



Report on the status of the application by Dom Development S.A. (the “Company”) of the rules of Best Practice for WSE Listed Companies 2021 (Best Practice 2021)

1. DISCLOSURE POLICY, INVESTOR COMMUNICATIONS

1.1. Companies maintain efficient communications with capital market participants and provide fair information about matters that concern them. For that purpose, companies use diverse tools and forms of communication, including in particular the corporate website where they publish all information relevant for investors.

This rule has been applied. The Company makes its best efforts to ensure efficient and transparent communication with capital market participants. The following are posted on www.investor.domd.pl:

- current and periodic reports, including a description of changes in share capital and information about transactions involving shares in the Company;
- an up-to-date presentation and archived presentations from the last 12 months containing an overview of the results of the Company and its Capital Group and the current market situation;
- contact details of the person responsible for investor relations;
- key corporate documents, including: the statute of Dom Development S.A., rules of procedure of the General Meeting, the Management Board, the Supervisory Board, the Audit Committee, the Remuneration Committee, and a prospectus;
- the composition of the Management Board, the Supervisory Board and its committees, the resumes of the Members of those bodies, together with information on whether the Members of the Supervisory Board meet the criteria of independence, competence in accounting or auditing financial statements, as well as knowledge of the industry in which the Company operates;
- a statement of selected consolidated financial data of Dom Development S.A. Capital Group (the balance sheet, profit and loss account and cash flow statement) for the last five years of operations in an MS Excel file);
- information on the shareholding structure of Dom Development S.A.;
- the history of dividend payments and information on the dividend policy of Dom Development S.A.
- published recommendations and forecasts of the Company’s results;
- a calendar of corporate events, including those resulting in the acquisition or limitation of rights by shareholders, including the dates of publication of periodical reports, general meetings of shareholders and the date of registration at the general meeting of shareholders, information on the dividend date and the dividend payment date
- video recordings of general meetings of shareholders of Dom Development S.A.

1.2. Companies make available their financial results compiled in periodic reports as soon as possible after the end of each reporting period; should that not be feasible for substantial reasons, companies publish at least preliminary financial estimates as soon as possible.

This rule has been applied. Dom Development S.A. is a company that publishes its financial results relatively quickly following the end of the period. Since its IPO in 2006, the Company has published all its financial statements in advance of the legal deadlines.

1.3. Companies integrate ESG factors in their business strategy, including in particular:

1.3.1. environmental factors, including measures and risks relating to climate change and sustainable development;

This rule has been applied.

The Company published on 28 June 2022 the ESG DOM 2030 Strategy, defining the measurable objectives of Dom Development S.A. and its Capital Group in the area of sustainable development. The full text of the ESG DOM 2030 Strategy can be found at: <https://inwestor.domd.pl/pl/esg>

The DOM 2030 Strategy is based on three pillars: environmental – ‘DOM in harmony with nature’, social – ‘DOM is people’, and ‘DOM on solid foundations’ - referring to corporate governance.

Among the Group's environmental goals, defined under the strategic pillar ‘DOM in harmony with nature’, are:

- reducing CO2 emissions per unit under construction by 30% by 2030 as compared to 2021;
- Revitalisation and limiting urban sprawl through the implementation of projects in areas with access to urban infrastructure;
- the Urban Greenery Programme, under which Dom Development Group companies will, starting from 2024, develop at least one publicly accessible green area in each of its four markets;
- implementation, by 2025, of a Green Procurement Standard across Dom Development Group aimed at the comprehensive implementation of the principles of circular economy across the value chain of the Group
- implementation of the Green Investment Card - a green standard for the Group's projects. The Green Investment Card will be developed by the end of 2022, and from 2023 the standard will be rolled out gradually until full compliance is achieved in 2026.

1.3.2. social and employee factors, including among others actions taken and planned to ensure equal treatment of women and men, decent working conditions, respect for employees’ rights, dialogue with local communities, customer relations.

This rule has been applied.

The Company published on 28 June 2022 the ESG DOM 2030 Strategy, defining the measurable objectives of Dom Development S.A. and its Capital Group in the area of sustainable development. The full text of the ESG DOM 2030 Strategy can be found at: <https://inwestor.domd.pl/pl/esg>

The DOM 2030 Strategy is based on three pillars: environmental – ‘DOM in harmony with nature’, social – ‘DOM is people’, and ‘DOM on solid foundations’ - referring to corporate governance.

Among the Group's social objectives, defined under the strategic pillar ‘DOM is People’, are:

- to meet the 15-minute city criteria, which assume the availability of basic infrastructure within walking distance, in 90% of the Group's projects by 2030,
- to maintain a leading position in terms of customer satisfaction as measured by the NPS (Net Promoter Score) index,
- to implement a CSR strategy by 2024, which will systematise all of the actions taken to date by the Group companies in the area of social responsibility and help define long-term directions in this respect,
- to introduce a fit-out standard dedicated to seniors and people with reduced mobility, which will increase the comfort and safety of independent living, starting by 2024.

The objectives of the pillar 'DOM on solid foundations' are:

- to increase the share of women on the Supervisory Board of Dom Development S.A. to 30% by 2023,
 - to implement compliance and internal audit functions across all Group companies by 2024
 - to implement a HR strategy for Dom Development Capital Group by 2025, including, inter alia, a system for monitoring the wage gap
 - to increase the share of women on the Management Board of Dom Development S.A. to 30% by 2026,
- 1.4.** - to maintain the highest possible standard of corporate governance as measured, inter alia, by the level of compliance with the Code of Best Practice for WSE Listed Companies. **To ensure quality communications with stakeholders, as a part of the business strategy, companies publish on their website information concerning the framework of the strategy, measurable goals, including in particular long-term goals, planned activities and their status, defined by measures, both financial and non-financial. ESG information concerning the strategy should among others:**

This rule has been applied.

The Company published on 28 June 2022 the ESG DOM 2030 Strategy, defining measurable environmental, social and corporate governance objectives for Dom Development S.A. and its Capital Group.

- 1.4.1.** The full text of the DOM 2030 ESG Strategy can be found at: <https://inwestor.domd.pl/pl/esg> **explain how the decision-making processes of the company and its group members integrate climate change, including the resulting risks;**

This rule has been applied. A

The ESG Strategy of Dom Development S.A. Capital Group, in addition to setting measurable environmental, social and corporate governance objectives, explains how issues related to sustainable development are taken into account in the decision-making processes at Dom Development S.A. and its Capital Group.

The full text of the ESG DOM 2030 Strategy can be found at: <https://inwestor.domd.pl/pl/esg>

- 1.4.2.** **present the equal pay index for employees, defined as the percentage difference between the average monthly pay (including bonuses, awards and other benefits) of women and men in the last year, and present information about actions taken to eliminate any pay gaps, including a presentation of related risks and the time horizon of the equality target.**

The rule is not applied. Starting from the 2022 report, the Company published the consolidated sustainable development report (ESG), taking into account the pay parity ratio.

- 1.5. Companies disclose at least on an annual basis the amounts expended by the company and its group in support of culture, sports, charities, the media, social organisations, trade unions, etc. If the company or its group pay such expenses in the reporting year, the disclosure presents a list of such expenses.**

This rule has been applied. The Company discloses the information on expenses incurred for the above activities in its annual Management Board reports on activities..

- 1.6. Companies participating in the WIG20, mWIG40 or sWIG80 index hold on a quarterly basis and other companies hold at least on an annual basis a meeting with investors to which they invite in particular shareholders, analysts, industry experts and the media. At such meetings, the management board of the company presents and comments on the strategy and its implementation, the financial results of the company and its group, and the key events impacting the business of the company and its group, their results and outlook. At such meetings, the management board of the company publicly provides answers and explanations to questions raised.**

This rule has been applied. The Company organizes meetings for capital market participants (including shareholders and analysts), as well as media representatives and industry experts at least four times a year, on the dates of publication of its quarterly, semi-annual and annual financial statements. During the meeting, representatives of the Management Board of Dom Development S.A. (The President of the Management Board and the Vice-President of the Management Board acting as Chief Financial Officer) present the financial and operating results of the Company and its Capital Group in the context of the strategy adopted and discuss the most important events and market situation that affect ongoing operations, results and prospects for the future. Participants in the meetings have the opportunity to raise questions to which the Management Board provides answers during the meeting.

- 1.7. If an investor requests any information about a company, the company replies immediately and, in any case, no later than within 14 days.**

This rule has been applied. The Company promptly provides answers to questions raised by investors and other capital market participants, provided that their scope does not inquire into business secrets protected by law. If further analysis is required to answer a question, the Company promptly announces the expected date of disclosure of the requested information. The website www.inwestor.domd.pl provides a direct telephone number and email address of the person responsible for investor relations.

2. MANAGEMENT BOARD, SUPERVISORY BOARD

- 2.1. Companies should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the general meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education, expertise, age, professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%.**

This rule has been applied. The Diversity Policy as concerns Management Board Members was adopted by the Company's Supervisory Board. Moreover, the General Meeting of Shareholders of Dom Development S.A. has adopted the Diversity Policy regarding Members of the Company's Supervisory

Board. The full wording of the Company's Diversity Policy is available at: <https://inwestor.domd.pl/en/corporate-governance>

2.2. Decisions to elect members of the management board or the supervisory board of companies should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among others in order to achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in principle 2.1.

This rule has been applied. Members of the Management Board of Dom Development S.A. are appointed by a shareholder holding at least 50.1% of the shares in the Company and the Supervisory Board. The Company's Supervisory Board and the majority shareholder of Dom Development S.A. were informed by the Company's Management Board about the recommendations of good practices regarding the 30% minimum representation of the underrepresented gender in the composition of the body

In accordance with the DOM 2030 ESG Strategy announced on 28 June 2022, the Company's Management Board will do its best, in cooperation with the majority shareholder, to have the proportion of women on the Dom Development S.A. Management Board of at least 30% starting from 2026. The percentage of women on the Company's Management Board is 40% now and on the Company's Supervisory Board is over 30% now.

2.3. At least two members of the supervisory board meet the criteria of being independent referred to in the Act of 11 May 2017 on Auditors, Audit Firms and Public Supervision, and have no actual and material relations with any shareholder who holds at least 5% of the total vote in the company.

This rule has been applied. Out of the eight members of the Supervisory Board of Dom Development S.A., three persons meet the criteria of being independent referred to in the Act on statutory auditors, audit firms and on public oversight of 11 May 2017 and have no actual and material relations with any shareholder who holds at least 5% of the total vote in the Company.

2.4. The supervisory board and the management board vote in an open ballot unless otherwise required by law.

This rule has been applied. The Supervisory Board and the Management Board of Dom Development S.A. vote in an open ballot unless otherwise required by law.

2.5. Members of the supervisory board and members of the management board who vote against a resolution may have their dissenting vote recorded in the minutes.

The rule has been applied – Members of the Management Board or of the Supervisory Board of Dom Development S.A. who vote against a resolution may have their dissenting vote recorded in the minutes.

2.6. Functions on the management board of a company are the main area of the professional activity of management board members. Management board members should not engage in additional professional activities if the time devoted to such activities prevents their proper performance in the company.

This rule has been applied.

2.7. Company's management board members may sit on corporate bodies of companies other than members of its group subject to the approval of the supervisory board.

This rule has been applied.

2.8. Supervisory board members should be able to devote the time necessary to perform their duties.

This rule has been applied.

2.9. The chair of the supervisory board should not combine this function with that of chair of the audit committee of the supervisory board.

This rule has been applied. The Chairperson of the Audit Committee is not the Chairperson of the Supervisory Board and is also a Member of the Supervisory Board who meets the criteria of being independent.

2.10. Companies allocate administrative and financial resources necessary to ensure efficient functioning of the supervisory board in a manner adequate to their size and financial standing.

This rule has been applied. The Supervisory Board may use the Company's office premises, facilities and materials, while administrative and technical services for the Supervisory Board and its Committees are provided by the Company's Management Board. The Company covers all costs related to the performance of the function of a Member of the Supervisory Board.

2.11. In addition to its responsibilities laid down in the legislation, the supervisory board prepares and presents an annual report to the annual general meeting once per year. Such report includes at least the following:

- 2.11.1. information about the members of the supervisory board and its committees, including indication of those supervisory board members who fulfil the criteria of being independent referred to in the Act of 11 May 2017 on Auditors, Audit Firms and Public Supervision and those supervisory board members who have no actual and material relations with any shareholder who holds at least 5% of the total vote in the company, and information about the members of the supervisory board in the context of diversity;**

This rule has been applied.

- 2.11.2. summary of the activity of the supervisory board and its committees;**

This rule has been applied

- 2.11.3. assessment of the company's standing on a consolidated basis, including assessment of the internal control, risk management and compliance systems and the internal audit function, and information about measures taken by the supervisory board to perform such assessment; such assessment should cover all significant controls, in particular reporting and operational controls;**

This rule has been applied.

- 2.11.4. assessment of the company's compliance with the corporate governance principles and the manner of compliance with the disclosure obligations concerning compliance with the corporate governance principles defined in the Exchange Rules and the regulations on current and periodic reports published by issuers of securities, and information about measures taken by the supervisory board to perform such assessment;**

This rule has been applied.

2.11.5. assessment of the rationality of expenses referred to in principle 1.5;

This rule has been applied.

2.11.6. information regarding the degree of implementation of the diversity policy applicable to the management board and the supervisory board, including the achievement of goals referred to in principle 2.1.

This rule has been applied.

3. INTERNAL SYSTEMS AND FUNCTIONS

Efficient internal systems and functions are an indispensable tool of exercising supervision over a company.

The systems cover the company and all areas of activity of its group which have a significant impact on the position of the company.

3.1. Listed companies maintain efficient internal control, risk management and compliance systems and an efficient internal audit function adequate to the size of the company and the type and scale of its activity; the management board is responsible for their functioning.

This rule has been applied. The Company has a system of internal audit, risk management and compliance as well as a comprehensive system of financial and management reporting. The Management Board and the Supervisory Board of the Company periodically review the functioning of those systems at the Company and at the Capital Group.

3.2. Companies' organisation includes units responsible for the tasks of individual systems and functions unless it is not reasonable due to the size of the company or the type of its activity.

This rule has been applied. The Company's structure includes units responsible for the systems of: internal control, risk management and compliance as well as for the internal audit function.

3.3. Companies participating in the WIG20, mWIG40 or sWIG80 index appoint an internal auditor to head the internal audit function in compliance with generally accepted international standards for the professional practice of internal auditing. In other companies which do not appoint an internal auditor who meets such requirements, the audit committee (or the supervisory board if it performs the functions of the audit committee) assesses on an annual basis whether such person should be appointed.

This rule has been applied. DOM Development S.A. has an internal auditor in its structures, who is in charge of the internal audit function and operates in accordance with the International Standards for the Professional Practice of Internal Auditing. No internal auditor has to date been appointed in other companies of the Capital Group. The Audit Committee of the Supervisory Board of Dom Development S.A. periodically reviews the adequacy of the organization of the internal audit function in the Company and its Capital Group, inter alia in view of the need to appoint an internal auditor in the subsidiaries of Dom Development S.A.

3.4. The remuneration of persons responsible for risk and compliance management and of the head of internal audit should depend on the performance of delegated tasks rather than short-term results of the company.

This rule has been applied.

3.5. Persons responsible for risk and compliance management report directly to the president or other member of the management board.

This rule has been applied. Persons responsible for risk management and compliance report directly to the President of the Management Board of Dom Development S.A.

3.6. The head of internal audit reports organisationally to the president of the management board and functionally to the chair of the audit committee or the chair of the supervisory board if the supervisory board performs the functions of the audit committee.

The rule is applied. The Head of Internal Audit reports organisationally to the President of the Company's Management Board, and functionally to the Chairwoman of the Audit Committee.

3.7. Principles 3.4 to 3.6 apply also to members of the company's group which are material to its activity if they appoint persons to perform such tasks.

This rule has been applied. The systems of internal control, risk management and compliance of the Company's subsidiaries are supervised by persons in charge of these areas within the structures of Dom Development S.A.

The Management Board and the Supervisory Board of the Company periodically monitor the performance of these systems with respect to subsidiaries of significant importance to the operations of Dom Development S.A. Capital Group and monitor the need for the possible appointment of persons responsible for the performance of those functions within the structures of these entities.

3.8. The person responsible for internal audit or the management board if such function is not performed separately in the company reports to the supervisory board at least once per year with their assessment of the efficiency of the systems and functions referred to in principle 3.1 and tables a relevant report.

This rule has been applied. The person responsible for internal audit reports to the Supervisory Board at least once per year with their assessment of the efficiency of the systems of internal control, risk management and compliance as well as the internal audit function while relevant report is tabled.

3.9. The supervisory board monitors the efficiency of the systems and functions referred to in principle 3.1 among others on the basis of reports provided periodically by the persons responsible for the functions and the company's management board, and makes annual assessment of the efficiency of such systems and functions according to principle 2.11.3. Where the company has an audit committee, the audit committee monitors the efficiency of the systems and functions referred to in principle 3.1, which however does not release the supervisory board from the annual assessment of the efficiency of such systems and functions.

This rule has been applied. The Audit Committee of the Supervisory Board of Dom Development S.A. monitors the efficiency of the systems and functions referred to in rule 3.1 of Best Practice 2021, and the Supervisory Board assesses the efficiency of their functioning once per year. The annual assessment by the Supervisory Board of the situation of the Company, including the system of internal control, risk management, compliance and the internal audit function, is made available as a part of the documentation of annual general meetings of shareholders of the Company (<https://inwestor.domd.pl/pl/wza>).

3.10. At least every five years, the internal audit function of a WIG20, mWIG40 or sWIG80 company should be reviewed by an independent auditor selected together with the audit committee.

This rule has been applied.

4. GENERAL MEETING, SHAREHOLDER RELATIONS

The management board and the supervisory board of listed companies should encourage the engagement of shareholders in matters of the company, in particular through active participation in the general meeting, either in person or through a proxy.

The general meeting should proceed by respecting the rights of all shareholders and ensuring that passed resolutions do not infringe on legitimate interests of different groups of shareholders.

Shareholders who participate in a general meeting exercise their rights in accordance with the rules of good conduct. Participants of a general meeting should come prepared to the general meeting.

4.1. Companies should enable their shareholders to participate in a general meeting by means of electronic communication (e-meeting) if justified by the expectations of shareholders notified to the company, provided that the company is in a position to provide the technical infrastructure necessary for such general meeting to proceed.

This rule has been applied. So far, the Company has not organized general meetings of shareholders by means of electronic communication (e-meetings). However, if such a form of meeting is justified by the expectations of shareholders notified to the Company, the Management Board of the Company will enable shareholders to participate in a general meeting in e-meeting form.

4.2. Companies set the place and date and the form of a general meeting so as to enable the participation of the highest possible number of shareholders. For that purpose, companies strive to ensure that the cancellation of a general meeting, change of its date or break in its proceedings take place only if justified and do not prevent or limit the exercising of the shareholders' rights to participate in the general meeting.

This rule has been applied.

4.3. Companies provide a public real-life broadcast of the general meeting.

This rule has been applied. The proceedings of a general meeting are broadcast live at <https://inwestor.domd.pl> and archived records of general meetings are available at <https://inwestor.domd.pl/pl/wza>.

4.4. Presence of representatives of the media is allowed at general meetings.

This rule has been applied.

4.5. If the management board becomes aware a general meeting being convened pursuant to Article 399 § 2 – 4 of the Commercial Companies Code, the management board immediately takes steps which it is required to take in order to organise and conduct the general meeting. The foregoing applies also where a general meeting is convened under authority granted by the registration court according to Article 400 § 3 of the Commercial Companies Code.

This rule has been applied.

4.6. To help shareholders participating in a general meeting to vote on resolutions with adequate understanding, draft resolutions of the general meeting concerning matters and decisions other than points of order should contain a justification, unless it follows from documentation tabled to the general meeting. If a matter is put on the agenda of the

general meeting at the request of a shareholder or shareholders, the management board requests presentation of the justification of the proposed resolution, unless previously presented by such shareholder or shareholders.

- 4.7.** This rule has been applied. The supervisory board issues opinions on draft resolutions put by the management board on the agenda of the general meeting.

This rule has been applied.

- 4.8.** Draft resolutions of the general meeting on matters put on the agenda of the general meeting should be tabled by shareholders no later than three days before the general meeting.

This rule has been applied.

- 4.9.** If the general meeting is to appoint members of the supervisory board or members of the supervisory board for a new term of office:

- 4.9.1.** candidates for members of the supervisory board should be nominated with a notice necessary for shareholders present at the general meeting to make an informed decision and in any case no later than three days before the general meeting; the names of candidates and all related documents should be immediately published on the company's website;

This rule has been applied.

- 4.9.2.** candidates for members of the supervisory board make a declaration concerning fulfilment of the requirements for members of the audit committee referred to in the Act of 11 May 2017 on Auditors, Audit Firms and Public Supervision and having actual and material relations with any shareholder who holds at least 5% of the total vote in the company.

This rule has been applied.

- 4.10.** Any exercise of the rights of shareholders or the way in which they exercise their rights must not hinder the proper functioning of the governing bodies of the company.

This rule has been applied.

- 4.11.** Members of the management board and members of the supervisory board participate in a general meeting, at the location of the meeting or via means of bilateral real-time electronic communication, as necessary to speak on matters discussed by the general meeting and answer questions asked at the general meeting. The management board presents to participants of an annual general meeting the financial results of the company and other relevant information, including non-financial information, contained in the financial statements to be approved by the general meeting. The management board presents key events of the last financial year, compares presented data with previous years, and presents the degree of implementation of the plans for the last year.

This rule has been applied.

- 4.12.** Resolutions of the general meeting concerning an issue of shares with subscription rights should specify the issue price or the mechanism of setting the price or authorise the competent body to set the price prior to the subscription right record date within a timeframe necessary for investors to make decisions.

This rule has been applied.

4.13. Resolutions concerning a new issue of shares with the exclusion of subscription rights which grant pre-emptive rights for new issue shares to selected shareholders or other entities may pass subject at least to the following three criteria:

- a) the company has a rational, economically justified need to urgently raise capital or the share issue is related to rational, economically justified transactions, among others such as a merger with or the take-over of another company, or the shares are to be taken up under an incentive scheme established by the company;**
- b) the persons granted the pre-emptive right are to be selected according to objective general criteria;**
- c) the purchase price of the shares is in a rational relation with the current share price of the company or is to be determined in book-building on the market.**

This rule is not applied to resolutions concerning a new issue of shares with the exclusion of subscription rights resulting from the exercise of Executive Option Schemes at the Company, the purpose of which is for the Company to have effective tools and mechanisms to motivate key executives of the Company to provide long-term increases in the value of the Company and Dom Development S.A. Capital Group or where the share price is predetermined by the general meeting.

4.14. Companies should strive to distribute their profits by paying out dividends. Companies may retain all their earnings subject to any of the following criteria:

- a) the earnings are minimal and consequently the dividend would be immaterial in relation to the value of the shares;**
- b) the company reports uncovered losses from previous years and the earnings are used to reduce such losses;**
- c) the company can demonstrate that investment of the earnings will generate tangible benefits for the shareholders;**
- d) the company generates insufficient cash flows to pay out dividends;**
- e) a dividend payment would substantially increase the risk to covenants under the company's binding credit facilities or terms of bond issue;**
- f) retention of the company's earnings follows recommendations of the authority which supervises the company by virtue of its business activity.**

This rule has been applied. Since its IPO in 2006, DOM Development S.A. has paid dividends to its shareholders each year, and the amount of dividends per share has increased steadily since 2013.

5. CONFLICT OF INTEREST, RELATED PARTY TRANSACTIONS

For the purpose of this Section, a related party means a related party within the meaning of the International Accounting Standards as adopted pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.

Companies and their groups should have in place transparent procedures for managing conflicts of interest and for related party transactions where a conflict of interest may occur. The procedures should provide for ways to identify and disclose such cases and the course of action in the event that they occur.

Members of the management board and members of the supervisory board should refrain from professional or other activities which might cause a conflict of interest or adversely affect their

reputation as members of the corporate body, and where a conflict of interest arises, they should immediately disclose it.

- 5.1. Members of the management board and members of the supervisory board notify the management board or the supervisory board, respectively, of any conflict of interest which has arisen or may arise, and refrain from discussions on the issue which may give rise to such a conflict of interest in their case.**

This rule has been applied. In accordance with the Rules of Procedure of the Management Board of Dom Development S.A., Members of the Management Board notify the Supervisory Board and other Members of the Management Board of any conflict of interest arising or likely to arise from their function and may not vote on a resolution concerning the conflict of interest.

In accordance with the Rules of Procedure of the Supervisory Board of Dom Development S.A., a Member of the Supervisory Board shall inform the other Members of the Supervisory Board of any existing or possible conflict of interest and shall refrain from voting on a resolution concerning the conflict of interest.

- 5.2. Where a member of the management board or a member of the supervisory board concludes that a decision of the management board or the supervisory board, respectively, is in conflict with the interest of the company, he or she should request that the minutes of the management board or supervisory board meeting show his or her dissenting opinion.**

This rule has been applied.

- 5.3. No shareholder should have preference over other shareholders in related party transactions. The foregoing also concerns transactions concluded by the company's shareholders with members of the company's group.**

This rule has been applied.

- 5.4. Companies may buy back their own shares only in a procedure which respects the rights of all shareholders.**

This rule has been applied.

- 5.5. If a transaction concluded by a company with its related party requires the consent of the supervisory board, before giving its consent the supervisory board assesses whether to ask a prior opinion of a third party which can provide valuation of the transaction and review its economic impact.**

This rule has been applied.

- 5.6. If a related party transaction requires the consent of the general meeting, the supervisory board issues an opinion on the rationale of such transaction. In that case, the supervisory board assesses whether to ask a prior opinion of a third party referred to in principle 5.5.**

This rule has been applied.

- 5.7. If a decision concerning the company's significant transaction with a related party is made by the general meeting, the company should give all shareholders access to information necessary to assess the impact of the transaction on the interest of the company before the decision is made, including an opinion of the supervisory board referred to in principle 5.6.**

This rule has been applied.

6. REMUNERATION

Companies and their groups protect the stability of their management teams, among others by transparent, fair, consistent and non-discriminatory terms of remuneration, including equal pay for women and men.

Companies' remuneration policy for members of corporate bodies and key managers should in particular determine the form, structure, and method of determining and payment of the remuneration.

- 6.1. The remuneration of members of the management board and members of the supervisory board and key managers should be sufficient to attract, retain and motivate persons with skills necessary for proper management and supervision of the company. The level of remuneration should be adequate to the tasks and responsibilities delegated to individuals and their resulting accountability.**

This rule has been applied. The remuneration policy of the Company is reviewed periodically as a part of the duties of the Remuneration Committee of the Supervisory Board of Dom Development S.A.

- 6.2. Incentive schemes should be constructed in a way necessary among others to tie the level of remuneration of members of the company's Management Board and key managers to the actual long-term standing of the company measured by its financial and non-financial results as well as long-term shareholder value creation, sustainable development and the company's stability.**

This rule has been applied.

- 6.3. If companies' incentive schemes include a stock option programme for managers, the implementation of the stock option programme should depend on the beneficiaries' achievement, over a period of at least three years, of pre-defined, realistic financial and non-financial targets and sustainable development goals adequate to the company, and the share price or option exercise price for the beneficiaries cannot differ from the value of the shares at the time when such programme was approved.**

This rule has not been applied. The Company's management option programmes set a limit on the number of options exercised at 20% of the total number of shares exercisable under the programme in each calendar year over the five years following the introduction of the programme. In addition, unexercised options could be exercised at a later date, but not later than the end of the year of the 10th anniversary of the programme.

The Management Board of the Company represents the view that the allocated options being split into five tranches with exercisability at 12-month intervals is an alternative corresponding to the manner of tying remuneration of a member of the management board to the Company's long-term business and financial goals as defined in principle 6.3 of the BPWSE 2021

The structure of the management option programmes at the Company is intended to link the remuneration of key executives to the increase in the Company's Shareholder value over a period of at least five years. The possibility of immediately exercising the individual tranches is due to the specifics of the property development sector, which is highly cyclical and involves the risk of a temporarily separation between the share price and the actual quality and efficiency of the Company's operations.

6.4. As the supervisory board performs its responsibilities on a continuous basis, the remuneration of Supervisory Board members cannot depend on the number of meetings held. The remuneration of members of committees, in particular the Audit Committee, should take into account additional workload on the committee.

This rule has been applied.

Members of the Supervisory Board receive a fixed monthly remuneration, the amount of which does not depend on the number of meetings held. The remuneration of members of the Supervisory Board committees, i.e. the Audit Committee and the Remuneration Committee, takes into account the additional workload related to serving on these committees.

6.5. The level of remuneration of supervisory board members should not depend on the company's short-term results.

This rule has been applied.