

REGULATION OF THE LONG-TERM INCENTIVES PLAN

I – OBJECTIVE OF THE PLAN

1.1 The present Long-Term Incentives Plan (ILP Plan) of the Duratex Corporation and of its controlled companies (“Duratex” or solely “Company”) aims at:

- i) Stimulating the commitment of Duratex’s officers in the long-term, in a manner to encourage that they seek success in all their activities and achieving Duratex’s objectives;
- ii) Attracting and retaining the best professionals by offering incentives that are aligned with the continuous growth of Duratex; and
- iii) Giving Duratex, in what concerns variable remuneration, a competitive edge in comparison to the rest of the market.

1.2 The plan is structured in a way to incentivize the Participants to contribute to Duratex’s achievements, since they will become Shareholders of the Company and will be directly rewarded by the appreciation in the price of the respective shares. Therefore, the alignment of interests of the Shareholders of Duratex with that of the Participants is a way to reach the main objectives of the Plan, which are: (i) growth; (ii) achievement; (iii) success; and (iv) accomplishment of Duratex’s objectives.

II – MANAGEMENT OF THE PLAN

2.1 The plan will be managed by the Remuneration Department of the Human Resources Office of Duratex, observing the terms and conditions herein established. It will be up to the Board of Directors of the Company to, after hearing the Persons, Governance and Naming Committee (“Committee”), deliberate annually about the application or not of the Plan, defining who will be the Participants, as well as which Participants should be temporarily or permanently suspended from the Plan.

2.2 This Plan will be in effect starting on 2020, in substitution of the granting of stock options plan.

III – CRITERIA OF THE PLAN

3.1 In the application of the ILP Plan the following criteria will be abided by for the incentives:

a) Performance shares

In the field of the Performance Plan, issuance shares of Duratex will be transferred to the Participants when reaching the performance target, based on Duratex’s strategic planning for a five (5) year period.

The Performance target will be defined by the Duratex Committee annually and will be approved by the Board of Directors.

To receive the shares, a five (5) year grace period shall be observed and the Participant must continue in Duratex.

The amount of shares will have as price reference the average of the last thirty (30) trading floor sessions.

In case of termination without fair cause or of non-reappointment to the position from the 37th month on, the Participant will receive, after the period of five (5) years, shares proportional to the period worked therein. Voluntary termination will result in the loss of right to the shares irrespective of the timeframe passed.

The Performance Plan will be applicable only to officers ("Statutory and non-Statutory").

b) Matching

Duratex will invite the Beneficiary to invest a percentage of its net ICP (short-term incentive) buying shares of the Company.

The Matching of the shares will be done in the following manner: (i) completing four (4) years of investment, Duratex will proceed with the transference of 50% of the shares to the Beneficiary and only the transferred shares will be able to be commercialized by the Beneficiary; and (ii) completing five (5) years of investment, Duratex will complete the pay in of 100% of the Matching through the transference of the remaining 50% of the shares to the Beneficiary.

To be entitled to the complete Matching, the Beneficiary cannot commercialize the shares it bought on the moment of the investment until after the five (5) year grace period, that is, in case the Beneficiary sells his/her shares before the five (5) year period he/she will lose the right to Matching.

The transference is conditioned to the Beneficiary staying at Duratex and to maintaining the investment made in the purchase of the shares.

In case of termination without fair cause or non-reappointment to the position from the 13th month of the granting on, the Participant will have the right to Matching *pro rata temporis* to be settled at the end of the five (5) year period. Voluntary termination will result in the loss of right to Matching.

The Matching Plan will be applicable only to officers ("Statutory and non-Statutory").

c) Restricted Shares

Duratex shares will be transferred to its employees, without cost, if the terms and conditions herein established are met.

The Board of Directors, after hearing the Chief Executive Officer of Duratex, will grant in a discretionary manner shares to the Participants that in the period of one (1) year had a differentiated performance and generated high impact to Duratex's business.

The referred granting will obey: (i) criteria to create a pool of eligible individuals; (ii) talent database; (iii) consistent achievement of individual targets; and (iv) potential evaluation.

The shares will be transferred after the period of three (3) years from the granting.

In case of termination without fair cause from the 13th month of the granting on, the Participant will have the right to Matching *pro rata temporis* to be settled at the end of the 3rd year. The Beneficiary voluntarily leaving the Company, he/she will lose the right to the shares irrespective of the timeframe passed.

This Plan category will be applicable to employees ("employees") hired under the Consolidated Labor Law ("CLT") regime.

IV– CONDITIONS AND ANNUAL LIMIT TO THE GRANTING OF SHARES

4.1 There shall only be granting of shares in the fiscal years where enough profit has been raised to allow for distribution of the necessary dividends to the shareholders.

4.2 The total amount of shares to be granted in each fiscal year shall not exceed the maximum limit of 0.5% (half percent) of the totality of shares of Duratex that the majority and minority shareholders own on the date of the closing balance of the previous fiscal year.

V – SUMMARY OF THE PLANS:

Parameters	ILP Plans		
	Performance Shares	Matching	Restricted Shares
Frequency	Yearly		
Eligibility	Statutory and Non-Statutory Officers		All Employees (Except Statutory and Non-Statutory Officers)
Premise for Granting (trigger)	Performance, minimum reach of an indicator percentage defined annually by the Board of Directors	Retention, has no performance condition	Talent retention, no performance condition
Total Number of Shares Granted	Value in shares by hierarchical level	Duratex matches 1: 1 of the shares purchased by the executive, 50% in 4 years and 50% em 5 years, number of shares defined by hierarchical level	Number of shares to be defined annually by the Board of Directors
Grace Period (vesting)	5 years (from the granting date)	4 years for 50% of the grant and 5 years for the other 50%	3 years (from the granting date)
Grant Price (strike price)	Lot of shares based on last 30 trading sessions	Participant uses 25% to 75% (per level) of the net bonus to buy shares	Lot of shares based on last 30 trading sessions
Locking of Shares (lock-up)	N/A	Cannot trade shares purchased for 5 years	N/A
Term (for exercise)	N/A		

VI – ELIGIBLE PERSONS

6.1 Regarding the present ILP Plan, the eligible persons are initially, for the “a” and “b” criteria of item III, the Statutory and non-Statutory officers.

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

6.3 The Board of Directors may, if it sees fit, increase or reduce the range of eligible persons regarding any of the ILP Plans.

6.4 The ILP Plan does not interfere with the employment relationship and/or with the term in a position, and consequently may not be interpreted as the constitution of a right of the Participants and neither shall it grant them a permanent place in Duratex, as officer or employee.

6.5 Regarding the present ILP Plan, the word “Termination” means any act or fact that puts an end to the legal relationship of the Participant, contemplating the following hypothesis among others (i) voluntary termination foreseen in items “a” and “b” of this Plan; (ii) non-reelection; (iii) death. In relation to the Participants foreseen in item “c”, termination encompasses: death, voluntary termination, termination with or without fair cause of the labor agreement.

6.6 Occurring termination with fair cause or destitution of the position or non-reelection of the Participant, as foreseen in items “a” and “b”, for a reason that Duratex understands equitable to fair cause for termination, it will result in the loss of the right to the ILP.



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6.7 In the case of permanent invalidity, the complete transfer of the Duratex shares will be made to the Beneficiary on the act of the event.

6.8 In the case of death of the Beneficiary, the shares will only be transferred in its entirety when the judicial decision or public deed of the extrajudicial sharing of assets is presented, defining the heirs to the Beneficiary that will have the right to receive the shares.

6.9 In the cases of termination without fair cause where the Beneficiary is retired, the Board of Directors will analyze and decided for the transfer of the shares or not to the Beneficiary, as well as the amount and period in which it will be undertaken.

VII – GENERAL CONDITIONS

7.1 None of the Participants will have any rights or privileges of Duratex shareholders, including in relation to dividends until the granted shares are handed over and the registration in the name of the Participant is duly made.

7.2 In case modification to Duratex's share structure occurs, involving unfolding, grouping, or bonification of shares, the Human Resources Office, through its Remuneration Department, will make the necessary adjustments in the number of Duratex's ordinary issuance shares attributed to the Participants that are in the grace period established in the ILP Plan, as well as in the agreements made with them.

7.3 Possible taxes incurring and resulting from the Plan will be the liability of each party determined in the applicable legislation.

7.4 The provisions contained in the present ILP Plan are effective immediately after its approval, however, it will depend on the annual deliberation of the Board of Directors.

7.5 The Board of Directors, in the interest of Duratex and of its shareholders, may, at any time, suspend definitely or indefinitely the application of the present ILP Plan, any legislative modification to the regulation of corporations or of their fiscal effects that significantly affect the present ILP Plan may lead to its partial or complete revision, or even to its suspension or termination.

7.6 No provision of the present ILP Plan shall grant rights to the Participants concerning guarantee of their position or continuance and/or reelection of their position, neither will it interfere in Duratex's right to terminate/destitute, according to the applicable to each case, the relationship with any Participant at any time.

7.7 Omissions will be regulated by the Board of Directors.
