

REMUNERATION POLICY FOR MEMBERS OF THE MANAGEMENT BOARD AND OF THE SUPERVISORY BOARD OF FABRYKI MEBLI "FORTE" S.A.

I. GENERAL PROVISIONS

- I. Pursuant to the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading and on Public Companies (Journal of Laws of 2024, item 620, as amended), the Remuneration Policy of FABRYKI MEBLI "FORTE" S.A. is established.
- II. The definitions, terms and abbreviations used in this document have the following meaning:
 - Policy or Remuneration Policy – Remuneration Policy for Members of the Management Board and of the Supervisory Board of FABRYKI MEBLI "FORTE" S.A.,
 - Company or FORTE – FABRYKI MEBLI "FORTE" S.A.,
 - Group – a group of companies in which FORTE is the parent company and which are consolidated in the consolidated financial statements,
 - General Meeting – General Meeting of FABRYKI MEBLI "FORTE" S.A.,
 - Management Board – Management Board of the Company,
 - Board or Supervisory Board – Supervisory Board of the Company,
 - Members of the Management Board – Members of the Management Board of the Company, including the President of the Management Board of the Company,
 - Members of the Supervisory Board – Members of the Supervisory Board of the Company, including the Chairman of the Supervisory Board of the Company,
 - Act – Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading and on Public Companies (Journal of Laws of 2024, item 620, as amended).
- III. The purpose of the Remuneration Policy is to set out the basis, principles and procedures for calculating remuneration of Members of the Management Board and Members of the Supervisory Board to support the implementation of the business strategy, long-term interests and stability of the Company and of the Group, taking into account the interests of shareholders.
- IV. The solutions adopted in the Remuneration Policy are to support the implementation of the business strategy, long-term interests and stability of the Company by ensuring work and pay conditions that correspond to market conditions, and thus ensuring the retention of highly competent individuals on the Management Board. At the same time, the variable part of remuneration creates an appropriate motivational environment for Members of the Management Board, making the amount of that remuneration directly dependent on the achievement of the Company's financial and non-financial objectives, taking into account the current financial situation of the Company and of the Group and ensuring that the persons acting as Members of the Management Board and of the Supervisory Board are duly competent and experienced.

II. REMUNERATION OF MEMBERS OF THE MANAGEMENT BOARD

1. Legal basis for remunerating Members of the Management Board

A. Members of the Management Board are remunerated on the basis of the legal relationship between the Company and a Member of the Management Board. FORTE may give responsibility for the management of the Company on the following legal basis:

- appointment to serve as Member of the Management Board for the term of office of a Member of the Management Board,
- conclusion of a management contract for the term of office of a Member of the Management Board.

B. When appointing a person to serve as Member of the Management Board, the Supervisory Board specifies by resolution the legal basis for the management relationship and the principles for remunerating the Member of the Management Board. The Supervisory Board may specify different legal bases for the management relationship for individual Members of the Management Board as well as different principles for remuneration.

2. Components of remuneration of Members of the Management Board

A. The remuneration model for a Member of the Management Board, irrespective of the legal basis for the relationship between the Member of the Management Board and the Company, may include fixed remuneration, variable remuneration and other cash and non-cash benefits.

B. The Supervisory Board specifies by resolution the legal basis for the relationship with a Member of the Management Board and the principles for remunerating the Member of the Management Board. The Board also specifies the components of remuneration of the Member of the Management Board, including the amount of fixed remuneration and the amount and principles for awarding variable remuneration, and indicates what other cash and non-cash benefits the Member of the Management Board may receive.

C. The amount of fixed remuneration is determined individually for each Member of the Management Board based on his/her level of education, expertise, qualifications and professional experience, the scope of duties and responsibilities for a given area, as well as the situation on the labour market.

D. The variable remuneration of a Member of the Management Board payable for a given financial year may not, as a rule, be higher than four times the annual fixed remuneration received by the Member of the Management Board for the same period. In exceptional cases, a change to the above rule requires a resolution of the Supervisory Board.

E. The Supervisory Board may by resolution grant other additional remuneration to Members of the Management Board.

2.1. Fixed components of remuneration of Members of the Management Board

- A. Members of the Management Board receive fixed remuneration in the amount and at the time specified in resolutions of the Supervisory Board. The fixed monthly remuneration is provided in gross amount.
- B. The fixed part of remuneration should constitute such a part of the total remuneration of a Member of the Management Board that it is possible to pursue a flexible policy regarding variable remuneration dependent on the financial performance of Group companies, as well as on their non-financial performance, if specified by the Supervisory Board.

2.2. Variable components of remuneration of Members of the Management Board

- A. Each Member of the Management Board is entitled to variable remuneration, the amount of which depends on the financial performance of the Group.
- B. The Supervisory Board may also make the amount of variable remuneration dependent on the achievement of non-financial objectives specified for a financial year or a longer period, collectively for the entire Management Board or separately for individual Members of the Management Board.
- C. To thoroughly assess the work of Members of the Management Board, which may affect the amount of variable components of remuneration, the Supervisory Board considers, among other things:
 - the following criteria in terms of financial performance: consolidated net profit of the Group, EBIT of the Group, EBITDA of the Group, amount of revenue in the Group;
 - the following criteria in terms of non-financial performance: social interests, the Company's contribution to environmental protection, measures aimed at preventing and eliminating negative social effects of the Company's activities and the Company's relations with the relevant administrative authorities.
- D. The Supervisory Board may, by resolution, specify additional and/or detail the above-mentioned financial and non-financial performance criteria that will affect the amount of variable components of remuneration.
- E. When specifying additional criteria and/or detailing the financial and/or non-financial performance criteria mentioned in item C and D above, the Supervisory Board may in particular develop a list of objectives for the Management Board.
- F. Detailed principles for specifying the amount, calculating and paying variable remuneration are included in the Supervisory Board's resolutions on appointment of Members of the Management Board and in management contracts, separately for each Member of the Management Board.
- G. The amount of variable remuneration is determined on the basis of the Group's consolidated financial statements for the financial year audited and approved by the General Meeting of the Company.
- H. Variable remuneration is payable by the end of the calendar month following the calendar month in which the General Meeting of the Company has approved the consolidated annual report of the Group.
- I. The Supervisory Board may resolve by resolution to make an advance payment of part of the variable remuneration, but not more than 90% of its maximum amount expected for a financial year, provided that the Group's financial performance

shows that the expected level of net profit for the year has been achieved. If the advance payment is made in an amount higher than the amount finally determined, the Member of the Management Board will be obliged to reimburse the overpaid amount on the terms and within the time limit specified in the resolution of the Supervisory Board. The Supervisory Board may also decide by resolution to postpone the payment of variable remuneration.

- J. Members of the Management Board may be awarded variable remuneration in the form of financial instruments specified in Article 90d(5) of the Act, in particular Members of the Management Board may be covered by an incentive scheme providing for such financial instruments. The General Meeting may authorise the Supervisory Board to specify the principles and conditions for granting variable remuneration described in this section.

2.3. Other cash benefits

- A. When appointing a Member of the Management Board, the Supervisory Board may specify, in a resolution and management contract, other cash benefits for the Member of the Management Board, such as in particular severance pay on ceasing to serve as Member of the Management Board and/or compensation for non-competition after ceasing to serve as Member of the Management Board.

2.4. Non-cash benefits for Members of the Management Board

- A. Members of the Management Board are entitled to non-cash benefits from the Company, including in particular:
- the right to use designated assets of the Company,
 - the right to additional insurance (except pension and savings insurance),
 - the right to use non-salary benefits available to Company's employees,
 - the right to participate in the Company's long-term savings scheme PPK (Employee Capital Plans).
- B. The Company's Supervisory Board specifies in a resolution and/or management contract the principles and scope of non-cash benefits available to Members of the Management Board.
- C. No additional pension or early retirement schemes for Members of the Management Board or of the Supervisory Board have been launched or are planned at the Company.

2.5. Change of remuneration principles for Members of the Management Board

In justified cases, a Member of the Management Board may request the Supervisory Board to change the legal basis for the management relationship established with the Company and to change the remuneration principles, in particular to specify a different amount of fixed remuneration and/or different proportions of variable remuneration and/or a different value and scope of non-cash benefits.

III. REMUNERATION OF MEMBERS OF THE SUPERVISORY BOARD

1. Legal basis for remunerating Members of the Supervisory Board
 - A. Members of the Supervisory Board perform their functions on the basis of their appointment by the General Meeting.
 - B. The exclusive legal basis for remunerating Members of the Supervisory Board for their functions on the Supervisory Board is a resolution of the General Meeting.
 - C. For performing their functions in the supervisory body, a Member of the Supervisory Board receives from the Company only a fixed gross monthly remuneration determined on the basis of a resolution of the General Meeting, with the Chairman of the Supervisory Board receiving a higher remuneration than the other Members of the Supervisory Board due to additional workload associated with the function of the Chairman of the Board.
 - D. The Chairman of the Audit Committee and/or the Deputy Chairman of the Supervisory Board may receive a higher remuneration taking into account the additional workload associated with the function.

IV. CONSIDERATION OF THE WORK AND PAY CONDITIONS OF COMPANY'S EMPLOYEES WHEN ESTABLISHING THE REMUNERATION POLICY

1. Due to the nature of its business, the Company hires employees mainly on the basis of fixed-term and indefinite-term employment contracts. This employment formula makes it possible to relatively flexibly and efficiently respond to the changing needs of the Company and the situation on the labour market. The key management staff is hired on the basis of indefinite-term employment contracts with a maximum notice period of 6 months. The employee remuneration structure adopted in the Company includes fixed hourly or basic remuneration and additional remuneration components depending on the efficiency, quality and effectiveness of the work provided. When developing the Remuneration Policy, consideration was given to the work and pay conditions of employees, including those employees who are key to the Company's operations, while ensuring the competence and experience of those who serve as Members of the Management Board and Members of the Supervisory Board.
2. Members of the Management Board are not hired on the basis of employment contracts. They perform work on the basis of the Supervisory Board's resolutions on their appointment and on the basis of management contracts, which gives the Company great flexibility in the formal and legal approach to collaboration with Members of the Management Board. The adopted division of remuneration of Members of the Management Board motivates them to take actions which should result in better economic results of the Company and of the Group, while maintaining security and economic stability of FORTE and of the Group.
3. Members of the Management Board, like the management staff, are obliged to keep trade secrets confidential. Members of the Management Board conclude additional agreements with the Company on the preservation of trade secrets, prohibition of competitive activities and prohibition of solicitation of Company's employees. Detailed provisions of the above-mentioned agreements with Members of the Management Board are set out in a resolution of the Supervisory Board.

4. The Company's remuneration model for Members of the Supervisory Board in the form of a fixed monthly remuneration which is independent of the financial performance of the Company and of the Group ensures that the Supervisory Board operates as an independent body that supervises day-to-day activities of the Company and of Members of the Management Board.

V. LIMITATION OF REMUNERATION

For performing their functions, Members of the Supervisory Board and Members of the Management Board may only receive remuneration as described in this Policy.

VI. AVOIDANCE OF CONFLICTS OF INTEREST

1. To avoid conflicts of interest in relation to the Remuneration Policy, the Company implements a division of competencies when determining remuneration, as provided for in the Commercial Companies Code, taking into account the Remuneration Policy.
2. A Member of the Management Board is obliged to inform the Supervisory Board of being engaged in any additional gainful activity. S/he must provide a written declaration to the Chairman of the Supervisory Board.
3. If a Member of the Management Board or a Member of the Supervisory Board suspects or becomes aware of a conflict of interest in relation to the Remuneration Policy concerning him/her or another Member of the Management Board or a Member of the Supervisory Board, s/he is obliged to inform the Chairman of the Supervisory Board or the President of the Management Board accordingly.
4. In the case described in item 3 above, the Supervisory Board takes steps to verify the information, review the Remuneration Policy or update it, if necessary, in order to remove or prevent a conflict of interest.

VII. AUTHORISATION BY THE GENERAL MEETING

1. The General Meeting authorises the Supervisory Board to detail the elements of the Remuneration Policy, in particular to make changes in the fixed part of remuneration, the variable part of remuneration or other cash and non-cash benefits as well as the Company's and/or the Group's financial and non-financial performance criteria, which affect variable remuneration components.
2. In a situation where the financial stability of the Company and/or the Group is threatened or where it is necessary to do so to pursue the long-term interests of the Company and/or of the Group or to guarantee its profitability, as well as in the event of other circumstances that make it impossible or considerably difficult for the Company or Group companies to operate under the current rules, the Supervisory Board may temporarily waive the application of the Remuneration Policy in whole or in part.
3. The decision to waive the Remuneration Policy is made by the Supervisory Board by resolution.
4. A waiver of the application of the Remuneration Policy may be authorised once for a period of up to three financial years.

VIII. DEVELOPING AND IMPLEMENTING THE REMUNERATION POLICY

1. The draft Remuneration Policy was developed with the participation of Members of the Management Board and with the opinion of Members of the Supervisory Board. The final decision on the adoption of the Remuneration Policy is made by resolution of the General Meeting.
2. The resolution of the General Meeting on the Remuneration Policy is adopted at least every four years.
3. The Management Board implements the Remuneration Policy and supervises its implementation on an ongoing basis.
4. The Supervisory Board exercises general supervision over the implementation of the Remuneration Policy on an ongoing basis. When preparing the remuneration report, the Supervisory Board also reviews the Remuneration Policy.

IX. REMUNERATION REPORT

1. The Supervisory Board prepares a remuneration report on an annual basis, providing a comprehensive overview of remuneration, including all benefits, in whatever form, payable or paid to the individual Members of the Management Board and of the Supervisory Board for the past financial year in line with the Remuneration Policy.
2. Members of the Supervisory Board are responsible for the information included in the remuneration report.
3. The remuneration report contains, in particular, the information set out in Article 90g of the Act.
4. The remuneration report is subject to a statutory auditor's assessment as to the inclusion of the information required under the Act.
5. The General Meeting adopts a resolution giving an opinion on the remuneration report. The resolution is advisory in nature.
6. The remuneration report is posted on the Company's website and made available for a period of 10 years after the end of the General Meeting mentioned in item 5 above.

X. FINAL PROVISIONS

1. The Remuneration Policy applies from the date of its adoption by resolution of the General Meeting.
2. The remuneration principles provided for in this Remuneration Policy are in line with the existing remuneration principles for Members of the Management Board and Members of the Supervisory Board. Considering the above, the following remains in force:
 - remuneration principles for Members of the Management Board as set out in resolutions of the Supervisory Board adopted prior to the effective date of the Remuneration Policy; and
 - remuneration principles for Members of the Supervisory Board as set out in resolutions of the General Meeting adopted prior to the effective date of the Remuneration Policy.