

COMPENSATION POLICY YDUQS PARTICIPAÇÕES S.A.

1. PURPOSE, IMPLEMENTATION AND LEGAL GROUNDS

1.1. This "Compensation Policy", approved at the YDUQS PARTICIPAÇÕES S.A. Board of Directors' meeting held on October 19, 2018, describes the rules and criteria, as well as establishing guidelines that govern decisions related to setting compensation and benefits granted to Officers.

1.2. The main objectives of the Policy are:

(i) to attract, reward and retain Officers and encourage them to conduct their respective business in a sustainable manner, observing the appropriate risk limits, which must be aligned with the interests of the Company and those of its shareholders at all times;

(ii) based on the principle of meritocracy, to recognize people's differentiated efforts and skills that translate into results, without, however, compromising the internal balance (coherent relationship between roles, considering content and value of our structure), external balance (relationship between salaries paid and salaries paid by a specific market segment, compared through salary surveys) and teamwork; and

(iii) to ensure the maintenance of standards compatible with the responsibilities of each role and competitive in relation to the reference labor market, establishing guidelines for the determination of the compensation and benefits granted to Offices.

1.3. Pursuant to our Bylaws and Brazil's Corporation Law, the General Meeting shall determine the compensation of the Officers, which shall be fixed on an overall basis, and the Board of Directors shall determine the individual compensation of each Officer.

1.4. We have adopted a compensation composition model that concentrates a significant portion of the total compensation on variable components (both short and long term). The existence of variable compensation and share-based compensation, when applicable, allows the sharing of risk and our results with our key Officers, which we consider to be characteristics of a transparent policy intended to achieve long-lasting results that improve our perpetuity and build value reflected in the market price of our shares.

1.4.1. The compensation amounts paid to our Officers are regularly compared with the market, considering companies of the same size as our Company, through surveys carried out by specialized independent consultants so that competitiveness can be measured.

1.4.2. The possibility of granting salary increases is linked to the budget forecast, whose management to this end is established by our Board of Directors.

All individual increases should relate to individual performance, to the potential of the Officers and aligned with the interests of the various business segments of our organization.

1.5. The correction of the salary scale may occur through the application of the findings of a new salary survey conducted in the market, under the guidance and direction of the Vice-President for People and Management and approved by the Chairperson of the People and Governance Committee as well as the Board of Directors.

1.6. Our People and Governance Committee supports members of the Board of Directors in any matters related to human resources policies and standards, including matters related to the compensation of the Company's Officers.

1.7. Pursuant to this Policy, there are no Officers at the Company who decide or may decide on their own compensation.

2. DEFINITIONS:

2.1. The terms and expressions listed below, when used in this Policy, shall have the following meanings:

- (i) **"Management:"** the statutory officers, the non-statutory officers, the members of the Board of Directors and the Fiscal Council and the members of the Committees, when jointly referred to.
- (ii) **"Committees":** the advisory committees to the Board of Directors of the Company, which are, on this date: **(a)** Statutory Committee: Strategy Committee; People and Governance Committee; Audit and Finance Committee and Academic Committee; and **(b)** the Non-Statutory Committee: Monitoring and Performance Committee;
- (iii) **"Company":** YDUQS Participações S.A.;
- (iv) **"People and Governance Committee":** the statutory advisory committee to the Board of Directors, created at the Board of Directors' meeting held on March 3, 2010 and ratified by the Annual and Extraordinary Shareholders' Meeting held on April 19, 2010, the main objective of which is to support the members of the Board of Directors on any matters relating to human resources policies and standards, as well as corporate governance practices;
- (v) **"Directors":** members of the Board of Directors;
- (vi) **"Board of Directors":** the Company's Board of Directors;
- (vii) **"Fiscal Council":** the Company's Fiscal Council;
- (viii) **"CVM":** the Brazilian Securities Commission;
- (ix) **"Officers"** the Company's statutory and non-statutory officers;

- (x) **"CEO"**: the Company's Chief Executive Officer, who is elected by the Board of Directors;
- (xi) **"Executive Board"**: the Company's Statutory Board and Non-Statutory Board, when jointly referred to;
- (xii) **"Statutory Board"**: the Company's Statutory Board;
- (xiii) **"Non-Statutory Board"**: the Company's Non-Statutory Board.
- (xiv) **"Bylaws"**: the Company's Bylaws, as amended;
- (xv) **"Brazil's Corporation Law"**: Law No. 6.404, dated December 15, 1976, as amended;
- (xvi) **"Stock option plan"**: The Company's Stock Option Plan the regulations of which are established in specific rules;
- (xvii) **"Policy"**: this Compensation Policy; and
- (xviii) **"Vice-President for People Management"**: means the person in charge of managing the Company's human resources.

3. EXECUTIVE BOARD

3.1. Annual Fixed Compensation

3.1.1. The members of the Executive Board are entitled to receive a fixed monthly portion intended to remunerate them for services rendered within the scope of responsibility assigned to each of the members of the Executive Board in the management of our Company. The fixed portion to be paid to each member is defined based on our salary table, which is regularly prepared and updated in accordance with the findings of salary surveys conducted in the market.

3.1.2. The members of the Executive Board are not entitled to compensation for participation in Committees.

3.2. Variable Compensation

3.2.1. The members of the Executive Board are entitled to an annual variable portion based on our results and defined by means of objective and measurable goals derived from the strategic planning and the annual budget approved by our Board of Directors. Such variable compensation is intended to recognize the participation of an Officer in the performance of our Company in a given year.

3.2.2. The Executive Officers of the Company are eligible to participate, and it should be noted that payment of said compensation will only be made if the goals

validated by the Company's Board of Directors are verified, based on internal indicators, in accordance with the approved budget for each year.

3.2.2.1. The payment will occur annually, based on the individual goal of the eligible Officer, which may be subject to lower or higher variation, depending on the Company's financial and business performance.

3.2.2.2. In the event of termination as per Company decision, the variable compensation shall be payable to the eligible Officer as long as the latter has exercised his / her functions in the Company up to and including last working day of the base period considered for the calculation of the variable compensation in the year in question.

3.2.3. Members of the Executive Board are not entitled to compensation for participation in meetings, bonuses and / or commissions.

3.3. **Share-based Compensation**

3.3.1. **Statutory Board and Non-Statutory Board**: The members of the Statutory Board and of the Non-Statutory Board are entitled to share-based compensation, in accordance with the respective Long-Term Incentive (ILP) Plans. The ILP Plans are intended to attract and retain professionals who add value to our results, as well as aligning the interests of our Officers with the interests of our shareholders.

3.4. **Benefits**

3.4.1. Executive Board Members are entitled to a benefits package that includes full medical assistance, food allowance, a study grant in accordance with the collective labor and collective bargaining agreements for each region, and life insurance paid by the Company.

3.4.2. Executive Board Members are not entitled to benefits generated on cessation of their office or to post-employment benefits.

4. **BOARD OF DIRECTORS**

4.1. **Annual Fixed compensation**

4.1.1. The members of the Board of Directors receive a fixed monthly portion, in the form of fees. The fixed compensation contracted is intended to remunerate the services of each Member, within the scope of responsibility assigned to our Board of Directors. The fixed portion to be paid to each member is defined based on our salary table, which is regularly prepared and updated in accordance with the findings of salary surveys conducted in the market.

4.1.2.

4.1.2.1. It is important to stress that Board Members are not entitled to variable compensation for participation in Board of Directors' meetings, but are entitled to compensation for participation in Committees.

4.1.2.2. Some Board Members may have a fixed compensation distinct from others in the event they participate in Committees.

4.2. **Variable Compensation**

4.2.1. The members of the Board of Directors are not entitled to variable compensation.

4.3. **Share-based Compensation**

4.3.1. The members of the Board of Directors are also entitled to share-based compensation, through our ILP Plan. That Plan is intended to retain and attract professionals who add value to our results, as well as aligning the interests of Members with the interests of the Company and of our shareholders.

4.4. **Benefits**

4.4.1. The members of the Board of Directors are not entitled to direct or indirect benefits, or benefits stemming from the cessation of their office or to post-employment benefits.

5. FISCAL COUNCIL

5.1. **Annual Fixed Compensation**

5.1.1. Compensation for Members of the Fiscal Council includes the payment of a fixed monthly portion, in the form of fees, which does not include benefits, representation fees or profit sharing. The fixed compensation contracted is intended to remunerate the services of each member of the Fiscal Council, within the scope of responsibility assigned to that body.

5.1.1.1. The compensation of the Fiscal Council is determined in accordance with the average compensation attributed to Officers, pursuant to Brazil's Corporation Law. In addition, alternate members are only remunerated in the event they exercise their position due to vacancy, impediment or absence of any respective permanent member.

5.1.2. The members of the Fiscal Council are also entitled to reimbursement of travel and living expenses necessary for the performance of their duties.

5.1.3. The members of the Fiscal Council are not entitled to compensation for

participation in Committees.

5.2. **Variable Compensation**

5.2.1. Members of the Fiscal Council are not entitled to variable compensation and/or compensation for participation in meetings or commissions.

5.3. **Share-based Compensation**

5.3.1. The members of the Fiscal Council are not entitled to share-based compensation.

5.4. **Benefits**

5.4.1. The members of the Fiscal Council are not entitled to direct or indirect benefits.

6. COMMITTEES

6.1. **Annual Fixed Compensation**

6.1.1. Committee Members that are also Company Officers already receive in their fixed compensation, as Officers, an additional portion related to participation in Committees.

6.1.2. The Company's Officers who may be elected as members of the Committees, due to their specific duties and functions, will not be entitled to any additional portion in their fixed compensation related to their participation in Committees.

6.2. **Variable Compensation**

6.2.1. Committee Members are not entitled to variable compensation and/or compensation for participation in meetings and commissions.

6.3. **Share-based Compensation**

6.3.1. Committee Members are not entitled to share-based compensation.

6.4. **Benefits**

6.4.1. Committee Members are not entitled to direct or indirect benefits.

7. GENERAL PROVISIONS

7.1. This Policy shall enter into force on the date of its approval and may only be modified by resolution of the Company's Board of Directors and may be consulted on the Company's Investor Relations website (<https://www.yduqs.com.br/> - Corporate Governance, Bylaws and Policies and then select "Compensation Policy") and on the websites of the CVM (www.cvm.gov.br) and B3 (www.b3.com.br).

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