

DOM DEVELOPMENT S.A.

**REPORT
OF THE AUDIT COMMITTEE
OF DOM DEVELOPMENT S.A.
ON THE ACTIVITIES CONDUCTED
FROM 1 JULY 2021
TO 31 DECEMBER 2021**



I. Personal composition and organisation of the Audit Committee.

Pursuant to the provisions of the Company's Statute and Audit Committee Bylaws dated 5 September 2006, amended on 29 December 2006, 29 June 2007, 3 April 2008 and 5 October 2010, the Audit Committee is a permanent committee of the Supervisory Board.

The Audit Committee is composed of three members appointed by the Supervisory Board from among its members. The majority of the Audit Committee, including its chairwoman, are independent members as stipulated in Art. 129 section 3 of the Act of 11 May 2017 on auditors, audit companies and public supervision, condensed text Journal of Laws 2020, item 1415, and point 7.7 of the Company Statute. All Audit Committee Members have knowledge of and skills in accounting or auditing, and one Member of the Audit Committee has knowledge of and skills in the industry in which the Company operates.

During the period 1 July 2021 - 31 December 2021 the Audit Committee acted under the following composition:

- (i) Dorota Podedworna-Tarnowska – Chairwoman of the Audit Committee (independent member),
- (ii) Mark Spiteri – Member of the Audit Committee,
- (iii) Marek Moczulski – Member of the Audit Committee (independent member).

The aforementioned persons were appointed as members of the Audit Committee under Resolutions of the Supervisory Board on 30 May 2019 (no. 11/05/19, no. 12/05/19 and no. 13/05/19).

The rules of organisation and the methods of operation of the Audit Committee are specified by the provisions of the Company's Statute and the Audit Committee Bylaws dated 5 September 2006, and amended on 29 December 2006, 29 June 2007, 3 April 2008 and 5 October 2010.

II. Activity of the Audit Committee.

1. During the period under review, the Audit Committee conducted its activity by way of sessions convened by the Chairman of the Supervisory Board according to pre-agreed audit and internal audit cycles. Four sessions of the Audit Committee were conducted through means of teleconference and videoconference. Minutes were taken during all sessions and the decisions made by the Audit Committee took the form of resolutions.

2. During the period from 1 July 2021 to 31 December 2021, the most important tasks of the Audit Committee were to supervise the Management Board with respect to compliance with the applicable provisions of law and other regulations (in particular with respect to the Accountancy Law dated 29 September 1994), to supervise preparation by the Company of reports and financial information and to ensure compliance by the Management Board with the recommendations and findings of the auditors appointed by the Supervisory Board.

The Audit Committee monitored and reviewed issues related to internal audits conducted in the Company and in particular the works conducted by the Internal Audit department. The Audit Committee also performed a supervisory function with respect to the program of the Business Risk Management and internal audit department. The Audit Committee judged the independence of the internal audit process positively. The Internal Audit function is in the view of the Audit Committee a professional function, resourced with staff with appropriate skills. It reports functionally to members of the Audit Committee and releases its reports to Audit Committee members and executives who are responsible for the department or process being audited. A comprehensive review of the Internal Audit function was completed by an independent professional services firm during the year and the Audit Committee will work with the Company in 2022 to implement their findings and strengthen the resources available to the Internal Audit function.

The system of internal procedures and audits (Internal Audit Charter) was approved by the Audit Committee and in addition the Audit Committee also determined the areas to be audited.

Using its authority, the Audit Committee requested from the Company relevant information concerning accounting, financial, internal and external audit issues. In particular, the members of the Audit Committee were authorised to review all books and records of the Company as well as the Company's annual and semi-annual financial statements, to demand schedules of the work of internal controllers and auditors, to request explanations from the Management Board members, managers and

employees of the Company to the extent necessary, and to give recommendations and assessments to the Supervisory Board in relation to subjects within the scope and responsibility of the Audit Committee.

During the period covered by this report, 4 sessions of the Audit Committee of Dom Development S.A. took place (all sessions were held by videoconference), on the following dates:

1. 1 July 2021 (via teleconference);
2. 24 August 2021 (via videoconference);
3. 4 October 2021 (via videoconference);
4. 29 November 2021 (via videoconference).

All sessions of the Audit Committee were convened correctly. All members of the Audit Committee were present at all 4 sessions. Three sessions of the Audit Committee were also attended by certain members of the Management Board and other management, including: Vice President of the Management Board and CFO, Mr. Leszek Stankiewicz, and Financial Controller and CFO Deputy, Mr. Dariusz Gołębiewski, who both provided information about internal audits, the Company's financial statements and other information that was requested by the Audit Committee to be provided by the Management Board.

Three of the Audit Committee sessions were attended by representatives of the Company's auditor, PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt sp. k. with its registered seat in Warsaw ("PWC"), who presented tax and accounting issues and discussed issues [in relation to the](#) audit of the 2021 financial statements.

At the meeting on 1 July 2021 the Audit Committee adopted the Report of the Audit Committee on the activities conducted from 1 January 2021 to 30 June 2021, and set the scope for a review of the Dom Development Group Internal Audit Function by an Independent Internal Auditor.

An Audit Committee meeting was held on 24 August 2021 and was attended by representatives of the Company auditor, PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt sp. k., who discussed all necessary explanations and [gave information on the auditor report on results of the](#) presented the results of the 2021 half year review. The members of the Audit Committee discussed non-competition clauses applied by Dom Development S.A. Capital Group [on its staff and contractors](#). Moreover, the Committee recommended an auditor to review the IA function in accordance with clause 3.10. of the Best Practice for GPW Listed Companies and agreed that the auditor perform additional services.

Another Audit Committee meeting was held on 4 October 2021 and was attended by representatives of the Company auditor, PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt sp. k., who discussed the audit plan for the 2021 financial statements. During this videoconference, the Audit Committee members heard and discussed a presentation on Dom Development S.A. Group's internal audit assessment. Additionally, members of the Audit Committee discussed the internal audit reports and adopted the 2022 activity schedule and Audit Life Cycle Paper.

A meeting on 29 November 2021 was attended by representatives of the Company auditor, PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt sp. k., who discussed the results of the interim audit and the audit plan for the 2021 financial statements. Moreover, the Audit Committee members discussed the internal audit function at Dom Development S.A. Capital Group, the latest internal audit reports, and agreed that the auditor perform additional services.