

# **Remuneration Policy for Dom Development S.A. Management Board and Supervisory Board Members**

## **Preamble**

This Policy was prepared in compliance with the Polish and European regulations on remuneration in publicly traded companies, in particular:

- Directive 2017/828/EU of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement (the "SRD II Directive");
- Act of 29 July 2005 on offerings, terms and conditions governing the introduction of financial instruments to the organised trading system, and on publicly traded companies (Journal of Laws of 2022, Item 2554, as amended);
- 2021 Best practices for the WSE-listed companies.

This Policy aims to ensure transparent and clear rules as regards the remuneration of the Management and Supervisory Board Members which have been developed to support the implementation of the adopted business strategy, while taking into account the current business environment, and the applicable market practices concerning remuneration in publicly traded companies. In particular, the Policy considers the necessity to:

- Support the implementation of the Company's business strategy and the Company's long-term interest and the interests of the Company's stockholders, investors and shareholders, and to encourage the Company's stable development;
- Ensure transparency of the rules concerning the Management Board Members' remuneration by means of the determination of a single remuneration title covering all duties performed for the benefit of the Company. The Management Board Members may at the same time perform functions in subsidiaries;
- Determine the remuneration of the Supervisory Board Members in a manner comparable to the remuneration practices applicable throughout the Company whilst complying with the market practice;
- Effectively manage the Policy and prevent any conflicts of interest in that regard.

### ***Article 1. Purpose and scope of the Policy***

1. This document enacts the general rules of the Company's remuneration policy and it takes precedence to any other documents adopted by the Company with reference to the remuneration of the Management and Supervisory Board Members.
2. This Policy:
  - a. Is consistent with the goals of the Company's business strategy, its short- and long-term interests and the stability of the Company. The Company's business strategy aims to maximise the Company's long-term value and its return on equity for shareholders through the geographic diversification of operations, optimisation of its current investment projects portfolio both in terms of margins earned and the scale of operations of such projects, as well as combining high quality, timely and cost effective construction projects, while at the same time maintaining financial liquidity and a strong balance sheet;

- b. Aims at ensuring that the remuneration is both adequate and proportionate, and in line with the principles of non-discrimination;
  - c. Strives to strengthen the Management Board Members' motivation and to increase the possibility of hiring and retaining the best specialists in the market;
  - d. Stipulates the rules of granting Variable Remuneration to better motivate the Management Board Members to achieve results consistent with the Company's long-term strategy, in accordance with point 2a above;
  - e. Takes into consideration the terms of work and remuneration applicable to the Company's employees other than the Management and Supervisory Board Members, as discussed in point 5 below;
  - f. Is compliant with the Company's organisational culture and values.
3. The Policy specifies:
- a. The permitted forms of employment of the Management Board and Supervisory Board Members, and the period during which the duties will be performed;
  - b. The fixed and variable components of remuneration and other cash and non-cash benefits that may be awarded to the Management and Supervisory Board Members;
  - c. The proportions between the components of remuneration that may be awarded to the Management and Supervisory Board Members;
  - d. The decision-making process to adopt, implement and review the Policy;
  - e. The rules of this Policy's application.
4. The Policy is closely related to the Company's economic interests, given the variable remuneration system.
5. The remuneration of members of both the Management Board and Supervisory Board, as well as the Company's employees, depends on the qualifications and skills required for a given position, including specialised qualifications and professional experience, as well as related responsibilities and competencies. The amount of remuneration of both members of the Management Board and Supervisory Board, as well as other employees, is subject to periodic reviews based on market criteria.
6. This Policy shall apply exclusively to the Management and Supervisory Board Members. The rules of remunerating employees other than the Management Board Members are regulated in separate regulations and policies.
7. This Policy has been developed based on the market practice rules the Company's work and remuneration conditions, to help determine what remuneration should be adequate for the type of work and skills required to fulfil specific roles, and to take into account the quantity and quality of work delivered (the "performance" of that work).

## ***Article 2. Definitions***

The terms used herein shall mean as follows:

- 1) **Policy** – Remuneration Policy for Dom Development S.A. Management Board and Supervisory Board Members;
- 2) **Company** – Dom Development S.A.;
- 3) **Management Board Member** – the Company Management Board Member;
- 4) **Supervisory Board Member** – the Company Supervisory Board Member;
- 5) **Remuneration Committee** – a standing committee of the Company's Supervisory Board, responsible for ongoing evaluation, review, drafting and submitting of remuneration policies effective at the Company, whose detailed rules of operation are constituted in the Remuneration Committee Rules and Regulations;
- 6) **Code of Commercial Companies** – the Act of September 15, 2000, Code of Commercial Companies (i.e. Journal of Laws 2024, item 18, as amended);
- 7) **Fixed Remuneration** – base salary independent of the Company's current results;
- 8) **Variable Remuneration** – a bonus system depending on the Company's current results as well as the achievement of the set objectives and tasks;
- 9) **Non-cash Benefits** – additional components of remuneration in the form of benefits in-kind, guaranteed independently of the Fixed and Variable Remuneration.

## ***Article 3. General terms of employment***

1. The Company's Management Board Members perform their duties pursuant to the resolution of the Supervisory Board appointing them as Management Board Members, or they are appointed by a shareholder with more than 50% of shares for a 3-year term.
2. Management Board Members are remunerated pursuant to the Resolutions of the Supervisory Board on the determination of remuneration and other benefits.
3. The Supervisory Board Members are appointed and dismissed by the Company's General Meeting of Shareholders, or they are appointed by a shareholder with more than 50% of shares, for a 3-year term.
4. The Management and Supervisory Board Members are entitled to remuneration for the duties performed as Management or Supervisory Board Members that should be commensurate with the performed functions, required qualifications and skills, and with the responsibilities and competencies related to the position held.
5. Members of the Management Board and Supervisory Board may resign or be dismissed by the Company in accordance with the principles laid down in the Code of Commercial Companies. Members of the Management Board and Supervisory Board are not entitled to compensation in the event of resignation from their position.

6. Pursuant to the resolutions of the Supervisory Board, members of the Management Board, in the event of dismissal for reasons other than violation of basic obligations or in the event of not being re-elected to perform the function of a Management Board Member for another term, may be entitled to a cash benefit of the equivalent of 1 to 6 months' salary.
7. The Management Board Members are bound by a non-competition clause on terms provided in the Code of Commercial Companies and the 2021 Best Practices for the WSE-listed companies, and individual legal relations between the Management Board Member and the Company.

#### ***Article 4. Components of remuneration***

1. The Management and Supervisory Board Members shall be entitled to remuneration commensurate with the job performed and the skills required for its performance, and such remuneration may be composed of:
  - a. Fixed Remuneration;
  - b. Non-cash Benefits.
2. Additionally, the Management Board Members may also be entitled to:
  - a. Variable Remuneration;
  - b. Remuneration in the form of financial instruments;  
awarded by the Company Supervisory Board.
3. The detailed rules of awarding the components of remuneration listed in points 1 and 2 and setting the criteria referred to in Article 6 point 4, shall be governed by the Supervisory Board and/or the General Meeting of Shareholders in the form of resolutions, and by the provisions of the long-term incentive plans or bonus programs.
4. The Management Board Members' total remuneration is reviewed on a regular basis to ensure that it remains proportionate to the remuneration of Management Board Members in similar companies. The responsibility for the said revision of remuneration lies with the Company's Supervisory Board.

#### ***Article 5. Fixed Remuneration***

1. The Management and Supervisory Board Members receive Fixed Remuneration for the fulfilment of their duties related to the functions performed in connection with their membership in the Company's managing bodies.
2. The Fixed Remuneration shall be specified in advance in resolutions and it shall not depend on the Company's current results.
3. The Fixed Remuneration of the Management Board Members shall be specified in an amount per annum that shall be paid in 12 equal monthly instalments, or it shall be specified in an amount per month.
4. The Fixed Remuneration of the Supervisory Board Members shall be specified in an amount per month, and shall comprise:

- a. base salary,
  - b. allowance for serving on a Supervisory Board committee as referred to in point 5 below.
5. The monthly fixed allowance for members of the Supervisory Board serving an additional function on a Supervisory Board committee is determined as a percentage of the base salary, and is:
  - a. 25% for members of the Supervisory Board serving as Chairman of the committee,
  - b. 15% for members of the Supervisory Board serving as a non-Chairman of the committee.

#### **Article 6. Variable Remuneration**

1. To interlink the remuneration of the Management Board Members with the Company's strategic objectives, a Management Board Member may be awarded annual or multi-year Variable Remuneration.
2. The Variable Remuneration is awarded in cash.
3. The total Variable Remuneration granted in a given year should not be higher than five times the base salary from the group for Management Board Member.
4. The Variable Remuneration shall be granted based on clear, comprehensive, pre-defined and differential criteria concerning the financial and non-financial results relating to the implementation of the Company's strategy that are established by the Supervisory Board at the beginning of a financial year and taking into particular consideration the following:
  - a. The Gross profit (before tax) amount;
  - b. The Net profit amount;
  - c. Other operating indicators relevant to the Management Board Member's area of responsibility, as well as related to the fulfilment of management goals.
5. The achievement of each financial or non-financial criterion is assessed using accounting and operational documents confirming the completion of the management goals.
6. The assessment of the achievement of these management goals is carried out and approved by the Supervisory Board with the assistance of the Remuneration Committee, at the end of a financial period for which the management goals have been defined.
7. The variable remuneration payment terms shall not provide for the reimbursement of the variable remuneration paid once it has been approved and paid.
8. When achieving the objectives set, the Management Board Members shall comply with the social interest-related policies applied throughout the Company, i.e.:
  - a. The Company's contribution to the protection of the environment;
  - b. The execution of tasks aimed at preventing any adverse social effects of the Company's operations and the reduction thereof;
  - c. The attention to ensure safe and comfortable working conditions for the employees and contractors of the Company.

9. The Supervisory Board Members are not entitled to receive variable remuneration for their functions performed.

#### ***Article 7. Remuneration in the form of Financial Instruments***

1. The Management Board Members may be entitled to remuneration in the form of share options granted by the Supervisory Board on the recommendation of the Remuneration Committee.
2. A Management Board Member may acquire the right to receive remuneration in the form of share options in deferred tranches spread over a minimum of 5 years. A Management Board Member may not sell share options granted to them.
3. A Management Board Member may exercise share options during the calendar year in which they have been granted or at a later date specified by the Company.
4. The total value of the remuneration in the form of share options granted in a given year, calculated as at the share option award date per annum, should not exceed five times the annual base salary from the group for Management Board Member.
5. The remuneration in the form of share options aligns the remuneration of Management Board Members with the long term interests of shareholders as measured through an increase in the value of the Company's shares and the implementation of value enhancing business strategy.
6. The Supervisory Board Members are not entitled to receive remuneration in the form of financial instruments.

#### ***Article 8. Non-cash Benefits***

1. The Management Board and the Supervisory Board Members may be granted additional Non-cash Benefits, including:
  - a. A Company car, mobile phone and laptop necessary to perform the function;
  - b. Private healthcare;
  - c. Group life insurance;
  - d. Liability insurance;
  - e. Gym membership;
  - f. Coverage or financing of the costs of training courses required to improve qualifications to implement the Company's business needs;
  - g. Other benefits set by the Company's competent body.
2. The Non-cash Benefits listed in point 1 are provided in the scope specified in internal policies and in line with the individual legal relations between the Management Board Members and the Company (i.e. resolutions of the Supervisory Board on the determination of remuneration and other benefits).
3. The Management and Supervisory Board Members are not entitled to additional disability pension, old age pension or early retirement schemes.

### **Article 9. Decision-making process to adopt, implement, and review the Policy**

1. This Policy and the material amendments hereto shall be adopted and implemented by the General Meeting of Shareholders by means of a resolution.
2. Members of the Management Board are responsible for the information contained in this Policy.
3. The content of the Policy shall be proposed by the Company's Management Board. To limit the conflict of interest, the Remuneration Committee and the Supervisory Board shall participate in the development of the Policy.
4. The Remuneration Committee shall, within its roles and responsibilities, participate in the formulation of the Remuneration policy and related documents, and for that purpose it shall provide the Management Board or other organisational units of the Company with relevant information, e.g. with the information about the remuneration structure and incentive systems.
5. The organisational unit responsible for legal matters, the organisational unit responsible for HR matters, and the organisational unit responsible for investor relations shall participate in the development and review of the Policy through a consultation process the extent of which is appropriate to their activities in the Company.
6. Once the Policy has been adopted, the Company shall – without undue delay – publish the Policy and the relevant resolution passed with reference to its adoption on its website. The documents shall be available at least throughout their validity period.

### **Article 10. Application of this Policy**

1. This Policy shall be periodically reviewed by the General Meeting of Shareholders, at least every four years.
2. Any material amendment hereto shall be adopted by means of a resolution passed by the General Meeting of Shareholders. An amended Policy should indicate material amendments in comparison to the previously applicable version of the Policy.
3. Each and every rule established with reference to the Management or Supervisory Board Members' remuneration exceeding the limits specified herein shall constitute a material amendment hereto.
4. Any modifications to the names of the organisational units or components of remuneration shall not constitute material amendments hereto, provided that the terms of their payment remain compliant with the requirements set herein.
5. The Company shall pay the Management and Supervisory Board Members' remuneration solely in accordance with the applicable Policy.
6. Should the General Meeting of Shareholders not adopt the amendments to the Policy or a new Policy, the Company shall pay the remuneration in accordance with the applicable remuneration policy. An amended or new Policy shall be adopted by means of a resolution at the next General Meeting of Shareholders.



7. If the Company has not implemented a remuneration policy, the remuneration may be paid in keeping with the current policy.
8. The Supervisory Board shall exercise supervision over the application of this Policy and over its compliance with the corporate governance principles implemented at the Company, its corporate culture, the Company's risk appetite, and the related managerial processes, and it shall also approve any subsequent material deviations from the application hereof with respect to the Management and Supervisory Board Members.
9. The Supervisory Board shall, on an annual basis, compile a remuneration report providing a comprehensive overview of remuneration and all benefits, regardless of their form, received by the individual Management and Supervisory Board Members or due to the Management or Supervisory Board Members in the last financial year, in keeping with the Policy.
10. The Company Supervisory Board shall be responsible for the content of the remuneration report. The content of the Supervisory Board's report is governed by the Act of 29 July 2005 on offerings, terms and conditions governing the introduction of financial instruments to the organised trading system, and on publicly traded companies (Journal of Laws of 2022, Item 2554, as amended).
11. The remuneration report shall be audited by a statutory auditor.
12. Each Management and Supervisory Board Member shall read this Policy and comply with its provisions.
13. The application of this Policy may be temporarily suspended at the Supervisory Board's decision, provided that this is required to further the Company's long-term interests, to ensure its financial stability, or to guarantee its profitability.
14. If the circumstances specified in paragraph 13 occur, the Supervisory Board may, by means of a resolution, decide to depart from the rules specified in Articles 5 and 6 for a period of up to 12 calendar months. For such a resolution to be passed, the majority of the independent Supervisory Board Members must vote in favour of it.
15. Such departure from the rules mentioned in this Policy for the period of more than 12 calendar months requires a resolution to be passed by the General Meeting of Shareholders.
16. This Policy enters into force once passed by the General Meeting of Shareholders.
17. Failure to fulfil the obligations relating to the formulation of the Policy, the remuneration report, resolutions concerning remuneration Policy, or their publication, or the provision of false information, or suppression of facts shall be punishable with a fine as per the Act of 29 July 2005 on offerings, terms and conditions governing the introduction of financial instruments to the organised trading system, and on publicly traded companies (Journal of Laws of 2022, Item 2554, as amended).