

# **CORPORATE BYLAWS**

## **CHAPTER I**

### **NAME, REGISTERED OFFICE, DURATION AND OBJECT**

#### **ARTICLE ONE**

##### TYPE AND NAME

The COMPANY is a public limited company with the name of PHAROL, SGPS, S.A.

#### **ARTICLE TWO**

##### REGISTERED OFFICE

1. The Company's registered office is in Rua Gorgel do Amaral, nº 4, Cave Esquerda, Parish of Campo de Ourique, 1250-119, Lisbon, and its duration shall be unlimited.

2. By resolution of the Board of Directors, the COMPANY may relocate its registered office to any location within the national territory and establish and maintain, at any location within or outside the national territory, agencies, delegations or any other form of representation.

#### **ARTICLE THREE**

##### OBJECT

1. The COMPANY'S object is to manage holdings in other companies as an indirect means of performing economic activities, as defined by law.

2. The COMPANY may, without restrictions, acquire or hold quotas or shares in any companies, as defined by law, in addition to participating in complementary groupings of companies, European Economic Interest Groupings, as well as forming or participating in any other forms of temporary or permanent association between public or private companies and/or entities.

## **CHAPTER II**

### **SHARE CAPITAL, SHARES AND BONDS**

#### **ARTICLE FOUR**

##### SHARE CAPITAL

1. The share capital is €26.895.375,00 (twenty six million, eight hundred ninety-five thousand, three hundred seventy five Euros), and is fully paid up.

2. The share capital is represented by 896.512.500 (eight hundred and ninety six million, five hundred and twelve thousand, and five hundred shares), with par value of €0,03 (three Euro cents) each.

3. Upon favourable opinion of the Fiscal Council, the Board of Directors may increase the share capital, on one or more occasions, through capital contributions in cash, up to €80.000.000,00 (eighty million Euros) after a resolution has been passed at the General Meeting of Shareholders fixing the parameters to which such share capital increase or increases shall be subject.

4. The global authorized amount includes not only the nominal value of each issue of capital but also any eventual issue premium(s) and for the calculation of the global amount of €80.000.000,00 (eighty million Euros) any convertible bonds issued as per article 8 of the by-laws are accounted for as well.

5. The general meeting's definition of the parameters pertaining to the increase in share capital to be decided by the Board of Directors must specify:

a) The maximum amount of the increase;

b) Without prejudice to the conditions of article 460 of the Commercial Companies Code ("CCC"), whether the increase involves a suppression or limitation of preference rights;

c) The class or classes of shares per issue comprising the increase in share capital and, in the event of the issue of more than one class of shares, the respective proportion thereof, without prejudice to the consequences of an incomplete subscription.

## **ARTICLE FIVE**

### SHARE CLASSES

The COMPANY has only common shares.

## **ARTICLE SIX**

### TYPE OF SHARES

The COMPANY'S shares shall be nominative and be recorded in book-entry form.

## **ARTICLE SEVEN**

### PREFERENCE RIGHTS PERTAINING TO SHARE CAPITAL INCREASES

In the event of an increase in share capital, based on the entry of fresh capital, current COMPANY shareholders at the time of the resolution shall enjoy preference over non shareholders in subscribing for new shares.

## **ARTICLE EIGHT**

### **PREFERENCE SHARES AND BONDS**

1. The COMPANY may issue voting or non voting preference shares, redeemable or not, as defined by law.
2. The COMPANY may issue bonds or other securities pursuant to the terms of the legislation in force and, in addition, perform legally permitted operations in respect of the COMPANY'S own bonds or other securities issued by it.
3. The issue of non-convertible bonds and other debt instruments may be resolved by the Board of Directors.
4. The issue of bonds convertible into shares may be resolved by the Board of Directors provided that their respective amount does not exceed the amount annually defined by the General Meeting, the implicit share capital increase resulting from the price and initial conversion fixed by the issue resolution is within the competence of the Board of Directors in accordance with number 3 of article 4, and that the parameters defined by the general meeting are complied with.
5. The general meeting's definition of the parameters in respect of the Board of Director's issue of convertible bonds must specify:
  - a) The maximum value of the bonds to be issued in legal tender in Portugal or its counter value at the exchange rate fixed in the issue resolution;
  - b) The maximum value of the increase in potential share capital implicit in the issue at the initial conversion price fixed by it;
  - c) Without prejudice to the conditions of article 460 of the CCC, whether the bonds are issued with or without a suppression or limitation of preference rights;
  - d) The class or classes of shares in respect of whose issue the conversion shall be made and in the event of more than one class of shares, the respective proportion thereof.

## **ARTICLE NINE**

### **SHAREHOLDERS PERFORMING A COMPETING ACTIVITY**

1. Shareholders who/which are, either directly or indirectly, engaged on an activity which competes with an activity being performed by companies in a controlling/controlled relationship with PHAROL, SGPS, S.A. may not hold more than 10% (ten per cent) of the COMPANY'S ordinary shares without firstly having received permission from the General Meeting.
2. For the purpose of the previous number, a competing activity shall be any activity of the same type and nature as that being performed by companies with which PHAROL, SGPS, S.A. is in a controlling/controlled relationship.

3. Entities which either directly, or indirectly, have a holding of at least 10% (ten per cent) of the share capital of a company engaged on any of the activities referred to in the preceding number or in which an identical percentage is held by another entity, are considered to be indirectly engaged on a competing activity.

4. The following ordinary shares may be redeemed without the need for the consent of their respective holders:

a) Those held without the prior authorisation of the general meeting, by a shareholder who/which, pursuant to the terms of the preceding numbers, is engaged on a competing activity, as defined in the preceding numbers and when such shares, in conjunction with the shares referred to in the following sub paragraph, exceed the amount of 10% (ten per cent) of the share capital;

b) Those held by entities whose shares, pursuant to the terms of the Securities Market Code ("**SMC**"), would be considered, in the case of a public take-over bid, as belonging to the shareholders referred to in the preceding sub paragraph and whose proportion exceeds the amount of 10% (ten per cent) of the share capital after the redemption referred to in that sub paragraph, with the redemption being proportional to the number of shares held by each of the entities in question.

5. The shares referred to in the preceding number may be redeemed at their nominal or respective market value, if lower.

6. Within 30 (thirty days) counted from the resolution to redeem the shares adopted at the General Meeting, the Board of Directors shall notify the respective shareholders that their shares shall be redeemed.

7. The shareholder may suspend the redemption process if, within a period of 5 (five) days counted from the notification, he/she requests to the Board of Directors permission to alienate the shares to be redeemed, within a period of time of no more than 30 (thirty days), with the aforementioned request implying the renunciation of the corresponding voting and preference rights in any increase in share capital until the effective date of sale.

8. The Board of Directors shall promote the performance of the acts and the fulfillment of the formalities legally required for the execution of the share capital reduction.

9. The consideration payable to the holders of the redeemed shares shall be paid after they have certified that the shares are no longer recorded in the respective book-entry securities accounts and shall be paid in a lump sum or be deferred over a period of no more than 2 (two) years from the date of redemption.

10. When the redeemed shares are registered, in legally acceptable cases, the consideration payable to their respective holders shall be paid against the delivery of the respective securities pursuant to the conditions defined in the preceding number.

**CHAPTER III**  
**STATUTORY BODIES**  
**SECTION I**  
**GENERAL PROVISIONS**

**ARTICLE TEN**

CORPORATE BODIES

The corporate bodies are the General Meeting of Shareholders, the Board of Directors, the Fiscal Council and the Statutory Auditor.

**ARTICLE ELEVEN**

TERMS OF OFFICE

1. Without prejudice to no. 5 of article 27, the members of the board of the General Meeting, the Board of Directors and the Fiscal Council as well the Statutory Auditor are elected for a 3 (three) year period at the General Meeting of Shareholders, and may be re-elected, one or more times, in accordance with the applicable legal limitations.
2. At the end of the respective terms of office, the elected members of the board of the general meeting and statutory bodies shall remain in office until new members have been appointed.

**SECTION II**

**GENERAL MEETING**

**ARTICLE TWELVE**

OBLIGATIONS OF THE SHAREHOLDERS

1. Shareholders are required:
  - a) Not to cast any votes which, in statutory terms should not be counted, without indicating the existence of a limitation on the counting thereof;
  - b) To notify the Board of Directors of the occurrence of the situation foreseen in article 9 number 2 (competing activity) and in article 13.12;
  - c) To notify the Board of Directors of the entering into and full contents of any shareholders' agreements which they may have entered into in respect of the COMPANY;

d) To provide to the Board of Directors, in writing, and in a true, complete and self-explanatory manner, allowing it to be sufficiently elucidated, all the information requested by said Board on the situation foreseen in article 9, number 4, paragraph b) and article 13, number 12.

2. The information referred to in sub paragraphs b) and c) of the preceding number shall be provided within a period of 5 (five) working days from their respective occurrence, unless a General Meeting is held during the course of the referred to period, in which case it should also be provided to the Chairman of the General Meeting up until the time of the meeting.

3. The information referred to in sub paragraph d) of number 1 shall be provided within a period of time of 8 (eight) days prior to the holding of the first general meeting after the request for information. Failure to comply with this duty within the referred to period of time implies the shareholder's acknowledgement of the facts alleged by the Board of Directors in its request for information.

## **ARTICLE THIRTEEN**

### **PARTICIPATION AND VOTING RIGHTS**

1. Only shareholders with voting rights may attend general meetings.

2. Shareholders shall be entitled to participate in and cast their vote at the General Meeting of Shareholders if on record date, i.e. 0 hours (GMT) of the 5th trading day preceding the day on which the general meeting is held, they are the owners of shares granting them one vote at least.

3. The exercise of participation and voting rights at the General Meeting of Shareholders does not depend on the blocking of the shares between the record date and the date of the General Meeting of Shareholders.

4. On the notice, the Chairman of the General Meeting shall define all procedures, and periods that must be followed by the shareholders and by the financial intermediaries with whom the shareholders have opened their individual securities accounts, for purposes of shareholders' participation in the General Meeting.

5. Each share shall correspond to one vote.

6. The exercise of vote by post or electronic mail may comprise all the matters included in the call for the meeting, in the terms and conditions set forth therein.

7. The terms and conditions for the exercise of vote by post or electronic mail shall be defined by the Chairman of the General Meeting in the respective call, so as to ensure its authenticity, regularity, safety, trustfulness and confidentiality up until the moment of the voting.

8. In both cases, the authenticity of the vote shall be assured before the Chairman of the General Meeting, through:

- a) Signed communication and readable copy of the identity document, in case of individuals;
- b) Communication signed by the legal representative(s) of the entity, with readable copy of their identity document(s) and document evidencing their powers (in case of entities registered in Portugal, indication of the access code to their permanent certificate will suffice);
- c) Other adequate means to verify the authenticity of the vote, as determined by the Chairman of the General Meeting.

9. In order to assure the confidentiality of the vote, the referred communications shall be addressed in a closed envelope or to a dedicated e-mail, which shall only be considered upon the counting of votes.

10. The votes issued by post or electronic mail are counted as negative votes in relation to proposals of resolution which may be presented after their issuance.

11. Attendance to a General Meeting of a shareholder which has issued its respective vote by post or electronic mail, or of their representative, determines the revocation of the vote issued by such means.

12. No votes cast by any Shareholder holding common shares, or by a representative on its behalf, on its own behalf or in the capacity of representative of another shareholder, shall be counted that exceed 10% of the total votes representing the share capital.

13. For the purposes of this Article, shares held by persons meeting the conditions set forth in Article 20 of the Securities Code shall be deemed as belonging to the Shareholder, and the limitation of each person concerned shall be proportionate to the number of votes it casts.

14. The limitation foreseen in paragraph 12 applies to all resolutions, including resolutions requiring a super majority.

15. The limitations arising under the preceding paragraphs apply to usufructuaries and pledgees.

16. In the event of joint share ownership, only the common representative or its representative may participate in General Meetings.

## **ARTICLE FOURTEEN**

### MAJORITY REQUIRED FOR RESOLUTIONS

The General Meeting shall pass resolutions at the time of its first or subsequent convocation, on the basis of the majority of votes cast without prejudice to the need of a qualified majority in legally defined cases.

## ARTICLE FIFTEEN

### COMPETENCE OF THE GENERAL MEETING

1. The General Meeting has competence to:

a) Elect the board of the General Meeting, the members of the Board of Directors and of the Fiscal Council as well as the Statutory Auditor;

b) Analyze the report of the Board of Directors, discuss and vote on the balance sheet, the accounts, the opinion of the Fiscal Council and additional documentation legally required;

c) Decide on the appropriation of net income for the year;

d) Decide on any alterations to the articles of association and share capital increases, in addition to any limit or suppression of preference rights and fix the parameters for the share capital increases to be decided by the Board of Directors pursuant to article 4, numbers 4 and 5;

e) Decide on the issue of bonds or other securities and fix the value of those which the Board of Directors is entitled to authorise pursuant to the terms of article 8 number 3 in addition to the limitation or suppression of preference rights in respect of the issue of bonds convertible into shares and fix of the parameters for the issue of these types of bonds by the Board of Directors, pursuant to article 8 numbers 4 and 5;

f) Decide on the authorisation referred to in number 1 of article 9;

g) Decide on the remuneration of members of the statutory bodies, with the right to appoint a wages commission for the purpose in question;

h) Decide on the existence of the Company's justified interest in the provision of real and personal guarantees in respect of the debts of other entities which are not in a dominating/dominated or group relationship;

i) Approve the general objectives and fundamental principles of the company's policies;

j) Define the general principles of the holdings policy in companies, pursuant to the terms of article 3, number 3 and decide on its respective acquisitions and alienations when, in accordance with the said principles, they should be authorised in advance by the General Meeting;

k) Deal with any other matters for which it has been convened.

2. Resolutions on any of the issues referred to in sub paragraph i) of the preceding number shall be adopted solely on the basis of proposals to be submitted by the Board of Directors or by shareholders fulfilling the requirements set out in article 17.



## **ARTICLE SIXTEEN**

### BOARD OF THE GENERAL MEETING AND CONVOCATION

1. The Board of the General Meeting shall comprise its respective Chairman and a Secretary.
2. The General Meeting shall be convened and directed by its Chairman or, in the event of his absence or inability to be present, by the Secretary which shall invite a shareholder to serve as his secretary.
3. The convocation of the General Meeting shall be made with the advance notice and in the form foreseen in the law, expressly indicating the matters of the agenda.
4. The General Meeting shall take place at the COMPANY'S registered office, or at another location chosen by the Chairman of the General Meeting under the legal terms.

## **ARTICLE SEVENTEEN**

### MEETINGS OF THE GENERAL MEETING OF SHAREHOLDERS

The General Meeting shall meet, at least once a year and whenever called by the Chairman of the Board of Directors, by the Fiscal Council or by shareholders representing at least 2% (two percent) of the share capital.

## **SECTION III**

### **BOARD OF DIRECTORS**

#### **ARTICLE EIGHTEEN**

##### BOARD OF DIRECTORS

1. The Board of Directors is composed by a minimum of 3 (three) and a maximum of 7 (seven) members, elected by the General Meeting.
2. The Chairman of the Board of Directors shall be elected by the General Meeting as well.
3. If the General Meeting does not elect or, having elected, the chairman of the board ends the mandate before the end of the period for which he was elected or appointed, the members of the Board of Directors shall appoint the respective Chairman.

#### **ARTICLE NINETEEN**

##### ELECTION OF DIRECTORS

1. Directors shall be elected by a majority of the votes cast.

2. One of the Directors may be chosen, in isolation, by the general meeting, pursuant to the terms of nos. 6 and 7 of article 392 of the CCC.

## **ARTICLE TWENTY**

### DELEGATION OF POWERS

1. The Board of Directors may delegate the management of the COMPANY'S day to day affairs to an Executive Committee comprising up to 3 (three) members.

2. Executive Committee members shall be chosen by the Board of Directors from among its members.

3. The Board of Directors may, as an alternative to the foregoing paragraphs, delegate the management of the COMPANY'S day to day affairs in one Delegate Director pursuant to number 3 of article 407 of the CCC.

4. The Board of Directors shall define the Executive Committee's or Delegate Directors' responsibilities, as applicable, in respect of the day to day management of the Company's affairs and shall delegate, when necessary, all the competencies whose inclusion is not prohibited under article 407 of the CCC.

5. The Chairman of the Executive Committee shall:

a) Ensure that all the information regarding the activity and the resolutions of the Executive Committee is provided to the other members of the Board of Directors;

b) Ensure the compliance with the limits on delegation, the Company's strategy, and the duties of cooperation with the Chairman of the Board of Directors.

6. The Executive Committee shall, in principle, operate in conformity with the regulations defined in articles 2122, 23 and 24, without prejudice to the adaptations which the Board of Directors may decide to make in respect of such operation.

7. The Board of Directors may authorise the Executive Committee to charge one or more of its members to deal with certain tasks and delegate the performance of several of the powers which have been delegated to it to one or more of its members.

8. The resolutions of the Executive Committee shall be taken by majority of the expressed votes and the Chairman shall have a casting vote.

9. The creation of an Executive Committee and/or the delegation of powers in one Director do not preclude the competence of the other Board members or of the Board of Directors with respect to the delegated powers as the Board of Directors may approve resolutions on the same matters.

10. In case the Board of Directors appoints a Delegate Director it may create, in the same Board meeting, one or more committees for certain specific matters.

## ARTICLE TWENTY ONE

### COMPETENCES OF THE BOARD OF DIRECTORS AND SECURITY DEPOSIT

1. The Board of Directors is responsible for, among other:

a) Managing the COMPANY'S affairs and performing all acts and operations in respect of the Company's corporate object which are not the specific responsibility of other statutory bodies of the Company;

b) Representing the COMPANY in legal and non legal matters with the right to withdraw, come to terms and confess in respect of any lawsuits, in addition to entering into arbitration agreements;

c) Acquiring, selling, or in any other manner, alienating or encumbering rights, notably when affecting the COMPANY'S holdings, moveable and immovable assets, without prejudice to the conditions set out in article 15;

d) Establishing the COMPANY'S technical and administrative organisation and its internal operating rules;

e) Appointing legal or other proxies with the powers considered expedient, including the power to sub-delegate authority;

f) Electing the effective and substitute Secretary of the COMPANY;

g) Proceed, through co-optation, to the replacement of the Directors which have a definitive absence, being the co-opted members in functions up to the end of the term to which the replaced Directors had been elected to, without prejudice of the ratification in the next General Meeting and of the foreseen in number 3;

h) Performing the other competencies attributed by the General Meeting.

2. The absence of any Director to more than half of the ordinary Board of Directors meetings, during a financial year, either in a continuous or interpolated manner, without justification accepted by the Board of Directors, shall be considered as a definitive absence of such Director.

3. Such definitive absence shall be declared by the Board of Directors, and such Directors shall be replaced under the provisions of the CCC.

4. The responsibility of each Director shall be necessarily secured by any of the mandatory forms legally foreseen in accordance with the minimum impositions set forth by law.

## **ARTICLE TWENTY TWO**

### RELATIONSHIP WITH THE GENERAL MEETING

The Board of Directors, in its management of the COMPANY'S affairs, shall comply with the general guidelines issued by the general meeting, pursuant to the terms and limitations as defined by law.

## **ARTICLE TWENTY THREE**

### COMPETENCE OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

1. The Chairman of the Board of Directors is specifically responsible for:

- a) Representing the Board in legal and non legal matters;
- b) Co-ordinating the activity of the Board of Directors and apportioning tasks among members when recommended on the basis of management expediency;
- c) Convening and directing the meetings of the Board;
- d) Ensuring that the resolutions of the Board of Directors are properly complied with.

2. In the event of the Chairman's absence or impairment and under the terms permitted by law, the Chairman shall be replaced by the member of the Board of Directors indicated by him for the purpose in question or, in the absence of indication, by the member of the Board of Directors who has been acting in such capacity longer.

## **ARTICLE TWENTY FOUR**

### RESOLUTIONS

1. The Board of Directors schedules its ordinary meetings dates or its frequency, which shall be, at least, once every 3 (three) months of each year, and shall meet in extraordinary sessions whenever convened by its Chairman, two Directors, or the Fiscal Council.

2. The Board of Directors shall not meet without the participation of the majority of its members in functions, although its Chairman may, in cases of recognized urgency, permit such meeting without the presence of such majority if it is assured by vote by correspondence or by proxy, according to the terms established in number 4.

3. The Directors may attend the Board of Directors' meetings through telematic means in which case the COMPANY shall ensure the authenticity of the declarations, the security of communications, and register the contents of the meeting and the respective participants.

4. Without prejudice to the conditions set out in number 2, mail and proxy votes are permitted although a Director may not represent more than one other Director.

5. Board of Director's resolutions shall be adopted by a majority of the votes cast.

## **ARTICLE TWENTY FIVE**

### **MINUTES**

1. The resolutions passed at meetings of the Board of Directors, in addition to voting statements, shall be recorded in minutes.
2. The minutes shall be signed by all members of the Board of Directors participating in the meeting.
3. Participants at the meeting may dictate a summary of their statements for inclusion in the minutes.

## **ARTICLE TWENTY SIX**

### **BINDING/COMMITTING OF COMPANY**

1. The COMPANY is be bound by:
  - a) The signatures of two Directors;
  - b) The signature of one Director in which powers were delegated to act;
  - c) The signature of one or more appointed proxies, subject to the scope and in accordance with the terms of the corresponding mandates.
2. The signature of a sole Delegated Director is sufficient for the day to day affairs of the COMPANY.
3. COMPANY bonds, when in certificate form, shall bear the signatures of two Directors, which signatures may be replaced by a simple mechanical reproduction or a seal/stamp.
4. The Board of Directors may decide, in accordance with the terms and subject to legal limitations, that certain COMPANY documents be signed using mechanical processes or seals/stamps.

## **SECTION IV**

### **FISCAL COUNCIL AND STATUTORY AUDITOR**

#### **ARTICLE TWENTY SEVEN**

##### **ATTRIBUTIONS AND MEMBERSHIP**

1. The supervision of the COMPANY'S activity is conducted by a Fiscal Council and a Statutory Auditor or Company of Statutory Auditors.

2. The powers of the Fiscal Council and of the Statutory auditor are those determined by law and established in their Internal Regulation.

3. The Fiscal Council consists of 3 (three) effective members, and 1 alternate member, all elected at the General Meeting which will elect the Chairman of the Fiscal Council.

4. The resolutions of the Fiscal Council shall be adopted by the majority of the votes cast provided that the majority of the members is present at the meeting and the Chairman has a casting vote.

5. The effective and alternate Statutory Auditor is elected by the General Meeting and proposed by the Fiscal Council.

## **CHAPTER IV**

### **INFORMATION**

#### **ARTICLE TWENTY EIGHT**

##### **INFORMATION**

The information that pursuant to the law depends upon, or may depend upon, the holding of a certain percentage of the share capital will be available at the headoffice of the COMPANY and published at the internet site of the COMPANY as well provided that such publication is mandatory pursuant to law or regulation of the regulatory authority.

## **CHAPTER V**

### **APPROPRIATION OF NET INCOME**

#### **ARTICLE TWENTY NINE**

##### **APPROPRIATION OF NET INCOME**

1. The duly approved annual net income shall be appropriated as follows:

a) A percentage of not less than 5% (five per cent) shall be paid into a legal reserve until it reaches the amount defined by law;

b) A percentage of not less than 40% (forty per cent) of the distributable profit shall be distributed among the shareholders in the form of a dividend, without prejudice to the general meeting's having the right, on the basis of a qualified majority of two thirds of the votes cast, to decide on a reduction of the dividend or not to proceed with any distribution thereof;

c) the remainder to be appropriated at the discretion of the general meeting.

2. Pursuant to the terms of and within the legally established limits, shareholders are entitled to an advance of profits for the year in progress.

## **CHAPTER VI**

### **DISSOLUTION AND LIQUIDATION**

#### **ARTICLE THIRTY**

##### **DISSOLUTION AND LIQUIDATION**

1. The COMPANY shall be dissolved in accordance with legally defined cases and terms.
2. The liquidation of the COMPANY shall be governed by the dispositions defined by law and the resolutions of the General Meeting.