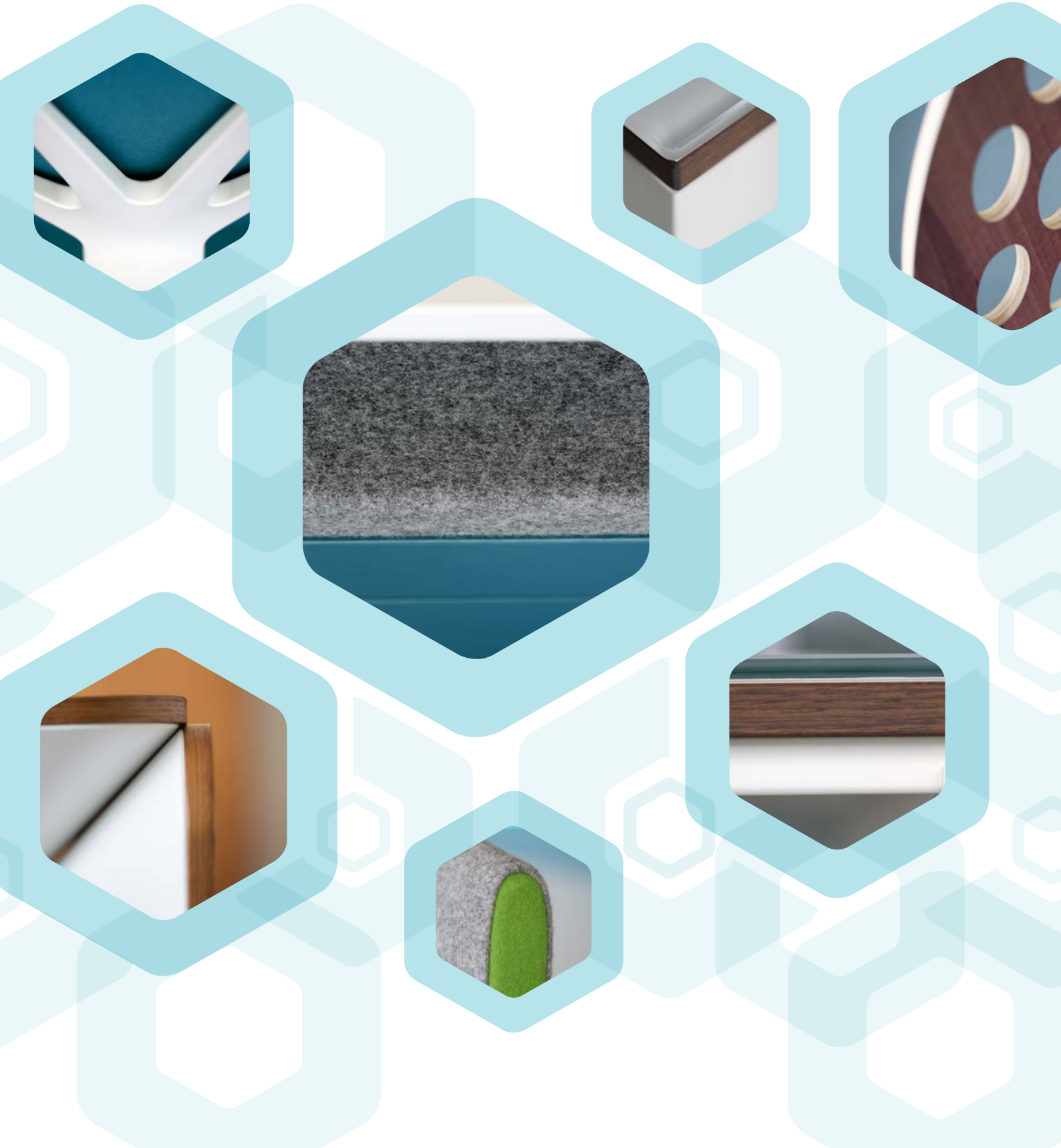
NOWY STYL GROUP®

CSR Code

2014–2015



CSR Code

Nowy Styl Group sustainable development report

2014–2015

CSR? Find out what it means to us on page 32.

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How to read our report?

An activity through which we fulfil the aims and promises we made in the previous report covering the calendar years 2012–2013.

Specific tasks that we promise to complete within the next two years. These are our steps to achieve long-term goals.

Examples of interesting and important to the company activities through which we realise sustainable development goals.

Dear readers,

customers, business partners, associates and friends,

G4-1 G4-2 G4-14

We are handing you a new sustainable development report. In the report we try to clearly show the progress our organisation has made in the area of sustainable development in the last two years.

Every day we act according to a defined mission that always concentrates on people. It is those people for whom we realise our projects in order to make their workplaces healthier and more comfortable. At the same time, we create a strong and ethical organisation for which development also means the development of its employees and the communities in which it operates. We know that our activity has a huge impact on the natural environment; that's why we constantly work on reducing our influence and undertake different actions that aim to neutralise it with future generations in mind.

Over recent years, the Group has undergone some intense changes that aimed to meet modern trends and market requirements. In the market, there are already three generations of employees – X, Y and Z – who have different needs and work styles. Our goal is to look for solutions that will not only attract new talent to an office, but will also allow employers to take care of the generation X employees who have worked in the office for many years. Nowadays the expectations of individual users, who are willing to pay for health and sitting comfort, are growing. For two years we have been supporting these market changes by organising an educational and promotional campaign, "Change your chair," holding training courses for office managers and offering surveys that aid in designing motivational and effective workplaces. Our new factory enables us to efficiently manufacture personalised products that meet previously defined customers' needs best.

On the pages of this report, we show in detail how we have taken into consideration the rules of sustainable development when implementing internal changes. These rules, which are based on international documents – such as the charter of the UN Global Compact to which we have been a signatory since 2011, and the "UN Guiding Principles on Business and Human Rights" – are integral parts of our business strategy and we are sure they determine our competitiveness and security in the long run.

We also present a detailed summary of the promises we made in the previous report. We are happy and proud to show that the majority of them have been successfully completed. For the other promises, we reveal a continuation plan, which we are even much more motivated to undertake. The new "Nowy Styl Group Supplier Code of Conduct" has turned out to be just the beginning of a long-lasting process through which we are going to implement ethical standards for our whole value chain in the coming years. We are also planning to develop numerous eco-friendly initiatives in the areas of transport and production, and complement them with environmental data management systems.

The Sustainable Development Strategy, in which we will define our long-term and short-term goals in the areas we consider most important: Product, People and the Environment, will be our guide to the process of realising these plans. We are going to start working on it in 2017.

We truly believe that systemic management will not only allow us to undertake CSR activities more effectively, but it will also help popularise them in the whole furniture industry.

We warmly invite you to read the report carefully.

With kind regards,
Management Board of Nowy Styl Group
Adam Krzanowski
Jerzy Krzanowski
Rafał Chwast
Dariusz Frydrych
Roman Przybylski

Nowy Styl Group
2014–2015

Nowy Styl Group 2014–2015

2014

- Purchasing shares of TCC The Chair Company in Turkey
- Winning the EY Entrepreneur of the Year award
- Achieving 3rd place in the European ranking of office furniture producers
- Opening the new factory in Jasło
- Initiating the ergonomic campaign: "Does it hurt? Change your chair"
- Creating the Training Centre
- Starting the Employee Suggestion Program
- The Year of Music – providing patronage of the European Centre for Music

2015

- Creating the Workplace Research and Consulting Department and compiling the first discipline-specific report: "Flow at work"
- Parting with the subsidiary Baltic Wood
- Finishing the process of implementing the new system ERP
- Introducing the Play&Work furniture system into the market
- Realising stadium projects in Nice and Lyon
- Joining Sitag AG to Nowy Styl Group
- Compiling the "Supplier Code of Conduct"

1.1 Summary of the promises we made in the report 2012–2013

G4-2 We have completely realised more than half of the 15 promises we made. Five promises are still being realised and two promises – including those connected with the process of implementing the *Code of Ethics*, which is still under creation – will be initiated in 2016-2017.

100%

THE TASKS WE REALISED 100%		
PRODUCTION	**New Office Furniture Factory**	In November 2014 we transferred the production of office furniture to the new factory in Jasło. Its official opening was held in March 2015. *Read more on page 23.*
ENVIRONMENT	**Eco-transport (the BDF program, which means containers are equipped with a double floor, chairs are transported without packaging and L-shaped cartons are used)**	Transport using the BDF mode is realised in Poland and Germany. We now transport chairs by the BN Office Solution brand, which were previously supplied assembled, in L-shaped cartons. These two changes have enabled us to limit the number of packaging materials, significantly reduce costs and decrease the amount of exhaust fumes emitted to the environment. *Read more on page 84.*
EMPLOYEES	**Competence Development Program – training courses in communication, team management and change management**	By the end of 2015, we held training courses for production managers, directors and foremen in the Operational Department. There were also separate training courses in the Sales Department. The Competence Development Program was accompanied by the Key Competence Program, language courses, and e-learning courses development for new and current employees. At the end of 2015 we also initiated the Management Staff Development project. *Read more on page 55.*
	"Spinacz" magazine as an internal communication tool in the company	Our employees have been used to "Spinacz" magazine for years. Each employee is given a colourful paper, which they can show to their relatives. In 2015 we published three issues of "Spinacz" and complemented it with a column concerning environmental education and the company's engagement in sustainable development in order to show our employees how the company realises the CSR policy on an ongoing basis.
CUSTOMERS	**Strengthening the dialogue with customers**	In the last two years we have introduced new channels for communicating with our customers. A new Nowy Styl Group website has been available since the beginning of 2014. Taking advantage of the ORGATEC fair, we published a magazine in 2014 addressed to our customers: "UP^STREAM." Issues also appeared in April and October 2015. Customers who were interested in our offer were provided with current product information in the form of regular newsletters. *Read more on page 105.*
	Dialogue with architects	Designers and interior design administrators are our key stakeholders; that's why we grew our list of contacts by over 50% in the last two years. Training courses dedicated to architects and office managers, which were held in our showrooms, as well as the conferences and industry-specific events we co-organised in Poland, were perfect opportunities to share knowledge and listen to their needs.
SOCIAL ENGAGEMENT	**Greater educational programs support**	In 2015 we initiated the "Year of Music" project and provided patronage of the Krzysztof Penderecki European Centre for Music, which leads a music school for talented young people. In 2015 there were 75 concerts and 76 master courses held in the Centre, which gathered 1,160 young musicians and 30,000 listeners. *Read more on page 112.*

50%

THE TASKS WE REALISED 50%		
SUPPLIERS	***Supplier Code of Conduct***	At the end of 2015 we finished work on the *Nowy Styl Group Supplier Code of Conduct*. The Code is currently being implemented in several stages. *Read more on page 86.*
PRODUCT	**Systematisation of product information by:** › collecting material declaration sheets from our suppliers which apply to the materials used in the production › unifying the product labelling system › facilitating quick access to warranty conditions › preparing environmental data sheets	We collect material declaration sheets from our suppliers, which allows us to report our resource consumption comprehensively and create product environmental profiles. Our most important products, especially those dedicated to a project market, have environmental data sheets. In order to make our product labelling more unified, we created glossaries in 2015. According to the standard ISO 11469, we mark our products depending on their recycling possibilities.
	Innovation popularisation; development of competences and solutions within the areas of acoustics, low-emissivity and ergonomics; increasing the number of certified products.	We created an Acoustics Team within our Product Development Department. Its members were responsible for laboratory tests of the acoustic properties of our materials and their arrangements, which were carried out at the AGH University of Science and Technology; they also took part in many acoustics training courses. In order to popularise our ergonomic solutions, we have created a special catalogue that includes, among other things, the products we promoted during the "Does it hurt? Change your chair" campaign. We have also increased the number of certified products. *Read more on page 97.*
	Customer satisfaction survey in the export market	In December 2015 we conducted a survey of our customers from 56 different countries through an online questionnaire. The survey was accompanied by a "Save the frog" action. The number of questionnaires gathered did not provide a representative research sample, so we are planning to continue the survey next year.
EMPLOYEES	**Periodic performance appraisal in sales departments**	The periodic performance appraisal has been introduced in the Marketing Department and it will be introduced in the Export Sales Support Department's motivational system.
	Code of Ethics	Since the beginning of 2015 we have been working on creating the new *Code of Ethics* addressed to Nowy Styl Group's employees. In 2016 we will hold consultations with our employees and then implement the Code.

0%

THE TASKS WE DID NOT REALISE		
EMPLOYEES	**Training courses concerning ethics and bribery prevention**	The implementation of the new *Code of Ethics* will include training courses for management staff and specially chosen employee representatives from all sectors and departments. We will also prepare e-learning courses for all employees.
	Appointment of an Ethical Advocate	The appointment of an Ethical Advocate is a part of the *Code of Ethics* implementation process, which has not yet been finished.

15 promises

1 2 3 4 5 6 7 8 100%

1 2 3 4 5 50%

1 2 0%

Nowy Styl Group in numbers

2015

G4-6 G4-9 G4-10

3rd biggest
chair and office furniture manufacturer in Europe

Branches in 17 countries

Employees: 3,850

Revenue: PLN 1097 mln

Expert in furnishing office and public spaces

Range: over 100 countries all over the world

21 showrooms in 11 countries

15 modern production plants in Poland, Germany, Switzerland, Ukraine, Russia and Turkey

Energy consumption: 33 059 888 kWh

Water consumption: 120 448 m³

1.2 Who are we?

G4-4

- *An experienced expert in comprehensive office, auditorium and sports furniture solutions*
- *An advisor and a partner who offers modern research and consulting services concerning work style and workstation arrangement analysis, change management, ergonomics and acoustics*
- *An independent manufacturer with the biggest product portfolio in the furniture industry*

How do we support our customers?

- We offer comprehensive support at each stage of project implementation, including the process of planning and designing an office, auditorium or sports arena (Nowy Styl Group's design process and services)
- We conduct research, consult our customers and respond to their individual needs
- We find optimal solutions for every project

Why is it worth cooperating with us?

- Exceptional flexibility. We adopt an individual approach to every project. We define and respond to our customers' needs.
- We join together diverse resources, the knowledge and potential of our international companies, brands and the people who make up Nowy Styl Group. This is our unique know-how.
- We are highly independent, which allows us to minimise the risk associated with realising several projects at the same time.
- We have the greatest motivation and openness to cooperation.
- We develop quickly; we continuously invest in innovative production technologies and certificates.
- We use the potential of our international distributors and partners effectively (carpets, glass walls, lighting, etc.).
- We have a wide portfolio that comprises products manufactured by six brands: Nowy Styl, BN Office Solution, Grammer Office, Rohde & Grahl, Sitag and Forum Seating.

1.3 Our vision and mission

G4-56 In today's world people perform less physical work, but spend more and more time on mental activities – working, listening to a concert, watching a film at the cinema, or enjoying using multimedia devices. Our bodies fell behind; the process of evolution needs a lot of time to keep up with civilisation and technology. Bearing this in mind, and thinking also about the natural environment, we have defined our vision and mission in the following way:

Vision

We wish for office surroundings to compensate in the best way for changes in the work and life style of the contemporary world. We strive to make them as friendly as possible and adjusted to people and their needs.

Mission

With great passion and respect for the natural environment, we help people arrange offices and other public spaces. We make sure the spaces respond to people's needs concerning health and comfort, increase job satisfaction and efficiency, and fulfil individual requirements regarding ergonomics and aesthetics. We want them to serve people as best they can.

Values

G4-2 In creating and realising our business strategy, we have been faithful to the same values since the very beginning: Locality, Flexibility and Transparency. In recent years we have defined a few more values, on which we base our relations inside and outside the company:

- **Ambition** – Nowy Styl Group is made up of ambitious, young at heart people who constantly improve their way of working and look for new solutions in order to achieve even better results.
- **Teamwork** – all Nowy Styl Group's employees work for the common success of the whole organisation. Because of that, we treat each other as equals, respect different perspectives, and value the open exchange of views.
- **Humility** – appreciating other companies' experience and knowledge, we constantly learn and improve our qualifications. We are able to admit to our mistakes and draw conclusions from them. At the same time, we are proud of what we have already achieved.
- **Balance** – we truly believe that work is a part of life that has to harmonise with life's other elements. Only when people have a happy private life can they be happy at work. With this in mind, we take care of keeping the right balance between private and professional lives.
- **Honesty** – we are of the opinion that ethical standards and decency are equally binding both in business and in private. That's why we treat our associates and business partners with respect, keep our promises and act transparently.

1.4 Business strategy

We realise all of our business activities in two segments: the *commodity segment*, in which we sell chairs to our end customers, and the *professional segment*, in which we sell a comprehensive service of equipping office and public spaces. Understanding the diverse needs of customers from both segments and taking into consideration the different business aims we have defined for them, we create specialised organisational structures, an activity plan, and a product offer that allows us to respond to those needs.

Listening to the requirements of the markets we operate in, we also constantly develop our product portfolio and the catalogue of services which are addressed to both segments. Within the last two years we have created a Workplace Research and Consulting Department, in which we develop our knowledge and experience in arranging effective workplaces. The team includes psychologists, sociologists, and architects, who conduct research processes based on the newest methodologies in organisations and among employees and their work styles. After analyses, they prepare projects based on their research findings.

Over the last two years, our product portfolio for auditoriums and sports arenas has been complemented with telescopic tribunes, mobile tribunes and products realised according to the guidelines given by designers.

G4-6 G4-8 **RANGE OF ACTIVITIES**

- AT AUSTRIA
- BE BELGIUM
- CZ CZECH REPUBLIC
- FR FRANCE
- NL NETHERLANDS
- LU LUXEMBOURG
- DE GERMANY
- PL POLAND
- SK SLOVAKIA
- CH SWITZERLAND
- GB UNITED KINGDOM
- AE UNITED ARAB EMIRATES
- KZ KAZAKHSTAN
- RU RUSSIA
- TR TURKEY
- UA UKRAINE
- HU HUNGARY

1.5 Development strategy

Along with organic growth and organisational changes, Nowy Styl Group is expanding its business activity in foreign markets. We already belong to three leading office chair and furniture manufacturers in Europe, but perceiving huge potential in the Western European market, we are concentrating there our activity. This kind of strategy facilitates the process of managing the company and allows for its smooth and stable development.

Organic growth and acquisitions

G4-3 G4-7 G4-13 G4-23 Nowy Styl Group consists of Nowy Styl Sp. z o.o., its subsidiaries responsible for foreign branches in particular countries, and joint-venture companies created with local partners. The structure of the Group changes dynamically together with the company's development.

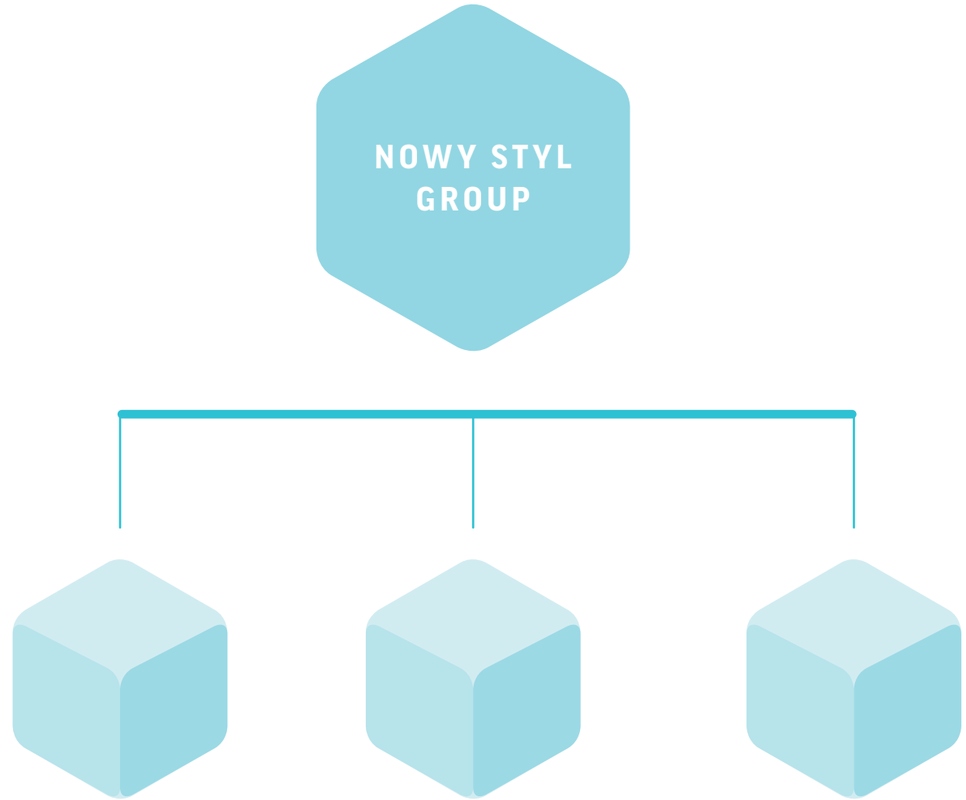
In 2014–2015 we realised two strategic transactions.

In 2015 we acquired the Swiss company Sitag AG and joined it to the Group. The company, which has a long-lasting tradition and reputation, manufactures office chairs and furniture that are characterised by unique design and technological solutions. Together with Sitag, we expanded our distribution network in the quickly developing Swiss market and strengthened our position in Western Europe. Our company does not offer the products made by the Sitag brand in Poland because of the license agreement signed between the Swiss company and Sitag Formy Siedzenia Sp. z o.o., which remained independent.

Also in 2015, after several years' preparation, we parted with the Baltic Wood company, which dealt with manufacturing wooden floors for residential interiors. This decision was strategic and resulted from our willingness to concentrate entirely on our basic business activity connected with arranging office and public spaces. The company that bought Baltic Wood is Gamrat from Jasło, which belongs to the Lentex Group, a carpet flooring manufacturer.

Nowy Styl Group's development strategy is based on the organic growth and acquisition of other companies. By purchasing companies in foreign markets, we are able to expand our knowledge of them and win a distribution network, which allows us to create an offer that will reach local customers quickly and accurately. When making acquisitions, we choose organisations that are financially healthy and mature in terms of various business aspects. By becoming part of the structure of our company, they are given a chance to expand the range of their activity.

ADAM KRZANOWSKI
President
of Nowy Styl Group



In this report, in accordance with the principle of materiality and influence, we present data concerning the companies that focus on production – Nowy Styl Sp. z o.o. and the following subsidiaries: Nowy Styl GmbH and Rohde & Grahl GmbH in Germany; Rohde & Grahl BV* in the Netherlands; and Sitag AG, which operates in Switzerland and Austria. We also describe the business activity of Nowy Styl FR SAS (France), Nowy Styl UK Ltd. (Great Britain) and Nowy Styl SK s.r.o. (Slovakia) to a limited extent.

* Rohde & Grahl BV does not deal with the production activity, however the Dutch market is an important market for us in terms of the sales aspects, therefore we decided to include the subsidiary in the report.

1.6 The company's authorities

G4-34 Nowy Styl Group is run by a 5-person management board, with the company's founders – brothers Adam and Jerzy Krzanowski – at the top. The members of the management board are responsible for particular departments of Nowy Styl Group and its subsidiaries.

Adam Krzanowski

Co-founder of the company and President of its Management Board. He is responsible for the organisation's Sales Department. Being an experienced entrepreneur and strategist, he has been awarded many times for his business skills, as well as for community involvement and his entrepreneurship-supporting attitude (e.g. the EY Entrepreneur of the Year 2014 title, and the laureate of Responsible Business Awards 2015 from the Executive Club). He loves playing tennis.

Jerzy Krzanowski

Co-founder of the company and its Vice President since 2009. He runs the investment and purchasing departments and he is responsible for controlling the suppliers and supervising the company's strategic innovative undertakings. He is deeply engaged in Sub-Carpathian business development and keen on supporting talented young people through the Janusz Korczak Foundation. In 2014 he was awarded the "Dynamic Entrepreneur of the Year" title by Grand Thornton. Jerzy is fond of Nordic walking. He says that the best ideas come to his mind when practising in the open air.

Rafał Chwast

Vice President of Nowy Styl Group since 2008. Previously he worked for the company Comarch. For three years he was President of the Management Board at the Association of Stock Exchange Issuers. At Nowy Styl Group he is responsible for finance and IT. Rafał is a strategist who skilfully deals with the acquisition of foreign companies. Through courageous investments, he makes the whole company reach the smart organisation level. He won the "Magellan's Laurels 2014." Rafał is a classical music lover and initiator of the company's cooperation with the Krzysztof Penderecki European Centre for Music.

Dariusz Frydrych

Member of Nowy Styl Group's Management Board and Operational Director since 2010. He is responsible for supervising teams of employees at eight production plants, both in Poland and abroad. Previously he worked for Delphi Automotive Systems Poland. He successfully applies the experience he gained while working in the automotive industry to the furniture industry. Dariusz tries to instil the spirit of sports competitiveness in his workplace. He is also a member and patron of the Sports Club, as well as an active participant in local sports initiatives.

Roman Przybylski

Member of the Management Board and Sales Director. He has been associated with Nowy Styl Group since 2003. He is responsible for supervising foreign Sales Departments. He is also a board member of the Group's foreign subsidiaries. Roman takes care of the company's notable successes and ensures it remains in good condition. After working hours, he strives to improve the results he achieves in international running competitions.

1.7 Financial results

DMA: EC1 G4-EC1 We take care of the stability of our business activity because we know that we exert a huge influence on the way our stakeholders function. Market diversification and a flexible business strategy are the sources of our financial security. Relying on them, as well as on our efficient organisational structure, we are able to make courageous decisions and transactions, which enables us to maintain the dynamic development of our company. The financial success we achieved in the last two years is reflected in an increase of more than 20% in sales revenues (an increase of nearly 25% in 2014 compared to 2013 and a 21% increase in 2015 compared to 2014). It is connected both with the organic growth in current markets and the acquisitions we made in new foreign markets.

This success also translates into greater prosperity for our stakeholders: employees, local communities, and especially non-governmental institutions, for which we are a strong partner. Paying taxes diligently, we participate in building the local economy.

The increase in the scale of our business activity allows us to optimise some of our costs. The ratio of operating costs to sales revenues is clearly decreasing in subsequent years. On one hand this results from fixed costs making up a considerable share of the expenses structure (approx. 1/3 of the total) and their increase is not associated with turnover. On the other hand, we implement processes connected with centralising services such as IT, Purchasing and Marketing, which helps us realise them more effectively.

How do we present our financial results?

G4-17 We follow the principle of transparency and apply it to the presentation of our financial results. We keep meticulous accounts; we account for our financial results on time and report them to the relevant institutions. We are also subject to regular external audits.

We present the financial results included in our financial statements and those made available to the public using consolidated data for the entire Nowy Styl Group, namely for the companies that belong to the corporate group, in which we have 100% of the shares, as well as for the Hungarian company Telmex-Nowy Styl Zrt. (which we run together with our Hungarian partner and in which we have 50% of the shares), without the division into countries where we operate. This is also how we analyse data for our everyday activity, for internal purposes. It is useful because it allows us to measure the scale of the value we generate with the Group for our customers. These consolidated data are presented in the report.

Golden Payer

Our financial reliability is also assessed by institutions from the insurance sector. Based on the Receivables Analysis Program, the company Euler Hermes awarded our organisation the Golden Payer 2015 title. We are among the 5% of Polish companies that have a rating above CCC, a Payment Morality Index over 80 points (in 2015 it was 99 points for our company) and no active debt collections. This award is a sign of promptness in the payments we make – both to our suppliers and employees.

G4-EC1

FINANCIAL RESULTS OF NOWY STYL GROUP (PLN thousand)*

NOWY STYL GROUP	2014	2015
Direct economic value generated	**905 564,82**	**1 097 462,79**
a) Revenues	905 564,82	1 097 462,79
Economic value distributed	**848 543,47**	**986 299,57**
b) Operating costs	599 739,11	688 803,12
c) Employee wages and benefits	222 405,20	264 333,03
d) Payments to providers of capital	21 869,74	22 217,52
e) Payments to government	3 922,19	10 399,91
f) Community investments	607,23	545,99
ECONOMIC VALUE RETAINED	**57 021,35**	**111 163,22**

* Data from the companies that belong to the corporate group and for which we have 100% of the shares, and from the Hungarian company Telmex-Nowy Styl Zrt., which we run together with a Hungarian partner (50% of the shares).

1.8 Investments

Our company is one of the most dynamically developing furniture groups in Europe. This is both a condition and an effect of the intense investment in the organisation's development, especially in its production and information technology infrastructure.

Our aim is to create an intelligent organisation with the most modern production possible based on the fourth generation – so-called industry 4.0. In this respect we belong to the pioneers, especially in the furniture industry, as shown by the initiatives we undertook in 2014–2015.

In March 2015 we opened a new Office Furniture Factory in Jasło, which was a real revolution in our furniture production. The fully automated processing line increased our manufacturing capacity three times and made our production system even more flexible, allowing us to realise individual orders as effectively as we do long product batches (For more information on the new factory, see the table).

We also continue to invest in production at our other factories. We automate their manufacturing processes and implement new eco-friendly solutions.

Since 2015 we have been using a 3D printer in our Design Department. The device serves for printing product prototypes, which greatly facilitates the prototyping process. The printer uses plant-based material: biodegradable polylactide (PLA).

In order to manage the organisation's resources more effectively, in 2015 **we finished implementing a new ERP class system.** The undertaking almost covered the entire Group because the system is used by all the foreign companies. We expanded the range of computerised processes – the changes were both computer and organisation-related.

We were the first in the European furniture industry to decide on integrated product lifecycle management with the PLM class system (Product Lifecycle Management). The use of virtual designing and manufacturing techniques and systemic product data management can allow for rapid implementation of the products our customers expect and an effective control of our broad offer. We are planning to continue the project for the next three years. Its coordination will be one of the responsibilities of the experts from the Research and Development Centre, which is now being created at Nowy Styl Group.

We implement these investments using our own funds and with the support of public funds. The table below shows the financial assistance we received from the government in 2014 and 2015.

G4-EC4

PUBLIC ASSISTANCE

	2014	2015
Subsidies from the Polish Agency for Enterprise Development to the new factory (PLN), including		
European Regional Development Fund	5 708 194,25	1 729 496,10
State Treasury	1 007 328,40	305 205,19
Tax reliefs on account of operating within the Tarnobrzeg Special Economic Zone (PLN)	1 701 823,33	2 909 314,43
De minimis aid received from the District Employment Agency (PLN)	0,00	11 200,00

OFFICE FURNITURE FACTORY IN JASŁO

The factory we opened in Jasło is one of the biggest and most innovative production plants in Europe. At the heart of the factory there are two production lines, and its main manufacturing process is completely automated and operated solely by machines – from storing and cutting materials, through veneering, drilling and threading, to completing ready-to-use furniture components in one place. The packaging and assembly processes are partially automated as well. As a result of this, we have almost completely eliminated manual work; employees are responsible mainly for supervising the processes.

In the new factory there is a new manufacturing process – production is not carried out based on batches of material, but based on customers' orders only. It takes place in a so-called "just in time" manner – we produce only those products that have been ordered without creating any stock. Optimal production management is ensured by an integrated MES class system.

We manufacture both short and long product series; efficiency is exactly the same, regardless of whether 1 or 100 furniture items are manufactured – it is three times greater than in the other production plants. This allows us to reduce costs and shorten the order completion time by 70%, including for orders that are tailor-made. As a result, we greatly increased our competitive advantage, since personalised products are in demand on the contemporary design market and the "small office, home office" market.

In order to improve the quality of the products we manufacture, we invested in state-of-the-art devices, such as an innovative laser for veneering curved elements. While straight-line veneering applications have been on the market for a few years, the technology for curvilinear elements is new and allows for achieving excellent quality and strength parameters for bonding board with edge banding. Our other new devices are two board machines used for cutting cardboard boxes to the size of a particular order. They have enabled us to limit our consumption of materials. To increase the eco-friendly properties of our products, we implemented manufacturing processes based on honeycomb board. The most important advantages of honeycomb board are its lightness together with stability and other crucial constructional functions. Its thickness and inner structure that resembles a "honeycomb" determine its mechanical properties, but its production requires significantly less wood-based materials.

The factory construction project was realised using financial support received from the European Regional Development Fund.

1.9 Awards and mentions

We do not act for awards; however, we record them carefully and regard them as a sign of appreciation for the way we operate and the successes achieved by our organisation and its individual employees. It is a huge pleasure for us to receive prizes awarded at a local level, such as the Pillar of the Sub-Carpathian Region Economy, because we treat them as the opinions of our family or neighbours. They watch us closely and know not only our company's successes, but also its everyday reality. We are also extremely pleased to receive awards of international importance, when our products are appreciated for their design and functionality by a group of independent specialists from many different countries.

Among all the awards we received in 2014, there was a state award – the Gold Cross for Merit for Adam and Jerzy Krzanowski, which was given to our company's owners by Polish President Bronisław Komorowski for the continuous development of a domestic enterprise. In the same year, the President of our company was chosen as EY Entrepreneur of the Year in Poland. As a result, he was able to represent the Polish business in the world finals of the competition in June 2015. It was not only a huge honour, but also a great opportunity to promote our company among many different enterprises from around the world, which develop as dynamically as our organisation does.

In 2014 and 2015 we managed to complete a few strategic undertakings – we finished the construction of our new factory in Jasło, acquired the company Sitag AG, which has been operating in the Swiss market for more than 50 years, and purchased 50% of the shares of Turkish company TCC The Chair Company. All the projects were positively acclaimed in the business environment. Those standing behind the success of the undertakings were given a few prestigious awards. Adam and Jerzy Krzanowski became the laureates of the "Visionaries 2015" competition organised by "Dziennik Gazeta Prawna." The Kronenberg Foundation at Citi Handlowy awarded us the title of the Emerging Market Champion in the "Polish foreign investments" category. Jerzy Krzanowski became the Dynamic Entrepreneur of the Year 2014 (prize from Grand Thornton), and Rafał Chwast received the Magellan's Laurel (mention from the Cracow University of Economics Corporation).

The construction of our factory was awarded both as a successful investment project (the "Innovative Project of the Year" title received from the Polish Enterprise Development Agency and the 2nd place in the "Industrial Investment of the Year 2014" ranking) and in the project management category (the main prize: Polish Project Excellence Award from the IPMA Polska Association).

Every new product we introduce into our offer is an important undertaking for us. One implementation that was positively acclaimed in the furniture industry was the Vote swivel chair for the German market. The Bürohit award in the "ergonomics" category and the positive appraisal by "FACTS" magazine reflect our approach to creating products, which is characterised by a consideration for appearance that goes hand in hand with ergonomic and eco-friendly technical solutions.

We continually highlight the fact that our business success is based on special care for sustainable development. Our CSR activities are assessed by highly regarded Polish experts – among others, those from the Responsible Business Forum (FOB), Deloitte, the editorial team of "Dziennik Gazeta Prawna" and "Polityka" weekly. We are happy and proud of the visible progress we make in this area. In 2015, we were in the top thirty in the Responsible Companies Ranking (27th position in the overall ranking and 6th among companies dealing with chemistry and manufacturing), which means our company moved up 16 positions compared to the previous year. We share the projects we consider the most successful by submitting them for publication in the "Responsible Business – Good Practices" FOB report.

Visionaries 2015
Main prize for Adam and Jerzy Krzanowski

Emerging Market Champion 2015
Award in the "Polish foreign investments" category

Innovative Project of the Year 2015
Award for the factory in Jasło construction project

Pillars of Polish Economy 2014
Sub-Carpathian laureate

TOP Employers of Eastern Poland
Honourable mention

Dynamic Entrepreneur of the Year 2014
Laureate: Jerzy Krzanowski

Marketing Director of the Year 2014
for Magdalena Tokarczyk-Cyran

Economic Award from the Polish President 2015
Category: presence in the global market

EY Entrepreneur of the Year 2014
Laureate: Adam Krzanowski

The Krzanowski brothers have managed to transform a small family business into a huge furniture company that is recognisable not only in Poland and Europe, but all over the world. The company's effective strategy, which has been focused on international expansion from the very beginning, has resulted in an impressive scale of export. By competing with others in the most important foreign markets, the company is considered a key player. To represent our country in the international final of the EY World Entrepreneur of the Year competition is to be an undeniable pride of Poland for the 21st century.

BARTŁOMIEJ SMOLAREK
Partner at EY's transaction advisory services, Auditor of the EY Enterpreneur of the Year competition

Gold Cross of Merit
for Adam and Jerzy Krzanowski

Magellan's Laurel 2014
Laureate: Rafał Chwast

The Best Employer
6th place in the "Gazeta Finansowa" ranking

2

Our responsibility

2.1 Operational Ethics

G4-56

Honesty is one of the values that underline our company's internal and external relations. In our opinion, ethical standards and decency are equally binding in business and private. That's why we treat our associates, business partners and competitors with respect, keep our promises and act transparently.

We do our best to verify compliance with human rights, labour rights, environmental protection principles and anti-corruption rules among our employees even more effectively. We also apply these standards to our suppliers and partners. Their popularisation is one of the obligations we undertook in 2012, when we joined the UN Global Compact initiative, and to which we continuously adhere, being convinced of its value.

The Group's documents

Nowy Styl Group Code of Ethics

All our employees are subjected to the following documents: the *Code of Conduct* and *Nowy Styl Group's Employee Principle Card*, which pinpoint precisely all our ethical and legal obligations. Every new employee is obliged to read the documents and accept them. They were also introduced to employees of the foreign companies that were included in the Group's structure in 2014–2015. So far, we have not organised any training courses on these issues for our employees.

In 2014 we also started working on the *Nowy Styl Group Code of Ethics*, to define our ethical standards in a more detailed way and act as a supervisory tool. First, the Code had to be implemented in Poland. We appointed a team responsible for the creation process that consisted of employees from three different departments: training courses, human resources and the company's CSR coordinator. We compiled a framework of new ethical regulations for our organisation and created a system for controlling their observance. All the regulations were based on international conventions and declarations, and adjusted to our company's character. We decided to use the experience gained by different Polish companies and experts, so we turned for help to the Ethical Advocates Coalition, which operates at the UN Global Compact office in Poland. However, the main consultations are still ahead of us – in 2016 our aim is to hold extensive consultations on the document with employees in all the divisions and departments of our company.

Although we were planning to finish working on the Code and choose the Ethical Advocate by the end of 2015, we believe that extensive discussions on the document and its effective implementation are important and require more time. That's why we decided to devote one more year to undertaking all these actions. We will use the Code to create a program of ethical training courses for our employees, which will explain the importance of the document and facilitate the process of adhering to all the procedures that regulate ethical issues, including human rights.

Supplier Code of Conduct

At the end of 2015 we implemented a completely new document that applies to all of our suppliers: the *Nowy Styl Group's Supplier Code of Conduct*. It defines the most important ethical standards concerning freedom of employment, freedom of association, employee safety, honest business practices and environmental responsibility. More information on the Code can be found in the "Our suppliers" section on page 89.

The companies we joined to the Group also have their own documents describing the ethical standards they followed in the past. The management board of the German company Rohde & Grahl defined the ethical standards they considered the most important for their market in an announcement addressed to employees. These are: compliance with regulations, honesty, carefulness in respecting occupational safety rules, lack of tolerance for discrimination, care for information security and data protection, and objection to corruption and bribery practices. Their observance is one of the strategic aims included in the company's business plan.

We greatly appreciate our associates' experience in ethics, therefore we used the binding documents of our foreign companies when working on the *Supplier Code of Conduct* and our new *Code of Ethics*. We aim to gradually standardise the documents that are observed in all of our departments, so that our customers and partners can be assured that we follow the same ethical standards, regardless of the country they are in.

DMA: SO8 G4-SO8

All agreements, regulations and other internal documents are in conformity with binding law in the countries in which Nowy Styl Group operates. We act transparently and obey relevant rules. None of our companies have been imposed substantial financial penalties or other non-financial sanctions resulting from infringement of the law.

DMA: SO5 DMA: SO7 G4-SO7 G4-SO5 G4-SO4

We take special care to obey free competition rules, in terms of our business activity both in the Polish market and in foreign markets. In previous years, these issues were the main theme of the training courses we held for our distributors. In 2014, together with Gotfryd Law Firm, we created a program and organised a training course for employees in the Sales and Marketing Departments that focused on aspects concerning competition protection, as well as consumer rights.

For us, one of the areas that is exposed to ethical dilemmas and which requires knowledge of the law is public tenders, in which we participate as a potential contractor or sub-contractor. In 2014 we organised two training courses in public procurement law: for sales representatives (Front Office), customer service staff (Back Office) and the team responsible for preparing offers for the project market, including offers for public sector investors.

Due to our company's consistent implementation of the ethical policy, as in previous years, we did not record any violations of free competition rules, fair competition rules in the free market, or behaviours presenting signs of corruption.

OUR PROMISES:

- **Implementation of the *Code of Ethics***
  We will announce and implement the *Nowy Styl Group Code of Ethics* that will strengthen the standards of our operation and communication.
- **Ethical training courses**
  We will hold training courses in ethics, including conflict of interest and anti-corruption practices. These will be permanently included in the assimilation process for new employees.

2.2 Systemic activities supporting sustainable development

Ethical activities are the basis of corporate social responsibility.

What does CSR mean to us?

Corporate social responsibility (CSR) is a concept that imposes a responsibility for social sustainable development on enterprises and obliges them to include social and environmental factors in their strategic aims. For Nowy Styl Group this attitude to business has been something natural from the very beginning. However, as the scale of our activities increases, so does the risk connected with our negative influence, along with our causative power. Therefore, our intention is to make all of our actions more systemic.

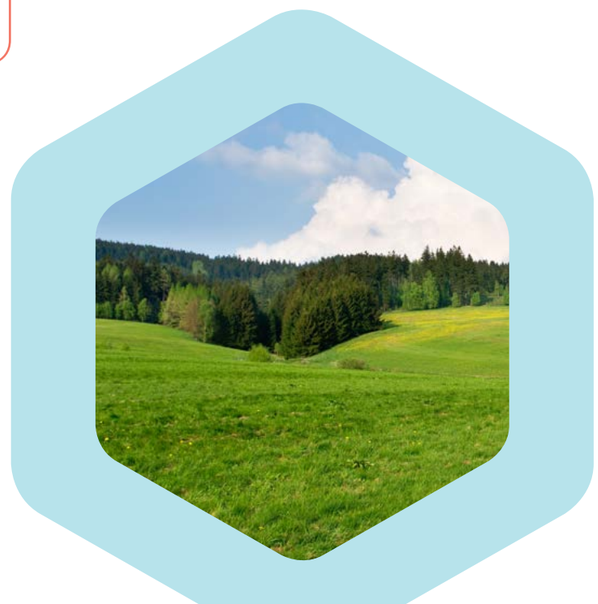
G4-15 We consider our company an active player on the way to shaping a world that will be a friendly place for future generations. Among the 17 Sustainable Development Goals defined by the United Nations for 2030, we perceive four goals whose realisation is clearly supported by our company:

- Good health and well-being
- Decent work and economic growth
- Innovation and infrastructure
- Responsible consumption and production

We treat the concept of CSR, along with a number of market initiatives and tools facilitating the idea of development in business, as support in implementing the Sustainable Development Goals. That's why we report our aims and CSR activities, improve our competences in this field, undergo audits (e.g. the EcoVadis appraisal) and compare ourselves with competitors. Implementation of the Group's CSR strategy, in which we will define sustainable development goals and their implementation tools, will be the next step on the way to managing our CSR activities systemically. It will be an independent document, yet closely integrated with our organisation's business aims.

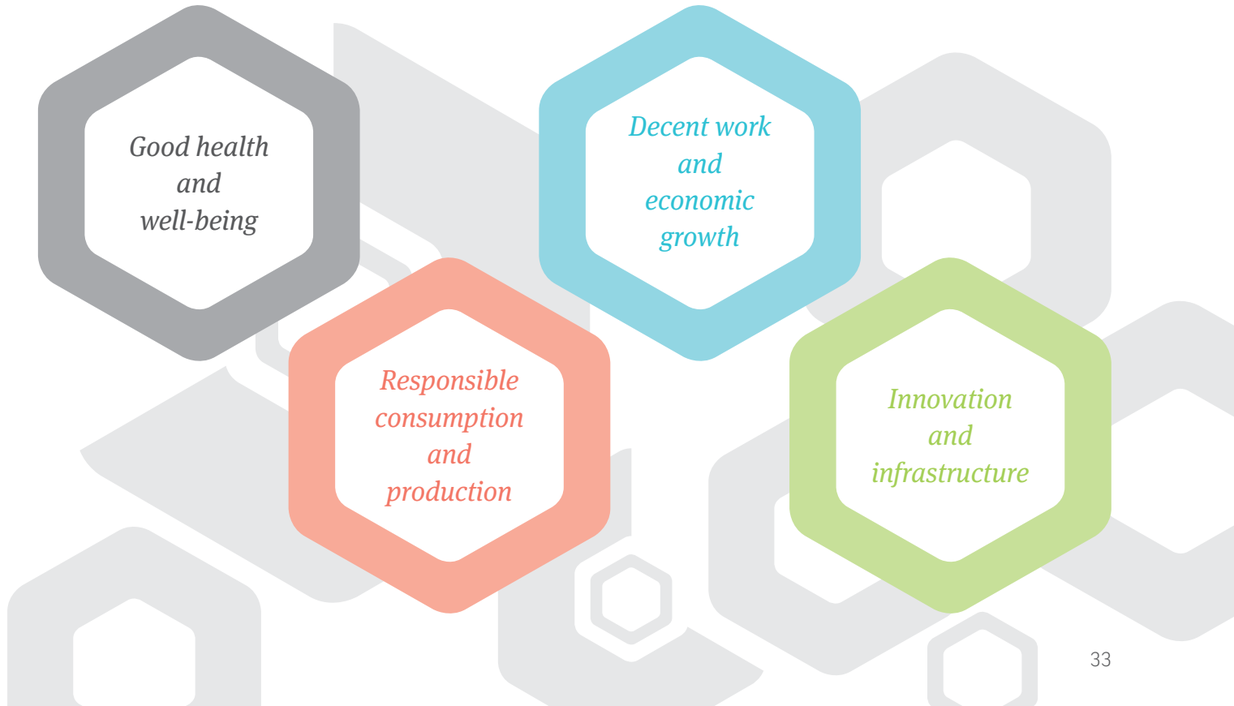
OUR PROMISE:

Creation of the CSR strategy
In order to manage our CSR activities even better we will create our company's CSR strategy, which will be closely connected with the company's business strategy. The document will include defined aims and tools, and ways of measuring their implementation progress.



Nowy Styl Group's social responsibility strategy is a rare case in Poland of a local approach to global challenges. Nowy Styl Group was established as a local company and it was slowly becoming mature enough for global responsibility. I truly believe that by analysing the stages of its development, students at the management faculty and future business leaders will be able to understand that the implementation of solutions involving stakeholders and responding to specific needs and social problems has a huge influence on the quality of social capital, enhancing values associated with cooperation and realisation of the common weal. This kind of knowledge is missing in today's Polish managerial education. We all live in a world that's becoming more and more difficult, therefore it is worth appreciating the ability possessed by Nowy Styl Group's leaders – the ability to build "ethical stakeholders' capital," influencing the material and non-material value of the company.

PROF. ALK DR HAB. BOLESŁAW ROK
Director at the Business Ethics and Social Innovations Centre,
Leon Koźmiński Academy



2.3 Quality and certificates

In maintaining quality, safety, and environmental aspects of our processes and technologies we are supported by management systems based on the following **norms and standards:**

- *ISO 14001:2004* – Environmental Management System
- *ISO 9001:2008* – Quality Management Systems
- *PN-N 18001:2004* – OHS Management System
- *OHSAS 18001:2007* – OHS Management System
- *EN 1090-1:2009* – Factory Production Control
- *EN ISO 3834-2:2007* – Quality requirements for welding metals
- *FSC* – Product Origin Control

In 2014 we initiated the process of integrating these systems.
As well as certifying our management systems, we also certify our products. We test their properties internally, but in recent years we have also increased the number of **certificates and seals of approval** issued by external institutions:

- *GS certificate*
- *Quality Office certificate*
- *Ergonomie Geprüft certificate*
- *Toxproof test*
- *Ökostrom certificate*
- *NF Office Excellence certificate*
- *Hygiene certificates*

FSC

Wood is one of the basic materials used in the furniture industry. All of the roundwood used in our production plants comes from European Union forests and meets the requirements defined by the regulation EUTR 995/2010.

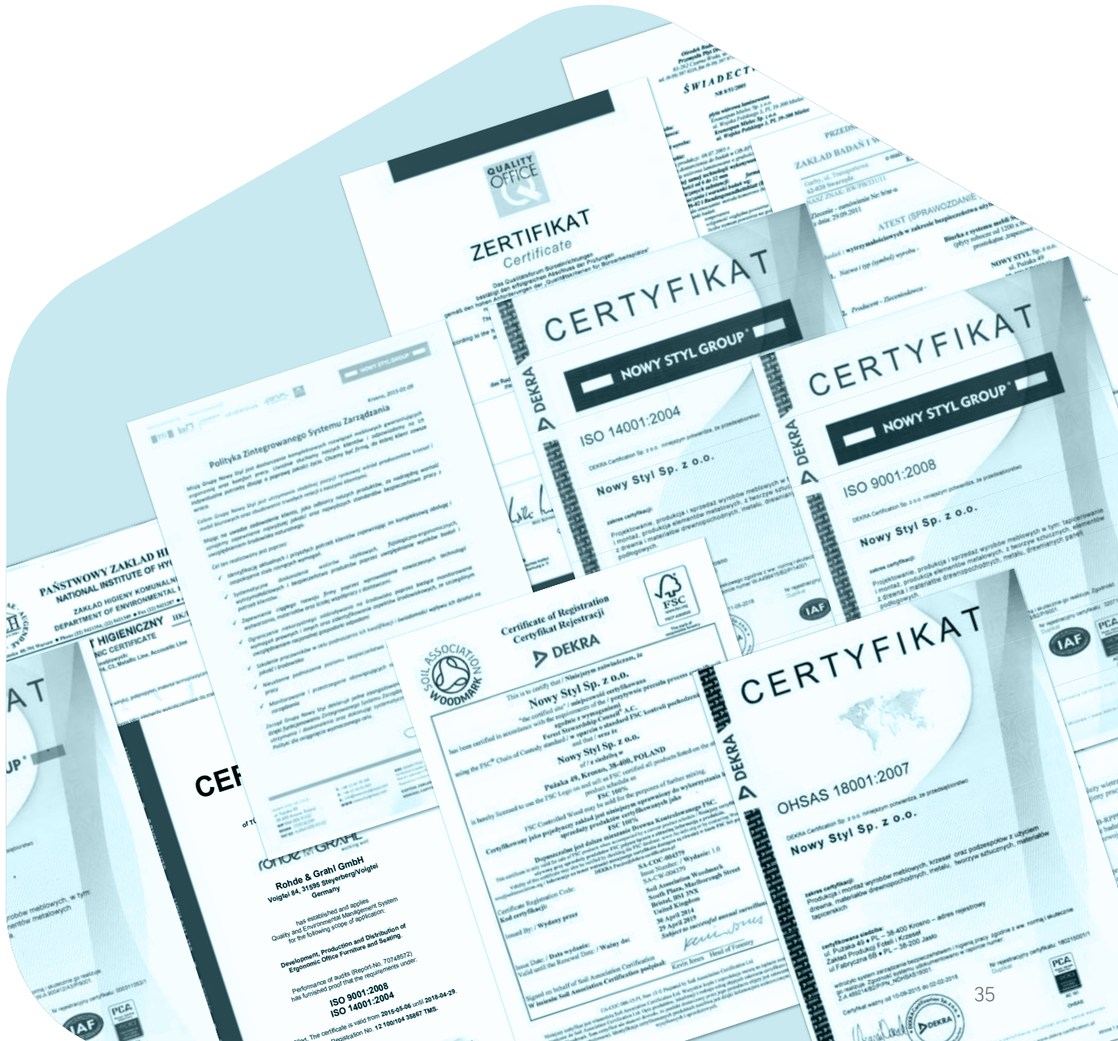
We also provide our customers with an opportunity to purchase products made of wood labelled with the international FSC (Forest Stewardship Council) certificate, which guarantees that the whole wood lifecycle, from sowing the seed to cutting down the tree, is in accordance with applicable standards. Our wood processing plant is FSC certified and uses FSC certified wood to manufacture plywood and solid wood.

The ratio of certified to non-certified wood used in our manufacturing processes was 35% to 65% in 2014 and 28% to 72% in 2015.

EcoVadis

EcoVadis is a platform used in 140 countries that supports international companies in assessing their suppliers in terms of their respect towards the natural environment and social needs.

We would like to make the process of assessing our company easier for our customers, therefore we voluntarily undergo evaluations carried out by independent experts from EcoVadis. Their survey is based on the GRI, UN Global Compact and ISO 26000 standards and consists of approximately 150 different criteria. As a result, in 2014 we received the "Confirmed" certificate, which confirms our company's activities are in conformity with the global CSR standards. The report about the Group's strengths and development areas was of added value for our company.



2.4 Initiatives and organisations

G4-15 G4-16 We do not operate in a vacuum. As a Group, but also as different companies functioning in different markets, we join initiatives and organisations that define and help maintain the right standards for products and business practices – including, in particular, those of the furniture sector.

International organisations:

› UN Global Compact – we have been a member of the Global Compact since 2012. It is an international platform for companies and institutions that obey the UN universal regulations concerning human rights, employment standards, environmental protection and anti-corruption policy.
› FEMB European Office Furniture Federation is an organisation that represents the furniture industry in European institutions in the international arena, collecting standardised economic data. Nowy Styl Group has a representative on the Federation's management board.

Poland

› AHK Poland (The German-Polish Chamber of Industry and Commerce) – for twenty years it has been working for the development of Polish-German economic relations.
› Polish-Ukrainian Chamber of Commerce – it supports the development of Polish-Ukrainian economic and cultural relations.
› Executive Club – a business organisation for executives of the biggest companies from Poland.
› Family Business Initiative Association – the largest organisation that integrates family-run companies in Poland.
› Sub-Carpathian Business Club – an organisation that connects entrepreneurs and employers from the Sub-Carpathian region. Its co-founder was Jerzy Krzanowski, co-owner of Nowy Styl Group.
› Koźmiński Foundation – a foundation that runs initiatives supporting the development of local and business communities in Poland. Jerzy Krzanowski is a member of the Foundation's Council.
› "Think about the Future" Foundation – the founders of the organisation are the biggest Polish companies that undertake activities promoting entrepreneurship, including a program of civic economic education.
› "Smart Start" Foundation – our company is one of the organisation's founders. We use the foundation to promote Polish enterprises and the professional development of young Poles abroad.

Germany

› BSO Verband Büro-, Sitz- und Objektmöbel – a German organisation for office furniture manufacturers that conducts research and produces furniture industry statistics, promotes its members, represents members in standardisation institutions, and initiates sector projects. It initiated the creation of the OFML data standard and open applications for designing interiors.

France

› UNIFA National Chamber of the French Furniture Industry and the *"Ethical and Responsible Sales Charter"* – the most representative organisation of the French furniture industry. In March 2015, together with 21 members of the chamber, we signed the *"Ethical and Responsible Sales Charter"* (*"Une charte de relations commerciales éthiques et responsables"*), which defines recommendations that will allow for achieving the highest product and service quality for customers, maintaining healthy competition within the industry, and ensuring dynamic development for the whole furniture sector at the same time. The issue of companies as good employers is also a very important aspect in the charter.
› ARSEG Workplace Managers Association – the association brings together over 2,000 enterprises and specialists who deal with facility management.

Great Britain

› British Contract Furnishing Association – a British association that gathers more than 250 companies from the commercial interior furnishing sector. Membership of the organisation is reserved only for those companies that offer the highest quality services.
› British Institute of Facilities Management – an organisation that brings together more than 12,000 facility management companies and experts. It supports the development of competences and provides a platform for the exchange of knowledge and experience.

The Netherlands

› MVO Nederland (CSR Netherlands) – in this network of companies, entrepreneurs and experts work together to develop tools and share good CSR practices.
› Committee for Office Furniture and Educational Institutions Standardisation at NEN-NEN – a Dutch organisation of standardisation. Hans Bloemendaal from Rohde & Grahl BV was the chairman of the committee that prepared the new standard NPR 1813, used for standardising office chairs.
› VIP – an organisation for specialists in the field of office interior design.
› BNI – an organisation for Dutch architects.

Slovakia

› Slovak Chamber of Architects – a main organisation for architects in Slovakia that issues the licence to practice the profession.

As representatives of enterprises, we are responsible for running a business with the care of environmental and social issues in mind. This is the kind of belief that prevails among Dutch entrepreneurs. Customers from the Netherlands have good knowledge of sustainable development, therefore our offer has to be adjusted to their expectations. We take this into consideration when working on new products, but also when realising all the other activities the Rohde & Grahl company undertakes. We strive to popularise high standards in this field, including in the different furniture organisations in which we operate, for example, the Dutch Committee for Educational and Office Furniture. We also took the requirements into account when working on our new furniture standard NPR 1813, which is a Dutch standard for office furniture.

HANS BLOEMENDAAL
Marketing & Sales Manager,
Rohde & Grahl BV

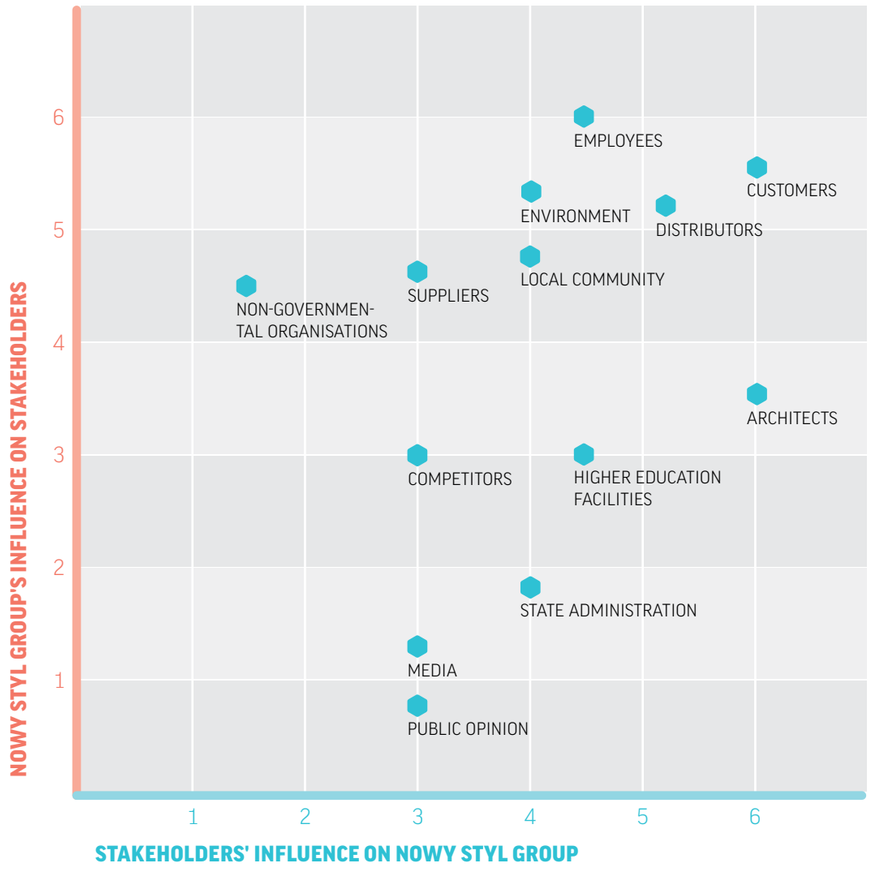
2.5 Dialogue with stakeholders

G4-24 G4-25 G4-26

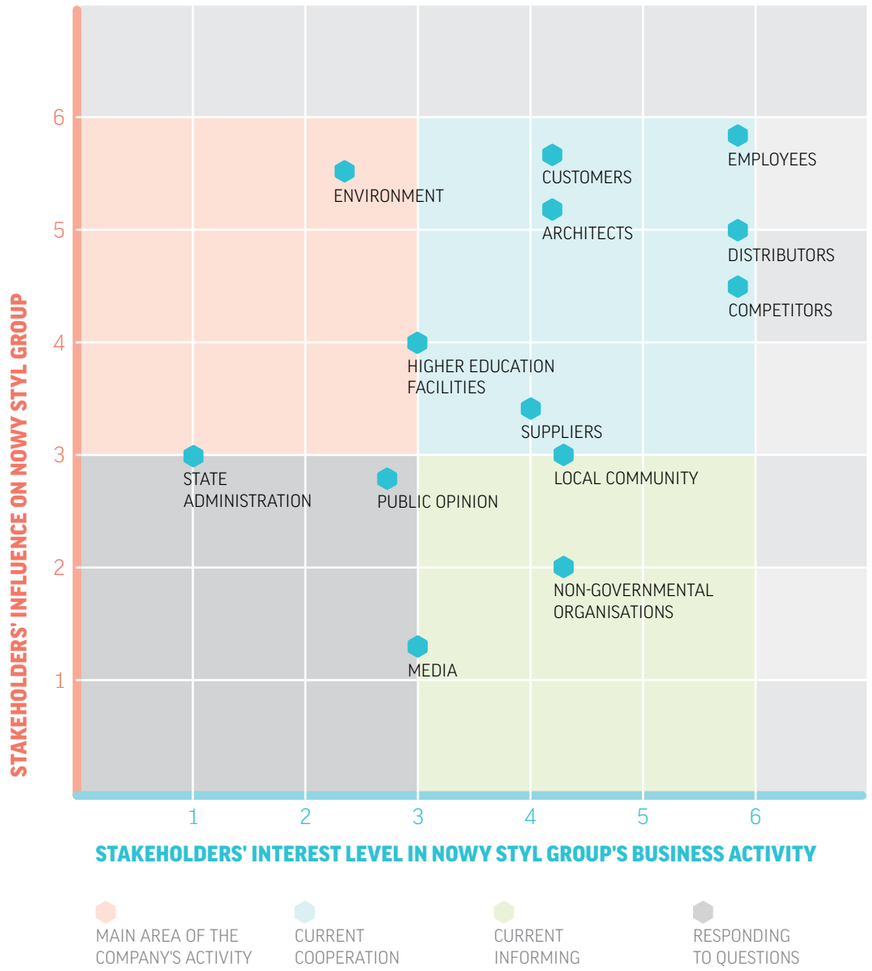
We also build our company's success on good relations with our key stakeholders. That's why we engage them regularly in order to become familiarised with their needs and ideas on how to improve our cooperation. We conduct this kind of dialogue through our current communication channels. In the last two years we complemented them with a series of activities addressed to facility managers and employees from the BPO/SSC sector, among others, and with stakeholders from the Swiss market, which is a new market for us.

When defining our groups of stakeholders, we analysed their impact on our company and the influence our company exerts on them. When planning our communication activities, we also took into consideration their interest in our business activity.

STAKEHOLDERS MAPPING – ASSESSMENT OF THE MUTUAL INFLUENCE OF THE ORGANISATION AND STAKEHOLDERS



STAKEHOLDERS MAPPING (IN TERMS OF COMMUNICATION)



Ways of engaging key stakeholders

PARTNERS, DISTRIBUTORS

- individual meetings
- phone calls
- website
- social media
- newsletters
- training courses
- visits to our production plants
- "UP^STREAM" magazine

ARCHITECTS

- individual meetings
- phone calls
- website
- social media
- newsletters
- workshops, conferences

SUPPLIERS

- individual meetings
- phone calls
- website
- social media
- meetings at the "Supplier of the Year" competition

INDIVIDUAL CUSTOMERS

- website
- social media
- traditional media
- promotional campaigns

MEDIA

- website
- newsletters
- individual meetings
- press conferences

LOCAL COMMUNITY

- website
- social media
- traditional media
- promotional campaigns
- events with participation of a local community

In the case of those groups for which we assess mutual influence as high and the interest in our organisation as great, we do not want to limit our activities only to informing; we also ensure bilateral communication and when it comes to the most important issues, we undertake a dialogue.

G4-27 In order to prepare this report, we conducted a dedicated questionnaire survey among our key stakeholders: employees, customers, suppliers and the local community. They were able to fill in our questionnaire form "CSR practices and sustainable development in Nowy Styl Group" online or on paper. We did our best to make sure the form reached all the people associated with our company: our employees – we hung posters in our production plants; our partners and customers both in Poland and abroad – we sent emails; the residents of Jasło and Krosno – we published an advertisement in the local media. The survey also involved our social partners: the non-governmental organisations with which we have been cooperating for the "Charity Ball" and the entrepreneurs from the Sub-Carpathian region who have known us for years.

In the survey, we asked respondents to assess our previous CSR report (2012–2013) and express their expectations concerning the scope and content of the current report. We took advantage of this opportunity, and asked them for their thoughts about pro-community activities. We received 509 completed questionnaire forms, the majority of which included the opinions of our employees and customers.

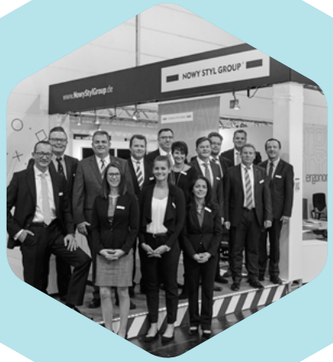
Selected conclusions drawn from the survey:

- Nowy Styl Group has an image of a responsible company – 69.34% of respondents considered Nowy Styl Group a CSR leader or an exceptionally responsible company; only 4% of respondents assessed our organisation as a little responsible or not responsible at all.
- Our first report was commended by almost 60% of respondents. Only 20% admitted to their lack of knowledge of the report. The same proportion of respondents assessed it neutrally.
- We should strengthen communication of the CSR report – the data included in the report was used by only 30% of respondents. This rate is much greater for people from outside Poland (51%).
- The subjects our recipients indicated as the most interesting include:
  - the company's influence on the development of the environment and economy
  - new technologies and eco-friendly solutions in production
  - care for customer health and safety
  - products and services, quality and safety, product labelling
  - motivational system, appraisal and remuneration of employees
  - the company's involvement in public life

We took these conclusions into consideration when assessing the importance of different issues and choosing which aspects to present in the report. The analysis of the questionnaire forms, divided into information needs and opinions of particular groups of stakeholders, was given to all departments of our company, so that it can be included in the operational and communication activities they undertake.

3

Employees



3.1 Employment

Consistent investments in our employees' development combined with their talent and engagement have enabled us to become the third biggest office furniture manufacturer in Europe. We truly believe that our shared passion and energy will result in the company's further development and successes.

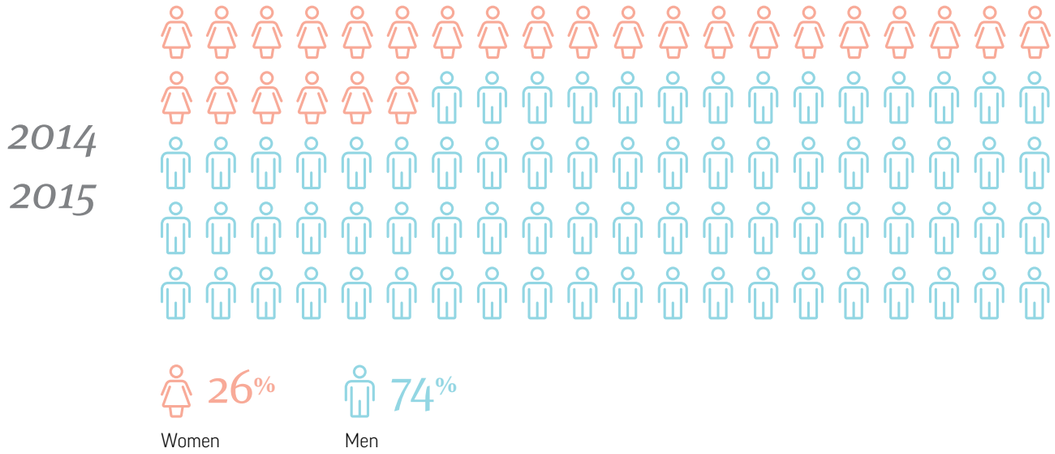
G4-EC6 For us, the most important source of employee recruitment continues to be the local market (the region where particular units operate). It is worth emphasising the very high proportion of senior managers employed from the local market in the Group's main Polish headquarters: 2014 – 92%, 2015 – 93%. The rate is also high globally: 2014 and 2015 – 77%. For employees in general this proportion was even higher. Employees recruited in Poland: 2014 and 2015 – 98%; employees recruited outside Poland: 2014 – 98%, 2015 – 97%.

The consistent and strategic cooperation with markets and local employees brings a great number of benefits for all the parties engaged, therefore we intend to continue it.

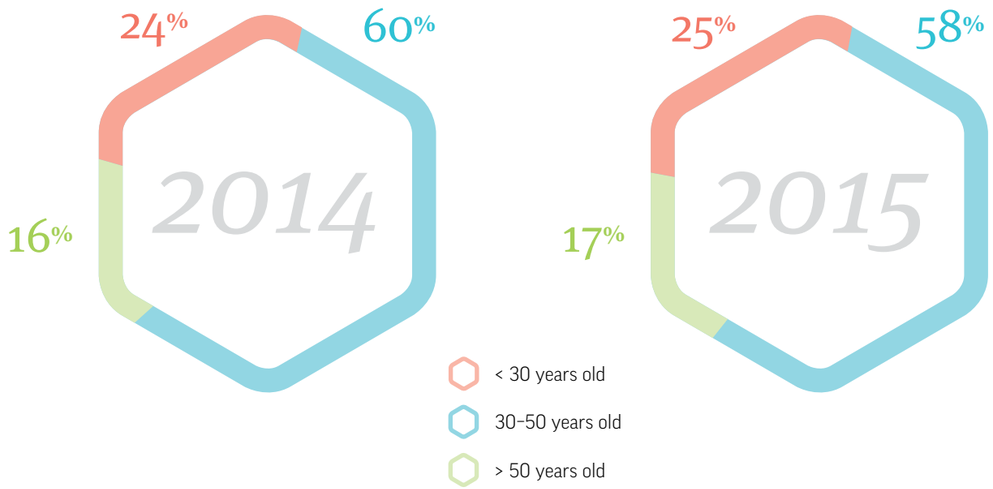
Employment structure

DMA: LA12 G4-LA12 Nowy Styl Group's employment structure remained the same as it was in previous years. Some of the disproportion between the number of women and men working in the company are caused by the nature of the furniture industry and manufacturing. One aspect that is definitely worth highlighting is general employment growth. At the end of 2015, 3,850 people worked in Nowy Styl Group's companies (as included in this report).

Employment structure according to gender



Employment structure according to age

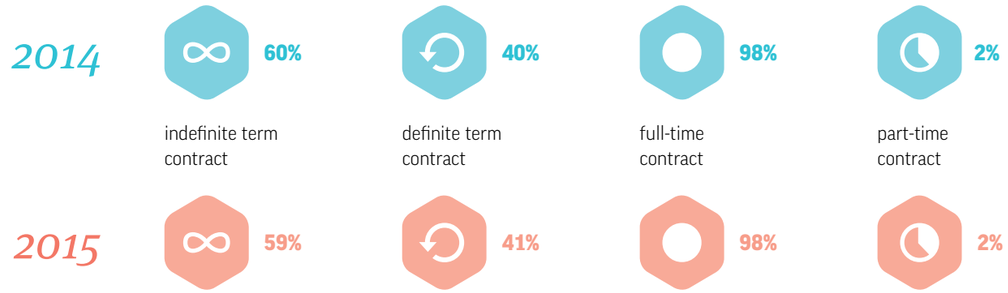


Taking into account the "employment structure according to age" criterion, slight shifts of a few percent were visible from the "30–50 years old" range in favour of the range "up to 30 years old."

Employment structure according to the type of contract

G4-10 Compared to the years 2012–2013, approx. 5% changes appeared in the employment structure according to contract duration. They were in favour of the people employed on a definite term contract. The percentage of those employed on a full-time contract maintained the same as it was in 2013 – 98%.

Employment structure according to the type of contract



Employment structure of the managerial staff

G4-LA12 In 2014–2015, Nowy Styl Group's management board consisted of five men aged between 30–50. In 2014 there were three men on the management board of Nowy Styl GmbH (two of them were aged 30–50, one was over 50). In 2015 the board consisted of one man aged between 30–50.

In 2014, Rohde & Grahl GmbH was managed by one man who was over 50, while in 2015 the management board consisted of three men (one aged 30–50, two aged over 50).

Employee turnover according to gender and age

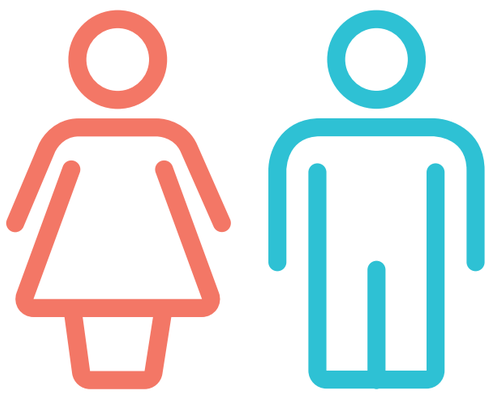
G4-LA1 We have seen great dynamics in employment, which we associate with the transformation of the labour market (from an employer model into an employee model). When divided by age group and gender, the statistics clearly show that neither age nor gender has an impact on employee recruitment or turnover in our company.

New employees

2014	154
2015	137

New employees

2014	471
2015	495



Ended contracts

2014	70
2015	70

Ended contracts

2014	271
2015	355

Women Men

Return to work and the retention rate after parental leave

G4-LA3 We do our best to ensure our employees feel secure both at work and after work. The right balance between private and professional life is key. We respect our employees' private time, as well as their right to take parental leave. We support them in combining two important roles: those of a parent and an employee.

G4-LA3

NUMBER OF EMPLOYEES WHO TOOK PARENTAL LEAVE

		Women	Men
2014	61 employees	93.44%	6.56%
2015	63 employees	87.30%	12.70%

G4-LA3

NUMBER OF EMPLOYEES WHO RETURNED TO WORK AFTER PARENTAL LEAVE

		Women	Men
2014	53 employees	92.31%	7.69%
2015	53 employees	86.79%	13.21%

G4-LA3

NUMBER OF EMPLOYEES WHO RETURNED TO WORK AND WERE STILL EMPLOYED FOR 12 MONTHS

		Women	Men
2014	50 employees	92.00%	8.00%
2015	48 employees	87.50%	12.50%

G4-LA3

RETENTION RATE

2014	0.94
2015	0.91

3.2 Remuneration

DMA: EC5 G4-EC5 DMA: LA13 G4-LA13

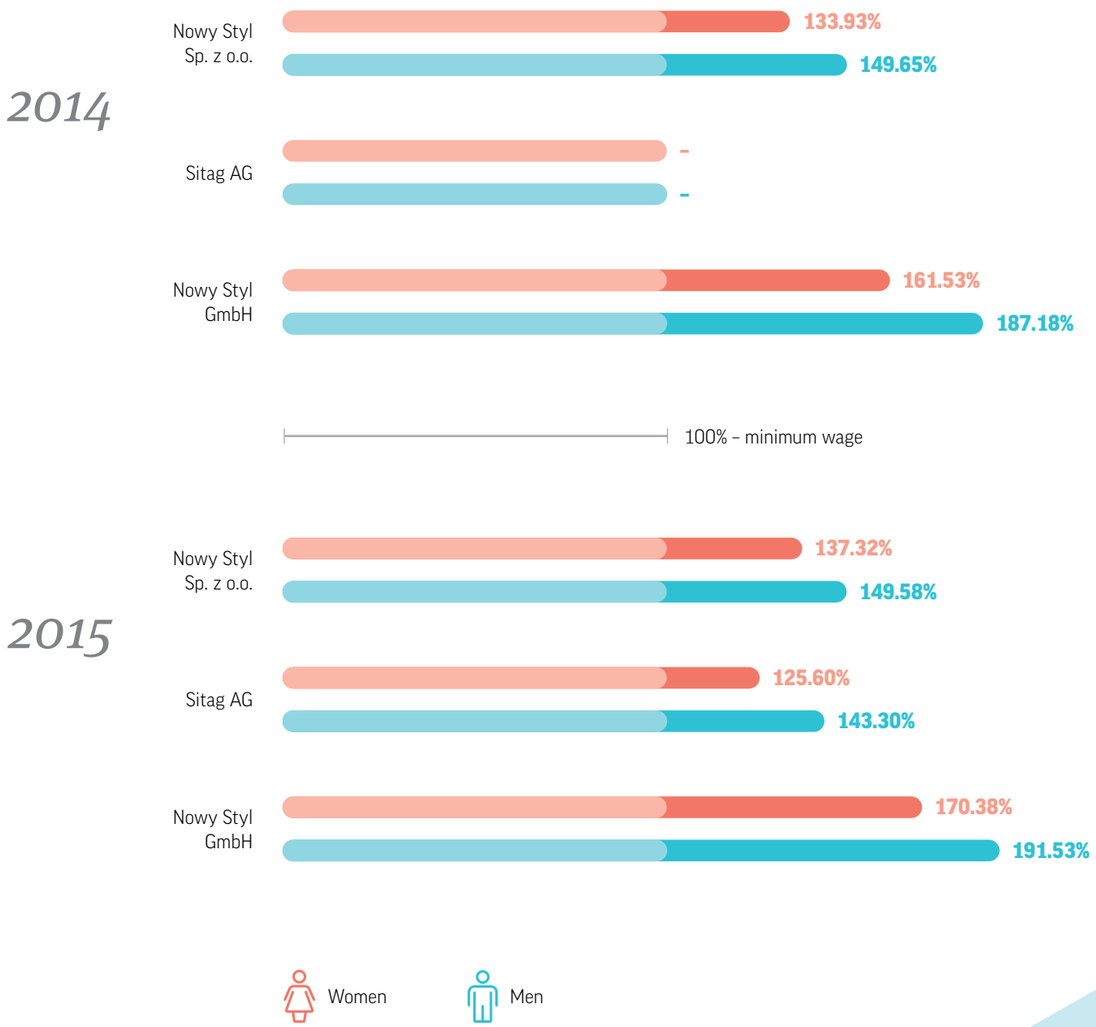
Our remuneration policy is based on the equal treatment of women and men for work of the same quality. It is also adjusted to the local legal regulations. However, the remuneration in particular groups of employees is differentiated by professional factors (e.g. work experience, education and the type of work performed). Due to the lack of possibility to report the figures for all the companies that belong to the Group, we present the data that is available for some of them.

In 2014–2015 we recorded an increase in wages for employees occupying the lowest-level positions. The rate of remuneration growth among the Group's Polish employees is also greater than the rate of the statutory minimum wage growth.

In all companies that belong to the Group there is some disproportion between the minimum wage of men and women according to the position they occupy, most often in favour of male employees. In the case of the Polish market, this disproportion was reduced.

G4-EC5

Wages of employees occupying the lowest-level positions according to gender in comparison with the minimum wage



OUR PROMISE:

In Poland we will implement a program that will help new employees adapt to the organisation (so-called on-boarding). It will ensure new employees are familiarised with all aspects of the new work environment effectively.

3.3 Fringe benefits

G4-LA2 For us, fringe benefits are not only tools for motivating employees, but also a way of supporting their private lives, especially their family lives. Every year in Poland, our employees' children receive St. Nicholas Day gift packages. At Easter and Christmas our employees are given additional financial benefits. In 2015 we resumed the organisation of summer camps at the Baltic Sea for our employees' children, which are partially founded by the company. This activity garnered great interest, therefore we are planning to organise more camps in the coming years.

Aware of different misfortunes that can happen in life, our company managed to negotiate good corporate life insurance that our employees and their families can use. Our employees in Poland who experience difficult life situations can also count on support in the form of a financial grant from our internal social fund.

Every autumn we organise flu vaccination days. For many years we have also provided the "Employee Purchasing Card" in the Sub-Carpathian region – a special discount card that allows our employees to buy products at favourable prices from certain distribution points (shops and service outlets).

OUR PROMISE:

We will introduce Sports Cards for our employees in the Polish market, which will be financed 50% by the company. This will help us strengthen our employees' motivation and promote a healthy lifestyle at the same time.

3.4 Education and training courses

G4-LA9 The training initiatives and development projects we realised in 2014–2015 were the continuation of the activity strategy we adopted in previous years. We strive to support our employees' development by improving their specialised and managerial competences, as well as by taking care of their personal development. The structure of training courses and the methodology of measuring training hours are different in particular companies. Therefore the analysis of the absolute values presented in the table below requires additional detailed explanations.

G4-LA9 **AVERAGE NUMBER OF TRAINING HOURS IN A YEAR PER ONE EMPLOYEE ACCORDING TO GENDER AND EMPLOYMENT STRUCTURE**

		Women	Men	Directors	Managers	Specialists	Indirect production employees	Direct production employees
NOWY STYL SP. Z O.O.								
Number of training hours in a year per one employee	**2014**	9.65	7.31	35.35	35.70	22.60	3.61	0.05
	2015	14.86	12.92	54.91	52.82	29.93	4.03	5.13
ROHDE & GRAHL GMBH								
Number of training hours in a year per one employee	**2014**	1.90	4.17	14.00	10.33	11.82	2.52	0.45
	2015	1.15	3.39	4.28	8.00	8.66	1.70	1.25
SITAG AG								
Number of training hours in a year per one employee	**2015**	19.47	5.21	2.00	0.00	18.91	2.25	1.14
NOWY STYL GMBH								
Number of training hours in a year per one employee	**2014**	2.43	1.26	0.00	2.91	2.00	2.38	0.00
	2015	0.89	0.55	16.00	1.45	0.71	0.00	0.00
ROHDE & GRAHL BV								
Number of training hours in a year per one employee	**2014**	14.00	8.38	13.33	14.00	9.54	n/a	n/a
	2015	13.50	9.86	16.00	10.60	10.89	n/a	n/a
NOWY STYL GROUP								
Number of training hours in a year per one employee	**2014**	**7.00**	**5.28**	**15.67**	**15.73**	**11.49**	**2.83**	**0.16**
	2015	**9.97**	**6.39**	**18.64**	**14.57**	**13.82**	**2.00**	**1.88**

Our employees participate in various training courses (both inside and outside the company), workshops, conferences, and domestic and international product and technological fairs. All the training needs we gather are included in a Training Plan, which is compiled every year.
The most important types of training course that were continued or developed in 2014–2015 were:

- **all-development courses** (e.g. communication, change management, professional assessment interviews, project management, internal coach)
- **specialist courses** (e.g. knowledge concerning production, logistics, quality, trade and finance as part of defining and implementing current trends in the above stated areas)
- **professional development** – training courses held by the Training Centre
- **technical courses** connected with implementing innovative software used by constructors
- **sales courses** (e.g. trade negotiations, sales techniques);
- **product courses**
- **domestic and international "know-how" workshops**, which aim to encourage employees from different departments and working in different countries to share their sales experience
- **language courses**

There has been a positive change in the number of employees taking part in language courses. Year by year the amount of people who participate in language courses organised by the company is growing (in 2015 it increased by 30% compared to 2014). We also continue to expand the diversity of languages. Our employees' activity in this field has a double benefit: the Group's international nature generates the need to invest in this kind of skill, and employees acquire additional competences that are part of their further development.

New projects and activities within the area of competences

Our priorities in the field of employee development management are strictly connected with the level and improvement of their competences. In 2015 we initiated two important projects in Poland:

Key Competences Project

Used to pinpoint key – meaning necessary – competences for particular departments and the whole company in a few selected areas: the Production Section, Logistics Section, Technical Section and Quality Section. The main aim of the project was to determine at which level our employees are secured. The project also enabled us to identify gaps in our employees' competences, which we should address with development activities and by defining training needs for the coming years.

The changing market surroundings and the organisation's expectations constantly confront us with new challenges and define the direction of our HR activities. Recently, our priority has been the development of broadly defined competences in our company.

JUSTYNA WULF
Personal Director

Managerial Staff Development Project

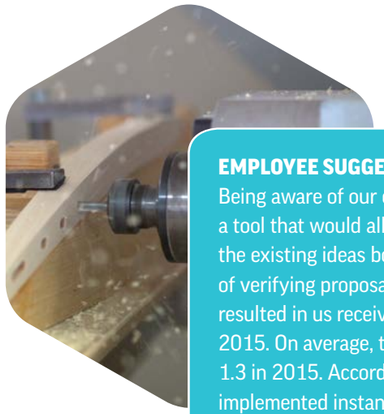
A continuation of the training activities in soft skills which were intended for production managers, directors and masters in 2012–2013. It focused on the practical improvement of competences connected with human management and managerial communication in everyday work. The project involved approximately 100 people, whose competences define the quality of management in the entire manufacturing area.

Training Centre

Training courses for workers at production plants

Modern concepts of business management in production practice (kaizen, lean, muda), the rudiments of manufacturing standards 5S and the culture of cooperation are things that all employees at our production plants are obliged to know from their first few days at our company. In the middle of 2015 we opened a Training Centre designed for holding internal training courses for new and current workers in our Polish factories. First of all, the Centre provides new infrastructure and devices that will enable the use of practical teaching methods. For instance, during a simulation of a chair factory, employees can see how the changes implemented and loss eliminated influence product quality, production time and cost reduction.

The Centre also involves a special team of trainers and a training program. For small groups it is possible to hold courses in the form of workshops that deeply engage participants, enable them to share knowledge and facilitate integration. It helps familiarise employees with the organisational culture and introduce them to the company's international activities. The Centre is headquartered in Jasło, and we are planning to open a new branch in Rzepedź. The same training program is also being prepared for workers at the production plants in Germany and Switzerland.



EMPLOYEE SUGGESTION PROGRAM
Being aware of our employees' potential to be innovative, we decided to create a tool that would allow us to use their ingenuity. In March 2014 we replaced the existing ideas boxes with the Employee Suggestion Program. Clear ways of verifying proposals along with an award system that motivates employees resulted in us receiving several thousand improvement proposals in 2014 and 2015. On average, there were 0.9 suggestions per factory worker in 2014 and 1.3 in 2015. According to last year's statistics, 40% of the suggestions were implemented instantly or are now in progress. This applies to technological and constructional improvements, traffic maintenance and safety issues.

REALISATION OF THE EMPLOYEE SUGGESTION PROGRAM IDEAS

	2014		2015	
Suggestions submitted		1 509		1 328
Suggestions realised or being realised	928	61%	845	64%
Suggestions rejected	430	28%	302	22%

Talent Program

The crowning achievement of investing in our employees' personal development is the Talent Program, which we initiated in 2012 and finished in 2015. The Team of Talents – people chosen on the basis of their competences and fields in which they specialise – went through a series of individual training courses and ran projects within the areas identified as crucial in terms of the Group's business activity. The program had a huge impact on building the talents' position in the organisation and strengthened their self-confidence in using and improving competences in accordance with our company's needs.

Periodic performance appraisal

G4-LA11 It is not only dedicated projects that serve to develop our employees' competences, but also the regular development activities we have undertaken since 2012, including the Periodic Interview Process in the Logistics and Quality Sections. Employees receive comprehensive feedback through the systematic competence and skill assessment, revealing strengths and weaknesses and pinpointing areas for development.

The process is continuously being improved, so that it can be best adjusted to the character of our organisation. The formula we use divides interviews into a main interview (held at the beginning of the year) and a progress monitoring interview (held in the middle of the year). Moreover, we ensure these periodic performance appraisals are linked with other processes within human capital management – for instance, with the remuneration system where there is a system of promotion based on employees' skill levels. Skills are the subject of the interviews with an employee. Activities within these areas have already been synchronised and unified in the Logistics Section (in the case of storehouses).

The process of holding periodic interviews has also been applied in the Marketing Department and the Export Sales Support Department.

Questionnaire form

We try to determine how our employees perceive our activities in the field of development possibilities and how they assess them by means of a questionnaire form, which our new employees must complete after three months of employment. For us, it is an important signal of how our activities are evaluated by those who are new to the organisation.

3.5 Traineeships and internships

As well as taking care of our employees' development, we also think about the staff that will work in the company in the future. In Poland we systematically organise internships, as well as student, graduate and diploma apprenticeships, within the following areas: production, logistics, quality, finance, marketing, sales, trading and HR. In 2015 we implemented the "Procedure of Organising Traineeships and Internships in Nowy Styl Group" which facilitates communication between the people engaged and includes apprenticeship evaluation forms for trainees and coordinators.

At the same time we cooperate with governmental institutions of the labour market to organise internships for people seeking employment. The best trainees are offered a job at our company. We take part actively in local job fairs in order to understand the needs and expectations of future trainees.

2014 — **73 apprentices and trainees**

2015 — **40 apprentices and trainees**

In Germany, where there is a dual system of education that combines theoretical study and vocational training practice, our company's internship program is very extensive. Students at vocational schools are on a one-year internship in the following departments at our production plants: metal constructions, wood processing and marketing. Those who decide to learn and work simultaneously (for 2–3.5 years) can expect practice in metal handicraft, upholstery, carpentry, mechanics or varnishing at our company. Graduates who passed their school-leaving exam and graduates from vocational schools are enabled to follow the dual education system and complete their training practice in office positions (technologist assistant, digital media designer or constructor) at Rohde & Grahl. Since 2014, together with higher education facilities such as the College of Cooperative Education Melle (BA Melle), we have been running an integrated higher education program that results in a diploma. We educate wood technology engineers, mechanics and managers. We also organise shorter internships and student apprenticeships.

We also offer internship programs in our Dutch branch, for students of Nova College, among others, who complete their training practice in the company's design studio.

Sports Club

Since 2014 we have run the NSG Sports Club. Its activities are the result of the passion and commitment of its members. The athletes from the NSG Running Team, NSG Football Team and NSG Cycling Team take part in local and international competitions wearing the same club colours; they practice together and motivate each other to achieve further successes. We treat the Club as a platform for integrating employees beyond the company's structure and the borders of the countries in which our organisation operates. Meetings are live or held online, on a special tab of the company's intranet, where the club's members share their feelings after competitions.

OUR PROMISE:

We will continue the development activities that have resulted from the Managerial Staff Development Project in Poland. We will also prepare further training programs focused on the development of leadership skills for our managers.

3.6 Anti-discrimination practices

DMA-HR3 G4-HR3 Diversity is of great value for us and we treat it as a source of innovation. Everyday cooperation in an international environment is the best proof of this, including in particular meetings, such as "know-how" workshops, or the annual IKA Conference, at which employees from different departments and countries share their knowledge.

We provide all employees with professional development opportunities, regardless of their gender, background, faith, race, sexual orientation, political views, social origins, age or employment type. This is the basic principle written in the internal documents all our employees are obliged to follow. We expect the same policy from our partners and suppliers; this is reflected in the *Supplier Code of Conduct*.

In 2014–2015 no instances of discrimination were noted in any company that belongs to the Group.

3.7 Occupational health and safety

The safety of our employees is the highest priority for us and the basis of mutual trust in the employee-employer relations. We implement technical improvements in order to ensure safe working conditions. We also continually raise our employees' awareness of the need to create a culture of safety in our production plants.

Control

Our safety management conforms to the PN-N 18001 and OHSAS 18001 standards. In Switzerland, annual controls are carried out by SUVA (Swiss Accident Insurance) and OHSAS 18001 auditors.

OHS Enterprise Committees

DMA: LA5-8 G4-LA5 G4-LA8 The companies that belong to the Group have OHS Committees with different structures and representatives, ensuring the adequate representation of all employees. In Poland the committee consists of six representatives (three of them are chosen by the employees via democratic election, while three represent the employer). In the German company Rohde & Grahl, there is an OHS Committee that consists of 10–15 people, in accordance with binding legal regulations. Participation in the OHS Committee is voluntary, so its composition depends on members' availability. In Switzerland (Sitag) there is an OHS Committee that consists of seven people appointed by the employer.

Safety issues are not only defined by the committees. Nowy Styl Group has no trade unions, but there are some other forms of employee representation in the different companies.

In Poland three representatives were chosen in a democratic election. Among other things, they discuss issues such as assessing the occupational hazards associated with particular tasks, allotting employees personal protective equipment, work clothes and shoes, creating training courses in occupational health and safety, monitoring working conditions and employees' health, and undertaking activities aimed at improving working conditions. In Switzerland there is a Swiss Furniture Commerce and Industry Association that represents the collective labour agreement. It decides, for instance, upon the mandatory necessity to ensure employees' health and safety.

Thanks to the representatives, committees and accident investigation teams, our employees are able to participate in managing all of Nowy Styl Group's most important occupational health and safety issues.

Injury and occupational diseases rate

G4-LA6 Safety procedures and other measures are effective. As in previous years, no instances of fatal or serious accidents were recorded in our production plants in 2014 and 2015. There were also no records of occupational diseases.

In our annual incident analyses we calculate the following coefficients that help us assess the safety level in our factories: the frequency coefficient (the number of accidents to the number of employees), the seriousness coefficient (the number of accidents to the number of working days lost) and the incident coefficient, which includes accident seriousness and frequency.

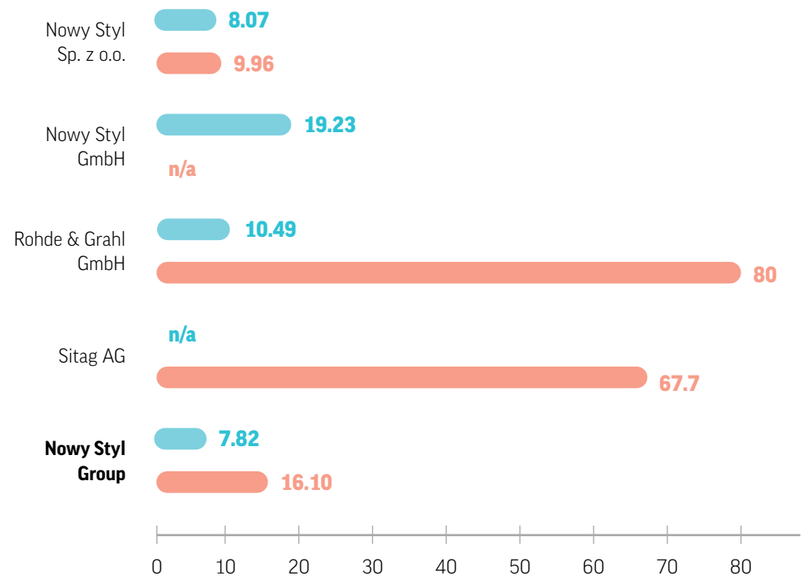
In 2014, 22 accidents were recorded in Poland, in which 5 women and 17 men were injured. They resulted in 1,276 days of absenteeism. In 2015 there were 29 accidents, resulting in 2 women and 27 men suffering injuries. The total number of days of absenteeism was 1,336.

In 2014 the German company Nowy Styl GmbH noted 2 accidents that caused injuries. The total number of absenteeism days amounted to 21. In 2015 no accidents were recorded.

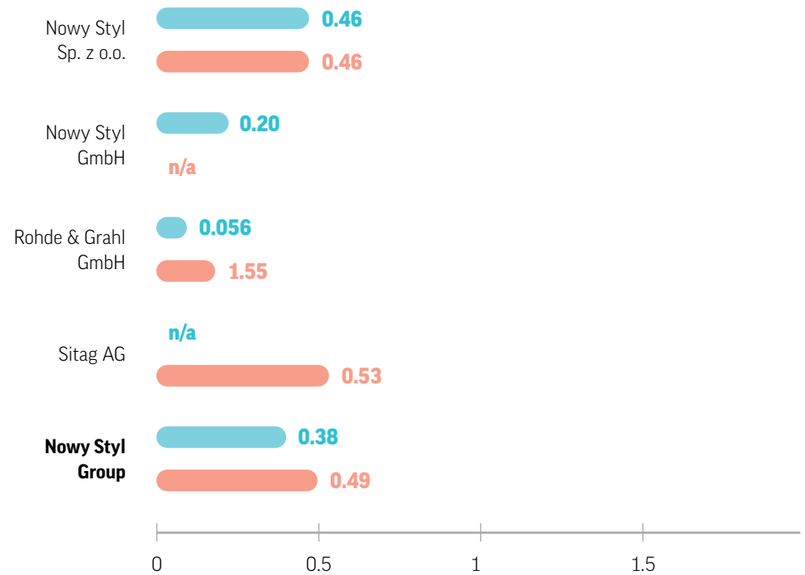
In 2014, 3 accidents were recorded at Rohde & Grahl GmbH, in which 3 men suffered injuries. The accidents resulted in 16 days of absenteeism. In 2015 the company noted 24 accidents causing different injuries to 5 women and 19 men; the total number of absenteeism days amounted to 465.

In 2015 Sitag recorded 9 accidents, in which 7 men and 2 women were injured. The accidents resulted in 70 days of absenteeism.

G4-LA6 *Accident frequency coefficient*



G4-LA6 *Incident coefficient*



ACCIDENTS IN NOWY STYL GROUP

	2014	2015
Total number of accidents causing injuries	27	62
Total number of people injured	27 W: 5 M: 22	62 W: 9 M: 53
Total number of absenteeism days	1 313	1 871

OHS CENTRE

Safe working conditions are not enough to avoid dangerous situations and accidents. The other equally important aspects are employees' commitment and suitable behaviour, as well as a culture of safety. Therefore, we pay particular attention to educating our employees in this area. In 2015 we opened the OHS Centre in Jasło, in which we train new and existing employees in the following issues: how to avoid potential hazards, what procedures they should follow, how to report dangerous situations and how to react if an accident occurs. One of the first aid modules is cardiac pulmonary resuscitation. Our employees can practice this using AED defibrillators, which all of our factories in Jasło are equipped with. Just like in the Training Centre, employees can practice on simulators that are specially made machine models. This allows them to understand the character of a particular workstation and the hazards related to it.

Exposure to danger

G4-LA7 We do our best to reduce the number of production workstations at which our employees are exposed to health-threatening factors by automating manual activities. Nevertheless, there are still jobs for which we record exceeded threshold limit values (TLV) of the following factors: noise, vibrations, solid wood dust and industrial dust.

According to measurements taken by external institutions, in 2014 and 2015 the number of these workstations increased along with the growing employment trend. In 2014 there were 243 workstations of this type, increasing to 326 in 2015.

At the German company Rohde & Grahl there were 55 employees working on positions exposed to noise in 2014, and 60 employees in 2015. In the other Group's companies, no such workstations were recorded.

We ensure all employees exposed to exceeded threshold values are well prepared for the tasks they perform (see the OHS Centre description), through cyclical training courses and protective equipment, such as goggles, earplugs and headphones.

OUR PROMISE:

In order to strengthen our employees' engagement with the safety of our factories, we will implement a program for recording potentially accidental events. Employees will indentify the potential hazards themselves and suggest a way to eliminate them. They will be encouraged by a new bonus system.

3.8 *Complete tabular data showing indicators*

G4-LA12 **EMPLOYMENT STRUCTURE OF THE MANAGERIAL STAFF**

2014	GENDER		AGE			Total
	Men	Women	<30	30–50	>50	
Nowy Styl Sp. z o.o.	2 261	763	737	1 875	412	**3 024**
Nowy Styl GmbH	62	42	16	50	38	**104**
Rohde & Grahl BV	21	12	3	19	11	**33**
Rohde & Grahl GmbH	217	76	55	134	104	**293**
NOWY STYL GROUP	**2 561**	**893**	**811**	**2 078**	**565**	**3 454**

2015	GENDER		AGE			Total
	Men	Women	<30	30–50	>50	
Nowy Styl Sp. z o.o.	2 456	816	837	1991	444	**3 272**
Nowy Styl GmbH	58	45	18	44	41	**103**
Rohde & Grahl BV	22	14	4	21	11	**36**
Rohde & Grahl GmbH	229	77	60	127	119	**306**
Sitag AG	99	34	19	61	53	**133**
NOWY STYL GROUP	**2 864**	**986**	**938**	**2 244**	**668**	**3 850**

G4-10 TOTAL NUMBER OF EMPLOYEES ACCORDING TO THE EMPLOYMENT AND CONTRACT TYPE (BY GENDER)

2014		Indefinite term contract	Definite term contract	Part-time contract	Full-time contact
Nowy Styl Sp. z o.o.	Women	440	323	6	757
	Men	1 284	977	3	2 258
Nowy Styl GmbH	Women	37	5	13	29
	Men	60	2	0	62
Rohde & Grahl BV	Women	8	4	9	4
	Men	19	2	1	19
Rohde & Grahl GmbH	Women	54	22	19	57
	Men	176	41	9	208
NOWY STYL GROUP		**2 078**	**1 376**	**60**	**3 394**

2015		Indefinite term contract	Definite term contract	Part-time contract	Full-time contact
Nowy Styl Sp. z o.o.	Women	465	351	9	807
	Men	1 303	1 153	6	2 450
Nowy Styl GmbH	Women	39	6	14	31
	Men	56	2	0	58
Rohde & Grahl BV	Women	12	2	9	5
	Men	20	2	1	21
Rohde & Grahl GmbH	Women	58	19	22	55
	Men	190	39	8	221
Sitag AG	Women	33	0	6	27
	Men	100	0	1	99
NOWY STYL GROUP		**2 276**	**1 574**	**76**	**3 774**

G4-LA1 NEW EMPLOYEES

2014	GENDER		AGE		
	Men	Women	<30	30–50	>50
Nowy Styl Sp. z o.o.	436	135	326	225	20
Nowy Styl GmbH	2	4	4	2	0
Rohde & Grahl BV	3	4	1	4	2
Rohde & Grahl GmbH	30	11	17	19	5
NOWY STYL GROUP	**471**	**154**	**348**	**250**	**27**

2015	GENDER		AGE		
	Men	Women	<30	30–50	>50
Nowy Styl Sp. z o.o.	440	115	308	216	31
Nowy Styl GmbH	0	4	4	0	0
Rohde & Grahl BV	3	2	2	3	0
Rohde & Grahl GmbH	33	12	21	14	10
Sitag AG	19	4	9	13	1
NOWY STYL GROUP	**495**	**137**	**344**	**246**	**42**

G4-LA1 ENDED CONTRACTS

2014	GENDER		AGE		
	Men	Women	<30	30–50	>50
Nowy Styl Sp. z o.o.	245	62	133	134	40
Nowy Styl GmbH	3	1	2	1	1
Rohde & Grahl BV	2	2	0	3	1
Rohde & Grahl GmbH	21	5	7	11	8
TOTAL	**271**	**70**	**142**	**149**	**50**

G4-LA1

ENDED CONTRACTS

2015					
	GENDER		AGE		
	Men	Women	<30	30–50	>50
Nowy Styl Sp. z o.o.	320	52	185	148	39
Nowy Styl GmbH	6	4	1	7	2
Rohde & Grahl BV	1	0	0	1	0
Rohde & Grahl GmbH	18	9	11	6	10
Sitag AG	10	5	3	9	3
TOTAL	**355**	**70**	**200**	**171**	**54**

G4-EC5

REMUNERATION OF THE LOWEST-RANKING EMPLOYEES IN COMPARISON WITH THE MINIMUM WAGE ACCORDING TO GENDER

	Nowy Styl Sp. z o.o.		Sitag AG		Nowy Styl GmbH	
	2014	2015	2014	2015	2014	2015
Women	133.93%	137.32%	–	125.60%	161.53%	170.38%
Men	149.65%	149.58%	–	143.30%	187.18%	191.53%

G4-LA13

RATIO OF FEMALE MINIMUM WAGE TO MALE MINIMUM WAGE ACCORDING TO THE POSITION THEY OCCUPY

		Direct production employees	Indirect production employees	Specialists	Managers	Directors
Nowy Styl Sp. z o.o.	2014	93.46	95.36	92.53	108.79	98.60
	2015	92.37	92.13	92.33	103.91	101.69
Sitag AG	2014	–	–	–	–	–
	2015	87.65	70.84	88.47	76.53	0.00
Nowy Styl GmbH	2014	86.30	103.44	94.20	77.11	–
	2015	88.96	105.39	96.11	75.05	–
Rohde & Grahl GmbH	2014	74.83	74.81	75.87	107.69	104.76
	2015	70.23	70.67	85.48	73.10	0.00
Rohde & Grahl BV	2014	–	–	92.49	75.90	0.00
	2015	–	–	92.16	88.69	0.00

4

Our influence on the environment

We know that a conscious approach to environmental protection is crucial nowadays, therefore, we feel responsible for the changes that happen within our neighbourhood. We strive to minimise the influence our business activity exerts on the natural environment and people's living conditions. We continuously do our best to implement new solutions that will enable us to manage our impact on surrounding nature even more effectively.

We identify significant environmental aspects and precisely analyse every single process that takes place as part of our business activity and that may have an impact on nature. We strive to implement eco-friendly solutions that exert the smallest possible influence on the natural environment. Aware of the role our company performs in the eco-system, we set ourselves pro-environmental aims and monitor their realisation using the Environmental Actions Program on an ongoing basis. In order to fulfil our environmental protection obligations to an even greater extent, we perform our everyday work in accordance with the Environmental Management System principles, which are based on the requirements defined by the standard ISO 14001:2004. This means we aim to reduce the emissions released into the air and the amount of water generated by the technological processes we conduct, ensure the economical consumption of our main production materials and try to make effective use of our waste.

The issues related to our ecological approach to business have been included in the Integrated Management System Policy, in which we defined our mission, the aim of our business activity and the related ecological aspects. We keep in mind the reduction of our negative impact on the environment; we monitor legal and other requirements, as well as identifying environmental aspects, paying particular attention to efficient waste management. We also provide our employees with access to training courses, during which they can improve their qualifications and increase their awareness of the influence they exert on the product quality and the environment.

All actions undertaken within our business activity conform to legal regulations, and the processes run in our production plants are regulated by environmental protection regulations and administrative decisions.

DMA: EN29 G4-EN29 In the reporting period, no penalties or sanctions were imposed on Nowy Styl Group for violating administrative decisions or legal regulations relating to environmental protection.

4.1 Energy

DMA: EN6 DMA: EN3 G4-EN6 The scope of our business activity requires the responsible management of energy sources. Furniture and chair production is inseparable from huge energy consumption. Therefore, the reduction of energy and the use of energy from renewable sources (e.g. the rainbow energy that is part of the electric energy obtained from external suppliers) are priorities that characterise our eco-friendly approach to manufacturing.

G4-EN3 Heat production in our factories is closely linked with the demand for heat for technological and social purposes.

Part of the heat energy is produced in three boiler houses located in our production plants. In the Timber Processing Plant, the boiler house is powered by biomass derived from clean wood waste, which provides heat energy for the technological process and the central heating system. The second boiler house, located in Jasło, is also powered by biomass, which includes wood waste and dust (sawdust, shavings, wood chips, etc.). Our last boiler house, which belongs to the Plastic Processing Plant, is powered by charcoal and the heat it produces is mainly used for the central heating system in the winter.

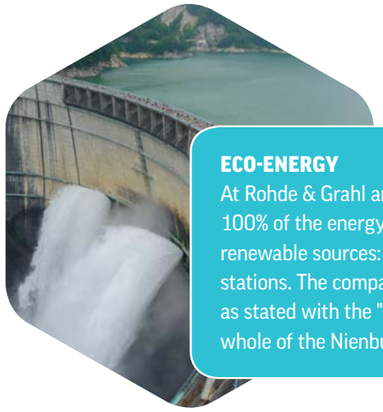
How do we reduce our energy consumption?

G4-EN27 G4-EN6 The modernised lighting in our production halls in Jasło has allowed us to achieve economical energy management. By introducing lights that switch on sequentially in zones where work is being performed and by replacing old lamps with new ones, we have managed to save approximately 27% of the energy we used previously. The use of energy-saving light bulbs (instead of 400-watt lamps) in the Metal Component Production Plant has led to a significant decrease in the amount of electrical energy consumed and heat energy generated at a workstation.

In order to reduce heat energy consumption in the Timber Processing Plant in Rzepedź, we have modernised the district heating network and substations that protect the factory from heat losses. We have also replaced the old heating network with a new one in the form of a trestle bridge.

We also invest in our production infrastructure. During the process of repairing or replacing machines, we change the existing engines with energy-saving engines of a new generation.

We educate and train our employees in energy conservation. The annual event we organise for our employees at Nowy Styl Group's production plants – the Open Day – was held under the banner of "Ecology" in 2015. The children were familiarised with the most important principles of energy conservation. Later on, the eco-guide was printed in "Spinacz" magazine, which is given to all our employees.



ECO-ENERGY
At Rohde & Grahl and in the offices located in Voigtei and Steyerberg in Germany, 100% of the energy used is so-called 'green energy' which is generated from renewable sources: the local gasworks and Scandinavian hydroelectric power stations. The company has contracted this eco-energy until the end of 2018, as stated with the "Ökostrom" certificate confirmed by TUV SÜD in 2015. The whole of the Nienburg district is famous for using eco-energy.

In July 2014 we modernised the powder paint shop in the Metal Component Production Plant in Jasło by purchasing new stoves: a drying-after-washing one and one used for paint thermal polymerisation. We also carried out some improvements to the conveyor. The right isolation and more precise regulation of the temperature inside the stove allowed us to save approximately 12% of the natural gas we were using. The change also enabled us to increase the efficiency of painting by approximately 20%, which had a significant influence on shortening the heating time and saving energy.

G4-EN3

ENERGY CONSUMPTION [kWh]	2014	2015
Nowy Styl Sp. z o.o.	23 883 002	25 941 036
Nowy Styl GmbH	280 192	275 556
Rohde & Grahl GmbH	5 851 272	5 526 648
Rohde & Grahl BV	174 274	168 928
Sitag AG	no data	1 147 720
NOWY STYL GROUP	**30 188 740**	**33 059 888**

G4-EN3

AMOUNT OF HEAT PRODUCED [GJ]

NOWY STYL SP. Z O.O.	2014	2015
Purchase	4 534	0
Biomass	138 031	135 919
Coal	1 987	2 073
Fuel oil	284	281
Propane-butane gas	0	57
Natural gas [m³]	5 104	8 185
TOTAL	**149 940**	**146 515**
ROHDE & GRAHL GMBH	**2014**	**2015**
Purchase	n/a	n/a
Biomass	11 319.19	8 700.98
Coal	n/a	n/a
Fuel oil	142.71	291.24
Propane-butane gas	n/a	n/a
Natural gas [m³]	1 890.76	2 630.16
TOTAL	**13 352.66**	**11 622.38**
SITAG AG	**2014**	**2015**
Purchase		n/a
Biomass		n/a
Coal		n/a
Fuel oil		2 000
Propane-butane gas		n/a
Natural gas [m³]		1 850
TOTAL		**3 850**
NOWY STYL GROUP	**2014**	**2015**
Purchase	**4 534**	**0**
Biomass	**149 350**	**144 620**
Coal	**1 987**	**2 073**
Fuel oil	**427**	**2 572**
Propane-butane gas	**0**	**57**
Natural gas [m³]	**6 995**	**12 665**
TOTAL	**163 293**	**161 987**

4.2 Water management

DMA: EN8 G4-EN8

The rational use of natural resources, such as water, is highly important in terms of a responsible approach to ecology and environmental protection. Therefore, we continuously improve standards, facilitate the technological processes in which water is used and strive to reduce its consumption.

The reported increase in our water consumption in 2014–2015, especially within the production plants located in Poland, was related to the launch of production in our new Office Furniture Factory in Jasło, where water is used for technological, social and living purposes.

The water used in our factories comes from two sources – surface water intakes and the municipal water supply network. In all our companies, the water used for living and technological purposes is provided by the external Municipal Services Department. The surface water intake, which makes up approximately half of the total water use, takes place only at the Timber Processing Plant, which is equipped with own pumping station.

G4-EN8

TOTAL WATER INTAKE ACCORDING TO ITS SOURCE [m³]

NOWY STYL SP. Z O.O.	2014	2015
Surface water	74 737	56 742
Municipal water supplies	71 164	58 396
TOTAL	**145 901**	**115 138**
NOWY STYL GMBH	**2014**	**2015**
Surface water	no data	no data
Municipal water supplies	51	78
TOTAL	**51**	**78**
ROHDE & GRAHL GMBH	**2014**	**2015**
Surface water	n/a	n/a
Municipal water supplies	2 603	2 863
TOTAL	**2 603**	**2 863**
ROHDE & GRAHL BV	**2014**	**2015**
Surface water	no data	no data
Municipal water supplies	no data	no data
TOTAL		
SITAG AG	**2014**	**2015**
Surface water	no data	n/a
Municipal water supplies	no data	2 369
TOTAL	–	**2 369**
NOWY STYL GROUP	**2014**	**2015**
TOTAL	**148 555**	**120 448**

4.3 Wastewater volume

DMA: EN22 G4-EN22 We are always careful to ensure the right management and elimination of the wastewater generated during our manufacturing processes.

Sanitary wastewater is discharged to Municipal Services Department systems. Two of the factories in Poland have their own sewage treatment plants. In the first one, which is located at the Timber Processing Plant in Rzepedź, domestic sewage is channelled to the Osławica river following treatment. In the second, located at the Metal Processing Plant, industrial sewage generated during the manufacturing process goes to the Jasiółka river following treatment.

The increased volume of industrial waste (closely connected with the technological process) in 2014–2015 was caused by the increase in the number of the products manufactured. However, it is worth highlighting that in 2015 the total wastewater volume decreased by approximately 18% compared to 2014 and was at its lowest volume since 2012.

How do we do this?

G4-EN27 In order to reduce the discharge of wastewater into rivers, we modernised the sewage treatment plant in Rzepedź in 2015. We fitted it with a new wiring and a system for controlling the sewage treatment plant. We also reinforced the Osławica river bank and rebuilt the ditch used for channelling sewage, rainwater and snowmelt.

G4-EN22

WASTEWATER VOLUME [m³]

NOWY STYL SP. Z O.O.	2014	2015
Sanitary wastewater discharged to Municipal Services Department	28 687	27 772
Sanitary wastewater discharged to the Osławica river after being purified in the sewage treatment plant	3 733	29 745
Industrial wastewater discharged to the Jasiółka river after being purified in the sewage treatment plant	34 131	5 631
TOTAL	**66 551**	**3 850**
NOWY STYL GMBH	**2014**	**2015**
Sanitary wastewater discharged to Municipal Services Department	51	78
ROHDE & GRAHL GMBH	**2014**	**2015**
Sanitary wastewater discharged to Municipal Services Department	n/a	n/a
ROHDE & GRAHL BV	**2014**	**2015**
Sanitary wastewater discharged to Municipal Services Department	no data	no data
SITAG AG	**2014**	**2015**
Sanitary wastewater discharged to Municipal Services Department	no data	2 369
NOWY STYL GROUP	**66 602**	**54 786**

4.4 Emissions to air

G4-EN15 Realisation of orders, which means the production of hundreds of thousands of chairs and furniture items, is also connected with the emission of pollutants into the atmosphere. A desire to limit this is one of the most important aims stated in the Group's binding Environmental Management System. In order to reduce the negative impact of the pollutant emissions, we do our best to implement innovative solutions, including those connected with monitoring. An accredited laboratory takes emissions measurements at our production plants once a year, in conformity with the requirements of the Environmental Protection Law. The measurements are based on standard emission indexes, according to the National Centre for Emissions Balancing and Management instructions, and on the indexes defined in permits regarding dust and gas emissions into the air for particular systems and production plants.

We pay special attention to the emission of carbon dioxide, which is classified as a greenhouse gas and can raise the temperature of our planet. In order to calculate the emissions, we monitor the working time of the systems that produce them. No other greenhouse gases are emitted by our factories.

The increase in the emission of pollutants compared to the previous reporting period (2012–2013) was caused by the intensified production and the extended working time of different systems. However, it is worth emphasising that during all production process we did not exceed any hourly indexes or the annual emissions stated in the binding permits.

How do we do this?

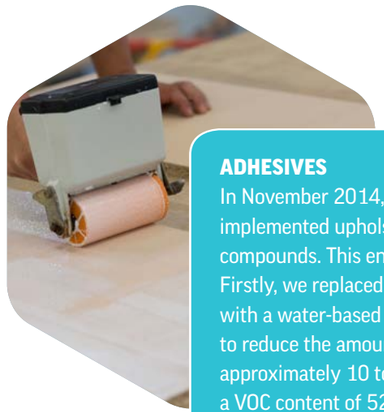
G4-EN27 Our paint shop is equipped with a new booth for applying wood stains, which allows us to reduce the amount of dust emitted into the air and improve working conditions.

In the Office Furniture Factory in Jasło we use water-based paint in our spray booth, which enables us to limit the hazardous volatile organic compound (VOC) emissions. The water-based paints are more eco-friendly in terms of their VOC content. Moreover, they do not exert negative impacts on employees.

We ask external research institutions to conduct periodic tests of the plywood manufactured at our production plants. We also obtain from external suppliers the relevant documents for chipboard. This approach allows us to continually control formaldehyde emissions.

Our suppliers provide us with statements confirming the lack of harmful freons (CFC and HCFC) that deplete the ozone layer, heavy metals and brominated substances in the foam.

In Rohde & Grahl production plants, the excessive paint and solvent particles are bound and separated by means of water curtains during the painting process. This enables us to significantly reduce the emission of many paint and varnish ingredients as fumes, which are harmful to the environment and employees' health.



ADHESIVES
In November 2014, in the Armchair and Chair Production Plant in Jasło, we implemented upholstery adhesives with a lower content of volatile organic compounds. This enabled us to greatly reduce the amount of VOCs emitted. Firstly, we replaced part of solvent adhesive, which had a VOC content of 52%, with a water-based adhesive with an activator free of VOCs. We managed to reduce the amount of VOCs introduced into the production process by approximately 10 tons per year. Secondly, we replaced two other adhesives, with a VOC content of 52% and 38%, with a new one that has a VOC content of 35%, allowing us to reduce VOC emissions by approximately 25%, which means almost 5 tons per year.

G4-EN21 G4-EN15

EMISSION OF SULPHUR DIOXIDES, NITROGEN OXIDES AND OTHER SIGNIFICANT COMPOUNDS INTO THE ATMOSPHERE [kg]*

NOWY STYL SP. Z O.O.	2014	2015
Nitrogen oxides (NO_x)	32 877.1	37 065.4
Sulphur dioxide (SO_2)	2 478.7	2 786.9
Volatile organic compounds (VOCs)	35 969.0	41 459.8
Dust	38 394.2	41 684.1
Carbon monoxide (CO)	28 735.4	32 819.8
Carbon dioxide (CO_2) [Mg]	10 752.6	12 511.4
ROHDE & GRAHL GMBH	**2014**	**2015**
Nitrogen oxides (NO_x)	1 370	1 460
Sulphur dioxide (SO_2)	840	900
Volatile organic compounds (VOCs)	4 760.52	5 578.14
Dust	n/a	n/a
Carbon monoxide (CO)	n/a	n/a
Carbon dioxide (CO_2) [Mg]	1 336.04	1 466.53
SITAG AG	**2014**	**2015**
Nitrogen oxides (NO_x)	n/a	n/a
Sulphur dioxide (SO_2)	n/a	n/a
Volatile organic compounds (VOCs)	n/a	1 442.34
Dust	n/a	n/a
Carbon monoxide (CO)	n/a	n/a
NOWY STYL GROUP	**2014**	**2015**
Nitrogen oxides (NO_x)	**34 247**	**38 525.4**
Sulphur dioxide (SO_2)	**3 319**	**3 686.9**
Volatile organic compounds (VOCs)	**40 729**	**48 480.3**
Dust	**38 394**	**41 684.1**
Carbon monoxide (CO)	**28 735**	**32 819.8**
Carbon dioxide (CO_2) [Mg]	**1 336.04**	**13 977.9**

* Nowy Styl GmbH and Rohde & Grahl BV do not conduct production activities, therefore they do not monitor data concerning the following indexes.

In terms of environmental protection, the New Technologies Development Centre is constantly looking for solutions that would reduce or even completely eliminate our harmful influence on the environment. We do this by eliminating adhesives in particular products or by applying water-based adhesives.

EUGENIUSZ GÓRSKI
Technologist
New Technologies Development Centre

4.5 Material consumption

DMA: EN1 G4-EN1

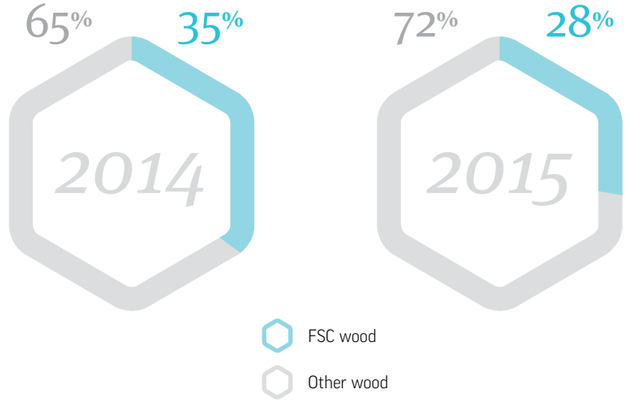
With huge quantities of different materials required in our manufacturing processes, we know how important it is to use them rationally. By increasing our production capacities, we simultaneously increase the volume of the materials used.

Our production process consumes, among other materials, chipboards, fibreboards, fabrics, plastics and foams. The main material used in the Metal Component Production Plant is steel, which is supplied in the form of tubes, profiles and sheets of defined shapes and dimensions. This allows us to generate the least possible amount of technological waste.

When manufacturing wooden components, we use lumbered materials that consist of products generated during, for example, the process of sawing longitudinal logs, and peeled timber, which is a collection of multi-dimensional high quality logs.

All of the wood used at the production plant in Rzepedź comes from European Union forests and conforms with the requirements stated in the regulation EUTR 995/2010, which mainly applies to eliminating illegal timber logging. During our manufacturing processes, we also use FSC-certified wood and plywood, which guarantees the timber comes from forests managed sustainably. In 2014 FSC-certified wood made up 35% of the total timber purchase; this was 28% in 2015.

An alternative material used at the Rohde & Grahl production plants is bamboo, which is used to produce chipboards. Bamboo is an exceptionally durable and solid material. Its resources are easily renewable.



Percentage of the FSC-certified timber logs purchased in 2014 and 2015

G4-EN1

MATERIALS USED ACCORDING TO THEIR WEIGHT OR VOLUME

NOWY STYL SP. Z O.O.	2014	2015
Fibreboards, chipboards and others [m³]	9 831	11 800
Plastics [t]	2 678	3 183
Metal ware [t]	11 206	12 103
Fabrics [m²]	1 514 627	1 614 115
Foam block [kg]	974 123	1 007 430
Lumbered materials [m³]	1 146	1 194
Peeled timber [m³]	15 054	14 946

PLASTICS CONSUMPTION [kg]

NOWY STYL SP. Z O.O.	2014	2015
Total plastics consumption	2 677 850	3 183 350
Regranulate production	1 444 160	1 354 570
Including those sold outside	126 319	38 963

4.6 Waste management

DMA: EN23 G4-EN23 Responsible waste management also means ensuring the highest recycling and disposal standards. During the production of furniture and chairs, different types of waste are generated (e.g. foams, scraps, leather and fabric snips). In many cases, we are able to re-use them in the manufacturing process. In order to recover heat energy, we burn, for example, shavings and sawdust in boiler rooms located at our factories. The surplus is given to people who use these waste materials in their household central heating systems.

The other waste materials, which we are not able to reuse, are handed over to external companies that provide comprehensive waste management and recycling solutions.

How do we do this?

G4-EN27 Due to its special focus on production, our Plastic Processing Plant has a regranulate section whose task is to use internal industrial waste and waste that comes from external suppliers. The regranulate is made of plastic containers, car bumpers and many other materials that can be reused once again after grinding. This allows us to limit the use of original materials and reduce the amount of waste generated by using them again in the manufacturing process.

In 2015 we equipped the Metal Component Production Plant with a new laser for cutting profiles. This device increased the precision of cutting and reduced the amount of waste generated, which enabled us to limit steel materials and electrical energy consumption at the same time. In the same year, after compiling a new application and submitting it to the Marshal's Office in Rzeszów, the Metal Component Production Plant obtained a permit for waste management that is valid for the next 10 years. This allows us to carry out our manufacturing processes in accordance with legal requirements.

We are also organised in the way we manage the oil and fluorescent lamps used. They are utilised in conformity with the binding procedure.

Implementation of stretch foil wrapping devices with initial elongation on a machine resulted in a 40% decrease in foil consumption. This also allowed us to reduce the amount of foil for recycling. In 2015 we equipped the Armchair and Chair Production Plant in Jasło with three of these machines.

In order to manage waste responsibly, we also help our customers utilise products properly. They are allowed to send us the products they no longer need, which we disassemble into components and send for recycling.

BOARD MACHINE

In order to improve the management of cardboard packaging in the Office Furniture Factory and the Armchair and Chair Production Plant in Jasło, we implemented new board machines. They are used to produce cardboard boxes made out of a cardboard ribbon. Implementation of the machines that cut out cartons adjusted to particular orders, enabled us to make a significant change in the packaging management process. With classic packaging technology, cartons are made by a supplier and delivered to a company as a packaging material intended for direct use. This technology imposes specific management methods, e.g. purchase of the minimum quantity, carton storage, or defining a finite number of carton variants. Excessive amount of variants can cause a growth of the carton storage area, especially in the case of the variants characterised by low rotation.

Thanks to the board machine, we can purchase a cardboard ribbon of certain widths and cut out cartons that are perfectly adjusted to a specific, ordered product. This allows us to perfectly match cardboard boxes to our products, reduce or even eliminate the carton storage, and replace it with a significantly smaller storage for a cardboard ribbon. We are also able to precisely define the number of cartons needed for a particular production volume.
By introducing this kind of improvement, we have managed to reduce the cost of the technological waste generated during the process of cutting cartons.

G4-EN23

WASTE ACCORDING TO THE METHOD OF MANAGEMENT [Mg]

NOWY STYL SP. Z O.O.	2014	2015
Waste handed over to external companies	4 521	5 737
Recycling within own production plants	21 968	20 984
TOTAL	**26 489**	**26 721**
NOWY STYL GMBH		
Waste handed over to external companies	61	66.51
Recycling within own production plants	no data	no data
TOTAL	**61**	**66.51**
ROHDE & GRAHL GMBH		
Waste handed over to external companies	748.75	732.76
Recycling within own production plants	n/a	n/a
TOTAL	**749**	**733**
SITAG AG		
Waste handed over to external companies	no data	78.7
Recycling within own production plants	no data	190
TOTAL		**268.7**
NOWY STYL GROUP		
Waste handed over to external companies	**5 331**	**6 615**
Recycling within own production plants	**21 968**	**21 174**
TOTAL	**27 299**	**27 789**

G4-EN23

WASTE ACCORDING TO ITS TYPE [Mg]

NOWY STYL SP. Z O.O.	2014	2015
Hazardous waste	399	402
Non-hazardous waste	4 122	5 335
TOTAL	**4 521**	**5 737**
NOWY STYL GMBH		
Hazardous waste	no data	no data
Non-hazardous waste	22.7	29.2
TOTAL	**23**	**29**
ROHDE & GRAHL GMBH		
Hazardous waste	22.61	44.46
Non-hazardous waste	726.14	699.3
TOTAL		
SITAG AG		
Hazardous waste	no data	0
Non-hazardous waste	no data	37
TOTAL		**37**

4.7 *Total expenses and investments in environmental protection*

DMA: EN31 G4-EN31

In order to reduce the influence our company exerts on the environment, we control all processes on a regular basis and continuously invest in new solutions that help us minimise the negative effects of our business activity. We constantly monitor all movements, so that we can respond quickly and accurately to the changing results and parameters.

Without the continuous monitoring of our activity, we would not be able to fully realise our pro-ecological aims. Therefore, besides external audits, we also deal with internal monitoring that is carried out by dedicated teams of auditors.

How do we do this?

In order to limit our influence, we invest in, among other things, certification of the environmental protection system, emission measurements, noise and water measurements, and training courses, which have been mentioned as one of the most important aspects of our Integrated Management System Policy. In both 2014 and 2015 we incurred the biggest expenses within the area of waste management.

G4-EN31

TOTAL EXPENSES AND INVESTMENTS IN ENVIRONMENTAL PROTECTION [PLN]

NOWY STYL SP. Z O.O.	2014	2015
Certification audits	88 477.00	69 431.00
Environmental fee	131 563.00	130 939.00
Waste disposal	386 656.00	548 479.00
Emission measurement + report concerning emission standards	6 350.00	7 260.00
Noise emission measurement	–	11 000.00
Water and wastewater measurement	6 567.00	4 046.00
Maintenance costs	11 700.00	–
Training courses	12 890.00	1 400.00
Decision issues	–	15 900.00
TOTAL	**644 203.00**	**788 455.00**

SITAG AG	2014	2015
Certification audits	no data	49 490.98
Environmental fee	no data	–
Waste disposal	no data	123 137.33
Emission measurement + report concerning emission standards	no data	23 604.60
Noise emission measurement	no data	–
Water and wastewater measurement	no data	–
Maintenance costs	no data	1 495 351.41
Training courses	no data	106 220.70
Decision issues	no data	–
TOTAL		**1 797 805.02**

ROHDE & GRAHL GMBH	2014	2015
Certification audits	30 908.66	53 276.69
Environmental fee	n/a	n/a
Waste disposal	n/a	293 053.43
Emission measurement + report concerning emission standards	n/a	n/a
Noise emission measurement	n/a	n/a
Water and wastewater measurement	186.59	186.39
Maintenance costs	2 013.80	2 334.70
Training courses	n/a	n/a
Decision issues	n/a	n/a
TOTAL	**33 109.04**	**348 851.21**

NOWY STYL GROUP	2014	2015
Certification audits	119 385.66	172 198.67
Environmental fee	131 563.00	130 939.00
Waste disposal	386 656.00	964 669.76
Emission measurement + report concerning emission standards	6 350.00	30 864.60
Noise emission measurement	0	11 000.00
Water and wastewater measurement	6 753.59	4 232.39
Maintenance costs	13 713.80	1 497 686.11
Training courses	12 890.00	107 620.70
Decision issues	0	15 900.00
TOTAL	**677 312.05**	**2 935 111.23**

4.8 Transport

DMA: EN30 G4-EN30

Bearing in mind the fact that our influence on the environment is not limited to a production site, we also strive to reduce our impact in terms of transporting our products to end customers and distributors. Being a global supplier, we deliver hundreds of thousands of chairs and furniture items to different customers all over the world. Therefore, we are aware of the need for a responsible approach to the whole logistical process.

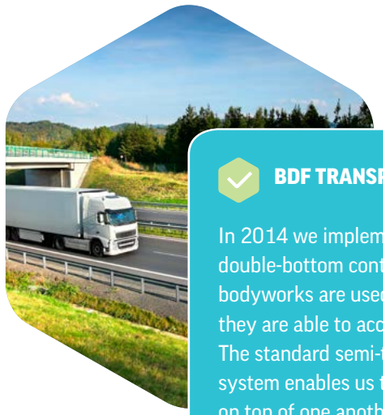
The decrease in fuel consumption is the result of transferring the transport of our products and product components to external companies – distribution takes place by means of an external car fleet. Among our current carriers, we chose those who possess vehicles that have low exhaust fumes and CO_2 emissions. The main logistics partners we cooperate with when distributing our products are DB Schenker, Raben, DHL, Dachser, Heppner, Rohlig Suus, Onetex and Zettransport. Our transport fleet consists of 104 cars and four lorries, all of which meet the combustion standards, from EURO 1 to EURO 4.

Our total storage area covers 55,300 m². We have 14 storehouses located across Europe, which allows us to plan more effective combined deliveries sent to end customers from particular storage places.

How do we do this?

One of the most important aims of the transport policy is to optimise the distribution process while reducing the negative influence on the environment. Among other things, this is achieved with the L-shape packaging method, which doubles the TIR-lorries' load carrying capacity. Every single pallet can hold more products, which has enabled us to limit the amount of materials used for packaging and significantly reduced transport costs. We have also minimised the quantity of exhaust fumes emitted to the environment.

At Rohde & Grahl GmbH 80% of chairs and 95% of furniture items are transported in reusable blankets. Moreover, the fleet used by our German companies meets the EURO 5/EURO 6 emission standards and is almost completely equipped with AdBlue Technology, which helps reduce the emission of nitrogen oxides by 90%.



BDF TRANSPORT SYSTEM

In 2014 we implemented the BDF transport system, which uses replaceable containers and double-bottom containers, as well as transporting chairs without packaging. BDF-type replaceable bodyworks are used in logistics for high-volume goods. With a capacity of approximately 120 m³, they are able to accommodate 38 Euro-pallets (120x80cm), making maximum use of the surface. The standard semi-trailer, with a capacity of 90 m³, accommodates 34 pallets. The double-bottom system enables us to ensure better use of the loading area for products that cannot be transported on top of one another. By using sliding hooks, we are able to change the height and length of the second layer, which results in increasing the loading capacity of a standard trailer from 33 pallets to 55 pallets.

When transporting furniture and chairs without packaging in the design sector, we respond directly to our customers' needs and adopt an eco-friendly approach to transport at the same time. When being stored and transported, our chairs are additionally protected against damage, for example, with protective armrest and castor pads. Instead of cardboard boxes, our products are covered with fabric bags and fastened to the walls of a container with special belts. Implementation of the BDF container system significantly reduces our negative impact on the environment. This allows us to limit cardboard waste and use the full potential of the available loading area.

We supply Nowy Styl Group's goods to customers living in Poland and abroad, taking constant care of minimising our interference with the natural environment. Our pro-ecological approach to transport, which involves, among other things, maximisation of vehicle loading capacity and the continuous monitoring and reduction of CO_2 emissions, is one of the essential aspects our long-term cooperation is based on.

BEATA KONECKA
Marketing Manager
Schenker Sp. z o.o.

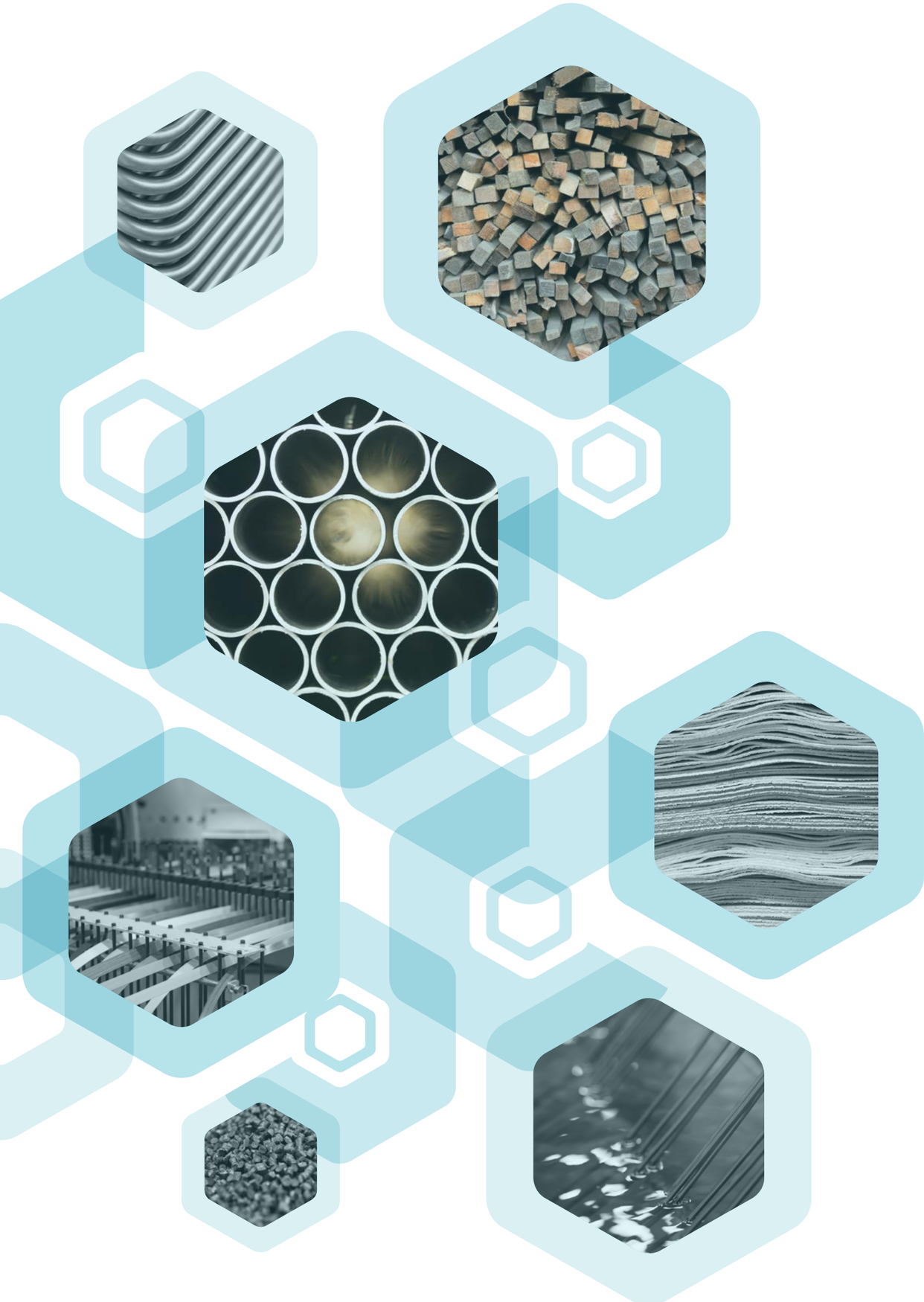
G4-EN30

TRANSPORT FLEET COMBUSTION FUEL CONSUMPTION [Mg]

NOWY STYL SP. Z O.O.	2014	2015
Diesel fuel	217,914	180,795
Petrol	25,634	26,666
LP gas	71,423	69,278
ROHDE & GRAHL GMBH		
Diesel fuel	91,49	75,9
Petrol	0,86	10,51
LP gas	4,081	2,893
SITAG AG		
Diesel fuel	no data	122
Petrol	no data	2
LP gas	no data	0
NOWY STYL GROUP		
Diesel fuel	**309,404**	**378,695**
Petrol	**26,494**	**39,176**
LP gas	**75,504**	**72,171**
TOTAL	**411,402**	**490,042**

5

Suppliers



5.1 Suppliers

Sustainable supply chain management is one of the biggest challenges of corporate social responsibility. Within the area of direct purchases alone we cooperate with over 2,500 suppliers from many different countries. The supply chain does not just involve the suppliers of the materials we need for production purposes; it also includes organisation and production planning, technological processes, internal transport and shipment logistics.

DMA: EC9

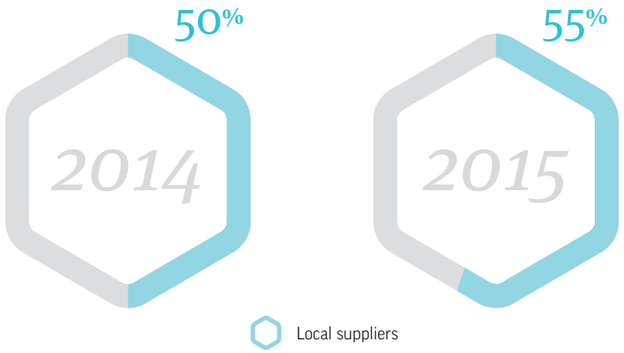
Reliability of supply is the basis on which our company functions. In order to ensure we have stable supplies, we use different methods for supplier diversification: we maintain a wide portfolio of material suppliers from different countries, unify products and create a base of alternative technologies. We have similar production technologies at our production plants located in various countries (Germany, Ukraine and Russia). Moreover, we constantly cooperate with suppliers and transfer some aspects of production to them, even though the technology at our factories is sufficient. This provides protection in case of emergencies.

We also diversify our suppliers and types of transport, continuously improving our standards and requirements for their services. In the last two years we reduced the number of carriers we work with and only prolonged our cooperation with companies that use vehicles with low exhaust fumes and CO_2 emissions.

Our purchasing procedures are based on the standard ISO 9001:2008.

Local suppliers, global purchases

G4-EC9 DMA: EN32 According to our principle "We think globally – act locally," we strive to obtain materials from local markets. The "local market" means the market of a country in which our production plants are located. It is particularly important in terms of direct purchases connected with our manufacturing activity, the value of which accounts for the majority of our company's expenses. In 2014, 50% of materials and intermediate products (according to value) were delivered by local suppliers. In 2015 the participation of local companies in direct purchases increased to 55%. We make our other purchases from suppliers from outside countries in which we carry out production. For instance, Polish suppliers that delivered components to our factories in Jasło are now delivering orders for German companies as well. This is a result of cost rationalisation and broader changes in our purchasing policy.



SUPPLIER CODE OF CONDUCT

Our organisation's leader in introducing ethical standards to the supply chain was Rohde & Grahl, which operates in the Netherlands. The Code the company established was signed by almost all suppliers, collectively responsible for 95% of supplies. Since the end of 2015 Nowy Styl Group has had a binding global document – *Supplier Code of Conduct* – which concisely defines our basic requirements concerning working conditions, labour practices, environmental protection and fair business practices. The Code is a global document, equally binding for suppliers of all Nowy Styl Group's companies. Its acceptance is a prerequisite for new partners to cooperate with our organisation, while current suppliers must gradually undertake the process of accepting and adjusting to the requirements stated in the Code. We are creating tools for verifying the observance of this document, which we will use for new partners' appraisals and during periodic audits. The implementation is scheduled for completion in 2016 and 2017.

G4-12 The growing scale of our company's activity allows us to optimise purchasing processes. Since the middle of 2014 we have been centralising our supply chain. By concentrating this process in the Central Purchasing Division, we can control the expenses of the whole Group and use the scale and synergy more effectively: the prices of materials and components used in different production plants are negotiated centrally. The centralisation process also enables us to implement the same purchasing strategy and procedures, as well as the right management of the purchasing category and the purchasing staff throughout the organisation.

The Central Purchasing Division is responsible for verifying new suppliers. In Poland, it also took over responsibility from the Quality Department for controlling the quality of supplies delivered by external companies to our production plants and conducting on-site inspections at suppliers' locations.

DMA: LA14 G4-EN32 G4-LA14 In the process of selecting our suppliers, we take into account, among other criteria, quality, environment, OHS and finance. We pay close attention to verifying new partners who have to undergo an audit concerning, for instance, the environmental and OHS criteria, as well as the group of partners defined as key suppliers. In both 2014 and 2015, 100% of new companies in this circle completed the "Supplier Environmental Questionnaire" and other documents verifying the binding OHS policy.

Now we also take ethical criteria into consideration, in particular the observance of human rights.

When clients increase their requirements, the whole industry begins to develop. For many years we have been working with Nowy Styl Group, which is one of our key clients, on improving our products' quality, safety and environmental parameters. To meet the needs of the Group's orders, we have implemented cardboard boxes with no metal staples, so that they could be utilised more easily. The "Supplier Code of Conduct" includes those rules that we have always followed in our company, however it forces us to monitor them more systematically. The document is, for us and the whole industry, a signal that without constant care for observing basic standards concerning human rights, we cannot count on cooperation with the biggest furniture market players.

KRZYSZTOF JAŻDŻYK
CEO of Model Holding AG
Nowy Styl Group's Supplier of the Year 2014

OUR PROMISE:

We will implement the *Supplier Code of Conduct* in all companies that belong to the Group. We will create a questionnaire for supplier ethical appraisal, which will be used during the initial verification of new suppliers. We will also monitor observance of the *Supplier Code of Conduct* during periodic meetings and audits of our suppliers.

6

Our customers

The word "customer" does not really reflect the way we treat the people we cooperate with and the organisations we equip with our products. The word "partner" seems much more appropriate.

When building our relationships with people we focus mainly on their permanence and make sure they are based on trust that stems from the real benefits we offer the other party.

Creating and maintaining these relations with our business partners are key tasks of all departments. Every single activity described in this report has a more or less direct influence on positive relationships with our customers.

First of all, when designing our products and services, we make sure they meet users' technical, technological and quality expectations. The design process also includes a selection of suitable materials – not only in terms of their cost-effectiveness, but also their durability, ecology and ergonomics of the final solution. As suppliers are the source of those materials, we pay special attention to selecting them carefully and maintaining good relationships, ensuring our products are of the highest quality. For us, product quality control and the whole logistics process are key stages of the production process.

6.1 Customer health and safety

G4-EN27 G4-PR2 DMA: PR1 When designing our products, we think first of all about customers. Their comfort and health are absolute priorities for us. Our furniture is not covered by the European Union "New approach directives" concerning product safety, therefore it is sold on the "free market." However, the lack of top-down regulations does not prevent us from precisely controlling the processes of the products we manufacture. Our products undergo tests carried out in our own research centre in Jasło (Poland) and in other external certified research units both in Poland and abroad.

Our wide product portfolio involves diverse products, from homeoffice products (some products manufactured by the Nowy Styl brand, as well as the SOHO – Small Office Home Office offer) to products designed for the project market, which sets extremely high standards concerning ergonomics, quality and product recycling possibilities, and which is the most important market when it comes to our company's functioning. We operate in practically every market segment and sales channel, offering products made by the following six brands: Nowy Styl, BN Office Solution, Forum Seating, Grammer Office, Rohde & Grahl and Sitag.

G4-PR1 The homeoffice products are approved for distribution on the basis of a construction assessment and potential risk evaluation. All products implemented for the professional (project) market are subject to internal tests. The internal tests are also confirmed in part by test reports conducted by independent research institutions, including accredited units that are entitled to issue certificates. In 2014–2015 we increased the number of these documents obtained for our products.

One of the certificates our products have obtained is the GeprüfteSicherheit (GS) certificate – a widely acclaimed document which confirms that a product with this mark meets strict German and European standards and the highest safety requirements. The certifying body is the German research institute TUV Rheinland, which we have been cooperating with for many years.

In 2014 we obtained the French certificate NF-Office Excellence Certifié and after the audit in 2015 it was renewed. NF-Office Excellence Certifié is a confirmation that the certified office furniture is high quality in terms of its dimensions, mechanical strength, durability, functional safety and performance in reaction to fire. Moreover, the document guarantees that a manufacturer is able to produce products of the same quality, as well as implement and monitor social and environmental commitments. NF-Office Excellence Certifié is the only French office furniture certification mark issued by an independent accredited certifying body in this field.

We also possess certificates issued by other research institutes, for example, the Polish Research and Certification Office COBRABiD-BBC (certificate of compliance with B quality mark), Institute of Technical Supervision, Wood Technology Institute, Institute for Building Technology and the Czech Engineering Test Institute (Szutest).

The level of tests carried out by external institutions is 100% for products manufactured by the Grammer Office brand, 100% (for chairs) and 95% (for furniture) for the Rohde & Grahl brand, and 40% for the Sitag brand.

At research institutes we also test the performance of our furniture in terms of its reaction to fire and UV radiation.

In order to provide our customers with reliable information on the certificates our products have, we systematically manage knowledge in this area through an internal "Certificates" Portal on the company's SharePoint platform. This Portal is where our employees can easily find the latest documents for our furniture and components, such as seals of approval, test reports, certificates and statements.

Due to the character of the projects they are designed for, the Forum Seating products are often subject to European Union directives concerning construction products, as well as the directives on electronic equipment. When designing these products, we always make sure they meet rigorous standards for durability and safety of use.

THE STANDARDS WE OBSERVE WHEN MANUFACTURING OUR PRODUCTS

PRODUCTS MADE BY THE NOWY STYL AND BN OFFICE SOLUTION BRANDS:	
Stationary chairs:	
EN 16139	Furniture. Strength, durability and safety. Requirements for non-domestic seating
EN 1022	Domestic furniture. Seating. Determination of stability
EN 1728	Furniture. Seating. Test methods for the determination of strength and durability
EN 14703	Furniture. Links for non-domestic seating linked together in a row. Strength requirements and test methods
EN 12727	Furniture. Ranked seating. Test methods and requirements for strength and durability
Operative chairs for educational institutions:	
EN 1729-1	Furniture. Chairs and tables for educational institutions. Part 1: Functional dimensions
EN 1729-2	Furniture. Chairs and tables for educational institutions. Part 2: Safety requirements and test methods
Operative chairs:	
EN 1335-1	Office furniture. Office work chair. Part 1: Dimensions. Determination of dimensions
EN 1335-2	Office furniture. Office work chair. Part 2: Safety requirements
EN 1335-3	Office furniture. Office work chair. Part 3: Test methods
EN 1022	Domestic furniture. Seating. Determination of stability
Furniture (desks):	
EN 527-1	Office furniture. Work tables and desks. Part 1: Dimensions
EN 527-2	Office furniture. Work tables and desks. Part 2: Mechanical safety requirements
EN 527-3	Office furniture. Work tables and desks. Part 3: Methods of test for the determination of the stability and the mechanical strength of the structure
EN 14074	Office furniture. Tables and desks and storage furniture. Test methods for the determination of strength and durability of moving parts
Storage furniture (cabinets, pedestals):	
EN 14073-2	Office furniture. Storage furniture. Part 2: Safety requirements
EN 14073-3	Office furniture. Storage furniture. Part 3: Test methods for the determination of stability and strength of the structure

THE STANDARDS WE OBSERVE WHEN MANUFACTURING OUR PRODUCTS

PRODUCTS MADE BY THE NOWY STYL AND BN OFFICE SOLUTION BRANDS:	
Conference and café tables:	
EN 15372	Furniture. Strength, durability and safety. Requirements for non-domestic tables
EN 1730	Furniture. Tables. Test methods for the determination of stability, strength and durability
Hygienic approvals from the National Institute of Hygiene	Compliance with requirements for use in office and public spaces (corresponds with hygienic requirements in terms of safety concerning the presence of hazardous substances)
Wood Technology Institute	Opinion on the hygienic class E1 – formaldehyde emission EN 717-1 (the 30H cabinet as the representative of the Easy Space furniture line)
PRODUCTS MADE BY THE GRAMMER OFFICE BRAND:	
EN 1335, EN 16139	
PRODUCTS MADE BY THE ROHDE & GRAHL BRAND:	
Chairs	
EN 1335, EN 16139, NPR 1813	
Furniture	
EN 527-1, EN 527-2, EN 527-3	
PRODUCTS MADE BY THE SITAG BRAND:	
EN 1335 1-3	

6.2 Acoustics

In 2014 we appointed a dedicated team responsible for acoustics and the implementation of acoustic products. The team developed its knowledge of the properties of acoustic materials and their arrangement through tests and training courses. We carried out acoustic tests of our products in several domestic and foreign research centres: in Cracow at the AGH Laboratory of Technical Acoustics, in Warsaw at the ITB Acoustic Laboratory and in cooperation with one of the most regarded acoustical consulting firms in the world – Nagata Acoustics.

Now we are working on designing a line of sound-absorbing products intended for office and public spaces, which will respond to specific acoustic problems characteristic of office areas. One of the solutions that has been applied in the production line is an eco-friendly sound-absorbing material made of 85% recycled PET.

In 2016–2017 we intend to continue our activities within the area of acoustics. We are planning to conduct acoustic tests for selected samples and products. We will also develop our competences in measuring the acoustic parameters of a space: we will purchase special equipment for taking acoustic measurements and conduct test measurements. We will also train our business partners in the different aspects of acoustics.

6.3 Influence on the environment

A great number of our clients systematically manage their influence on the environment and monitor it in all areas of their activity.

We wish to provide these clients with complete information on environmental properties of our products. We collect material declarations from our suppliers, which enables us to report the overall material consumption and create environmental product profiles based on the international EPD (Environmental Product Declaration) cards. In Poland we prepared pilot environmental cards for the Intrata chairs and the Hexa seat. The cards cover 75% of the products made by the Grammer Office brand (the Sail, Globeline, Match and Tiger chairs), a huge part of the Sitag brand's offer (SITAGTEAM, SITAGEGO, SITAGPOINT, SITAGWAVE, SITAGWORLD, SITAG EL100), and the Vote chair made by the Rohde & Grahl brand (implemented in 2014), which is designed for the contract market. Moreover, products made by all of our brands are marked to indicate the plastics they have been fabricated from according to the standard ISO 11469.

G4-EN27

In order to ensure the safety of our products and minimise their influence on the environment, we are careful to select the right materials and components. Our basic activities in this area include:

- carrying out periodic tests of the plywood produced in our factories in Rzepedź at external institutions in order to control formaldehyde emissions;
- obtaining relevant documents from our suppliers, which define formaldehyde emissions for furniture board;
- working on eliminating the use of adhesives;
- trying to reduce emissions from adhesives – in 2014 we introduced an adhesive with 35% VOC content (it replaced adhesives with 52% and 62% VOC content); the process of replacing solvent adhesives with water-based adhesives is a progressive process which is ongoing;
- obtaining statements from suppliers confirming that foams do not contain any freons (CFC and HCFC), heavy metals or brominated substances;
- obtaining statements from suppliers assuring that their materials contain neither halogenated flame retardants nor dyes with heavy metals (Pb, Sn, Cd, Hg) and providing information on their recyclability.

6.4 Warranty

We do our best to ensure our customers are able to appreciate our products' quality and safety of use throughout the warranty period and for a long time after its expiration. This is regulated through relevant rules in our contracts. Our customers are provided with an efficient after-sales service by professional technicians in six Polish commercial regions. The after-warranty service is provided at 35 points run by distributors of the Nowy Styl brand all over the country.

Our customers are able to access the warranty conditions on our dedicated website. As standard, all our products have a two to five-year warranty (depending on the brand). In the case of product realisations for the project market, we provide a ten-year warranty.

The content of the warranty dedicated to the B2B sector is placed on a non-public website due to the large number of institutional clients with whom we negotiate warranty conditions individually. Work on getting the warranty on our B2C channels is in progress now.

Product compliance with regulations

G4-PR2 In 2014–2015 no instances of non-compliance with regulations regarding health and safety with respect to products and services were reported by any of our brands, concerning in particular:

- instances of non-compliance with regulations resulting in a fine or penalty;
- instances of non-compliance with regulations resulting in a warning;
- instances of non-compliance with voluntary codes.

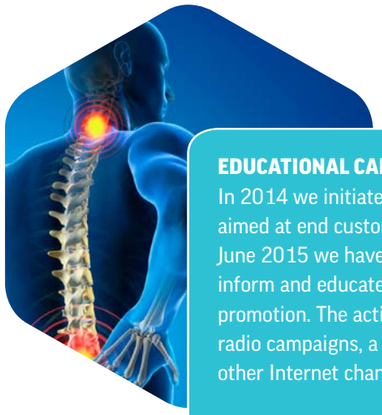
6.5 Ergonomics

When designing our products we also strive to ensure they have a positive influence on the end customers' health by many patented solutions concerning not only chairs, but also furniture. The offer of highly ergonomic chair mechanisms includes:

- GLIDE-TEC (used in products made by the Grammer Office brand),
- Duo-back (used in products made by the Rohde & Grahl brand),
- S-MOVE (designed for the 4ME chair line made by the BN Office Solution brand).

To meet our customers' special needs, we also design chairs for users with unusual disorders. Arthrodesis and MediTre are examples of these products.

When it comes to ergonomics, knowledge is key – in the process of designing and selling (choosing), as well as when using the final product. With this in mind, we thoroughly train our employees, distributors and users in this field.



EDUCATIONAL CAMPAIGN

In 2014 we initiated the ergonomic campaign "Does it hurt? Change your chair" which was aimed at end customers and the distributors of the Nowy Styl brand in the Polish market. Since June 2015 we have been running a dedicated website, www.zmienkrzeslo.pl, which is used to inform and educate people in ergonomics, as well as to present the chair models covered by this promotion. The action is supported by an extensive information campaign: we conducted three radio campaigns, a social media campaign (the Nowy Styl brand profile on Facebook) and through other Internet channels – Google AdWords, Facebook Ads and YouTube.

Principles of the campaign:

- 50 Ergo Points all over Poland
- Each Point is equipped with a promotional stand, leaflets, a sticker and a circle used to mark the chair that is being promoted
- Each Point has a permanent exposition of the chairs chosen for the campaign, and at least one additional item of each chair in stock
- The chairs covered by the promotion are as follows: @-motion, Intrata Operative, Orlando UP, Gem, Taktik Mesh and Offix (each chair is available in only one chosen configuration and with the BONDAI or SEMPRE finishes)

TABLE OF ERGONOMIC STANDARDS

THE ERGONOMIC STANDARDS WE FOLLOW
EN ISO 9241-1 – Ergonomic requirements for office work with visual display terminals (VDTs) – General Introduction (LGA)
EN 1335-1 – Office furniture. Office work chair. Part 1: Dimensions. Determination of dimensions (IMP)
EN 527-1 – Office furniture. Work tables and desks. Part 1: Dimensions
Test programme 2 PfG 947 for the German certificate TÜV Rheinland "Ergonomie Geprüft" (based also on EN 1335-1)
Ergonomic assessment protocols – Nofer Institute of Occupational Medicine – the Easy Space and SQart furniture system
Quality Office
NPR 1813 – Dutch ergonomic requirements

Within the area of ergonomics, we also undertake different marketing activities, an example of which is the video "Healthy workplace" that presents, in a comprehensible way, how to properly design and arrange a workstation so that it exerts a positive impact on the user's health and comfort. The video was produced in four languages (Polish, English, German and French) and published on YouTube. The total number of views at the time the report was compiled was over 20,000.

We also present our products in trade and ergonomic magazines (for example, "Ergonoma Journal", "Das Büro", "Facts", "OnOffice"). In 2014–2015 these magazines featured many articles about our chairs, for example, on the 4ME and Xenium tests, and presenting other solutions, such as the Play&Work furniture system.

OUR PROMISES:

- We will expand our knowledge of the requirements for products and components that are binding in Europe and in the world.
- We will compile descriptions including environmental data for our further products.
- We will develop specification for our suppliers regarding environmental requirements based on the FEMB LEVEL certification requirements.
- We will try to obtain the following documents, which confirm the highest quality and safety in terms of durability, use, low VOC emissions and lack of hazardous substances: GS certificate, Ergonomie Geprüft, and Schadstoff Geprüft TUV for our newly implemented products designed for the project market.
- We will continue our activities connected with promoting innovative solutions in acoustics and low VOC emissions. We will purchase a chamber for carrying out internal tests controlling the VOC and formaldehyde emissions.

6.6 Product labelling and assembly

DMA: PR3 G4-PR3 G4-PR4

Our cooperation with customers does not end when our manufactured chairs or furniture are shipped to them. For our products, this is just the beginning. Therefore, we ensure they are delivered to recipients with the proper labelling, as well as legible assembly and usage manuals.

With the idea of precise labelling in mind, in 2015 we created a product glossary which unified the vocabulary used in different countries to describe our products. The glossary is available internally in Polish, English and German.

Because we offer our products in many different countries, the majority of manuals are prepared in one of 12 languages – we also prepare multilingual versions, for instance, for chairs made by the Grammer Office brand.

Our assembly manuals are varied due to the diversity of our customers. For furniture, all documents are available on our internal portal SharePoint. Because we offer different types of shipment and delivery of goods (e.g. individual supply along with assembly), we are able to adjust our communication on and inside the product packaging. Disassembled furniture always includes manuals. We also include information on the maximum desktop load (desks with electric adjustment) and the maximum load of shelves in cabinets.

Assembly manuals for chairs are highly diversified:

- chairs made by the Nowy Styl brand – manuals are placed in cardboard boxes together with the product (at the request of the customer products can be shipped without a manual);
- chairs made by the BN Office Solution brand are delivered assembled or in L-shape cartons, they do not include an assembly manual;
- chairs without a headrest made by the Grammer Office brand are packed in L-shape cartons; they are accompanied by a simple assembly manual;
- chairs with a headrest made by the Grammer Office brand are delivered assembled without an assembly manual;
- chairs made by the Rohde & Grahl brand are delivered assembled without an assembly manual;
- chairs and furniture made by the Sitag brand are delivered assembled without an assembly manual.

For Forum Seating products, the assembly process is most often carried out by a properly trained staff member or by an external company we cooperate with. In other cases, we prepare not only assembly manuals, but also assembly templates.

The aim of product labelling is also to facilitate logistics processes. We use labels for a customer's data, details of a particular order, information about us (the manufacturer), as well as information about the product and ecological standards or certificates.

We have several standard label models in accordance with legal regulations binding in a given country and labels dedicated to particular customers. In the Office Furniture Factory there is one valid indentifying label size printed automatically in different manufacturing cells. The label is prepared according to a standard layout or our customers' individual expectations.

Chair made by the Grammer Office and Rohde & Grahl brands are marked using sticky labels placed on the underside of the seat, while products made by the Sitag brand have a product label with the name of the producer (product information is available in the Internet).

G4-PR4

Due to our legible and systemic product labelling, no instances of non-compliance with regulations concerning product labelling and product information were reported in any of our brands in 2014–2015. The Trade Inspection also did not detect any instances of non-compliance with voluntary codes and regulations resulting in a fine, penalty or warning.

6.7 Customer satisfaction survey

DMA: PR5 G4-PR5 Our business model is based on the diversification of channels and sales methods of our products and services. This translates into an extended sales structure. Despite this, the customer is still the most important part of the whole process. Therefore we strive to get to know our customers' opinions on all of the company's activities.

We adjust the tools we use to measure our customers' satisfaction according to the market and client group – whether they are business clients from the project market or distributors who sell our products to individual customers.

The current method of collecting this kind of information is via customer contact with our sales representatives. We adopt this approach for our clients from the project market. For the Forum Seating brand we check customers' satisfaction every 6 or 12 months during warranty inspections. In 2014 we carried out 259 warranty inspections, and in 2015 we completed 153.

Questionnaire surveys are conducted with different frequencies and in a various formats, depending on the market. The survey methodology and questionnaire form are based on the standard ISO 9001 (in Germany, Switzerland and the Netherlands).

Summary of customer satisfaction survey conducted in 2014–2015

› November 2015 – Nowy Styl brand customer satisfaction survey. The survey was carried out among 82 distributors of the Nowy Styl brand – the companies that permanently cooperate with Nowy Styl Group from 12 different Voivodeships of Poland.

Its aim was to determine the level of customer satisfaction in the following six areas: (1) the Group's image, (2) customer service, (3) complaint handling, (4) promotion of the Nowy Styl brand – the marketing support and Partner Portal, (5) the situation in the market and competition, (6) cooperation on projects.

Survey participants were unanimous in saying that the Nowy Styl brand, which is highly regarded in the market, has a huge influence on their sales. In the other areas their opinions were much more divided. Below you can find the aspects customers defined as our strengths and weaknesses. They have allowed us to identify the most valuable practices and sales leaders (the survey was conducted by region), as well as to create a recovery plan for the areas in which some shortcomings were noticed.

› In the Netherlands, both in 2014 and 2015, we conducted qualitative interviews at 16 companies belonging to our key Dutch clients. Two-thirds of the companies responded that Nowy Styl Group is a partner worth recommending. It is now common practice for us to carry out quality audits two months after every project realisation.

Our strengths:

96% Our employees' knowledge and competences (good and very good marks – 79/82 – 96%)

92% Complaint handling (quick/very quick/appropriate – 76/82 – 92%)

82% Partner Portal (good/very good assessment of functionality – 70/82 – 82%)

69% Reaction time to request for proposal (good/very good marks – 59/82 – 69%)

Our weaknesses:

65% Shortage of marketing materials ("Yes" – 46/82 – 65%)

26% Order completion time (long/too long – 21/82 – 26%)

6.8 Marketing communication

DMA: PR7 G4-PR7 **The vast majority of the products we manufacture consist of highly advanced technological solutions.** Our customers' choices are mainly determined by technical parameters and commercial terms. Therefore we take special care to ensure the accuracy and completeness of the information with regard to our products and services in our marketing communication. We clearly separate this type of communication from promotional messages. In 2014 and 2015 we did not record any complaints regarding breaches of customer privacy, losses of customer data or violation of the binding legal standards in the fields of advertising, promotion and sponsoring.

Our range of activities in many different markets and segments results in communication channels being very well developed. Direct contact with a business client is the basis of our communication; that is why we intensively train our sales representatives to give them sound knowledge of our products and the ability to choose optimal solutions.

In addition, our architects and experts in the field of office arrangement methods meet with customers at training courses and conferences in order to share their knowledge and experience. Designers and interior design administrators are our key stakeholders, therefore in the last two years we increased our contacts by over 50%. In 2014 and 2015 we participated with these key stakeholders at 64 events held all over Poland, for example, in the meetings organised by the studio Virtus, by regional Chambers of Architects and in those held in the BPO/SSC market.

Websites, the Nowy Styl Group app, the Partner Portal for distributors, Internet, social media and mailings are the electronic tools for sellers, partners and customers that we use in all of the markets in which our company operates. Developing these tools has enabled us to considerably limit the number of printed materials we use, which has also had a positive influence on environmental protection.

However, electronic tools cannot completely replace traditional sales and information tools. Pricelists, product catalogues and brochures in which we present our solutions and services are permanent and indispensable elements of our communication. Their content, such as the range of products presented in the "Selection" catalogue, is adjusted to our customers' preferences in particular markets.

Printed marketing materials are particularly popular in the German market, so we undertake special activities there in order to compensate for the influence our large-scale printing has on the environment. All printed materials of Nowy Styl GmbH are made on recycled paper, which means the CO_2 emission generated during the printing process is offset and catalogues and pricelists are certified as environmentally neutral.

At the 2014 ORGATEC fair, we published the premiere issue of the "UP^STREAM" magazine, for our customers. The German and English version of the publication was so positively acclaimed that we decided to make it a periodical. Later on we also created the English and Polish language version. In the magazine, which is issued twice a year, we place information about the Group's business activity and future plans, as well as promoting the idea of a well-designed office. The paper version of the magazine (with a print run of 3,000–3,500 copies) is delivered to our customers, partners and distributors. All the magazine issues are also available on our website (www.nowystylgroup.com/upstream).

We also send up-to-date product information to interested parties in the form of regular newsletters.

6.9 Privacy protection

DMA: PR8 G4-PR8 Through constant communication, we provide our customers and partners with access to the latest information about our products and services. And because we value good relations, we do our best to protect their privacy.

Our customer and partner databases are based on trade contracts and created during many meetings. They all are stored on secured services according to GIODO (Inspector General for Personal Data Protection) requirements. We do not make them available to any third parties nor apply any illegal solutions to follow our customers' activities or to obtain information about them.

In 2014 and 2015 no complaints regarding breaches of customer privacy and losses of customer data were recorded.

7

Our neighbours

Our group of neighbours is growing along with the company's development. As real cosmopolitans, and according to our motto "We think globally – act locally," we strive to become friends with every new surrounding in which our company functions. This means we do our utmost not to disturb its balance, but also to use its potential and participate in shaping its future.

DMA: S01 DMA: EC8 G4-S01 G4-EC8

The biggest local community, in which we have been functioning for 24 years now, consists of inhabitants of the Sub-Carpathian region located in the south of Poland. We use the region's natural resources and we are one of the most dominant employers, employing over 2,800 people from Krosno, Jasło and neighbouring towns. This number not only illustrates our influence on the region, but also highlights the role of the Sub-Carpathian region in our business activity. It means that over 97% of our Polish employees come from the region, making up 73% of all the Group's employees. Because of that, we concentrate our strategic projects in the Sub-Carpathian region and try to manage them systematically.

Participation in the life of the region helps us understand its needs and problems, and facilitate its development. In 2014 and 2015, at the invitation of local authorities in Jasło, we took part in consultations on the strategy and development of the town. We put forward our own ideas and expressed our opinion about other ideas concerning the local environment, CSR activities and promotion. Since 2015 we have been providing opinions on regional development strategies and advising on methods of solving social problems at the forum of the Sub-Carpathian Social Dialogue Council, in which we represent entrepreneurs from the Polish Confederation Lewiatan.

Our commitment is also visible in the other local markets and countries in which our company operates. As sales are carried out locally, so is the choice of initiatives and groups of recipients that need our support. This is dealt with by our local managers in Germany, France and Slovakia.

The form and scale of our social commitment is the outcome of the identified needs of a particular community, the influence we exert on it (positive or negative) and the compatibility with our company's business aims. We engage in those regions where our support is particularly needed and where we feel competent enough to help.

7.1 Areas of commitment

1) Social projects support and charity

G4-EC7 In our unwritten social commitment policy, there is one assumption from the outset: the supported undertakings should be organised for or support the communities in our locations. In Poland, the most important region of support is the Sub-Carpathian region. That is where our help concentrates on the education of children and teenagers, especially those threatened by social exclusion (including disabled people).

As well as undertaking our own initiatives, we also provide goods-in-kind and financial support to individual people and health care, education and culture institutions. In 2014–2015 this included the Association of the Krosno Development Sport, the Bogusława Nykiel-Ostrowska Open Hearts Foundation, the Foundation for the Preservation of Jewish Heritage, and the Municipal Hospital in Krosno in Poland; Plan Nederland (an organisation protecting women's rights all over the world) and KWF (an organisation supporting patients with cancer) in the Netherlands; and Global Heart Watch (an institution dealing with the prevention and first aid in case of heart attacks) in France.

In total, the sum of the Polish companies' donations amounted to PLN 607 233.15 in 2014, and PLN 545 989.35 in 2015. Part of the amount was allocated in kind: in 2014 we gave over 600 items of furniture to people in need, and a further 400 in 2015.

DONATIONS (PLN)

	2014	2015
Nowy Styl Sp. z o.o., including	607 233	545 989
Charity Ball	66 058	92 472
Scholarships and social projects realised by the Janusz Korczak Foundation	154 895	138 006
Rohde & Grahl BV	10 461	41 843
Rohde & Grahl GmbH	4 184	22 177

Amounts converted from Euro according to the annual average exchange rate for 2014 (4.1845) and 2015 (4.1843)

How do we do this?

PL

2015 – NOWY STYL GROUP'S YEAR OF MUSIC
In order to support young people full of passion and enthusiasm for classical music, we took patronage over the Educational and Musical Programs at the Krzysztof Penderecki European Centre for Music in Lusławice. On 25th March 2015 we signed a contract for our cooperation with the Centre, initiating the "Nowy Styl Group's Year of Music" project at the same time.

In 2015, 65 concerts and 33 special educational classes which gathered 1.160 young artists and 23.900 listeners were held in Lusławice under our patronage. Another event we provided patronage over was the release of the "Lusławice Musical Talents" album, which included pieces performed by participants of the programs. This album went to more than 2.000 our customers both in Poland and abroad. We also took part actively in organising cultural events: the "Touch the Music" exhibition at GAGA – the Gallery of Architecture in Garden of Arts in Cracow, the first edition of the Sinfonietta Festival in Cracow, the international music festival "Emanacje," with concerts held throughout Lesser Poland, and one of the inaugural concerts organised by the Multifunctional Concert Hall "Jordanki" in Toruń.

As part of the "Year of Music" project, we also undertook a series of activities promoting knowledge of classical music in our close environment (among our employees, customers and partners) and facilitating access to it. We organised competitions and sent invitations to different events. The project to equip the Multifunctional Concert Hall "Jordanki" in Toruń was completed and marked with its members participating in an inaugural concert. In September 2015 we organised a special concert "Seriously in the factory" for our employees in the production hall of our newest office furniture factory. Young musicians from the Lusławice Orchestra performed on the stage.

In 2016 the "Year of Music" project was awarded in the "Responding to Poland" ranking in the "Social Project" category.

See more at www.nowystylgroup.com/rokmuzyki

PL

CHARITY BALL 2014 AND 2015. Every year our New Year's event is attended by approx. 1.000 children from Sub-Carpathian educational care centres and family-type children's homes. In 2014 the main motto of the event was: "Safety above all" – the children had fun while learning how to give first aid and testing fire fighting equipment. They also created 38 colourful dolls, which were later sold in an auction organised to support a sick girl – Dominika. In 2015 the ballroom was transformed into a "Medieval manor house" – all the attendees took part in calligraphy workshops, swordplay and armour craft exercises. They also learnt court dances and juggling tricks.

Every year we give the institutions that participate in the ball St. Nicholas Day gift packages – depending on their wishes, the packages include household appliances, audio devices, tourist and sports equipment, or funds for trips and courses for children.

PL

SCHOLARSHIPS – for many years our scholarship program has been run by the **Janusz Korczak Foundation,** the creators of which are Nowy Styl Group's founders themselves. 52 pupils and students from the Sub-Carpathian region used the program in 2014 and 54 in 2015. We subsidise tuition at universities, but also training courses that help young people be admitted to university. Among our scholarship holders, there is a great number of future doctors, lawyers, teachers and computer specialists.

PL

We are a partner of **THE CHILDREN UNIVERSITY IN JASŁO** where every year 100 children aged from 6 to 9 years old discover their passion for learning during interactive lectures.

PL

THE NOBLE BOX project is a completely grass-roots initiative of Nowy Styl Group's employees. Every year, our employees get together in different locations to prepare a Christmas box for families from the Sub-Carpathian region.

NL

CHARITY EVENING FOR BUSINESS – we organised a charity fashion show (the Feel Good Fashion show) in which the models were disabled people. At the event we ran networking session for people from outside the labour market with "Match Fair" local entrepreneurs (we managed to create 267 such "pairs"). During the evening we also raised money for teenagers' sports activities.

2) Popularisation of sport

Sponsoring sports events, supporting sport among children and teenagers, for whom it is an opportunity to activate and integrate, and promoting a physical culture among employees through the Sports Club are our major activities towards the popularisation of sport.

How do we do this?

PL DE NL

SPORT SPONSORING – we provide support in organising local races and sporting events that promote a physical culture and awake the spirit of competition in our close neighbourhood. We participated in organising the 1st Magura Ultra-marathon, the 19th Independence Race in Krosno, Krosno Aquatics Championships and the 1st Night Charity Swimming Marathon.

We also sponsor the university sports team **"Solar Team Twente"** from Enschede, which came in 2nd place in the world solar car race in Australia in 2015. Achievements of the young constructors and sportsmen can be followed at http://www.solarteam.nl/.

In Germany we also support a local **horse riding school (Reit- und Fahrverein)** in Steyerberg.

PL DE NL FR

SPORTS CLUB – more information on page 57.

3) Vocational and academic education

Cooperation with universities in terms of educating graduates who will succeed in the labour market; promoting talented young people.

In Poland we cooperate with universities and vocational schools in the Sub-Carpathian region (University of Information Technology and Management, Rzeszów University of Technology, State Higher Vocational School in Krosno), in Lesser Poland (AGH University of Science and Technology, University of Economics) and in the Mazovia region (Warsaw University of Life Sciences, Warsaw School of Economics). Our organisation is a partner of two university faculties. We support students in writing diploma theses about our company and we also organise internships, as well as student, graduate and diploma apprenticeships, systematically and on a large scale (more information on page 56). We cooperate with state institutions of the labour market in this field as well.

We take part regularly in local job fairs in order to recognise the needs and expectations of future employees. During conferences and meetings with students, we share our professional knowledge and business experience. We also make use of the scientific facilities at the universities we cooperate with – we conduct tests in university laboratories (e.g. acoustics tests at the AGH University) and invite their experts to work on development projects together with us.

Our partner in Slovakia is the Department of Architecture at the University of Technology in Bratislava. Together we organise a competition for students, during which we award the best projects every semester.

We particularly value partnership-like relations with academic staff; we truly believe that close cooperation between business and science is the source of our innovative character and ensures our competitive advantage in the long run.

4) Entrepreneurship & economic development promotion and support on a local and domestic scale

Our company is often shown as a symbol of democratic economic changes in Poland after 1989. And indeed, the entrepreneurship of the company's founders – Adam and Jerzy Krzanowski – would not have translated into such a spectacular business success if it hadn't been for the free market. We have encouraged people to take advantage of this freedom by supporting local authorities in developing the regional entrepreneurship for many years. Our Vice-President – Jerzy Krzanowski – co-created the Sub-Carpathian Business Club. In recent years, we also organised economic educational activities for different age groups, including young children, teenagers and students through different organisations, such as the Smart Start Foundation, Family Business Initiative Association, and Koźmiński Academy (see the full list on page 36). Our experts participated in various debates and discussion panels during the most important business and economic events in Poland (e.g. the Economic Forum in Krynica-Zdrój, the European Economic Congress and the Public Debate Forum "Economy of Competitive Poland").

5) Industry organisations support

Architects, office facility managers, office design administrators and HR specialists are the professional groups with whom we build close relations and for whom we strive to become a partner in order to improve the quality of interior equipment services together.

How do we do this?

PL SK

STATUTORY ACTIVITY SUPPORT AND PROMOTION OF TALENTED YOUNG PEOPLE
In 2014 and 2015 we helped furnish the new headquarters of the Lower Silesian Chamber of Architects located in a restored kindergarten on a Wrocław model housing estate WUWA 2. We also cooperate with the Slovak Chamber of Architects and partner the "Cena ARCH" prize which is a prestigious distinction awarded by an international jury and the "ARCH" magazine to the best architectural projects realised in Slovakia.

PL DE NL

TRAINING COURSES, WORKSHOPS AND SEMINARS FOR ARCHITECTS
We educated them in office ergonomics and the space planning method based on the Activity Based Workplace concept.

They are held during events our company co-organises, but also in the form of closed meetings in our showrooms.

PL

EXPERT PUBLICATIONS
At the beginning of 2015 we co-created the report "Fit-out cost guide" compiled by the company CBRE. It was the first guide in the Polish market addressed to companies planning to relocate or modernise their offices. We presented office furnishing in three different finishing standards.

In October we published our first expert report – "Flow at work – Factors determining the optimal experience at work." The document contains theoretical deliberations and empirical investigations about motivation and occupational psychology. Based on the concept of flow and practical experiences connected with workplace optimisation, the report defines certain actions that should be undertaken by employers and employees in order to create favourable working conditions that facilitate the achievement of flow in their professional lives.

6) Environmental protection support through the promotion of pro-ecological attitudes and financial assistance provided to organisations that protect the environment

How do we do this?

Selected social activities undertaken by Nowy Styl Group in 2014–2015

PL

WE CONTINUED OUR COOPERATION WITH THE MAGURA NATIONAL PARK, which is one of the most beautiful nature conservation areas in the Sub-Carpathian region. We donated 5% from the sale of the Sedia Natura chairs to tourism education and responsible tourism programs run by the Park. Moreover, at the end of 2015, we conducted an educational campaign, "Save the frog." What do the frogs' lives in the Sub-Carpathian region look like and how can we help them? See our video at www.nowystylgroup.com/savethefrog.

PL

ENVIRONMENTAL EDUCATION – as part of the celebration of the Open Day and the Children's Day we conducted workshops in ecology for more than 500 our employees' children at the factory in Jasło. We complemented our internal magazine "Spinacz" with a regular column "EKO-LOGIKA," in which we wrote about the nature and how to protect it.

DE

Since 2009, Nowy Styl GmbH has belonged to **THE BAVARIAN ENVIRONMENTAL PACT (UMWELTPAKT BAYERN).**

Cooperation between Nowy Styl Group and the Krzysztof Penderecki European Centre for Music is a model example of commitment and business social responsibility. The activities undertaken by the Centre and supported by the Group translate into an improved quality of life for all the region's inhabitants. They provide tens of thousands of people with access to concerts and educational events at the highest level. Together we serve to popularise the broadly defined culture by increasing the circle of its recipients every year.

ADAM BALAS
Director at the Krzysztof Penderecki European Centre for Music

OUR PROMISES:

› Creating social commitment rules and a donation policy
We will create a social commitment and donation policy that will facilitate the process of investigating aid applications, help us integrate charity with our company's business activity more effectively and improve our relations with social partners.

› Continuation of the Year of Music project
We will continue the project connected with our patronage of the Krzysztof Penderecki European Centre for Music in order to support the professional development of talented young musicians.

8

About the report

This is the second corporate social responsibility report compiled by Nowy Styl Group. It includes results of the business activity conducted by Nowy Styl Sp. z o.o. and its subsidiaries within the period 01/01/2014 to 31/12/2015. The report is issued biennially. The previous report, "CSR Code," which covered the calendar years 2012 and 2013, was published in 2015; it is available as a PDF on the following website:
www.nowystylgroup.com/csr-code

G4-18 G4-19 G4-20 G4-21 G4-22 G4-23 G4-28 G4-29 G4-30 G4-31

Just like the previous report "CSR Code," this publication has been prepared in accordance with the basic option (Core) of the Global Reporting Initiative G4 Guidelines (GRI G4). Compliance with the standard has been verified by an independent auditor – Deloitte Advisory Sp. z o.o. The financial data presented in the report has been taken from our financial reports audited by independent expert auditors (PwC Sp. z o.o.). This assures us and the recipients of the report that the data included in the report and connected with the following key areas of sustainable development – relationships with employees, influence on the environment, local community and the market, and the effectiveness of the management of these aspects – are complete and reliable.

The data shown in the report apply to the Nowy Styl Group's production companies and one company running a commercial activity (Rohde & Grahl BV) which is crucial in terms of finance. Compared to the previous report, the scope of the document has been extended to include Sitag AG, which was joined to the Group in 2015, and Rohde & Grahl BV. However, in the current report we do not provide information about Baltic Wood SA, which has not belonged to Nowy Styl Group since the end of 2015.

The indicators presented in the document have been chosen according to our customers', employees', partners' and suppliers' expectations, as well as the benchmarking of our competitors and Nowy Styl Group's policy.

In accordance with the GRI methodology, we have selected the sustainable development aspects and issues important for our company through a three-stage process:

- identifying key indicators for the whole industry according to the current benchmarking of competitors;
- prioritising aspects based on dialogue with stakeholders (meetings with representatives and a questionnaire survey open to everyone);
- holding validating consultations with the management board, during which we determined the scope of the report and particular indicators.

KEY SUSTAINABLE DEVELOPMENT ASSESSMENT ASPECTS

	INDICATORS IDENTIFIED AS KEY FOR THE COMPANY	ASPECTS ASSESSED AS LESS IMPORTANT FOR THE COMPANY
Economic:	Economic performance, **Indirect economic impact**	Market presence, **Ordering procedures**
Environmental:	Energy, **Water,** Emissions, Wastewater and Waste, Products and services, Compliance with regulations, **Transport**	Materials, **Overall**
Employees:	Employment, Occupational Health and Safety, Education and training courses, Diversity and equal opportunity	
Human rights:	Non-discrimination	
Society:		Local community, **Anti-corruption, Anti-competitive behaviour,** Compliance with regulations
Product responsibility:		**Customer health and safety, Product and service labelling, Marketing communication, Compliance with regulations**

- Assessed as key by the company's stakeholders (according to a comparative analysis)
- Assessed as key by the company's employees (according to a questionnaire survey and validation with the management board)
- Assessed as key by the company's stakeholders and employees

As a manufacturing company, we focused mainly on a comprehensive presentation of environmental indicators. This year we added new ones which we were not able to report in previous years – G4-EN1, which applies to material consumption according to weight and volume, G4-EN6, which describes the efforts to reduce energy consumption, G4-EN27, which defines initiatives whose aim is to reduce the impact of products and services on the environment, and G4-EN15, which determines a method for measuring the greenhouse gases emitted and their volume. Although the competitor analysis showed average importance of "Product responsibility," we decided to complement it with new data (G4 PR9) since it is a main impact zone for our key stakeholders. A new indicator that appears in this report is G4-EC4, which we have used to present the financial support we received from the government.

Nowy Styl Group's Sustainable Development Report is a highly analytical document and describes all the activities undertaken by the company cross-sectionally. Therefore, its creation involved employees from all the company's departments and external stakeholders. The report is global, which is why we took into consideration the initiatives undertaken in all of our main markets when presenting the results of our business activity.

We engaged employees from our companies in Germany, the Netherlands, Switzerland, France, Great Britain, Czech Republic and Slovakia in compiling the document. Unfortunately, we were not always able to present the overall data for the whole Group. Therefore, in some parts of the report we have shown data regarding selected companies, setting ourselves the aim to collect the overall information in the coming years.

We would like to thank all those whose commitment made this report possible.

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8.1 Verification of the report

G4-33

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Independent assurance report pertaining to the Nowy Styl Group Sustainability Report 2014-2015

To the Management Board of Nowy Styl Sp. z o.o.

We have reviewed the Nowy Styl Group Sustainability Report "CSR CODE 2014-2015" ("Sustainability Report") developed by Nowy Styl Sp. z o.o. with the registered address in Krosno, at Pużaka 49 St. ("Company"), with respect to material aspects identified by the Company and indicators reported on the basis of G4 Sustainability Reporting Guidelines for "Core" level, issued by Global Reporting Initiative (GRI). The assurance works covered the period from 1 January 2014 to 31 December 2015 with relation to quantity and quality of available evidence.

The Management Board of the Company is responsible for reliable, correct and fair information and for correct preparation of the documentation. Our task was to issue an independent assurance report based on the Sustainability Report.

Our procedures did not include assessment of the fairness, correctness and completeness of documents provided by the Company, nor did they constitute an audit of the internal control system implemented therein. Therefore, we do not express an opinion regarding correctness of the system. Our procedures did not constitute an audit of financial statements as defined in the Accounting Act. Therefore, we do not express an opinion concerning the auditor's Report nor do we make statements regarding the financial statements of the Company as determined in regulations applicable to certified auditors.

Planning and performing our works had the nature of a limited assurance engagement performed in line with ISAE 3000 (Assurance Engagements Other than Audits or Reviews of Historical Financial Information), which requires us to plan and perform the engagement in a manner which allows for limited assurance that the non-financial part of the Sustainability Report does not include significant misstatements. The scope and methodology of a review of the Sustainability Report significantly differ from those applied during an audit, which is aimed at expressing reasonable assurance. The purpose of the review is not to issue an opinion on correct, true and fair nature of the Sustainability Report, and therefore no such opinion has been issued. The procedures followed during the review of the non-financial part of the Sustainability Report comprised:

- Identifying issues and results significant for the content of the Sustainability Report from the viewpoint of the corporate social responsibility strategy followed by the Company and stakeholders' expectations.
- Comparing data included in the non-financial part of the Sustainability Report to those presented in the Financial Statements of Nowy Styl Group for 2014 and 2015.
- Interviewing individuals in charge of the implementation of the corporate social responsibility strategy in the Company and of the preparation of the Sustainability Report.
- Verifying the information included in the Sustainability Report for compliance with the internal documentation of the Company.
- Assessing the level of compliance with Sustainable Development Reporting Guidelines and GRI Reporting Framework.

Based on the review we obtained limited assurance that the information concerning identified material aspects and indicators reported by the Company included in the Sustainability Report developed by the Nowy Styl Sp. z o.o., is free from material misstatements and it is compliant with G4 Sustainability Reporting Guidelines for 'Core' level issued by Global Reporting Initiative.

Deloitte Advisory Sp. z o.o.

Deloitte Advisory

Warsaw, 26th October 2016

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