

Adopted
on the 30th July, 2004
by the general meeting of shareholders
(minutes No 7)

with amendments adopted
on the 25th October, 2006
by the extraordinary meeting of
shareholders
(minutes No 9)

with amendments adopted
on the 25th July, 2012
by the general meeting of shareholders
(minutes No 15)

with amendments adopted
on the 6th November, 2012
by the extraordinary meeting of
shareholders
(minutes No 16)

with amendments adopted
on the 11th June, 2014
by the general meeting of shareholders
(minutes No 17)

**ARTICLES OF ASSOCIATION
OF JOINT STOCK COMPANY
“VENTSPILS NAFTA”**

Riga, 2014

1. Firm and types of business activity

1.1. Company's firm is the joint stock company "Ventspils nafta".

1.2. The main types of the company's business activity (NACE 2nd wording) are as follows:

1.2.1. Activity of holding companies (64.2);

1.2.2. Activity of head offices (70.1);

1.2.3. Other types of business activity.

(with amendments approved by general shareholders' meeting of July 25, 2012)

2. Equity Capital and Class of Shares

2.1. The Company's equity capital is EUR 146'271'326.60 (one hundred forty six million two hundred seventy one thousands three hundred twenty six euro and 60 cents).

(with amendments approved by general shareholders' meeting of June 11, 2014)

2.2. The Company's equity capital is made up of 104,479,519 (one hundred four million four hundred seventy nine thousand five hundred nineteen) dematerialized bearer shares.

2.3. The nominal value of one share is EUR 1.40 (one euro and 40 cents)..

2.4. Registration and accounting of dematerialised bearer shares is carried out by the Latvian Central Depository.

2.5. All one-class shares provide equal rights to collect dividends, receive liquidation quotas as well as carry full voting rights during the meeting of shareholders.

(with amendments approved by extraordinary shareholders' meeting of November 6, 2012)

3. Terms of Share Expropriation

3.1. Expropriation of the company's shares is not encumbered, and shareholders have rights to expropriate their shares freely.

(with amendments approved by extraordinary shareholders' meeting of October 25, 2006 and by extraordinary shareholders' meeting of November 6, 2012)

4. Meeting of Shareholders

4.1. Meeting of shareholders is solely entitled to decide on the following:

4.1.1. Annual Report of the Company;

4.1.2. utilization of profits of the preceding financial year;

4.1.3. appointing and removing of Supervisory Council members, auditors, control officers and liquidators of the Company;

4.1.4. any claims to be pursued or waived against the members of the Management Board or Supervisory Council or auditors, including a representative of the Company to be appointed for sustaining a claim against members of the Supervisory Council;

4.1.5. amendments to the Articles of Association;

4.1.6. equity capital's increase or decrease;

4.1.7. issue and conversion of the Company's securities;

4.1.8. fixing a remuneration for members of the Supervisory Council and auditors;

4.1.9. termination or resumption of Company's business activities or Company's reorganization.

4.2. Meeting of shareholders may pass decisions on other issues which are not listed in the paragraph 4.1. of the Articles of Association only if provided for by law.

4.3. Regular meeting of shareholders is entitled to pass decisions if at least a half of the equity of the Company is represented at it.

If a regular meeting of shareholders, which was timely announced, is not lawful due to lack of a quorum, then not later than a month from the date on which the meeting failed to take place, the regular meeting of shareholders is announced repeatedly and its agenda remains unchanged. Notwithstanding the amount of the Company's equity represented at the meeting, it is competent to bring any item on the agenda to a decision.

Should any extraordinary meeting of shareholders lack a quorum, then it shall be convened again in the same way as the repeated regular meeting of shareholders, however, it shall be competent to pass decisions only, if one-fourth of the Company's equity is represented at the meeting. In case the extraordinary meeting of shareholders lacks the quorum again, then a new meeting shall be announced within two months from the date on which the original meeting failed to take place. Notwithstanding the amount of the Company's equity represented at the meeting, it shall be empowered to pass decisions.

4.4. Meeting of shareholders is empowered to decide viz. to issue and convert securities of the Company; withdraw shares from the regulated market; amend the Articles of Association; terminate Company's business activities; reorganize the Company as well as sign agreement on behalf of the Group, if at least three-fourths of the Company's equity is represented at the meeting.

4.5. Any decisions of meeting of shareholders shall be adopted by the majority vote of the present shareholders eligible to vote, except as in cases stated by law and paragraph 4.6 of the Articles of Association.

4.6. Meeting of shareholders is empowered to amend the Articles of Association, make changes in equity, issue convertible bonds, reorganize the Company, sign, amend or terminate Group's agreement, incorporate/agree to incorporate the Company as well as terminate or resume the business of the Company, if at least three-fourths of the present eligible shareholders voted for it during the meeting.

5. Supervisory Council

5.1. The Supervisory Council is an institution of the Company set up to supervise and represent the interests of shareholders between the shareholders' meetings as well as monitor the operations of the Management Board within the framework set out by laws and the Articles of Association.

5.2. The Supervisory Council acts in accordance with its Regulations.

5.3. The Supervisory Council shall:-

- 5.3.1. elect and dismiss members of the Management Board; uninterruptedly monitor the activities of the Management Board;
- 5.3.2. control that Company's business is carried out in accordance with laws, the Articles of Association, resolutions of meetings of shareholders as well as Management Board's regulations;
- 5.3.3. consider and draw up a report on the Company's annual report as well as profit utilization recommended by the Management Board;
- 5.3.4. represent the Company in the court in case of all claims pursued against members of the Management Board, including the claims of the Management Board members against the Company, as well as represent the Company in any other legal relations with members of the Management Board;
- 5.3.5. approve an agreement to be concluded between the Company and a member of the Management Board or an auditor;
- 5.3.6. pre-consider and provide their opinion on all issues that are in competence of the meeting of shareholders or that are proposed for deliberation in a meeting upon initiative of members of the Management Board or Supervisory Council.

The Supervisory Council may perform other tasks in compliance with laws and regulations of the Republic of Latvia and the Articles of Association.

- 5.4. The Supervisory Council consists of 11 (eleven) members.
- 5.5. The Supervisory Council is elected for the period of 3 (three) years.
- 5.6. Chairman and at least one Deputy Chairman is elected from among the Supervisory Council members.
- 5.7. In order to decide on important issues the Management Board needs to receive the consent of the Supervisory Council. Among such important issues are the following:
 - 5.7.1. approval of the Company's budget;
 - 5.7.2. approval of the activity plan of the Company;
 - 5.7.3. acquisition, increase or decrease of interest in the capital of other companies;
 - 5.7.4. acquisition or disposal of any company;
 - 5.7.5. purchase, sale of real property or encumbering it with proprietary rights;
 - 5.7.6. opening or closing down of branches and representation offices;
 - 5.7.7. issuance of credit to the employees of the Company;
 - 5.7.8. start-up of new businesses and termination of the existing businesses;
 - 5.7.9. determination of general principles of activities;
 - 5.7.10. conclusion of loan agreements;
 - 5.7.11. issuance of credit;
 - 5.7.12. provision of collaterals;
 - 5.7.13. lease of the Company's property, if the transaction sum exceeds EUR 75'000 (seventy five thousand euro);
 - 5.7.14. assignment of claims of the Company;
 - 5.7.15. approval of the Investment Programme of the Company;
 - 5.7.16. increase in the number of employees;
 - 5.7.17. selection of bank for the placement of resources;
 - 5.7.18. purchase or sale of bonds and securities;
 - 5.7.19. purchase of intellectual property (patents, inventions, "know-how");
 - 5.7.20. issuance of authorisations that might substantially impact the Company's economic activity, inter alia issuance of a procuratory;
 - 5.7.21. determination of amounts up to which Chairperson the Management Board is entitled to conclude transactions of the Company on his/her own authority;

5.7.22. approval of Regulations of both the Management Board and Supervisory Council;

5.7.23. approval of the Statute “On Procedure for Adopting Resolutions in Enterprises with JSC “Ventspils nafta” Interest”;

5.7.24. adoption of decisions/voting instructions as set out in the Statute “On Procedure for Adopting Resolutions in Enterprises with JSC “Ventspils nafta” Interest”.

(with amendments approved by general shareholders’ meeting of June 11, 2014)

6. Management Board

6.1 The executive body of the Company is its Management Board, which manages and represents the Company.

6.2 The Management Board manages and conducts the affairs of the Company. It is responsible for Company’s business, as well as accountancy to be in compliance with laws.

6.3 The Management Board administers property and handles funds of the Company in accordance with laws, the Articles of Association, decisions adopted by meetings of shareholders and the Supervisory Council.

6.4 The Management Board acts in accordance with its Regulations.

6.5 The Management Board, while exercising its functions, may decide on the approval of any regulations and other documents of the Company, as well as issuing of voting instructions provided that such decisions, as set in accordance with management papers of the Group, do not fall within the competence of Supervisory Council or the meeting of shareholders.

6.6 The Company’s Board consists of 4 (four) members viz. chairperson and three Management Board members.

6.7 Members of the Management Board are elected for the period of 3 (three) years.

6.8 The Management Board is qualified as competent to pass resolutions if more than a half of its members are present at a Management Board meeting. Should the number of Management Board members be less than required by the Articles of Association, then quorum shall be appointed by the amount of the Management Board members as set out in the Articles of Association.

6.9 Decisions made by the Management Board are considered as adopted if at least three members of the Management Board have cast their affirmative votes.

6.10 The Supervisory Council elects the Chairman of the Management Board from among its members.

6.11 All members of the Board are empowered with representation rights. The Chairman of the Management Board is authorised to represent the Company individually, however, other members of the Management Board are authorised to represent the Company together with another Management Board member.

7. Audit Committee and Auditor

7.1. Audit Committee is elected by shareholders’ meeting for a period of 3 (three) years. Audit Committee consists of 3 (three) Audit Committee members.

7.2. Work of the Audit Committee is conducted by its Chairman who is elected by the Audit Committee members from among themselves.

7.3. The Audit Committee works in accordance with its Regulations approved by it.

- 7.4. Remuneration of Audit Committee members is fixed by shareholders' meeting.
7.5. A sworn auditor audits the Company's annual report and gives an opinion on it.
7.6. Every year auditor is selected upon approval of annual report by general meeting of shareholders.

**Chairman of the Management Board of
joint stock company „Ventspils nafta” and
authorized representative of shareholders of the
general shareholders' meeting of June 11, 2014**
Riga, June 12, 2014

Robert Kirkup

**Chairman of the general shareholders' meeting
of June 11, 2014**
Riga June 12, 2014

Ģirts Apsītis

**Secretary (keeper of minutes) of the
general shareholders' meeting of June 11, 2014**
Riga June 12, 2014

Solvita Masule

**Authorised representative of shareholders of the
General shareholders' meeting of June 11, 2014**
Riga, June 12, 2014

Edgars Čeporjus