

DOM DEVELOPMENT S.A.

**REPORT
OF THE AUDIT COMMITTEE
OF DOM DEVELOPMENT S.A.
ON THE ACTIVITIES CONDUCTED
FROM 1 JULY 2022
TO 31 DECEMBER 2022**



I. Personal composition and organisation of the Audit Committee.

Pursuant to the provisions of Dom Development S.A. Statute (“Company”) 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 2022 - 31 December 2022 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 June 2022 (no. 11/06/22, no. 12/06/22 and no. 13/06/22).

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 2022 to 31 December 2022, 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 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. 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, 5 sessions of the Audit Committee of Dom Development S.A. took place, on the following dates:

1. 18 July 2022 (via teleconference);
2. 23 August 2022 (via videoconference);
3. 4 October 2022;
4. 29 November 2022 (via videoconference);
5. 16 December 2022 (via videoconference).

All sessions of the Audit Committee were convened correctly. All members of the Audit Committee were present at all five sessions. The 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.

Two 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, who presented tax and accounting issues and discussed issues in relation to the audit of the 2022 financial statements.

At the meeting on 18 July 2022 the Audit Committee adopted the Report of the Audit Committee on the activities conducted from 1 January 2022 to 30 June 2022.

An Audit Committee meeting was held on 23 August 2022 and was attended by representatives of the Company auditor, PricewaterhouseCoopers Polska Spółka z ograniczoną odpowiedzialnością Audyt sp. k., who discussed all necessary explanations and presented the results of the 2022 half year review. The members of the Audit Committee agreed that the auditor perform additional services.

Another Audit Committee meeting was held on 4 October 2022 and during this videoconference, the Audit Committee members heard and discussed a presentation on internal audit in Dom Development S.A. Capital Group. Additionally, members of the Audit Committee discussed the letter from Polish Financial Supervision Authority regarding emergency mechanisms in case an auditor loses its authorization to audit as well as they discussed internal audit reports.

A meeting on 29 November 2022 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 2022 financial statements. Moreover, the Audit Committee members considered financial proposals for the audit of the 2023-2024 financial statements, as well as discussing internal audit reports.

At the meeting on 16 December 2022, the Audit Committee members adopted the 2023 activity schedule and Audit Life Cycle Paper.