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ARCTIC PAPER

ARCTIC PAPER S.A. - Sustainability Policy

This policy replace the CSR policy.

For Arctic Paper S.A., sustainability is the foundation of our business: we believe that you can't run a business without considering the organization's impact on the environment and society. We want to leave the smallest possible footprint, while having the greatest possible positive impact on our stakeholders. This is our responsibility as a company which employs more than thousand employees around Europe, supplies its products to customers around the world, and whose production process is based on the use of renewable raw materials.

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Michal Jarczyński, CEO
Arctic Paper S.A.



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I. INTRODUCTION

1.1. Preamble

For Arctic Paper S.A., sustainability is the foundation of our business: we believe that you can't run a business without considering the organization's impact on the environment and society. We want to leave the smallest possible footprint, while having the greatest possible positive impact on our stakeholders. This is our responsibility as a company which employs more than thousand employees around Europe, supplies its products to customers around the world, and whose production process is based on the use of renewable raw materials.

Sustainable development

We want to contribute to sustainable development, which is understood as development that meets the needs of the present without compromising the ability of future generations to meet their own needs. We create value for all our stakeholders while caring about the environment in which we operate. Sustainability is deeply integrated into the company's daily operations: in our mills as well as in our offices.

Scope of application

This policy applies to Arctic Paper S.A. and the companies connected with Arctic Paper (i.e. Arctic Paper Kostrzyn S.A., Arctic Paper Munkedals AB, Arctic Paper Grycksbo AB and the sales offices, hereinafter referred to as Arctic Paper Group), its entire management team and employees, in each country where the company operates.

The Sustainability Policy applies to all Arctic Paper Group operations.

Aim of the Policy and its role within the organisation

The Sustainability Policy intends to set out general principles for approaching ESG (Environmental, Social and Corporate Governance) and sustainability topics. It sets the framework for managing these topics within the Arctic Paper Group.

The Policy acknowledges the importance of the sustainability topics to the Arctic Paper Group, its business model, long-term goals and day-to-day operations. The management rules of the ESG issues, which include the Sustainability Policy, are the foundation for implementing a sustainability approach to support the company's objectives. The Policy has an educational role.

Arctic Paper Group's goal is to ensure that everyone knows and will follow the Policy in their daily operations. In order to make that happen, emphasis will be placed on the education of managers and top management.

As a responsible organization, Arctic Paper Group takes numerous measures to contribute to sustainable development. This policy breaks them down into environmental, social and corporate governance areas.

At least every two years, Arctic Paper S.A. conducts a materiality assessment defining the most important topics it should contribute to.



Stakeholders

The main Arctic Paper Group stakeholders are: employees, customers, suppliers and subcontractors, shareholders, authorities, local communities, social partners and media.

We understand the meaning of sustainability to our stakeholders. In order to obtain valuable information regarding their expectations, and communicate the company's approach and actions, Arctic Paper engages in social dialogue. The dialogue is conducted periodically. A research survey regarding the materiality assessment is organised every 2 years, and other forms of dialogue, depending on the subject and shareholder type, can be organised multiple times in the year (e.g. stakeholders).

SOCIAL DIALOGUE

The process of communicating with the company's stakeholders in order to discuss issues important to the stakeholders in relation to the company's operations and topics crucial for the company.

1.2. Values

Arctic Paper Group is a company based on Swedish roots, with almost 300 years of history. Our reputation in the high-quality graphic paper market is built on a long tradition of outstanding works with the help of our brands executed by the most demanding customers who value the proven quality of our products.

We are clear, open-minded and follow a long-term plan in the way we act, think and appear. We are sensitive towards nature and positive towards the future. We protect natural resources and constantly create a sound balance between people, production and regions. We shall run our business in a stable, long-term and trustworthy manner. We shall be forerunner in the protection of nature and the development of new products for core markets as well as for new markets and segments.

We offer distinctive products and services built on inventiveness and reliable quality, crafted for the most demanding creative ideas and new technologies.

Caring for our customers and providing high-quality service is one of our principles.

1.3. General approach

The sustainability policy presents our approach to sustainable development. It is based on the ESG approach and centred around the three pillars: Environment, Social and Corporate Governance. The company is committed to making a positive contribution to the UN Sustainable Development Goals which are particularly important to it.





- **Goal 3.** Good health and well-being
- **Goal 4.** Quality education
- **Goal 5.** Gender Equality
- **Goal 6.** Clean water and sanitation
- **Goal 7.** Affordable and Clean Energy
- **Goal 8.** Decent work and economic growth
- **Goal 12.** Responsible consumption and production
- **Goal 13.** Climate action
- **Goal 14.** Life below water
- **Goal 15.** Life on land
- **Goal 17.** Partnerships for the goals.

At the same time, Arctic Paper Group strictly adheres to the laws of all countries in which it operates.

The policy is supplemented by the following policies in place at Arctic Paper Group:

- Code of Conduct Policy,
- Code of Conduct for Suppliers,
- Diversity Policy.

Arctic Paper's goal is to have a set of updated policies, guidelines and instruction that are consistent with the requirements and needs of the company.

Arctic Paper Group Corporate Social Responsibility Report, published annually, presents how these areas are managed, the activities carried out and the objectives defined. The company carries out environmental reporting in each of its mills, as a part of the EMAS certification (European Union's Eco-management and Audit Scheme).



II. ENVIRONMENT

2.1. General principles on environmental impact management

Arctic Paper Group is committed to ensuring that the company's operations have a low negative impact on the environment and on climate change. We reduce our use of resources and energy and we are a part of a circular production system

Below, the commitments and policies that aim to reduce our environmental impacts are defined.

Arctic Paper Group strives in its operations to promote environmental protection, an efficient utilization of resources and energy, and sustainable development. The Board of Directors, Group Management and Mill Management share the overall responsibility for environmental issues. The manager of each mill is ultimately responsible for ongoing environmental work.

- Every company within the Arctic Paper Group shall actively preserve a good external and internal environment. Before any decision on our investment or change of process is taken, the environmental consequences shall be thoroughly evaluated. This shall be done in collaboration between the company management, the employees and local authorities.
- The demands we place on ourselves, we pass on to our suppliers. Our environmental thinking shall as far as possible be the rule outside our company. Every step in the chain, from raw material sourcing to suppliers, must live up to our high demands.
- Each company in the Arctic Paper Group must act to maintain a good external environment and a good working environment. The companies must act continuously to improve the internal and external environment within the framework of what is technically and economically reasonable.
- At each stage of the process, from the purchase of raw materials for manufacturing through quality development, marketing and distribution to end customers we aim to minimize our environmental impact on water, air, climate, ground and noise levels.
- Before a decision is made as to new investments, new modified processes, or major changes in the manufacturing process, issues relating to the working environment and the external environment must be assessed in the form of an environmental impact analysis, including energy consumption and evaluated in collaboration with management, authorities and employees. Environmental factors are taken into consideration when marketing the Group's products.
- Arctic Paper Group undertakes long term environmental planning and monitors development in these matters, both in Sweden and Poland and on an international scale, as well as monitoring and participating in research projects in this area. Arctic Paper Group must have an open, objective approach to internal and external environment information.

Compliance with law

- Arctic Paper Group complies with international and local environmental laws and regulations.
- Our mills operate in line with the ISO 14001 and EMAS environmental management system. Additionally, our mill in Grycksbo has a certified system of energy management, ISO 50001.



2.2. Main impacts in environmental policy

Climate

Arctic Paper Group is aiming for carbon neutrality.

Reducing climate impact is a priority for Arctic Paper Group. We analyse and manage the risks associated with climate change. We monitor our emissions and implement solutions to reduce them. We strive to reduce emissions throughout our supply chain.

Energy effectiveness

Arctic Paper Group never stops looking for solutions that minimise our energy use through increasing our energy efficiency. We implement new energy sources.

Transport

Arctic Paper Group minimises the negative impact of transportation services through the implementation of intermodal transport whenever it's efficient.

Circular production

Arctic Paper Group is a part of a sustainable circular production system. This means that we use renewable resources like fibre, and such resources are used, reused and recycled with little or no waste.

Water

Arctic Paper Group makes efforts to limit the usage of water and water discharged. We reuse the water used in the production process.

Arctic Paper Group does its utmost to ensure that water which is not reused is purified and only in this form released back to the rivers from which it came. The quality of water outputs as well as inputs is monitored.

Use of chemical substances

In the production process, Arctic Paper Group tries to limit the amount of **chemical substances** used and use those which are **safe for people and the environment**.

Responsible sourcing

The purchases of pulp follow an inquiry into the origin of the raw forest material used to produce the pulp. When selecting pulp we endeavour to purchase pulp from sustainably-managed forests. Arctic Paper Group therefore buys pulp from certified and controlled sources. The mills in Grycksbo, Kostrzyn, and Munkedal have chain of custody certificates for FSC® (Forest Stewardship Council®) and the corresponding for PEFC™ (Programme for the Endorsement of Forest Certification™).

Arctic Paper Group implements certain measures to sustain biodiversity in the regions where our mills operate.

Our responsibility is reinforced by the fact that our paper mills are located near protected forests and watercourses, so we feel a direct responsibility for our surroundings.



III. SOCIETY

3.1. Human Rights

HUMAN RIGHTS

Human rights are rights inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion, or any other status. Human rights include the right to life and liberty, freedom from slavery and torture, freedom of opinion and expression, the right to work and education, and many more. Everyone is entitled to these rights, without discrimination.

Source: Human Rights, <https://www.un.org/en/global-issues/human-rights>

Arctic Paper Group respects and promotes international human and labour rights. We expect the same commitment from our suppliers and subcontractors, to which we refer in the Code of Conduct for Suppliers of Arctic Paper.

- We do not allow discrimination or harassment of any kind directed at any group: employees, customers, suppliers.
- Our employees have the right to organize themselves, join associations and to negotiate with the company.
- We do not allow forced or child labour neither in our mills nor on the part of our suppliers.
- We always comply with local laws related to human rights.
- We do not allow any form of forced labour or other abuses.
- We offer our employees decent working conditions and care about their wellbeing.
- We expect our suppliers to respect their workers' right to form or join associations; refrain from any form of discrimination of employees or their contractors and to provide a safe and healthy work environment.

We put measures in place to report situations where human rights are violated in any way because of Arctic Paper Group operations. We have implemented a whistleblower system which enables our employees and business partners to report situations or behaviours which are not in line with Arctic Paper Group values and ethical principles, and can seriously affect our organization or a person's life or health.

WHISTLEBLOWING SERVICE

<https://report.whistleb.com/en/arcticpaper>

3.2. Health and Safety

Safety of Staff, security of operations and compliance with regular requirements are the main key aspects within Arctic Paper Group. In all operations, safety aspects are prioritized so that good and safe working conditions are ensured. We actively strive for the continuous improvement of health and safety in the workplace and aim to provide a safe working environment with the highest degree of physical, mental and social well-being for our employees.



We have a systematic approach to safety at our mills. Each mill has also implemented its own site-specific health and safety policy, complemented by appropriate routines and procedures.

Our goal is to create a zero-injury environment.

To maintain and develop a safe working culture Arctic Paper will:

- Identify and constantly monitor hazards regarding our operations, mainly in mills.
- Implement health and safety regulations, policies and procedures to establish a proactive company safety culture.
- Communicate safety aspects in an open and objective manner, encouraging all employees to take personal responsibility to work safely and follow established policies and procedures.
- Set and maintain routines for audits and risk assessments, enabling reporting, investigations and corrective action for safety nonconformities.
- Monitor and adopt relevant safety standards, practices and indicators from both within Arctic Paper Group and external parties.
- Run risk assessments before introducing new machinery or new working methods.

By adopting this policy within our operations, we ensure continual improvement in managing health and safety aspects throughout Arctic Paper Group. In this way we are also confident of adding value for our stakeholders and strengthening our vision of "Turning ideas into experience".

3.3. Diversity and inclusion

Arctic Paper Group promotes a culture of openness, and we see diversity as a strength that helps the organization grow. It is a source of new ideas and innovation. The key principle for us is respect for diversity. There is no place in the company for discrimination against anyone because of gender, origin, age, religion, political or religious views, disability or other factors. Each of our employees has the chance to develop within the organization and we try to offer them as many opportunities as possible to use their talents and skills.

Arctic Paper Group commits to the following practices:

- We ensure that no violations or discrimination occur at Arctic Paper.
- We enable our employees to report anonymously any complaints about possible unequal treatment.
- We pay employees according to their qualifications and responsibilities, regardless of gender, age or other factors.
- All employees, regardless of gender, age or any other factor, have the opportunity for development.
- We strive to ensure that women and men have equal employment and development opportunities within our organization.
- We actively promote diversity within the organization.

3.4. Communities

Arctic Paper Group cooperates with local communities in order to have a positive impact and make the cities where the mills are situated attractive places to live. Our mills support local communities i.a. through sponsorship and donations for institutions, NGOs, sports



and cultural organizations. They enrol in different activities in which our employees and their families can participate.

We have been supporting different educational activities for years, helping young people to develop their professional careers, among others, in creative industries.

3.5. Taxes

Arctic Paper Group contributes to the economies and communities of the countries in which it operates by paying all taxes and cooperates with the tax authorities of these countries.

4. GOVERNANCE

4.1. Business ethics

The foundation of our operations is to conduct business in an ethical manner. This is defined by our Code of Conduct, which contains clear guidelines regarding the business behaviour of our employees, including zero tolerance for bribes, corruption and other unethical acts. We have implemented procedures that prevent corruption, and the Whistleblowing service enables the reporting of any undesirable events or situations.

4.2. Transparency and accountability

Arctic Paper Group is open and transparent in decisions and activities that have an impact on society and the environment.

- We are accountable for our actions.
- We always comply with applicable laws and regulations, and we respect, consider and respond to the interest of our stakeholders.
- We behave ethically and actively promote ethical behaviour based in the values of honesty, equity and integrity.
- We believe in fair and free trade. We shall refrain from any kind of bribes and corrupt business.

4.3. Risk assessment

The CEO and President of the Arctic Paper S.A. Management Board is responsible for overseeing the process of identifying and managing risks in each country where Arctic Paper operates. He is supported by the Management Directors of the mills and the designated managers. The Sustainability Team, consisting of 6 members representing various functions and positions, plays an advisory role in the process.

At least every two years, Arctic Paper S.A. conducts a materiality assessment which defines the most important topics it should contribute to.



4.4. Compliance with law and regulations

Arctic Paper Group complies and adheres to all applicable laws and regulations in the European Union countries where we operate.

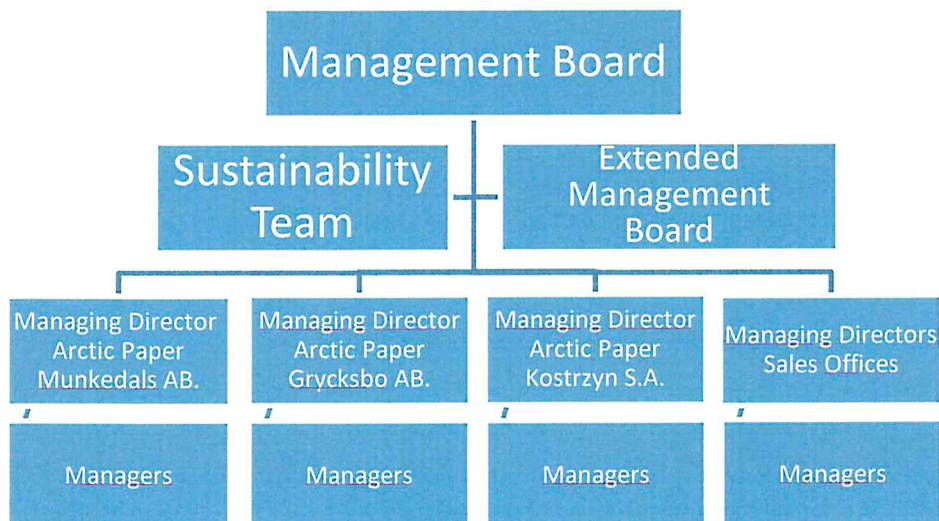
As a stock listed company, Arctic Paper S.A. follows the principles outlined in the “Best Practice for GPW Listed Companies 2021” released by the Warsaw Stock Exchange. The company meets the corporate governance requirements specified in the “Corporate governance rules for Supervised Institutions” issued by the Polish Financial Supervision Authority.

5. INTEGRATION OF THE SUSTAINABILITY POLICY INTO ARCTIC PAPER GROUP

The Management Board oversees the ESG approach of the company, sets goals and supervises the implementation of activities. It is supported by the Sustainability Team.

The Sustainability Team is an advisory body to the Management Board. The Sustainability Team is responsible for yearly reporting, creating policies and supporting and educating employees about ESG and initiating ESG-related actions. It is composed of employees representing various roles and positions within the company. Employees who are willing to know more about environmental issues can approach the Group Environmental Coordinator, who is also a member of the Sustainability Team.

It is the responsibility of each Managing Director within the Arctic Paper Group to make this Policy known, implemented and complied with by their respective operations. All superiors with operational, personnel or business process responsibilities shall actively support this implementation by adapting existing and new local policies, procedures or decision-making processes.





MANAGER

Your role as a manager is actively to support the implementation of the Policy by adapting existing and new local policies, procedures or decision making. In the event of any questions regarding the Sustainability Policy consult your Managing Director. You can contact the Sustainability Team directly at sustainability@arcticpaper.com.

EMPLOYEE

Your role is to understand the Policy and follow it. If you have any doubts or questions regarding any aspect of the Sustainability Policy contact your superior. You can contact the Sustainability Team directly at sustainability@arcticpaper.com.

The Sustainability Policy is publicly available for all the stakeholders.

6. OWNERSHIP OF THE POLICY

The owner of the Sustainability Policy is the Management Board of Arctic Paper SA. Significant changes to the document require the approval of the Management Board as well as the Supervisory Board.

The Policy will be reviewed and updated every year.

The policy was adopted in November 1th 2021.

If you have any comments or questions regarding this Policy, please feel free to contact the Sustainability Team: sustainability@arcticpaper.pl.