

***DRAFT***

**Registered at an Authority of Register of Enterprises  
of Republic of Latvia**

**On \_\_\_\_\_ of \_\_\_\_\_, 2014**

**By no \_\_\_\_\_**

**B Y - L A W S**  
**of Joint Stock Company**  
**Valmieras stikla šķiedra**

**NEW REVISION**

**APPROVED**

on \_\_\_\_\_ of \_\_\_\_\_, 2014,

by **R E S O L U T I O N**

of the AGM

of JSC Valmieras stikla šķiedra

(Minutes no \_\_\_\_)

**Valmiera**  
**2014**

## **1. Company name**

The name of the company is Joint Stock Company Valmieras stikla šķiedra (*Valmiera Fiberglass*).

## **2. Legal status**

JSC Valmieras stikla šķiedra (before and hereafter Company) is established as a result of the privatisation of the state glass fibre plant Valmiera in accordance with direction no 456-r of 18th of October, 1994, by Cabinet of Ministers, with resolution no 15 of 7th of February, 1995, by the Board of the state Joint Stock Company Privatizācijas aģentūra (hereafter Privatisation Agency), and with the privatisation terms for the state glass fibre plant Valmiera, approved by resolution no 57/735 of 9th of April, 1996, (hereafter Privatisation Terms), by reorganising the state company into a Joint Stock Company and emitting stocks simultaneously.

## **3. According to the Statistical Classification of Economic Activities (NACE 2<sup>nd</sup> revision), the Company's main types of commercial business are:**

- 1) Manufacture of textiles (13)
- 2) Preparation and spinning of textile fibres (13.10)
- 3) Weaving of textiles (13.20)
- 4) Finishing of textiles (13.30)
- 5) Manufacture of other technical and industrial textiles (13.96)
- 6) Manufacture of other textiles n.e.c. (13.99)
- 7) Manufacture of glass and glass products (23.1)
- 8) Manufacture of glass fibres (23.14)
- 9) Steam and air conditioning supply (35.30)
- 10) Water collection, treatment, and supply (36.0)
- 11) Sewerage (37.0)
- 12) Wholesale of textiles (46.41)
- 13) Buying and selling of own real estate (68.10)
- 14) Renting and operating of own or leased real estate (68.20)

## **4. Share capital and types of stocks**

The Company's share capital amounts to EUR 33 464 487. Its' share capital comprises 11 494 250 public bearer stocks and 12 408 955 registered stocks which are not in public circulation. The nominal value of a stock is EUR 1.40. All stocks entitle to equal rights to receive dividends, to receive a liquidation quota, and to vote at shareholders' meetings. All stocks are dematerialised.

## **5. Expropriation of stocks**

The holder of stocks in public circulation (before and hereafter Public Stocks) may expropriate them freely.

In case a shareholder holds stocks that are not in public circulation (before and hereafter Locked Stocks) and wishes to sell these to other persons, he submits a written notice to the board of the Company. Holders of Public Stocks have no pre-emption right on Locked Stocks.

In case Locked Stocks are submitted for sale, the board offers these within two weeks first to the existing holders of Locked Stocks. If several shareholders apply for the submitted stocks, these shall be sold to them in proportion to the number of stocks they already hold.

If the Company has several types or categories of Locked Stocks, these shall be offered to those shareholders first who hold the respective type or category of Locked Stocks.

If the existing shareholders do not purchase all stocks for sale according to part three and four of this clause, then the remaining stocks shall be offered to the existing shareholders within two weeks, without restriction to their number, according to part three of this clause.

In case the board does not sell the stocks within a month of receipt of the notice, the stocks shall be returned to the holder, who may then sell them at his own discretion.

## **6. Competence of the shareholders' meeting**

The shareholders' meeting is entitled to adopt resolutions if the meeting represents at least three quarters of the Company's paid share capital with a right to vote.

## **7. Information to be supplied to the shareholders' meeting**

It is the responsibility of the board to inform the shareholders' meeting at the shareholders' request about the economic situation of the Company to the amount as necessary for reviewing the respective issue of the agenda and adopting an objective resolution.

The board may refuse to submit data only if:

- 1) Its' exposure might cause essential losses to the Company or its' business partners;
- 2) The data contains information on:
  - 2.1. buyers of production – customer list, customer data;
  - 2.2. suppliers of raw materials, specifications of used raw materials, consumption rates;
  - 2.3. production capacity, technological patterns and technological manuals, used machine trademarks, parameters and number;
  - 2.4. development strategy and tactics, reports on development performance;
  - 2.5. minutes of negotiations with suppliers, customers, and business partners concerning product and technology development, business trip reports concerning these issues;
  - 2.6. bank account information;
  - 2.7. product cost calculation, contribution margins of particular products, profitability, prices;
  - 2.8. business plans of Company and co-operation agreements with partners;
  - 2.10. documents concerning ISO – 9001;
  - 2.11. security systems of the Company's objects.

## 8. Supervisory council

The supervisory council of the Company consists of five supervisory council members.

The board requires the approval of the supervisory council when resolving on important issues.

Such important issues may be:

- 1) acquirement of shares in other companies, increase or decrease of the same;
- 2) acquirement or sale of companies, or interruption of their operations;
- 3) acquirement, expropriation of real estate, and / or its encumbrance with property law, including property rights and renting and / or lease of ground;
- 4) opening or closing of branches and agencies;
- 5) conclusion of such transactions that exceed the amount fixed by the By-Laws, resolutions of the shareholders' meeting, or the supervisory council;
- 6) granting of loans unconnected with the regular commercial operations of the Company;
- 7) interruption of existing types of business;
- 8) approval of the compulsory business plan, including turnover, investments, finance / cost plan and personnel budget for the following financial year, and / or approval of its' amendments, forecast of profit and losses and balance sheet forecast;
- 9) conclusion of, amendments to, or termination of agreements concerning the sale or purchasing of licences, patents, trademarks, or know-how;
- 10) allocating and receipt of financing if the single case causes the Company liabilities of more than EUR 25 000, and / or for a period of more than 2 years (excluding advance payments to suppliers and leasing deals carried out in the course of the approved annual budget or / and investment plan);
- 11) raising of bails, warranties, or bills of exchange and similar liabilities above EUR 5 000;
- 12) approval of investments above EUR 15 000, unless already approved within the annual budget and / or annual investment plan;
- 13) conclusion of futures transactions with securities and quoted goods and rights excluding these already approved within the annual budget and / or annual investment plan;
- 14) sale of disposable by Company precious metals;
- 15) sale of machines or equipment with a value above EUR 25 000;
- 16) conferment of proxies and such powers of attorney as refer to the Company's operations in general;
- 17) purchase of motor cars for the board;
- 18) promises of commission fees above 2% of the service rendered in return and above EUR 30 000 per year;
- 19) conclusion of insurance deals connected with particular persons beyond those defined by law, under which the Company is obliged to pay premiums above EUR 5 000 per year;
- 20) conclusion of leasing agreements above EUR 30 000, excluding these already approved within the annual budget and / or annual investment plan.

The supervisory council is entitled to adopt resolutions if more than half of its' members participate at the meeting. In case there be fewer supervisory council members elected than prescribed by the By-Laws, the quorum shall be determined referring to the by the By-Laws prescribed number of supervisory council members.

The supervisory council adopts its' resolutions with a simple majority of votes. If the votes divide similarly, the vote of the chairman of the supervisory council is decisive.

In case, if a supervisory council member vacates its' post (or is being dismissed), the new one supervisory council member being elected instead of the quitted supervisory council member, is being elected for a term not exceeding the remaining empowerment term of the quitted supervisory council member.

## **9. Board of directors**

The board of Company's directors consists of five board members. The Company shall be represented by not less than 2 board members together.

The board is entitled to adopt resolutions if more than half of its' members participate at the meeting. In case there be fewer board members elected than prescribed by the By-Laws, the quorum shall be determined referring to the by the By-Laws prescribed number of board members.

The board adopts its' resolutions with a simple majority of votes. If the votes divide similarly, the vote of the chairman of the board is decisive.

The board is elected for a term not longer than 3 years.

In case, if a board member vacates its' post (or is being dismissed), the new one board member being elected instead of the quitted board member, is being elected for a term not exceeding the remaining empowerment term of the quitted board member.

## **10. Revision commission**

The Company's revision commission consists of three revision commission members.

The work of the Company's revision commission is managed by the chairman of the commission whom the commission members elect from among themselves.

The revision commission is entitled to adopt resolutions if more than half of its' members participate at the meeting. In case there be fewer revision commission members elected than prescribed by the By-Laws, the quorum shall be determined referring to the by the By-Laws prescribed number of revision commission members.

The revision commission adopts its' resolutions with a simple majority of votes. If the votes divide similarly, the vote of the chairman of the revision commission is decisive.

## **11. Discontinued operations**

When distributing the remaining property of the Company in case of its' liquidation, pay-out to the shareholders may be performed in the form of money and property.

These By-Laws were signed in Valmiera, on 23rd of May, 2014.

Chairman of the board:  
Andris Oskars Brutāns

\_\_\_\_\_  
(written signature)

Deputy chairman of the board:  
André Schwiontek

\_\_\_\_\_  
(written signature)