



Report of the Remuneration Committee of
Dom Development S.A.
for the period from 1 January 2017 until 31 December 2017

REPORT

OF THE REMUNERATION COMMITTEE

OF DOM DEVELOPMENT S.A.

ON THE ACTIVITIES CONDUCTED

FROM 1 JANUARY 2017

TO 31 DECEMBER 2017



Warsaw, 13 March 2018



I. Personnel, composition and organisation of the Remuneration Committee of Dom Development S.A.

Pursuant to the provisions of the Statute of Dom Development S.A. with its registered seat in Warsaw ('the Company') and Remuneration Committee Bylaws dated 5 September 2006 and amended on 29 December 2006 and 5 October 2010, the Remuneration Committee is a permanent committee of the Supervisory Board.

The Remuneration Committee is composed of at least three members appointed by the Supervisory Board from among its members, at least two of whom shall be Independent Members of the Supervisory Board (in the meaning of point 7.7 of the Company's Statute).

From 1 January 2017 to 31 December 2017, the Remuneration Committee acted under the following composition:

- Marek Moczulski - Chairman of the Remuneration Committee,
- Mark Spiteri - Member of the Remuneration Committee,
- Krzysztof Grzyliński - Member of the Remuneration Committee.

The rules of organisation and the methods of operation of the Remuneration Committee are specified by the provisions of the Company's Statute and the Remuneration Committee Bylaws dated 5 September 2006 and amended on 29 December 2006 and 5 October 2010.

II. Activity of the Remuneration Committee

1. During the period under review, the Remuneration Committee conducted its activity by way of sessions convened by the Chairman of the Supervisory Board. Said sessions took place in accordance with the 2017 Company Activity Schedule and depending on needs. The Remuneration Committee also conducted sessions via teleconference. Minutes were taken during all sessions and the decisions made by the Committee took the form of resolutions.

2. During the period from 1 January 2017 to 31 December 2017, the most important tasks of the Remuneration Committee were the periodical assessment of the terms of remuneration of the Management Board members, preparation of remuneration proposals including granting additional incentive-based benefits for management, such as share option programs, as well as submitting to the Supervisory Board the proposed remuneration policies of the Company.



During the period covered by this report, 5 sessions of the Dom Development S.A. Remuneration Committee took place (of which 1 session was held by teleconference), on the following dates:

- 1) 23 February 2017;
- 2) 3 March 2017 (via teleconference);
- 3) 23 May 2017;
- 4) 27 September 2017;
- 5) 30 November 2017.

All sessions of the Remuneration Committee were convened correctly. All members of the Remuneration Committee were present at 4 sessions and 1 session took place with the required *quorum*. Some sessions of the Remuneration Committee were also attended by the President of the Management Board Mr. Jarosław Szanajca and HR Director Mr. Paweł Kamiński.

Session of 23 February 2017

After the meeting had opened the Members of the Remuneration Committee adopted a resolution on the acceptance of the Report of the Remuneration Committee on the activities conducted from 1 January 2016 to 31 December 2016 and submission of said Report to the Supervisory Board (Resolution No. 01/02/17), and analysed the remuneration of the members of the Management Board in 2016.

The Remuneration Committee recommended that the Supervisory Board approves execution of the SECP (Senior Executives Compensation Plan) for 2016 (Resolution No. 02/02/17) and also adopted the following resolutions: one on a proposal of the acceptance of the targets of the SECP (Senior Executive Compensation Plan) for 2017 (Resolution No. 03/02/17), one on Bonus Pool mechanics for 2017 (Resolution No. 04/02/17) and another on a proposal of determination of a Pool and a Pool for Distribution to be allocated for payment of Discretionary Bonuses under the Discretionary Bonus Scheme for Senior Executives and Consultants of Dom Development S.A. and a proposal of specification of Shares in the Pool for Distribution (re. 2017 Pool) (Resolution No. 05/02/17).

Session of 3 March 2017 (via teleconference)

The Remuneration Committee adopted a number of resolutions on proposals to award Discretionary Bonuses under the Discretionary Bonus Scheme for Senior Executives and Consultants of Dom Development S.A. (re. 2014, 2015 and 2016 Pool) (Resolutions: No. 01/03/17, 02/03/17 and 03/03/17).

Session of 23 May 2017



The Remuneration Committee discussed the senior management Incentive System and the assumptions of Management Share Options Programme IV for the Vice President of the Management Board - the Chief Operations Officer, regarding 500,000 Shares of Dom Development S.A.

Session of 27 September 2017

The members of the Remuneration Committee analysed the results of the research on Warsaw quoted public companies' 2016 remuneration packages.

Analysis and discussion regarding the remuneration of each member of the Management Board in 2016 took place as well as a discussion concerning recommendations for remuneration of each member of the Management Board.

Furthermore, the Remuneration Committee adopted the 2018 Company Activity Schedule (Resolution No. 01/09/17).

Session of 30 November 2017

The Remuneration Committee recommended that the Supervisory Board accepts the Rules of the Management Share Option Programme IV for Małgorzata Kolarska, Vice President of the Management Board, Chief Operations Officer, regarding 500,000 Shares of Dom Development S.A. (Resolution No. 01/11/17). and grants Options on the basis of Provisions of the Management Share Option Programme IV for Małgorzata Kolarska, Vice President of the Management Board, Chief Operations Officer, regarding 500,000 Shares of Dom Development S.A. and the number of shares that are subject to Options and the price of said shares, which may be acquired by exercising the Options (Resolution No. 02/11/17). A final resolution was adopted on the SECP target setting guidelines for FY 2018 (Resolution No. 03/11/17).