

APPROVED

in the regular meeting of shareholders
of JSC „Ditton pievadķēžu rūpnīca”
dated 31.05.2011 (protocol Nr. __)

REGULATIONS OF THE COUNCIL OF JSC „DITTON PIEVADĶĒŽU RŪPNĪCA”

Daugavpils

15 April 2011

Adopted on the basis of:
1) *The Commercial Law, Articles 291-295;*
2) *Corporate Governance Principles of
„NASDAQ OMX Riga”*
3) *Articles of the JSC „Ditton pievadķēžu rūpnīca”
Paragraph 6.3*

§ 1

General procedure of work organisation of the Council

The Council is the supervisory institution of the joint stock company (hereinafter – the company), which represents the interests of shareholders during the time periods between the meetings of shareholders and supervises the activities of the Management Board within the scope specified in laws of the Republic of Latvia, Articles of the company and decisions of company’s shareholders.

Rights and functions of the Council are specified in laws of the Republic of Latvia and in Articles of the company.

The Council shall be elected in the meeting of shareholders.

Members of the Council shall elect a chairman of the Council and at least one deputy chairman from among themselves.

Work of the Council is managed by the Chairman of the Council, in periods of his absence – by one of the Deputy Chairmen of the Council.

Decisions of the Council are taken in the Council meetings.

The Chairman of the Council shall convene Council meetings, but in his absence – his deputy, in the events specified in laws of the Republic of Latvia, for approving of the company’s quarterly, semi-annual, the annual reports, by receiving the notice of the Management Board with request to give consent of the Council for activity of the Management Board, if it is necessary to take joint decisions essential for the company or at the request of the Management Board or Council member.

The Council has the right to take decisions if more than one half of the Council members take part in the Council meeting according to the company’s Articles, but in the events this quantity is less for any reason – the quorum is determined according to the Articles of the company.

Decisions are taken with simple majority of votes of the present Council members, but in the event of tied vote the vote of the chairman of the Council shall prevail.

Formalities for drawing up minutes of the Council meetings are stated in the Commercial Law of the Republic of Latvia.

Secretary of the company informs the Council members on appointing of the Council meeting.

All decisions of the Council are recorded. All decisions adopted by the Council, as well as documents approved by the decision are compulsory for execution by the company.

The Council member can appeal against a decision taken by the Council in the manner prescribed by the Commercial Law of the Republic of Latvia.

In the event if the Council and the Management Board hold joint meetings with a common agenda, the meeting is chaired by the Chairman of the Council, but in the event of his temporary absence – by one of the Deputy Chairmen of the Council. Vote for decisions of the Management Board and the Council is separate and independent, in the same order minutes of the Management Board and the Council meetings are drawn up.

The Council member has a duty to take part in the Council meetings, but in case of his absence – to motivate the reasons. Shareholders have the right to request information about participation of the Council members in the activity of the company, but if this participation is not ensured – to initiate the recall of the Council member.

The Council member can take part in the Council meeting and take decisions distantly, transferring his vote and decision on the basis of a written power of authority to another member of the Council or using means of electronic communication. Such meeting of the Council has the rights to take decisions and the taken decisions are in force only in that case if this procedure is specified in the minutes of the corresponding Council meeting.

§ 2

Composition of the Council

- Chairman of the Council of JSC “Ditton pievadķēžu rūpnīca”;
- Deputy Chairman of the Council of JSC “Ditton pievadķēžu rūpnīca”;
- Deputy Chairman of the Council of JSC “Ditton pievadķēžu rūpnīca”;
- Member of the Council of JSC “Ditton pievadķēžu rūpnīca”;
- Member of the Council of JSC “Ditton pievadķēžu rūpnīca”.

§ 3

Powers of the Council members

Every member of the Council has the right to take part in taking decisions of the Council and these rights can not be limited until termination of his powers.

Scope of authorities of the company’s Council members corresponds to the Council’s goals, functions and rights, which are specified in laws of the Republic of Latvia and Articles of the company.

The members of the Council perform their functions according to registration entries about their election and competence in the public registrar of the Republic of Latvia – Commercial Register of the Register of Enterprises of the Republic of Latvia. Authorities of the Council members concerning the company come into force on day of their election in the meeting of shareholders, authorities and restrictions of the Council members after their election concerning the third personas are in force according to Commercial Law of the Republic of Latvia.

The Council members do not execute representation functions on behalf of the company and are not entitled to execute functions of the Management Board of the company.

§ 4 Responsibility of the Council members

Members of the Council are liable for their activity in accordance with statutory acts of the Republic of Latvia.

Members of the Council are jointly liable for taken decisions. Only the Council member who has voted against adoption of a decision and at his request his objections are recorded in the minutes of the Council meeting, is released from responsibility for the decision of the Council.

By infringement of his authorities and these Regulations, the Council member can be recalled from his office by the decision of the shareholders meeting.

§ 5 Procedures for convening the shareholders meetings by the Council

The duty to convene regular or extraordinary meeting of shareholders is going shall be imposed on the Council in that case if the Management Board disregards the terms of their convening according to norms of the Commercial Law of the Republic of Latvia and the Articles of the company or does not convene these meetings at all.

By executing functions of the company's institution, which convenes the shareholders' meeting, the Council has a duty to:

- 5.1. ensure a publication on convening of a meeting in accordance with Latvian law;
- 5.2. ensure a publication of an agenda of the meeting convened by the Council, but if a shareholders' request to include an extra issue into the agenda is received – publication of the amended agenda;
- 5.3. ensure a publication of draft decisions adopted by the Council, but if alternative draft decisions are received from shareholders – their publication;
- 5.4. provide an opportunity to shareholders to get acquainted with information on issues included into the agenda in cases and order specified by law;
- 5.5. ensure making a list of shareholders present in the convened meeting which shall be available to the shareholders;
- 5.6. ensure an opportunity to hold the shareholders meeting at legal address of the company, by covering necessary material costs;
- 5.7. perform the necessary procedures for publication of the decisions adopted, as well as other procedures in state authorities and administrative bodies for implementation and/or registration of the decisions adopted in the shareholders meeting, if last mentioned fall within the authority of the Council, otherwise to request the company's Management Board to execute it.

The Council has the right to request the Management Board in its own name according to statutory acts of the Republic of Latvia and the Articles of the company to convene an extraordinary meeting of shareholders, by taking a relevant decision about it, filing a relevant request to the Management Board and specifying in it the reason for convening of the meeting and its agenda.

The Council has to ensure attendance of the Chairman of the Council or Deputy Chairman of the Council at the shareholders' meeting, whose duty is to open the shareholders' meeting.

§ 6 Other provisions of the Council work

In those cases, which are not stipulated in these Regulations, the Council members follow the effective legal acts of the Republic of Latvia, Articles of the company and decisions of shareholders' meetings.

The Council members have to be independent. By occurrence of any circumstances which interfere with this independence, as well as by occurrence of any attempts to exert an illegal influence or pressure on the member of the Council, this member of the Council has a duty to inform immediately about it the Council and the shareholders' meeting.

The Council member may relinquish his office at any time by submitting a relevant notice to the Council. The Council is obliged to inform the Management Board about it immediately proposing to convene a shareholders' meeting in order to elect a new Council of the company. In this event the Council in remaining composition continues to fulfil its authorities till the shareholders' meeting.

Upon decision of the shareholders' meeting the Council member can be recalled from the office. If this happens at the shareholders meeting at one time with election of a new composition of the Council, authorities of the previous Council shall be terminated at the day of the meeting. If the shareholders meeting decides to convene a new meeting by including into the agenda election of a new Council of the company, the Council in remaining composition continues to execute its authorities, except for the recalled Council member, until this shareholders meeting.

Any way the remuneration shall be paid to the Council member before the day of terminations of his authorities in accordance with "Remuneration Policy of the Council and Management Board Members" adopted in the company.

The Council member has the right to appeal against his recall from the position in the order specified by statutory acts of the Republic of Latvia.

§ 7
Formalities of regulations

Regulations come into force from 1 June 2011 and are effective until their cancellation.

Regulation of the Council of JSC "Ditton pievadķēžu rūpnīca" are adopted and approved by the Council's decision (Protocol No.147 from 15.04.2011).

§ 8
Signatures of the members of the Council

Chairman of the Council _____ B.Matvejevs

Deputy Chairman of the Council _____ G.Sorokins

Deputy Chairman of the Council _____ I.Golbderga

Member of the Council _____ A.Titkova

Member of the Council _____ T.Sas

