

**SOUZA CRUZ S.A.**

Corporate Taxpayer Registration Number (CNPJ) -

33.009.911/0001-39

PUBLICLY-OWNED COMPANY

ARTICLES OF INCORPORATION

THE ORGANIZATION, CORPORATE NAME, BUSINESS

PURPOSE, HEADQUARTERS AND DURATION

Article 1: SOUZA CRUZ S.A., organized in this city on 14 March 1914, is governed by the following Articles of Incorporation and by the legislation in force.

Article 2: The business purposes of the COMPANY are: I) the manufacture, trade, import and export of: a) cigarettes, cigarillos, cigars, shredded and pipe tobaccos, matches and articles for smokers; b) graphic products in general; c) aromas and extracts; d) forest and agricultural products; e) perfumery, toiletry, cosmetics and personal hygiene articles; f) records and tapes in general; g) electrical, electronic and automatic devices; h) tourist guides; i) beach articles; j) drinks in general; k) sports articles; l) general clothing articles and

accessories; m) costume jewelry; n) toys; o) promotional and advertising materials in general; p) furniture and furnishings in general; q) articles for household use and containers; r) packaging in general; s) glass, crystal, rubber, plastic, wooden or metal articles; t) products in general, relating to its activities or otherwise; II) farming and cattle raising activities in general, including forestation and reforestation; III) the supply of services relating to its activities or otherwise, including technical, transport, distribution,, logistics and commission services; IV) the promotion and organization of fairs and events; as well as manufacturing and trading of sewing notions and supplies in general, especially decorative pins and other promotional items, and also food supply services including restaurants, bars and the like and V) holdings in other companies as a quota holder or shareholder.

Article 3: The headquarters and forum of the COMPANY are in the city of Rio de Janeiro, where it is established at Rua Candelaria 66, rooms 101 to 1201. It may set up branches, offices, agencies, representations or any other

establishments that the Executive Board deems suitable.

Article 4: The COMPANY will exist for an indeterminate period.

#### THE CAPITAL

Article 5: The capital stock of the COMPANY, which has been fully paid in, is BRL854,755,740.32 (eight hundred and fifty four million, seven hundred and fifty-five thousand, seven hundred and forty reals and thirty-two centavos), divided into 1,528,450,500 (one billion, five hundred and twenty-eight million, four hundred and fifty thousand and five hundred) ordinary shares with no par value.

Article 6: The shares will be nominal, using the uncertificated share system.

#### THE SHAREHOLDERS MEETING

Article 7: The Shareholders Meeting is the sovereign COMPANY body, and has the authority and responsibilities granted by the law. It will be called and convened in accordance with the law, and its decisions will also follow the law.

## THE MANAGEMENT

Article 8: The COMPANY will be managed by a Board of Directors and an Executive Board.

Paragraph One - The management's remuneration will be set globally by the Shareholders Meeting.

Paragraph Two - The management does not depend on any deposits or other form of guarantee.

## THE BOARD OF DIRECTORS

Article 9: The Board of Directors will consist of at least six and at most twelve members, at the discretion of the Shareholders Meeting.

Article 10: To be a member of the Board of Directors, it is necessary to have an unblemished reputation, and wide professional experience.

Article 11: Board members will be given a three-year mandate, where re-election is allowed.

Article 12: The Shareholders Meeting that elects the Board of Directors will nominate its Chair and Deputy-Chair.

Article 13: The Board of Directors is responsible for:

- I - Deciding on the general direction of the COMPANY'S businesses;

- II - Electing and removing the COMPANY'S officers, in compliance with the terms in these Articles of Incorporation;
  - III - Setting the responsibilities or areas of operation of the Vice-Presidents and Officers;
  - IV - Monitoring the Officers' administration, examining the COMPANY's books and papers at any time, requesting information about any contracts that have been signed or are about to be signed, and any other acts;
  - V - Calling the Shareholders Meeting, when considered suitable, or in compliance with Article 132 of Law 6,404 of 1976;
  - VI - Expressing its opinion of the Executive Board's management reports and accounts;
  - VII - Authorizing the purchase of shares issued by the COMPANY, for the purpose of cancellation, or keeping them in the Treasury for later disposal;
  - VIII - Setting up Standing Committees, with specified composition and responsibilities.
- Article 14: The Board of Directors will hold ordinary meetings once every quarter, and special meetings, whenever the interests of the COMPANY

so demand.

Paragraph One - The Board of Directors' meetings will be called to order when the majority of its members are present, and its decisions will be taken by the majority of those present.

Paragraph Two - The Chair of the Board of Directors, or whosoever is temporarily substituting him/her, will have the casting vote.

Article 15: The Chair of the Board of Directors is responsible for:

- I - Calling the Shareholders Meeting, in the name of the Board;
- II - Calling, directing and chairing the meetings of the Board of Directors;
- III - Nominating temporary substitutes for Board Members;

Article 16: The Deputy-Chair of the Board of Directors will substitute the Chair in the event of his/her temporary unavailability

#### THE EXECUTIVE BOARD

Article 17: The Executive Board will consist of a Chief Executive Officer, up to three Vice Presidents, and up to twelve Officers with no specific designation.

Sole Paragraph - Officers will be given a three-year mandate, where re-election is allowed.

Article 18: The Executive Board will hold ordinary meetings once every month, and special meetings, whenever the interests of the COMPANY so demand.

Paragraph One - The Executive Board's meetings will be called to order when the majority of its members are present, and its decisions will be taken by the majority of those present.

Paragraph Two - The Chief Executive Officer, or whosoever is temporarily substituting him/her, will have the casting vote.

Article 19: The Executive Officers have all the authority necessary to manage the COMPANY, including that necessary to represent it both actively and passively, in and out of court, bearing in mind the provisos in these Articles of Incorporation and the legislation.

Sole Paragraph - the Officers can, in compliance with the terms in these Articles of Incorporation, dispose of permanent assets of the COMPANY and provide sureties, bonds or other guarantees for third-party liabilities.

Article 20: The COMPANY can nominate attorneys

with specific powers, where the respective documents must be signed by at least two Officers. Except in the case of *ad judicicia* powers of attorney, the duration of these mandates must be set.

Article 21: The Officers as a board must approve:

- a) The annual and multiannual operational and property, plant and equipment investment budgets;
- b) The report and financial statements for the financial year, submitting them to the Shareholders Meeting, after hearing the opinion of the Board of Directors;
- c) The proposal for allocating profits and for distributing dividends;
- d) Any proposal for a capital increase;
- e) The exercising of any similar or secondary activities, listed in Article 2 of these Articles;
- f) The purchase, underwriting or sale of holdings in any companies;
- g) Investments in new projects;
- h) The setting up of new companies;
- i) The selection of the managers of companies that must be elected by the COMPANY vote;



j) The sale or encumbrance of real estate belonging to the COMPANY and the provision of surety, bonds or other third-party liabilities, except when the beneficiary is a controlled company;

k) The granting of pensions to employees and managers that carry out activities at the COMPANY, and to their dependents;

l) The authorization described in Article 23.

Article 22: All acts that result in the COMPANY assuming liabilities to third parties, or exonerating third parties from their liabilities to the COMPANY, will require the signature of two Officers, or one Officer together with an attorney, or two attorneys, for them to be valid.

Sole Paragraph - Only the issue or endorsement of trade bills, the endorsement of checks for depositing in the COMPANY'S bank accounts, the signing of receipts for amounts due to the COMPANY, as well as acts relating to the COMPANY'S relations with its employees are excluded from this this ruling. Such acts or documents may be signed by one Officer or by an attorney with express authority to do so.

Article 23: The COMPANY may be represented by a

single Officer or by a single attorney, in any act, as long as this has been expressly authorized by the Executive Board.

Article 24: The Chief Executive Officer will be especially responsible for:

- a) Calling and chairing meetings of the Executive Board;
- b) Generally overseeing the COMPANY'S businesses;
- c) Nominating the Vice-President that will substitute him/her in the event of his/her temporary unavailability;
- d) Nominating temporary substitutes for any Officers that are absent or unavailable;
- e) Allocating specific functions to the Officers, as long as these do not conflict with the law or these Articles.

#### THE STATUTORY AUDIT COMMITTEE

Article 25: The COMPANY will have a non-permanent Statutory Audit Committee, consisting of 3 (three) full members and the same number of alternate members. Once convened, the Statutory Audit Committee will have the responsibilities granted by the law and the Shareholders Meeting

that decides to convene it will elect its members and set their remuneration.

#### THE BUSINESS YEAR

Article 26: The business year will end on 31 December every year, when the financial statements will be drawn up in accordance with the law.

Paragraph One - 5% (five percent) of the net profits for the year will be invested in the legal reserve, whose total will not exceed 20% (twenty percent) of the capital stock.

Paragraph Two - Up to 30%, in accordance with the management bodies' proposal, will be invested in the Net Working Capital Maintenance Reserve, with the aim of ensuring that the COMPANY has its own funds available for developing its businesses and maintaining stocks, whose total will not exceed 80% of the capital stock. In years where the management bodies understand that it is not necessary to invest in the aforementioned Net Working Capital Maintenance Reserve, these investments need not be made.

Paragraph Three - The COMPANY will distribute, as a mandatory dividend, at least 25% (twenty-five

percent) of the net profits for the year, calculated in accordance with the law;

Paragraph Four - A six-monthly balance sheet will be drawn up on 30 June every year;

Paragraph Five - The Executive Board may propose and the Board of Directors may decide to distribute interim dividends based on the results shown in the balance sheet mentioned in Paragraph Four;

Paragraph Six - The Executive Board may also propose and the Board of Directors may also decide to distribute interim dividends as a result of accumulated profits or profit reserves that were shown on the most recent six-monthly or annual balance sheet, in compliance with the legal regulations.

Paragraph Seven - The Executive Board may propose and the Board of Directors may decide to draw up balance sheets and distribute dividends after shorter periods, as long as the total amount paid out as dividends in the business year does not exceed the volume of capital reserves dealt with in Article 182, Paragraph One of Law 6,404 of 15 December 1976;

Paragraph Eight - The amounts of the dividends

and the interest on own capital, decided at the Shareholders Meeting or at a meeting of the Board of Directors, will pay interest at the Special Clearance and Escrow System (SELIC) rate, calculated from the date of the interim or end-of-year balance sheet when they were calculated, up to the date on which payments start to be made to the shareholders.

Paragraph Nine - The dividends and the interest on own capital, allocated to shareholders, will not suffer any type of interest charges after the date on which their respective payments start to be made, and if they are not claimed after 3 (three) years from the date on which their respective payments start, they will prescribe in favor of the COMPANY.

Rio de Janeiro, 19 March 2014

(signed) Monica Fernandes Saraiva

Secretary