



**RESOLUTION No. 18/2020
of the Ordinary Shareholders Meeting of
Arctic Paper S.A.
of August 31st, 2020
regarding: the adoption of the "Remuneration Policy for Members of the Management Board and
Supervisory Board of Arctic Paper S.A."**

Acting pursuant to art. 90d section 1 in connection with art. 90c item 1. 2 point 1 of the Act of July 29, 2005 on public offering and the conditions for introducing financial instruments to an organized trading system and on public companies (Journal of Laws of 2019, item 623, as amended), the Shareholders Meeting of Arctic Paper S.A. based in Kostrzyn nad Odrą ("**Company**") hereby adopts the following resolution (hereinafter: the "**Resolution**"):

§ 1

The Shareholders Meeting of the Company adopts the "Remuneration Policy for Members of the Management Board and Members of the Supervisory Board of Arctic Paper S.A." in the following wording and introduces it to be used in Arctic Paper S.A.

**“REMUNERATION POLICY
of Members of the Management Board and the Supervisory Board
of Arctic Paper S.A.**

The Remuneration Policy of the Members of the Management Board and the Supervisory Board of Arctic Paper S.A. with its registered office in Kostrzyn nad Odrą ("**Company**") has been prepared on the basis of the applicable regulations of law, especially:

- A) the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading and Public Companies of 29 July 2005 (Journal of Laws of 2005, No. 184, No. 1539, consolidated text: Journal of Laws of 2019, item 623);
- B) the Act on the Code of Commercial Companies of 15 September 2000 (consolidated text: Journal of Laws of 2019, item 505, as amended).

Article 1

Definitions

1. **Remuneration Policy** – means the Remuneration Policy of the Management Board and the Supervisory Board of Arctic Paper S.A.
2. **Act** – means the Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading and Public Companies of 29 July 2005.
3. **Management Board, Supervisory Board, Remuneration Committee, General Meeting** – means the Management Board of Arctic Paper S.A., the Supervisory Board of Arctic Paper S.A., the Remuneration Committee of Arctic Paper S.A., the General Meeting of Arctic Paper S.A., respectively
4. **Member of the Management Board** – means the President of the Management Board and other Members of the Management Board.
5. **Member of the Supervisory Board** – means the Chairman of the Supervisory Board and other Members of the Supervisory Board.



Article 2 General Provisions

1. The purpose of this document is to determine the rules of remuneration of the Members of the Management Board and the Members of the Supervisory Board.
2. The solutions adopted in the Remuneration Policy should contribute to the implementation of the business strategy, long-term interests, and stability of the Company, having regard to the interests of the Company's shareholders.
3. The implementation of the business strategy, long-term interests, and stability of the Company is to be especially supported by the amount, rules, and the structure of remuneration of the Members of the Management Board and the Members of the Supervisory Board and consideration of the Company's current financial standing while granting it.
4. Determination of the remuneration rules of the Members of the Management Board and the Members of the Supervisory Board of the Company is aimed at recruiting staff that ensures the highest competence and experience necessary for the proper management of the Company and supervision over it.
5. The Remuneration Policy gives consideration to the Company's size, risk related to its business operations, the internal organisational structures, and also the scope and complexity of the pursued business activity and its business environment.

Article 3

Development and Implementation of the Remuneration Policy

1. A draft of the Remuneration Policy, as well as its amendments is developed by the Remuneration Committee. A draft is submitted to the Supervisory Board for issuing an opinion and introducing any changes.
2. The General Meeting shall determine the final content of the Remuneration Policy or shall send it back to the Remuneration Committee for further work that includes remarks of the General Meeting.
3. The General Meeting shall adopt the Remuneration Policy by way of resolution. The information included in the Remuneration Policy is the responsibility of the Members of the Management Board.
4. The Management Board is responsible for the implementation and updates of the Remuneration Policy.
5. The Company shall immediately put up the Remuneration Policy and a resolution on the Remuneration Policy together with the date of its adoption and voting results on its website. These documents shall remain available at least as long as they are applicable.
6. A resolution on the Remuneration Policy shall be adopted not less frequently than every four years. A material change of the Remuneration Policy shall require its adoption by the General Meeting by way of resolution.
7. The Company shall pay remuneration to the Members of the Management Board and the Supervisory Board solely in compliance with the Remuneration Policy.
8. By applying the rules provided for in the Remuneration Policy appropriate authorities of the Company shall from time to time give consideration to the Company's current financial standing.
9. A General Meeting authorise the Supervisory Board to work out details of elements of the Remuneration Policy to the extent that has been previously indicated by a General Meeting.
10. If it is indispensable for the implementation of long-term interests and maintenance of the Company's financial stability or to ensure its profitability, the Supervisory Board may decide about a temporary departure from the application of the Remuneration Policy.



11. A decision of the Supervisory Board on a temporary departure from the application of the Remuneration Policy shall be taken by way of resolution which shall indicate: the scope of time of departure, elements of the Remuneration Policy that are to be excluded and premises justifying a necessity of a temporary departure from the application of the Remuneration Policy.

Article 4

MANAGEMENT BOARD

Description of the Components of the Remuneration of the Members of the Management Board and a legal relation binding the Members of the Management Board and the Company

1. The Members of the Management Board are appointed by the Company's Supervisory Board to perform their function in the Management Board pursuant to the Company's Articles of Association and the regulations of law applicable in that respect.
2. The Members of the Management Board are appointed for a joint term of office that is 3 years. A Member of the Management Board may be recalled at any time by the Supervisory Board.
3. The Members of the Management Board shall be entitled to fixed monthly remuneration defined for each Member of the Management Board individually, and determined on the basis of a legal relation binding the Company with such Member of the Management Board.
4. Remuneration of a Member of the Management Board may be due under an appointment act, a contract of employment, a managerial contract, or other civil law agreement. Such agreements may be executed for an unspecified period of time.
5. Irrespective of the basis pursuant to which they have been concluded, the agreements referred to in clause 4 above provide for a notice period from 6 to 12 months.
6. Monthly remuneration of the Members of the Management Board is differentiated depending on a function held in the Management Board and the scope of responsibilities of a given Member of the Management Board.
7. Remuneration of the Members of the Management Board shall include:
 - a) "Fixed Remuneration" – due to the Members of the Management Board for holding their functions, incurred accountability, performed work and their competences. Fixed remuneration is not dependent on criteria related to the performance or assessment of the results of work of a specific person, and it is granted by the Supervisory Board giving consideration to market conditions.
 - b) "Variable Remuneration" – awards for achieving short-, medium-, or long-term goals pursuant to the Company's strategy that may have a form of additional disbursements and short- or long-term incentive programmes;
 - c) "Fringe Benefits" – including those that are non-cash, additions and benefits, such as: provision of a company car (also for private purposes), co-financing of health care (including for immediate family members, such as: spouse and minor children), payment of premiums for a life insurance and a liability insurance contract, such as D&O (Directors & Officers).
8. Fixed Remuneration shall be the only mandatory part of remuneration disbursed to the Members of the Management Board.
9. The Company may introduce additional retirement and disability pension schemes or early retirement schemes for Members of the Management Board or the Supervisory Board.
10. Members of the Management Board may be included in the Employee Capital Plan (*Polish – Pracownicze Plany Kapitałowe*) in accordance with the Act on Employee Capital Plans - participation in the plan is voluntary.
11. Members of the Management Board may be covered by an additional non-competition agreement after termination of employment, on the terms resulting from generally applicable



legal provisions for employees. The period of non-competition provision after termination of employment should not exceed 12 months.

12. Members of the Management Board, with the consent of the Supervisory Board, may establish cooperation on the basis of an employment contract, management contract or other civil law contract with another entity belonging to the Arctic Paper Capital Group.

Article 5

General Rules of Granting Variable Remuneration

1. Variable Remuneration for the Members of the Management Board may be determined under the incentive programme.
2. A decision on inclusion of a Member of the Management Board in the incentive programme shall be taken by the Supervisory Board by way of resolution.
3. The purpose of the incentive programme is to remunerate the Members of the Management Board for achieving the quantitative or qualitative goals.
4. The incentive programme is to promote achieving annual consolidated financial goals of the Company and to implement the established business objectives.
5. The maximum level of an award grantable shall be determined and verified by the Company's Supervisory Board once a year.
6. The value of Variable Remuneration in a given financial year may not exceed:
 - a) 50% of the gross value of Fixed Remuneration due to the President of the Management Board for a given year;
 - b) 35% of the gross value of Fixed Remuneration due to other Members of the Management Board for a given year.
7. The amount of the Variable Remuneration is calculated based on the financial and non-financial criteria determined by the Supervisory Board, including the achievement by the Company:
 - a) assumed economic goals;
 - b) assumed efficiency goals;
 - c) assumed development goals;
 - d) the objectives of sustainable development and environmental protection set out in the non-financial statements of the Arctic Paper group.

The specification of the above criteria is the responsibility of the Supervisory Board.

8. An award shall be paid out following publication of the annual financial statements of the Company and further approval of the award by the Supervisory Board, based on the recommendation of the Remuneration Committee.
9. In the event of dismissal of a Management Board Member by the Supervisory Board or resignation from the position before the end of the incentive programme, the Supervisory Board may decide that the variable remuneration will be paid in proportion to the period of performance of the function by the given Management Board Member.
10. The Company assumes a possibility of claiming reimbursement and also deferring granting or paying Variable Remuneration, in the event of:
 - a) violation of a non-compete prohibition while holding a function of a Member of the Management Board and after a year following the end of a legal relation binding a Member of the Management Board and the Company;
 - b) disclosure of irregularities in managing the Company resulting in damage;



Article 6
SUPERVISORY BOARD

Description of the Components of the Remuneration of the Members of the Supervisory Board and a Legal Relation Binding the Members of the Management Board and the Company

1. The Members of the Supervisory Board are appointed by the General Meeting to hold their functions in the Supervisory Board pursuant to the wording of the Company's Articles of Association and the regulations of law applicable in that respect. A function of a Member of the Supervisory Board shall only be performed on the basis of appointment pursuant to a relevant resolution of the General Meeting.
2. The Members of the Supervisory Board are appointed for a joint three-year term of office.
3. Remuneration of the Members of the Supervisory Board shall be determined by the General Meeting by way of resolution.
4. The remuneration amount of the Members of the Supervisory Board shall guarantee independence of the Members of the Supervisory Board during performance of their functions in the Supervisory Board.
5. In view of the function and an increased volume of work for the Company, the remuneration of the Chairman of the Supervisory Board may be higher than the remuneration of other Members of the Supervisory Board.
6. The Members of the Supervisory Board shall be paid Fixed Remuneration only during the term of their mandate.
7. The Member of the Supervisory Board who hold their functions in the committees of the Supervisory Board shall be entitled to additional monthly remuneration in the amount determined by the General Meeting by way of resolution.
8. The Company shall reimburse the costs incurred further to the performance of functions entrusted to the Members of the Supervisory Board, in particular: costs of travels from the place of their residence to the place where a meeting of the Supervisory Board or a meeting of a Committee of the Supervisory Board is held and back, the costs of accommodation and meals.
9. Members of the Supervisory Board may be included in the Employee Capital Plan (*Polish – Pracownicze Plany Kapitałowe*) in accordance with the Act on Employee Capital Plans - participation in the plan is voluntary.

Article 7
Remuneration Report

1. The Supervisory Board shall prepare a remuneration report annually presenting a comprehensive review of remuneration, including all benefits, regardless of their form that have been received by the individual Members of the Management Board and the Supervisory Board or due to individual Members of the Management Board and the Supervisory Board in the last financial year in accordance with the Remuneration Policy.
2. The information included in the remuneration report is the responsibility of the Members of the Supervisory Board.
3. The Supervisory Board shall prepare the first remuneration report jointly for 2019 and 2020.
4. The remuneration report concerning each Member of the Management Board and the Supervisory Board shall include in particular:



- 1) the amount of the total remuneration by components that are referred to in Article 90d.3.1 of the Act (fixed and variable components), and mutual proportions among such remuneration components;
 - 2) explanation of the manner in which the total remuneration is compliant with the adopted Remuneration Policy, including, who it contributes to the achievement of the Company's long-term performance;
 - 3) information on the manner in which the criteria relating to performance have been applied;
 - 4) information on an annual change of remuneration, the Company's performance, and the average remuneration of employees of the Company, who are not Members of the Management Board or the Supervisory Board, during a period of the last five financial years, at least, as an aggregate, in the manner providing for their comparison;
 - 5) the amount of remuneration due from entities belonging to the same group within the meaning of the Accounting Act of 29 September 1994 (Journal of Laws of 2019, item 351, 1495, 1571, 1655, and 1680);
 - 6) the number of financial instruments granted or offered and the main terms and conditions of exercising the rights attached to such instruments, including the price and date of execution and their change;
 - 7) information on using a possibility of requesting reimbursement of variable remuneration components;
 - 8) information on departures from the implementation procedure of the Remuneration Policy and departures applied pursuant to Article 90f, including explanation of the premises and manner, and indication of the elements departures from which have been applied.
5. Information on financial years for which the Supervisory Board has not been required to prepare the remuneration report may be presented on the basis of estimates, in the event whereby it has been explicitly indicated or omitted in the remuneration report.
 6. The remuneration report shall not include personal data of the Members of the Management Board and the Supervisory Board.
 7. The General Meeting shall adopt a resolution with an opinion on the remuneration report. The nature of such resolution is advisory.
 8. Instead of adopting a resolution with an opinion, the General Meeting may hold a discussion on the Remuneration Report, if there are premises defined in Article 90g.7 of the Act.
 9. The Company shall put up the remuneration report on its website and shall make it available free of charge for at least 10 years from the end of a session of the General Meeting referred to in Clause 7 above. If the Company makes the remuneration report available after that period, the report shall not contain personal data of the Members of the Management Board and the Supervisory Board.
 10. The remuneration report shall be subject to an assessment by an auditor to the extent of including in it the information required pursuant to Article 90g of the Act.



Article 8

Avoidance of Conflicts of Interest

1. To avoid a conflict of interest related to the Remuneration Policy, there is a division of responsibilities in the Company to determine the remuneration amount as provided for in Article 378 and Article 392 of the Code of Commercial Companies, taking into consideration the provisions of the Remuneration Policy.
2. In the event of becoming aware or suspicious by a Member of the Management Board or a Member of the Supervisory Board of the occurrence of a conflict of interest in terms of the Remuneration Policy concerning their person or another Member of the Management Board or a Member of the Supervisory Board, they shall be obliged to inform the Chairman of the Supervisory Board accordingly (in the event of becoming aware or suspicious about the Members of the Management Board) or the President of the Management Board (in the event of becoming aware or suspicious of the Members of the Supervisory Board).
3. In the event of receiving the information referred to in Clause 2, the Supervisory Board shall order the Remuneration Committee of the Supervisory Board to undertake actions aimed at verifying the information, a review of the Remuneration Policy and its update, if any, to remove or prevent the occurrence of a conflict of interest.

Article 9

Final Provisions

1. The Remuneration Policy was developed on the basis of different criteria related to the nature of the duties performed by persons acting as Members of the Management Board and Supervisory Board of the Company.
2. Remuneration of individual employees shall be determined within a payment grid for a given position based on performance at work and competences and the remuneration budget at hand. When hiring in a given position the remuneration shall be determined on the basis of skills, knowledge, and experience with regard to the position requirements and envisaged work efficiency.
3. The Remuneration Policy shall become effective on the date of its adoption by the General Meeting.
4. The Remuneration Policy shall not apply to payment of remuneration due under termination of an agreement binding a Member of the Management Board and the Company and Variable Remuneration to which persons subjected to the Remuneration Policy have acquired claims prior to its effective date.

§ 2

The resolution shall become effective in the date of adoption hereof.

The Shareholders Meeting adopted the aforementioned resolution in **open** ballot, and for its adoption there were votes cast:

- effective votes: **41,638,661**, including:
- votes „for”: **41,467,424**,
- votes „against”: **171,237**
- votes „abstaining”: **0**,



and there were no objections,

- the number of shares from which effective votes were cast was: **41,638,661** ,
- the percentage share of these shares in the share capital amounted to: **60.10 %**.