



**ASSESSMENT BY THE SUPERVISORY BOARD
OF DOM DEVELOPMENT S.A.
OF THE COMPANY'S COMPLIANCE WITH THE DUTY
OF DISCLOSURE IN RESPECT OF APPLYING THE
PRINCIPLES OF CORPORATE GOVERNANCE AS
SPECIFIED IN THE STOCK EXCHANGE RULES, AND
THE REGULATIONS CONCERNING CURRENT AND
PERIODIC SUBMISSIONS BY SECURITY ISSUERS
AND
THE SOUNDNESS OF THE SPONSORSHIP,
CHARITY AND OTHER SIMILAR POLICIES IN
PLACE AT THE COMPANY**

Pursuant to Rule II.Z.10.3. and Rule II.Z.10.4. of the Best
Practice for Warsaw Stock Exchange Listed Companies 2016



1. ASSESMENT OF THE COMPANY'S COMPLIANCE WITH THE DUTY OF DISCLOSURE IN RESPECT OF APPLYING THE PRINCIPLES OF CORPORATE GOVERNANCE AS SPECIFIED IN THE STOCK EXCHANGE RULES, AND THE REGULATIONS CONCERNING CURRENT AND PERIODIC SUBMISSIONS BY SECURITY ISSUERS

The duty of disclosure in respect of corporate governance are defined in the Warsaw Stock Exchange Rules and the Regulation by the Minister of Finance dated 19 February 2009 on the current and periodic submissions by securities issuers and the terms of confirming equivalence of information required under the regulations of a non-Member State (consolidated text: Journal of Laws of 2014 item 133, as amended). Rules for the submission of corporate governance reports are set out in Resolution No. 1309/2015 by the WSE Management Board dated 17 December 2015.

According to § 29.3 of the Stock Exchange Rules, if a specific detailed corporate governance rule is not applied on a permanent basis or is breached accidentally, the issuer shall publish a report in this respect. The report should be published on the issuer's official website and through an Electronic Information Database (EBI).

The Regulation by the Minister of Finance dated 19 February 2009 specifies what information should be contained in the corporate governance statement that forms a separate part of the activities report of the issuer in the annual report of the company.

The Supervisory Board in its assessment states that Dom Development S.A. (the "Company") submitted the corporate governance statement on the date as required. The Company's corporate governance statement as resulting from the "Best Practices for WSE Listed Companies 2016" has been incorporated as a separate part of the Management Board's Report of activities of Dom Development S.A. in 2016. The content of these statements corresponds to the provisions of § 91.5.4 of the above mentioned Regulation by the Minister of Finance.

Moreover, as prescribed in Rule I.Z.1.13 of the Best Practice for WSE Listed Companies 2016, the Company has published information on the status of the application by the Company of recommendations and rules set out in the Best Practice for WSE Listed Companies 2016 on its website on 4 January 2016. The Company publishes the current information on the status of the application by the Company of recommendations and rules set out in the Best Practice for WSE Listed Companies 2016 on its website (<https://inwestor.domd.pl/en/corporate-governance>).

In 2016, the Company did not apply recommendation described in Chapter IV.R.2 in items 2) and 3) of the Best Practices for WSE Listed Companies. The above recommendations stipulate that, if justified by a shareholding structure or by shareholders' expectations notified to a company, and where the company can provide the technical infrastructure necessary for the general meeting to proceed efficiently with the use of electronic means of communication, the company should allow the shareholders to participate in the general meeting using such means, in particular through: 2) two-way communication in real time, thus allowing the shareholders to speak during the proceedings of the general shareholders meeting while being away from the place of the meeting; and 3) exercise the voting rights at the general shareholders meeting either in person or by proxy. The Management Board of the Company decided that the possibility of holding a general meeting with the use of electronic means of communications was not justified, because the shareholding structure of the Company did not warrant it and because no shareholder notifications were received. Moreover, the Company did not enable electronic participation in the general shareholders meeting due to the higher risk of procedural irregularities. The Company's Management



Board decided not to apply the above recommendations due to potential issues related to, inter alia, identification of Shareholders, limited availability of appropriate two-way technology, and the Company's inability to guarantee shareholders' access to the required hardware.

Apart from the above-mentioned recommendation and the recommendations and rules which do not apply to the Company (I.Z.1.10, III.Z.6, IV.R.3), the Company has applied all recommendations and rules set out in the Best Practice for WSE Listed Companies 2016.

Having considered the above, the Supervisory Board in its assessment states that the Company properly fulfils its duty in respect of the corporate governance as set out in the Stock Exchange Rules and the regulations concerning current and periodic submissions by securities issuers.

2. ASSESSMENT OF THE SOUNDNESS OF THE SPONSORSHIP, CHARITY AND OTHER SIMILAR POLICIES IN PLACE AT THE COMPANY

The Supervisory Board believes that the Company's charity policy is carried out in a sound manner. The amounts donated to charity are not significant in relation to the scale of the Company operations, while the beneficiaries of this activity are stakeholders in the field of education, promotion of sport, science, culture and care for those in need, which is not questioned by the Supervisory Board.