

NON-FINANCIAL REPORT

of FABRYKI MEBLI "FORTE" S.A.
and of the FABRYKI MEBLI "FORTE" S.A. Capital Group
for the period 01.04.2023 - 31.03.2024



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Introduction

This Report (hereinafter referred to as the Report) includes non-financial information concerning FABRYKI MEBLI “FORTE” S.A. and the FABRYKI MEBLI “FORTE” S.A. Capital Group for the period 1.04.2023-31.03.2024 and constitutes an integral part of the Management Board's Report on the operations of the FABRYKI MEBLI “FORTE” S.A. Capital Group for the period ended 31.03.2024 (hereinafter: the Capital Group, the FORTE Group or the Group).

The obligation to prepare a non-financial report results directly from the amendment of the Accounting Act of 29 September 1994 (Journal of Laws 2018.395, unified text of 20.02.2018 hereinafter: the Accounting Act), introduced on the basis of Directive 2014/95/EU of the European Parliament and of the Council of the European Union of 22 October 2014 amending Directive 2013/34/EU of 26 June 2013 as regards the disclosure of non-financial and diversity information by certain large undertakings and groups (hereinafter: the Directive).

The report was prepared on the basis of the Group's internally developed reporting model.

The process of examining the materiality of non-financial information to enable a full presentation of key non-financial issues was carried out taking into account

an analysis of the impact of the Group on the environment and stakeholders and the impact of the environment and stakeholders on the Group.

For each link in the FORTE Group's value chain, we have identified issues relevant to: Environment, Social Responsibility and Corporate Governance (ESG). A long list of aspects emerged from which we selected the 16 most important ones. We plotted them on a materiality matrix with their position in relation to the level of stakeholder interest and potential impact on the company's operations. As a result, we have set Sustainable Development Goals on which we will focus in the coming years.

The issues selected are highly interlinked and can often influence each other, so we do not look at them individually, moving increasingly towards an integrated, holistic approach to sustainability management.

When defining objectives, we also anticipated ESG risks, knowing that they are an integral part of the company's development and an element of sustainable development. Risk management in the FORTE Group is a constant, recurring process that consists of identifying, analysing and assessing risks and taking countermeasures to prevent adverse effects.

Materiality matrix

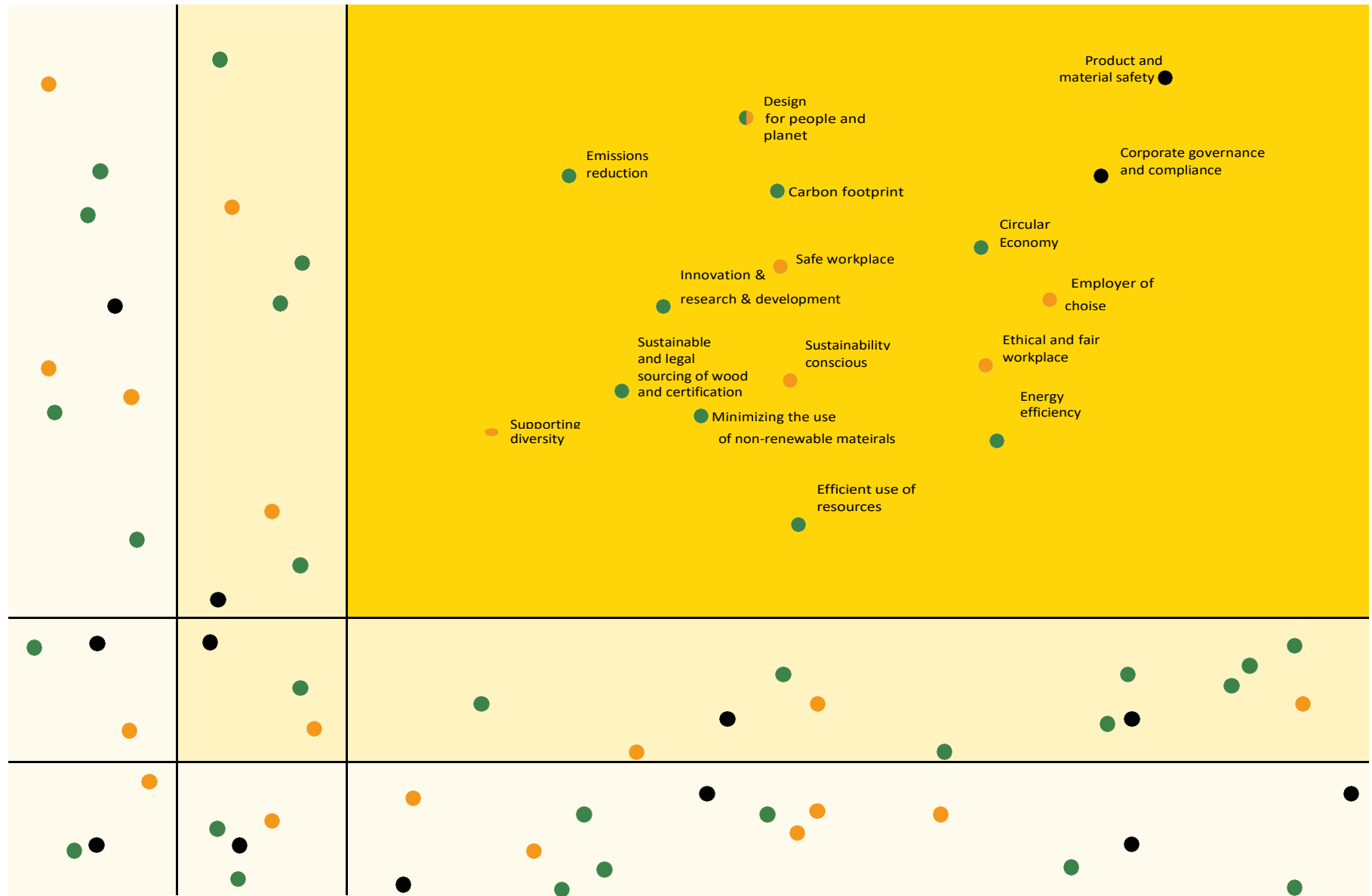
- Natural environment
- Social responsibility
- Corporate governance

RELEVANCE TO STAKEHOLDERS

HIGH

MEDIUM

LOW



LOW

MEDIUM

HIGH

RELEVANCE TO FORTE

The basis for identifying the non-financial issues included in the report was:

- materiality analysis in the value chain,
- ISO 9001:2015 and 14 000 : 2015 Integrated Management System review,
- analysis of regulations, including common law, other sets of guidelines relating to the industry,
- analysis of findings and recommendations from internal audit reports,
- analysis of expectations expressed by stakeholders, e.g. during external audits, meetings with counterparties, banks, investors,
- conducting in-depth interviews with key executives of the Group and employees in the respective areas,
- analysis of the recommendations contained in Annex 2 to the Non-Financial Information Standard on the materiality of non-financial indicators in the area of industrial enterprises. The development of this Standard was coordinated by the IFRS Foundation.

Among the personnel, social and environmental areas defined in the Directive and the Accounting Act, the following non-financial aspects were considered important in the Group and in the parent company FABRYKY MEBLI "FORTE" S.A.:

Personnel, social and human rights issues:

- employment, equality and diversity,
- health and safety at work,
- development and education
- human rights,
- engagement with the local community.

Environmental issues:

- responsible management of raw materials and resources,
- reduction in fuel and energy consumption,
- reduction of emissions to the atmosphere,
- waste reduction,
- biodiversity.



Relationships with stakeholders

The dynamic development of the Capital Group would not be possible if it were not for the cooperation with various stakeholder groups that have an impact on FORTE's business and which FORTE influences through its decisions, actions and their effects.

Key stakeholders were identified based on the criterion of their impact on the overall functioning of the enterprise, including implementation of the strategy, and the products and service provided.

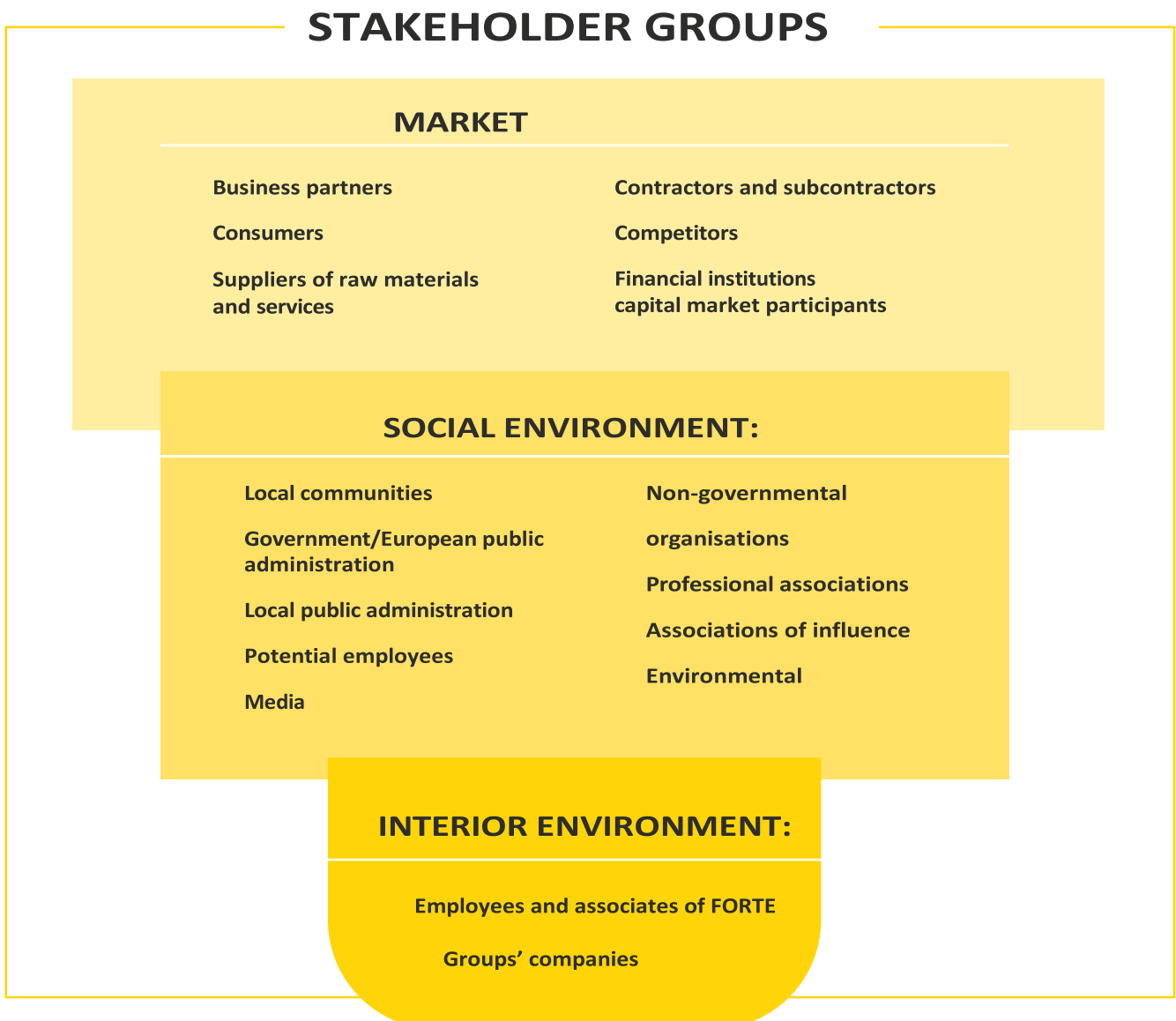
Stakeholder relations are managed through:

- identifying stakeholders and their expectations,
- building relationships with them,

- managing their expectations and the issues they raise,
- regular communication,
- responding to all the most relevant issues signalled by stakeholders.

When making business decisions, FORTE Group consults stakeholders who are key to its development, treats them as equal partners and regularly reviews their needs and expectations.

The FABRYKI MEBLI "FORTE" S.A. Capital Group identifies the following main stakeholder groups:



Market environment

We appreciate our business partners who provide us with a distribution network throughout Europe. An important group of stakeholders for us are also the millions of customers who have chosen FORTE furniture.

Opportunities for dialogue with customers, suppliers and business partners include face-to-face meetings at trade fairs in our exhibition centre in Germany, as well as in Europe and around the world. We talk, we consult, we ask and this enables us to offer furniture tailored to each market.

Capital market participants, investors and banks communicate with us through face-to-face meetings and investor conferences, which we organise several times a year. Equal access to information is ensured through the publication of interim and current reports and presentations of results on our website.

Social environment

We meet with representatives of local communities. We engage in dialogue to tailor our initiatives to the needs of the environment. We ask and we listen. But we also communicate our values, educate about ecology, and help with development.

Potential employees, today's students and pupils, are a special community to whom we devote a great deal of care and attention. We reach out to them through cooperation with universities and secondary schools. We organise career days for students and graduates, open our factories and invite young people to see how FORTE works "behind the scenes".

Internal environment

Employees of the FORTE Group have equal access to information through: internal newsletters, information brochures, guides, the intranet, a closed Facebook group and cascade meetings with superiors. Important news and results of the production departments are posted on information boards.

They also have the opportunity for face-to-face meetings at company events or specially organised meetings between the Management Board and employee representatives.



Integrated Management System

The activity of the FABRYKI MEBLI "FORTE" S.A. Capital Group is based on high standards of process management, taking into account broadly understood quality, environmental aspects and aspects related to the origin of timber. Implementation of a policy in this respect is confirmed by the Integrated Quality and Environmental Management System certified in accordance with ISO 9001 and ISO 14001 and the FSC® CoC (FSC C118178) and PEFC (PEFC/32-32-206). This an important element, enhancing the company's competitiveness and increasing customers' confidence in us as a reliable partner.

The scope of the system under ISO 9001 (quality) and ISO 14001 (environment) is:

"Design, production and sale of furniture" and "Production and sale of chipboard".

The system implemented and maintained covers the operations of the Central Offices (including design, technology, purchasing, sales and logistics) and the factories in Ostrów Mazowiecka, Suwałki and Hajnówka, as well as Dystri-Forte Sp. z o.o. and TANNE Sp. z o.o.

The Integrated Management System in place, which is continuously improved, uses a process approach, which identifies:

- the main processes involved in implementing the product,
- management processes, related to strategy and resource planning,
- measurement, analysis and improvement processes,
- supporting processes, related to overseeing: documented information, infrastructure, non-compliant product, FSC® and PEFC systems, security, compliance, communication and environmental protection.

Part of our concern for the environment is also our commitment to the sustainable management of wood raw materials. The FSC® and PEFC systems are globally recognised certification systems for forests and wood products. FSC® and PEFC ensure a system of sourcing wood raw materials that guarantees the use of raw materials of known and documented origin. The schemes completely exclude the use of raw materials from theft, unknown sources, illegal and irresponsible logging, areas of special natural interest and other sources of legal, social and ecological concern. By introducing chain of custody systems, we ensure that the supply chain of raw materials can be traced from the point of collection to the finished product in which it is used.

In June 2023, external audits were conducted by an accredited certification body for FSC recertification and PEFC certification. The audits confirmed that our operations comply with the requirements of the relevant FSC® and PEFC standards.

Since 2013, we have held FSC certificate number NC-COC-013500 for furniture production, which we extended in 2018 to include chipboard production at TANNE Sp. z o.o. The FSC certificate is valid until 19.09.2028.

Since 2023, we have also been PEFC certified (certificate number PBN-PEFC-COC-013500) for furniture and chipboard production. The PEFC certificate is valid until 31.07.2028.

FSC® and PEFC surveillance audits are scheduled for June 2024.

Risk management

The risk management system of FORTE Group functions on the basis of the document adopted by the Management Board, **“Strategy, Policy and Methodology of Risk Management of FABRYKI MEBLI “FORTE” S.A.”**

A risk was defined as the probability of an event occurring that will have a negative impact on the achievement of the objectives set out in the strategy.

The purpose of the risk management system is to help the Company's owners and management: to increase the probability of achieving its goals; to ensure the security and continuity of statutory objectives; to minimise adverse internal and external influences that threaten stable, safe and rational operation; and to ensure the effective functioning of the internal control system.

Risk management is an ongoing, iterative process of identifying, analysing and assessing risks and taking remedial action to prevent adverse consequences.

The aim is to keep risk at a level acceptable to the risk owner in a way that minimises risks and maximises opportunities to achieve objectives.

Risk management takes place at three levels: strategic, operational and that of a specific project.

- At the strategic level, risk management is carried out with reference to the goals and objectives arising from the Business Strategy. Strategic risk management is the direct responsibility of the Company's Management Board.
- At the operational level, risk management is carried out with reference to the objectives, tasks and processes implemented in the organisational units.
- At the project level, risk management is carried out at each stage of a specific project.

Responsibility for risk management is clearly defined. Full responsibility for risk management lies with the risk owner. This responsibility is exercised by: designing an integrated risk management system; appointing individuals to manage the day-to-day risks of the day-to-day operations on behalf of the owner; assessing the identified risks; and determining the level of acceptable risk.

Responsibility for the implementation and application of the principles of the risk management system rests with: at strategic level: the CEO or a Board Member or Director delegated by the CEO; at operational level: directors, managers or other designated persons; at project level: the project manager.

As set out in the document **“Strategy, Policy and Methodology of Risk Management”**, risk reviews are carried out. Risks in the management, economic, environmental and social dimensions are identified.



The main non-financial risks identified in the Group:

RISKS IN THE AREA OF HUMAN RESOURCES AND HEALTH AND SAFETY

In 2023, the following risks were identified and actions taken to address them.

Risk of increased churn of specialists and highly skilled workers, due to the flattening of remuneration structure caused by the increase in the minimum wage.

The minimum wage was increased twice in 2023, in total by more than 19%. An increase at a similar level will also take place in the current calendar year. This has the effect of flattening the pay gap between employees at a higher level of skills and experience and entry-level employees. The flattening of the remuneration structure may also lead to demotivation of employees and increased churn in specialist positions. In addition, according to the data of Statistics Poland, the average monthly remuneration in the enterprise sector in September 2023 compared to September 2022 increased nominally by 12.8%, which has a significant impact on the salary pressure of employees within the organisation.

This risk is mitigated by valuing positions and building pay scales that are consistent with the remuneration policy. A new remuneration system for line employees based on a competence matrix has been implemented. The Human Resources Department performs cyclical analyses based on ongoing monitoring of the labour market and remuneration reports. The Company has a benefit offer in place as a tool to motivate the workforce and attract job applicants:

- bilingual, workplace-based kindergartens for employees' children in Ostrów Mazowiecka and Suwałki,
- the option of additional medical care,
- Multisport cards, possibility to join group life insurance,
- discounts for the purchase of FORTE furniture,
- financial Christmas and Easter support twice a year,
- subsidising summer camps for employees' children, gift cards for employees' children,
- farewell package for pensioners.

We continue to develop employees internally within the organisation through an internal recruitment programme. The sourcing of candidates is also supported by an employee referral programme and active cooperation with universities and vocational schools.

Risk of loss of life or health due to failure to comply with health, safety and fire safety standards

The risk of loss of life or health to employees as a result of failure to comply with safety standards in terms of: OHS, fire protection. The area of safety is prioritised by all employees in the organisation. There has been a downward trend in the number of accidents in the FORTE Group in recent years.

Materialisation of risk has been reduced by systematic building of a safety culture among employees, conducting programmes such as SUSA behavioural talks, thematic lessons, safety audits, reporting of near misses in the Sherlock Waste application, cyclical employee training, weekly operational meetings of managers from individual factories devoted to safety.

The improvement of the safety area will be implemented this year through digitalisation of the incident reporting and safety reporting processes and further development of Behavioural Safety Conversation Program (SUSA). In addition, information campaigns dedicated to specific safety issues, such as particularly hazardous work (at height, fire hazard, confined spaces, energy), risks of injuries, falls and machine safety, will be implemented.

In 2023, a comprehensive modernisation of the fire protection infrastructure in the Ostrów Mazowiecka factory was carried out, consisting of the construction of a new sprinkler system in the factory's production and storage facilities, together with a fire pumping station and a water storage reservoir.

Risk of a threat to employee safety as a result of irregularities in the functioning of the technical infrastructure, i.e. electrical, lightning protection, fire protection, machinery park, technical condition of buildings.

In order to minimise the occurrence of risks, regular inspections of the technical infrastructure are carried out by specialised entities in accordance with legal requirements and the manufacturer's recommendations. In addition, a systematic assessment of the technical condition of the installations is carried out by designated employees at each factory.

RISKS IN THE SOCIAL AREA:

Risk of loss of reputation or credibility as a result of non-compliance of the FORTE Capital Group, employees or cooperating entities with laws, market practices, internal regulations.

FORTE's reputation risk management consists primarily of:

- preventing FORTE from engaging in unlawful activities,
- ensuring the protection of information/business secrets and equal access to information for our stakeholders,
- promoting ethical standards,
- managing conflicts of interest and preventing FORTE employees' engagement in business matters from giving the impression of pursuing vested interest.
- professional, reliable and transparent formulation of product offers.

Risk of abuse by employees causing financial loss to the Company

The responsibility for detecting and preventing abuse and for building a work environment free of any kind of abuse lies with the Management of FABRYKI MEBLI 'FORTE' S.A. and the management of the organisational structures of the Company and the Capital Group. Each member of the management attaches particular importance to the risk of abuse or any deviation from the accepted principles, not only in the area for which he or she is responsible, but in the entire FORTE Group.

In particular, it is the responsibility of executives and all managers to: identify the risk of abuse in relation to the areas for which they are responsible; ensure an adequate internal control system; ensure that all employees fully understand the operation of the internal control system in place and comply with both legal and internal regulations in force in the organisation. The FORTE Group has in place, among others: Code of Ethics, Supplier Code, Compliance Policy, Whistleblowing Policy, Anti-Fraud Procedure, Anti-Corruption Guide, Conflict of Interest Procedure, etc. Ethics Ombudsmen available at the factories and the Explanatory Committee allow reporting and responding to any abuses, irregularities and other deviations from the Code of Ethics. In addition, an anonymous communication channel is available via FORTE's website, allowing employees and people from outside the organisation to report abuses and irregularities.

ENVIRONMENTAL RISKS:

Risk of non-compliance with the conditions of the permits (decisions) held

This risk is mitigated through ongoing inspection of installations and making employees aware of the possible consequences of potential incidents. All equipment and systems in the factories are regularly inspected. Regular testing of the level of pollutants emitted and observation of indicators allows the Company to maintain acceptable levels of emissions, as confirmed by external inspections.

Risk of limited access to wood with FSC® (Forest Stewardship Council) responsible forest management certification as a consequence of the withdrawal of the Polish State Forests from FSC® certification

One of the major problems for Polish furniture manufacturers is the limited access to raw wood with the FSC® certificate. This certificate is required by furniture distributors worldwide.

The risk has been minimised since last year by obtaining PEFC certification. The Group currently holds both the FSC® certificate, which is valid until September 2028, and the PEFC (Programme for the Endorsement of Forest Certification) Supply Chain certificate, which is valid until the end of July 2028.

The PEFC and FSC® certificates confirm that we use legally and ethically sourced wood with due diligence and can be viewed in the FSC® and PEFC certification database.

RISKS IN THE ECONOMIC AREA

Risk of falling sales of furniture products as a result of the deepening crisis in Europe

The value of sold production of Polish furniture companies in 2023 will amount to PLN 64 billion, which is a decrease of 6 per cent compared to 2022. It is forecast that in 2024, this value will at most remain at last year's level. A major concern for companies is the trends in international trade - especially the slowdown in Germany, where around one-third of exports are sent.

The organisation has launched a new furniture brand, EasyKlix, which uses the revolutionary Threespine ID® assembly technology. The collections are now available in Germany and the UK.

The range of FORTE's products is adjusted to changes in the furniture market, and the sales departments intensively develop the available sales channels, both traditional and online.

Risk of increased costs of doing business, inter alia, unstable prices of raw materials and resources

The risk of sudden changes in raw material prices is significantly mitigated by the operation of the Company's own chipboard factory in the production chain. The Group diversifies suppliers and monitors the situation on raw materials markets, also securing alternative sources of supply in strategic material groups, i.e. laminates, HDF, MDF, glass, packaging and some hardware. The organisation's purchasing policy is to minimise the risk of dependence on a single supplier, thus enabling it to select a more favourable price offer for the raw materials supplied.

As a result of rising electricity costs, energy consumption is being optimised and electricity costs reduced through the investment in photovoltaics.

Sustainable development

Sustainable development is an integral part of the business strategy of the FABRYKI MEBLI "FORTE" S.A. Capital Group and we are deeply convinced that in order to continue to develop and become a better company, we still have to do it in a sustainable way.

In the "Sustainable Development Strategy", developed in 2022, we identify short-term goals for 2022- 2030 and, for some areas, also long-term goals, with a view to 2050. Planned activities and progress towards their implementation,

as defined by financial and non-financial metrics, were systematically monitored and reported in 2023.

"Sustainable Development Strategy", supports the implementation of the Global 17 Sustainable Development Goals 2030 set by the UN and adopted by all 193 UN member states, including Poland. We have selected 6 Goals on which we have the greatest influence and on which we focus.



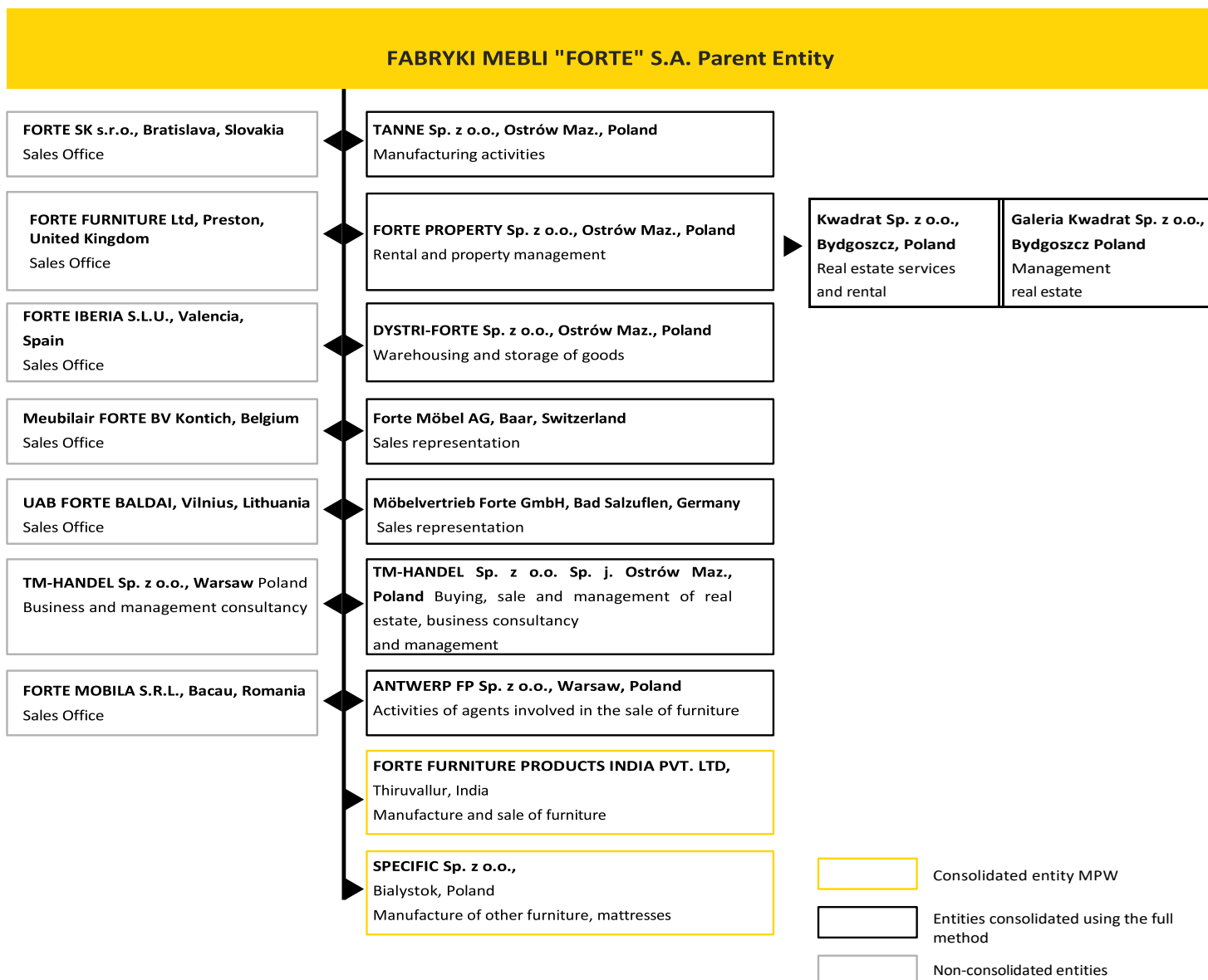
Description of the business model

The FABRYKI MEBLI "FORTE" S.A. Capital Group is one of the largest European manufacturers of RTA (ready to assemble) furniture. Its furniture manufacturing plants are located in Ostrów Mazowiecka, Suwałki and Hajnówka.

The fourth production facility is a modern chipboard factory located in Suwałki. As part of the vertical integration. As part of the vertical integration this plant

satisfies 100% of the demand of FORTE factories for the basic material for furniture production, i.e. chipboard.

The FABRYKI MEBLI "FORTE" S.A. Capital Group comprises the following companies:



The FABRYKI MEBLI “FORTE” S.A. Capital Group sells its products to the largest furniture retail chains in Europe.

FORTE focuses on its own design tailored to the expectations of different customers and markets.

The Group's product range comprises more than three thousand models and is subject to constant rotation. Several hundred new designs are introduced each year. Product and logistics development is geared towards meeting the service requirements of large distributors. The company offers self-assembly, functional, high-quality and competitively priced furniture. The strategic objective in the product area is to react quickly to changing market trends and, consequently, to innovate production, using modern technologies and materials.

In the period April 2023 - March 2024, the FORTE Group achieved **sales revenues** of PLN 1,030,669 thousand, compared to PLN 1,242,856 thousand in the corresponding period (a decrease of 17.1%).

In the Group's total sales structure, 11.4 per cent was accounted for by sales of surplus chipboard produced

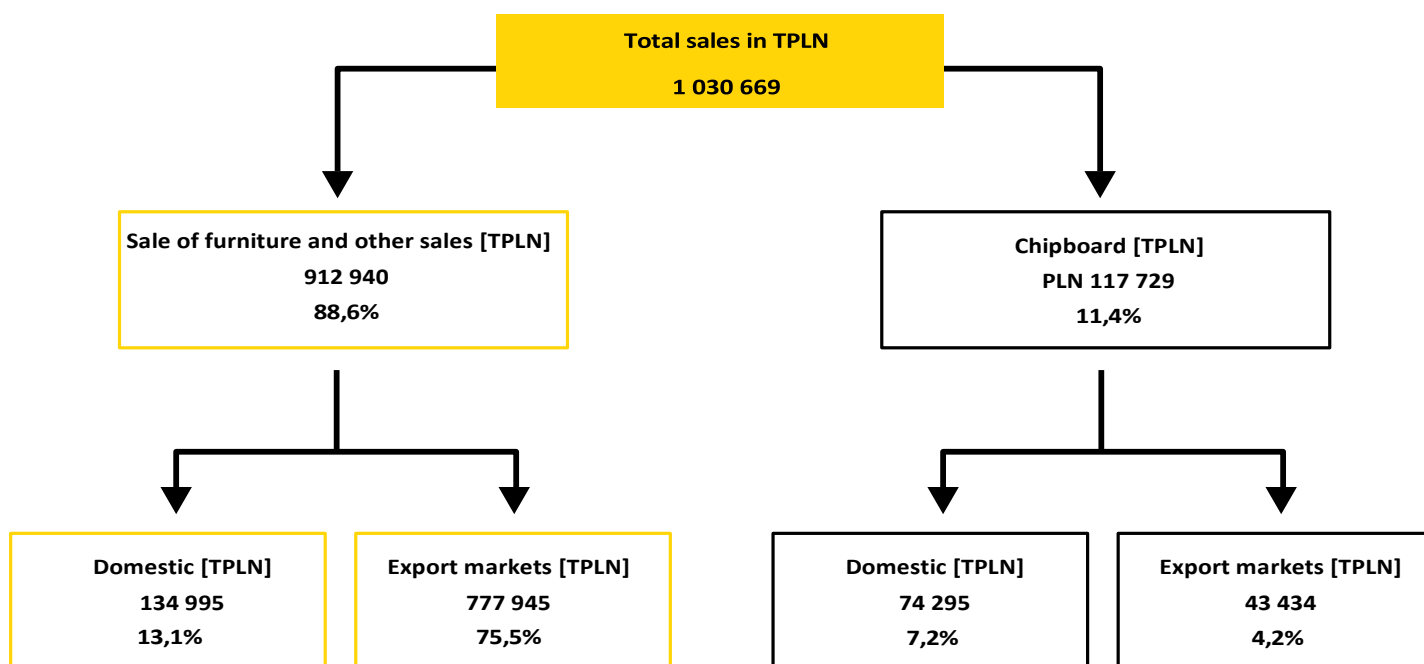
by the subsidiary TANNE, with a 4.2 per cent share of exports (PLN 43,434 thousand) and a 7.2 per cent share of domestic sales (PLN 74,295 thousand).

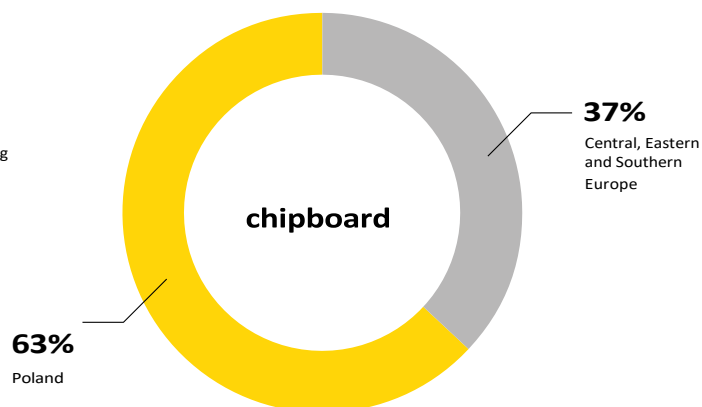
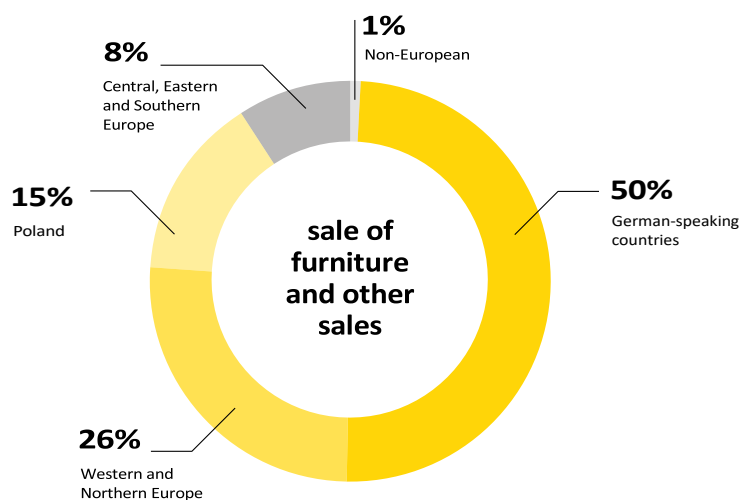
The value of sales of chipboard to external customers in the entire reporting period amounted to PLN 115,716 thousand, compared to PLN 207,958 thousand in the period April 2022 - March 2023 (a decrease of 19.1%).

By volume, on the other hand, sales of chipboard in the period April 2023 - March 2024 were lower in the corresponding period by approximately 6% (140.1 thousand m3 in the reporting period vs. 149.6 thousand m3 in the corresponding period).

Revenues from **the sale of furniture and other sales of the Group** accounted for 88.6% of total sales (PLN 912,940 thousand), where exports accounted for PLN 777,945 thousand (75.5%) and domestic sales of PLN 134,995 thousand (13.1%).

The percentages of furniture sales and other sales in the individual markets were as follows: German-speaking countries 50%, Western and Northern Europe 26%, Poland 15%, Central, Southern and Eastern Europe 8% and non-European countries 1%.





The percentage share of the chipboard's sales in the markets was as follows: Poland 63%, Central, Southern and Eastern Europe 37%.

FORTE Group's export sales amounted to PLN 821,380 thousand - 80 per cent of total sales (PLN 971,418 thousand - 78 per cent in the corresponding period). Sales on the Polish market between April 2023 and March 2024 amounted to PLN 209,290 thousand (20%) against PLN 271,438 thousand (22%) in the corresponding period April 2022 - March 2023.

FORTE is an entity with a recognisable and leading role among European leaders in the segment of self-assembly furniture. The Group is implementing a development plan that will allow it to strengthen its position in the current markets and expand into new markets outside Europe. FORTE focuses its activities on being a supplier to the largest furniture sales networks and maintaining close relationships with its customers. Customer growth opens up new markets and large order volumes allow for optimum capacity utilisation. A key success factor for the implementation of the sales plan is to take advantage of the consolidation effect on the furniture sales market in Europe. At the same time, FORTE wants to maintain the diversity of its offer in each market.

The company achieves cost optimisation through the use of innovative technologies, e.g. automated board cutting lines, modern drilling machines, robots, hardware packing systems. Thanks to modern and flexible solutions FORTE can realise one of the directions of its policy, i.e. strong customer orientation.

In order to ensure that all its factories have full availability of raw material and, at the same time, maintain flexibility in the choice of foil and chipboard size, the Group launched its own factory of the basic raw material for furniture production in 2018. The factory produces chipboard of the latest generation, meeting quality standards (e.g. for formaldehyde emissions) as well as the strict, above-standard requirements of environmental norms. This decision makes FABRYKI MEBLI "FORTE" S.A. independent of the difficult raw material market. Competitive advantages of the Group include: autonomy, flexibility in terms of sizes and decors, cost stability, and the possibility to regulate the volume of stock. The chipboard factory ensures full coverage of the Group's own furniture production needs, and surpluses, above internal demand, are resold on the free market to third parties.

FORTE Group value chain

Our focus is on producing high-quality furniture that is safe for both users and the planet.

We take care of the product at every stage of its development, from the selection of raw materials and components, inspection of materials, through design and production in accordance with the requirements of European safety standards, daily quality monitoring, to delivery to the customer.



Own chipboard factory

One factor that increases the ability to control production processes and thus their impact on the environment is vertical integration. With this in mind, in 2018 we launched our own chipboard factory (TANNE), which fully covers our demand for this basic raw material for furniture production. The boards produced at the factory are characterised by low formaldehyde emissions, meeting the requirements of the European and US markets. Since 2018, we have held CARB II certification for our the wood-based products, which certifies the compliance of formaldehyde emissions with the stringent California Air Resources Board (CARB II) standards.



Only legal sources of raw material

We control the legality of the harvesting of wood and wood products, and only use raw materials from sustainably managed forests that protect biodiversity. We ensure that the raw materials we use are certified, attesting to the highest quality and ethical sourcing.



High quality standards

We select certified raw materials and approved resources. We select components with the utmost care. We minimise the use of plastic and polystyrene and are constantly working to optimise our packaging in terms of its environmental impact. We also constantly strive to make our packaging environmentally friendly.

At the TANNE factory we have our own accredited laboratory where we carry out tests and examinations of chipboard to make sure that FORTE furniture meets the highest quality standards. We are the first wood-based products company in Poland to be accredited.



Responsible approach to the supply chain, including the purchase and transport of raw materials and the transport of products

FORTE's purchasing policy guarantees the highest quality of sourced materials, goods and services, while ensuring high ethical, social and environmental standards. We expect the actions of our suppliers to be in line with our values.



Customer orientation and needs

Our team of designers and product development experts are constantly exploring changing consumer needs, looking for new solutions, unusual decors and functionalities - always with care and respect for the environment, taking into account the highest quality and ethical standards.



Responsible production

Alongside interesting design and functionality, we want to offer reliable quality and favourable prices. This approach requires us to strive to achieve the best possible organisation of our production, warehouse and supply chain processes. We therefore focus on their continuous improvement, including through the implementation of proven Lean Management tools, avoiding waste and optimising costs.

We pay a great deal of attention to reducing electricity consumption as much as possible during furniture manufacturing. To this end, we develop energy-saving technologies and invest in machines and equipment with low energy consumption and a long service life.

We know how valuable natural resources are and how important it is to use them appropriately. This is why we are implementing solutions in our factories that are compatible with the concept of circular economy. At present, our main focus is on closed-cycle processes for wood waste, in which the resulting waste is treated as raw material in subsequent production steps.

We are constantly improving our production processes to minimise the use of raw materials, particularly those related to the origin of wood material. We reuse process rejects, such as board and cardboard, to reduce the amount of waste generated.

Since 2020, we have been using recycled raw materials, such as wood waste from furniture manufacturing processes or damaged pallets, to produce chipboard at the TANNE factory. This approach minimises the consumption of natural resources and allows us to give a second life to waste and unnecessary objects.



Own chipboard factory



Only legal sources of raw material



High quality standards



A responsible approach to the supply chain



Focus on the customer and customer needs



Responsible production



EMPLOYEE AREA

Personnel policy

The issues related to employment, employee development and the creation of a proper work environment are the most important for the long-term sustainable development of the FABRYKI MEBLI “FORTE” S.A. Capital Group.

The Personnel Policy of FABRYKI MEBLI “FORTE” S.A. is applied in all companies of the Capital Group and determines the basic principles applicable to relations with employees and the objectives to be achieved in this area in the perspective of the current development strategy.

The goal that the entire FORTE management sets for the Personnel Policy is to attract and keep the best employees, their continuous development and building commitment and motivation for the achievement of the Company's business objectives. The main principles of the Personnel Policy are: transparency, equal treatment in employment, promotion of diversity and continuous development of employees.

PERSONNEL POLICY ACTIVITIES

Recruitment

The aim of recruitment activities is to ensure that candidates match competences in a way that guarantees effective performance of the tasks for the given position. The recruitment process is based on the principles of equal opportunities for all and uses recruitment tools that support the verification of candidates' competences. At the FORTE Group, recruitment processes are conducted both inside and outside the organisation. The internal recruitment programme ‘Change the job, but not the employer’, implemented in 2018, continued in 2023. This programme guarantees priority access to vacant positions to all FORTE Group employees, on a transparent basis. It enables professional development, increases motivation and engagement and allows us to retain people with key competencies. Thanks to face-to-face meetings, we can get to know the employee's expectations more closely and show them new development paths within the company.



We conduct external recruitment process, among others, by publishing advertisements in local and national portals, direct search, as well as the employee referral programme “Recommend and earn with FORTE”, in place since 2019.

Candidates can also find out about job vacancies at www.kariera.forte.com.pl. Under the various tabs, candidates can find information on job vacancies, the nature of work in the office, production and warehouse areas, as well as employee benefits. The trainee programme and its benefits are also presented. At the same time, the link to the offers and the application process has been simplified.

FORTE is supported by a state-of-the-art recruitment system, which helps manage processes efficiently, allows for full security of candidates' data and offers a unique candidate experience.

FORTE strictly complies with the regulations regarding the prohibition of the employment of juveniles and children. The company employs juveniles exclusively for the purpose of vocational preparation within the framework of dual vocational training. The tasks performed are adapted to the age of the learner and the required safety measures set out in the company's internal regulations.

Remuneration and benefits

The Group's remuneration system takes into account the quality of work performed, the level of knowledge, skills and competences required to perform the duties entrusted to the employee, is based on job evaluation, applying the principles of equal pay for men and women, equal access to benefits for all employees.

In the first half of 2023, a new remuneration system was implemented in the furniture manufacturing plants for the operational areas to ensure effective support for employee development and involvement and the achievement of the company's business objectives, i.e. transparency in employee remuneration, achievement of operational indicators, and retention of a stable and qualified team.

Remuneration system for operational areas is based on:

- transparency of remuneration conditions based on job classifications,
- transparency of career development opportunities for operational staff on the basis of developed skills matrices,
- ensuring and maintaining the necessary competences in operational areas through a system of sourcing of additional skills by employees, supported by financial allowances,
- increasing the efficiency of achieving business goals on the basis of short-term indicators introduced into the incentive system.

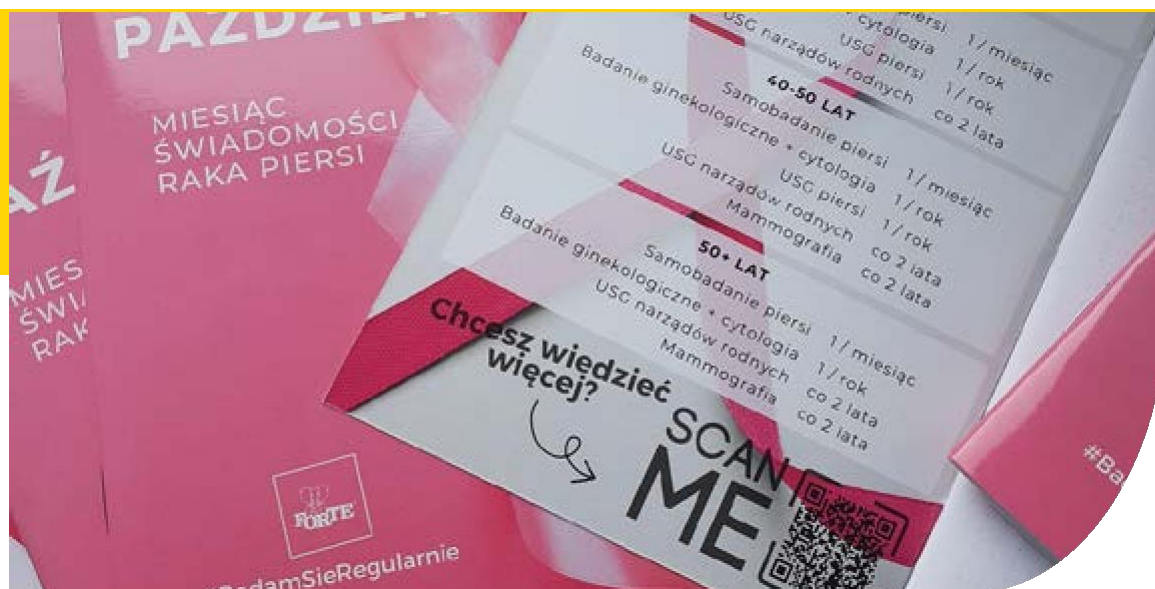
A dedicated team of employees together with the social partner was involved in the development of the new system. The implementation of the new remuneration system was preceded by amendments to the Remuneration Regulations and comprehensive training for all employees in the operational areas.

Motivating and building commitment

The FORTE Group builds the commitment and motivation of its employees by offering, among other things, various activities and non-financial instruments. Healthcare, support in education, contact with culture and art are part of the activities undertaken by FORTE Group entities.

Additional non-wage benefits are prepared for all employees. The most significant ones include:

- Company Social Benefit Funds for employees of individual branches and companies, under which various forms of physical activity, art camps for children, employee holidays and private medical care packages are subsidised, among other things.
- Employer co-financing of two in-company bilingual kindergartens with nurseries in Ostrów Mazowiecka and Suwałki.
- The “Welcome Mums” project aimed at women returning to work after maternity leave.
- A fixed discount on furniture that employees can take advantage of once a month.
- Organising cultural events and meetings.
- Possibility of joining a group life insurance scheme.



- Programme of sports cards and general development packages to help take care of physical health, mental fitness and self-development. As part of the above-mentioned programmes, employees can use swimming pool, gym, psychological counselling and have access to a platform with e-books, language courses and other interesting activities. FORTE enables the purchase of Multisport cards and access to the Multilife platform at attractive prices.
- Paid employee referral programme “Recommend and earn with FORTE”.
- Internal recruitment programme “Change the job, but not the employer” enabling employees to further develop by changing their position/organisational unit.
- An appreciation programme for retiring employees “Farewell to retirees”.
- Organisation of Christmas Eve meetings for all employees.

In order to protect the health of FORTE Group employees in 2023, the Pink Ribbon and Movember campaigns were prepared, as part of which a calendar of preventive examinations recommended for various age groups was prepared. In order to encourage female employees to undergo regular examinations, pink notebooks with an internal examination schedule were also distributed. These activities were intended to raise awareness among employees of prevention and health care, and in particular the prevention and early detection of cancer.

In February 2024, a “Mental Health” campaign was held at FORTE as part of its workforce health activities.

Throughout the month, articles on depression were published in the weekly newsletter “INFORTE” and on social media. They included topics such as the symptoms of the illness, its causes and possible treatment options. Employees were also reminded of the national telephone numbers for those in need of support.

Other measures to increase employee involvement:

In 2023, a number of activities were carried out to support employee engagement. Two competitions for employees were held in support of biodiversity and environmental activities.

1. The “My ECO bag” competition - the employees' task was to sew a bag from any recycled material. The idea behind the competition was to raise awareness of how to reduce waste and reuse used items. The campaign was complemented by the publication of a series of articles encouraging recycling.
2. Photo competition “The light and colour of spring” aimed to educate about biodiversity, including drawing attention to the needs of the natural world and its complexity. The participants' task was to take and submit a photo in tune with the competition title “The Light and colour of spring”. The competition was very popular with employees.

In addition, an employee activation campaign “We support butterflies” was carried out. As part of the campaign, an article was published about the declining butterfly population worldwide and its consequences, and 57 shrub seedlings were planted on the factory grounds in Ostrów Mazowiecka. Children from the kindergarten “Yellow Elephant” in Ostrów Mazowiecka joined the initiative. It was a very valuable lesson in

biodiversity conservation for the children. The photo report was presented to employees both in the internal company newsletter "INFORTE" and in social media.

One of the more interesting internal initiatives is the Bee FORTE project to support the establishment of backyard and on-site apiaries. The first apiary was set up at the Suwałki branch in 2021. In 2023, an on-site apiary was set up in Ostrów Mazowiecka. Since 2021, flower meadows have also been established, and in 2023 their area amounted to 33 000 m². In place of the felled trees, new trees were planted, taking into account those species that are melliferous.

Training and development

The FORTE Group has been focusing on staff development for years. Thanks to investments in human capital, employees have the possibility to improve their qualifications and use their predispositions more and more fully. They participate in internal training, workshops and development programmes, as well as specialised training courses and conferences.

In 2023, the Group continued to implement its intensive training plans. For the first time, the potential of interactive, "bespoke", online training was exploited on such a scale, and made available through an LMS-type (Learning Management System) platform enabling not only easy use of the training database created, but also real-time management of training delivery and results. The Central Modular Training system, a database of short training modules geared towards achieving a precisely defined training outcome, was developed. Reinforcement of training results with implementation activities continued in close cooperation with supervisors. The new approach to employee development has significantly influenced the availability and cost of training by leveraging FORTE's internal resources - the knowledge and skills of its employees.

FORTE Academy

The FORTE Academy are development programmes built on the basis of a diagnosis of the Company's development needs. They cover all groups of employees.

The FORTE Group employees represent various nationalities, the largest nationality group apart from Polish are employees of Ukrainian origin. The war in Ukraine has caused stress among this group of employees. One form of support was the establishment, in cooperation with Wellbee, of a platform for psychological support which enables therapy to be carried out in a way that is convenient for the participant, e.g. via telephone, online or face-to-face meetings. The advantage of this platform lied in the availability of psychologists and psychotherapists who speak Ukrainian.

In 2023 the FORTE Academy directed the main part of its offer to all executives in connection with its cultural development programme based on the new FORTE Competence Model.

FORTE Academy programmes are implemented in cooperation with the best coaches, specialists and subject-matter partners.



Every employee, regardless of their position, age or gender, has equal access to development, consistent with the company's strategic objectives.

Between 2016 and 2023, the following development programmes were implemented within the FORTE Academy:

- Comprehensive Leadership programme - aimed at senior executives (33 graduates of the programme),
- first edition of postgraduate studies - aimed at middle management and employees with high development potential (21 graduates),
- FORTE Academy of Managers and Masters - a programme aimed at middle management (103 graduates),
- FORTE Academy of line employees (114 graduates),
- second edition of postgraduate studies - aimed at middle management and employees with high development potential (20 graduates),
- FORTE Academy for Production Managers - aimed at management staff at all levels, from production and peripheral areas (180 participants),

- two editions of the Internal Trainer Academy - aimed at FORTE's group of internal trainers (22 participants each),
- Merchant Academy - aimed at managers and employees involved in FORTE's purchasing processes (56 participants),
- Academy for Cultural Development (120 participants).

As of 2018, the FORTE Academy covers the entire training system in the FORTE Group.

The implementation of continuous improvement of skills and competences took place in 2023 through the following activities:

- onboarding, i.e. the introduction of new employees to their duties and the organisation, and company culture;
- workshops to support company-wide projects;
- FRIS group coaching workshops to support the building of effective team communication;
- Problem Solving & 5Why workshops;
- The Internal Trainer Academy, focused on building up coaching skills and standards for internal trainers, and the Merchant Academy, focused on developing soft as well as hard skills used in procurement processes;



- the Central Modular Training system launched in 2022, using the potential of Internal Trainers, focused on development using FORTE resources, including employee knowledge and skills.

An innovative form of FORTE Academy implementation, launched in 2023, is e-learning training courses designed and created by the internal Development Projects Team and made available through the LMS platform. Thanks to the tools for building and sharing this type of training, as many as 60 training courses have been created and attended by as many as 2,800 employees.

Despite the functioning of the internal training system, there are additional needs for participation in training courses and specialised conferences in individual areas and companies of the FORTE Capital Group. The thriving personnel development area, together with the directors of individual offices and factories, diagnoses the development needs of employees and proposes development programmes that support the realisation of the organisation's business objectives.

Talent management

One of FORTE's values is Development. Every employee has opportunities to develop their competencies and skills. The company enables employees to use their potential better and better. Talent management encompasses participants and graduates of FORTE Academy development programmes, i.e. line employees, managers, masters and graduates of FORTE Academy postgraduate studies.

Since 2019, FORTE has been implementing a project that firstly enables employees to develop within the company and secondly retains the competences of

employees in the organisation. The internal recruitment project 'Change the job, but not the employer' guarantees priority access to vacant positions to all employees of the FORTE Group on an equal basis. In this way, we enable our employees to develop professionally in other areas of the organisation and increase their motivation and commitment. This allows us to keep valuable people in the company who are ready to take on new, ambitious professional challenges.

The goal of talent management at FORTE is to retain in the Company and the Capital Group high-potential employees, ready to participate in building and strengthening the market position of FORTE Group in the new business reality.

Shaping the company's image as a responsible employer:

Employer branding carried out by FORTE Group is aimed at conveying a credible image of the employer both outside and inside the organisation. They aim to build the best possible experience for employees and candidates. These include:

Company Facebook group

The company's Facebook group We Are FORTE was created to improve communication during the pandemic period in 2020, remains active ever since. This communication channel was welcome by employees, so the group continues to function. It publishes, among other things, the most important information concerning the company: reports and results of the company's operations, events, employee competitions and other events addressed to employees. In 2023, 60% of FORTE employees were active on the group.





Fabryki Mebli "FORTE" S.A.

Tworzymy meblowe historie

Produkcja mebli i wyposażenia domu

Ostrów Mazowiecka, Woj. Mazowieckie • 3 tys. obserwujących • 1 tys.-5 tys. pracowników

Company profile on LinkedIn

FABRYKI MEBLI "FORTE" S.A. has a company profile on LinkedIn. It is run based on organic reach. A total of 3050 observers follow the company profile of Fabryka Mebli 'FORTE' S.A. During 2023, more than 600 new users started to follow the FORTE profile.

Cooperation with universities

FORTE cooperates with the Białystok University of Technology, the State Higher Vocational School in Suwałki, the Leon Koźmiński Academy, as well as the Faculty of Wood Technology at the Warsaw University of Life Sciences, the Higher School of Management and Ecology and the WSB Merito University in Warsaw.

Since 2013, FORTE has been implementing an internship programme "Your strong start". Students and graduates have the opportunity to complete an internship in production, technical or other offices. The trainees are guaranteed supervision, participation in specific projects and autonomy in the execution of tasks. The traineeships are paid, with the aim of identifying talent and enabling further development in the field of training.

Cooperation with secondary schools

Bearing in mind the needs of vocational education, FORTE is involved in the creation and support of 'FORTE with Class' patronage classes that educate wood technology technicians, automatics specialists and model makers. The education in the above-mentioned professions takes place in four secondary schools located in Ostrów Mazowiecka, Białystok and Suwałki. Students in the patronage classes do their apprenticeships in the factories, as well as participate in classes conducted at universities cooperating with FORTE. The best students enjoy a scholarship programme.

Currently, there are 280 students in 20 such classes. In the period 1.01.2023 - 31.03.2024, 30 students of patronage classes received internships at the Suwałki and Ostrów Mazowiecka plants. In 2023, vocational counselling was continued in secondary school classes, as well as in grades 7 and 8 of primary schools.

Since 2021, FORTE has been implementing dual education in mechatronics. This is an innovative approach to vocational education that has gained the support of four local employers, including FORTE. In our company, young people, both boys and girls, are learning the profession of a mechatronics specialist, a specialisation that is in demand on the local labour market.

The dual education system combines learning with work and is highly regarded around the world.

The idea behind dual education is to involve the employer in vocational training from the first year of schooling by providing practical classes on site. The classes are conducted by qualified apprentice instructors. This is an educational measure that is in tune with local market demand for the profession.

At present, FORTE has 14 students in three classes in the mechatronics profession. Each week the young people spend a few days at the plant in Ostrów Mazowiecka, learning the profession (class I - 2 days, class II and III - 3 days). Thanks to the project, we can educate young people according to our expectations and needs. In this way we create the potential future FORTE staff and give young people a strong start in their future professional life.

The FORTE Group, in accordance with the labour laws in force, strictly adheres to the ban on the employment of

young people and children. All recruitment procedures and terms and conditions of employment comply with legal requirements to protect minors from exploitation and to provide them with appropriate developmental conditions.

FORTE Group's actions are aimed at ensuring safety and proper working conditions for all employees, especially young people, which is an integral part of its activities.

Diversity policy

The objective of the Diversity Policy is to build awareness and an organisational culture within FORTE Group that is open to diversity, which contributes to the success of the organisation, leads to an increase in work efficiency, counteracts discrimination and mobbing and improves FORTE Group's performance.

The Diversity Policy implemented in the FORTE Group covers, among others, the following areas:

- managing diversity in the workplace – diversity of employees in terms of gender, age, education, competence, disability, cultural and national origin,
- education, training and personal development – every employee, regardless of their position, age or gender, has equal access to education. FORTE meets the expectations of its employees by running cyclical development programmes, the so-called FORTE Academy, consistent with the company's strategy and goals,
- breaking down barriers in the workplace – diversity of employees in terms of nationality, as well as cooperation with foreign partners,

- working to prevent discrimination and mobbing in the workplace by implementing an anti-discrimination policy,
- in accordance with the applicable Recruitment Procedure, a key criterion during the recruitment process is the candidate's experience and skills,
- intergenerational dialogue – sports and cultural activities are organised for employees and aimed at people from different generations,
- guaranteeing, through the Code of Ethics, equal standards and rules for all employees of the FORTE Group, with the possibility of resolving conflict situations according to the procedure contained in the document.

In support of diversity, the “Diverse Mums” campaign was carried out in 2023. As part of this campaign, female employees shared their stories and talked about motherhood from their perspective. The aim was to promote and demonstrate the value of diversity in society and to emphasise the importance of respect and acceptance of diverse perspectives in everyday life.

Employee representation and respect for the right to freedom of association

Trade unions operate in the FABRYKI MEBLI “FORTE” S.A. Capital Group. They have full access to information and the right to consult. The Company conducts a constructive dialogue with trade unions. Both sides exchange information, proposals and make joint arrangements. Meetings are held to discuss the issues most important to employees, organisational changes and other problems and requests that have been raised.

Trade unions take an active part in FORTE's social activities.

Regular meetings are held between trade union representatives and employer representatives allowing direct communication. In addition, meetings for employees with the Company's Management Board are organised at least once a year.

Key non-financial indicators in the HR area

In 2023, work continued on building the training database with the aim of organising training information and aggregating all the data held. In view of the reports being developed based on the data from the database, the following were updated the methodology for

calculating non-financial indicators in the personnel area. The conversion of the average number of training hours per employee has been abandoned in favour of the average number of man-hours of training.

Table 1. Employment in FABRYKI MEBLI "FORTE" S.A. and the FABRYKI MEBLI "FORTE" S.A. Capital Group as of 31 March 2024 and 31 March 2023.

| | FABRYKI MEBLI "FORTE" S.A. | | Capital Group FABRYKI MEBLI "FORTE" S.A. | |
|-------------------------------|----------------------------|------------|--|------------|
| | 31/03/2024 | 31/03/2023 | 31/03/2024 | 31/03/2023 |
| Number of persons employed | 2 019 | 2 271 | 2 364 | 2 671 |
| Number of full-time positions | 2 007 | 2 263 | 2 349 | 2 659 |

Table 2. Employment in FABRYKI MEBLI "FORTE" S.A. and the FABRYKI MEBLI "FORTE" S.A. Capital Group by gender and age structure as of 31 March 2024 and 31 March 2023.

| | FABRYKI MEBLI "FORTE" S.A. | | Capital Group FABRYKI MEBLI "FORTE" S.A. | |
|-----------------------|----------------------------|--------------|--|--------------|
| | 31/03/2024 | 31/03/2023 | 31/03/2024 | 31/03/2023 |
| Women | 847 | 951 | 895 | 1 014 |
| under 30 years of age | 121 | 168 | 124 | 174 |
| 30-50 years of age | 205 | 571 | 214 | 618 |
| over 50 years of age | 521 | 212 | 557 | 222 |
| Men | 1 172 | 1 320 | 1 469 | 1 657 |
| under 30 years of age | 195 | 244 | 247 | 316 |
| 30-50 years of age | 379 | 668 | 464 | 847 |
| over 50 years of age | 598 | 408 | 758 | 494 |
| Total | 2 019 | 2 271 | 2 364 | 2 671 |

Table 3. Employment in FABRYKI MEBLI "FORTE" S.A. and the FABRYKI MEBLI "FORTE" S.A. Capital Group by type of employment contract as of 31 March 2024 and 31 March 2023.

| | FABRYKI MEBLI "FORTE" S.A. | | Capital Group FABRYKI MEBLI "FORTE" S.A. | |
|---|----------------------------|--------------|--|--------------|
| | 31/03/2024 | 31/03/2023 | 31/03/2024 | 31/03/2023 |
| Employees with fixed-term contracts | 182 | 308 | 224 | 370 |
| Employees with contracts of indefinite duration | 1 837 | 1 963 | 2 140 | 2 301 |
| Total | 2 019 | 2 271 | 2 364 | 2 671 |

Table 4. Employee hires at FABRYKI MEBLI "FORTE" S.A. and the FABRYKI MEBLI "FORTE" S.A. Capital Group by gender and age structure in the period 1.04.2023 - 31.3.2024 and 1.04.2022 - 31.03.2023

| | FABRYKI MEBLI "FORTE" S.A. | | Capital Group FABRYKI MEBLI "FORTE" S.A. | |
|-----------------------|----------------------------|-----------------------|--|-----------------------|
| | 1.04.2023 - 31.3.2024 | 1.04.2022 - 31.3.2023 | 1.04.2023 - 31.3.2024 | 1.04.2022 - 31.3.2023 |
| WOMEN | 67 | 69 | 73 | 79 |
| under 30 years of age | 24 | 29 | 25 | 34 |
| 30-50 years of age | 14 | 36 | 15 | 39 |
| over 50 years of age | 29 | 4 | 33 | 6 |
| MEN | 166 | 91 | 202 | 129 |
| under 30 years of age | 58 | 51 | 73 | 78 |
| 30-50 years of age | 46 | 31 | 54 | 42 |
| over 50 years of age | 62 | 9 | 75 | 9 |
| Total | 233 | 160 | 275 | 208 |

no hires within the Group

Table 5. Employee departures at FABRYKY MEBLI "FORTE" S.A. and the FABRYKI MEBLI "FORTE" S.A. Capital Group by gender and age structure in the period 1.04.2023 - 31.3.2024 and 1.04.2022 - 31.03.2023

| | FABRYKI MEBLI "FORTE" S.A. | | Capital Group FABRYKI MEBLI "FORTE" S.A. | |
|-----------------------|----------------------------|-----------------------|--|-----------------------|
| | 1.04.2023 - 31.3.2024 | 1.04.2022 - 31.3.2023 | 1.04.2023 - 31.3.2024 | 1.04.2022 - 31.3.2023 |
| WOMEN | 161 | 242 | 172 | 247 |
| under 30 years of age | 41 | 49 | 43 | 52 |
| 30-50 years of age | 42 | 126 | 44 | 127 |
| over 50 years of age | 78 | 67 | 85 | 68 |
| MEN | 246 | 585 | 314 | 638 |
| under 30 years of age | 66 | 159 | 88 | 179 |
| 30-50 years of age | 72 | 299 | 84 | 326 |
| over 50 years of age | 108 | 127 | 142 | 133 |
| Total | 407 | 827 | 486 | 885 |

no departures within the Group

Table 6. Composition of the Management Board of FABRYKI
MEBLI "FORTE" S.A. by gender and age structure as of 31 March
2024 and 31 March 2023.

| | FABRYKI MEBLI "FORTE" S.A. | |
|-----------------------|----------------------------|------------|
| | 31/03/2024 | 31/03/2023 |
| WOMEN | 1 | 1 |
| under 30 years of age | | |
| 30-50 years of age | 1 | 1 |
| over 50 years of age | | |
| MEN | 2 | 3 |
| under 30 years of age | | |
| 30-50 years of age | | |
| over 50 years of age | 2 | 3 |
| Total | 3 | 4 |

Table 7. Average number of man-hours of training in FABRYKI MEBLI "FORTE" S.A. and
the FABRYKI MEBLI "FORTE" S.A. Capital Group, by position, in the period 1.04.2023 -
31.03.2024 and 1.04.2022 - 31.03.2023

| | FABRYKI MEBLI "FORTE" S.A. | | Capital Group FABRYKI MEBLI "FORTE" S.A. | |
|--------------|----------------------------|----------------------|--|----------------------|
| | 1.04.2023 - 31.03.2024 | 1.04.2022-31.03.2023 | 1.04.2023 - 31.03.2024 | 1.04.2022-31.03.2023 |
| Line workers | 1,3 | 1,4 | 1,2 | 1,4 |
| Specialists | 8,7 | 16,1 | 8,5 | 16,3 |
| Managers | 26,6 | 28,9 | 26,2 | 26,4 |
| Directors | 39,8 | 56,0 | 37,8 | 54,3 |
| Total | 7,2 | 7,7 | 6,7 | 7,7 |

Table 8. Average number of man-hours of training in FABRYKI MEBLI
"FORTE" S.A. and the FABRYKI MEBLI "FORTE" S.A. Capital Group by gender
in the period 1.04.2023 - 31.03.2024 and 1.04.2022 - 31.03.2023.

| | FABRYKI MEBLI "FORTE" S.A. | | Capital Group FABRYKI MEBLI "FORTE" S.A. | |
|--------------|----------------------------|----------------------|--|----------------------|
| | 1.04.2023 - 31.03.2024 | 1.04.2022-31.03.2023 | 1.04.2023 - 31.03.2024 | 1.04.2022-31.03.2023 |
| Women | 8,4 | 9,7 | 8,6 | 10,2 |
| Men | 6,3 | 6,3 | 5,5 | 6,1 |
| Total | 7,2 | 7,7 | 6,7 | 7,7 |

* The above list does not include periodic training related to occupational health and safety and fire safety, job instructions and training carried out by the Office of Technical Inspection.

Occupational Health and Safety (OHS)

The FORTE Group makes it a priority to ensure that employees and co-workers on the premises of its production plants have an appropriate level of safety and hygiene in the working environment.

The Occupational Health and Safety Policy of the Capital Group of FABRYKI MEBLI “FORTE” S.A. (hereinafter: Health and Safety Policy).

As an employer, FORTE takes constant action to protect the life and health of its employees. The goal is to eliminate accidents at work and occupational diseases, to ensure safe and hygienic conditions in the work environment, to eliminate near-accidents and to minimise risks. In order to achieve this goal, the FORTE Group companies introduce procedures that engage the management and all employees in the continuous improvement of safety at every workplace and in every production process, as well as the elimination of threats occurring in the processes.

Tasks indicated in the Health and Safety Policy:

- ensuring that adequate financial, technological, technical and organisational resources are available to meet the health and safety objectives and targets set,
- identifying risks affecting the health and safety of workers and taking the necessary preventive action,
- ensuring that all employees are competent and aware of occupational health and safety issues, including through regular training,
- strict compliance with laws, regulations, rules and other requirements relating to health and safety at work,
- prevention of occupational accidents, occupational diseases and near misses by promoting a culture of health and safety among employees and mutual responsibility for life and health.

- The overarching and long-term goal is to reduce the number of occupational accidents and illnesses occurring in factories to zero.

The Health and Safety Policy is complemented by a series of procedures indicating rules of conduct.

1. Identification of accident hazards and assessment of occupational risks. The procedure establishes rules of conduct for managing occupational risks.
2. Monitoring chemical substances. The procedure sets out the rules of conduct from planning of the purchase, through safe use to the disposal of the substance, preparation or hazardous material.
3. Dealing with and reporting accidents. The procedure describes the types of accidents at work and sets out the rules of conduct when an accident occurs and the process for establishing its circumstances and causes.
4. Allowing contractors to work on the premises of the FORTE Group. The procedure defines the mode and scope of duties of persons ordering services, contractors, external company employees and visitors.
5. Particularly hazardous work. The procedure sets out the basic safety rules for work which, by its nature, involves particular hazards. Such work includes, for example, work at height, in confined spaces, work involving fire hazards, work during plant operations, etc.
6. Procedure for dealing with suspected SARS-Cov-2 coronavirus infection cases.

The structure of responsibility in the health and safety area is as follows:

- The Plant/Factory Manager is responsible for ensuring that the necessary resources are in place to implement, operate, supervise and improve health and safety policies,

- Those in charge of employees are responsible for following established health and safety procedures, ensuring that their employees comply with health and safety rules,
- Health and safety inspectors and specialists control compliance with established health and safety procedures, monitor working conditions, assess occupational hazards and risks, prepare monthly/quarterly/annual reports, coordinate and advise on the application and implementation of the Health and Safety Policy, conduct and organise training in the area of health and safety of FORTE employees and external companies.
- In order to better coordinate work safety activities between FORTE Group plants, a decision was made in 2021 to establish and separate a new department within the Group's organisational structures - the Work Safety Department. The Head of the Work Safety Department reports directly to the Director of the Production Management Department and the person's task is to coordinate all activities related to work safety and fire protection in the FORTE Group and to ensure proper communication in the area of occupational health and safety and fire protection within the organisation.

Raising the level of competence and awareness of all employees is achieved through educational activities among employees.

The specific goals set by the FABRYKI MEBLI "FORTE" S.A. Capital Group for 2023 in the area of occupational health and safety were as follows:

- **Implementation of the health and safety audit programme** - an average of 44 audits were carried out at each factory throughout 2023, total number of health and safety audits in 2023 was 207. During the audits, we focused on controlling the organisation of work processes, the technical condition of work rooms, machines and equipment, and the quality of work and other technical equipment, use of personal and collective protective equipment, forklift safety, organisation of manual transport work, storage of materials, use of chemicals, etc. Each audit ended with a report, planning and implementing corrective measures. The area supervisors were responsible for the implementation of these actions in cooperation with the health and safety department, and the results of the audits and progress in implementation were presented to employees on departmental dashboards and screens in information centres.

The implementation of health and safety audits against the audit plan is one of the safety KPIs that is regularly monitored. The target we set ourselves was 100% and this was fully achieved in 2023.

- **SUSA (Safe and Unsafe Acts) Behavioural Observation and Conversation Programme** - in 2023, we continued the behavioural observation programme, which consists of observing employees performing activities in their work environment, assessing their compliance with safety standards and possibly correcting abnormal behaviours and safety conversations. We started the programme with training provided by a professional company in 2021, and continued internally in 2022 and 2023 with trainings targeted at SUSA interviewers (managers, champions) in each of the factories. On a monthly basis, we monitor the percentage of SUSA completion vs. plan at each plant. The implementation of SUSAs is one of the KPIs in the area of health and safety and is regularly monitored.
- **Sherlock Waste app to report safety issues.** In June 2022, we decided to carry out a pilot implementation of the app in the Ostrów Mazowiecka plant. It is an electronic tool installed on smartphones and computers that allows any employee to make a safety problem report very easily and quickly. It also allows them to add their own ideas for solving the problem, as well as monitoring each step of the action resulting from the report. Encouraged by the success and the positive reception of the tool by employees, we decided to extend the use of the Sherlock Waste app to the remaining factories from January 2023. In 2023, 573 problems were reported in the app, of which 528, that is 92%, were resolved.

In 2023, as well as in previous years, there were no fatalities among employees or subcontractors working on the sites.

Each of the sites has fire-fighting squads with a total of more than 80 volunteer firefighters. These units regularly undergo drills and in-service training in order to ensure efficient and professional operations when required.



Key non-financial indicators in the OHS area

Table 11.

| | FABRYKI MEBLI "FORTE" S.A. | | Capital Group FABRYKI MEBLI "FORTE" S.A. | |
|---|----------------------------|-------------------------|--|-------------------------|
| | 01.04.2022 - 31.03.2023 | 01.04.2023 - 31.03.2024 | 01.04.2022 - 31.03.2023 | 01.04.2023 - 31.03.2024 |
| Number of accidents at work among persons performing work on the premises | 20 | 14 | 21 | 22 |
| Accident frequency rate – accidents causing incapacity to work per hour worked x 1,000,000 | 5.01 | 3,94 | 4,5 | 5,26 |
| Accident absence rate - number of working days on sick leave due to an accident in relation to the number of hours worked x 1,000 | 0,18 | 0,20 | 0,22 | 0,23 |
| Number of days of incapacity due to accidents | 720 | 785 | 926 | 982 |

In 2023, the largest share of accidents in FORTE Group's factories were incidents related to moving around the work premises (slipping, hitting, falling) - 62% of all accidents and handling machines - 23% of all accidents. Other causes were incidents related to warehouse operations (collision with a trolley, manual handling operations) - 8% of incidents or injuries due to falling items - 8%.

Thanks to the measures taken in the area of safety for our employees, we were able to significantly reduce the number of accidents in production areas (factories), from 20 in the 2022/2023 financial year to 14 in the 2023/2024 financial year.

Accident-free working periods are continuously getting longer at all our plants.

In October 2022 the TANNE chipboard factory celebrated one year of accident-free work. We celebrated a similar success in 2023 at the Hajnówka plant - more than 400 days of accident-free work and at our DYSTRI FORTE warehouse, where accident-free work has already continued for more than 400 days.

The data above confirms that our actions and implemented programmes are having the desired effect in the area of improving safety. We have therefore decided to continue them in 2024.

The specific objectives for 2024 are as follows:

- **Continuation of health and safety audits** - audits performed according to the audit schedule developed for each factory. The main assumptions are the frequency of audits - 1 time/week in a given area. The initiator and leader of the audit is the Director or Deputy Director of the factory, with the participation of the OHS service and the persons responsible for the area. The main objective of the H&S audits is to control and improve safety and the working environment. The performance of health and safety audits vs. the audit plan is a health and safety performance indicator (KPI) and represents a bonus target. From 2024 onwards, we have introduced thematic audits focused on a single, specific area related to safety in a given month (such as machine safety, transport operations, collision and trip risks, etc.).
- **SUSA Behavioural Safety Conversation Programme** - a continuation of the programme of safety conversations with employees in their work area and behavioural observations. Refresher and refresher training for SUSA interviewers. The performance of the talks vs. the plan for the month is an indicator (KPI) in the field of H&S, monitored and presented on a monthly basis.
- **Machine safety** - a programme aimed at assessing the risks arising from the operation of machinery. Improving machine safety systems (limit switches, guards, etc.). Implementation of system solutions to improve safety on large machines - LOTO (Lock Out, Tag Out) programme at Schelling.





SOCIAL AREA

Charity Policy

The FABRYKI MEBLI "FORTE" S.A. Capital Group actively participates in the life of the towns in which it conducts its operations, supporting various initiatives to improve the quality of life of the inhabitants. The guiding document in this area is the Charity Policy, the aim of which is to even out social differences and counteract social exclusion, as well as support education and comprehensive development of the young generation.

The company undertakes charitable activities and sponsorship to support sustainability, health, promote ecology and safety, education and culture.

Activities for education and upbringing:

- cooperation with the AMF "Our Way" Foundation,
- cooperation with universities and secondary schools, e.g. by offering internships, apprenticeships, providing patronage, organising competitions, holding lectures and scientific conferences,

- cooperation and in-kind assistance in equipping educational and training facilities,
- support for research and teaching activities in the field of wood and furniture industry development,
- supporting pro-environmental behaviour and activities to increase the environmental awareness of employees and their children through, among other things, the Bee FORTE project.

Activities for the development of culture and the arts:

- support for local cultural events, including concerts, city day festivals,
- supporting the implementation of cultural projects aimed at activating local communities in the field of arts and cultural education.

In-kind support:

- in-kind assistance within the framework of requests received and needs reported.

Examples of the implementation of the Charity Policy at FABRYKI MEBLI "FORTE" S.A.:

Activities of the AMF "Our Way" Foundation

The AMF "Our Way" Foundation, established in 1998 by Anna and Maciej Formanowicz, brings together talented secondary school and university students from the Ostrów Wielkopolski district who need support. Meetings, lectures, workshops (also online) with authors in various fields, as well as cultural trips are organised for the Foundation's mentees. The programme prepared for each successive year refers to current problems - whether social or economic - but at the same time conveys that the basic values that a person must uphold remain unchanged. Young people also receive scholarships.



The “Yellow Elephant” company kindergartens

FORTE's “Yellow Elephant” kindergartens are attended by children of employees. Classes are conducted in a bilingual system (Polish-English) based on a proprietary curriculum that promotes the all-round development of the child, particularly in the areas of building social skills and emotional intelligence. The establishments also pay great attention to physical activities and a healthy diet, which helps shape healthy habits from an early age. Both kindergartens are designed to respond to children's needs, provide maximum safety and stimulate their imagination.

The FORTE Group belongs to a still small group of companies in Poland that guarantee on-site kindergartens for their employees. Thanks to the facilities FORTE supports its employees, helping them to reconcile their private and professional lives. The company covers part of the costs. Such action is in line with the FORTE Group's Sustainable Development Strategy.

It strengthens the company's image as a family-friendly employer, influences the recruitment of new people (candidates-parents of children aged 1-6) and reduces staff turnover.

FORTE organises various activities for employees' children together with our kindergartens.

On 23 June 2023, the “Super Dad” campaign was launched in cooperation with the Yellow Elephant kindergartens, with a film about the role of the father in a child's life. A video with a summary of the children's statements was published on internal communication channels. The campaign was very positively received by employees.

In addition, various cyclical activities take place in the kindergartens:

- Christmas tree decorating at FORTE
- making Christmas decorations and cards by the children
- Christmas meetings with parents



- Grandparents' Day
- Baking Christmas cupcakes and gingerbread for FORTE employees
- Supporting Butterflies
- Carpenter's Day
- Fireman's Day
- Bee Day
- Family Picnic

Cooperation with the University of the Third Age

FORTE's cooperation with the Municipal Cultural Centre in Ostrów Mazowiecka and its affiliated University of the Third Age has been going on for many years.

FORTE once again supported seniors in a tree-planting campaign at the Ostrów Mazowiecka Forest District.

Examples of sponsorship and charitable support during the reported period:

- Ostrów Mazowiecka City Days - event sponsor
- XXV Open Sailing Regatta for the Cup of the President of FABRYKI MEBLI "FORTE" S.A. on Lake Wigry - event sponsor
- Bison Fair (Jarmark Żubra) - sponsor of the event.



Product liability

One of FORTE's main goals is to ensure high quality and broadly understood safety of manufactured furniture. Accordingly, the Company conducts a number of activities throughout the production process to ensure the achievement of this goal. The key activities include monitoring and analysis of legal and regulatory provisions in force in the manufacturer's country and in the target markets, carrying out inspection and measurement tests of manufactured products, as well as performing tests in our own laboratory or in accredited external testing units. Our products are designed on the basis of our own developed standards (based on many years of experience) as well as the requirements set out in national standards and legal regulations. They are manufactured from carefully selected materials, taking into account quality, environmental and safety aspects (including chemical safety), and sourced from verified suppliers.

In addition, the Company is particularly concerned with business security from the IP rights perspective by verifying new designs to exclude cases that could be suspected of unauthorised imitation.

Upon customer's request, we can confirm that through:

- declarations issued for products tested in an in-house laboratory,
- test reports on materials and products tested in external laboratories,
- certificates for products covered by the certification process (in this case the test covers the product and the process as well as and the conditions for its production).

FORTE has a system in place that supports activities related to achieving the aforementioned goals. This is the Integrated Quality and Environmental Management System (ISO 9001, ISO 14001).

In addition, the Company maintains the Chain of Custody Schemes: FSC® -C118178 and PEFC/32-32-206.

They guarantee tracing of the supply chain of the main raw material, wood, from the point of harvest to the finished product in which it is used. In this way, FORTE eliminates the possibility of using raw materials from theft and unknown sources, from predatory and irresponsible logging policies, from areas of special natural interest and from other sources that raise legal, social and ecological concerns.



Responsible marketing

The FABRYKI MEBLI “FORTE” S.A. Capital Group has an internal Code of Advertising Ethics. The Code is a set of principles to be followed by FORTE employees responsible for shaping the corporate brand image and forming the advertising message related to the product offer.

These rules include, inter alia, the prohibition of discriminatory content in advertising, elements that encourage acts of violence. FORTE's advertising cannot create a negative image of other entities operating in the furniture market, it cannot be performed in a way that would endanger objects of historical or artistic significance.

The advertisement may not be misleading and cannot influence purchasing decisions through false statements.

FORTE's advertisements must not violate the public's trust in properly implemented environmental protection measures and exploit the lack of knowledge of its recipients with regard to environmental protection.

In the reporting period, no cases of non-compliance of the Group's marketing activities with applicable laws and FORTE Group's internal Code of Advertising Ethics were recorded.

Respect for human rights

The FABRYKI MEBLI “FORTE” S.A. Capital Group observes the obligations resulting from the Universal Declaration of Human Rights, i.e., among others, the right to health protection, education, adequate and satisfactory remuneration ensuring existence that respects human dignity, social assistance, work, freedom of thought, conscience and religion.

FORTE makes every effort to respect human rights by identifying, preventing or taking appropriate action by both the organisation and the parties with whom the organisation interacts. To this end, it continuously verifies the compliance of its security agreements and arrangements with human rights and international law enforcement norms and standards.

The Group's Personnel Policy includes a declaration of respect for and observance of all human rights and the prohibition of discrimination, child labour and forced labour.

The Diversity Policy includes a declaration of respect and tolerance towards every individual. FORTE wants to create workplaces where everyone, regardless of age, gender, race and nationality, ethnic origin, political beliefs, health status or sexual orientation, will feel valued and appreciated and will be able to develop fully and derive satisfaction from work.

Respect for human rights is part of the FORTE Group's ethical conduct and the relevant provisions regulating this are contained in the Group's Code of Ethics.

FORTE Group companies make sure that the contracts they conclude with their contractual partners include a clause concerning respect for and observance of human rights. In the General Terms and Conditions of Supply, a document that applies to business relationships with contractual partners, FORTE declares that it does not knowingly enter into business cooperation with suppliers that use forced labour, do not employ persons

below the legal minimum age and do not apply any discriminatory practices towards employed persons. FORTE suppliers declare that they do not use forced labour and do not employ persons below the legal minimum age and do not apply any discriminatory practices towards employed persons, taking into account in particular the respect of the provisions of the European Convention of Human Rights. If FORTE becomes aware of any discrimination, in particular on the basis of gender, race, ethnic origin, religious or political beliefs or any other personal characteristic, the Supplier of FORTE is obliged to take decisive steps to eliminate it.

By signing the General Terms and Conditions of Supply, a FORTE Group supplier undertakes to provide its employees with safe and hygienic working conditions, to pay their wages in a timely manner for the work performed, committing that its employees will have the right to unionise.

In the reporting period, no human rights violations were reported or confirmed in the Group, nor did the FORTE Group receive any information on human rights violations at subcontractors.



Counteracting corruption

FORTE as a socially responsible company, acting transparently and ethically, has introduced a zero tolerance policy for any abuse.

The Company has procedures and guidelines in place to regulate business relationships both internally and with collaborating entities.

Anti-fraud procedure

An Anti-Fraud Procedure has been implemented in the FORTE Group.

Fraud is understood as an intentional act or an unwillingness to act that constitutes a breach of generally applicable laws or a breach of the Company's values or FORTE's regulations, including the Code of Ethics, as a result of which a person committing it gains an unauthorised benefit or which results in the

following damage suffered by the Company. The benefits or damages may be financial, tangible and intangible.

The following, in particular, are considered to be fraudulent behaviour: all forms of corrupt behaviour (promising, offering, giving, accepting, demanding material benefits, whether financial or in kind, fraud or forgery, extortion, theft, misappropriation (including misappropriation of intellectual property), improper/unlawful use of confidential data, conspiracy, embezzlement, collusion or data manipulation.

The effective and efficient prevention of fraud depends on the attitude of the Company's management, whose primary duty is to be intolerant of any form of abuse.

The responsibilities of the management team include, in particular:

- identifying potential risks and irregularities,
- effective prevention, detection and counter-action against all forms of abuse,
- continuous raising of staff awareness in identifying and preventing abuse,
- notifying the employer of any instances of abuse,
- providing a training system,
- effective implementation of rules to counter irregularities in their subordinate areas and overseeing compliance with internal regulations on fraud prevention.

All employees and associates of the Company are obliged to act in accordance with the law and all internal regulations applicable to the Company.

The Company systematically reviews categories of fraud risk, including the risk of corrupt behaviour. Management systematically reviews the compliance system and identifies potential fraud risks.

The purpose of **The Anti-corruption Guide** developed at the Group is to effectively prevent corruption risks in the Group. In particular, the Guide defines:

- definition the meaning of corruption and benefits
- principles for preventing and dealing with corruption;
- sanctions related to violations of anti-corruption rules.

The Guide is used in all FORTE organisational units and applies to all Employees and Associates.

In order to prevent corruption in the FORTE Group, the following principles have been established:

- the management in the Group has an obligation to identify the risk of corrupt behaviour in the areas supervised;

- managers pay particular attention to and respond to any situation that may give rise to corrupt behaviour;
- managers educate their subordinates and communicate to them their disapproval of certain actions and indicate the appropriate course of action;
- every employee is obliged to react and report corrupt behaviour;
- every employee or contractor, when entering into cooperation with FORTE, is obliged to familiarise themselves with the anti-corruption rules in force in the Company, to observe them and to report any potential risks of corruption within the FORTE Group;
- every employee is obliged to take part in regular anti-corruption refresher training anti-corruption refresher training.

During the financial year covering the period from 1 April 2023 to 31 March 2024, we did not record any case of corruption or attempted corruption.



Conflict of interest procedure

The Conflict of Interest Procedure in place aims to define the FORTE Group's rules for preventing the occurrence of conflicts of interest in relation to the Group's activities, to indicate the rules of responsibility for their violation and to raise awareness among employees and co-workers that irregularities and abuses (especially those of a corrupt nature) may result from or be directly related to conflicts of interest or potential conflicts of interest.

According to the Procedure, a conflict of interest is a situation in which an employee may have, directly or indirectly, a personal interest (family relations and contacts of a private nature) of financial or economic nature that jeopardises or may jeopardise the person's impartiality or independence in performing his or her official duties, making decisions or carrying out other tasks assigned to the person by the Company.

In accordance with the principles described in the Procedure, the management and the key employees they designate are responsible for the avoidance of conflicts of interest. This obligation also extends to avoiding situations that give rise to a suspicion of a conflict of interest or appear to be a conflict of interest. A conflict of interest is understood broadly - it may consist, in particular, in the existence of ties of a personal nature, including family ties, but also business, financial and/or ownership ties with other business participants, including other employees, contractors or competitors of the Group, provided that such ties constitute or may constitute a direct motive for taking certain decisions or disbursing financial resources of the FORTE Group.

Both management and designated key employees are required to declare periodically that they have no conflicts of interest or potential conflicts of interest in relation to their activities for the Group.

The Group has a conflict of interest register managed by the Compliance Officer. This register serves to document all reports of the presence or suspicion of conflicts of interest on the part of management and key employees and the action taken as a result. Each report of a conflict of interest or potential conflict of interest involving these individuals is entered in the register.



Relationship with external stakeholders

Decision to purchase goods and services

When making a decision to purchase goods or services, we do not favour any source. Out of the submitted offers we choose the one that is the most favourable for FORTE in terms of price, quality, possibilities and trust towards a given contractor. Our evaluation is based on FORTE's interests and not on the interests of any particular individual.

Verification of contractual partners

Before starting cooperation with a given contractual partner, we carry out its verification in order to exclude the risk of FORTE's unintended involvement in irregularities and avoid the related liability. We perform, among others, the following activities:

- we verify the need for cooperation;
- we assess the reliability of the contractual partner based on FORTE's verification methods;
- we obtain assurance that the contractual partner will comply with internal Group rules and/or we include appropriate clauses in our contracts that oblige contractual partners to comply with anti-corruption and legal compliance standards and that provide us with the right to audit the contractual partner during the course of the cooperation;
- we assess the credibility of the persons representing these entities.

Whistleblowing procedure

The purpose of the procedure is to define the rules of whistleblowing (reporting irregularities) by employees of the FABRYKI MEBLI "FORTE" S.A. Capital Group.

Any employee who becomes aware of the occurrence or suspicion of irregularities in connection with the performance of his/her professional duties or a contract with FABRYKAMI MEBLI "FORTE" S.A. should report it (whistleblowing).

A whistle-blower is entitled to protection.

Reports of irregularities are dealt with by the Ethics Ombudsmen and, in the case of more complex cases, are referred to the Clarification Committee.

It is possible to make reports with the whistle-blower's details and to make a written report anonymously. The provision of personal data remains the decision of the whistle-blower.

The primary way to report irregularities is through one of the following channels:

- to the immediate superior, in person, according to the hierarchy path,
- to ethics ombudsmen in person,
- to the ethics ombudsmen by email to one of the special email addresses: rzecznik.etyki@forte.com.pl, rzecznik.bialystok@forte.com.pl, rzecznik.hajnowka@forte.com.pl, rzecznik.ostrow@forte.com.pl, rzecznik.ukr@forte.com.pl, rzecznik.tanne@forte.com.pl,
- to the ethics ombudsmen by mail to the Company's address: FABRYKI MEBLI "FORTE" S.A. ul. Biała 1, 07-300 Ostrów Mazowiecka with a note on the envelope 'Ethics Ombudsman',
- using the form located on the website: <https://company.forte.com.pl/zglos-naruszenie/> under the link „Report infringement”.

Additional channels for reporting irregularities are also established for use in exceptional situations:

- where there is a risk of lack of impartiality or where the notification concerns the ombudsman or where there is a risk of lack of impartiality of a member of the Investigation Commission or where the notification concerns a member of the Investigation Commission: to the Member of the Management Board by means of the form <https://forms.office.com/r/bQ5wTYKMgI> or by post to the Company's address: FABRYKI MEBLI "FORTE" S.A., ul. Biała 1, 07-300 Ostrów Mazowiecka with a note on the envelope 'Application - to Maria Florczuk, President of the Management Board',
- where there is a risk of lack of impartiality on the part of a member of the Management Board or the notification concerns a member of the Management Board: to the Chairman of the Supervisory Board by means of the form <https://forms.office.com/r/VuXMM0ZszI> or by post at the Company's address: FABRYKI MEBLI "FORTE" S.A., ul. Biała nr 1, 07-300 Ostrów Mazowiecka with the note on the envelope 'Application - to the Chairman of the Supervisory Board'.

The company ensures that whistleblowing channels in place:

- are independent of the communication methods used in the course of regular activities of FABRYKI MEBLI "FORTE" S.A.,

- ensure the confidentiality, integrity and availability of the information contained in the notifications, including their protection against unauthorised reading/retrieval,
- create the possibility of storing the notifications in such a way that appropriate explanatory and follow-up action can be taken by the competent persons.

Every employee who, in good faith, reports irregularities in accordance with the Whistleblowing Procedure is sure to enjoy:

- protection of identity** (i.e. keeping the whistleblower's name and position confidential) and, in the case of anonymous notification, anonymity at every stage of the review and investigation process,
- protection against reprisals** in connection with a notification,
- ongoing information** about the progress and completion of the whistleblowing process or its individual stages, unless the notification has been made anonymously.

In 2023, no cases of abuse were identified in the organisation.

Supplier Code

In 2022 FORTE Group implemented the Supplier Code of the FABRYKI MEBLI "FORTE" S.A Capital Group constituting Appendix to the Resolution No. 13/2022 of the Management Board of FABRYKI MEBLI "FORTE" S.A. dated 23 May 2022.

Fair rules in relations with contractual partners

The Code establishes the Group's required standard of conduct regarding contractual partners. Each contractual partner undertakes that it will comply with the Code. Where a contractual partner has its own code of conduct or other internal compliance regulations, the contractual partner undertakes to comply with a standard at least equal to that resulting from the Code.

Compliance with the law, industry standards and ethical principles

The contracting party undertakes that in its relations with FORTE it shall act in accordance with the applicable law,

the rules adopted in the given industry and respect ethical principles.

A contractual partner also undertakes to comply with the laws of third countries applicable to it. If the laws of third countries impose a different standard of conduct than the one expressed in the Code, the contractual partner undertakes to inform FORTE about it before signing the Code.

Care for the quality of products and services

The contractual partner undertakes that the products and services it provides shall comply with the provisions of the contract concluded with FORTE, the terms and conditions of the order and the documented arrangements. The contractual partner agrees that the services it provides and the products it delivers shall comply with the legally required quality standards, including those required by FORTE.

The contractual partner certifies that it holds all legally required permits and authorisations required concerning the materials or services it supplies to FORTE to provide those. The contractual partner further undertakes that all of its employees shall have the required qualifications to perform the tasks related to the provision of products and services to FORTE. The contractual partner undertakes that it shall require its subcontractors to comply with the same standards of conduct.

Reliable cooperation

Contractual partner undertakes to comply with the terms and conditions of the contract concluded with FORTE or the terms and conditions of the order placed and the agreed co-operation rules. The contractual partner undertakes to behave in a manner compliant with the principles of fair competition. In its relations with FORTE, the contractual partner further undertakes to communicate in a factual and transparent manner and to provide only confirmed information in a manner compliant with the principles of business honesty.

In its relationship with FORTE, the contractual partner will act honestly and transparently. Relationships between FORTE and the counterparty will be based on mutual respect and trust.

Respect for human rights

Contractual partner undertakes to comply with international human rights legislation. In particular, the contractual partner agrees not to employ or engage in child labour, and to avoid modern forms of slavery. The contractual partner also undertakes to avoid all forms of discrimination and unequal treatment of its employees and co-workers. The contractual partner undertakes to respect diversity and promote social integrity.

Prevention of corruption

The contractual partner undertakes to refrain from any corrupt practices, including the giving of benefits in exchange for a favourable outcome of a completion, a contract, the purchase of services or other unethical actions. The contractual partner declares that it does not cooperate with any entity of which it has information that may have been involved in corrupt activities. The contractual partner shall familiarise its employees responsible for cooperation with the anti-corruption rules that arise from the regulations applicable to the contractual partner and FORTE in the scope of cooperation. If the contractual partner learns that

corruptive activities took place, it shall take appropriate corrective actions. If the identified corruption activities could in any way concern the area of cooperation of the contractual partner with FORTE, the contractual partner undertakes to immediately notify FORTE thereof.

The Counterparty also undertakes to act in good faith in its cooperation with FORTE and to report any cases of conflict of interest and other irregularities that could negatively affect the cooperation with FORTE, in accordance with the rules adopted by the organisation.

Respect for employees' rights

The contractual partner undertakes to comply with labour laws and principles of good conduct in its relations with employees and co-workers, to provide the employees with appropriate working conditions, including fair remuneration. The contractual partner confirms that the health and safety of the employees and staff is the first priority, and undertakes to provide a working environment that complies with accepted health and safety principles and to take for the employees appropriate measures to prevent occupational illnesses and accidents.

Protection of business secrets, confidential information and personal data

The contractual partner undertakes to keep confidential the information obtained during and in connection with its co-operation with FORTE and to protect any confidential data and information that come into its possession. The contractual partner ensures that such information shall be stored in a manner ensuring its security and in compliance with the applicable law for a period not longer than required by the law. The contractual partner takes the necessary measures to maintain the security of the confidential information and data. The contractual partner undertakes to protect in a special way information which constitutes a business secret, confidential information and personal data and to ensure the security of any media containing such data.

Care for the environment

The contractual partner agrees to comply with all applicable laws, international, regional and national standards, industry guidelines and internal environmental rules. The contractual partner also undertakes to strive to avoid the use or emission of any substance, the use of which (although not forbidden by the regulations) is considered in that sector or by environmental authorities to be a threat for the environment or human life in any country or region.

If such a substance is used for any reason is to and has to be used, the counterparty undertakes to make every effort to minimise its negative impact on the environment. The contractual partner undertakes that, as far as possible, it will care for the environment and create space for innovation that will help to reduce negative impact on the environmental and climate. The contractual partner undertakes to acts proactively to minimise energy use, reduce consumption of natural resources and contribute to recycling of waste in the course of all business activities in order to use natural resources efficiently, prevent global warming and climate change.

Responsibility for supervision of employees and subcontractors

The contractual partner undertakes to ensure due supervision measures and to exercise due diligence in the selection and supervision of its employees, associates and contractors with whom the contractual partner collaborates in the scope of activities related to its cooperation with FORTE. Moreover, the contractual partner undertakes to enforce among its employees, collaborators and contractors familiarity with applicable regulations and observance of standards resulting from the Code within the scope of activities related to its cooperation with FORTE. In case the contractual partner has its own code of conduct or other internal regulations in the area of compliance, the contractual partner obliges those entities to comply with rules of at least equal standard to the one resulting from the FORTE Supplier Code.



Ethics management

Code of ethics

In 2019, the FORTE Group implemented a Code of Ethics. Training sessions for management and employees are held at all Company Branches and subsidiaries. In connection with the implementation of the document, the role of ethics ombudsmen has been established. The ombudsmen are persons who are trusted by employees, performing this function not against remuneration, outside of their daily duties.

An Investigation Commission has also been set up and is made up of people with the appropriate knowledge and life experience to assess specific incidents and make rulings on violations of the Anti-discrimination and Anti-Mobbing Procedure and whistleblowing.

The Code of Ethics is a tool that gives every employee of the FORTE Group the opportunity to influence the company's reality.

FORTE values

The Code of Ethics defines the values of our organisation. We treat it as a declaration towards all people and companies associated with FORTE, indicating what is paramount and important for the Group and what we keep in mind while building relationships with our employees and the external environment. The main objective of the Code of Ethics is to recommend values, attitudes and rules of behaviour while performing our daily work. We want the Code to provide a guideline for our actions in dealing with colleagues, customers, suppliers, competitors, the social surroundings and the environment.



The purpose of the Code is to help us make the right choices by indicating the key ethical benchmarks and standards in our organisational and professional activities.

Our values:

Firstly, RESPONSIBILITY for employees, customers, business partners and local communities. We listen to the needs of each of these groups and determine courses of action based on these needs. Secondly, good and honest COOPERATION, in which we value the diversity of opinions and ideas because it enables us to create the best solutions. Another value is GROWTH, understood as both the number of products sold or the size of investment, as well as a friendly workplace and opportunities for personal and professional development. And finally, EMPATHY, which enables us to pause attentively, to open up to others and appreciate what may seem not visible at first sight.



Anti-discrimination and anti-mobbing procedure

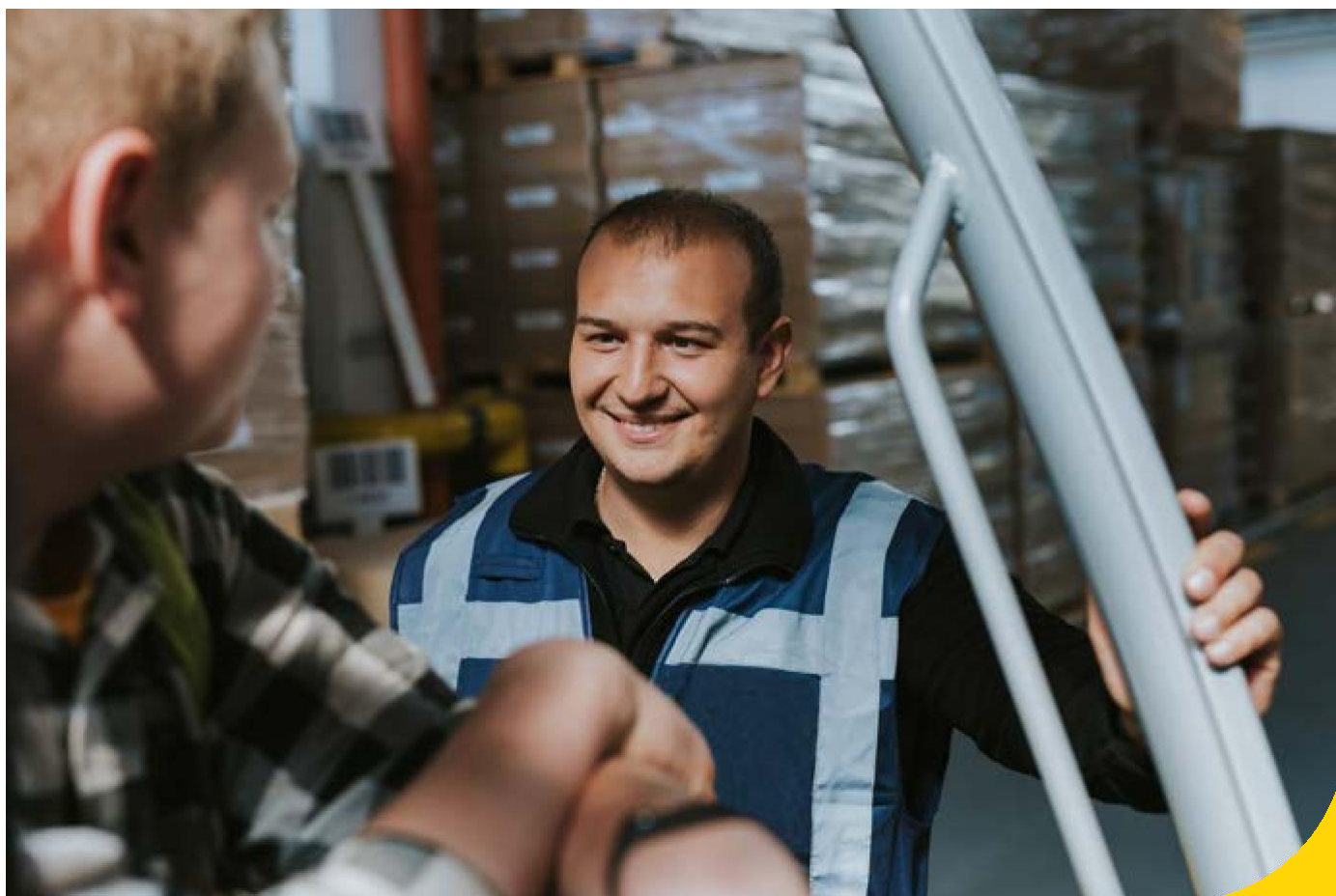
The purpose of the Anti-Mobbing and Anti-Discrimination Procedure implemented at the Company is to support activities that foster positive interpersonal relations between employees in the Group and to strengthen its organisational culture, in which every employee feels respected and valued and the working environment is free from any manifestation of discrimination or mobbing.

The procedure aims to prevent incidents of unequal treatment in the workplace, to take intervention measures and to remedy the effects of identified cases of mobbing or discrimination.

Mobbing is defined as actions or behaviours concerning an employee or directed against an employee, consisting of persistent and prolonged harassment or intimidation of an employee, causing the employee to perceive him- or herself as less professionally capable, causing or intended to humiliate or ridicule of an employee, isolating or eliminating him or her from the team of co-workers.

Discrimination is understood to mean a situation in which an employee, on the basis of sex, race, ethnic origin, nationality, religion, belief, world-view, disability, age, sexual orientation, union membership, is treated less favourably than another employee would be treated in a comparable situation. It can also mean the granting to certain employees fewer rights on the above grounds than those enjoyed by other employees in the same factual and legal situation.

Any employee of the Company who suspects mobbing or discrimination is obliged to report it to his/her immediate superior, the Ethics Ombudsman or a senior manager. Any employee who believes that he or she has experienced any form of mobbing or discrimination is entitled to report it to the employer. The person making the report is guaranteed anonymity. Reports are dealt with by an Investigation Committee.





NATURAL ENVIRONMENT



Environmental policy

The FABRYKI MEBLI "FORTE" S.A. Capital Group is continuously improving its activities in the area of responsible business, and the **Environmental Policy** together with the **Climate Policy** constitute one of the pillars of management defining the FORTE Group's development directions. Believing that every home deserves safety, beauty and comfort, we want to create better homes, bearing in mind above all that the Earth is home to us all. That is why, as one of Europe's largest furniture manufacturers, FORTE takes responsibility for caring for the environment and the consequences of using its resources for the benefit of the present and future generations, considering it an important social obligation to ensure environmental protection both in its own operations and among its contractual partners.

By implementing the **Climate Policy**, we want to express our participation in the struggle against climate and environmental change and our support for sustainable development for the sake of present and future generations, and show how the FORTE Group can contribute to climate neutrality throughout the entire product life cycle by investing in technological solutions or adapting the offer and organisational activities in key business areas of its activity.

In defining the environmental criteria and targets within the business model, in 2022 we adopted Sustainable Development Strategy, which invariably constitutes one of the determinants for the planned development. The strategy defines the main directions of activities in the area of ESG and sustainable development of all companies of the FORTE Capital Group. It has been defined for the years 2022 - 2030 with an outlook until 2050, and the progress in its implementation will be systematically evaluated and reported. The commitments are contained in the above-mentioned documents of the FABRYKI MEBLI "FORTE" S.A. Capital Group, published at:

<https://company.forte.com.pl/relacje-inwestorskie/dokumenty-polityki-spolki/>

In accordance with the adopted strategic documents

referred to above, all FORTE Group entities, as well as all employees and cooperating entities are obliged to act in a professional and environmentally responsible manner. In doing so, they are all obliged to unequivocally and bindingly comply with the sustainability values that define the FORTE Group.



**"For our planet
- our commitments"**

The objectives of the Environmental Policy set in 2016 for a five-year period were revisited in 2022 and adapted to both internal and external circumstances, as well as to the Sustainable Development Goals 2030 set by the UN and adopted by all 193 UN member states, including Poland.

Our focus is on producing high-quality furniture that is safe for both users and the planet. We take care of the product at every stage of its creation, from the selection of raw materials and components, inspection of materials, through design and production in accordance with the requirements of European safety standards, daily quality monitoring, to delivery to the customer.

The update of the significant environmental aspects provided a guideline for the set objectives and planned measures within the framework of sustainable development, among which the following should be mentioned in particular:

- responsible production, which aims, among other things, to improve processes and reduce consumption of materials, fuels, energy and water in order to conserve non-renewable natural resources,
- reducing pollutant emissions during production, storage and transport of products with a particular focus on reducing greenhouse gas emissions,

- building a closed waste management circuit to create an intelligent, inclusive and sustainable growth, through recycling and efficient use of resources,
- responsible management of hazardous waste,
- control of the legality of the origin of wood and wood materials as support for the maintenance of biodiversity (sustainable harvesting of raw materials and wood)
- extended producer responsibility for packaged products placed on the market
- the supply chain, in particular the transport of products to the customer.

Working with responsible partners in the planning, purchasing, logistics system and order fulfilment processes in the supply chain is an important aspect of both the Environmental Policy, the Climate Policy and the Sustainable Development Strategy adopted in July 2022, and relates to strategic suppliers for sustainability initiatives in the supply chain.

The measures set out to achieve the objectives of the Environmental Policy, Climate Policy and Sustainable Development Strategy involve implementing solutions that protect the environment throughout the entire product life cycle, from planning, to design, purchasing, production, packaging, storage and distribution to the user.

One of the basic measures with regard to the supply chain is the optimisation of transports and the selection of environmentally responsible suppliers of materials and services. Optimisation of loading and shipments is carried out in a way that reduces transport routes and thus the environmental burden of transport emissions.

Verification of external entities, both suppliers and those carrying out work on behalf of the FORTE Group, is of great importance from the point of view of environmental protection. The selection of suppliers of materials and raw materials takes into account both the principles of sustainable development (e.g. in terms of limiting emissions, not using harmful substances, sourcing materials from recycled sources or sustainable forestry) and the requirements of the consumers regarding quality, safety and design.

Production processes are also planned to maximise the efficient use of carefully selected materials that are assessed for, among other things, their environmental impact. In the case of paper, cardboard or wood packaging materials, the aim is to use only materials from sustainably managed forests that protect biodiversity and do not contribute to deforestation. This prevents the use of wood and wood products from natural or threatened forests, illegally logged forests, forest plantations resulting from the conversion of natural forests, and habitats of endangered species.

The production process is carried out strictly in accordance with guidelines for optimising material consumption and using techniques and solutions that reduce energy and fuel consumption. Packaging of finished products is optimised in terms of weight and volume.

Effective materials management involves:

- optimisation of packaging processes,
- application of guidelines for adhesive processes and optimisation of adhesive consumption,
- reducing chipboard consumption by planning cuts in a way that minimises waste,
- implementing efficiency improvement projects for selected material groups,
- reuse of residual material - chipboard and cardboard - in the processes.

This allows us to manage materials rationally, thereby reducing not only costs, but above all the amount of waste generated. This has fundamental environmental consequences, in terms of reducing the negative impact on the environment by limiting the amount of raw materials necessary for the production of the materials used and reducing the amount of waste sent to landfill.

In addition, FORTE educates and makes suppliers, customers, contractors, consumers, employees and co-workers aware of the importance of taking care of the environment. The aforementioned activities form the basis of an integrated quality and environmental management system throughout the product life cycle, in accordance with ISO 9001: 2016 and 14 001:2015.

Biodiversity

The production activities of the FABRYKI MEBLI "FORTE" S.A. Capital Group mainly include the production of furniture made of wood-based panels and, since 2018, also the production of chipboard. The furniture production activity is carried out at the Plant in Ostrów Mazowiecka, FORTE Branches in Suwałki and Hajnówka. Chipboard production is carried out by TANNE Sp. z o.o. at the Suwałki Chipboard Factory.

The main distribution centres (FORTE warehouses) are located at furniture factories: the DYSTRI - FORTE Sp. z o.o. high-bay warehouse in Ostrów Mazowiecka, in Suwałki and Hajnówka, and additionally in Sokołów, Pruszków municipality.

Production activities are therefore concentrated in the Podlaskie Voivodeship, with the harsh climate of north-eastern Poland, and to a lesser extent in the Mazowieckie Voivodeship, where, as in most of the Central Polish Lowlands, a transitional climate between oceanic and continental prevails. These conditions shape the environment at FORTE's sites and condition the ability of the factories to operate.

The location of the FORTE Group's production plants has been planned and selected in such a way as not to interfere with valuable natural resources. This applies to both plants and animals, as well as landscapes. Each of the factories operates on the outskirts of cities, near areas with investments, where the impact of human activity is visible, and vegetation is mainly shaped as

as a result of maintenance and greenery planting. Therefore, studies (environmental analysis) of the impact on the natural environment are carried out at the stage of project planning (during EIA procedures) and in cases of obtaining environmental protection permits and decisions. Comprehensive environmental impact analyses of existing plants were not conducted in 2023. The focus was on carrying out studies and measurements required by the decisions and permits held. Their results make it possible to conclude that the impacts do not exceed the standards and the established permissible thresholds, and in certain cases are well below them.

In the vicinity of the plants there are mainly production, storage and service areas and areas of road and rail transport infrastructure. Natural elements on the plant sites and in their immediate surroundings include mainly Scots pine, black alder, bearded and downy birch, hornbeam, lime, ash, aspen, black poplar, common maple, field elm, various willow species and ornamental vegetation: thuyas, boxwoods, etc.

The closest areas of natural value in the vicinity of the furniture factories are:

- in Suwałki - buffer zone of the Wigry National Park, located to the north at a distance of approx. 0.89 km from the Suwałki Branch and approx. 3.3 km from the chipboard production plant TANNE in Suwałki. The Wigry National Park is approximately 4.5 km away



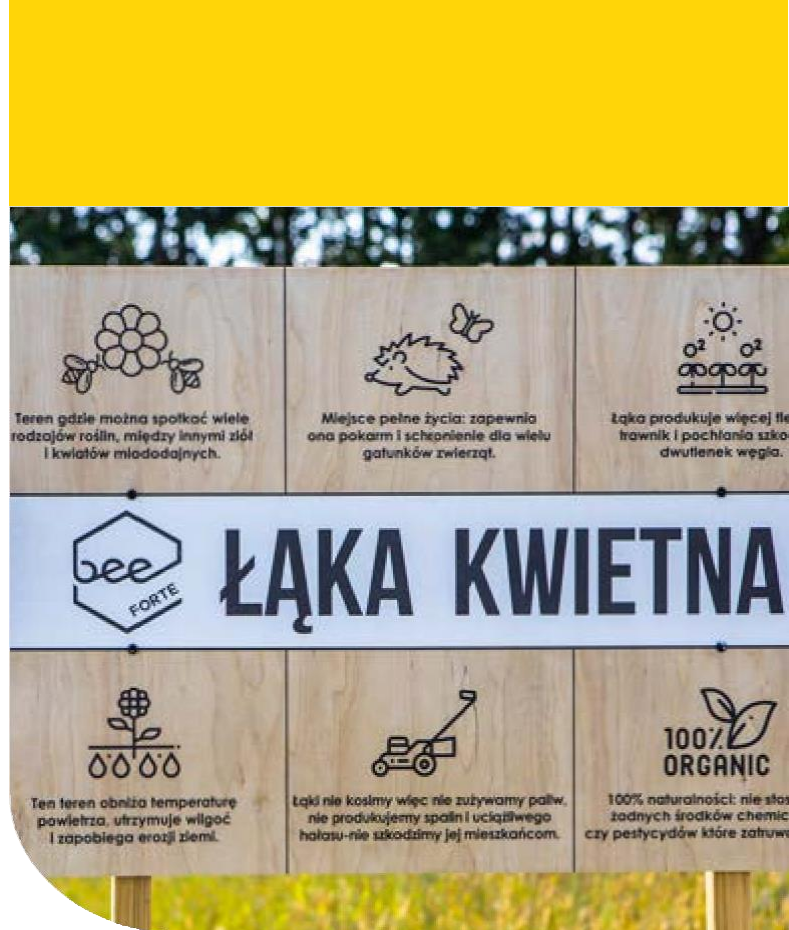
The nearest protected area to the TANNE plant is at a distance of approx. 1.18 km and is the Protected Landscape Area - Augustów Primeval Forest and Lakes included in the Natura 2000 network as a Special Protection Area "Augustów Primeval Forest" with code PLB 200002 and Special Protection Area "Ostoja Augustowska" with code PLH200005

- in Ostrów Mazowiecka - NATURA 2000 area, i.e. Special Protection Area "Puszcza Biała" with code PLB140007 located in to the north-east of the site at a distance of approximately 2.3 km and in to the south-west at a distance of approximately 2.9 km from the boundaries of the FORTE premises in Ostrów Mazowiecka
- in Hajnówka - the Special Bird Protection Area Natura 2000 SPA "Białowieża Primeval Forest", which is also recognised as a Special Protection Area of the Habitats Directive SAC (code PLC200004) constituting a large-scale element of the natural system of European importance of ecological, bioclimatic, scientific and didactic, tourist and recreational and economic value - is located at a distance of approx. 800 m to the east of the Hajnówka Branch. These are forests forming part of the "Białowieża Primeval Forest" protected landscape area. The area of the Białowieża National Park, a World Heritage Site, is located approximately 9.0 km to the east.

None of the factories are located in the vicinity of monuments included in the 'World Heritage List' or in the valley of a watercourse or other small-scale natural system constituting a sequence of natural links of local importance, with ecological, landscape and economic functions.

The activities of none of the factories interfere with existing ecological corridors or species included in the Red List of the International Union for the Conservation of Nature and its Resources and in national lists of protected species with habitats.

Also, the location of the chipboard factory built in 2018 was chosen so as not to interfere with naturally valuable natural areas. The chipboard factory is located in the Suwałki Special Economic Zone about 6.5 km south of the Suwałki town centre.



Within the range of influence of the project there are no areas subject to protection under the Nature Conservation Act of 16 April 2004. The closest protected areas are the Protected Landscape Area – ‘Augustów Primeval Forest and Lakes’), located approximately 1.18 km from the plant, which is also protected under the NATURA 2000 programme.

On-going activities also include measures to promote biodiversity. One such initiative is the BEE FORTE project, created and run by the company's employees, which promotes the protection of bees and biodiversity and offers assistance in setting up home apiaries. Team members include beekeepers with their own apiaries, who share their knowledge and experience of beekeeping. The team has also organised expert webinars for employees interested in beekeeping and initiates competitions to promote biodiversity for employees and their families. As part of the project, flower meadows with a total area of 33 000m² are sown every year. Only melliferous plants are sown to support insects. So far, apiaries have been established in two locations: Suwałki and Ostrów Mazowiecka.

Environmental impact

The FORTE Group's plants do not have a significant impact on the natural environment and natural ecosystems. Production is mainly based on materials and products manufactured in a way that causes the lowest possible burden on the environment with an indication of their potential impact on it.

Furniture production does not directly require significant consumption of natural resources.

Until 2018, the only natural resource taken directly from the environment at the location of the business was water from the company's own intake in Suwałki.

Currently, natural raw materials are mainly used in the production of chipboard. Wood represents the largest material group for production, coming directly from natural resources. The other significant natural resource used in the process is water, which is taken from our own intakes.

Although the use of these natural resources has already been based on strictly verified and monitored conditions that allowed this use of the environment without damaging existing resources (e.g. the use of wood is strictly controlled in accordance with the Group's principles of materials management taking into account FSC/PEFC and EUTR standards), these two significant environmental aspects are the focus of further measures to reduce our environmental impact.

In view of the above, the FORTE Group's circular economy solutions aimed at reusing wood waste in processes are invariably improved. **As part of the closed-circuit building, 98% of the Group's generated wood waste was returned to recovery and recycling processes in 2023.** The remaining volume of wood waste has also been recycled by external customers.

The furniture manufacturing factories do not produce process wastewater, the uncontrolled discharge of which into the environment could disrupt ecosystems. Rainwater is discharged through sealed rainwater drainage systems managed by local municipalities. The factories take care to preserve natural retention and, where possible, rainwater is discharged into the ground after appropriate treatment.

The water and wastewater management solutions operating at the chipboard factory were planned and implemented after analysing all possible environmental impacts and obtaining the required decisions and approvals from environmental protection authorities. The innovative technological solutions implemented were used to ensure safety for people and the environment.

Chipboard manufacturing technology:

- allows a quiet and stable production process
- minimises emissions into the air through the use of a series of filters, cyclofilters and, above all, 2 state-of-the-art WESP electrostatic precipitators,
- uses a closed process water circuit,
- includes material and thermal recovery processes,
- excludes odour nuisance, thus meeting the most stringent legal standards and allowing us to be a good neighbour without losing the residents' sense of security.

Another sign of a responsible approach to nature is the frequent adoption of solutions that go beyond legal requirements. **Examples include, for instance, the technology used in the new factory or waste management, where waste is segregated to a much greater extent than required by the waste catalogue.** Waste listed in the waste catalogue as one type of waste is additionally segregated to enable as much of the waste generated to be recovered and recycled as possible.

The raw board production concept, which was developed to meet the needs of furniture production, is also one of the main activities aimed at sustainable development in the FORTE Group. We produce 'made-to-measure' chipboard, i.e. specifically tailored to our furniture designs, which makes it possible to significantly reduce the amount of wood waste produced, and the waste that could not be avoided is returned to the board production process.

In addition, in 2023 we completed a number of further significant projects related broadly to the environment, which allowed:

- **to maintain an integrated ISO 9 000 and ISO 14 000 management system for both the furniture and board production processes**, which integrates quality and environmental criteria into the business model, thereby FORTE supports sustainable development and protects the environment in which it operates.
- to ensure that **the vast majority of the products manufactured are FSC-certified or PEFC-certified**, which promotes responsible forest management. This ranges from purchasing controlled wood from certified or qualified suppliers, to the responsible use of raw materials in production processes, to manufacturing furniture from certified components.
- **to maintain the Sustainability Criteria Certificate (KZR - certified in 2023 at SURE)**, which confirms that fuels throughout the supply chain meet the sustainability criteria defined by the system and that their combustion under certain conditions meets the European Commission's requirements for reducing greenhouse gases. The KZR certification is an internationally recognised certification system for biomass fuels from which thermal energy is derived. The KZR SURE system is one of the most widely recognised certifications.

Maintaining the KZR SURE Certificate provides entrepreneurs involved in the production chain of, among other things, biofuels with confirmation of compliance with the sustainable development criteria as required by the European Commission for the reduction of greenhouse gas emissions.

Development (NDC) as required by the European Commission for the reduction of greenhouse gas emissions

In addition, invariably from 2019 onwards, we comply with the German formaldehyde emission standards set out in the regulation issued by the Federal Ministry for the Environment, Nature Conservation and Safety of 20 January 2017 (BGBl. I p. 94; 2018 I p. 1389) on the prohibition of certain chemicals (ChemVerbotsV) and the requirements contained in IOS MAT-0181 (AA-2183046-1) of 29 May 2019.

In 2023, no significant accidents or other serious incidents were recorded at FORTE Group Companies. The additional precautions implemented, as well as detailed preventive procedures and fire-fighting instructions, set out the responsibilities and procedures to be followed in the event of accidents with potential environmental effects, so that it is possible to prevent possible consequences.

The companies of the FORTE Group invariably improve their processes so that their impact on the environment is possibly low, particularly in terms of affecting climate change. We started the full-scale (scope 1, scope 2 and scope 3) carbon footprint study in 2021 and covered the years 2019/2020 and then 2021/2022 - in order to assess the effectiveness of the measures taken to reduce greenhouse gas emissions. We are now continuing with the 2023 study, adapting the methodology of the study to future formal requirements. Nevertheless, given the external conditions (i.e. factory shutdowns, sales volumes, unstable market environment, legal changes, etc.), the completed study is currently being thoroughly revised and improved. We will report on the results of the survey in future years.



Environmental indicators

Consumption of basic raw materials and consumables

The consumption of raw materials is closely related to the volume of production that is carried out at the three plants of FABRYKI MEBLI "FORTE" S.A. and the TANNE Sp. z o.o. plant. The basic materials for the production of the board are wood and, since 2020, wood waste. The chipboard produced, both raw and refined, is the main material for furniture production.

Among the material groups whose consumption represents a significant environmental aspect in the Group, the following were identified:

a) production materials

- in the production of chipboard, such as wood, biomass, adhesives, hardener and resins - mainly used in the production and refinement processes of the chipboard,
- in furniture production, such as chipboard and adhesives - mainly used in furniture production processes,

b) packaging materials:

- such as cardboard, foil or polystyrene - used in furniture manufacturing processes

By implementing solutions to recover and recycle wood waste and using cardboard made from recycled materials, the Company is making a significant contribution to reducing the consumption of natural resources and limiting its indirect impact on the environment.

Due diligence procedure

When purchasing wood-based materials from outside the EU, the Group applies the principles set out in the European Parliament's Regulation No 995/2010 of 20 October 2010 on due diligence in the purchase of wood and wood-containing products (EUTR), which aims to prevent trade in illegally harvested wood and wood products. A set of procedures and measures, referred to as the 'due diligence system', is applied.

Thus, knowing that as of 1 January 2025, the provisions of REGULATION (EU) 2023/1115 of the European Parliament and of the Council of 31 May 2023 on the making available on the Union market and the export from the Union of certain commodities and products associated with

deforestation and forest degradation and repealing Regulation (EU) No 995/2010 will start to apply, the FORTE Group has begun the process of implementing these new obligations.

Production facilities in the FORTE Group achieve product quality levels higher than those required by the standards. The plants produce and consume lightweight chipboard with low formaldehyde emissions. The CARB certification obtained at TANNE Sp. z o.o. in 2018 and maintained in 2023 for manufactured wood materials for compliance of formaldehyde emissions with the California Air Resources Board (CARB) requirements was, among other things, a benchmark for the chipboard, also in 2023. This is an expression of our responsibility and a response to increasing market demands.

The board produced at TANNE was the first on the Polish market to comply with the new German regulation issued by the Federal Ministry for the Environment, Nature Conservation and Safety of 20 January 2017 (BGBl. I p. 94; 2018 I p. 1389) on the prohibition of certain chemicals (ChemVerbotsV). The standards were maintained throughout 2023.

The cardboard in which FORTE products are packaged is 100% recycled.



Energy consumption

Improving energy efficiency is a very important environmental aspect for FORTE with a global reach due to the scale and type of environmental impact of electricity generators across the country. Traditionally produced energy used by FORTE takes from the environment mineral resources, water and clean air, giving in return waste, exhaust fumes, dust, sewage and greenhouse gases that alter the climate.

In order to reduce the above-mentioned impacts and the carbon footprint of FORTE Group plants, we aim to reduce energy consumption and losses through, among other things:

- investments realised in 2023 – construction of photovoltaic installations to cover around 10% of the CG's electricity demand
- investments to optimise electricity consumption
- considering energy efficiency of machinery as a priority when making investment purchases, using energy-efficient machinery and equipment,

limiting idle time on machinery and equipment - employee self-monitoring,

- optimising and shortening the routes of vehicles on internal transport,
- thermo-modernisation of facilities,
- saving energy by eliminating unnecessary operation of electrically powered machinery and equipment,
- purchasing low-energy certified equipment and appliances,
- reducing electricity consumption by installing energy-saving devices and systems.

In 2023, approximately 142 MWh of renewable electricity was used in the FORTE Group companies. Moreover, investments were made, i.e. the replacement of lighting systems, which enabled electricity savings of 219,369 toe/year at the Białystok Branch (in 2022, partial replacement of the lighting system enabled electricity savings of 122,218 toe). Thus, further energy efficiency investments are being made and their effects will appear in 2024 and beyond.

Table 12. Heat consumption in FABRYKI MEBLI "FORTE" S.A. and the FABRYKI MEBLI 'FORTE' S.A. Capital Group in the financial year, i.e. in the period from 1.04.2022 to 31.03.2023 and from 1.04.2023 to 31.03.2024, according to the main sources of energy consumption.

| | unit | FABRYKI MEBLI "FORTE" S.A. | | Capital Group FABRYKI MEBLI "FORTE" S.A. | |
|-------------------------------------|-------------|----------------------------|-------------------|--|-------------------|
| | | 2,3,4Q2022/1Q23 | 2,3,4Q2023/1Q2024 | 2,3,4Q2022/1Q23 | 2,3,4Q2023/1Q2024 |
| Heat from in-company boiler plants | [GJ] | 23 736 | 13 845 | 961 227 | 828 398 |
| Heat purchased from external entity | [GJ] | 56 034 | 38 205 | 68 326 | 53 760 |
| Total | [GJ] | 79 770 | 52 050 | 1 029 553 | 882 157 |

Table 13. Electricity consumption in FABRYKI MEBLI "FORTE" S.A. and the FABRYKI MEBLI "FORTE" S.A. Capital Group in the financial year, in the period from 1.04.2022 to 31.03.2023 and from 1.04.2023 to 31.03.2024 by main source of acquisition

| | unit | FABRYKI MEBLI "FORTE" S.A. | | Capital Group FABRYKI MEBLI "FORTE" S.A. | |
|-------------|-------|----------------------------|-------------------|--|-------------------|
| | | 2,3,4Q2022/1Q23 | 2,3,4Q2023/1Q2024 | 2,3,4Q2022/1Q23 | 2,3,4Q2023/1Q2024 |
| Electricity | [MWh] | 27 941 | 22 626 | 69 151 | 57 932 |

Water consumption

As a natural resource, good quality (drinkable) resources of which are limited, groundwater is an important aspect of the FORTE Group's Environmental Policy, even though water is not a raw material used in furniture manufacturing processes.

Water to the furniture factories is mainly supplied from local water mains and used for social and domestic purposes, firefighting and watering of green areas. Only at one location, where water is drawn from the company's own intake, negligible amounts of water are also used for production purposes (preparation of glue mix).

Water in the FORTE Group is consumed mainly in auxiliary processes of the production of chipboard, so taking care of its rational use is the subject of activities aimed at rational water management.

The quality of water is monitored and does not require sophisticated treatment processes.

FORTE also monitors and implements solutions that minimise the impact of rainwater on the soil and water environment, thus fulfilling all the obligations contained in the applicable permits and legal regulations. The determinant for these activities is water and sewage management carried out in such a way that it does not reduce soil retention at the site of operations.

Table 14. Water consumption of FABRYKI MEBLI "FORTE" S.A. and the FABRYKI MEBLI "FORTE" S.A. Capital Group during the financial year, in the period from 1.04.2022 to 31.03.2023 and from 1.04.2023 to 31.03.2024 by main source of acquisition

| | unit | FABRYKI MEBLI "FORTE" S.A. | | Capital Group | |
|--|-------------------|----------------------------|-------------------|---|---|
| | | 2,3,4Q2022/1Q23 | 2,3,4Q2023/1Q2024 | FABRYKI MEBLI "FORTE" S.A. 2,3,4Q2022/1Q23 | FABRYKI MEBLI "FORTE" S.A. 2,3,4Q2023/1Q2024 |
| Water from municipal network – purchased from an external entity | [m ³] | 11 103 | 7 391 | 18 928 | 16 107 |
| Water from own deep well | [m ³] | 27 896 | 11 822 | 70 893 | 52 247 |
| Total | [m ³] | 38 999 | 19 212 | 89 821 | 68 354 |

Emissions to the atmosphere

Heat demand, fuel consumption in own vehicles and process emissions, as well as transport, both of materials for production and of products to the customer, are the main sources of air emissions, both in manufacturing processes and throughout the supply chain, i.e. throughout the product life cycle.

The main sources of organized emissions are process and fuel combustion installations that provide heat.

Due to the specific nature of the operations in 2023, the sources of organised emissions to air were:

- a) a) Fuel combustion installations of FABRYKI MEBLI "FORTE" S.A. in Ostrów Mazowiecka Plant
- b) Wood waste co-incineration installation TANNE Sp. z o.o. in Suwałki

- c) Technological installations of FABRYKI MEBLI "FORTE" S.A. in Ostrów Mazowiecka, Plant in Ostrów Mazowiecka and Branches in Suwałki and Hajnówka
 - d) Technological installations for chipboard production and refining of TANNE Sp. z o.o. in Suwałki.
- greenhouse gas emissions: CO, CO2 and VOCs from biomass and wood waste co-firing installations,
 - emissions of gases and substances other than greenhouse gases SOx, NOx and Total Combustion Plant Dust,
 - dust emissions from technological processes.

The analysis of air emissions impacts indicates that in 2022 and 2023 the following could be of significance:

Table 15. Emission of greenhouse gases into the atmosphere in FABRYKI MEBLI "FORTE" S.A. and the FABRYKI MEBLI "FORTE" S.A. Capital Group in the calendar year* by main source of acquisition

| | unit | FABRYKI MEBLI "FORTE" S.A. | | Capital Group FABRYKI MEBLI "FORTE" S.A. | |
|-----------------------------------|------|----------------------------|-------|---|-----------|
| | | 2022 | 2023 | 2022 | 2023 |
| Carbon dioxide (CO ₂) | [Mg] | 4 666 | 3 395 | 121 678,75 | 93 875,61 |

Table 16. Emissions from combustion processes at installations in FABRYKI MEBLI "FORTE" S.A. and the FABRYKI MEBLI "FORTE" S.A. Capital Group in the calendar year* by main sources of generation.

| | unit | FABRYKI MEBLI "FORTE" S.A. | | Capital Group FABRYK MEBLI "FORTE" S.A. | |
|---|------|----------------------------|-------|---|--------|
| | | 2022 | 2023 | 2022 | 2023 |
| Total dust | [Mg] | 1,69 | 1,31 | 11,04 | 4,90 |
| Nitrogen oxides (NO _x /NO ₂) | [Mg] | 6,37 | 5,41 | 84,57 | 12,45 |
| Sulphur oxides (SO _x /SO ₂) | [Mg] | 6,82 | 11,84 | 30,64 | 39,94 |
| VOCs | [Mg] | 0,00 | 0,00 | 300,80 | 247,84 |

* Air emissions are calculated on an annual (calendar year) basis, therefore the Report also presents emissions on an annual basis.

Table 17. Emission of main substances (total dust) from technological processes in FABRYKI MEBLI "FORTE" S.A. and the FABRYKI MEBLI "FORTE" S.A. Capital Group in the calendar year* by main sources of generation

| | unit | FABRYKI MEBLI "FORTE" S.A. | | Capital Group FABRYKI MEBLI "FORTE" S.A. | |
|----------------|------|----------------------------|-------|--|-------|
| | | 2022 | 2023 | 2022 | 2023 |
| Dust (general) | [Mg] | 9,31 | 16,17 | 14,43 | 20,46 |
| VOCs | [Mg] | 7,88 | 7,39 | 30,33 | 24,74 |

* Air emissions are calculated on an annual (calendar year) basis, therefore the Report also presents emissions on an annual basis.

Waste management

The companies of the FORTE Group have internal regulations that set out the principles of waste management, which are updated on an ongoing basis in accordance with legal and organisational changes and activities carried out as part of long-term strategies. Their main objective is to comply with the ever-changing legislation and, above all, to minimise the amount of waste produced.

The FORTE Group has adopted an ambitious waste management policy that goes far beyond the requirements stipulated by law. Dealing with the waste produced in a way that creates the least possible environmental nuisance is already too low an expectation in light of the progressing environmental changes. The process of building a closed loop for wood waste, which is the basic waste from production processes, was monitored and improved on an ongoing basis during the year. The concept of circular economy aims to rationally use resources and reduce the negative environmental impact of manufactured products. The model aims to minimise the consumption of primary (natural) raw materials and the generation of waste, thereby reducing emissions and energy use levels, by creating a closed loop of processes in which the waste generated is treated as raw material in subsequent production steps.

The following types of waste are generated at the sites:

- waste generated and stored selectively are mainly: wood waste (divided into fractions and type of waste material), recycled paper, plastics (including polystyrene, high density plastics, low-density plastics), scrap metal, glass, hazardous waste, e.g. electrical waste, sludge, oil and sorbents.

- mixed waste: post-production and municipal waste.

Factories segregate waste under one waste code, taking into account the division into material fractions under one code. The aim is to obtain as much clean waste as possible in the form of secondary raw material that can be recycled.

The solutions applied to reduce the volume of waste transferred (e.g. the volume of polystyrene foam is reduced approximately 40 times) also make it possible to limit the environmental impact by significantly reducing the volume of their transport and thus the amount of greenhouse gases from the combustion of fuels during transport.

The proper segregation of waste allowed us not only to reduce the volume of transports, but also to prepare waste for recycling, thus saving a considerable amount of natural resources. The waste paper collected was sent to paper mills where it was processed into new paper packaging. Recycling of paper and cardboard also means a large reduction in energy consumption in production, which is generally estimated to be a 65% saving on virgin fibre production, as well as a 35% reduction in water pollution and around 74% reduction in air pollution.

By recycling our plastic waste (films, polystyrene), it is possible to save approximately 570,000 tonnes of crude oil, which is the primary raw material for their production.

Under current market conditions with numerous legal restrictions on waste management, recycling of plastics and cardboard is not justified only economically, but above all by ecology and environmental awareness. By segregating scrap metal and recycling it in metal smelters, we have achieved energy savings equivalent to combusting approximately 4.1 million litres of petrol. This due to the fact that the efficiency of metal recycling is based on a significant reduction in energy consumption and in the amount of greenhouse gases released into the atmosphere compared to the production process using raw ore.

Taking into account the analysis of waste management relevance carried out as part of the construction of the Sustainable Development Strategy, it was found that the most important directions for improving this aspect are:

- Recycling of 100% of the cardboard waste produced by the FORTE Group

- Recycling of 100% of the plastic waste produced by the FORTE Group
- Reducing unsegregated waste by 30% by 2030.
- Reducing generation of hazardous waste by 20% by 2030, mainly through the use of non-hazardous substitutes
- Elimination of landfilling of generated waste

The goals cited above are not the only areas of focus for the FORTE Group in terms of waste management. The highest priority is the development of a circular economy in the area of the largest stream of processed waste, i.e. wood waste. Thanks to the applied solutions and state-of-the-art technologies, wood waste is a substitute for fuels and wood necessary for the basic production processes of the FORTE Group. Ultimately, it is assumed that 100% of the generated wood waste will be subjected to recovery processes within the company's own operations. In 2023, the Group's operations recycled 98% of the generated wood waste. The remaining 2% was recycled at our contractual partners.

Table 18. Waste emissions in FABRYKI MEBLI "FORTE" S.A. and the FABRYKI MEBLI "FORTE" S.A. Capital Group in the financial year i.e. in the period from 1.04.2022 to 31.03.2023 and from 1.04.2023 to 31.03.2024 by main source of acquisition

| | unit | FABRYKI MEBLI "FORTE" S.A. | | Capital Group FABRYKI MEBLI "FORTE" S.A. | |
|-----------------------------|------|----------------------------|-------------------|---|-------------------|
| | | 2,3,4Q2022/1Q23 | 2,3,4Q2023/1Q2024 | 2,3,4Q2022/1Q23 | 2,3,4Q2023/1Q2024 |
| Non-hazardous waste | [Mg] | 25 509 | 23 466 | 34 634 | 32 612 |
| Wood | [Mg] | 22 256 | 20 913 | 29 181 | 26 893 |
| Waste paper | [Mg] | 1 261 | 1 074 | 1 302 | 1 121 |
| Styrofoam | [Mg] | 44 | 35 | 45 | 35 |
| Packaging film | [Mg] | 108 | 71 | 119 | 83 |
| Scrap metal | [Mg] | 346 | 529 | 382 | 612 |
| Glass | [Mg] | 35 | 52 | 35 | 54 |
| Mixed post-production waste | [Mg] | 207 | 164 | 279 | 225 |
| Mixed municipal waste | [Mg] | 182 | 119 | 269 | 208 |
| Other waste | [Mg] | 1 069 | 509 | 3 022 | 3 381 |
| Hazardous waste | [Mg] | 23,0 | 3,8 | 157,9 | 125,8 |
| Electro-waste | [Mg] | 0,0 | 0,0 | 0,0 | 0,0 |
| Oils | [Mg] | 0,0 | 0,1 | 2,0 | 5,1 |
| Sorbents | [Mg] | 1,7 | 1,3 | 2,4 | 2,3 |
| Other waste | [Mg] | 21,2 | 2,3 | 153,5 | 118,4 |

Waste management in the FORTE Group also involves optimising the use of materials in all production and storage processes in order to minimise the amount of waste produced. Waste that cannot be avoided is first segregated 'at source', prepared for transport and then handed over to entities that have the relevant permits in order to undergo recovery processes and ultimately neutralisation.

For the purposes of proper performance of waste management tasks in the FORTE Group, waste management functions in a centralised form, and the task of the central unit supervising waste management is to ensure that waste is handed over to authorised recipients and that it is first sent for recovery or recycling and only in exceptional situations sent for disposal. The quantities of waste handed over to recipients, broken down by management method, are shown in the table.

Table 19. Total mass of waste in FABRYKI MEBLI "FORTE" S.A. and the FABRYKI MEBLI "FORTE" S.A. Capital Group in the financial year, i.e. in the period from 1.04.2022 to 31.03.2023 and from 1.04.2023 to 31.03.2024 by method of management.

| | unit | FABRYKI MEBLI "FORTE" S.A. | | Capital Group FABRYKI MEBLI "FORTE" S.A. | |
|--------------------------------|------|----------------------------|-------------------|--|-------------------|
| | | 2,3,4Q2022/1Q23 | 2,3,4Q2023/1Q2024 | 2,3,4Q2022/1Q23 | 2,3,4Q2023/1Q2024 |
| Waste transferred for recovery | [Mg] | 25 320 | 23 350 | 34 137 | 32 288 |
| Waste transferred for disposal | [Mg] | 190 | 120 | 465 | 450 |

Table 20. Waste subjected to recovery and recycling processes in the TANNE Ltd. installation during the financial year, i.e. i.e. in the period from 1.04.2022 to 31.03.2023 and from 1.04.2023 to 31.03.2024.

| | one. | FABRYKI MEBLI "FORTE" S.A. | | Capital Group FABRYKI MEBLI "FORTE" S.A. | |
|-------------------------|------|----------------------------|-------------------|--|-------------------|
| | | 2,3,4Q2022/1Q23 | 2,3,4Q2023/1Q2024 | 2,3,4Q2022/1Q23 | 2,3,4Q2023/1Q2024 |
| Wood packaging 15 01 03 | [Mg] | 0 | 0 | 313 | 736 |
| Wood waste 03 01 05 | [Mg] | 17 601 | 24 882 | 6 523 | 10 421 |

Our customers are verified on an on-going basis to ensure that they hold the current, necessary permits to conduct waste management activities; failure to meet the legal requirements of a waste recipient eliminates the entrepreneur from cooperation with the FORTE Group.

We are constantly striving to apply new waste management solutions and the fact that a consistently high quality of the services provided is maintained allows us to claim that together we care for our environment.

Effluent emissions

In 2023/2024, the production facilities in the FORTE Group produced:

- from furniture factories: domestic wastewater - disposed of in local, sealed sewage systems,
- from the chipboard production facility: domestic wastewater and industrial effluent disposed of in local, sealed sewage systems.

Due to the current legal nomenclature, currently all wastewater generated in production plants (domestic and process) is referred to as industrial wastewater (originating from an industrial plant).

Waste water from each installation in the FORTE Group is collected in sealed systems and directed to municipal sewage systems or facilities, and then subjected to treatment processes at local sewage treatment plants. The operation of these solutions is regulated by appropriate agreements with the network operators and permits for the discharge of industrial wastewater. The amount of wastewater discharged varies and is strictly dependent on the volume of production and the number of employees, and is proportionate to the volume of water abstracted.

The optimisation solutions implemented allow for a successive reduction in the volume of wastewater generated.

Table 21. Sewage emissions in FABRYKI MEBLI "FORTE" S.A. and the FABRYKI MEBLI "FORTE" S.A. Capital Group in the financial year i.e. in the period from 1.04.2022 to 31.03.2023 and from 1.04.2023 to 31.03.2024 discharged to an external entity

| | unit | FABRYKI MEBLI "FORTE" S.A. | | Capital Group FABRYKI MEBLI "FORTE" S.A. | |
|-----------------------|------|----------------------------|-------------------|--|-------------------|
| | | 2,3,4Q2022/1Q23 | 2,3,4Q2023/1Q2024 | 2,3,4Q2022/1Q23 | 2,3,4Q2023/1Q2024 |
| Domestic wastewater | [m3] | 32 030 | 24 647 | 40 734 | 31 338 |
| Process wastewater | [m3] | 0 | 0 | 4 865 | 861 |
| Industrial wastewater | [m3] | 32 030 | 24 647 | 45 599 | 32 199 |

In order to ensure that the quality of the discharged wastewater does not have a negative impact on the environment, regular inspections and maintenance of wastewater facilities and networks are carried out and any irregularities found are immediately rectified by specialised services.

In 2023, there were no significant accidents or other major incidents resulting in significant water, ground or air pollution, which would have resulted in real environmental damage.



Summary

The FORTE Group is a strong, stable and responsible business organisation that bases its operations on four universal values: responsibility, sustainability, cooperation and sensitivity. While growing the company and making profits, we remain responsible towards the environment as well as local communities and our employees.

The year 2023 was a challenge for us – implementation of the PEFC system, maintenance of the FSC® system, maintenance of our recycler status, certification of sustainability criteria, decreasing availability of FSC-certified wood raw materials, unstable market conditions and an increasingly high sustainability targets showed us that, as a team, we are able to mobilise our strengths to meet our targets in the face of so many obstacles and a changing environment. In the past year, we have developed our activities towards sustainability by consistently improving circularity in wood waste management. We perfected the process without forgetting our greatest values: people and the environment.

Our activities were recognised during a surveillance audit carried out in May 2023, which confirmed compliance of the integrated management system with ISO 9000, ISO 14000 standards and during the certification of the KZR SURE system.

As wood is the primary raw material for furniture production, the procurement of wood raw materials and wood-based materials is a particularly important aspect of our business. This is why it was so important for us to obtain confirmation once again in 2023 during the FSC® system surveillance audit (FSC-C118178) that our

participation in the voluntary FSC chain of custody in its full scope, i.e. furniture and chipboard production - certificate number NC-COC-013500 valid until 2028 - licence number FSC-C118178. FSC - is implemented correctly and in accordance with all requirements. With the FSC® certification, we want to help our customers make ethical and responsible decisions (e.g. in a furniture shop) that can minimise harmful effects on the environment.

Due to the situation on the market for wood materials, we have implemented and certified the PEFC system as parallel to the FSC® in order to be able to confirm to our customers that our products are manufactured from sustainably sourced materials.

Bearing in mind the information presented in this Report:

- a. environmental aspects,
- b. measures implemented to effectively realise the adopted objectives and minimise environmental impact,
- c. inclusion of environmental protection in planning, overseeing or influencing how products and services are designed, made, distributed, consumed and disposed of by applying a life cycle perspective,
- d. d. implemented carbon footprint testing for our products in the product use cycle

it can be said with certainty that the FABRYKI MEBLI "FORTE" S.A. Capital Group integrates environmental protection issues into the FORTE Group's development policy, making every effort to ensure that its business activities are carried out with respect for the natural environment in a responsible and sustainable manner.





EU TAXONOMY



The taxonomy is a systematisation by which the Company shows what proportion of its business, analysed through the prism of turnover, capital expenditure (CapEx) and operating expenditure (OpEx), is environmentally sustainable. The taxonomy continued to be maintained throughout the 2023/24 financial year.

According to the EU Taxonomy, an environmentally sustainable activity is one that simultaneously:

- makes a significant contribution to one or more environmental objectives,
- does not do serious harm to any environmental objective,
- is carried out in accordance with minimum guarantees
- meets the technical eligibility criteria of Annex I or II of Commission Delegated Regulation (EU) 2021/2138, as extended by Commission Delegated Regulation (EU) 2022/1214.

The taxonomy is structured around 6 environmental objectives:

- Mitigating climate change
- Adaptation to climate change
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems.

The technical eligibility criteria define in detail what it means to make a significant contribution to specific objectives and not to do serious damage.

These are set out in Annexes I and II of Commission Delegated Regulation (EU) 2021/21392 as amended by Commission Delegated Regulation (EU) 2022/1214 and Commission Delegated Regulation (EU) 2023/2485.

The examination of the compliance of the FABRYKI MEBLI “FORTE” S.A. Capital Group's operations with the EU Taxonomy showed that:

- Sustainable operations in 2023/2024 accounted for: 0.0% of turnover, 73.7% of capital expenditure and 0.0% of operating expenditure,

- Eligible operations, incompatible with the taxonomy (environmentally unsustainable) in 2023/2024 accounted for: 0.7% of turnover, 11.3% of capital expenditure and 11.4% of operating expenditure,
- Non-eligible operations in 2023/2024 accounted for: 99.3% of turnover, 15.0% of capital expenditure and 88.7% of operating expenditure.

THE TEST PROCESS FOR TAXONOMY COMPLIANCE

The process of examining compliance with the taxonomy was carried out with the participation of the Controlling Office, the Finance Office, the Control and Internal Audit Office and the Investment Office.

The process was carried out in the following four stages:

STAGE 1 - IDENTIFICATION:

Guided by the activity descriptions in the annexes to Commission Delegated Regulation (EU) 2021/2139, as amended, the FABRYKI MEBLI “FORTE” S.A. Capital Group carried out a verification of its activities - in terms of revenue, capital expenditure (CapEx) and operating expenditure (OpEx) in the period 1.04.2023 - 31.03.2024 and identified those activities that qualify for the EU Taxonomy.

STAGE 2 - ALLOCATION:

The corresponding revenues, capital expenditure and operating expenditure were then assigned to each activity identified as EU Taxonomy eligible.

STAGE 3 - VERIFICATION:

Verification of compliance with the EU Taxonomy was carried out through 2 types of testing:

- Examination of compliance with technical screening criteria

Compliance with the technical screening criteria (TSC) set out in the annexes to Commission Regulation (EU) 2021/2139 was examined for the selected financially significant (a financial significance threshold of PLN 100,000 was assumed) activities. For activities that were below that threshold, compliance was not examined, and the associated turnover, CapEx or OpEx was considered eligible but not in line with the taxonomy.

For activities above the threshold the individual criteria of significant contribution and no serious harm were analysed to determine whether the type of activity complies with the TSC.

- **Examination of compliance with the minimum safeguards according to Article 18 of Regulation 2020/852:** 'The minimum safeguards referred to in point (c) of Article 3 shall be procedures implemented by an undertaking that is carrying out an economic activity to ensure the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.'

Compliance with the minimum safeguards was verified based on the following four criteria:

Criterion 1: Inadequate or non-existent human rights, anti-corruption, combatting unfair competition and tax strategy due diligence mechanisms.

The due diligence processes were verified by analysing a comprehensive questionnaire - based on the methodology proposed by the Platform on Sustainable Finance (World Benchmark Alliance Core UNGP Indicators). The analysis was conducted in the form of a self-assessment. In addition, corporate documents and processes were analysed.

The verification concluded that there were no final judgements against the FORTE Group in the areas of human rights, corruption, fair competition and taxation.

Criterion 2: The company is ultimately held liable or found to have violated labour or human rights law in certain types of labour or human rights litigation.

The verification consisted of reviewing, in cooperation with representatives of the Legal and Compliance Department, whether there were any final convictions against the Company in the area of human rights, corruption unfair competition and

taxation. As a result of this verification, no information on such final judgments was found.

Criterion 3 Lack of cooperation with the OECD National Focal Point (OECD NCP)

The OECD NCP notification database was verified, which showed no notifications in relation to the FORTE Group for the period 01.01.2023 to 31.03.2024.

Criterion 4 The Business and Human Rights Resource Centre (BHRRRC) has taken up an allegation against the company and the company has not responded within 3 months.

The database of notifications of the Business and Human Rights Resources Centre (BHRRRC) was verified, which showed a lack of notifications in relation to the FABRYKI MEBLI 'FORTE' S.A. Capital Group in the period from 01.04.2023 to 31.03.2024.

As a result of the analysis, it was determined that the operations of the FABRYKI MEBLI 'FORTE' S.A. Capital Group in the period 01.04.2023 - 31.03.2024 were carried out in accordance with the minimum safeguards.

STEP 4 - CALCULATION:

Using the information from the previous 3 stages, tables were compiled for turnover, capital expenditure and operating expenditure as required by Commission Delegated Regulation (EU) 2021/2139.

Accounting principles applied

The following rules were applied to calculate the percentage of turnover, capital expenditure (CapEx) and operating expenditure (OpEx) eligible for and compliant with the taxonomy:

Turnover

With regard to turnover, the basis was the total consolidated revenue of the FABRYKI MEBLI 'FORTE' S.A. Capital Group in the period 01.04.2023. - 31.03.2024, disclosed in the consolidated financial statements under Revenue from sales of products, goods, materials and services. Revenues from activities that qualify for and at the same time comply with the taxonomy were assigned to the numerator.

Capital expenditure (CapEx)

With regard to capital expenditures (CapEx), the basis was the value of the increase in property, plant and equipment accounted for in the FORTE Group. The entire CapEx is included in the consolidated financial statements under non-current assets and described in note 19.

The numerator was the part of CapEx that relates to activities that qualify for and at the same time comply with the taxonomy.

Operating expenditure (OpEx)

As far as operational expenses (OpEx) are concerned, the basis consisted of all costs for the day-to-day operation of the company's assets and keeping them in good shape. These included such costs as: costs related to repairs and overhauls of machinery, equipment, installations and buildings, costs of fire protection. The part of OpEx that relates to activities that qualify for and at the same time comply with the systematic was assigned to the numerator. The allocation of revenue, CapEx and OpEx by taxonomy was possible thanks to the Group's controlling tools, which facilitate a multi-faceted analysis of financial performance.

Other information

The data used for the calculations came from the financial and accounting system of FABRYKI MEBLI "FORTE" S.A. and from the financial and accounting systems of individual subsidiaries that are part of the Capital Group.

The Group avoided double counting when attributing turnover and capital expenditure by making relevant

consolidation exclusions in accordance with the accounting regulations in force.

During the analysis, activities contributing to more than one environmental objective were identified. These were not double counted.

The Group discloses in this report for the second time the share of activities that comply with the taxonomy and for the third time the share of activities that qualify for the taxonomy. The disclosure in this report relates to the most recent financial year, i.e. the period **01.04.2023 to 31.03.2024**.

Turnover

The Group derives most of its revenue from the manufacture and sale of furniture and the manufacture and sale of raw and foiled wood-based board. These activities are not included in the taxonomy within the scope of Annexes I and II to the Climate Delegated Act (Commission Delegated Regulation (EU) 2021/2139).

The main revenue items qualifying for the taxonomy in 2023/2024 were revenues from the rental of production and warehouse space in buildings owned by the FORTE Group. The share of this turnover in total revenues amounted to 0.7%.

Due to the failure to meet the Technical Eligibility Criteria, these activities are not environmentally sustainable. The remaining 99.3% of turnover was attributable to activities that do not qualify for the taxonomy, i.e. those for which the regulator has not established Technical Eligibility Criteria in the annexes to the delegated act.



Capital expenditure (CapEx)

By far the largest and most significant proportion of the investments shown relate to projects aimed at improving the energy efficiency of buildings and machinery and equipment, which will make it possible to reduce energy consumption in future years, thus indirectly contributing to a reduction in greenhouse gas emissions.

Investments included, among others:

- Construction of a 1.5 MW photovoltaic power plant at the Ostrów Mazowiecka site
- Construction of a 2.0 MW photovoltaic power plant at the Suwałki site
- Construction of a 1.5 MW photovoltaic power plant at the Hajnówka site
- Construction of a 6.0 MW photovoltaic power plant at the Tanne plant in Suwałki
- Comprehensive refurbishment of the lighting installation, including the replacement of light sources with energy-efficient light sources with the “Dali” intelligent control system
- Modernisation of the dedusting installations at the Białystok and Ostrów Mazowiecka plants.
- Thermomodernisation of the production halls at the Białystok and Hajnówka sites
- Purchase of 3 machines for furniture production using Threespine technology ID® - EasyKlix for FORTE plant in Ostrów Mazowiecka
- Purchase of “RILESA” drawer production machines for the FORTE plant in Suwałki
- Engineering and design documentation for the recycling investment in TANNE.

The largest investment project implemented in the 2023/24 financial year was the construction of 4 ground-mounted photovoltaic installations at the FORTE Ostrów Mazowiecka, Hajnówka, Suwałki plants and the TANNE chipboard factory with a total capacity of 11 MWp and total capital expenditure of approximately PLN 36,000 thousand. The investment at FORTE sites has been completed and put into operation, while at the TANNE site the final completion is planned for the first quarter of the 2024/25 financial year (i.e. the second quarter of the calendar year).

The share of investment outlays related to environmentally sustainable activities (in line with the taxonomy) in total investment outlays was 73.74%, and the share of investment outlays related activities

eligible for the taxonomy, but not compatible with it 11.25%. In total, the share of investment outlays related to activities eligible for taxonomy was 84.99%. The remaining 15.01% of investment outlays were attributable to activities not eligible for taxonomy, i.e. those for which the regulator had not established Technical Eligibility Criteria in the annexes to the delegated act.

Operating expenditure (OpEx)

Operating expenditure (OpEx) was primarily related to building refurbishment, maintenance and repair activities and included other direct expenditure related to the day-to-day operation of property, plant and equipment necessary to ensure the continued and efficient operation of these assets.

Operational expenditure (OpEx) eligible for the taxonomy concerned activities such as: repairs and renovations to buildings, utility control, activities in the area of fire, maintenance of sewage collection and treatment systems, day-to-day operation of the heat distribution network, day-to-day operation of the high, medium and low voltage distribution system.

None of the aforementioned activities were confirmed to meet all of the technical screening criteria and therefore all of the operating expenditure related to these activities was considered eligible but not in line with the taxonomy.

The share of eligible operational expenditure in total operational expenditure was 11.4%.

