

REPORT ON THE ACTIVITY OF THE SUPERVISORY BOARD
FEERUM S.A.
IN 2015

The Supervisory Board presents a report on its activities in the financial year 2015 containing, in particular, an assessment of the Management Board's report on the operations of FEERUM S.A. ("Company") in the financial year 2015, the Company's financial statements for the financial year 2015 and the Management Board's motion regarding the distribution of profits generated by the Company in financial year 2015 and the assessment of the internal control system and risk management system important for the Company.

Composition of the Supervisory Board

In the period from January 1, 2015 to December 31, 2015, the following persons were members of the Supervisory Board:

- Magdalena Łabudzka-Janusz - Chairwoman of the Supervisory Board,
- Maciej Kowalski - Vice Chairman of the Supervisory Board.
- Maciej Janusz - Member of the Supervisory Board,
- Jakub Marcinowski - Member of the Supervisory Board,
- Jerzy Suchnicki - Member of the Supervisory Board,

The Company's Supervisory Board as at December 31, 2015 was composed of the following persons:

- Magdalena Łabudzka-Janusz - Chairwoman of the Supervisory Board,
- Maciej Kowalski - Vice Chairman of the Supervisory Board,
- Maciej Janusz - Member of the Supervisory Board,
- Jakub Marcinowski - Member of the Supervisory Board,
- Jerzy Suchnicki - Member of the Supervisory Board,

Mr. Jakub Marcinowski and Mr. Jerzy Suchnicki were appointed as independent members of the Supervisory Board, which is the implementation of rule 111.6 of the "Good Practices of WSE Listed Companies", adopted by resolution of the Supervisory Board of the Warsaw Stock Exchange S.A. of July 4, 2007, as amended, according to which at least two members of the Supervisory Board should meet the criteria of being independent from the Company and entities with significant connections with the Company.

In the period from January 1, 2015 to December 31, 2015, the chairman of the Supervisory Board was Ms. Magdalena Łabudzka-Janusz.

1. Scope of activity of the supervisory board

The Supervisory Board operates on the basis of the provisions of the Code of Commercial Companies, and also on the basis of the Company's Articles of Association and the Regulations of the Supervisory Board of the Company of November 7, 2013.

In 2015, the Supervisory Board exercised permanent supervision over the Company's operations in all areas of activity.

The Supervisory Board of the Company also selected Grant Thornton Frąckowiak sp. O.o. sp. k. to audit the Company's financial statements for 2015.

In 2015, the Supervisory Board did not carry out audits or investigations, nor did it suspend members of the Company's Management Board.

2. Assessment of the internal control system and risk management system significant for the Company

The Company has an internal control system, which is the responsibility of the Management Board. The internal control system covers the main processes of the Company's operations, where there is a need to establish control mechanisms for monitoring and limiting risks material to the Company. The basic task of this system is to ensure the implementation of the Company's business objectives. The company has and continuously updates the organizational structure in which the reporting, responsibility and authority levels have been clearly defined, which allows to additionally reduce the significant risks associated with running the business. In the opinion of the Supervisory Board, the system of internal control and risk management significant for the Company is at a satisfactory level.

3. Evaluation of the Management Board's report on the Company's operations in the financial year 2015, the Company's financial statements for the financial year 2015 and the Management Board's motion regarding the distribution of profit generated by the Company in the financial year 2015.

The Supervisory Board of FEERUM S.A. with its registered office in Chojnów, presents a report on the results of the assessment of the following reports of the Company for the financial year 2015:

1. Financial statements of the Company and the Capital Group
2. Reports of the Management Board on the operations of the Company and the Capital Group
3. Evaluation of the Management Board's motion regarding the distribution of profit.

Ad. 1

The Supervisory Board, having read the opinion and the auditor's report on the course and results of the audit of the Company's financial statements and the report of the Capital Group for 2015 and after the assessment of this report, states that the financial statements of the Company and the Capital Group for the financial year 2015 have been prepared on the basis of kept accounting records, agrees on the form and content of applicable law and provides all information relevant to the profitability and financial result assessment in the audited period, as well as the property and financial standing of the Company as at December 31, 2015. In addition, the Supervisory Board states that the financial statements of the Company and the Capital Group for the financial year 2015 are consistent with the books and documents of the Company and with the actual state. In connection with the above, the Supervisory Board requests the General Meeting to approve the financial statements of the Company and the Capital Group for the financial year 2015.

Ad.2

The Supervisory Board, after analyzing and evaluating the Management Board's report on the operations of the Company and the Capital Group in 2015, states that the Management Board's report on the operations of the Company and the Capital Group in the financial year 2015 is consistent with the Company's books and documents and with the actual state. In connection with the above, the Supervisory Board accepts the presented report and applies to the General Meeting for its approval. In addition, the Supervisory Board requests the General Meeting to grant the President of the Management Board - Mr Daniel Janusz and the Member of the Management Board Mr Piotr Wielesik discharge in respect of their duties in the financial year 2015.

Ad. 3

The Supervisory Board, having regard to the Company's investment plan for 2016-2017 and after hearing the Management Board's motion regarding the allocation of profit for 2015 in the amount of PLN 8,904,000. zlotys and retained earnings from previous years in the amount of PLN 73 thousand zlotys for supplementary capital, he gives his positive opinion and requests the General Meeting to adopt a resolution regarding the distribution of profit in the manner proposed by the Management Board.