



APPROVED:

By the decision of the Annual General Meeting of Shareholders of AB Linas Agro Group, dated 30 October, 2014, Minutes No. 1

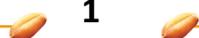
REGULATIONS OF ACTIVITY OF THE AUDIT COMMITTEE OF AB LINAS AGRO GROUP

I. GENERAL PROVISIONS

1. The Regulations of activity (hereinafter referred to as “the Regulations”) of the Audit Committee (hereinafter referred to as “the Committee”) of AB Linas Agro Group (hereinafter referred to as “the Company”) has been prepared in accordance with legal acts of the Republic of Lithuania regulating audit committees formed in public limited liability companies established in the Republic of Lithuania, the securities of which are traded in the regulated market of the Republic of Lithuania and/or any other member state as well as following the management code of companies listed by Nasdaq Vilnius.
2. The Regulations are approved, modified and terminated by the General Shareholders’ Meeting of the Company.
3. The Regulations determine the rights and duties of the Committee, its size, the period of membership in the Committee, requirements for the education and professional experience of the members of the Committee, the independence requirements applicable to the independent member of the Committee and other issues related to the formation of the Committee and work organization thereof.
4. The key objectives of the Committee are to observe the processes of the Company’s activity, financial reports and audit, their compliance with the legal acts and provide the Board of the Company with recommendations on improvement of the efficiency of the Company’s internal control in the field of finance’s supervision and risk management.

II. FORMATION OF THE COMMITTEE

5. The Committee is collegial body which consists of 3 (three) members, at least one of who is independent.
6. The members of the Committee are elected by the General Shareholders’ Meeting of the Company on nomination by the Board of the Company by a majority vote. If the individual members of the Committee are elected, they are elected only until the end of the term of office of the operating Committee.
7. Each candidate to the Committee members must inform the Board about his/her education, work experience and current position, while an independent candidate must also confirm that he/she meets the independent criteria defined by the Regulations.
8. The members of the Committee are elected for the term of office of 4 (four) years. The number of the terms of office of Committee’s member is not limited
9. The newly elected Committee (its members) starts to hold the office as of the end of the General Shareholders’ Meeting, in which the Committee (its members) was elected.
10. The member of the Committee or the Company’s employee is appointed as the Secretary of the Committee by the decision of the Committee.
11. The entire Committee or its individual members can be recalled before the end of term of office of the





Committee.

12. The member of the Committee has the right to resign upon submitting 14 (fourteen) days advance written notice to the Head of the Company.
13. In the case less than 2 (two) members has left in the Committee or/and if the Committee is absent the independent member, the Board of the Company must warrant the new member of the Committee to be elected in the nearest General Meeting of the Shareholders of the Company.

III. REQUIREMENTS FOR THE MEMBERS OF THE COMMITTEE

14. The members with university degree in economics, finance or law are considered the members with appropriate qualifications.
15. The members with the experience of over 5 (five) years in the field of audit, accounting, finance or law are considered the members with appropriate experience. The independent member must have the experience of over 5 years in the field of accounting or audit.
16. The data of the qualifications, experience, current position and independence of the person nominated as the member of the Committee is provided in written form by the body or shareholder who proposes the member to be elected. The person who nominates the independent candidate must provide the candidate's written confirmation about his/her independence. The qualification and experience of the Committee shall be estimated by the Board of the Company. The Board of the Company shall nominate to the General Shareholders' Meeting to recall the member, if under the opinion of the Board of the Company the qualification or experience of the Committee's member is insufficient, and to elect new member of the Committee instead until the end of the term of office of the operating Committee.
17. The independent Committee member is the person who has no business, family or other relations with the Company, controlling shareholder or the management, which cause or may cause the conflict of interests or which may influence member's opinion and which complies with other independence criteria defined in the Regulations.
18. The key criteria for the member of the Committee to be considered independent are as follows:
 - a) the person shall not be the head of the Company or an associated company and shall not have occupied such a position within the last 5 (five) years;
 - b) the person shall not be the employee of the Company or an associated company and shall not have occupied such a position within the last 3 (three) years;
 - c) the person shall not receive or has received significant additional remuneration from the Company or an associated company, except for the remuneration for post of the member of the Committee;
 - d) the person shall not be a controlling shareholder or represent such a shareholder;
 - e) the person shall not have or has had important business relations with the Company or an associated company within the last year either directly or as a partner, shareholder, head or employee of administration of a subject with such relations. The following subjects shall be deemed subjects having business relations with the Company or an associated company: a subject that is considered an important supplier of goods, services or works (including financial, legal, advisory or consulting services) or an important client or organization receiving significant contributions from the Company or its group;
 - f) the person shall not be and shall not have been a partner or employee of the current or former audit firm of the Company or an associated company within the last 3 (three) years;
 - g) the person shall not have held the position of a member of the Committee of the Company for a period of at least 12 (twelve) years;
 - h) the person shall not be a close family member of the head of the Company or the person specified in Paragraphs a through f. The spouse (cohabitant), children and parents shall be considered as close family members.
19. The following companies shall be considered as companies associated with the Company as specified in Paragraph 18:
 - a) a company, which directly or indirectly controls the Company or is controlled by it;
 - b) a company, which has a significant influence on the Company;





- c) a company, which takes part in the control of the Company under a joint activity agreement;
 - d) a company, which is controlled by the same legal or natural person (or their group) as the Company;
 - e) a company, which is an associate company;
 - f) a company, which is a company controlled under a joint activity agreement;
 - g) a company, which accumulates and pays pensions and other benefits at the end of the service.
20. In case an independent Committee member provides false personal information or the information has changed and thus the person cannot be considered independent, the person loses the powers of the Committee member as of the day this information is revealed to the Company. The Board states the fact of the termination of powers and its date and must convene general shareholders' meeting to elect a new independent Committee member.

IV. FUNCTIONS, RIGHTS AND DUTIES OF THE COMMITTEE

21. The main functions of the Committee are as follows:
- a) Monitor the course of the drawing up the financial statements of the Company, and the integrity of the financial information provided by the Company, in particular by reviewing the relevance and consistency of the accounting methods used by the Company and its group (including the criteria for the consolidation of the sets of financial statements of the group companies);
 - b) At least once a year review the internal control and risk management systems with a view to ensuring that the key risks (inclusive of the risks in relation with compliance with effective laws and regulations) are properly identified, managed and reflected in the information provided;
 - c) Ensure the efficiency of the internal audit function, inter alia, by making recommendations on the selection, appointment, reappointment and removal of the head of the internal audit department and on the budget of the department, and by monitoring the responsiveness of the management of the Company to its findings and recommendations. Should there be no internal audit function in the company, the need for one should be reviewed at least annually;
 - d) Inform the Board of the Company of any material deficiencies identified by the internal and the external audit related to financial statements and the reporting control and provide recommendations concerning their elimination;
 - e) Make recommendations to the Board of the Company related to the selection, appointment, reappointment of the external audit company and to the terms and conditions of the contract with the audit company. The Committee should investigate situations that lead to a resignation of the audit company or auditor and make recommendations on required actions in such situations;
 - f) Monitor independence and impartiality of the external auditor, in particular by reviewing the audit company's compliance with the applicable requirements relating to the rotation of audit partners, the level of fees paid by the Company to the audit company, and similar issues. In order to prevent occurrence of material conflicts of interest, the Committee, based inter alia on the auditor's disclosed data on all remunerations paid by the Company and its group to the auditor and its network, should at all times monitor the nature and extent of non-audit services. Having regard to the principals and guidelines established in the Commission Recommendation 2002/590/EC of 16 May 2002, the Committee should determine and apply a formal policy establishing types of non-audit services that are (a) excluded, (b) permissible only after review by the Committee, and (c) permissible without referral to the Committee;
 - g) Monitor the efficiency of the external audit process and responsiveness of the management to recommendations made in the external auditor's Letter to the management.
 - h) Fulfill other functions specified in the legal acts to the Committee.
22. The members of the Committee shall:
- a) act honestly, carefully and responsibly for the benefit and in the interest of the Company and its shareholders taking into consideration the employees' interests and welfare of the society;
 - b) to pay sufficient time and attention to the duties of the member;
 - c) keep and shall not disclose the Confidential information of the Company and shall not use it for personal





- purposes;
- d) to observe the legal acts of the Republic of Lithuania and the European Union and the internal documents of the Company.
23. The independent member of the Committee shall:
- under any conditions keep the independence of his/her analysis, decision-making and actions;
 - neither seek nor take any groundless privileges that could compromise the member's independence;
 - to clearly state his/her objection in case he/she thinks that the decision of then collegiate body may have negative effect on the Company.
24. The Committee informs the Board about its activity at least once a year by providing a written report.
25. Rights of the Committee:
- to receive the Company's documents, their copies and other information related to the fulfillment of the duties of the Committee;
 - to receive exhaustive information related to the Company's accounting, financial and activity peculiarities. The Head of the Company shall inform the Committee about the methods of accounting of important and unusual transactions, should such accounting be made at the Company in different ways;
 - to receive timely information about work program of external auditors and about all the issues related to the Company's audit; to receive report, which would describe all the relations between the independent firm of auditors and the Company, from the audit company.
 - to demand explanations in written and oral forms from the Company and its employees;
 - to invite or demand the participation of certain employees, Board members, external auditors or experts in Committee meeting;
 - to demand the actions necessary for performing Committee functions;
 - to receive the annual salary approved by the General Shareholders' Meeting.
 - other rights specified in the Regulations and legal acts in force.
26. The Committee shall have a right to decide whether participation of the chairman of the collegial management body, Head of the Company, chief financial officer (or senior employees in charge of finances and accounting), or internal and external auditors in the meetings of the Committee is required (if required, when). The Committee should be entitled, when needed, to meet with any relevant person without the participation of the executive directors and members of the management bodies.

V. PROCEDURE OF WORK OF THE COMMITTEE

27. The Committee itself chooses the order and procedure of its activity.
28. The decisions of the Committee are taken in the meetings. The Committee can take the decisions and the Meeting is considered to have been taken place if no less than 2 (two) members participate in the Meeting. The decision is considered to be taken when no less than 2 (two) Committee members vote for it.
29. The Committee meetings are called at least 2 (two) times a year. Each member of the Committee has the right to call the meetings. Other members shall be informed about the meeting planned, issues under discussion and the proposed draft decisions no later than 3 (three) business days in written form (by e-mail or fax).
30. A member of the Committee may express his/her will – "for" or "against" the decision, the draft of which he/she is familiar with – by voting in advance in writing. Voting in writing may also be performed with the help of telecommunication end devices, provided text protection is ensured and it is possible to identify the signature.
31. The Committee meetings shall be recorded. The minutes shall be written down and signed by all members, who participated in the Meeting, no later than within 5 (five) days from the day of the Committee meeting. The Committee member who had voted against the decision taken has the right to express his/her opinion in written form that is appended to the minutes.
32. Decisions taken by the Committee or other written documents shall be presented to the Board of the Company and the Head of the Company.

