



Management Board Report on the operations of Arctic Paper S.A. to report for the year 2013

TRANSLATORS' EXPLANATORY NOTE
The following document is a free translation of the report of
the above-mentioned Company.
In the event of any discrepancy in interpreting the
terminology, the Polish version is binding.



ARCTIC PAPER

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Arctic Paper profile

General information

Arctic Paper S.A. is a holding company established in April 2008. As a result of capital restructuring carried out in 2008, the paper mills Arctic Paper Kostrzyn (Poland) and Arctic Paper Munkedals (Sweden), Distribution Companies and Sales Offices have become the properties of Arctic Paper SA. Previously they were owned by Trebruk AB (formerly Arctic Paper AB), the parent company of the Issuer. In addition, under the expansion, the Group acquired in December 2008 paper mill Arctic Paper Mochenwangen (Germany) and in March 2010 paper mill Grycksbo (Sweden).

Since December 2012, Arctic Paper S.A. also holds shares in Rottneros AB, a company listed on NASDAQ OMX stock exchange in Stockholm, Sweden. Rottneros AB holds 100% of shares in two Pulp Mills, a Purchase Office and a company producing food packaging (for details see note 23 in the consolidated financial statements).

Business activities

The main area of Arctic Paper Group's business is holding activity.

Subsidiaries

Since 23rd October 2009 Arctic Paper S.A. has been listed on the primary market of the Warsaw Stock Exchange and since 20th December 2012 on NASDAQ OMX stock exchange in Stockholm, Sweden. The Group carries out business through its Paper Mills and Pulp Mills, Distribution Companies, Sales Offices and a Purchase Office.

Current shareholding structure of the Group was established in September and October 2008 when the

The main area of the Company's business is holding activity including management of the entities belonging to the controlled Capital Group. Operating activity is conducted by Paper and Pulp Mills, Distribution Companies, Sales Offices and a Purchase Office. Detailed information regarding business activities of the Arctic Paper Capital Group is included in the Management Board report on the operations of the Arctic Paper S.A. Capital Group included in the annual consolidated report for the year ended 31st December 2013.

The Company is entered in the Register of Entrepreneurs kept by the District Court Poznań- Nowe Miasto i Wilda in Poznań, VIII Commercial Department of the National Court Register, Entry No. KRS 0000306944. The Parent Company was granted statistical REGON number 080262255.

Issuer acquired paper mills in Poland and Sweden and distribution companies and sales offices dealing with distribution and sales of paper produced in Europe. Three distribution companies – in Sweden, Norway and Denmark – are engaged in distribution activity offering our products and, to a limited extent, products of other paper producers.

Arctic Paper S.A. acquired shares in Arctic Paper Kostrzyn, Arctic Paper Munkedals, Distribution

Companies and Sales Offices from Trebruk AB (formerly Arctic Paper AB), currently the Issuer's majority shareholder and from Nemus Holding AB, who is the parent company of Trebruk AB.

Under the expansion, the Group also acquired Arctic Paper Mochenwangen (Germany) paper mill in December 2008 and Grycksbo (Sweden) paper mill in March 2010.

In 2012 and 2013, Arctic Paper S.A. acquired shares in Rottneros AB, a company listed on NASDAQ OMX stock

exchange in Stockholm, Sweden. Rottneros AB owns 100% in two Pulp Mills, one Purchase Office and a company which produces food packaging. The acquisition of Rottneros shares was performed mainly in the form of exchange of Rottneros AB shares to Arctic Paper S.A. shares. Arctic Paper S.A. took the control over Rottneros Group on 20th December 2012. From that day the Arctic Paper S.A. shares have been listed on NASDAQ OMX stock exchange in Stockholm.

As on 31st December 2013 Arctic Paper S.A. had investments in the following subsidiaries:

- Arctic Paper Kostrzyn S.A. – paper mill in Kostrzyn nad Odrą (Poland);
- Arctic Paper Munkedals AB – paper mill in Munkedal (Sweden);
- Arctic Paper Sverige AB – distribution company operating on Swedish market;
- Arctic Paper Norge AS – distribution company operating on Norwegian market;
- Arctic Paper Danmark A/S – distribution company operating on Danish market;
- Arctic Paper UK Limited – sales office in United Kingdom;
- Arctic Paper Baltic States SIA – sales office in Baltic states;
- Arctic Paper Benelux S.A. – sales office in Benelux;
- Arctic Paper Schweiz AG – sales office in Switzerland;
- Arctic Paper Italia srl – sales office in Italy;
- Arctic Paper Ireland Limited – sales office in Ireland;
- Arctic Paper France SAS – sales office in France;
- Arctic Paper Espana SL – sales office in Spain;
- Arctic Paper Papierhandels GmbH – sales office in Austria;
- Arctic Paper Polska Sp. z o.o. – sales office in Poland;
- Arctic Paper East Sp. z o.o. – sales office in Ukrainian market;
- Arctic Paper Investment GmbH – holding company formed for the purpose of acquisition of paper mill in Mochenwangen;
- Arctic Paper Investment AB – holding company formed for the purpose of acquisition of Grycksbo Paper Holding AB.
- Rottneros AB – holding company with shares in pulp mills Rottneros Bruk AB and Rottneros Vallvik AB, in a purchase office and a company producing food packaging

Information about share in capital of particular subsidiaries is included in note 5 of the financial statements of the Company (note no 5).

Changes in the capital structure of the Arctic Paper Group

From 1st January until 26th February 2013, Arctic Paper S.A. continued to purchase shares of Rottneros AB either under the calling, whose principles were described in the annual consolidated financial statements for 2012, or through direct purchases in NASDAQ OMX stock exchange.

The Company purchased aggregate 82,726,339 of Rottneros AB shares which represented 54.2% shares in share capital and in the total number of votes.

Since a portion of Rottneros AB shares was purchased as exchange of newly issued Arctic Paper S.A. shares for

Rottneros AB shares, in December 2012 and in 2013, the Company issued 13,884,283 series F shares in the aggregate. All issued shares has been registered in National Court Register until 31 December 2013.

On 11th November 2013, the Company sold 4,495,456 shares of Rottneros AB and as a result decreased its share in Rottneros AB by 2.9 p.p. Currently Arctic Paper S.A. holds 51.3% of Rottneros Group shares.

In 2013 no other changes in the capital structure of the Group occurred.

Services provided by the Company

As a holding company Arctic Paper S.A. receives dividends, interest on loans granted and income from management services provided for related entities operating within the Arctic Paper S.A. Capital Group.

Moreover, the Company provides agency services for pulp procurement to the entities of the Group. The services are provided in the following two manners:

- by negotiating pulp supplies conditions for the Group and particular mills
- by direct purchases of pulp by Arctic Paper S.A. and resale to mills

Detailed information about the range of products produced by paper mills of Arctic Paper Group was included in the consolidated annual report for the year 2013.

Changes in basic management principles

There were no important changes in basic management principles in 2013.

Shareholder structure

Arctic Paper S.A.'s main shareholder is a Swedish company Trebruk AB (formerly Arctic Paper AB) which as on 31st December 2013 held shares of our Company representing 59.69% of its share capital corresponding to 59.69% of the total number of votes in the Shareholders Meeting.

As on the day of publishing of the hereby report, Trebruk AB holds 41,360,449 shares in our Company representing 59.69% of its share capital corresponding to 59.69% of the total number of votes in the Shareholders Meeting.

Nemus Holding AB, who holds 5,857,286 shares of Arctic Paper S.A. (8.45% of the share capital and the number of

votes) as on the day of publishing of the hereby report, is the parent company of Trebruk AB

Thus Trebruk AB is the Issuer's parent company.

Shareholders who hold, directly or indirectly, at least 5% of the total number of votes at the Shareholder Meeting

Shareholder	as at 21.03.2014				as at 14.11.2013			
	Number of shares	Share capital [%]	Number of votes	Of total number of votes [%]	Number of shares	Share capital [%]	Number of votes	Of total number of votes [%]
Trebruk AB (previous	41 360 449	59,69%	41 360 449	59,69%	41 450 065	59,82%	41 450 065	59,82%
Nemus Holding AB	5 857 286	8,45%	5 857 286	8,45%	5 857 286	8,45%	5 857 286	8,45%
Others	22 070 048	31,85%	22 070 048	31,85%	21 980 432	31,72%	21 980 432	31,72%
Total	69 287 783	100,00%	69 287 783	100,00%	69 287 783	100,00%	69 287 783	100,00%
Own shares	-	0,00%	-	0,00%	-	0,00%	-	0,00%
Total	69 287 783	100,00%	69 287 783	100,00%	69 287 783	100,00%	69 287 783	100,00%

Data on the table are given as on the date of this report and as on the date of publication of the quarterly report for 3Q 2013.

Market environment

The Company does not provide services directly to external parties. Its financial situation and ability to pay dividend is influenced mainly by the market environment in which paper mills and pulp mills controlled by the Company are operating.

The information about the main products offered by the Group with description regarding the value, the quantities, sales revenue structure, the information about the markets divided to domestic and foreign markets, as well as information about sources of supply of raw materials and services is included in the Consolidated Annual Report.

Development directions and strategy

Main strategies of the Group for which the Company is the parent company include:

Development on Central and Eastern European markets while maintaining leading position on key markets

Our strategic priority over the next few years is to maintain our present leading position in the field of fine papers intended for Western European markets and also to take advantage of the expected growth on the paper market in Central and Eastern Europe. Given their size, the Western European markets will remain our strategic target although we believe that the paper market in Central and Eastern Europe will grow faster than in Western Europe. We expect this growth to be founded

on the long-term rise in paper use per citizen, comparably low at present, and on the expected move of printing houses' production capacity from Western Europe to Central and Eastern Europe. The key elements of this strategy are to take advantage of the competitive edge which we gained thanks to the location and efficient operation of our paper mill in Kostrzyn nad Odrą and our well-developed sales network in Central and Eastern Europe.

Continuous improvement of production capacity and distribution

One of the key elements for the success of our business will be the ability to sustain cost efficiency. Therefore, we have been taking initiatives to, *inter alia*:

- maximize energy efficiency,
- carefully manage human resources,

- take advantage of our strong bargaining position to negotiate lower prices of pulp for paper mills and of other raw materials,
- maximize the capacity of our production lines and the efficiency of the logistics systems.

Sales structure

In 2013 the sales structure by main sources of income was as follows:

Sales structure by income sources

PLN thousands	2013	share %	2012	share %
Services	40 668	35%	37 209	34%
Dividends	75 155	64%	47 852	43%
Loan interest	1 134	1%	25 841	23%
Total	116 956	100%	110 902	100%

The Company provides management services to its subsidiaries in accordance with the agreements signed with these entities.

Sales structure by related parties

PLN thousands	2013	share %	2012	share %
Arctic Paper Kostrzyn S.A.	93 988	80%	61 708	56%
Arctic Paper Munkedals AB	11 591	0%	12 186	21%
Arctic Paper Grycksbo AB	10 460	10%	11 514	11%
Other	917	1%	1 510	1%
Arctic Paper Investment AB	-	9%	23 809	10%
Arctic Paper Mochenwangen GmbH	-	0%	176	0%
Total	116 956	100%	110 902	100%

Explanations regarding business seasonality and cycles

Demand for the Group's products fluctuates slightly during the year. A lower demand for paper is reported each year during the summer holidays and at Christmas time when a number of printing houses, particularly those in Western Europe, are closed for business. The changes

in demand for paper are not significant compared to the demand in other periods of the year.

Fluctuations of paper demand are to great extent reflected in fluctuations of pulp demand.

Research & Development

The Company does not bear directly any costs related to the research and development.

R&D in the Arctic Paper Group is primarily intended to advance and upgrade production processes and to improve product quality and increase product assortment. In the period covered by this report, Paper

Mills carried out R&D work to streamline the production process, particularly by shortening machine idle time, and to improve paper quality along with expanding the assortment range.

An important goal of R&D in 2013 was development of new products.

Natural environment

Information about the impact of regulations related to the environment protection on the operations of Paper Mills and Pulp Mills controlled by the Company was included in the Consolidated Annual Report.

Summary of financial results

Income statement

Selected items of the standalone income statement

PLN thousands	2013	2012	Change % 2013/2012
Revenues:	116 956	110 902	5,5
<i>including:</i>			
Sales of services	40 668	37 209	9,3
Loans interest	1 134	25 841	(95,6)
Income from dividends	75 155	47 852	57,1
Gross profit on sales	107 172	110 902	(3,4)
<i>Gross profit on sales margin %</i>	91,63	100,00	(8,4) p.p.
Sales costs	(2 861)	(1 387)	106,2
Administrative expenses	(28 546)	(26 931)	6,0
Other operating income	284	262	8,2
Other operating cost	(255 548)	(47 062)	443,0
EBIT	(179 498)	35 784	(601,6)
<i>EBIT margin %</i>	(153,47)	32,27	(185,7) p.p.
EBITDA	(179 400)	35 895	(599,8)
<i>EBITDA margin %</i>	(153,39)	32,37	(185,8) p.p.
Financial income	3 194	1 021	212,8
Financial cost	(3 607)	(23 277)	(84,5)
EBT	(179 911)	13 528	(1 429,9)
Corporate income tax	-	1	(100,0)
Net profit	(179 911)	13 529	(1 429,8)
<i>Net profit margin %</i>	(153,83)	12,20	(166,0) p.p.

Sales revenue, own cost of sales and sales profit

Main area of statutory activity of the Company is holding activity including management of the entities belonging to the controlled Capital Group. Operating activity is conducted by Paper and Pulp Mills, Distribution Companies, Sales Offices and a Purchase Office. In 2013 standalone revenue of the Company amounted to PLN 116,956 thousand and comprised dividend income (PLN 75,155 thousand), income from services rendered to entities of the Group (PLN 40,668 thousand) and interest

income from loans granted (PLN 1,134 thousand). In 2012 standalone sales revenue of the Company amounted to PLN 110,902 thousand and comprised dividend income (PLN 47,852 thousand), management services provided to entities in the Group (PLN 37,209 thousand) and interest income (PLN 25,841 thousand).

In 2013 and 2012 the Company did not render services to pulp mills of Rottneros Group.

Own cost of sales includes interest cost on loans taken from other Group companies.

Administrative expenses

In 2013 administrative expenses amounted to PLN 28,546 thousand. They include administrative expenses related to the operations of the Company, costs of services provided to the Group entities and other costs incurred by the Company for the purpose of holding

activity. Among these costs the following can be distinguished which are connected solely to statutory activity and comprise auditing costs, costs related to the activity of Supervisory Board, costs of periodical controls conducted by the owner of the Company, and other.

Cost of sales

In 2013 the Company reported cost of sales in the amount of PLN 2,861 thousand, solely related to cost

connected with pulp procurement agency for Arctic Paper Kostrzyn S.A.

Other operating income and expenses

Other operating income amounted to PLN 284 thousand in 2013 which represents an increase by PLN 22 thousand compared to the previous year. At the same time, other operating expenses increased and amounted to PLN 255,548 thousand (2012: PLN 47,062 thousand). Such a material increase of other operating expenses results from recognition of: the amount of PLN 74,305 thousand on the grounds of impairment write-off of investment in Arctic Paper Investment GmbH, the amount

of PLN 164,580 thousand on the grounds of impairment write-off of investment in Arctic Paper Investment AB and the amount of PLN 11,721 thousand on the grounds of impairment write-off of investment in Arctic Paper Sverige AB, as well as the amount of PLN 3,978 thousand on the grounds of impairment write-off of receivables in Arctic Paper Mochenwangen GmbH and Arctic Paper Investment GmbH.

Financial income and financial expenses

In 2013 financial income amounted to PLN 3,194 thousand and was higher compared to income generated in the previous year by PLN 2,173 thousand. On the other hand, a decrease of financial expenses occurred from PLN 23,277 thousand in 2012 to PLN 3,607 thousand in 2013.

The decrease of financial expenses results from the decrease of bonds interest cost. The bonds were repaid in December 2012 in the amount of PLN 128,100 thousand together with interest and in February 2013 in

the amount of PLN 71,900 thousand together with interest.

Changes in financial income and financial expenses result also from foreign exchange differences which are presented net, that is as a difference between positive and negative foreign exchange differences recognized as financial income, in case of the excess of positive exchange differences, or as financial expenses in case of the excess of negative exchange differences. In 2013 the Company recorded the excess of positive exchange differences recognized as financial income, in 2012 the

situation was inverse and the Company recognized the excess of negative exchange differences in financial expenses.

Profitability analysis

EBITDA in 2013 amounted to PLN -179,400 thousand, whereas in 2012 it was equal to PLN 35,895 thousand.

EBIT in 2013 amounted to PLN -179,498 thousand compared to PLN 35,784 thousand in the previous year.

Net loss in 2013 amounted to PLN -179,911 thousand compared to profit of PLN 13,529 thousand in 2012.

Profitability analysis

PLN thousands	2013	2012	Change 2013/2012 - %
Gross profit on sales	107 172	110 902	(3,4)
<i>Gross profit on sales margin %</i>	<i>91,63</i>	<i>100,00</i>	<i>(8,4) p.p.</i>
EBITDA	(179 400)	35 895	(599,8)
<i>EBITDA margin %</i>	<i>(153,39)</i>	<i>32,37</i>	<i>(185,8) p.p.</i>
EBIT	(179 498)	35 784	(601,6)
<i>EBIT margin %</i>	<i>(153,47)</i>	<i>32,27</i>	<i>(185,7) p.p.</i>
Net profit/ (loss)	(179 911)	13 529	(1 429,8)
<i>Net profit/ (loss)margin %</i>	<i>(153,83)</i>	<i>12,20</i>	<i>(166,0) p.p.</i>
ROE - Return on equity (%)	(26,1)	1,6	(27,7) p.p.
ROA - Return on assets (%)	(19,9)	1,2	(21,1) p.p.

In 2013 return on equity amounted to -26.1% whereas in 2012 it was equal to 1.6%. Return on assets fell from 1.2% in 2012 to -19.9% in 2013.

Report on financial situation

Selected items of the standalone balance sheet

PLN thousands	31/12/2013	31/12/2012	Change %	2013/2012
Non-current assets	829 519	1 024 309	(194 790)	
Inventory	-	-	-	
Receivables	45 300	31 612	13 689	
Other current assets	21 751	27 240	(5 489)	
Cash and equivalents	9 018	30 356	(21 338)	
Total assets	905 588	1 113 516	(207 929)	
Equity	690 044	850 198	(160 154)	
Short-term liabilities	37 356	132 216	(94 861)	
Long-term liabilities	178 188	131 102	47 086	
Total equity and liabilities	905 588	1 113 516	(207 928)	

As on 31st December 2013 total assets amounted to PLN 905,588 thousand compared to PLN 1,113,516 thousand as at the end of 2012.

Non-current assets

As at the end of December 2013 non-current assets represented about 91.6% of total assets and their share in total assets changed slightly compared to the end of 2012 (92%). The decrease of non-current assets

was mostly influenced by the impairment write-offs in subsidiaries, particularly Arctic Paper Investment GmbH and Arctic Paper AB.

Current assets

Current assets amounted to PLN 76,069 thousand as at the end of 2013 compared to PLN 89,208 thousand as at the end of 2012. The levels of current assets were

influenced to the greatest extent by the decrease of cash and cash equivalents value loss.

Equity

Equity amounted to PLN 690,044 thousand as at the end of 2013 compared to PLN 850,198 thousand as at the end of 2012.

Decrease in equity resulted mainly from net loss in 2013. On the other hand, the issue of shares in the part performed in 2013, from which the Company financed the further purchase of shares in Rottneros AB, increased the equity.

Short-term liabilities

As at the end of December 2013 short-term liabilities amounted to PLN 37,356 thousand (4.1% of total equity & liabilities) compared to PLN 132,216 thousand as at the end of 2012 (11.8% of total equity & liabilities).

Long-term liabilities

As at the end of December 2013 long-term liabilities amounted to PLN 178,188 thousand (19.7% of total equity & liabilities) compared to PLN 131,102 thousand as at the end of 2012 (11.8% of total equity & liabilities). Increase in long-term liabilities resulted mainly from

Decrease in short-term liabilities resulted primarily from total repayment of bonds liabilities and from redemption and compensation of loans taken from other Group entities.

increase of liabilities to related entities – on the grounds of a loan from Arctic Paper Kostrzyn (purposed for the repayment of bonds) and of a new loan taken from Mr Thomas Onstad in the amount of PLN 16,589 thousand.

Debt analysis

Debt analysis

	2013	2012	Change % 2013/2012
Debt-to-equity ratio (%)	31,2	31,0	0,3 p.p.
Equity-to-non-current assets ratio (%)	83,2	83,0	0,2 p.p.
Interest-bearing debt-to-equity ratio (%)	32,8	26,6	6,2 p.p.

As at the end of December 2013 debt to equity ratio amounted to 31.2% and was higher by 0.3 p.p. compared to the end of December 2012.

Equity to non-current assets increased from 83.0% as at the end of 2012 to 83.2% as at the end of 2013. Interest-bearing debt to equity ratio as at the end of 2013 amounted to 32.8% and was higher by 6.2 p.p. compared to the end of 2012.

Liquidity analysis

Liquidity ratios

	2013	2012	Change % 2013/2012
Current liquidity ratio	2,0x	0,7x	1,4
Quick liquidity ratio	2,0x	0,7x	1,4
Acid test ratio (cash liquidity)	0,2x	0,2x	0,0

Current and quick ratio amounted as at the end of 2013 to 2.0x and were higher by 1.4x compared to the end of December 2012. Cash liquidity ratio amounted to 0.2x as at the end of December 2013 and did not change compared to the end of December 2012.

Statement of cash flows

Selected items of the standalone cash flow

PLN thousands	2013	2012	Change % 2013/2012
Cash flow from operations	76 185	209 353	(63,6)
<i>including:</i>			
EBT	(179 911)	13 528	(1 429,9)
Depreciation	99	111	(11,5)
Δ in working capital	(5 648)	13 942	(140,5)
Interest and dividend (net)	1 647	17 935	(90,8)
Other corrections	259 998	163 838	58,7
Cash flow investing activities	(38 272)	(43 040)	(11,1)
Cash flow financing activities	(59 251)	(159 718)	(62,9)
Total Cash Flow	(21 339)	6 596	(423,5)

Cash flows from operating activities

In 2013 net cash flows from operating activities amounted to PLN +76,185 thousand compared to PLN +209,353 thousand in 2012. The greatest influence on cash flows

from operating activity came from taking a loan from Arctic Paper Kostrzyn.

Cash flows from investing activities

In 2013 cash flows from investing activities amounted to PLN -38,272 thousand compared to PLN -43,040 thousand in 2012.

Cash flows from investing activities in 2013 were related mainly to increase of shares in Arctic Paper Investment GmbH, a company holding direct shares in Arctic Paper Mochenwangen mill, as well as to further acquisition of Rottneros AB shares.

Cash flows from financing activities

In 2013 cash flows from financing activities reached a level of PLN -59,251 thousand compared to PLN -159,718 thousand in 2012. In 2013 cash flows from financing activities were mostly connected with

repayment of bonds together with interest on one hand and with taking a loan from Mr Thomas Onstad on another hand.

Relevant information and factors influencing financial results and evaluation of financial standing

Key factors affecting the performance results

The operating activity of the Company is affected indirectly by the factors which have direct influence on the activity of the main entities of the Group – Paper Mills, and these factors include:

- macroeconomic and other economic factors;
- fine papers prices;
- pulp, timber and energy prices;
- currency exchange rate fluctuations.

Information about the impact of the above factors on the Group's business activity has been described in detail in the Consolidated Annual Report for the year 2013.

Unusual events and factors

During the reported period there were no unusual events and/or factors concerning Arctic Paper S.A.

Other material information

In 2013, Arctic Paper S.A. performed several increases of reserve capital in Arctic Paper Investment GmbH in the amount of EUR 6,800 thousand. The value of investment in Arctic Paper Investment increased under these transactions by PLN 29,404 thousand, while decreased by PLN 74,305 thousand due to impairment write-offs. As on 31st December 2013 the value of investment in Arctic Paper Investment GmbH was fully impaired.

In the current report no 43/2013, the Company informed that on 19th December 2013 an agreement with Arctic Paper Investment AB was concluded, by the power of which the reserve capitals of the subsidiary were increased by the Issuer by PLN 244,275 thousand. Under the agreement, the Company's receivables resulting from loans were converted to reserve capital of Arctic Paper Investment AB. Moreover, the agreement decides that

interest arisen from the loans settled by the agreement shall be repaid by the borrower on 31st December 2016.

On 29th October 2013, the Company concluded an agreement with Arctic Paper Investment GmbH for the purchase of 100% of shares in Arctic Paper Deutschland GmbH, which came into force on 1st January 2014.

On 19th March 2013 Arctic Paper Grycksbo AB concluded an annex to an agreement with Svenska Handelsbanken regarding prolongation of the payment term of Arctic Paper Grycksbo AB overdraft indebtedness until 30th September 2014, keeping the hitherto prevailing conditions. Under the annex it was also decided to lower the particular covenants, which Arctic Paper Grycksbo AB will have to meet as on 30th September 2014 and after repayment of overdraft indebtedness. Failure to meet the conditions precedent

may result in bringing the loans to maturity which can have a major impact on liquidity of the Group and continuation of its business operations. In the Management Board's opinion, the risk related to repayment of indebtedness in Svenska Handelsbanken is postponed not only until 30th September 2014. The Management Board prepared financial forecasts for 2014, which have shown that the covenants requested from Arctic Paper Grycksbo will have been met both as on 30th September 2014 and on 31st December 2014. Therefore, no additional breach of the principles of the loan agreement concluded between the Company and its

subsidiaries, that is Arctic Paper Kostrzyn S.A., Arctic Paper Investment GmbH and Arctic Paper Mochenwangen GmbH and a consortium of banks (Bank Pekao SA, Bank Zachodni WBK and BRE Bank SA) is going to occur (credit facility agreement has been described in note 25.1 of the financial statement for 2013)

During the reported period there were no other material events which would affect the evaluation of the HR, property, financial situation or the financial result and their changes, or would be material from the point of view of the Company's ability to perform its obligations.

Factors influencing development of the Company

Information on market tendencies and factors which have an impact on the financial results of the Group in the perspective of the next year are provided in the Consolidated Annual Report. Below presented are the

risk factors which have direct impact on the Company's operations. Other risk factors which have impact on the Company through the activity of its subsidiaries has been described in detail in the Consolidated Annual Report.

Risk factors

Risk factors connected with the Company's environment

The order in which the following risk factors are presented does not reflect the likelihood of their occurrence, scope or significance of the risks.

Risk of changes in law

The Company operates in a legal environment characterized by a high level of uncertainty. Regulations concerning our activities are often amended and there is no uniform interpretation, which involves a risk of a breach of applicable regulations and related consequences, even if the breach of law is inadvertent.

Risk connected with the unfavorable economic situation
The global economic situation is influenced by the results of the recent financial crisis, in particular lingering deterioration of consumers' and entrepreneurs' trust, fears regarding loan availability and the increase of its costs, decrease in consumer spending and investments, variability and strength of capital markets. We expect that harsh global economic conditions may still lead to reduction in demand for paper and reduction in average prices of paper which in turn may have an adverse influence on dividends received from subsidiaries.

Foreign exchange rates risk

The Company's revenues, costs and results are exposed to risk of currency exchange rates, in particular PLN to EUR, SEK and other currencies, because the Company receives dividends partially in EUR and in SEK. Currency exchange rates may have an adverse effect on the Group's results, financial standing and outlook.

The risk of changes in interest rate

The Company is exposed to the risk of changes in interest rates, mainly due to an existing coupon debt. This risk results from fluctuation in the benchmark interest rate such as WIBOR for debt in PLN. Negative changes in interest rates may adversely affect the results, financial situation and prospects of the Company.

Risk factors connected with the Company's activities

The order in which the following risk factors are presented does not reflect the likelihood of their occurrence, scope or significance of the risks.

Risk connected with maintaining and recruiting management and qualified staff

The achievement of strategic goals by the Company depends on the expertise and experience of the professional management and the ability to employ and maintain qualified professionals. The Company may not be able to keep the existing management or other key employees or recruit new specialists. If the Group is not able to recruit and maintain management and staff, this may have an adverse effect on our business, operating results and financial standing.

Risk connected with the Company's ability to pay dividend

The Issuer is a holding company, thus its ability to pay dividend depends on the level of distributions it receives from operational subsidiaries and the level of its cash balances. Some of the subsidiaries conducting operating

activity may in certain periods be subject to limitations concerning distributions to the Issuer. It is not certain that such limitations will not have a material adverse effect on the Issuer's activities, operating results and ability to pay dividend.

Moreover, by the power of the Annex no 3 dated 20th December 2013 to the Loan Agreement dated 6th November 2012 concluded by Arctic Paper S.A. together with its subsidiaries, i.e. Arctic Paper Kostrzyn S.A., Arctic Paper Investment GmbH and Arctic Paper Mochenwangen GmbH and the consortium of banks (Bank Pekao S.A., Bank Zachodni WBK S.A. and BRE Bank S.A.), Arctic Paper S.A. bound itself not to declare or pay dividend when a breach of the agreement occurred or in case declaration or payment of dividend would have caused a breach of the agreement.

Supplementary information

Management Board position on the possibility to achieve the projected financial results published earlier

The Management Board of Arctic Paper S.A. did not publish projections of financial results for 2013, and has not published projections of financial results for 2014 and does not plan to publish forecast for 2014.

Information on dividend

In 2013, the Company did not pay any dividend.

Changes in Arctic Paper S.A. company governing and supervising bodies

On 18th June 2013, Mr. Michał Jarczyński resigned from being the President of the Management Board effective on 15th July 2013 (current report 27/2013). On 18th June 2013, the Supervisory Board of the Company appointed Mr. Wolfgang Lübbert as the President of the Management Board of Arctic Paper S.A. (current report 27/2013)

On 26th July 2013, Mr. Michał Bartkowiak resigned from being a Member of the Management Board with immediate effect (current report 32/2013).

On 27th November 2013, the Supervisory Board of the Company appointed Mrs Małgorzata Majewska-Śliwa as the Member of the Management Board and Mr Wolfgang Lübbert as the President of the Management Board (current report 41/2013)

On 12th February 2014, the Supervisory Board of the Company appointed Mr Michał Sawka as the Member of the Management Board (current report 1/2014).

On 18th June 2013, Mr. Jan Ohlsson resigned from being a Member of the Supervisory Board (current report 28/2013).

On 26th July 2013, Mr. Fredrik Plyhr resigned from being a Member of the Supervisory Board (current report 33/2013).

On 24th October 2013, an Extraordinary Shareholders Meeting appointed Mr. Kjell Olsson and Mr. Dariusz Witkowski as Members of the Supervisory Board (current report 39/2013).

As on the day of publishing of the hereby report, the Management Board of the Company comprises:

- Wolfgang Lübbert – President of the Management Board



- Małgorzata Majewska - Śliwa – Member of the Management Board

- Jacek Łoś – Member of the Management Board



- Per Skoglund – Member of the Management Board



- Michał Sawka - Member of the Management Board



Changes of the share capital of Arctic Paper S.A.

In connection with the acquisition of Rottneros AB shares performed also in 2013 (as described in details in the consolidated financial statements for 2013), mainly in the form of exchange of newly issued Arctic Paper S.A shares for Rottneros AB shares, in December 2012 and

December 2013 the Company issued subscription warrants in the total number of 13,884,283, which were exchanged for 13,884,283 series F shares. All shares issued were registered in National Court Register until 31st December 2013.

Purchase of treasury shares

On 28th June 2012, the Company's Ordinary Shareholders Meeting adopted a resolution (current report 12/2012), in which it authorizes the Management Board of the Company to purchase the Company's treasury shares for the purpose of its redemption and decrease of the share capital or for the purpose of further relocation or resale of the treasury shares on conditions and in the course determined as below:

- a) The total amount of purchased shares shall not exceed 5,500,000 (five million five hundred thousand) shares;
- b) the total amount assigned by the Company for purchase of treasury shares shall not exceed the amount of the reserve capital established for this purpose, that is PLN 27,500,000 comprising the

- price of purchased shares together with the costs of purchase;
- c) the price for which the Company will purchase its treasury shares shall not be lower than PLN 1.00 nor higher than PLN 10.00 per share;
 - d) the authorization for purchase of the Company's treasury shares is valid for 60 (sixty) months since the day the resolution has been resolved;
 - e) purchase of treasury shares may occur with the mediation of investment company, in stock and non-stock transactions.

The Management Board, acting for the benefit of the Company, upon the opinion of the Supervisory Board, may:

- a) stop the purchase of shares before 60 days starting from the day the resolution was resolved or before the funds assigned for the purchase have been fully utilized,
- b) refrain from purchase in part or in whole.

In case of a decision being made as mentioned above, the Management Board is bound to submit the information regarding the decision for public knowledge in a manner determined in the Public Offering Act.

The conditions of purchase of treasury shares for the purpose of its redemption or further relocation or resale shall be in compliance with the principles of Commission Regulation (EC) No 2273/2003 dated 22nd December 2003.

After the process of purchase of the Company's treasury shares, in compliance with conditions determined by the

Shareholders Meeting, has ended, the Management Board will call a Shareholders Meeting for the purpose of adopting resolution regarding redemption of the Company's treasury shares and adequate decrease of share capital, or – in case of assignment of the purchased shares to further relocation or resale – the Management Board will make a decision regarding further relocation or resale of treasury shares. Redemption of the Company's treasury shares and adequate decrease of share capital is acceptable also before the end of the process of purchase of the Company's treasury shares.

The Ordinary Shareholders Meeting, acting by virtue of article 362 § 2 item 3 of the Code of Commercial Codes, 348 § 1 in connection with article 396 § 4 and 5 of the Code of Commercial Companies, for the purpose of financing of the purchase of the Company's treasury shares on conditions and within confines of the authorization granted by the resolution, decides to establish a reserve capital under the name of „Fundusz Programu Odkupu” for the purchase of treasury shares. The amount of “Fundusz Programu Odkupu” is set to PLN 27,500,000. “Fundusz Programu Odkupu” is assigned to purchase of treasury shares together with the cost of the purchase. The Ordinary Shareholders Meeting decides to distinguish the “Fundusz Programu Odkupu” from the reserve capital.

Until the day of the hereby report, the Management Board of the Company has not performed any purchase of treasury shares by the Company for the purpose of its redemption and decrease of the share capital or for the purpose of further relocation or resale on conditions and in the course determined as mentioned above.

Issue, redemption and repayment of non-stock and capital securities

On 25th February 2013, according to the provisions of issue agreement dated 11th February 2010 (as amended), Arctic Paper S.A. performed a repayment of bonds: series A for the total amount of PLN 51,880

thousand and series B for the total amount of PLN 23,325 thousand.

Therefore the Company performed a full repayment of bonds series A and B and was released from any liability under the bonds issue agreement.

Besides the aforementioned changes in the reported period Arctic Paper did not issue, redeem or repay non-stock and capital securities.

Remuneration paid to Management Board and Supervisory Board Members

The table below presents the information on total remuneration and other benefits paid or to be paid to members of the Management Board and Supervisory Board of the parent entity for the period from 1st January 2013 to 31st December 2013 (in PLN).

Remuneration of the Management Board and Supervisory Board Members

Managing and supervising personnel	Remuneration (including other contributions paid by the employer) for working in Arctic Paper S.A.	Pension plan	Other	Total
Management Board*				
Michał Piotr Jarczyński	37 500	-	1 355 322	1 392 822
Michał Jan Bartkowiak	594 720	-	16 472	611 192
Wolfgang Lübbert	1 919 379	-	-	1 919 379
Per Skoglund	789 965	313 384	164 022	1 267 371
Jacek Łoś	931 260	-	5 223	936 483
Małgorzata Majewska-Śliwa	160 000	-	-	160 000
Supervisory Board**				
Rolf Olof Grundberg	-	-	-	-
Rune Roger Ingvarsson	12 581	-	-	12 581
Thomas Onstad	59 564	-	-	59 564
Mariusz Grendowicz	180 000	-	-	180 000
Fredrik Lars Plyhr	-	-	-	-
Jan Ohlsson	82 500	-	-	82 500
Kjell Olsson	12 581	-	-	12 581
Dariusz Witkowski	12 581	-	-	12 581

* according to aforementioned changes of the Management Board membership, the remuneration of Mr Michał Jarczyński is given for the period of 01.01.2013 until 15.07.2013, of Mr Michał Bartkowiak for the period of: 01.01.2013r until 30.11.2013 r., Mrs Małgorzata Majewska-Śliwa for the period of 01.11.2013r until 31.12.2013 r..

**according to Shareholders Meeting's resolution dated 24.10.2013 a change in the manner of granting remuneration to members of the Supervisory Board occurred starting on that day; remuneration of Mr Kjell Olsson and Mr Dariusz Witkowski is given for the period of 24.10.2013 until 31.12.2013, of Mr Jan Ohlsson for the period of 01.01.2013 until 18.06.2013 and of Mr Fredrik Plyhr for the period of 01.01.2013 until 26.07.2013.

Agreements with Management Board Members on financial compensation

As on 31st December 2013 and as on the date this annual report is approved, Members of the Management

Board were entitled to severance pay in the event of their resignation or removal from their positions without good

cause, or if their removal or resignation is due to the Issuer's merger through acquisition.

The severance pay corresponds to 6-24 months' salary.

Statement of changes in the issuer's shareholding or rights to shares of persons managing and supervising Arctic Paper S.A.

Statement of changes to the holdings of the Company's shares and rights thereto by managing and supervising personnel

	Number of shares or rights thereto as at 21/03/2014	Number of shares or rights thereto as at 31/12/2013	Number of shares or rights thereto as at 14/11/2013
Managing and supervising personnel			
Management Board			
Wolfgang Lübbert	-	-	-
Jacek Łoś	-	-	-
Per Skoglund	-	-	-
Małgorzata Majewska-Śliwa	-	-	-
Michał Sawka	-	N/A	N/A
Supervisory Board			
Rolf Olof Grundberg	12 102	12 102	12 102
Rune Roger Ingvarsson	-	-	-
Thomas Onstad	-	-	-
Kjell Olsson	-	-	-
Dariusz Witkowski	-	-	-
Mariusz Grendowicz	-	-	-

Information on system of control over employees' shares

On 30th July 2009 the Company's Extraordinary Shareholders Meeting adopted the Resolution no 4 regarding assumptions of incentive program for key management officers providing a possibility of gratuitous acquisition of subscription warrants entitling to claim shares of D series excluding pre-emptive rights. As on 31st December 2011 there were contracts concluded to dispense 365 thousand of warrants.

In 2012 and 2013 there were no further agreements concerning distribution of warrants. Until 31st December 2013 none of the entitled persons exercised the right to exchange warrants for Company's shares. The term of execution of the rights to claim series D shares by the holders of warrants expired on 31st December 2013.

Information on key agreements

Apart from the agreements described elsewhere in the hereby Management Board report on the operations of Arctic Paper S.A., the following key agreements were concluded:

The Company concluded an agreement with Erik Penser Bankaktiebolag, a company who, starting from 14th January 2013, serves the function of liquidity provider for the Company's shares traded on NASDAQ OMX stock exchange in Stockholm.

Financial resources management

In 2013 the Company took loans and borrowings as described in section "Loans and borrowings" and performed full repayment of bonds, as described in section "Issue, redemption and repayment of non-stock and capital securities".

Capital investment and investment

In 2013 the Company used its cash resources only to the standard short-term investments, including overnight deposits. In 2013 the Company made investments of

As on the day of preparation of the hereby report the Company held sufficient cash and creditability to guarantee financial liquidity of Arctic Paper S.A.

Bank and other loan agreements

In current report no 44/2013 Arctic Paper S.A. informed that on 20th December 2013 the Company and its subsidiaries, that is Arctic Paper Kostrzyn S.A., Arctic Paper Investment GmbH and Arctic Paper Mochenwangen GmbH concluded an annex (hereinafter "Annex") to a loan agreement with consortium of banks: Bank Polska Kasa Opieki S.A., BRE Bank S.A. and Bank Zachodni WBK S.A. The Annex came into force on 23rd December 2013.

The Annex concluded as follows:

- establishment of new ratios of financial covenants determined for Arctic Paper Kostrzyn S.A. and for the Capital Group, which had been agreed on with the Management Board of the Issuer;
- obligation to perform the share capital increase by no less than PLN 50,000 thousand;
- obligation of the Capital Group to allot the funds obtained from capital increase and sales of assets to reinvestments up to PLN 60,000 thousand;
- allocation of the excess of the funds obtained from share capital increase and sales of assets over PLN 60,000 thousand to prepayment of obligations under the Loan Agreement;

further purchases of Rottneros AB shares and the increase of shares in Arctic Paper Investment GmbH, who directly holds shares in Arctic Paper Mochenwangen.

- limitation of the management fee paid by Arctic Paper Kostrzyn S.A. to the Company to PLN 3,500 thousand annually;
- obligation of Arctic Paper Kostrzyn S.A. not to declare and not to pay out dividend;
- AP S.A. obligation not to declare or pay dividend when a breach of the agreement occurred or in case declaration or payment of dividend would have caused a breach of the agreement.,
- establishment of a new case of breach of the agreement if Svenska Handelsbanken does not prolong the short-term loan agreements and factoring agreements.

Moreover, under the Annex the parties prolonged the repayment date of the short-term part of the loan in the amount of PLN 59,000 thousand ("Loan B") until 30th September 2014.

Collaterals set in the Loan Agreement has not been changed.

In July 2013 Arctic Paper S.A. received a long-term loan from Mr Thomas Onstad, the largest indirect shareholder and a Member of the Supervisory Board, in the amount of EUR 4,000 thousand.

Other information regarding concluded agreements concerning loans and borrowings has been included in

explanatory note no 25 to standalone financial statements for 2013.

Table below presents information about loans granted by Arctic Paper S.A. to its related parties, including subsidiaries, in 2013.

Borrowings to related parties in the financial year

Related party	Maturity date	Interest	Amount of the borrowing in currency (in thousand)	Borrowing currency	As at 31 December 2013 (in PLN thousand)
Arctic Paper Italia srl	31-12-2014	Euribor 3M+margin	100	EUR	423
TOTAL					423

The borrowings to related parties are performed on condition similar to arms-length basis.

Information on guarantees and contingent liabilities

On 6th November 2012 the following companies: Arctic Paper Kostrzyn S.A. and Arctic Paper S.A. concluded an agreement regarding guarantee of debt of a bank loan, under which Arctic Paper S.A. acceded, by way of cumulative accession, to a loan agreement dated 6th November 2012 concluded by and between Arctic Paper Kostrzyn S.A. and Bank Polska Kasa Opieki S.A., Bank Zachodni WBK S.A. and BRE Bank S.A., for the total amount of PLN 359,000 thousand.

During the period covered by this report, Arctic Paper S.A. and its subsidiaries did not give or receive other guarantee for a loan or borrowing and did not receive or give guarantees jointly to one entity or subsidiary of such entity, the total value of which represented the equivalent of at least 10% of the Company's equity.

Significant off-balance sheet items

Information regarding off-balance sheet items is given in the standalone financial statements for 2013 in note 28.

Evaluation of the possibility to implement investment plans

Arctic Paper S.A. does not plan significant investments for realization in 2014. Major investments are conducted by subsidiaries of the Issuer, in particular Paper Mills, which has been disclosed in the Consolidated Annual Report.

Information on court and arbitration proceedings and proceedings pending before public administrative authorities

During the period covered by this report, Arctic Paper S.A. and its subsidiaries were not a party to any proceedings pending before a court, arbitration or public

administrative authority, the unit or joint value of which would equal to or exceed 10% of the Company's equity.

Information on transactions with related parties executed on non-market terms and conditions

During the period covered by this report, Arctic Paper S.A. and its subsidiaries did not execute any significant transactions with related entities on non-market terms and conditions.

Information on agreements resulting in shareholding changes

The Issuer is not aware of any agreements which may in the future lead to changes in the present shareholding of shareholders and bondholders.

Information on acquisition of treasury shares

In 2013 the Company did not acquire any treasury shares.

Information on entity authorized to audit the financial statements

Information on the entity authorized to audit the financial statements is given in the additional information in note 31 of the standalone financial statements for 2013.

Employment

Information regarding employment is given in the additional information in note 34 of the standalone financial statements for 2013.

Statement on application of corporate governance rules

Corporate governance rules

Pursuant to § 29 item 2 of the Warsaw Stock Exchange Rules adopted by Resolution no. 19/1307/2012 by the Stock Exchange Board on 21st November 2012, Arctic Paper S.A. is obliged to apply corporate governance rules

contained in the document – “Best practices of companies listed on the SE”, available on the website www.corp-gov.SE.pl.

Information on the extent to which the Issuer does not apply corporate governance rules

Arctic Paper S.A. has been doing its very best to apply corporate governance rules contained in the document – “Best practices of companies listed on the SE”. In 2013 Arctic Paper S.A. did not comply to the following rules:

Recommendations concerning best practices

Recommendation no I.5:

A company should have a remuneration policy and rules of defining the policy. The remuneration policy should in particular determine the form, structure, and level of remuneration of members of supervisory and management bodies. Commission Recommendation of 14 December 2004 fostering an appropriate regime for the remuneration of directors of listed companies (2004/913/EC) and Commission Recommendation of 30 April 2009 complementing that Recommendation (2009/385/EC) should apply in defining the remuneration policy for members of supervisory and management bodies of the company.

Explanation: The principles of granting remuneration to members of the Management Board as well as its level are determined by the Supervisory Board. Remuneration of the Management Board members is subject to negotiations, while remuneration of the Supervisory Board is decided by Shareholders Meeting (General Meeting). The amount of remuneration should be dependent on scope of duties and responsibilities entrusted to particular members of supervisory and management bodies of the Company. Information

regarding remuneration of members of the Company's organs are presented in annual reports.

Recommendation no I.9:

The WSE recommends to public companies and their shareholders that they ensure a balanced proportion of women and men in management and supervisory functions in companies, thus reinforcing the creativity and innovation of the companies' economic business.

Explanation: This recommendation is not being applied in the Company at the moment. It results from the fact that the functions of supervisory and management bodies' members have been entrusted to particular persons regardless of their gender and based on qualifications and professional experience. Nevertheless, the composition of the Company's bodies depends to a great extent on the Company's shareholders, therefore it cannot be excluded that this recommendation will be applied in the future.

Recommendation no I.12:

A company should enable its shareholders to exercise the voting right during a General Meeting either in person or through a plenipotentiary, outside the venue of the General Meeting, using electronic communication means.

Explanation: Taking into account the necessity of conducting of many actions of technical and organizational nature, the costs and risks related, as well as little experience of the market in this subject, the Company has not yet decided to ensure shareholders with the possibility of participation in Shareholders Meetings via means of electronic communication. When the application of this solution is widespread and the security is assured, the Company will consider to apply it.

Best practice for Management Boards of Listed Companies

Principles no 1.9 a).

A company should operate a corporate website and publish on it, in addition to information required by legal regulations, a record of the General Meeting in audio or video format.

Explanation: Publishing of full minutes of Shareholders Meeting in audio or video format could infringe best interests of particular shareholders. When the application of this solution is widespread and the security is assured, the Company will consider to apply it.

Best practices of Shareholders

Internal control and risk management system with regard to the process of preparing financial statements

The Management Board of Arctic Paper S.A. is responsible for the Group's internal control system and its effectiveness in the process of preparing consolidated financial statements and periodical reports prepared and published in accordance with the Regulation of Minister of Finance dated 19th February 2009 on current and periodical information submitted by issuers of securities and terms and conditions of classifying as equivalent information required by the law of a non-member state.

The Group's consolidated financial statements and periodical reports are the responsibility of the Company's financial department managed by the Chief Financial

Principle no IV.10:

A company should enable its shareholders to participate in a General Meeting using electronic communication means through:

- real-life broadcast of General Meetings,
- real-time bilateral communication where shareholders may take the floor during a General Meeting from a location other than the General Meeting.

Explanation: In 2013 Arctic Paper S.A. did not apply this principle, as introduction of the possibility of electronic participation in Shareholders Meeting would in the present situation translate to high cost of Shareholders Meeting organization. Because of the actual threats of technical and legal nature to proper and effective execution of Shareholders Meeting, it is not possible for the Management Board to ensure shareholders with participation in Shareholders Meeting via means of electronic communication.

The Management Board does not exclude the possibility of execution of Shareholders Meetings via means of electronic communication.

Officer. Financial data constituting the basis for preparing the Group's consolidated financial statements come from monthly reporting blocks and extended quarterly blocks sent to the Issuer by the Group companies. After the accounts of each calendar month are closed, senior management of the Group companies analyzes the financial results of the companies in the light of the budget projections and results achieved in the previous financial year.

The Group carries out an annual review of its strategies and growth perspectives. The process of establishing the

budget is supported by medium-level and senior management of the Group companies. The budget for the following year is adopted by the Company's Management Board and approved by its Supervisory Board. During the year, the Company's Management Board compares the financial results achieved with the budget projections.

The Company's Management Board systematically evaluates the internal control and risk management system quality in reference to the process of preparing

consolidated financial statements. Based on the evaluation the Company's Management Board states that as on 31st December 2013 there were no weaknesses which could materially impact the effectiveness of internal control in financial reporting.

Shareholders holding directly or indirectly significant blocks of shares

Information regarding shareholders holding directly or indirectly significant blocks of shares is given in the table below – the table presents the situation as on the day of publishing of the annual report (21st March 2014).

Shareholder	Number of shares	Share capital [%]	Number of votes	Of total number of votes [%]
Trebruk AB	41 360 449	59,69%	41 360 449	59,69%
Nemus Holding AB	5 857 286	8,45%	5 857 286	8,45%
Others	22 070 048	31,85%	22 070 048	31,85%
Total	69 287 783	100,00%	69 287 783	100,00%
Own shares	-	0,00%	-	0,00%
Total	69 287 783	100,00%	69 287 783	100,00%

Securities carrying special control rights

The Company does not have any securities which carry special control rights, and the Company's shares are non-preferred.

Restrictions on transfer of ownership of the Issuer's securities any restrictions on exercise of the voting right

The Company's Articles of Association do not provide for any restrictions on the transfer of the ownership of the Issuer's securities. Such restrictions follow from legal regulations, including Chapter 4 of the Act on Offering, articles 11 and 19 and Section VI of the Act on Trading in Financial Instruments of 29th July 2005, the Act on Protection of Competition and Consumers of 16th February 2007, and the (EC) Council Regulation no.

139/2004 of 20th January 2004 on control of concentrations between undertakings.

Each Arctic Paper S.A. share carries one vote at the General Meeting. The Company's Articles of Association do not provide for any restrictions on the exercise of a vote from Arctic Paper S.A. shares, e.g. restriction on vote by holders of a certain part or number of votes, time

restrictions on exercising the voting right, or provisions under which, with the Company's cooperation, equity rights related to securities are separated from possession of securities.

A prohibition on a shareholder to vote may arise from article 89 of the Act on Public Offering and on Terms and Conditions of Introducing Financial Instruments to Organized Trading System and on Public Companies of

29th July 2005 (the "Act on Offering") if the shareholder violates certain regulations contained in Chapter 4 of the Act on Offering. Furthermore, according to article 6 § 1 of the Code of Commercial Companies, if a parent company does not inform a capital subsidiary company that a controlling relationship has arisen within two weeks of such relationship arising, the voting right attached to the shares of the parent company representing more than 33% of the subsidiary's share capital is suspended.

Principles of amending the Issuer's Articles of Association

The Company's Articles of Association may be amended by the Shareholders Meeting only.

If the Code of Commercial Companies or the Company's Articles of Association do not provide otherwise, Shareholders Meeting resolutions are adopted by a simple majority of votes cast. Only if a resolution regarding redemption of the Company's shares is voted on, the Company's Articles of Association request for the adoption by majority of 2/3 of Shareholders Meeting's votes.

Description of the action manner of the Shareholders Meeting

The operating procedure of a Shareholders Meeting and its basic rights arise directly from legal regulations which are partly included in the Company's Articles of Association.

The Company's Articles of Association are available at:

<http://www.arcticpaper.com/pl/PL-Local-Site/Relacje-inwestorskie2/Dokumenty-korporacyjne/>

Shareholders Meetings are held in accordance with the following basic rules:

- Shareholders Meetings are held in the Company's registered office or in Warsaw.
- A Shareholders Meeting may be annual or extraordinary.
- An annual Shareholders Meeting should be held within six months of the end of each financial year.
- A Shareholders Meeting is opened by the Supervisory Board Chairman or a person designated by him, followed by the election of the Chairman of the Shareholders Meeting.
- Voting is open unless any Shareholder demands secret ballot or secret ballot is required by the Code of Commercial Companies.
- If the Code of Commercial Companies or the Company's Articles of Association do not provide otherwise, Shareholders Meeting resolutions are adopted by a simple majority of votes cast.
- According to the Company's Articles of Association, the following issues are within the Shareholders Meeting's exclusive powers:
 - considering and approving the Management Board report on the Company's operations and the Company's financial statements for the previous financial year;

- acknowledging fulfillment of duties by Management Board members and Supervisory Board members;
- decisions on allocation or profits or absorption of losses;
- amending the Company's objects;
- amending the Company's Articles of Association;
- increasing or reducing the Company's equity;
- merging the Company with another company or companies, or transforming the Company;
- dissolving and liquidating the Company;
- issuing senior convertible bonds and subscription warrants;
- acquiring and selling real estate;
- selling and leasing an enterprise or an organized part thereof and establishing a limited property right thereon;
- any other issues which under the Articles of Association or the Code of Commercial Companies require a Shareholders Meeting resolution.

A Shareholders Meeting may adopt resolutions in the presence of shareholders representing at least half of the Company's share capital.

A Shareholders Meeting adopts resolutions by an absolute majority of votes cast unless the Articles of Association or legal regulations require a qualified majority of votes.

Shareholders' rights and the way in which they are exercised basically arise directly from the legal regulations which have been partly incorporated into the Company's Articles of Association.

Activities of the Issuer's managing and supervisory authorities and their committees, and information on the composition of those authorities

Management Board

Management Board composition

- The Management Board is composed of one to five members, including the President of the Management Board.
- The Management Board is appointed and removed by the Supervisory Board for a common term of office.
- The term of office of Management Board members is 3 (three) years.
- If the Management Board is composed of more than one member, the Supervisory Board may, at the President's request, appointed up to three Vice Presidents from among Management Board members. A Vice President is removed under a Supervisory Board resolution.
- A Management Board member may be removed at any time by the Supervisory Board.
- A Management Board member may be removed or suspended at any time also by the Shareholders Meeting.

Basic powers of the Management Board

- The Management Board runs the Company's affairs and represents it before third parties.

- If the Management Board is composed of more than one member, declarations of intent may be made and documents may be signed on the Company's behalf by the Management Board President individually, or by two Management Board members acting jointly, or one Management Board member acting jointly with a commercial proxy.
- The Management Board is obliged to perform its duties with due care and to abide by the law, the Company's Articles of Association, by-laws and resolutions of the Company's authorities, and to take decisions within reasonable business risk, bearing in mind the interest of the Company and its shareholders.
- The Management Board is obliged to manage the Company's assets and affairs and to perform its duties with due care required in business transactions, in accordance with all legal regulations, the Articles of Association, by-laws, and resolutions adopted by the Shareholders Meeting and the Supervisory Board.
- The Management Board of the Company is not authorized to decide about issue of shares.
- Each Management Board member is liable for damage caused to the Company by his actions or omissions in breach of the law or the Company's Articles of Association.
- According to the Code of Commercial Companies, the powers of the Management Board include all issues of the Company which are not reserved for the Shareholders Meeting and the Supervisory Board.
- Guided by the Company's interest, the Management Board sets forth the Company's strategy and main operating goals.
- The Management Board is obliged to abide by the legal regulations on confidential information within the meaning of the Act on Trading and to perform all duties arising from those regulations.

To all other extent, particular Management Board members are liable individually for running the Company's affairs in accordance with the internal allocation of duties and functions set out in a Management Board decision.

The Management Board may adopt resolutions at meetings or without holding a meeting in writing or with the use of distance communication. The Management Board adopts resolutions by a majority of votes cast. Resolutions are valid if at least half the Management Board members are present at the meeting. In the case of a voting deadlock, the President of the Management Board has the casting vote.

The special Management Board procedure is set out in the Management Board By-laws which are available at:

<http://www.arcticpaper.com/pl/PL-Local-Site/Relacje-inwestorskie2/Dokumenty-korporacyjne/>

The composition of the Company's Management Board and any changes thereto are described in the consolidated financial statements.

As on the day of publishing of the hereby report, the following constitute the Company's Management Board:

- Wolfgang Lübbert – President of the Management Board appointed on 27th November 2013 (appointed as a Member of the Management Board on 5th June 2012);
- Małgorzata Majewska - Śliwa – Member of the Management Board appointed on 27th November 2013;
- Jacek Łoś – Member of the Management Board appointed on 27th April 2011;
- Per Skoglund – Member of the Management Board appointed on 27th April 2011.

- Michał Sawka – Member of the Management Board appointed on 12th February 2014.

On 18th June 2013, Mr. Michał Jarczyński resigned from being the President of the Management Board effective on 15th July 2013 (current report 27/2013). On 18th June 2013, the Supervisory Board of the Company appointed Mr. Wolfgang Lübbert as the President of the Management Board of Arctic Paper S.A. (current report 27/2013)

On 26th July 2013, Mr. Michał Bartkowiak resigned from being a Member of the Management Board with immediate effect (current report 32/2013).

Supervisory Board

Composition and organization of Supervisory Board composition and organization

- The Supervisory Board is composed of 5 (five) to 7 (seven) members elected by the Shareholders Meeting for a common three-year term of office. A Supervisory Board member may be removed at any time.
- The Supervisory Board is composed of a 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 – if needed – during the term of office, in supplementary elections.
- From the moment the Shareholders Meeting adopts resolutions constituting grounds for the first public share issue and for introducing the shares to stock exchange trading, two Supervisory Board members should be independent members.
- If an independent Supervisory Board member has been appointed, without the consent of at least one independent Supervisory Board member, the following resolutions cannot be adopted:
 - any performances by the Company or any related entity to Management Board members;
 - consent for the Company or its subsidiary to execute a key agreement with an entity related to the Company, Supervisory Board member or Management Board member and their related entities, other than agreements executed during the normal course of the Company's business on regular terms applied by the Company;
 - election of a certified auditor to audit the Company's financial statements.
- In order to avoid doubts, it is assumed that the loss of independence by a Supervisory Board member, or failure to appoint an independent Supervisory Board member do not result in the invalidity of decisions taken by the Supervisory Board. The loss of independence by an Independent Member during the term of being a Supervisory Board member does not invalidate or extinguish his mandate.
- The Supervisory Board Chairman and Deputy Chairman:
 - maintain contact with the Company's Management Board;
 - manage the Supervisory Board's work;
 - represent the Supervisory Board before third parties and the Company's authorities, including particular Management Board members,
 - implement initiatives and motions addressed to the Supervisory Board,
 - take other activities arising from the By-laws and the Company's Articles of Association.

- A Supervisory Board member should not resign from his position during the term of office if this could prevent the Supervisory Board operations, or preclude the timely adoption of a significant resolution.
- Supervisory Board members should be loyal to the Company. If there is a conflict of interest, a Supervisory Board member is obliged to inform the remaining Board members thereof and to refrain from speaking and voting on the resolution on the matter of conflict of interest.
- Supervisory Board members are obliged to abide by the law, the Company's Articles of Association and the Supervisory Board By-laws.

Supervisory Board powers

- The Supervisory Board exercises permanent supervision over the Company's operations in all areas of its operations.
- The Supervisory Board adopts resolutions, gives instructions and issues opinions and submits motions to the Shareholders Meeting.
- The Supervisory Board may not give the Management Board binding instructions regarding the running of the Company's affairs.
- Disputes between Supervisory Board and Management Board are resolved by the Shareholders Meeting.
- In order to exercise its rights, the Supervisory Board may review any aspect of the Company's operations, demand presentation of any documents, reports, and explanations from the Management Board and issue opinions on matters concerning the Company, and submit conclusions and initiatives to the Management Board.
- Apart from other issues set out by law of the Company's Articles of Association, the powers of the Supervisory Board include:
 - evaluating the Company's financial statements;
 - evaluating the Management Board report on the Company's operations and Management Board motions regarding allocation of profit or absorption of losses;
 - submitting to the Shareholders Meeting an annual written report on the results of the evaluations;
 - appointing and removing Management Board members, including the President and Vice Presidents, and setting remuneration for Management Board members;
 - electing a certified auditor for the Company.
- Each year the Supervisory Board submits to the Shareholders Meeting a brief report of the Company's situation, and renders access to this report for all shareholders in a period which allows them to become acquainted with it before the Annual Shareholders Meeting.
- The Supervisory Board executes, on the Company's behalf, agreements with Management Board members and represents the Company in disputes with Management Board members. The Supervisory Board may, in a resolution, authorize one or more members to carry out such legal transactions.

The Supervisory Board may adopt resolutions in writing or with the use of direct distance communication. A resolution so adopted is valid if all Board members have been informed of the wording of the draft resolution. The date on which such a resolution is adopted is the date on which the last Supervisory Board member signs it.

Supervisory Board resolutions may be adopted if all members have been notified by registered mail, fax or e-mail, sent at least 15 days in advance and most of the Board members are present at the meeting.

Resolutions may be adopted without a formal convening of a meeting if all Board members consent to a vote on a given issue or to the wording of the resolution which is to be adopted.

Supervisory Board resolutions are adopted by a simple majority of votes cast; in the case of a voting deadlock, the Supervisory Board Chairman has the casting vote.

The detailed operations of the Supervisory Board are laid down in the Supervisory Board By-laws which are available at:

<http://www.arcticpaper.com/pl/PL-Local-Site/Relacje-inwestorskie2/Dokumenty-korporacyjne/>

As on the day of publishing of the hereby report, the Supervisory Board was composed of the following persons:

- Rolf Olof Grundberg – President of the Supervisory Board appointed on 30th April 2008;
- Rune Roger Ingvarsson – Member of the Supervisory Board appointed on 22nd October 2008;
- Thomas Onstad – Member of the Supervisory Board appointed on 22nd October 2008;
- Kjell Olsson – Member of the Supervisory Board appointed on 24th October 2013);
- Mariusz Grendowicz – Member of the Supervisory Board appointed on 28th June 2012 (independent member);
- Dariusz Witkowski – Member of the Supervisory Board appointed on 24th October 2013 (independent member).

On 18th June 2013, Mr. Jan Ohlsson resigned from being a Member of the Supervisory Board (current report 28/2013).

On 26th July 2013, Mr. Fredrik Plyhr resigned from being a Member of the Supervisory Board (current report 33/2013).

Audit Committee

Audit Committee composition and organization

- The Audit Committee is composed of at least three Supervisory Board members, including the Committee Chairman, appointed by the Supervisory Board from among its members, in accordance with the Articles of Association and the Supervisory Board By-laws. At least one Audit Committee member is an independent member and has qualifications and experience in accounting and finance.
- Audit Committee members are appointed for a three-year term of office; no longer, however, than the Supervisory Board term of office.
- The Audit Committee Chairman elected by a majority of votes from among its members must be an independent member.
- The Audit Committee operates based on the Act on Certified Auditors, Best Practices, Supervisory Board By-laws and Audit Committee By-laws.
- The Audit Committee performs advisory and opinion-giving functions, operates collectively as part of the Company's Supervisory Board.
- The Audit Committee implements its tasks by presenting to the Supervisory Board, in the form of resolutions, motions, opinions, and reports on its tasks.

Audit Committee powers

- The basic task of the Audit Committee is advisory to the Supervisory Board on issues or proper implementation and control of the financial reporting processes in the Company, effectiveness of internal control and risk management systems and cooperating with certified auditors.
- The Audit Committee tasks arising from supervision over the Company's financial reporting process, ensuring effective internal control systems and monitoring financial audit activities include in particular:
 - control of the correctness of financial information delivered by the Company, including the correctness and cohesion of the accounting principles applied in the Company and its Capital Group, and criteria of consolidation of those financial statements,
 - evaluation, at least once a year, the internal control and management system in the Company and its Capital Group in order to ensure proper recognition and management of the Company,
 - ensuring effective functioning of internal control, especially by issuing recommendations to the Supervisory Board with regard to:
 - strategic and operating plans of internal audit and significant corrections to those plans,
 - internal audit policy, strategy and procedures prepared in accordance with the adopted internal audit standards,
 - inspecting specific aspects of the Company's operations.
- The tasks of the Audit Committee arising from monitoring the independence of a certified auditor and the entity authorized to audit financial statements include in particular:
 - giving recommendations to the Supervisory Board on issues concerning, election, appointment and re-appointment and removal of the entity performing the function of a certified auditor,
 - inspection of independence and objectiveness of the entity performing the function of a certified auditor, especially with regard to a change of the certified auditor, remuneration received, and other relation with the Company,
 - verifying the effectiveness of the entity performing the function of a certified auditor,
 - examining the reasons for resignation of an entity performing the function of a certified auditor.
- The Audit Committee may rely on the advice and assistance of external legal, accounting or other advisors if it deems necessary to perform its duties.
- The Audit Committee is obliged to submit annual reports on its operations to the Supervisory Board, by 30 September of each calendar year.

Audit Committee meetings are held at least twice a year.

Since 27th November 2013, the following persons constitute the Audit Committee:

- Rolf Olof Grundberg
- Rune Ingvarsson
- Mariusz Grendowicz

The detailed operations of the Audit Committee are laid down in the Audit Committee By-laws.

Remuneration Committee

Remuneration Committee composition and organization

- The Remuneration Committee is composed of at least two Supervisory Board members, including the Committee Chairman, appointed by the Supervisory Board from among its members, in accordance with the Articles of Association and the Supervisory Board By-laws.
- Remuneration Committee members are appointed from three-year terms of office, not longer, however, than until the end of the Supervisory Board term of office.
- The Remuneration Committee Chairman is elected by a majority vote from among Committee members.
- The Remuneration Committee operates based on the Supervisory Board By-laws and the Remuneration Committee By-laws.
- The Remuneration Committee performs advisory and opinion-giving functions, acts collectively as part of the Company's Supervisory Board.
- The Remuneration Committee implements its tasks by presenting to the Supervisory Board, in the form of resolutions motions, opinions, recommendations, and reports on issues which are within its powers.

Remuneration Committee powers

- The basic tasks of the Remuneration Committee is advisory to the Supervisory Board on issues related to remuneration policy, bonus policy, and other issues related to the remuneration of the employees, members of the Company's authorities and the authorities of Capital Group companies.
- The tasks of the Remuneration Committee arising from supervision of the Company's remuneration policy and ensuring effective functioning of the Company's remuneration policy including giving the Supervisory Board recommendations in particular on:
 - approving and changing the principles of remuneration for members of the Company's authorities,
 - the total remuneration for the Company's Management Board members,
 - legal disputes between the Company and Management Board members on the Committee's tasks,
 - proposal of remuneration and granting additional benefits to particular members of the Company's authorities, especially, as part of management option plan (convertible into Company's shares),
 - remuneration and bonus policy strategy and staff policy.
- The Remuneration Committee may also rely on advice and assistance of external legal or other advisors if it deems necessary to perform its duties.
- The Audit Committee is obliged to submit annual reports on its operations to the Supervisory Board by 30th September of each calendar year.

Remuneration Committee meetings are held at least twice a year, on a date set by the Chairman.

Since 27th November 2013, the following persons constitute the Remuneration Committee:

- Rolf Olof Grundberg;
- Kjell Olsson.

The detailed operating procedure of the Remuneration Committee is laid down in the Remuneration Committee By-laws.

Risk Committee

Risk Committee composition and organization

- The Risk Committee is composed of no less than three Members of Supervisory Board, including the Committee Chairman. Members of the Risk Committee are appointed by Supervisory Board from among its members. At least one Member of the Risk Committee needs to be an independent member who is qualified and experienced in the financial field;
- Members of the Risk Committee are appointed from three-year terms of office, not longer, however, than until the end of the Supervisory Board term of office;
- The Risk Committee Chairman is elected by a majority vote from among Committee members;
- The Risk Committee operates based on the commonly accepted models of corporate risk management (for example, COSO-ERM);
- The Risk Committee performs advisory and opinion-giving functions, acts collectively as part of the Company's Supervisory Board;
- The Risk Committee implements its tasks by presenting to the Supervisory Board, in the form of resolutions, motions, opinions, and reports on issues which are within its powers;

Risk Committee powers

- The basic tasks of the Risk Committee is advisory to the Supervisory Board on issues related to proper identification, assessment and control of potential risks, i.e. opportunities and threats of the Company strategy goals' realization, with particular consideration for financial risk, related to both external factors (such as volatility of exchange rates, interest rates, general international economic condition) and internal factors (such as cash flows, liquidity management, variation of budget and financial forecasts);
- The tasks of the Risk Committee arising from supervision of the Company's risk management policy are, in particular:
 - Supervision of proper identification, analysis and classification based on importance of risk categories, resulting from strategy of operation and nature of business activities of the Company;
 - Decision regarding correctness of determining the acceptable risk levels for the Company;
 - Assessment of the actions implemented for the risk reduction purposes. The Risk Committee evaluates if the undertaken actions have been planned and implemented so that the risk levels are acceptable for the Company;
 - Periodic verification of the Management Board risk assessment propriety and the effectiveness of risk control instruments;
 - Supervision over proper information provided to stakeholders regarding the risk, its strategies and the instruments of risk control.
- The Risk Committee may also rely on advice and assistance of external advisors if it deems necessary to perform its duties;

Risk Committee meetings are held at least twice a year.

Since 27th November 2013, the following persons constitute the Risk Committee:

- Rolf Olof Grundberg;
- Mariusz Grendowicz;
- Dariusz Witkowski.

Information pursuant to the Swedish Code of Corporate Governance

Arctic Paper S.A. is a Polish company whose shares are admitted to trading on Warsaw Stock Exchange as well as on NASDAQ OMX Stockholm. The primary listing is on Warsaw Stock Exchange, and the Company is secondary listed on NASDAQ OMX Stockholm. Non-Swedish companies whose shares are admitted to trading on NASDAQ OMX Stockholm are required to apply

- the corporate governance code in force in the country where the company has its registered office, or
- the code applicable in the country in which its shares have their primary listing, or
- the Swedish Code of Corporate Governance (the “Swedish Code”).

Arctic Paper S.A. applies the Code of Best Practice for WSE Listed Companies (the “Best Practices”) applicable for companies listed on Warsaw Stock Exchange, and not the Swedish Code. As a consequence thereof, Arctic Paper S.A.’s conduct deviates from what is stipulated in the Swedish Code in the following material aspects.

Shareholders Meeting

The main documentation in relation to a Shareholders Meeting, such as notices, minutes and adopted resolutions, are prepared in Polish as well as in English, but not in Swedish.

Appointment of the board and statutory auditor

The Polish corporate governance model provides for a two-tier board system, comprising the Management Board, an executive body which is appointed by the Supervisory Board, which in turn is supervising the company’s activities and is appointed by the shareholders’ meeting. The statutory auditor is elected by the Supervisory Board.

Neither the Best Practices nor other applicable Polish rules require a company to establish a nomination committee, and therefore Arctic Paper S.A. does not have such committee. Each shareholder in the Company is entitled to propose a candidate for the Supervisory Board. Relevant information about proposed Supervisory Board members is published on the Company’s website within a timeframe sufficiently long to enable the shareholders to make an informed decision in relation to a resolution.

The tasks of the board

In accordance with the principles of the Polish two-tier board system, the tasks typically performed by the board of a Swedish company are performed either by the Company’s Supervisory Board or its Management Board.

Pursuant to Polish law, the members of the Management Board, including the chief executive officer who is the chairman of the Management Board, are prohibited from engaging in competitive activities outside the Company. Other activities are not regulated by the Best Practices or other applicable Polish regulations, but restrictions are generally included in the individual employment agreements.

The size and composition of the board

The composition of the Supervisory Board complies with the independence criteria set out in the Swedish Code. However, as the Management Board – being the executive corporate body – consists of persons holding executive positions within Arctic Paper S.A., such persons cannot be considered independent of the Company. The term of office for Management Board members as well as Supervisory Board members is three years.

The chairman of the board

The Supervisory Board, and not the shareholders' meeting, elects the chairman and vice chairman of the Supervisory Board.

Board procedures

The rules of procedure for the Management Board are adopted by the Supervisory Board, and the Supervisory Board's rules of procedure are adopted by the shareholders' meeting. The rules of procedure are not reviewed annually, but are reviewed and changed when appropriate. The same applies for rules of procedure for committees within the Supervisory Board, which are adopted by the Supervisory Board. There is no separate instruction for the chief executive officer, as the chief executive officer is the chairman of the Management Board.

Remuneration of the board and executive management

Polish corporate governance rules do not restrict share and share-price related incentive schemes for the executive management. In the Company, such schemes are resolved upon by the Supervisory Board. Supervisory Board members are entitled to take part in incentive schemes designed for the executive management. There are no limitations as to the size of salary during an employment notice period or the size of severance pay.

Information on corporate governance

Polish corporate governance rules do not require the same level of detail of the information to be published as is required in the Swedish Code. However, information about board members, articles of association, internal bylaws and a summary of relevant differences between Swedish and Polish corporate governance and shareholder rights are published on the Company's website.

Management Board's representations

Accuracy and reliability of presented reports

Members of the Management Board of Arctic Paper S.A. declare that according to their best knowledge:

- Financial Statements of Arctic Paper S.A. for the year ended 31st December 2013 and the comparable data were prepared in accordance with applicable accounting principles and reflect the true, reliable and fair situation of assets and financial position of the Company and its financial results for 2013,
- Management Board report on the activity of the Arctic Paper S.A. for 2013 contains a true picture of development, achievements and situation of Arctic Paper S.A., including a description of major threats and risks.

Appointment of the Licensed Auditor of the Financial Statements

The Management Board Members of Arctic Paper S.A. hereby declares that Ernst & Young Audyt Polska Spółka z ograniczoną odpowiedzialnością sp.k. - a company entitled to audit financial statements, the licensed auditor of the financial statements of Arctic Paper S.A., has been appointed in compliance with the relevant regulations and that both the auditor and the chartered accountants carrying out the audit meet the requirements to develop an impartial and independent opinion on the audited statements in compliance with the relevant regulations and professional standards.

Signatures of the Management Board Members

Position	Name and surname	Date	Signature
President of the Management Board Chief Executive Officer	Wolfgang Lübbert	21 March 2014	
Member of the Management Board Chief Financial Officer	Małgorzata Majewska-Śliwa	21 March 2014	
Member of the Management Board Chief Procurement Officer	Jacek Łoś	21 March 2014	
Member of the Management Board Chief Operating Officer	Per Skoglund	21 March 2014	
Member of the Management Board Sales Director	Michał Sawka	21 March 2014	