

**BYLAWS OF SUPERVISORY BOARD OF
ARCTIC PAPER SPÓŁKA AKCYJNA
(hereinafter referred to as the “Company”)**

adopted by the resolution of the Supervisory Board dated 24 November 2016

1. GENERAL PROVISIONS

- 1.1 The Supervisory Board Bylaws (hereinafter referred to as the "**Bylaws**") provide detailed principles of operations of the Company Supervisory Board (hereinafter referred to as the "**Supervisory Board**" or the "**SB**").
- 1.2 The Supervisory Board operates in accordance with the Polish Code of Commercial Companies, the Company's Articles of Association, these Bylaws, and General Meeting resolutions. Since the General Meeting adopted the resolutions that constituted grounds for the initial public offering of shares and introduction of the Company's shares to stock exchange trading, the Supervisory Board has also been carrying out its operations based on the Best Practices adopted by authorities of the Warsaw Stock Exchange, insofar as accepted by authorities of the Company.

2. SUPERVISORY BOARD COMPETENCIES

- 2.1 The Supervisory Board exercises ongoing supervision over all areas of the Company's operations.
- 2.2 The Supervisory Board adopts resolutions, issues recommendations and opinions, and files motions with the General Meeting.
- 2.3 The Supervisory Board cannot give the Management Board binding orders with respect to management of the Company's affairs.
- 2.4 Any disputes between the Supervisory Board and the Management Board are settled by the General Meeting.
- 2.5 To exercise its powers, the Supervisory Board can review any of the Company's operations, request that the Management Board present any documents, reports and explanations; issue opinions on Company's affairs, file applications and present initiatives with the Management Board.
- 2.6 Save for other issues provided by law and/or Company's Articles of Association, the Supervisory Board competencies comprise the following:
 - a) review of the Company's financial statements;
 - b) review of the Management Board report on the Company's operations and Management Board proposals on distribution of profit and absorption of loss;
 - c) submission of annual written reports on outcome of the aforesaid reviews to the General Meeting;
 - d) appointment and recall of Management Board members, including the President, and determination of Management Board members' remuneration;
 - e) appointment of the Company's auditor;
 - f) suspension of the members of the Management Board in performance of their functions due to significant reasons;
 - g) delegation of the members of the Supervisory Board to the temporary performance of the functions of the members of the Management Board who are not in a position to perform their duties;

- h) approval of the annual financial plans of the capital group of the Company, comprising the Company and its subsidiaries (the "Group") (budget), the investment plans of the Group and the strategic commercial plans of the Group prepared by the Management Board, providing that the budget shall encompass at least the operating plan of the Group, plan of incomes and costs, forecast in respect of the balance sheet and the plan of the expenses in excess of the usual costs of the Group's business;
- i) determination of terms and conditions of the issuance of the bonds by the Company (other than convertible bonds and/or bonds with priority right, referred to under art. 393 point 5 of Commercial Companies Code) and other debt securities and granting consent to the assumption of any financial liabilities and/or adoption of any actions resulting in the assumption of any financial liability, such as contracting loans, credit facilities, overdrafts, factoring, forfeiting, financial and operational leasing agreements and others, if the amount of such liability exceeds PLN 10,000,000;
- j) approval of the operating bylaws of the Company (and not of the other companies from the Group);
- k) granting consent for the conduct of any competitive activity and/or for the performance of any functions in the authorities of other companies (whether conducting a competitive business or not) by the members of the Management Board;
- l) determination of the rules and amounts of remuneration of the members of the Management Board and other persons, holding key management positions within the Company, and the approval of the incentive schemes (if any), whether applicable to the members of the Management Board and other persons, holding key management positions within the Company, or to any other individuals associated with the Company, including incentive schemes applicable to the Company's employees;
- m) adoption of the Supervisory Board's bylaws;
- n) granting consent for the conclusion of the agreements between the Company or its subsidiary and the members of the Management Board, members of the Supervisory Board and/or the entities related to the members of the Management Board and/or the members of the Supervisory Board;
- o) granting consent to the Management Board for the adoption of any of the following actions:
 - (i) changing of the investment policy of the Company;
 - (ii) disposal of any rights and/or contraction of any obligations (including, but not limited to, any conditional and/or off-balance obligations), the value of which exceeds PLN 25,000,000, provided that such disposal and/or contraction remains in connection with the Company's business, including, but not limited to, the sale, purchase, establishing of an encumbrance, lease and/or usufruct of any fixed asset, granting a trade credit, suspending, deferring or waiving the obligation to pay any receivables towards the Company, granting warranties, sureties or becoming liable for the someone's else debt; in case of any doubt whether particular disposal and/or contraction remains in connection with the Company's business, upon the relevant request from the Management Board the Supervisory Board shall be entitled to make an assessment in that respect and provide the Management Board with a binding interpretation; the consent of

the Supervisory Board is not required for the conclusion of any major contract with customers and suppliers in running business of the Company;

- (iii) disposal of any rights and/or contraction of any obligations (including, but not limited to, any conditional and/or off-balance obligations), the value of which exceeds PLN 5,000,000, provided that such disposal and/or contraction does not remain in connection with the Company's business;
- (iv) accession by the Company to and divesting by the Company of any other companies, partnerships and/or entities, including, but not limited to the formation of other companies and partnerships, acquisition of other companies (or parts of such companies as a result of e.g. demerger), purchase of the shares and/or the rights and duties of partner in a partnership, participation in the joint ventures, and disposal of any shares, rights and duties of partner in a partnership and/or similar shareholding rights by the Company, only if such accession or divestment results in the disposal of any rights and/or contraction of any obligations by the Company having the value of at least PLN 1,000,000;
- (v) transfer of any intellectual property rights and/or ancillary rights by the Company;
- (vi) engagement of any advisors and/or third parties by the Company or any of its subsidiaries, if the cost of such engagement exceeds the PLN 500,000;
- (vii) making the advance payment for the dividend expected as at the end of the financial year;
- (viii) providing financing (by any means whatsoever) to the entities related to the Company, including, but not limited to, granting loans, sureties and/or warranties, becoming liable for such related entity's debt, subscribing for any debt securities, suspending, deferring or waiving the obligation to pay any receivables towards the Company, or disposal of any rights (whether free of charge or not) for the benefit to the entities related to the Company, including, but not limited to, any sale, encumbrance, lease, donation, lending for use and/or contraction of any obligations towards the entities related to the Company (including, but not limited to, any conditional and/or off-balance obligations), the value of which exceeds PLN 10,000,000.

2.7 The Supervisory Board annually files a brief evaluation of the Company's standing with the General Meeting, and ensures that all shareholders can access this evaluation appropriately in advance to become familiar with it before the Annual General Meeting.

2.8 On the Company's behalf, the Supervisory Board executes contracts with Management Board members and represents the Company in disputes with Management Board members. By way of a resolution, the Supervisory Board may authorize one or more its members to take the aforesaid legal actions.

3. ORGANISATION OF THE SUPERVISORY BOARD

- 3.1 The Supervisory Board is composed of 5 (five) to 7 (seven) members appointed by the General Meeting for a 3-year joint term of office. A Supervisory Board member may be recalled at any time.
- 3.2 The composition of the Supervisory Board comprises: the Chairman, Deputy Chairman, and other members. The Supervisory Board Chairman and Deputy Chairman are elected by the Supervisory Board from among its members at the first meeting, or during the term of office - in by-election, if necessary.
- 3.3 Since the General Meeting adopted the resolutions that constituted grounds for the initial public offering of shares and introduction of the Company's shares to stock exchange trading, two Supervisory Board members should be independent. Annex II to the European Commission Recommendation of 15 February 2005 on the role of nonexecutive or supervisory directors of listed companies and on the committees of the (supervisory) board applies to the criteria of independence of Supervisory Board members, however an independent member cannot be an employee of the Company, or of its subsidiary or related entity, and he cannot be party to actual and significant relations with a Company's shareholder who has a right to exercise 5% or more of the total number of the votes at the General Meeting.
- 3.4 Provided that an independent member of the Supervisory Board has been appointed, resolutions on the following matters cannot be adopted without the consent of at least one independent Supervisory Board member:
 - a) with respect to any performance made by the Company or by any entity related to the Company in favour of the Management Board members;
 - b) with respect to consent given for the Company or its subsidiary to execute a major contract with an entity related to the Company, member of the Supervisory Board or of the Management Board and entities related thereto, other than contracts executed in the course of normal Company's activities under normal terms and conditions applied by the Company;
 - c) with respect to appointment of an auditor to review the Company's financial statements.
- 3.5 More persons who do not fulfil the independence criteria referred to in point 3.3 above can be appointed to act in the Supervisory Board, provided that fewer persons fulfilling the independence criteria referred to in point 3.3 above have been appointed, and there still are unfilled vacancies in the Supervisory Board.
- 3.6 To avoid doubt, it is assumed that loss of independence by a Supervisory Board member, including failure to appoint an independent Supervisory Board member, does not invalidate decisions made by the Supervisory Board. Loss of independence by an Independent Member during performance of his duties as a Supervisory Board member does not affect validity or expiry of his mandate.
- 3.7 The Supervisory Board Chairman and Deputy Chairman:
 - a) stay in contact with the Company Management Board,
 - b) manage the SB's work,
 - c) represent the SB before third parties and before other Company authorities, including - before particular members of the Company Management Board,

- d) pursue initiatives and process applications filed with the SB for examination,
 - e) take any other actions arising from the Bylaws and Company's Articles of Association.
- 3.8 A member of the Supervisory Board should not resign from his function during the term of office, if this could prevent operations of the Supervisory Board, in particular prevent timely adoption of a material resolution.
- 3.9 In case a mandate of a member of the Supervisory Board expires before the end of his or her term of office, the remaining members of the Supervisory Board shall be entitled to co-opt a new member of the Supervisory Board in lieu of the member whose mandate has expired by means of a resolution adopted by an absolute majority of votes of all of such remaining members. The mandate of a member of the Supervisory Board appointed as a result of the co-option shall expire if the first ordinary General Meeting held after the co-option does not approve his or her appointment. Only two members of the Supervisory Board appointed as a result of co-option, whose appointment has not been approved by the ordinary General Meeting, may hold their positions at given time. If the mandate of the member of the Supervisory Board appointed in co-option procedure expires as a result of the lack of ordinary General Meeting's approval, no resolution of the Supervisory Board adopted in the course of his or her term of office shall be deemed invalid or ineffective due to the fact that his or her mandate has not been approved.
- 3.10 The Supervisory Board members should be loyal to the Company. In the case of a conflict of interest, a Supervisory Board member is obliged to inform the other SB members of this, and to refrain from participating in the discussion and from voting on adoption of a resolution in the case in which the conflict of interest occurred.
- 3.11 The Supervisory Board Members are obliged to comply with law, the Company's Articles of Association, and these Bylaws.

4. SUPERVISORY BOARD MEETINGS

- 4.1 The Supervisory Board holds its meeting at least once every three months. Supervisory Board meetings are convened by its Chairman or on his absence - by the Deputy Chairman. The Supervisory Board Chairman is obliged to convene a Supervisory Board meeting within 3 (three) weeks of a written motion comprising an agenda, filed by the Management Board or by at least one member of the Supervisory Board. A notice to participate in a Supervisory Board meeting should be sent to Supervisory Board members in a manner that ensures receipt of a proof of delivery to the addressee, e.g. by registered mail, courier, e-mail, or fax, at least 7 (seven) days before the scheduled meeting date.
- 4.2 A notice to participate in a Supervisory Board meeting should show the meeting date, time, venue, and agenda.
- 4.3 In urgent matters, Supervisory Board meetings may be held without keeping the period set in point 4.1, provided that all SB members have received notices of participation in the meeting at least 1 (one) business day before the meeting. The Chairman will take all reasonable efforts to convene a meeting on a day and at a time that will enable all Supervisory Board members to participate thereat.
- 4.4 Proofs of receipt, appropriate for the notice delivery manner, will be attached to the Minutes of the Supervisory Board.
- 4.5 SB discussions are chaired by the Chairman, or on his absence - by the SB Deputy Chairman.

- 4.6 Management Board members may be invited to participate in a Supervisory Board meeting, unless the agenda comprises matters that directly refer to the Management Board and/or its members.
- 4.7 Supervisory Board meetings may also be held without being formally convened, provided that all Supervisory Board members consent thereto on the meeting date at the latest, and confirm this in writing or sign the list of attendance.
- 4.8 All persons present at the Supervisory Board meeting sign the list of attendance. Written minutes of each Supervisory Board meeting are drawn up and signed by the person who chairs the meeting and by the minutes clerk. The minutes of the Supervisory Board show: (i) next number of the minutes, (ii) date and venue of the meeting, (iii) list of Supervisory Board members present and those absent at the meeting, (iv) information on other meeting participants, (v) agenda, (vi) wording of adopted resolutions, (vii) outcome of voting, (viii) information whether the meeting was convened formally or otherwise, in accordance with the Bylaws and the Company's Articles of Association. The minutes from the meetings of the Supervisory Board shall be delivered to each of its members not later than within 10 days following the relevant meeting.
- 4.9 The agenda of the Supervisory Board meeting shall not be changed during the relevant meeting, unless
 - a) all members of the Supervisory Board are present and none of them opposed to change or amend the agenda;
 - b) adoption of certain actions by the Supervisory Board is necessary in order to protect the Company against damage; or
 - c) a resolution on the evaluation of a possible conflict of interests between the Supervisory Board and the Company needs to be adopted.
- 4.10 All minutes of Supervisory Board meetings will be attached to the Register of Supervisory Board Minutes and will be made accessible at the Company's registered office to all members of the Management Board, members of the Supervisory Board, and shareholders.
- 4.11 Within 12 days of the meeting being closed, the members of the Supervisory Board may make justified objections about the minutes content; such reservations must then be attached to the minutes. If a meeting of the Supervisory Board was held by means of remote communication, the reasonable objections of the members of the Supervisory Board shall be incorporated in the minutes, unless the minutes have been signed by all the members.

5. ADOPTION OF RESOLUTIONS

- 5.1 Resolutions of the Supervisory Board cannot be adopted, unless all members of the Supervisory Board have been notified about the meeting by registered mail or e-mail, sent at least 15 days in advance of the meeting, and the majority of the members of the Supervisory Board are present at the meeting. Due to significant reasons the President of the Supervisory Board may shorten such period to 5 days. Resolutions can be adopted without formal summon, if all members of the Supervisory Board agree to vote with regard to a particular matter or accept the contents of the resolution.
- 5.2 Supervisory Board resolutions are adopted by a simple majority of votes; in the case of equal number of the votes, the Supervisory Board Chairman holds the casting vote.

- 5.3 Consent of 2/3 (two-thirds) of all Supervisory Board members is needed for a Management Board member to engage in a competitive activity.
- 5.4 The Supervisory Board may adopt resolutions in the written vote procedure or using means of distance communication. The resolution adopted in this manner is valid provided that all SB members have been notified of the resolution wording. The resolution adoption date is the date on which it is signed by the last Supervisory Board member.
- 5.5 To enable voting on an SB resolution (on SB resolutions) in the aforesaid procedure, the Chairman sends to all the other SB members notices on commencement of the written vote procedure, which notices are sent by registered mail, e-mail or courier and comprise draft of the resolution (drafts of the resolutions) to be adopted in the voting.
- 5.6 In the written vote procedure, votes are cast by a written statement made underneath the wording of each resolution attached to the notice referred to in point 5.4, which statement shows that the vote was cast "in favour", "against" or that it was "abstained" with respect to each resolution individually, together with potential reasons, and by such statements being sent to the address indicated in the notice drawn up in accordance with point 5.4 above.
- 5.7 To adopt a resolution (resolutions), notices on commencement of the written vote procedure should be sent; they should comprise information on the deadline, by which the votes should be cast, not shorter than 7 (seven) days from their dispatch. A vote cast (letter sent) after this deadline means that the given member of the Supervisory Board did not participate in the vote.
- 5.8 After the Chairman has received the votes of the Supervisory Board members participating in the written vote, he notifies all Supervisory Board members of the outcome of voting.
- 5.9 After the written vote, minutes of the voting are drawn up. The minutes should provide description of the vote held, wording of the resolutions voted on, number of the votes cast "in favour", "against", and the "abstained" votes. Resolutions showing the votes cast by the Supervisory Board members constitute attachments to the Minutes. The provisions of points 4.10 and 4.11 of the Bylaws apply as appropriate.
- 5.10 The Supervisory Board can adopt resolutions using means of direct distance communication available to all Supervisory Board members.
- 5.11 Before voting is held by means of distance communication, the Chairman determines the date of the vote and the means of direct distance communication that will be used during the vote. A vote can be held in this procedure provided that all Supervisory Board members have been informed of the vote at least 2 (two) business days before the scheduled voting day and have received draft of the resolution(s) to be adopted during the vote. In urgent matters, the Supervisory Board can vote without keeping the aforesaid period, provided that all SB members have been informed of the meeting at least 1 (one) business day before the vote. The person announcing the vote will take all reasonable efforts for the vote to be held at a time that will enable all Supervisory Board members to adopt the resolution.
- 5.12 After the vote, minutes of the voting are drawn up. The minutes should provide description of the vote held, wording of the resolutions voted on, number of the votes cast "in favour", "against" and the "abstained" votes. The provisions of points 4.10 and 4.11 of the Bylaws apply as appropriate.

6. FINAL PROVISIONS

- 6.1 Costs of Supervisory Board operations are incurred by the Company.
- 6.2 The Supervisory Board uses the Company premises, materials and technical equipment.
- 6.3 Supervisory Board members receive remuneration and reimbursement of expenses incurred as a result of the functions performed, in accordance with the rules established by the General Meeting.
- 6.4 If the Supervisory Board consists of at least 5 (five) members, the SB appoints the Audit Committee, the Risk Committee and the Remuneration Committee and determines their compositions. The Supervisory Board may adopt Bylaws of the Audit Committee, Bylaws of the Risk Committee and Bylaws of the Remuneration Committee. The Supervisory Board may appoint also other committees and adopt their bylaws.
- 6.5 Administrative services for the Supervisory Board are provided by the Company, which is obliged to appoint a person in charge of:
 - a) notifying Supervisory Board members of the planned meetings, and obtaining participation confirmations or refusals to participate;
 - b) preparing and distributing to Supervisory Board members the materials needed for the meeting, and taking the minutes of Supervisory Board meetings;
 - c) drawing up the minutes and obtaining signatures of Supervisory Board members;
 - d) ensuring correct organisation of the meeting;
 - e) taking any other actions needed for correct operation of the Supervisory Board.
- 6.6 If provisions of these Bylaws contravene provisions of the Company's Articles of Association, appropriate provisions of the Articles of Association will apply.
- 6.7 These Bylaws enter into effect on the date set in a General Meeting resolution.