



Report of the Remuneration Committee of
Dom Development S.A.
for the period from 1 January 2018 until 31 December 2018

**REPORT
OF THE REMUNERATION COMMITTEE
OF DOM DEVELOPMENT S.A.
ON THE ACTIVITIES CONDUCTED
FROM 1 JANUARY 2018
TO 31 DECEMBER 2018**



Warsaw, 1 March 2019



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 2018 to 31 December 2018, 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 2018 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 2018 to 31 December 2018, 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, 6 sessions of the Dom Development S.A. Remuneration Committee took place (of which 3 sessions were held by teleconference), on the following dates:

- 1) 13 March 2018 (via teleconference);
- 2) 5 June 2018;
- 3) 13 July 2018 (via teleconference);
- 4) 24 August 2018 (via teleconference);
- 5) 27 September 2018;
- 6) 29 November 2018.

All sessions of the Remuneration Committee were convened correctly. All members of the Remuneration Committee were present at all 6 sessions. Some sessions of the Remuneration Committee were also attended by the President of the Management Board Mr. Jarosław Szanajca and HR Director Jakub Poddany.

Session of 13 March 2018

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 2017 to 31 December 2017 and submission of said Report to the Supervisory Board (Resolution No. 01/03/18) after which the meeting discussed and analysed the remuneration of the members of the Management Board in 2017.

The Remuneration Committee adopted the following resolutions: on Bonus Pool mechanics for 2018 (Resolution No. 02/03/18), on proposals to award Discretionary Bonuses under the Discretionary Bonus Scheme for Senior Executives and Consultants of Dom Development S.A. (re. 2015, 2016 and 2017 Pool) (Resolutions: No. 03/03/18, 04/03/18 and 05/03/18), on a recommendation of an amendment of the Discretionary Bonus Scheme for Senior Executives and Consultants of Dom Development S.A. to the Supervisory Board (Resolution No. 06/03/18), 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. 2018 Pool) (Resolution No. 07/03/18), and on a proposal of determination of a Pool 2 and a Pool 2 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 2 for Distribution (re. 2018 Pool 2) (Resolution No. 08/03/18).



Session of 5 June 2018

The Remuneration Committee members discussed operation 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 13 July 2018 (via teleconference)

The Remuneration Committee recommended that the Supervisory Board approves execution of the SECP (Senior Executives Compensation Plan) for 2017 (Resolution No. 01/07/18) and also adopted the resolution on a proposal of the acceptance of the targets of the SECP (Senior Executive Compensation Plan) for 2018 (Resolution No. 02/07/18).

Session of 24 August 2018

The Remuneration Committee adopted the resolution on an amendment of a proposal of determination of a Pool 2 and a Pool 2 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 2 for Distribution (re. 2018 Pool 2) (Resolution No. 01/08/18).

Session of 27 September 2018

The members of the Remuneration Committee analysed the results of the research on Warsaw quoted public companies' 2017 remuneration packages.

Analysis and discussion regarding the remuneration of each member of the Management Board in 2017 took place as well as a discussion concerning recommendations for remuneration of each member of the Management Board.

Furthermore, the Remuneration Committee adopted the 2019 Company Activity Schedule (Resolution No. 01/09/18).

Session of 29 November 2018

The Remuneration Committee discussed with HR Director the operation of the bonus scheme.