

**BYLAWS OF THE MANAGEMENT BOARD  
OF "ARCTIC PAPER" SPÓŁKA AKCYJNA**

## **1. DEFINITIONS**

1.1 The following meanings are ascribed to the terms used in these Bylaws:

- a) Company – means Arctic Paper Spółka Akcyjna;
- b) General Meeting – means the general meeting of the Company;
- c) Supervisory Board – means the supervisory board of the Company;
- d) Management Board – means the management board of the Company;
- e) Articles of Association – means the Company's articles of association;
- f) Code of Commercial Companies – means the Code of Commercial Companies of 15 September 2000 (Journal of Laws no. 94, item 1037, as amended);
- g) Act on Trading – means the Act on Trading in Financial Instruments of 29 July 2005 (Journal of Laws, no. 183, item 1538, as amended);
- h) Best Practices – means the Best Practices in Public Companies worded as in the attachment to resolution no. 12/1170/2007 of the Supervisory Board of the Warsaw Stock Exchange dated 4 July 2007, as amended.

## **2. GENERAL PROVISIONS**

- 2.1 Based on article 10.3 of the Articles of Association, the Supervisory Board adopts the Bylaws of the Management Board, hereinafter referred to as the "Bylaws", worded as follows.
- 2.2 The Bylaws set out detailed principles for the organisation and operations of the Management Board.
- 2.3 The Management Board operates in accordance with the provisions of the Code of Commercial Companies, the Articles of Association, these Bylaws, and based on resolutions of the General Meeting, and resolutions of the Supervisory Board. From adoption by the General Meeting of resolutions constituting grounds for the initial public offering of shares to be carried out and the Company's shares to be introduced to stock exchange trading, the Management Board also acts based on principles of the Best Practices adopted by the authorities of the Warsaw Stock Exchange, insofar as the Best Practices have been accepted by the Company authorities.

## **3. MANAGEMENT BOARD COMPOSITION**

- 3.1 The Management Board consists of one to five members, including the Management Board President.
- 3.2 The Management Board is appointed for a joint term of office and recalled by the Supervisory Board.
- 3.3 The Management Board's term of office is 3 (three) years.

- 3.4 In the case of a Management Board that consists of many persons, on the request of the President, the Supervisory Board may appoint up to three Vice Presidents from among the Management Board members. A Vice President may be recalled under a Supervisory Board resolution.
- 3.5 A Management Board member may be recalled by the Supervisory Board at any time.
- 3.6 A Management Board member may be recalled or suspended from duties also by the General Meeting at any time.

#### **4. MANAGEMENT BOARD COMPETENCE**

- 4.1 The Management Board conducts the Company's affairs and represents the Company before third parties.
- 4.2 In the case of a Management Board that consists of many persons, declarations of intent may be made and documents signed for the Company by the Management Board President acting individually or two Management Board members acting jointly, or one Management Board member acting jointly with a commercial proxy.
- 4.3 The Management Board is obliged to perform its duties with due care and to comply with the law, the Articles of Association, the adopted bylaws and resolutions of the Company authorities, and take decisions within the constraints of justifiable business risk, taking into account the Company's and the shareholders' interests.
- 4.4 The Management Board is obliged to manage the Company's assets and affairs and fulfil its obligations with the care required in business dealings, in close compliance with generally applicable laws, the provisions of the Articles of Association and of internal rules, and resolutions adopted by the General Meeting and the Supervisory Board.
- 4.5 Each member of the Management Board is liable for damage caused to the Company by acting and refraining from acting in contravention of the law and/or the Articles of Association.
- 4.6 Under the Code of Commercial Companies, the Management Board's scope of operations comprises all the Company's affairs that are not reserved for the General Meeting and the Supervisory Board.
- 4.7 In the Company's interests, the Management Board defines the Company's strategy and the main objectives of its operations.
- 4.8 The Management Board is obliged to comply with regulations on confidential information within the meaning of the Act on Trading and to fulfil all obligations arising therefrom.
- 4.9 Without delay but not later than within 5 (five) business days of the transaction date, a Management Board member should inform the Management Board and the Financial Supervision Authority of any securities issued by the Company and other financial

instruments related to such securities being sold or acquired by this Management Board member or a person closely related to him (within the meaning of the Act on Trading).

If the single value of a transaction referred to above does not exceed the PLN equivalent of EUR 5,000, the information should be sent not later than within 5 business days of the date on which the total value of transactions carried out up to date reaches or exceeds the PLN equivalent of EUR 5,000.

If the total value of transactions in a given calendar year does not exceed the amount that gives rise to the disclosure obligation referred to above, information about transactions made should be sent by 31 January of the following year.

4.10 Each member of the Management Board should carefully protect confidential information defined in the Act on Trading, in particular, the Management Board members:

- a) are obliged to mark confidential information in a manner comprehensible to persons to whom this information is made available,
- b) cannot allow a situation to arise where any confidential information is made available (e.g. by way of accidental access to company business documents) to persons other than authorised persons,
- c) cannot hold any talks on the Company's operations in public places, or in situations where such talks could be heard by unauthorised persons.

4.11 Prior to a major agreement executed by the Company with a related party, the Management Board will request the Supervisory Board to approve the transaction/agreement. The aforesaid obligation does not apply to typical transactions executed at arm's length as part of the operational activities carried out by the Company with a related party in which the Company has a majority shareholding. A related party is a party defined in the Minister of Finance Regulation of 19 February 2009 on Current and Periodic Disclosures Made by Issuers of Securities.

4.12 In the case of a conflict of interests or if a conflict of interests is likely to arise, a Management Board member should inform the Management Board of this fact and refrain from taking the floor in the discussions and from voting on the resolution on the matter in which the conflict of interests has arisen.

4.13 Draft resolutions of the General Meeting should be justified, save for resolutions on procedural and formal matters and typical resolutions adopted during Annual General Meetings. In view of the aforesaid, the Management Board should give reasons or should ask the entity applying for a given issue to be placed on the General Meeting agenda to give its reasons.

4.14 Management Board members should participate in General Meetings in a composition that enables subject-matter answers to be given to questions raised during the General Meeting.

4.15 In setting the place and date of the General Meeting, the Management Board does so in a manner that will enable the participation of as many shareholders as possible.

4.16 The Management Board operates the Company's website and places on it:

- a) basic corporate documents, in particular the Articles of Association and the bylaws of the Company authorities,
- b) professional CVs of members of the Company authorities,
- c) current and periodic reports,
- d) announcements on General Meetings being convened, together with details of the General Meeting date and place, agenda and draft resolutions together with reasons, and also other available materials connected with the General Meeting, 14 days prior to the scheduled General Meeting date at the latest,
- e) information on the total number of shares in the Company and the number of votes attached to these shares on the announcement date, and when shares are of different types – also a breakdown of the shares into the different types and the number of votes attached to each type,
- f) if members of the Company authorities are appointed by the General Meeting – the reasons given to the Company for candidates being put forward to act on the Management Board and the Supervisory Board, together with their professional CVs, within a period that enables them to be read and a resolution to be adopted based on the appropriate knowledge,
- g) annual reports on the operations of the Supervisory Board, taking into account the work of the committees thereof, together with an evaluation of the Supervisory Board's work, the internal audit system, and system of managing risks material for the Company,
- h) shareholders' questions concerning issues on the agenda raised prior to and during the General Meeting, together with replies thereto,
- i) details of reasons for cancelling a General Meeting, or changing the date and/or the agenda thereof together with reasons,
- j) information on the General Meeting being adjourned together with adjournment reasons,
- k) information on corporate events such as dividend distribution and on other events giving rise to the acquisition or limitation of shareholders' rights, taking into account deadlines and principles applicable to such events. This information should be made available within periods that enable the investors to take investment decisions,

- l) information made available to the Management Board based on a statement made by a Supervisory Board member, on relations between a Supervisory Board member and a shareholder whose shares represent at least 5% of the total number of votes at the General Meeting,
- m) if an incentive programme is introduced in the Company based on shares or similar instruments – information on forecast costs to be incurred by the Company in connection therewith,
- n) report on the application of corporate governance rules.

## **5. MANAGEMENT BOARD MEETINGS**

- 5.1 The Management Board performs its operations continuously, and Management Board meetings are held as required. The meetings are chaired by the Management Board President, and in his absence – by a Vice President or Management Board member appointed by the President or by the Management Board.
- 5.2 Management Board members participate in the meeting in person. Management Board members may participate in a Management Board meeting using direct distance communication means, by way of which they can hear each other together with all the other meeting participants, and this participation in the meeting will be deemed presence thereat in person. If the communication is cut off prior to the meeting end, a given Management Board member will be included in the quorum only for the part of the meeting in which he participated.
- 5.3 Management Board meetings are convened by the Management Board President on his own initiative, or on the President's behalf – by a Management Board member indicated by the President. Meetings are convened in a manner ensuring that all Management Board members are informed of the date, time, place and agenda of the planned meeting at least 3 (three) days prior to the meeting being held. In urgent matters, Management Board meetings may be convened without the aforesaid period being observed, provided that all Management Board members are invited to the meeting at least one (1) business day prior to the meeting date. The person who convenes the meeting will take all reasonable actions for the meeting to be held at a time of day that enables all Management Board members to participate therein. This manner of convening meetings does not preclude resolutions from being adopted by the Management Board in a written vote, by using direct distance communication means or by circulation.
- 5.4 Management Board meetings may also be held without being formally convened, if all Management Board members consent to the meeting being held in this manner.
- 5.5 Management Board members are obliged to attend meetings. If any Management Board member is unable to participate in a meeting, the Management Board President should be immediately informed thereof.

- 5.6 Management Board meetings may be attended by invited Company employees or other persons appropriate for the matters being discussed, who will not be entitled to vote.
- 5.7 The Management Board adopts resolutions with a majority of votes cast. Resolutions are valid if at least half the Management Board members are present at the meeting. If the case of a voting deadlock, the Management Board President has the casting vote.
- 5.8 The vote is open. Secret ballots are ordered by the person chairing the Management Board meetings on the request of a Management Board member, or on his own initiative.
- 5.9 Written minutes are drawn up of each Management Board meeting and signed by all Management Board members present thereat. Minutes of a Management Board meeting should comprise: (i) consecutive minutes number, (ii) meeting date and place, (iii) list of the Management Board members present at and those absent from the meeting, (iv) information on other persons participating in the meeting, (v) meeting agenda, (vi) wording of resolutions adopted, (vii) outcome of the vote, (viii) information whether the meeting was formally convened or whether it was held based on other grounds, in accordance with the Bylaws.
- 5.10 Within 7 days of the meeting being closed, Management Board members may raise justified reservations to the minutes wording; these reservations should then be attached to the minutes.
- 5.11 All Management Board minutes and resolutions are kept at the Management Board Office.

## **6. RESOLUTIONS ADOPTED IN WRITTEN VOTE**

- 6.1 The Management Board may adopt resolutions by way of a written vote.
- 6.2 To hold a written vote, notices of resolution(s) planned to be adopted by the Management Board in the written vote are given or sent by the Management Board President or another member indicated by the President to all the other Management Board members by hand or by registered or courier mail. The draft resolution(s) to be adopted in the written vote should be attached to the aforesaid notices. The notices should indicate the deadline by which the vote should be cast and the address to which the Management Board members should send the resolutions. The aforesaid deadline should not be shorter than 7 (seven) days. Failure to send the resolution(s) being voted on within the period set in the notice is tantamount to failure to participate in the vote.
- 6.3 A vote is cast in writing by a written statement being placed under the text of the resolution or of each resolution attached to the notice referred to in point 6.2, the wording of which statement shows that the vote is cast in favour, against, or that the member abstains in respect of the resolution(s) in question, and which also gives potential reasons for the decision made and, subject to point 6.4, by the document

containing the statement in question being sent to the address indicated in the aforesaid notice. The document that contains the aforesaid notice should be sent by each Management Board member by registered or courier mail, or delivered by hand.

- 6.4 The Management Board member sending information on initiation of a written vote procedure in accordance with point 6.2 does not send this information to himself, but only casts a vote by way of a statement the wording of which shows that the vote is cast in favour, against, or that the member abstains in respect of the resolution(s) being voted on.
- 6.5 After receipt of the votes cast by the Management Board members in the written vote, the Management Board President will notify all the Management Board members of the outcome of the vote. This notification should be given in writing.
- 6.6 After the written vote ends, the Management Board President draws up and signs the vote minutes. The minutes should contain a description of the vote held, the wording of the resolutions voted on, and the number of votes cast in favour, against, and abstentions in respect of the resolutions. The resolutions containing Management Board members' votes are attached to the minutes. The provisions of point 5.11 hereof apply accordingly.

## **7. RESOLUTIONS ADOPTED BY WAY OF DIRECT DISTANCE COMMUNICATION MEANS**

- 7.1 The Management Board may adopt resolutions by means of direct distance communication available to all Management Board members.
- 7.2 Immediately after being appointed, each Management Board member will give the Management Board President written information on the distance communication means to which he will have access, in particular e-mail address, and telephone and fax numbers. The Management Board member is also obliged to provide an appropriate mailing address that will be used in particular in the case of a written vote. Each Management Board member is obliged to notify the Management Board President of a change in the available means of direct distance communication and in the mailing address, immediately but not later than within 3 (three) days of the change.
- 7.3 Before a vote is held by means of direct distance communication, the Management Board President or member indicated by the President will set the date for the vote to be held in this manner. This manner of voting is possible provided that all the Management Board members have been informed at least 2 (two) business days before the vote and that drafts of the resolutions to be adopted have been sent to them. In urgent matters, the vote may be taken without the aforesaid period being observed, provided that all the Management Board members are informed of this vote one (1) business day prior to the vote date. The person who orders the vote will take all reasonable actions for the vote to be held at a time of day enabling all Management Board members to participate therein.



7.4 After vote is held, the Management Board President or a member indicated by the President draws up and signs the vote minutes. The minutes should comprise a description of the vote held, the wording of the resolutions voted on, and the number of votes cast in favour, against, and abstentions in respect of the resolutions in question. The provisions of point 5.11 of the Bylaws apply accordingly.

## **8. ADOPTING RESOLUTIONS BY CIRCULATION**

8.1 Resolutions of the Management Board may be adopted by circulation.

8.2 Resolutions adopted by the Management Board by circulation are presented to all Management Board Members by the Management Board President, in person or by via e-mail addresses or fax numbers provided by the Management Board Members in accordance with point 7.2 above.

8.3 Resolutions adopted by the Management Board by circulation become valid once they are signed by at least half of the Management Board Members. Signature of each Management Board Member shall be dated.

8.4 Management Board Members staying outside the Company's registered office sign resolutions presented to the same by the Management Board President in accordance with point 8.2 above and subsequently return the copies of signed documents to the e-mail address or fax number of the Management Board Office. Original signed documents are immediately submitted to the Management Board Office by the Management Board Members.

8.5 Point 5.11 of the Bylaws shall apply accordingly.

## **9. MANAGEMENT BOARD OFFICE**

9.1 The Management Board Office is responsible for organising the Management Board's work.

9.2 In particular, as part of the service referred to in point 9.1, the Management Board Office announces the dates of Management Board meetings and the persons appointed to discuss matters placed on the agenda of a Management Board meeting, provides the documents to be discussed at the meeting to the Management Board members, and also – if necessary – arranges translations of the documents to be discussed at the meeting.

9.3 The Management Board Office ensures that Management Board resolutions are implemented.

9.4 Once per quarter, the Management Board Office provides the Management Board with a report on implementation of Management Board resolutions.

## **10. FINAL PROVISIONS**

10.1 The costs of Management Board operations are incurred by the Company.

- 10.2 Management Board members receive fees the level of which is set by the Supervisory Board.
- 10.3 The Management Board uses the Company's premises, materials, and technical equipment.
- 10.4 These Bylaws are drawn up in both Polish and English. In the case of any discrepancies between these versions, the Polish wording of the Bylaws will prevail.