

II CORPORATE GOVERNANCE

In accordance with § 91(5)(4) of the Regulation of the Minister of Finance of 19 February 2009 concerning current and periodic information provided by securities Issuers and conditions of recognising as equivalent information required under the regulations of a state not being a member state (Journal of Laws No 259 item 133), the Management Board of Fabryki Mebli "FORTE" S.A. with its registered seat in Ostrów Mazowiecka (hereinafter: "Company" or "FORTE") submits the statement regarding the Company's application of the principles of corporate governance in 2015. Declaration of application of principles of corporate governance by the Company in 2015 constitutes a separate part of the report on FORTE activities and is published on the internet website of the Company.

1. Set of corporate governance principles observed by the Issuer and the place where their content is available for the public, and provisions waived by the Issuer with the explanation of the reasons for the waiver.

in 2015 the Company observed corporate governance principles included in the document "Code of Best Practice for WSE Listed Companies" constituting an appendix to Resolution No 12/1170/2007 of the Exchange Supervisory Board of 4 July 2007 as amended. The above noted document is available to the public on the following website of the Warsaw Stock Exchange S.A. <http://www.corp-gov.gpw.pl/publications.asp>.

In 2015 the Company did not follow the below principles of corporate governance:

Part I principle No 5

"The Company should have a remuneration policy and rules of defining the policy. The remuneration policy should in particular define the form, structure and level of remuneration of members of supervisory and management bodies. In determining the remuneration policy for members of supervisory and management bodies of the Parent Company, the European Commission Recommendation of 14 December 2004 should apply, fostering an appropriate regime for the remuneration of directors of listed companies (2004/913/EC), supplemented by the European Commission Recommendation of 30 April 2009 (2009/385/EC)."

The Parent Company does not apply the above-mentioned principle in the part regarding the remuneration policy and the rules of its defining in relation to supervisory and management bodies. The Company applies Remuneration Regulations determining the principles of remunerating and granting cash benefits to FORTE employees. In accordance with the valid provisions of law and the Parent Company's Articles of Association, the principles of granting remuneration and the amount of remuneration for Members of the Supervisory Board are determined by the General Meeting, and the decision on the amount of remuneration for the Parent Company's Management Board is made by the Supervisory Board.

The amount of remuneration of members of the Parent Company's bodies and other benefits granted to these individuals during a given financial year are presented in the annual financial statements of the Company.

Part I principle No 9

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

The Company pursues a policy of appointing competent, creative individuals with adequate education and working experience as members of supervisory and management bodies. Other factors, including sex, may not be a factor in the above-mentioned scope. FORTE does not consider as justifiable to introduce regulations based on pre-set parities on account of gender. Decisions regarding the selection of persons supervising and managing the company shall remain the responsibility of the authorized Company bodies.

Part I principle No 12

"The Parent Company should enable its shareholders to exercise the voting right during a general meeting either in person or by proxy, outside the venue of the general meeting, with the use of electronic means of communication".

According to the Company, the manner of holding previous General Meetings sufficiently enables shareholders to participate in the General Meeting and to exercise their rights in this scope. Taking into consideration the costs related to ensuring the participation of shareholders in the General Meeting with the use of means of electronic communication as well as the risks and scarce experience of the market in the scope, the Parent Company decided in 2015 not to enable its shareholders to participate in the General Meeting with the use of electronic means of communication. As the use of modern technology becomes more widespread and adequate safety level of their application is ensured, the Parent Company will consider applying this principle in practice.

Part II principle No 1 item 9a (9)

"The Parent Company operates a corporate website and, apart from information required by law, places on it (...) the record of the proceedings of the general meeting, in the form of audio or video".

According to the Management Board, the history of the previous General Meetings of FABRYKI MEBLI "FORTE" S.A. does not require making and placing on the website the record in the form of audio or video. The General Meetings take place in the registered seat of the Parent Company, and therefore participation in them is not hindered in any manner for Shareholders interested in the proceedings. Moreover, in accordance with binding provisions, the Parent Company places on its website the notice of the General Meeting together with the agenda, draft resolutions and any required documentation and announces it to the public in the form of a current report. The proceedings of the General Meeting are recorded in detail in the form of notarial minutes. Additionally, publishing required current reports and posting relevant information on the Parent Company's website enables Shareholders to review all material information regarding the General Meetings. Such principles guarantee transparency of the proceedings of the General Meetings, and will ensure their full and actual record. The Company does not exclude the possibility of applying the above-mentioned principle in the future.

Part IV principle No 10

"The Company should enable its shareholders to participate in the General Meeting using electronic means of communication in the following manner:

- 1) real-time transmission of the general meeting,
- 2) real-time bilateral communication where shareholders may take the floor during the general meeting from a location other than the location of the general meeting".

In accordance with binding provisions, the Parent Company places on its website the notice of the General Meeting together with the agenda, draft resolutions and any required documentation and announces it to the public in the form of a current report. The proceedings of the General Meeting are recorded in detail in the form of notarial minutes. Additionally, publishing required current reports and posting relevant information on the Parent Company's website enables Shareholders to review all material information regarding the General Meetings.

Taking into consideration the lack of a developed market practice, organising the General Meeting with the use of electronic means of communication bears significant risks of both legal and technical nature. The applicable provisions of law do not determine the status of a shareholder participating in the General Meeting with the use of electronic means of communication, despite not taking part in the voting, which gives rise to additional doubts and may expose both the Company and the shareholders to unnecessary legal risk.

On 13 October 2015 the Supervisory Board of the Warsaw Stock Exchange S.A. passed a resolution no 26/1413/2015 on acceptance of the new set of rules of corporate governance under the name " Good Practices of Companies listed on WSE 2016" (further: Good Practices 2016). New rules are in place from 1 January 2016 and are available on the official internet website of the Warsaw Stock Exchange S.A under the address:

https://static.gpw.pl/pub/files/PDF/RG/DPSN2016_GPW.pdf

FORTE complies with the majority of recommendations and detailed principles included in Good Practices 2016 with the exclusion of:

Recommendation IV R2. -Bearing in mind the possibility of fulfilling the requirements necessary for the correct identification of the shareholder and maintaining the right level of safety of electronic communication throughout the Annual General Meeting of Shareholders, in particular, during the process of voting at the General Meeting, the Company decided not to apply this recommendation in its part. In the course of the Meeting of Shareholders the Company will enable the shareholders to execute their voting rights in persons or via proxy.

Principles:

I. Z. (1) (20) According to the Management Board, the history of the previous General Meetings of FABRYKI MEBLI "FORTE" S.A. does not require making and placing on the website the record in the form of audio or video. The General Meetings take place in the registered seat of the Parent Company, and therefore participation in them is not hindered in any manner for Shareholders interested in the proceedings. Moreover, in accordance with binding provisions, the Parent Company places on its website the notice of the General Meeting together with the agenda, draft resolutions and any required documentation and announces it to the public in the form of a current report. The proceedings of the General Meeting are recorded in detail in the form of notarial minutes. Additionally, publishing required current reports and posting relevant information on the Parent Company's website enables Shareholders to review all material information regarding the General Meetings.

III. Z. (3) -the Company currently conducts intense works targeted at introducing and applying international standards of professional practices of internal audits within the internal audit of the Company. The Company will immediately pass the information to public regarding the application of the above rule.

IV. Z. 2. Current concentrated structure of the shareholding of the Company does not include incurring any significant additional costs related to organization of the transmission. Currently applied principles of participation in Meetings of Shareholders are compliant with the regulations in place of the code of trade companies, Statute of the Company and other provisions of law. Organization of the course of Meetings of Shareholders sufficiently secures the interest of all shareholders.

V. Z. 6. -the Company currently partly applies this principle. Within internal regulations of the Company (Management Board Regulations, Regulation of the Supervisory Board) principles of proceedings related to the occurrence of conflict of interests have been described, however, they are not described in such detail as they are within the above principle.

VI. Z. 4. The Company applies Remuneration Regulations determining the principles of remunerating and granting cash benefits to FORTE employees. In accordance with the valid provisions of law and the Parent Company's Articles of Association, the principles of granting remuneration and the amount of remuneration for Members of the Supervisory Board are determined by the General Meeting, and the decision on the amount of remuneration for the Parent Company's Management Board is made by the Supervisory Board.

The amount of remuneration of members of the Parent Company's bodies and other benefits granted to these individuals during a given financial year are presented in the annual financial statements of the Company.

2. Shareholders holding directly or indirectly significant stakes of shares.

In accordance with the most current information possessed by the Company, the shareholding structure as at 31 December 2015 was as follows:

Item	Shareholder	Number of held shares and votes	% stake in share capital	% share in the overall number of votes
1.	MaForm SARM	7 763	32,48%	32,48%
2.	MetLife Otarty Fundusz Emerytalny (MetLife OFE)	(2 975 474)	12,45%	12,45%
3.	Aviva Otarty Fundusz Emerytalny Aviva BZ WBK	2 300 000	9,62%	9,62%
4.	ING Otarty Fundusz Emerytalny	1 200 000	5,02%	5,02%

3. Holders of any securities which provide special control rights.

The Parent Company did not issue securities which provide special control rights.

4. Restrictions on voting rights, such as restrictions on the execution of voting rights by a shareholder of a defined part or amount of votes, time-related restrictions on the execution of voting rights or subscriptions, in accordance with which, in cooperation with the Parent Company, equity rights related to securities are separate from the ownership of securities.

The Company does not provide for any restrictions regarding exercising the right to vote.

5. Limitations in transferring the ownership right to the Issuer's securities

There are no limitations in transferring the ownership right to the Parent Company's securities.

6. Description of principles concerning the appointment and dismissal of managers and their entitlements in particular the right to decide on the issuance or redemption of shares

In accordance with the Company's Articles of Association, the Management Board consists of between one and seven members appointed for a joint term of office. The number of Management Board Members is determined by the Supervisory Board which also appoints the President of the Management Board and other Members of the Management Board. The Management Board is appointed for a joint five -year term of office. In accordance with the Code of Commercial Companies, Members of the Management Board may be dismissed by the Supervisory Board at any moment. The Supervisory Board determines the terms and conditions of remunerating Members of the Management Board, including the provisions of agreements and appointment

letters binding Members of the Management Board with the Company. In accordance with the Articles of Association of the Company, the Management Board directs the activities of the Company and represents it before third parties. The work of the Management Board is managed by the President of the Management Board. The scope of activities of the Management Board includes all matters related to managing the Company not restricted to the competencies of the Company's other bodies. The powers of the Management Board of the Company related to the right to decide on redeeming shares do not deviate from the regulations contained in the Code of Commercial Companies.

7. Principles of introducing amendments to the articles of association or memorandum of association of the Issuer's Parent Company.

The Company's Articles of Association are amended in accordance with mandatory provisions of the Code of Commercial Companies, i.e. Art. 430 et seq., by way of a resolution of the General Meeting of the Company.

The General Meeting of the Company may authorise the Supervisory Board to establish the consolidated text of the amended Company's Articles of Association.

Company Management, acting pursuant to the Regulation of the Ministry of Finance regarding current information and periodical information submitted by the Issuers of stocks and the conditions for considering as equivalent the information required by the provisions of law of non-member country as of 19 February 2009 (Journal of Laws no. 33, item 259 as amended) informs the shareholders of the intended, , conducted changes to the content of the Company Statute and regarding elaboration of the unified text of the Statute including the changes made, by publishing current reports and by placing the current text of the Statute on the internet website of the Company.

8. The manner of functioning of the General Meeting and its principal powers and a description of the rights of shareholders and the manner of their execution, in particular the principles arising from regulations of the general meeting, if such regulations have been adopted and are not a direct result of the existing law

The manner of functioning of the General Meeting of Fabryki Mebli "FORTE" S.A. and its powers, as well as the rights of shareholders and the manner of their execution are determined by the following documents:

1. the Commercial Companies Code,
2. The Company's Articles of Association,
3. Regulations of General Meetings.

The schedule of works regarding organising General Meetings is planned in such a way as to duly perform obligations towards shareholders and allow them to execute their rights.

On 19 May 2015, the General Meeting was convened by the Parent Company's Management Board through a notice published on the Parent Company's website at least 26 days prior to the date of the General Meeting, and in a manner specified for transmitting current information according to the provisions on public offering and conditions governing the introduction of financial instruments to organised trading and on public companies. Resolutions adopted by the General Meeting were published on the Company's website.

Resolutions of the General Meeting are adopted by a simple majority of the votes cast, unless the provisions of law or the Company's Articles of Association provide otherwise. Votes in favour of or against a resolution are considered votes cast.

The following matters were reserved in the Articles of Association to the exclusive decision of the General Meeting:

terms and conditions and manner of redeeming shares of the Company ,terms and conditions of issuing utility certificates in exchange for redeemed shares, creating reserve capital and earmarked funds, allocating reserve capital, allocating pure profit earned by the Company.

A resolution of the General Meeting is not required for the purchase and sale of real property, perpetual usufruct, and a share in real property, sale and transfer of rights of property use, property encumbrance, establishing tail property rights on the Company property (decisions on such matters are reserved for the Parent Company's Supervisory Board). Representatives of the media may be present during the General Meeting. The participants of the Annual General Meeting of the Parent Company always include Members of the Management Board and the Supervisory Board and the Company's certified auditor. The course of the Annual General Meeting in 2015 was compliant with the provisions of the Code of Commercial Companies and the Company's Regulations of General Meetings. Members of the Management Board, Supervisory Board and the certified auditor of the Company present during the Meeting were ready to give any explanations and respond to the shareholders' questions in the scope of their competencies in accordance with the binding provisions of law.

Shareholders can participate in the General Meeting and exercise the voting right in person or through a proxy.

9. Composition of issuer's managing, supervising and administering bodies, changes they underwent during the last financial year and description of their activities.

SUPERVISORY BOARD

The Company's Supervisory Board acts on the basis of the provisions of the Code of Commercial Companies, the Company's Articles of Association and the Regulations of the Supervisory Board of Fabryki Mebli "FORTE" S.A. with its registered seat in Ostrów Mazowiecka. The Supervisory Board consists of between five and seven members. The Chairman of the Supervisory Board is appointed by the General Meeting during which also the number of Supervisory Board members is established. From among its members, the Supervisory Board appoints the Vice-chairman and, if necessary, the secretary. If the number of members of the Supervisory Board falls below the minimum number set out in the Code of Commercial Companies, the General Meeting supplements /appoints/ Members of the Supervisory Board for the remaining part of the term of office.

The term of office of the Supervisory Board is four years. General Meeting of Fabryki Mebli "FORTE" S.A. established on 10 June 2014 a five-person Supervisory Board of the Company in the new term of office.

At the end of 2015, the Supervisory Board of Fabryki Mebli "FORTE" S.A. was composed of:

Zbigniew Sebastian – Chairman,
Stefan Golonka – Vice-chairman,
Tomasz Domagalski-Member,
Stanisław Krauz - Member,
Jerzy Smardzewski - Member,

Changes in the composition of the Supervisory Board of the Company throughout 2015 were as follows:

on 22 April 2015 Mr Władysław Frasyniuk submitted resignation from the function of Member of the Supervisory Board effective as of 19 May 2015.

-on 19 May 2015 Mr Jerzy Smardzewski was appointed for the Supervisory Board.

The exclusive competence of the Supervisory Board includes in particular adopting resolutions on matters regarding:

- a) purchasing and selling real property, perpetual usufruct or a share in real property, selling and transferring rights to use real property, encumbrance on real property, establishing limited property rights on the property of the Company,
- b) taking out loans exceeding the Company's financial plan,
- c) granting sureties to the amount exceeding in total the equivalent of EUR 150 000,
- d) taking over the obligations of third parties,
- e) accepting and establishing pledges and other collaterals, except for a pledge and collaterals related to the ordinary business of the Company in the amount not exceeding in total the equivalent of EUR 150 000,
- f) concluding, terminating and amending lease agreements and other such agreements, if they are concluded for a period longer than three years and when the annual lease rent paid by the Company exceeds the equivalent of EUR 150 000,
- g) wydzierżawienia przedsiębiorstwa lub jego części,
- h) purchasing and selling establishments and branches of the Company,
- i) selling the Company's enterprise or its part,
- j) approving employee participation in profits and granting special pension rights,
- k) establishing the annual plan for the enterprise (in particular investment and financial plans), as well as strategic plans,
- l) granting borrowings outside the ordinary course of trade to a total amount exceeding the equivalent of EUR 50 000.

Meetings of the Supervisory Board are held when necessary, but at least three times within a financial year.

The Members of the Supervisory Board may cast their vote in writing via another Member of the Supervisory Board. The Supervisory Board may also adopt resolutions in writing or through direct remote communication means. A resolution is valid if all Members of the Supervisory Board have been notified of the content of the draft resolution.

Taking into consideration the fact that in the current term of office the Supervisory Board is composed of five persons, the functions of the Audit Committee are performed by the whole Supervisory Board.

No other committees were established in the Company.

MANAGEMENT BOARD

The Company's Management Board acts on the basis of the provisions of the Code of Commercial Companies, the Company's Articles of Association and the Regulations of the Management Board of Fabryki Mebli "FORTE" S.A. with its registered seat in Ostrów Mazowiecka. The Management Board consists of between one and seven members appointed for a joint term of office. The Management Board of FABRYKI MEBLI „FORTE” S.A. was appointed for joint 5-year term of office for the years 2014-2019. Within the period from 1 January to 31 December 2015 the Management Board of the Company consisted of:

Maciej Formanowicz – President of the Management Board,
Gert Coopmann – Member of the Management Board,
Klaus Dieter Dahlem – Member of the Management Board,
Maria Florczuk – Member of the Management Board.
Mariusz Gazda – Member of the Management Board.
Rafał Prendke – Member of the Management Board, – performed the function until 4 February 2015

In accordance with the Articles of Association of the Company, the Management Board directs the activities of the Company and represents it before third parties. The work of the Management Board is managed by the President of the Management Board. The scope of activities of the Management Board includes all matters related to managing the Company not restricted to the

competencies of the Company's other bodies. Resolutions of the Management Board are adopted by a simple majority of votes cast. In the event of equal split of votes, the Management Board President's vote prevails.

The following persons are authorised to make declarations of will and contract obligations on behalf of the Company: the President of the Management Board acting independently, two Members of the Management Board acting jointly, one Member of the Management Board acting jointly with a registered signatory.

President of the Management Board

Maciej Formanowicz

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Member of the Management Board

Gert Coopmann

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Member of the Management Board

Klaus Dieter Dahlem

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Member of the Management Board

Maria Florczuk

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Member of the Management Board

Mariusz Gazda

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Ostrów Mazowiecka, 17 March 2016