

APPROVED
by decision of the Board of Directors
of PJSC "PIK SHb"
27 August 2021, Minutes No. 11

**COMPENSATION AND BENEFITS POLICY FOR MEMBERS OF EXECUTIVE
BODIES AND OTHER KEY EXECUTIVES**

Public Joint Stock Company
"PIK - specialized homebuilder"

Moscow
2021

1. General Provisions

1.1. This Compensation and Benefits Policy for Members of Executive Bodies and Other Key Executives of Public Joint Stock Company "PIK - specialized homebuilder" (hereinafter, the "Policy") developed in accordance with the regulatory legal acts of the Russian Federation, the Corporate Governance Code of the Bank of Russia and the Articles of Association of Public Joint Stock Company "PIK - specialized homebuilder" (hereinafter, the "Company"), defines principles and approaches to the compensation of members of executive bodies and other key executives of the Company, establishes the procedure for determining compensation amounts, as well as specifies the types of payments, benefits and privileges granted to these persons.

1.2. The Policy is approved by the Company's Board of Directors.

1.3. The Board of Directors, supported by the Personnel and Remuneration Committee, ensures control over the implementation and execution of this Policy in the Company, and, if necessary, revises and amends it.

1.4. For the purposes of this Policy, compensation of the Company's executives shall mean both compensation elements and other payments, social guarantees, benefits and privileges not related to the Company's compensation system in accordance with the laws of the Russian Federation and/or the Company's internal documents.

1.5. The Company's Board of Directors (upon recommendations of the Personnel and Remuneration Committee of the Company's Board of Directors) shall determine the amount, terms and procedure for payment of compensation to the Company's executives with due regard to the provisions of this Policy by approving the terms of employment contracts, as well as the terms of early termination of contracts, including all material obligations of the Company and the terms of their provision, including severance pay, compensation and (or) any other payments in any form above the limits established by the legislation and the terms of their provision.

1.6. Compensation to the Company's Executives is paid in accordance with the requirements of the legislation of the Russian Federation and in accordance with this Policy. All cash payments shall be made in Russian rubles.

1.7. If as a result of changes in the legislation of the Russian Federation (including in the area of labor compensation) and (or) the Company's Articles of Association, certain provisions of this Policy come into conflict with them, such provisions shall become invalid and, until this Policy is amended, the requirements of the above regulations and (or) the Company's Articles of Association shall govern.

1.8. The following terms and definitions are used in this Policy unless expressly stated otherwise:

Committee means Personnel and Remuneration Committee of the Company's Board of Directors;

Board of Directors means the Company's Board of Directors;

Member of the Executive Body means General Director or member of the Company's Management Board;

Corporate level KPIs means target financial and economic indicators and performance indicators set for the Company by the Board of Directors based on the Company's strategy and business plan, the achievement of which reflects the extent to which the tasks set for the reporting period have been achieved. The actual achievement of corporate-level KPIs is determined by the Board of Directors and is recorded as a percentage of the actual performance;

Individual KPIs means target financial and economic indicators and performance indicators established for each Manager by the Board of Directors based on the Company's strategy and business plan, which are used to assess the Manager's performance for the reporting period. The actual performance of individual KPIs is determined by the Board of Directors and is recorded as a percentage of the actual performance;

Manager means General Director, member of the Management Board, other key executives of the Company (each of them separately);

Managers means General Director, member of the Management Board, other key managers of the Company (jointly);

Other key executives of the Company means the Company's employees other than members of the Company's executive body who hold significant positions in the executive management structure and have a direct impact on the efficiency of financial and economic activities of the Company. There are no key executives in the Company other than the General Director and members of the Company's collegial executive body at the time of approval of this Policy.

2. Main Approaches to the Company's Compensation Policy

2.1. The Company shall attract and retain a professional and efficient management team with the necessary professional qualities for effective management, capable of implementing the strategy and other priorities of the Company and of increasing profits for shareholders.

2.2. As part of implementation of this Policy, the Company strives to ensure a competitive level of compensation provided to the Managers that is sufficient to attract, motivate efficient work and retain persons with the competence and qualifications required for the Company. For this purpose, the Company has implemented a comprehensive incentive program for the Managers, which includes monetary remuneration, employee benefits, and intangible incentives. The Company avoids setting the amount of compensation to the Managers in excess of the level required to achieve these goals.

2.3. The compensation system for the Managers is aimed at achieving an optimal balance between the dependence of compensation on the Company's performance and on the personal contribution of each Manager to its achievement.

2.4. During the formation and revision of the compensation system for executives, the Committee conducts analysis, including analysis of market compensation practices based on the results of compensation reviews (studies) purchased by the Company from the leading international consulting companies, and provides recommendations to the Board of Directors regarding each component of the compensation system and their proportionality in order to ensure a reasonable balance between short-term and long-term performance results.

2.5. Development of this policy is guided by the following priorities:

- The need to attract and retain managers with the required qualifications;
- The Company's intention to follow the best market practices in the field of compensation;
- Dependence of the level of compensation on the performance of the Manager and the Company as a whole;
- Emphasis on the growth of the Company's share price.

2.6. The main elements of compensation include:

2.6.1. The fixed part, i.e. the salary.

2.6.2. The variable part, i.e. a bonus for the reporting period (month, quarter, half-year, year).

2.6.3. Benefits and privileges stipulated by the Company's internal documents;

2.6.4. Other payments and allowances stipulated by the legislation.

The structure of compensation elements and their ratio are differentiated by the Board of Directors depending on the Manager's influence on the Company's financial performance and his/her personal contribution to the Company's development.

2.7. Regardless of the procedures and approaches adopted by the Company to application of certain types of compensation, the Company seeks to avoid conflicts of interest when determining a particular person's compensation, including when discussing and deciding on the amount of compensation with the participation of the person whose compensation is being discussed.

3. Fixed Part of Compensation (Salary)

3.1. The salary is the basic element of remuneration, which reflects the job responsibilities. The size of the salary is aimed at attracting and retaining a Manager who meets the required qualifications and competencies to deliver the Company's strategy and financial performance.

3.2. A number of factors are taken into account when making a decision on the Executive's salary, including:

- Scope and areas of responsibility;
- Competence, qualifications, skills and experience of the manager;
- Level of motivation for effective management of the Company;
- Personal contribution to the achievement of results;
- Market practices.

3.3. The amount of the Manager's salary is reviewed as and when required, and a member of the executive body, as a rule, when a decision is made to extend his/her term of office.

4. Variable Part of Compensation - Bonus

4.1 The basis for effective management of the Company is ensuring the interest of the Managers in the implementation of the Company's strategy, as well as in the long-term and short-term results of the Company, and increase in their personal (individual) contribution to the final result. The variable part of compensation serves to achieve these objectives.

4.2 Bonuses are paid based on the results of the reporting period and depend on the Company's performance and the individual contribution of the Manager. Dependence of compensation on the performance results is implemented, among other things, through approval by the Board of Directors of KPIs of the corporate level and individual KPIs of each Manager, review of the report on performance of these indicators and decision-making on the amount of bonus taking into account the degree of KPI achievement.

4.3 A number of factors are taken into consideration when deciding on the amount of a bonus, including:

- Scope and areas of responsibility;
- Impact on the Company's financial results;
- Level of motivation for effective management of the Company;
- Personal contribution to the achievement of results;
- Results of fulfilment of corporate level KPIs and individual KPIs set for the reporting period by the Managers;
- Results of the review of the Managers' annual performance reports;
- Data from financial and accounting statements;
- Results of audits by internal/external auditors and regulators;
- Results of implementation of the Board of Directors' instructions;
- Results of implementation of other strategic projects not included in KPIs;
- Other production factors;
- Market practices.

4.4 The results of bonus calculation based on the results of KPIs fulfillment according to the algorithm are the basis for making a decision on the amount of bonus payable to the Managers.

4.5 Based on the results of the review and taking into account the Committee's recommendation, the Board of Directors makes a decision on bonus payment and approves the bonus amount to be paid.

4.6 The Board of Directors may provide for postponement of the payment of part of the approved bonus, including the possibility to reduce or cancel part of the postponed bonus payment, in case of failure to obtain positive results in the respective line of business based on the timing of financial and other performance.

5. Benefits and Privileges

5.1. Provision of benefits is aimed at compliance with market practice as well as provision of the Company's employees (and in some cases their family members as well) with social protection contributing to improvement of efficiency and quality of their work. Provision of benefits to the Company's employees is based on the Company's internal documents.

5.2. The main types of benefits in the Company are:

- Financial assistance in the cases and amount established by the Regulations on remuneration of the Company's employees;

Benefits are periodically reviewed to ensure they are affordable and competitive.

5.3. Managers are provided with a company car with a driver in accordance with the internal documents of the Company.

5.4. The Board of Directors reserves the right to grant additional benefits at its discretion depending on the need to attract, motivate and retain a particular Manager. The amount and procedure for granting such benefits are determined on a case-by-case basis and are set out in the terms of the employment contract.

6. Other Payments and Allowances Stipulated by the Legislation

6.1. Managers are provided with statutory guarantees and other types of benefits in cases and in accordance with the procedure and amounts established by the legislation of the Russian Federation.

6.2. In the event of termination of the employment contract with a member of the executive body under Article 278 (2) of the Russian Federation Labor Code, in the absence of bad faith actions (omissions) on his/her part, (s)he shall be paid compensation in accordance with the legislation of the Russian Federation. The terms and conditions of the employment contract may increase the amount of benefits (severance pay) payable in case of early termination of powers of a member of the executive body and in the absence of a wrongdoing on his/her part, but this amount shall not exceed the fixed part of the annual compensation.

7. Reimbursement of Expenses

7.1. Travel Expenses

In case of a business trip, the Company shall reimburse the following expenses to the executives in the amount and according to the procedure set forth in the Company's internal documents:

- Travel expenses;
- The costs of renting living quarters;
- Additional costs associated with living away from the place of permanent residence (per diem);
- Other expenses incurred by the employee with the permission or knowledge of the employer.

At the same time, the amount of per diem allowance is the same for all the Company's employees, does not depend on the position level and differs only depending on the territory of the business trip.

7.2. Representation Expenses

In order to perform their official duties in terms of establishing and maintaining business contacts with representatives of other organizations and institutions, the Managers are reimbursed for hospitality expenses. Planning, control and documentation of hospitality expenses are regulated by an internal document of the Company.

7.3. Corporate Cellular Communication

For prompt information exchange in order to improve management efficiency, to prevent loss of working time, as well as due to the need for round-the-clock communication with the Company's personnel, investors, its partners, including foreign and potential ones, and for prompt information exchange in the current business

environment, Managers are provided with corporate cellular communication according to the procedure and on the terms set forth by an internal document of the Company.