

# DURATEX S.A.

CNPJ. 97.837.181/0001-47

A Publicly Trading Company

NIRE 35300154410

## LONG-TERM INCENTIVE PLAN REGULATIONS

(Approved at the AEGM of 04.26.2019)

### I – PURPOSE

1.1 The purpose of the present Long-Term Incentive Plan (ILP Plan) of Duratex S/A. (“Duratex”) shall be:

i) to foster the long-term commitment of Duratex executives in such a manner as to encourage them to pursue success in all of their activities and the achievement of Duratex’s objectives;

ii) to attract and retain the best professionals by offering incentives in line with the continued growth of Duratex; and

iii) to give Duratex, a competitive advantage compared with the market in terms of variable remuneration.

1.2 The Plan is set up in such a manner as to encourage Participants to contribute to the success of Duratex, as said Participants shall become Shareholders and directly benefit from share price appreciations. Therefore, aligning the interests of Duratex Shareholders with those of the Participants is a means to achieve the Plan’s main purpose, that is, growth, success, and the achievement of Duratex’s objectives.

### II – PLAN MANAGEMENT

2.1 The Plan shall be managed by the Human Resources Division’s Remuneration area, subject to the herein terms and conditions. The Board of Directors shall, after prior consultation with the People, Governance and Appointments Committee, decide on an annual basis on whether or not the Plan shall apply, defining the Participants thereof, as well as to decide on the suspension of the Plan for a determined or undetermined period.

2.2 The Plan shall enter into force in 2020, replacing the preceding stock options plan.

### III – PLAN CRITERIA

3.1 For the purposes of the application of the ILP Plan, the following incentives criteria shall apply:

#### a) Performance shares

Under the Performance Plan, shares issued by Duratex shall be transferred to Participants in the event of the attainment of their performance goals based on Duratex’s 5-year strategic plan.

The Performance goal shall be set annually by Duratex’s Committee and submitted to the Board of Directors for approval.

Receipt of the shares shall take place after a vesting period of five (5) years during which the Participant shall remain with Duratex.

In the event of termination not for cause or non-reelection to the position, starting from the 37th month, the Participant shall receive, after the five-year vesting period, a number of shares proportional to the period in employment. In the event of voluntary termination, the Participant shall lose their right to shares, regardless of the period in employment.

**b) Matching**

Duratex shall invite Participants to invest a percentage of their net ICP (short-term incentive) received in the purchase of Duratex shares.

After four (4) years from said investment, Duratex shall transfer to the Participant a number of shares equal to fifty (50) percent of the shares invested, at a one-to-one ratio, that is, for each share purchased, Duratex shall grant one additional share.

The remaining fifty (50) percent shall be transferred to the Participant after the fifth (5th) year at a ratio of one to one, that is, for each share purchased, Duratex shall grant one additional share.

If a Participant sells his or her shares before the five (5-) year period, he or she shall lose the right to matching shares. After the transfer of the shares matching 50% of shares purchased by the Participant at the end of the fourth (4th) year, said shares may be traded by the Participant, while retaining and the other 50% of Duratex shares transferred to the Participant at the end of the fifth (5th) year.

The foregoing transfer shall be contingent upon the Participant's continued employment with Duratex and maintenance of the investment.

In the event of termination not for cause or non-reelection, starting from the 13th month of the award, the Participant shall be entitled to pro-rated matching to be settled at the end of the fifth (5th) year. In the event of voluntary termination, the Participant shall lose the right to matching shares.

**c) Restricted Shares**

Duratex shares shall be transferred to employees at no charge, as long as all of the herein terms and conditions are met.

The Board of Directors, shall, after consulting with the Chief Executive Officer of Duratex, make a voluntary transfer of shares to Participants who, over a period of one year, have showed distinctive performance and generated high impact for Duratex's business.

Said transfer shall be subject to: i) criteria applicable to the eligibility pool's formation; ii) talents bank; iii) consistent performance in terms of individual goals; and iv) potentiality assessment.

Shares shall be transferred after a period of three (3) months from the award.

In the event of termination not for cause, starting from the 13th month counting from the award, Participants shall be entitled to pro-rated matching to be settled at the end of the 3rd year. In the event of voluntary termination, the Participant shall lose the right to shares, regardless of the duration of the employment.

**IV– SHARE AWARD CONDITIONS AND ANNUAL LIMIT**

4.1 Shares shall only be awarded in fiscal years where sufficient profits have been made to pay shareholders the required dividend.

4.2 The total number of shares to be awarded in each fiscal year shall not exceed one-half (0.5) percent of the entirety of Duratex shares held by majority and minority shareholders on the as-of date of the respective fiscal year's balance sheet.

**V – PLANS SUMMARY:**

Parameters	ILP PLANS		
	Performance Shares	Matching	Restricted Shares
Period	Annual		
Eligibility	Statutory Officers		All employees (except for Statutory Officers)
Award assumption (trigger)	Performance, minimum attainment of a percentage of an indicator set annually by the BoD	Retention, no performance conditions	Talent retention, no performance conditions
Total number of shares granted	Amount in shares by hierarchy	Duratex will match shares purchased by the executive at a 1:1 ratio. At the end of the periods ( 4th and 5th years), a number of shares according to hierarchy	A number of shares to be set annually by the BoD
Vesting period	5 years (from the date of the award)	4 years for 50% of the award and 5 years for the remaining 50%.	3 years (from the date of the award)
Strike Price	Lot of shares based on the 30 latest trading days	Participants uses 25%-75% (by level) of his/her net bonus to buy shares	Lot of shares based on the 30 latest trading days
Lock-up	None	Shares purchased cannot be traded until the end of the vesting period (4th and 5th years)	None
Duration (fiscal years)	none		

**VI – ELIGIBLE PUBLIC**

6.1 For the purposes of the present ILP Plan, the eligible public shall initially include, for the purposes of item III, criteria “a” and “b”, all Statutory Officers.

6.2 For the purposes of item III, criteria “c”, all employees.

6.3 The Board of Directors may, if it deems appropriate and timely, expand or reduce the eligible public for any of the ILP Plans.

6.4 The ILP Plan shall not interfere with employment or mandate relations, and shall therefore not be construed as constituting any rights for Participants, and nor shall it give Participants and assurance of permanence with Duratex, whether as Managers or employees.

6.5 For the purposes of the present ILP Plan, the term “Termination” shall mean any act or fact severing the Participant’s legal ties, including, without limitation, cases of voluntary termination as in letters “a” and “b”, or non-reelection or death of a Participant. As concerns the Participants under letter “c”, termination shall include: death, voluntary termination, or termination with or without cause of the employment contract.

6.6 In the event of termination not for cause or removal from office or non-reelection of a Participant as provided in letters “a” and “b” for a reason that Duratex deems equivalent to termination for cause, such a termination, removal or non-reelection shall ensue loss of the right to the ILP.

6.7 In the event of permanent disability, the entirety of the relevant shares of Duratex shall be transferred to the beneficiary at the time of the event.

6.8 In the event of the death of the beneficiary, all shares shall only be transferred upon submission of a court finding setting the beneficiary’s heirs entitled to said shares.

6.9 Cases of termination not for cause where the beneficiary is retired shall be submitted to the Board of Directors, which shall analyze the matter and decide whether or not shares shall be transferred to the beneficiary, as well as the number of relevant shares and the vesting period for said transfer.

## **VII – MISCELLANEOUS**

7.1 No Participants shall have any rights or privileges incumbent on Duratex shareholders, including dividends, until the shares granted have been awarded and due registration thereof under the Participant’s name has been completed.

7.2 If Duratex undergoes equity structure changes, including stock splits, reverse stock splits, or bonus shares, the Human Resources Division’s Compensation area shall carry out the appropriate adjustments arising from such changes to the number of common shares of Duratex awarded to Participants in the course of the vesting period as provided in the ILP Plan, as well as amendments to the agreements entered into therewith.

7.3 Any taxes applicable to and arising from the Plan shall run at the expense of each party pursuant to the law.

7.4 The contents of the present ILP Plan shall enter into force immediately after its approval; however, said force shall be contingent upon the annual decisions of the Board of Directors.

7.5 The Board of Directors, in pursuit of the interests of Duratex and its shareholders, may, at any time, suspend application of the present ILP Plan for a determined or undetermined period. Any legal change in terms of the regulations governing corporations or the tax effects thereof that significantly affect the present ILP Plan, may be cause for its full or partial revision, or even suspension or extinction.

7.6 Nothing in the present ILP Plan shall give Participants any rights associated with assured employment or maintenance in and/or reelection to any positions, and nor shall the present ILP Plan in any way interfere with Duratex’s right to, as applicable, terminate its relationship with any Participant or remove any Participant from office.

7.7 Any omissions shall be subject to the decision of the Board of Directors.

---