage (%)	Permanent employment contract	Percentage (%)	Fixed-term employment	Percentage (%)
Barbosa Plant	88	31.9	70	26.8	100	35.3	73	28.0	117	39.4	61	25.6
Yarumal Plant	76	27.5	112	42.9	78	27.6	107	41.0	88	29.6	90	37.8
Manizales Plant	6	2.2	67	25.7	6	2.1	70	26.8	4	1.3	72	30.3
Head and regional offices	106	38.4	12	4.6	99	35.0	11	4.2	88	29.6	15	6.3
Total	276	100	261	100	283	100	261	100	297	100	238	100

Note: In this case, data are considered according to the regional distribution of the plants and forests (Barbosa, Yarumal, Manizales, etc.).



Number of Employees in the Operations in Brazil and Colombia, by Type of Employment and Gender

	2020								2019								2018							
	Brazil ⁽¹⁾				Colombia ⁽²⁾				Brazil ⁽¹⁾				Colombia ⁽²⁾				Brazil ⁽¹⁾				Colombia ⁽²⁾			
	Full-time ⁽³⁾	Percentage (%)	Part-time ⁽⁶⁾	Percentage (%)	Full-time ⁽³⁾	Percentage (%)	Part-time ⁽⁶⁾	Percentage (%)	Full-time ⁽³⁾	Percentage (%)	Part-time ⁽⁶⁾	Percentage (%)	Full-time ⁽³⁾	Percentage (%)	Part-time ⁽⁶⁾	Percentage (%)	Full-time ⁽³⁾	Percentage (%)	Part-time ⁽⁶⁾	Percentage (%)	Full-time ⁽³⁾	Percentage (%)	Part-time ⁽⁶⁾	Percentage (%)
Men	10,061	80.9	164	52.2	424	79.0	-	-	8,064	83.6	137	51.3	436	80.1	-	-	8,644	83.6	160	61.8	424	79.3	-	-
Women	2,383	19.1	150	47.8	113	21.0	-	-	1,586	16.4	130	48.7	108	19.9	-	-	1,692	16.4	99	38.2	111	20.7	-	-
Total	12,444	100	314	100	537	100	-	-	9,650	100	267	100	544	100	-	-	10,336	100	259	100	535	100	-	-

(1) Data include all employees hired under the Consolidation of Labor Laws (CLT) and apprentices.

(2) This does not include apprentices.

(3) Between 150 and 220 work hours per month.

(4) Up to 120 work hours per month – Brazil.

(5) Full-time employment in Colombia corresponds to a total of 240 work hours per month. There are no part-time employees.

102-34 – Nature and total number of critical concerns

Calls Received by the Ombudsman's Office, by Stakeholder

	2020	2019	2018
Employees			
Total calls received	242	298	378
Calls handled by the formal Ombudsman's Office process ⁽¹⁾	213	251	304
Issues generated based on forwarded calls	206	251	338
Suppliers			
Total calls received	38	60	70
Calls handled by the formal Ombudsman's Office process ⁽¹⁾	29	45	53
Calls forwarded to be handled by the 1 st level customer service	9	10	11
Calls not handled	5	5	6
Issues generated from calls formally handled by the Ombudsman's Office	29	45	53

(1) Other calls received were not handled due to insufficient information, complaint withdrawn by the complainant, solution before the beginning of the Ombudsman's Office process or complaints forwarded to the first level customer service.

Calls Handled by the Ombudsman's Office, by Type (%)

	2020	2019	2018
Consultation	0.7	1.0	2.6
Criticism	86.8	77.8	79.3
Complaint	12.5	21.2	15.9
Compliment	0	0	2.0
Suggestion	0	0.3	1.6
Total	100	100	100

Complaints Received by the Ombudsman's Office, by Status

Unidade operacional	2020	2019	2018
Under investigation	19	18	21
Inconclusive	12	15	11
Not investigated ⁽¹⁾	0	7	4
Legitimate	10	25	13
Illegitimate	-	17	13
Total	41	82	62

(1) Complaints associated with cases already analyzed or lacking sufficient information to be analyzed.

202-1 – Ratios of standard entry level wage by gender compared to local minimum wage

Operations in Brazil

Ratio of Entry-Level Wage to Minimum Wage

	2020		2019		2018	
	Men	Women	Men	Women	Men	Women
Number of workers paid their Industry's wage floor	882	661	803	423	587	498
Lowest amount paid as the industry's wage floor (R\$)	1,060	1,060	1,007	1,007	954	954
National minimum wage (R\$)	1,045	1,045	998	998	954	954
Ratio of entry-level wage to minimum wage (%)	101.4	101.4	101.0	101.0	100.0	100.0

Operations in Colombia

Ratio of Entry-Level Wage to Minimum Wage

	2020		2019		2018	
	Men	Women	Men	Women	Men	Women
Number of workers paid their industry's wage floor	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Lowest amount paid as the industry's wage floor (COL\$)	960,022	960,022	903,125	828,116	849,600	849,600
National minimum wage (COL\$) ⁽¹⁾	877,803	877,803	828,116	828,116	781,242	781,242
Ratio of entry-level wage to Minimum wage (%)	109.4	109.4	109.0	100.0	108.7	108.7

(1) The minimum wage in Colombia is determined by the Government and unions each January.

204-1 – Proportion of spending on local suppliers

Operations in Brazil

Proportion of Spending on Local Suppliers (in R\$)

	2020	2019	2018
Total spending on suppliers	3,338,674,230.7	2,701,312,844.1	2,635,900,406.9
Spending on local suppliers	727,131,669.5	584,114,888.5	499,955,443.0
Percentage of spending on local suppliers (%)	21.8	21.6	19.0

Operations in Colombia

Proportion of Spending on Suppliers (COL\$)

	2020	2019	2018
Total spending on suppliers	163,727,103,837.0	175,329,182,351.0	196,492,308,500.0
Spending on local suppliers	46,484,594,798.0	40,155,736,820.0	10,040,287,185.0
Percentage of spending on local suppliers (%)	28.4	22.9	5.1

205-3 – Confirmed incidents of corruption and actions taken

Cases of Private Corruption⁽¹⁾

	2020	2019	2018
Legitimate cases	–	–	2
Illegitimate cases	–	1	2
Inconclusive cases	–	1	–
Not investigated cases ⁽²⁾	–	–	2
Underinvestigation	–	–	–
Total private corruption-related complaints received	–	2	6

(1) No public corruption has been reported involving Duratex. The complaints reported are associated with private corruption related to misconduct and receipt of undue reward. Additionally, no legitimate case significantly impacted the Company's financial statements and information.

(2) Cases not investigated: complaints lacking sufficient information to open an investigation.

207-4 – Country-by-country reporting (Tax)

All tax jurisdictions where the entities included in the organization's audited consolidated financial statements, or in the financial information filed on public record, are resident for tax purposes.	Peru	U.S.	Belgium	Argentina	Colombia
i. Name of the resident entities;	Duratex Andina S.A.C.	Duratex North America INC.	Duratex Europe N.V.	Griferia Sur S.A.	Tablemac S.A.
ii. Primary activities of the organization;	Sale of wood products, bathroom fixtures and fittings.	Sale of wood products, bathroom fixtures and fittings.	Strictly administrative office, with no operations.	Activities terminated.	Manufacture and sale of wood products, bathroom fixtures and fittings.
iii. Number of employees and the basis of calculation of this number;	1, based on the payroll.	3, based on the payroll.	No employees, closed operations Compliance activities performed by third parties.	No employees, closed operations Compliance activities performed by third parties (Convexia).	537 employees and 20 interns, based on the payroll.
iv. Revenues from third-party sales;	5,018,334.1	121,126,415.9	-	-	585,049,974.6
v. Revenues from intra-group transactions with other tax jurisdictions;	-	-	-	-	-
vi. Profit/loss before tax;	156,934.5	-2,590,784.7	3,863,747.7	1,160,144.1	96,952,810.8
vii. Tangible assets other than cash and cash equivalents;	846,728.2	62,295,838.3	84,199,019.8	-	545,844,843.9
viii. Corporate income tax paid on a cash basis;	-49,828.0	-451,670.6	-687.7	-	-29,771,255.5
ix. Corporate income tax accrued on profit/loss; and	-49,828.0	165,806.9	54,821.8	-	-25,578,282.5
x. Reasons for the difference between corporate income tax accrued on profit/loss and the tax due if the statutory tax rate is applied to profit/loss before tax.	Specific non-deductible expenses.	N.A.	Equity accounting.	Result arising from reversal of provisions.	Temporary adjustments (provisions and biological assets).
The time period covered by the information reported in Disclosure 207-4.	FY 2020	FY 2020	FY 2020	FY 2020	FY 2020



301-1 – Materials used by weight or volume

Materials Consumed by Deca (Bathroom Fittings and Fixtures)

Materials from renewable sources(metric tons)	2020	2019	2018
Paper and cardboard packaging	2,493.4	2,407.6	2,185.4
Wood packaging	5,740.2	3,896.5	3,885.9
Total consumption of materials from renewable sources	8,233.6	6,304.1	6,071.2

Non-renewable materials (metric tons)	2020	2019	2018
Plastic packaging	587.8	540.6	513.9
Chemicals	1,268.6	1,109.2	1,137.0
Plaster	6,812.0	7,847.0	8,402.5
Raw material for glazing ⁽¹⁾	1,840.7	2,114.0	2,513.5
Raw material for mass ⁽²⁾	79,326.3	48,050.3	53,189.0
Molding sand	1,757.3	1,828.0	1,951.2
Clamshell	15.5	14.1	16.5
Bronze casting	7,952.1	12,891.0	14,862.1
Brass casting	4,225.1	6,866.5	8,408.3
Brass	4,551.4	3,600.6	3,869.1
Plastic	1,699.5	1,500.0	1,601.8
Zamac	680.2	573.6	557.2
Total consumption of non-renewable materials	110,716.6	86,935.9	97,021.8

Percentage of renewable materials	2020	2019	2018
Total consumption of renewable and non-renewable materials (metric tons)	118,950.1	93,240.0	103,093.1
Percentage of renewable materials (%)	6.9	6.8	5.9

(1) Raw materials for glazing include dyes, feldspar, silicate, carbonate and zinc oxide.

(2) Raw materials for mass include kaolin, clay, crushed stone, granite, quartz and phyllite.

Non-renewable materials (unit)	2020	2019	2018
Imported components	15,639,112.0	16,821,001.0	15,825,458.0
Domestic components	96,368,967.0	86,143,288.0	83,357,661.0
Flapwheels and flapdiscs	134,408.0	149,188.0	144,367.0
Total consumption of non-renewable materials	112,142,487.0	103,113,477.0	99,327,486.0

Materials Consumed by Deca (Hydra)

Renewable materials (unit)	2020	2019	2018
Paper and cardboard packaging	34,690,953.8	18,014,524.5	24,507,127.0
Total consumption of renewable materials	34,690,953.8	18,014,524.5	24,507,127.0

Non-renewable materials (metric tons)	2020	2019	2018
Steel	5.5	12.2	16.8
Resin	3,833.2	2,537.1	2,676.5
Brass strip	56.3	46.8	55.8
Resistance wire	135.0	103.9	104.3
Copper	26.3	8.8	13.1
Other	1.4	0.7	1.1
Total consumption of non-renewable materials	4,057.6	2,709.5	2,867.6

Percentage of renewable materials	2020	2019	2018
Percentage of renewable materials (%)	N.A.	N.A.	N.A.

Non-renewable materials (unit)	2020	2019	2018
Imported components	18,386,864.0	12,596,247.0	12,556,095.0
Domestic components	157,948,909.9	116,772,901.0	105,013,832.0
Total consumption of non-renewable materials	176,335,773.9	129,369,148.0	117,569,927.0

Non-renewable materials (meters)	2020	2019	2018
Wires, cables and isolation materials	11,689,265.7	9,476,381.5	10,266,116.1
Other	58,891.0	49,580.8	42,400.1
Total consumption of non-renewable materials	11,748,156.65	9,525,962.4	10,308,516.2

Materials Consumed by the Wood Division

Renewable materials (metric tons)	2020	2019	2018
Organic compound fertilizers	22,135.6	28,304.0	34,206.1
Processed wood (humid)	3,974,831.7	3,485,745.6	3,096,369.3
Sawn wood (humid)	-	-	4,233.4
Paper	11,839.9	10,836.3	11,072.4
Total consumption of renewable materials	4,008,807.2	3,524,885.9	3,145,881.2

Total consumption of renewable materials (metric tons)	2020	2019	2018
Traditional fertilizers	14,715.7	29,834.3	33,104.0
Paraffin emulsion	10,567.6	8,691.8	9,190.2
Formaldehyde	74,261.3	59,591.8	89,553.7
Lubricants	339.2	447.8	693.3
Melamine	5,364.4	6,116.1	5,632.6
Methanol	48,246.0	45,208.2	59,250.6
Resin	104,991.2	90,458.7	86,178.8
Aluminum sulfate	940.7	1,068.2	1,365.0
Ammonium sulfate	2,136.3	2,019.9	2,109.7
Paint	20.6	64.2	1,374.4
Urea	69,067.0	63,524.9	87,236.7
Other materials	6,399.5	9,368.5	10,085.5
Total consumption of non-renewable materials	337,049.3	316,394.4	385,774.5

Percentage of renewable materials	2020	2019	2018
Total consumption of renewable and non-renewable materials (metric tons)	4,345,856.5	3,841,280.2	3,531,655.8
Percentage of renewable materials (%)	92.2	91.8	89.1

Materials Consumed by the Ceramic Tiles Division

Renewable materials (metric tons)	2020	2019	2018
Paper packaging	3,564.3	636.0	692.8
Pallets	14,415.4	2,296.8	2,291.1
Total consumption of renewable materials	17,979.7	2,932.8	2,983.9
Non-renewable materials (metric tons)	2020	2019	2018
Raw material for mass ⁽¹⁾	622,427.4	164,076.6	152,816.7
Deflocculants	1,390.0	1,251.7	1,256.3
Mass additives	75.6	52.1	55.9
Raw material for glazing ⁽²⁾	22,259.4	4,601.0	4,587.0
Inorganic dyes	47.7	11.8	18.8
Digital inks	125.2	43.3	46.7
Granilha (high resistance glass) and vitrosa ceramic coatings	427.8	155.3	266.4
Precious metals	0.01	0.01	0.03
Vehicle sand glues	512.7	142.4	133.0
Glaze additives	31.2	1.5	8.8
Water proofing	0.5	2.8	9.6
Plastic packaging	219.6	-	-
Total consumption of non-renewable materials	647,517.1	170,338.4	159,199.3

(1) Raw materials for mass include clays, kaolins, feldspar, phyllite and argillite.

(2) Raw materials for glazing include glazes, engobes, micronized materials and crude raw materials.

Percentage of renewable materials	2020	2019	2018
Total consumption of renewable and non-renewable materials (metric tons)	665,496.8	173,271.2	162,183.2
Percentage of renewable materials (%)	2.7	1.7	1.8



Materials Consumed in Colombia

Renewable materials (metric tons)	2020	2019	2018
Processed wood (humid)	276,664.4	343,256.2	376,936.1
Paper	924.2	906.4	1,074.7
Total consumption of renewable materials	277,588.6	344,162.5	378,010.8

Non-renewable materials (metric tons)	2020	2019	2018
Traditional fertilizers	479.5	-	-
Paraffin emulsion	1,451.8	1,637.2	1,684.0
Formaldehyde	1,032.6	1,061.8	1,543.3
Lubricants	17.8	49.8	48.6
Melamine	2,275.3	2,269.1	2,189.4
Methanol	7,453.3	8,171.1	8,536.0
Resin produced internally	23,620.6	27,060.1	30,747.9
Resin acquired externally	167.3	199.6	1,109.8
Paint	11.2	2.9	3.3
Dyes	79.4	38.7	38.2
Urea	7,964.2	9,612.5	10,241.5
Other materials	259.7	329.4	316.6
Total consumption of non-renewable materials	44,812.7	50,432.0	56,458.40

Percentage of renewable materials	2020	2019	2018
Total consumption of renewable and non-renewable materials (metric tons)	322,401.3	393,688.2	433,394.5
Percentage of renewable materials (%)	86.1	87.2	87.0

301-2 – Recycled input materials used

Business division	Reused materials (metric tons)	2020	2019	2018
Deca	Bronze casting	7,952.1	12,891.0	14,862.1
	Brass casting	4,225.1	6,866.5	8,408.3
	Zamac	680.2	573.6	557.2
	Polymers	-	-	100.0
	Unused mass	26,768.4	27,348.9	25,588.4
	Glaze	2,909.4	2,526.5	2,147.2
Ceramic Tiles	Reused resin (Hydra)	4.7	92.0	43.4
	Unused mass	56,039.4	11,339.1	9,262.8
Total reused materials		98,579.2	61,637.6	60,879.3
Total materials (301-1) of Deca/Hydra and Ceramic Tiles business		788,504.5	269,221.1	268,143.9
Percentage of reused materials (%)		12.5	22.9	22.7

302-1 – Energy consumption within the organization

	Energy consumption in Brazil (GJ)			Energy consumption in Colombia (GJ)		
	2020 ⁽¹⁾	2019	2018	2020	2019	2018
A. Energy generated through fuel consumption						
Acetylene	91.4	-	-	-	-	-
Biomass	3,037,439.6	4,356,304.8	5,600,065.3	234,101.8	360,379.7	110,610.1
Sub-bituminous coal	776,044.5	-	-	-	-	-
Diesel	252,134.9	291,100.8	331,571.5	6,551.0	9,365.4	9,292.0
Biodiesel	34,382.0	31,083.3	32,296.2	-	-	-
Ethanol	12,253.7	17,297.3	13,366.4	-	-	-
Natural gas	2,562,370.0	1,501,948.5	1,537,907.0	58,908.2	66,491.5	70,667.1
Gasoline	3,762.7	5,682.1	8,750.0	-	-	-
LPG	73,016.8	73,619.6	57,111.7	111,508.9	120,164.4	134,100.1
Heavy fuel oil (HFO)	54,094.6	41,925.8	274,860.7	-	-	-
Propano	563.8	-	-	-	-	-
Subtotal	6,806,153.9	6,318,962.2	7,856,801.5	411,069.9	556,400.9	324,669.3
Percentage of energy generated using renewable fuel (%)⁽¹⁾	45.3	69.7	71.9	56.9	64.8	34.1
B. Energy acquired						
Electricity – renewable source ⁽²⁾	2,315,519.5	2,105,171.1	2,610,207.0	146,814.9	187,946.7	188,176.2
Electricity – non-renewable source	578,879.9	380,829.4	437,976.0	34,438.1	28,084.0	28,118.3
C. Total						
Total energy consumed (A + B)	9,700,553.3	8,804,962.7	10,904,984.6	592,322.9	772,431.6	540,963.8
Percentage of energy from renewable sources to total energy consumption (%)	55.7	73.9	79.7	64.3	71.0	55.2

(1) For calculating the percentage of fuel from renewable sources, one takes into account fuel from renewable sources – ethanol, biomass and the shares of biodiesel (diesel) and of anhydrous ethanol (gasoline), in accordance with parameters of the National Petroleum, Natural Gas and Biofuel Agency (ANP) –, and the renewable electricity acquired.

(2) With regard to electricity from renewable sources, one takes into account the percentages of the Brazilian Energy Production Mix, stated in the monthly monitoring report of the Brazilian Electric System (December 2020), of the Brazilian Ministry of Mines and Energy. Duratex only acquires electricity (we do not sell it).

Notes: Data for coal, acetylene and propane started to be calculated in 2020.

At the units in Colombia ethanol, biomass, biodiesel and electricity are considered fuel from renewable sources. Duratex only acquires energy (it does not sell it).



303-3 – Water withdrawal

Operations in Brazil

Water withdrawal by source (m ³)	Water category	2020		2019		2018	
		Water stress		Water stress		Water stress	
		No	Yes	No	Yes	No	Yes
Surface water	Fresh water	668,795.5	-	158,602.1	-	1,535,348.5	-
Third-party water	Fresh water	262,995.6	53,320.0	256,479.5	52,384.0	300,591.1	41,698.0
Groundwater	Fresh water	2,553,814.8	-	2,604,397.3	-	2,498,306.9	-
Total		3,485,605.8	53,320.0	3,019,478.9	52,384.0	4,334,246.5	41,698.0

Operations in Colombia

Water withdrawal by source (m ³)	Water category	2020		2019		2018	
		Water stress		Water stress		Water stress	
		No	Yes	No	Yes	No	Yes
Surface water	Fresh water	123,429.4	-	142,860.9	-	122,983.9	-
Third-party water	Fresh water	5,254.7	-	6,498.4	-	13,051.1	-
Groundwater	Fresh water	9,559.0	-	5,387.0	-	5,139.0	-
Total		138,243.0	-	154,746.3	-	141,174.0	-

303-4 – Water discharge, by quality and destination

Operations in Brazil

Discharge by destination (m ³)	Water quality	Treatment level	2020		2019		2018	
			Water stress		Water stress		Water stress	
			No	Yes	No	Yes	No	Yes
Surface water	Fresh water	Primary and secondary	7,174.0	-	26,002.7	-	29,721.0	-
		Secondary	316,108.0	-	368,948.0	-	288,311.0	-
Third-party water	Fresh water	Primary	17,121.0	-	15,315.2	-	13,813.3	-
		Secondary	229,224.2	53,320.0	238,626.7	48,845.0	313,303.0	41,698.0
		Tertiary	79,095.9	-	71,896.0	-	48,182.0	-
		Untreated	553.0	-	266.0	-	874,658.0	-
Other	Fresh water	Primary	1,323.3	-	3,066.4	-	3,937.0	-
		Primary and secondary	3,260.4	-	7,472.0	-	5,201.0	-
		Untreated	-	-	253.0	-	-	-
Total			653,859.8	53,320.0	731,845.9	48,845.0	1,577,127.4	41,698.0

Operations in Colombia

Discharge by destination (m ³)	Water quality	Treatment level	2020		2019		2018	
			Water stress		Water stress		Water stress	
			No	Yes	No	Yes	No	Yes
Surface water	Fresh water	Primary and secondary	11,943.3	-	9,391.8	-	7,042.7	-
		Secondary	28,564.8	-	105,659.6	-	136,353.1	-
Total			40,508.1	-	115,051.4	-	143,395.8	-



304-3 – Habitats protected or restored

Operations in Brazil

Owned and Leased Forest Areas, by State (ha)

State	Ownership relation	2020			2019			2018		
		Planted forests	Improvements	Conservation	Planted forests	Improvements	Conservation	Planted forests	Improvements	Conservation
São Paulo	Leased	11,052.9	909.4	6,078.1	11,124.2	921.2	5,963.0	21,343.7	1,236.5	7,655.1
	Owned	40,783.3	2,741.5	16,485.5	43,560.9	3,003.9	17,652.6	52,986.1	3,479.5	19,681.0
Minas Gerais	Leased	28,519.1	1,610.2	17,837.7	75,396.0	3,712.2	29,532.0	76,084.4	3,320.5	28,978.8
	Owned	-	-	-	-	-	-	-	-	-
Rio Grande do Sul	Leased	1,554.0	189.2	808.3	1,555.9	190.8	804.8	1,555.9	183.4	812.2
	Owned	3,232.0	247.6	2,508.3	3,232.6	248.1	2,507.1	3,232.6	200.1	2,555.1
Total		85,141.2	5,698.0	43,717.9	134,869.7	8,076.2	56,459.5	155,202.7	8,420.0	59,682.2

Fostered Forest Areas, by State (ha)

State	Ownership relation	2020			2019			2018		
		Planted forests	Improvements	Conservation	Planted forests	Improvements	Conservation	Planted forests	Improvements	Conservation
São Paulo	Fostering	1,340.6	660.3	-	1,340.6	660.3	-	1,340.6	660.3	-
Minas Gerais	Fostering	-	-	-	542.0	267.0	-	542.0	267.0	-
Rio Grande do Sul	Fostering	13,864.7	11,343.9	-	13,694.6	11,204.6	-	13,301.0	10,882.6	-
Total		15,205.3	12,004.2	-	15,577.2	12,131.9	-	15,183.6	11,809.9	-

Operations in Colombia

Duratex's Forest Areas (ha)

Owned	2020			2019		
	Planted	To be planted	Native forests and other uses	Planted	To be planted	Native forests and other uses
North of Antioquia	2,254	-	1,079	2,254	-	1,079
Northeast of Antioquia	1,134	65	955	1,080	61	1,013
Tolima	764	19	771	783	-	771
Caldas	270	6	135	270	6	135
Magdalena Medio	114	-	42	114	20	82
Subtotal of owned areas	4,536	90	2,982	4,501	87	3,080
Third parties						
Northeast of Antioquia	1,971	35	-	1,876	19	-
Magdalena Medio	682	-	518	682	-	518
Subtotal of third parties	2,653	35	518	2,558	19	518
Total	7,190	125	3,500	7,059	106	3,598

305-1, 305-2, 305-3 – Direct (Scope 1, 2 and 3) GHG emissions

Inventory of Greenhouse Gas Emissions at Duratex (tCO₂e)⁽¹⁾⁽²⁾

	Brazil ⁽¹⁾⁽²⁾			Colombia		
	2020	2019 ⁽¹⁾	2018	2020	2019	2018
Scope 1	270,958.2	154,478.7	168,046.5	12,491.6	12,714.9	13,335.3
Scope 2 ⁽²⁾	50,978.0	51,548.2	66,209.2	6,545.3	12,599.5	12,614.9
Scope 3	78,900.9	87,973.1	98,778.7	3,774.2	-	-
Total	400,837.1	294,000.0	333,034.5	22,811.0	25,314.4	25,950.2

(1) Our complete greenhouse gas emissions inventory is available on the online platform of the Brazilian GHG Protocol Program.

(2) Location-based result of emissions. Market-based result of emissions is 45,916.9 tCO₂e.

Note: Emissions of operations in Brazil and Colombia (Deca, Wood, Ceramic Tiles).

305-4 – GHG emissions intensity

GHG Emissions Intensity Indicators

	2020	2019	2018
Deca Bathroom Fittings (tCO ₂ e/item)	0.000215101	0.000251721	0.000224908
Deca Bathroom Fixtures (tCO ₂ e/kg)	0.000364384	0.000540043	0.000574634
Hydra (tCO ₂ e/unit)	0.000009666	0.000007660	0.000013071
Panels (tCO ₂ e/cubic meters)	0.011582769	0.014576077	0.030171279
Ceramic Tiles (tCO ₂ e/sq. m)	0.008298543	0.005729975	0.006166693
Colombia (tCO ₂ e/cubic meters)	0.065110187	0.054033760	0.053054413

Carbon balance based on ISO 14064-I

Inventory of GHG Emissions and Removals (tCO₂e) Duratex S.A.

	2020
Operations in Brazil	
Scope 1	
Emissions	270,958.2
Emissions from forests	6,671.0
Removals from forests	(293,446.0)
Subtotal (Scope 1)	(15,816.8)
Scope 2	45,916.9
Scope 3	78,900.9
Total (Balance between emissions and removals)	109,001.0
Operations in Colombia	
Scope 1	
Emissions	12,491.5
Emissions from forests	14.4
Removals from forests	(8,532.3)
Subtotal (Scope 1)	3,973.7
Scope 2	6,545.2
Scope 3	3,774.1
Total (Balance between emissions and removals)	14,293.1
Total (Balance between emissions and removals)	123,294.1

Biogenic Emissions

	2020
Operations in Brazil	
Scope 1	371,947.8
Scope 3	7,077.3
Operations in Colombia	
Scope 1	23,570.7
Scope 3	-



Inventory of GHG Emissions and Removals (tCO₂e) Duratex S.A. and its Proportional Shares

	2020
Duratex S.A.	
Scope 1	
Emissions	283,449.8
Emissions from forests	6,685.4
Removals from forests	(301,978.3)
Subtotal (Scope 1)	(11,843.1)
Scope 2	52,462.2
Scope 3	82,675.0
Total (Balance between emissions and removals)	123,294.1
Caetex (50.0% equity interest – Duratex S.A.)	
Scope 1	
Emissions	503.6
Emissions from forests	-
Removals from forests	(201,735.1)
Subtotal (Scope 1)	(201,231.5)
Scope 2	-
Scope 3	-
Total (Balance between emissions and removals)	(201,231.5)
LD Celulose (49.0% equity interest – Duratex S.A.)	
Scope 1	
Emissions	2,839.9
Emissions from forests	20,520.8
Removals from forests	(468,265.2)
Subtotal (Scope 1)	(444,904.6)
Scope 2	-
Scope 3	408.8
Total (Balance between emissions and removals)	(444,495.7)
Total (Balance between emissions and removals)	(522,433.2)

Biogenic Emissions

	2020
Duratex S.A.	
Scope 1	395,518.5
Scope 3	7,077.3
Caetex	
Scope 1	15.5
Scope 3	-
LD Celulose	
Scope 1	165,476.4
Scope 3	-



306-3 – Waste generated

Operations in Brazil

Destination	Operations	Composition	2020		
			Type of waste (metric tons)		
			Non-hazardous	Hazardous	
Intended for disposal	Landfilling	Inert waste	9,893.2		
		Non-inert waste	6,787.4		
		Contaminated and/or contaminating waste		203.3	
		Sludge	6,337.1		
	Incineration without energy recovery	Non-inert waste	0.5		
		Contaminated and/or contaminating waste		3.8	
	Other disposal operations	Non-inert waste	16,134.4		
		Contaminated and/or contaminating waste		1.0	
	Not intended for disposal	Other recovery operations	Non-inert waste	859.4	
			Contaminated and/or contaminating waste		1,526.0
Sludge			289.3		
Preparation for reuse		Inert waste	61,169.4		
		Non-inert waste	37,986.5		
		Contaminated and/or contaminating waste		889.2	
Recycling	Inert waste	26,431.9			
	Non-inert waste	85,505.1			
	Contaminated and/or contaminating waste		3,548.3		
	Sludge	28,311.4			
Total			279,705.5	6,171.5	

Operations in Colombia

Destination	Operations	Composition	2020	
			Type of waste (metric tons)	
			Non-hazardous	Hazardous
Intended for disposal	Landfill confinement	Non-inert waste	300.9	
		Contaminated and/or contaminating waste		6.3
	Incineration without energy recovery	Contaminated and/or contaminating waste		18.3
		Other disposal operations	Contaminated and/or contaminating waste	
	Not intended for disposal	Other recovery operations	Contaminated and/or contaminating waste	
Preparation for reuse		Contaminated and/or contaminating waste		251.5
		Recycling	Non-inert waste	17,914.5
	Contaminated and/or contaminating waste			0.7
Total			18,215.4	281.3

306-4 - Waste diverted from disposal
 306-4 - Waste diverted from disposal, by reuse (internal and external)
 306-5 - Waste directed to disposal

Duratex	Location	Operations	2020			
			Intended for disposal (metric tons)		Not intended for disposal (metric tons)	
			Non-hazardous	Hazardous	Non-hazardous	Hazardous
Brazil	Within the organization	Other recovery operations			-	
		Preparation for reuse			60,056.6	
		Recycling			24,565.6	
	Outside the organization	Landfill confinement	23,017.5	203.2		
		Incineration without energy recovery	0.5	3.8		
		Other disposal operations	16,134.4	1.1		
		Other recovery operations			1,148.7	1,525.9
		Preparation for reuse			39,099.2	889.2
		Recycling			115,682.5	3,548.2
		Landfill confinement	301.9	6.4		
Incineration without energy recovery			18.3			
Colombia	Outside the organization	Other recovery operations		3.5		1.1
		Preparation for reuse				251.5
		Recycling			17,914.4	0.7
Total			39,454.4	236.1	258,467.0	6,216.5

308-2 – Significant negative environmental impacts in the supply chain and actions taken

414-2 – Negative social impacts in the supply chain and actions taken

Supplier social and environmental assessments	Brazil		
	2020	2019	2018
Number of suppliers that responded the self-assessment questionnaire	192	191	161
Number of suppliers visited	34	31	31
Total number of suppliers assessed	220	216	190
Number of suppliers where irregularities were identified	1	7	2
Percentage of suppliers with significant impact for which there is a plan of action (%)	100	100	100
Percentage of suppliers with significant impact whose agreement was terminated (%)	0.5	-	-

Note: In 2020, one of the significant suppliers monitored by the Supplier Management Program (GFD) had the contract terminated due to noncompliance with the assumptions of the program regarding good practices over the 2018 and 2019 cycles, when the action plans were aligned with the supplier and the expected results were not achieved since the requests had not been fulfilled.

401-1 – New employee hires and employee turnover

Number of hires and terminations	Brazil					
	2020		2019		2018	
	Hires	Terminations	Hires	Terminations	Hires	Terminations
By gender						
Men	2,814	1,877	1,899	2,529	2,185	2,413
Women	958	590	625	687	709	677
By age group						
Below 30 years old	2,089	1,322	1,539	1,488	1,760	1,538
Between 31 and 50 years old	1,626	1,051	928	1,528	1,089	1,338
Over 51 years old	57	94	35	200	45	214
By region						
Northeast	1,402	628	678	623	746	605
Southeast	1,968	1,499	1,669	1,885	1,922	2,290
South	402	340	637	708	226	195

Number of hires and terminations	Colombia					
	2020		2019		2018	
	Hires	Terminations	Hires	Terminations	Hires	Terminations
By gender						
Men	46	59	92	77	46	49
Women	21	15	20	24	20	19
By age group						
Below 30 years old	38	27	66	46	34	26
Between 31 and 50 years old	28	42	45	46	32	32
Over 51 years old	1	5	1	9	-	-
By region						
Barbosa Plant	13	28	43	41	23	25
Yarumal Plant	24	20	37	30	15	11
Manizales Plant	6	10	6	7	6	10
Head and regional offices	24	16	26	23	22	22

Hiring and turnover rates (%)	Brazil					
	By gender		2019		2018	
	Hiring rate	Turnover rate	Hiring rate	Turnover rate	Hiring rate	Turnover rate
By gender						
Men	37.8	30.6	23.2	27.0	26.0	27.0
Women	27.5	22.9	36.4	38.2	41.0	40.0
By age group						
Below 30 years old	51.6	42.2	44.8	43.9	49.0	46.0
Between 31 and 50 years old	21.1	17.4	16.3	21.2	18.0	21.0
Over 51 years old	5.7	7.6	4.7	15.7	6.0	18.0
By region						
Northeast	44.3	32.0	28.6	27.4	31.0	28.0
Southeast	27.7	24.4	24.3	25.8	29.0	32.0
South	16.2	15.0	22.8	56.9	20.0	19.0

Hiring and turnover rates (%)	Colombia					
	2020		2019		2018	
	Hiring rate	Turnover rate	Hiring rate	Turnover rate	Hiring rate	Turnover rate
By gender						
Men	8.6	19.6	20.0	30.0	10.0	20.0
Women	3.9	6.7	4.0	10.0	-	10.0
By age group						
Below 30 years old	7.1	12.1	10.0	20.0	10.0	10.0
Between 31 and 50 years old	5.2	13.0	10.0	20.0	10.0	10.0
Over 51 years old	0.2	1.1	0.2	1.8	-	-
By region						
Barbosa Plant	2.4	7.6	10.0	20.0	-	10.0
Yarumal Plant	4.5	8.2	10.0	10.0	-	-
Manizales Plant	1.1	3.0	1.0	2.4	-	-
Head and regional offices	4.5	7.4	5.0	10.0	-	10.0

401-3 – Parental leave

Brazil

	2020		2019		2018	
	Men	Women	Men	Women	Men	Women
Total employees eligible for leave	8,617.0	1,961.0	7,887	1,675	8,513	1,718
Total employees who took leave	231	64	295	65	293	68
Total employees who returned to work following the leave ⁽¹⁾	231	47	288	62	293	68
Total employees who remained employed one year after returning from the leave	211	43	270	63	260	50
Rate of return following the leave (%)	100	73.4	98.0	95.0	100.0	100.0
Rate of retention following the leave (%)	100	67.2	94.0	83.0	89.0	74.0

(1) This calculation considers all employees who returned for at least one day following the end of their leave.

Colombia

	2020		2019		2018	
	Men	Women	Men	Women	Men	Women
Total employees eligible for leave	424	113	436	108	424	111
Total employees who took leave	9	3	5	1	10	2
Total employees who returned to work following the leave	9	3	5	-	10	2
Total employees who remained employed one year after returning from the leave	8	3	5	-	10	-
Rate of return following the leave (%)	100	100	100	100	100	100
Rate of retention following the leave (%)	88.9	100	-	-	100	-

403-9 – Work-related injuries

Rates	Deaths from occupational accidents	Occupational accidents requiring compulsory notification TFA (ACA+ASA)	Occupational accidents with serious consequences (except death)
Operations in Brazil	-	3.3	-
Operations in Colombia	-	32.7	-
Duratex S.A.	-	4.9	-



404-1 – Average hours of training per year per employee

Average hours of training per year per employee

Average hours of training per year per employee	Brazil			Colombia		
	2020	2019	2018	2020	2019	2018
By gender						
Men	14.0	29.6	20.3	40.1	62.8	10.3
Women	7.1	38.9	14.1	25.8	62.8	27.2
By job level						
Management	17.0	29.0	44.7	9.1	62.8	N/A
Coordination	14.7	24.1	41.2	60.5	62.8	47.2
Supervisors	15.2	52.2	69.5	27.7	61.6	22.2
Senior management	7.9	24.5	18.3	36.8	66.5	15.2
Trainees ⁽¹⁾	26.9	391.5	-	N/A	N/A	N/A
Administrative	4.1	15.2	21.3	17.0	62.8	28.8
Technical staff	17.9	48.3	20.7	34.0	62.8	9.4
Operational staff	14.3	30.3	16.4	42.8	62.8	4.1
Apprentices	7.8	20.6	7.9	90.0	62.8	3.8
Others	14.0	30.4	19.3	36.8	62.8	12.6

(1) The Trainee Program was terminated on 30 June, 2020. Accordingly, as from July 1, 2020, the professionals took up positions in other job levels.

Note: Data on average hours by gender and job level take include all employees of our operations in Brazil, including integration of data of the Ceramic Tiles business.

404-3 – Percentage of employees receiving regular performance and career development reviews

Operations in Brazil

	2020			2019			2018		
	Employees assessed	Total employees	Percentage to the total (%)	Employees assessed	Total employees	Percentage to the total (%)	Employees assessed	Total employees	Percentage to the total (%)
By gender									
Men	747	10,225	7.3	428	7,905	5.4	523	8,513	6.1
Women	250	2,533	9.9	110	1,677	6.6	138	1,718	8.0
Total	997	12,758	7.8	538	9,582	5.6	671	10,231	6.6
By job level									
Management	87	90	96.7	59	68	86.8	65	68	95.6
Coordination	270	286	94.4	140	173	80.9	179	191	93.7
Supervisors	300	317	94.6	191	240	79.6	257	271	94.8
Senior management	332	1,220	27.2	119	1,066	11.2	160	1,077	14.9
Trainees	12	12	100.0	22	22	100.0	-	-	-
Administrative	-	1,530	-	-	-	-	-	1,099	-
Technical staff	-	906	-	-	-	-	-	706	-
Operational staff	-	8,023	-	-	-	-	-	6,539	-
Apprentices	-	290	-	-	-	-	-	280	-

Operations in Colombia

	2020			2019			2018		
	Employees assessed	Total employees	Percentage to the total (%)	Employees assessed	Total employees	Percentage to the total (%)	Employees assessed	Total employees	Percentage to the total (%)
By gender	39	46	85	46	436	11	43	434	10
Men	30	35	86	35	108	32	33	121	27
Women	69	81	85	81	544	15	76	555	14
Others									
By job level	6	7	86	7	7	100	8	8	100
Management	22	26	85	15	20	75	53	57	93
Coordination	41	48	85	54	59	92	13	14	93
Supervisors	-	-	-	-	-	-	-	-	-
Senior management	-	-	-	-	-	-	-	-	-
Trainees	-	-	-	-	-	-	2	2	100
Administrative	-	-	-	-	-	-	-	-	-
Technical staff	-	-	-	-	-	-	-	-	-
Operational staff	-	-	-	-	-	-	-	-	-
Apprentices	-	-	-	-	-	-	-	-	-
Others	69	81	85	81	81	100	76	81	94

405-1 – Diversity of governance bodies and employees

Breakdown of Governance Bodies (Board of Directors and Board of Officers)⁽¹⁾, by Gender

	2020		2020 (%)		2019		2019 (%)		2018		2018 (%)	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Board of Directors	8	1	88.9	11.1	8	1	88.9	11.1	8	1	88.9	11.1
Board of Officers	10	1	90.9	9.1	9	1	90.0	10.0	8	2	80.0	20.0

(1) We report to Duratex's Board of Directors, not counting Specialists and Alternates.

Breakdown of Governance Bodies (Board of Directors and Board of Officers)⁽¹⁾, by Age Group

	2020			2020 (%)			2019			2019 (%)			2018			2018 (%)		
	Below 30 years old	Between 31 and 50 years old	Over 51 years old	Below 30 years old	Between 31 and 50 years old	Over 51 years old	Below 30 years old	Between 31 and 50 years old	Over 51 years old	Below 30 years old	Between 31 and 50 years old	Over 51 years old	Below 30 years old	Between 31 and 50 years old	Over 51 years old	Below 30 years old	Between 31 and 50 years old	Over 51 years old
Board of Directors	-	2	6	-	25.0	75.0	-	2	7	-	22.0	77.8	-	2	7	-	22.2	77.8
Board of Officers	-	3	8	-	27.3	72.7	-	3	7	-	30.0	70.0	-	2	8	-	20.0	80.0

(1) We report to Duratex's Board of Directors, not counting Specialists and Alternates.

Breakdown of Job Levels by Gender in Brazil and Colombia (%)

	Brazil						Colombia					
	2020		2019		2018		2020		2019			
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Management	74	26	90	10	62	38	71	29	86	14		
Coordination	74	26	71.5	28.5	69	31	73	27	75	25		
Supervisors	83	17	90	10	88.5	11.5	45	55	46	54		
Senior management	59	41	54	46	51	49	50	50	59	41		
Trainees ⁽¹⁾	-	-	55	45	-	-	-	-	-	-		
Administrative	55	45	60	40	38.5	61.5	54	46	53	47		
Technical staff	96	4	98	2	97.5	2.5	97	3	95	5		
Operational staff	88	12	92.5	7.5	91	9	96	4	94	6		
Apprentices	54	46	46	54	51	49	35	65	-	-		
Others	80	20	73	27	83	17	77	23	80	20		

(1) On December 31, 2020, trainees had already been promoted to other positions in the Company.



Breakdown of Employees by Ethnicity (%)

	2020	2019	2018
White	57	56	58
Pardo Brazilians	33	34	33
Black	9	10	8
East Asian	-	1	-

Note: Information on ethnicity was self-declared by employees.

405-2 – Ratio of basic salary and remuneration of women to men

Basic Salary by Gender and Job Level

Destination	Brazil (R\$)									Colombia (COL\$)								
	2020			2019			2018			2020			2019			2018		
	Women	Men	Proportion (%)	Women	Men	Proportion (%)	Women	Men	Proportion (%)	Women	Men	Proportion (%)	Women	Men	Proportion (%)	Women	Men	Proportion (%)
Management	23,148.1	26,672.0	86.8	25,168.0	26,687.0	47.2	17,992.5	21,088.0	85.3	-	-	-	-	-	-	-	-	-
Coordination	12,287.3	13,013.1	94.4	10,423.0	11,480.0	90.8	9,220.0	9,821.0	93.9	7,487,291	7,190,008	104.1	6,695,105	6,909,615	96.9	4,141,523	5,449,804	76.0
Supervisor	6,294.4	7,065.8	89.1	6,557.0	6,504.5	100.8	6,048.5	6,141.5	98.5	4,369,446	4,101,147	106.5	4,040,927	3,942,785	102.5	3,302,111	3,310,147	99.8
Senior management	4,907.2	5,401.3	90.0	4,892.5	4,856.5	100.7	4,827.5	4,867.0	99.2	3,697,166	2,969,196	124.5	3,432,330	2,805,997	122.3	1,698,322	1,552,254	109.4
Trainees	-	-	-	2,758.5	2,759.5	100.0	-	-	-	-	-	-	-	-	-	-	-	-
Administrative	1,745.6	1,821.2	95.8	2,205.0	2,185.5	100.9	2,485.5	2,552.5	97.4	1,857,355	2,146,171	86.5	1,781,710	2,213,092	80.5	2,904,724	5,517,013	52.7
Technical staff	2,788.1	3,651.1	76.4	1,429.0	3,938.0	36.3	1,340.5	3,775.5	35.5	1,658,297	2,595,460	63.9	1,561,036	2,462,800	63.4	1,191,869	2,305,375	51.7
Operational staff	1,273.0	2,031.5	62.7	2,225.5	2,473.5	90.0	1,967.0	2,353.0	83.6	1,162,950	1,318,417	88.2	1,185,378	1,237,852	95.8	1,129,479	1,170,534	96.5
Apprentices	614.4	693.6	88.6	588.0	585.5	100.4	574.0	578.0	99.3	-	-	-	-	-	-	-	-	-
Staff average	6,632.3	7,543.7	87.9	4,901.5	5,338.5	91.8	3,249.5	3,033	107.1	2,248,056	2,257,822	99.6	2,077,387	2,174,682	95.5	1,796,004	2,413,141	74.4

GRI Content Index [102-55]

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report. The service was performed on the Portuguese version of the report.



GRI 101: Foundation 2016			Omission	UNGC	SDG
GRI 102: General disclosures 2016	Standard	Page			
Organizational profile					
	102-1: Name of the organization	16; 34			
	102-2: Activities, brands, products, and services	17			
	102-3: Location of headquarters	17			
	102-4: Location of operations	17			
	102-5: Ownership and legal form	34			
	102-6: Markets served	17			
	102-7: Scale of the organization	17			
	102-8: Information on employees and other workers	76		6	8
	102-9: Supply chain	60			
	102-10: Significant changes to the organization and its supply chain	60			
	102-11: Precautionary principle or approach	44			
	102-12: External initiatives	2; 36; 58; 59			
	102-13: Membership of associations	36			
Strategy					
	102-14: Statement from senior decision-maker	3; 4			
	102-15: Key impacts, risks, and opportunities	40; 48; 67; 72			
Ethics and integrity					
	102-16: Values, principles, standards, and norms of behavior	36		10	16
	102-17: Mechanisms for advice and concerns about ethics	36; 38		10	16



GRI 102: General disclosures 2016	Standard	Page	Omission	UNGC	SDG
Governance structure					
	102-18: Governance structure	35			
	102-28: Evaluating the highest governance body's performance	35			
	102-29: Identifying and managing economic, environmental, and social impacts	40; 48			16
	102-34: Nature and total number of critical concerns	38; 78			
	102-35: Remuneration policies	35			
Stakeholder engagement					
	102-40: List of stakeholder groups	2; 58			
	102-41: Collective bargaining agreements	51		3	8
	102-42: Identifying and selecting stakeholders	58			
	102-43: Approach to stakeholder engagement	11; 30; 59; 60; 65; 66; 67			
	102-44: Key topics and concerns raised	2			
Reporting practices					
	102-45: Entities included in the consolidated financial statements	2			
	102-46: Defining report content and topic boundaries	11; 12			
	102-47: List of material topics	12			
	102-48: Restatements of information	2			
	102-49: Changes in reporting	Not applicable.			
	102-50: Reporting period	2			
	102-51: Date of most recent report	2			
	102-52: Reporting cycle	2			
	102-53: Contact point for questions regarding the report	2			
	102-54: Claims of reporting in accordance with the GRI Standards	2			
	102-55: GRI content index	100; 101; 102; 103; 104; 105; 106; 107			
	102-56: External assurance	109			



	Standard	Page	Omission	UNGC	SDG
Material topics					
GRI 201: Economic performance 2016					
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	12			
	103-2: The management approach and its components	70		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	70			
	201-1: Direct economic value generated and distributed	70			2, 5, 7, 8, 9
GRI 202: Market presence 2016					
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	12			
	103-2: The management approach and its components	60; 66		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	60; 66			
	202-1: Ratios of standard entry level wage by gender compared to local minimum wage	79		6	1, 5, 8
GRI 203: Indirect economic impacts 2016					
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	12			
	103-2: The management approach and its components	8		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	8			
	203-1: Infrastructure investments and services supported	8			2, 5, 7, 9, 11
GRI 204: Procurement practices 2016					
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	12			
	103-2: The management approach and its components	60		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	60			
	204-1: Proportion of spending on local	60; 79			12
GRI 205: Anti-corruption 2016					
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	12			
	103-2: The management approach and its components	36		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	36			
	205-3: Confirmed incidents of corruption and actions taken	79		10	16
GRI 206: Anti-competitive behavior 2016					
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	12			
	103-2: The management approach and its components	43		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	43			
	206-1: Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No anti-competitive behavior, anti-trust, and monopoly practices have happened.			16



	Standard	Page	Omission	UNGC	SDG
GRI 207: Tax 2019					
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	12			
	103-2: The management approach and its components	68		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	68			
	207-1: Approach to tax	68			
	207-2: Tax governance, control, and risk management	68			
	207-3: Stakeholder engagement and management of concerns related to tax	68			
	207-4: Country-by-country reporting	80			
GRI 301: Materials 2016					
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	12			
	103-2: The management approach and its components	45		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	45			
	301-1: Materials used by weight or volume	81; 82; 83		7, 8	8, 12
	301-2: Recycled input materials used	83			8, 12
GRI 302: Energy 2016					
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	12			
	103-2: The management approach and its components	68		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	68			
	302-1: Energy consumption within the organization	84		7, 8	7, 8, 12, 13
GRI 303: Water and Effluents 2018					
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	12			
	103-2: The management approach and its components	45		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	45			
	303-3: Water withdrawal	45; 85		7	6
	303-4: Water discharge	85		7	6
	303-5: Water consumption	45		7	6, 12



	Standard	Page	Omission	UNGC	SDG
GRI 304: Biodiversity 2016					
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	12			
	103-2: The management approach and its components	46		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	46			
	304-3: Habitats protected or restored	20; 46; 47.; 86		8	6, 14, 15
GRI 305: Emissions 2016					
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	12			
	103-2: The management approach and its components	45; 48		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	46; 48			
	305-1: Direct (Scope 1) GHG emissions	87		7, 8	3, 12, 13, 14, 15
	305-2: Energy indirect (Scope 2) GHG emissions	87		7, 8	3, 12, 13, 14, 15
	305-3: Other indirect (Scope 3) GHG emissions	87		7, 8	3, 12, 13, 14, 15
	305-4: GHG emissions intensity	87		8	13, 14, 15
GRI 306: Waste 2020					
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	12			
	103-2: The management approach and its components	45		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	45			
	306-1: Waste generation and significant waste-related impacts	44		8	12
	306-2: Management of significant waste-related impacts	44		8	12
	306-3: Waste generated	90		8	12
	306-4: Waste diverted from disposal	91		8	12
	306-5: Waste directed to disposal	45; 91		8	12
GRI 307: Environmental compliance 2016					
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	12			
	103-2: The management approach and its components	44		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	44			
	307-1: Non-compliance with environmental laws and regulations	44		8	16



	Standard	Page	Omission	UNGC	SDG
GRI 308: Supplier environmental assessment 2016					
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	12			
	103-2: The management approach and its components	60; 62		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	60; 62			
	308-2: Negative environmental impacts in the supply chain and actions taken	92		8	
GRI 401: Employment 2016					
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	12			
	103-2: The management approach and its components	50; 52		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	50; 52			
	401-1: New employee hires and employee turnover	51; 93		6	5, 8
	401-3: Parental leave	55; 94		6	5, 8
GRI 403: Occupational Health and Safety 2018					
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	12			
	103-2: The management approach and its components	55; 68		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	55; 68			
	403-1: Occupational health and safety management system	55			3, 8
	403-2: Hazard identification, risk assessment, and incident investigation	55			8
	403-3: Occupational health services	55			3, 8
	403-4: Worker participation, consultation, and communication on occupational health and safety	55			8
	403-5: Worker training on occupational health and safety	55			8
	403-6: Promotion of worker health	55			3
	403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	55			3, 8
	403-8: Workers covered by an occupational health and safety management system	55			3, 8
	403-9: Work-related injuries	56; 94			8
	403-10: Work-related ill health	In 2020, no death was recorded and no Occupational Accident Report (CAT) was submitted due to occupational diseases in the Company.			3, 8



Standard	Page	Omission	UNGC	SDG
GRI 404: Training and education 2016				
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	12		
	103-2: The management approach and its components	52	1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	52		
	404-1: Average hours of training per year per employee	95	6	4, 5, 8
	404-2: Programs for upgrading employee skills and transition assistance programs	52; 53		8
404-3: Percentage of employees receiving regular performance and career development reviews	52; 96; 97	6	5, 8	
GRI 405: Diversity and equal opportunity 2016				
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	12		
	103-2: The management approach and its components	34; 54	1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	34; 54		
	405-1: Diversity of governance bodies and employees	54, 98; 99	6	5, 8
	405-2: Ratio of basic salary and remuneration of women to men	99	6	5, 8, 10
GRI 409: Forced or Compulsory Labor 2016				
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	12		
	103-2: The management approach and its components	60	1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	60		
409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labor	In 2020, no significant risk for incidents of forced, compulsory or child labor in the operations in Brazil and in Colombia was identified.	4	8	
GRI 413: Local communities 2016				
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	12		
	103-2: The management approach and its components	58	1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	58		
	413-2: Operations with significant actual and potential negative impacts on local communities	59	1	1, 2



	Standard	Page	Omission	UNGC	SDG
GRI 414: Supplier social assessment 2016					
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	12			
	103-2: The management approach and its components	60		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	60			
	414-2: Negative social impacts in the supply chain and actions taken	92		2	6, 8, 16
GRI 416: Customer health and safety 2016					
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	12			
	103-2: The management approach and its components	68		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	68			
	416-1: Assessment of the health and safety impacts of product and service categories	68			
GRI 419: Socioeconomic Compliance 2016					
GRI 103: Management approach 2016	103-1: Explanation of the material topic and its boundary	12			
	103-2: The management approach and its components	43		1, 8	1, 5, 8, 16
	103-3: Evaluation of the management approach	43			
	419-1: Non-compliance with laws and regulations in the social and economic area	43			16



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Limited assurance report issued by independent auditors

To the Board of Directors and
Shareholders of
Duratex S.A.
São Paulo - SP

Introduction

We were engaged by Duratex S.A (“Duratex” ou “Companhia”) to apply limited assurance procedures on the sustainability information disclosed in Duratex’s Integrated Report 2020 (“Report”), in the accompanying information to this report related to the period ended December 31st, 2020.

KPMG Auditores Independentes, uma sociedade simples brasileira e firmamembro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative (“KPMG International”), uma entidade suíça.

Responsibilities of Duratex’s Management

The Management of Duratex is responsible for adequately preparing and presenting the sustainability information in the Integrated Report 2020 in accordance with both the Standards for Sustainability Report of Global Reporting Initiative – GRI, and the internal controls determined necessary to ensure this information is free from material misstatement, resulting from fraud or error.

Independent auditors’ responsibility

Our responsibility is to express a conclusion about the information in the Report based on a limited assurance engagement conducted in accordance with Technical Communication (TC) 07/2012, which was prepared based on NBC TO 3000 (Assurance Engagements Other Than Audits and Reviews), both issued by the Brazilian Federal Accounting Council – CFC (equivalent to international standard ISAE 3000, issued by the International Federation of Accountants and applicable to Non-Financial Historical Information).

KPMG Auditores Independentes, a Brazilian entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity.

These standards require compliance with ethical requirements, including independence ones, and the engagement is also conducted to provide limited assurance that the information disclosed in the Report, taken as a whole, is free from material misstatement.

A limited assurance engagement conducted in accordance with NBC TO 3000 (ISAE 3000) consists mainly of questions and interviews with the Management of Duratex and other professionals of the Company involved in the preparation of the information disclosed in the Report and use of analytical procedures to obtain evidence that enables us to reach a limited assurance conclusion about the sustainability information taken as a whole. A limited assurance engagement also requires additional procedures when the independent auditor acknowledges issues which may lead them to believe that the information disclosed in the Report taken as a whole could present material misstatement.

The selected procedures were based on our understanding of the issues related to the

compilation, materiality and presentation of the information disclosed in the Report, on other engagement circumstances and also on our considerations regarding areas and processes associated with material sustainability information disclosed where relevant misstatement could exist. The procedures consisted of:

- (a) engagement planning: considering the material aspects for Duratex’s activities, the relevance of the information disclosed, the amount of quantitative and qualitative information and the operational systems and internal controls that served as a basis for preparation of the information in the Duratex’s Report. This analysis defined the indicators to be checked in details;
- (b) understanding and analysis of disclosed information related to material aspects management;

(c) analysis of preparation processes of the Report and its structure and content, based on the Principles of Content and Quality of the Standards for sustainability report of Global Reporting Initiative - GRI (GRI-Standards);

(d) evaluation of non financial indicators selected:

- understanding of the calculation methodology and procedures for the compilation of indicators through interviews with management responsible for data preparation;
- application of analytical procedures regarding data and interviews for qualitative information and their correlation with indicators disclosed in the Report;
- analysis of evidence supporting the disclosed information;

(e) analysis of whether the performance indicators omission and justification are reasonable to be accepted associated to aspects and topics defined as material in the materiality analysis of the Company;

(f) comparison of financial indicators with the financial statements and/or accounting records.

We believe that the information, evidence and results we have obtained are sufficient and appropriate to provide a basis for our limited verification conclusion.

Scope and limitations

The procedures applied to a limited assurance engagement are substantially less extensive than those applied to a reasonable assurance engagement. Therefore, we cannot provide reasonable assurance that we are aware of all the issues that would have been identified in a reason-

able assurance engagement, which aims to issue an opinion. If we had conducted a reasonable assurance engagement, we may have identified other issues and possible misstatements within the information presented in the Report.

Nonfinancial data is subject to more inherent limitations than financial data, due to the nature and diversity of the methods used to determine, calculate or estimate these data. Qualitative interpretation of the data's materiality, relevance and accuracy are subject to individual assumptions and judgments. Additionally, we have not examined data related to prior periods, to evaluate the adequacy of policies, practices and sustainability performance, nor future projections.

Conclusion

Based on the procedures performed, described in this report, we have not identi-

fied any relevant information that leads us to believe that the information in the Duratex's Integrated Report 2020 is not fairly stated in all material aspects in accordance with the Standards for Sustainability Report of Global Reporting Initiative - GRI (GRI-Standards), and with the records and files that served as the basis for its preparation.

São Paulo, May 31st, 2021

KPMG Auditores Independentes LTDA.
CRC 2SP014428/O-6
Original report in Portuguese signed by.



Sebastian Yoshizato Soares
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