

Approved
by the decision of the Board of Directors
of PJSC «PIK SHb»
27 August 2021, Minutes No. 11

**CONFLICT OF INTEREST AND
CORPORATE CONFLICT MANAGEMENT POLICY
OF PUBLIC JOINT STOCK COMPANY
«PIK - specialized homebuilder»**

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1. General Provisions

1.1. This Conflict of Interest and Corporate Conflict Management Policy of PJSC «PIK SHb» (hereinafter the Policy) has been developed in accordance with the applicable laws of the Russian Federation, the Corporate Governance Code recommended for use by the Bank of Russia (the Bank of Russia Corporate Governance Code), the Articles of Association of PJSC «PIK SHb» (hereinafter the Company), the Regulations on the Company Board of Directors, the Company Corporate Governance Code, and other internal Company documents.

1.2. The purpose of this Policy is to prevent conflicts of interest and corporate conflicts by defining measures to manage conflicts of interest and ways to resolve them.

1.3. This Policy regulates the issues of prevention, identification and settlement of corporate conflicts, as well as conflicts of interest arising between the Company and its governing bodies (members of governing bodies) within the meaning and interpretation of the ACI of the Bank of Russia. The issues of prevention, identification and settlement of conflicts of interest arising between the Company and its employees are regulated by other internal documents of the Company.

1.4. The following terms are used in this Policy:

Conflict of interest means any conflict between the interests of the Company and the personal interests of a member of the Board of Directors or a member of the Company's collegial executive body or the Company's sole executive body, which involves any direct or indirect personal interests or interests in favor of a third party, including due to the latter's business, friendly, family and other relations and relationships, his/her or his/her affiliates' holding¹ positions in another legal entity, his/her or his/her affiliates' ownership of shares in another legal entity, proprietorship of shares in another legal entity, etc. A conflict of interest may, in particular, be caused by entering into transactions in which the relevant person is directly or indirectly interested, the acquisition of shares (stakes) in legal entities competing with the company, holding positions in such legal entities, establishing contractual relations with them, or any other relation to them.

Corporate conflict means claims and disputes that arise/have arisen between the Company's shareholders, the Company and its shareholders, including the Company's shareholders and its governing bodies; between the Company's governing bodies; between/with subsidiaries, with the registrar of shareholders, with the depository, which affect the Company's interests and lead to a violation of legislation, the provisions of the Articles of Association and/or internal documents of the Company, as well as the occurrence of court cases.

Transaction with a conflict of interest means a transaction made in a conflict of interest, namely, in the personal interests of shareholders, members of the Board of Directors, executive bodies, irrespective of the transaction amount.

Mediation procedure (mediation) means a method of corporate conflict resolution with the mediator's assistance based on a voluntary consent of the parties to reach a mutually acceptable solution.

¹ Related persons shall mean: a spouse, parents, children, adoptive parents, adopted, full and half brothers and sisters, grandparents, as well as another person living together with the natural person and having common household with him/her.

Mediator means an independent natural person engaged by the parties as a mediator in dispute resolution to assist the parties in reaching a decision on the merits of the dispute, whose activities may be carried out on a professional or a non-professional basis.

The terms not specifically defined in this Policy shall be used in the meanings set forth in the applicable laws and in the Company's internal documents.

2. Principles of Conflict of Interest and Corporate Conflict Management

2.1. The main principles of conflict of interest and corporate conflict management include:

- Priority of the Company's interests over personal interests of members of the Company's governing bodies and shareholders;
- Priority participation of the Company's Board of Directors in preventing, identifying and settling conflicts of interest and corporate conflicts;
- Priority participation of independent directors in prevention of conflicts of interests and corporate conflicts and performance of major corporate actions by the Company;
- Clear distinction and inadmissibility of exceeding the powers of the governing bodies in resolving conflicts of interest and corporate conflicts;
- Making decisions by the Company's governing bodies on the issues within their competence in the absence of a conflict of interest, and without the participation of a member of the governing body that has a conflict of interest;
- Obligation of timely, reliable and full informing of the Company about the circumstances affecting the existence of interest, as well as about the actual or potential conflict of interest;
- Observing the balance of interests of relationship participants in resolving conflicts of interest and corporate conflicts, as well as fairness and independence;
- Compliance with the legislation of the Russian Federation and with the Company internal documents in managing conflicts of interest.

3. Measures to Manage Conflicts of Interest and Corporate Conflicts

3.1. Measures to manage conflicts of interest and corporate conflicts include their prevention and detection.

3.2. In order to implement measures to manage conflicts of interest and corporate conflicts, members of the Board of Directors, members of the Management Board and the General Director shall:

- Act for the benefit of the Company in good faith and reasonably, shall refrain from any actions that will or may potentially lead to a conflict between their interests and the interests of the Company, and, if such a conflict exists or arises, immediately inform the Chairperson of the Board of Directors and the Chairperson of the Audit and Risk Committee of the Board of Directors (hereinafter referred to as the Audit and Risk Committee) of such a conflict and the grounds for it;
- Notify the Company and the Chairperson of the Board of Directors/General Director of any conflict of interest in relation to any item on the agenda of a meeting of such Company body, prior to the discussion of the relevant agenda item, shall refrain from voting on any item in which he/she has a conflict of interest;
- Notify the Company of legal entities in relation to which they, their spouses, parents, children, full and half-siblings, adopters and adoptees and (or) their controlled entities are controlling

persons or have the right to give binding instructions; about legal entities in the governing bodies in which they, their spouses, parents, children, full and half-siblings, adoptive parents and adoptees and (or) their controlled entities hold positions; about the transactions known to them, in which they may be recognized as interested parties, as well as about any changes in the specified information;

- Ensure the confidentiality of information, shall not disclose or use confidential information and insider information for personal benefit or for the benefit of third parties;
- Provide the Company with information on the ownership of the Company's securities, as well as on the facts of their purchase and sale;
- Take other reasonable measures to prevent and detect conflicts of interest.

3.3 In order to prevent conflicts of interest and corporate conflicts, the Company:

- Establishes and maintains an organizational structure that clearly delineates areas of responsibility;
- Establishes an effective risk management and internal control system;
- Collects and analyses information on interdependent and related parties;
- Collects and analyzes information on affiliated (related) parties of the Company's shareholders;
- Collects and analyzes information required to prepare a list of affiliates;
- Collects and analyzes information on the persons recognized by the legislation of the Russian Federation to be interested in the Company and its subsidiaries' transactions (deals);
- Collects and analyzes information on the composition of the Boards of Directors, collegial and sole executive bodies of the Company and its subsidiaries for conflicts of interest;
- Informs shareholders of any possible conflict of interest of candidates for the Company's Board of Directors;
- Handles letters, complaints from shareholders and other stakeholders;
- Ensures observance of the rights and legitimate interests of the Company's shareholders, including timely disclosure and provision of information to them in accordance with the legislation of the Russian Federation;
- Sends notices to members of the Board of Directors, members of the Management Board and, in cases stipulated by the law, to shareholders on interested-party transactions;
- Sends information to members of the Board of Directors on transactions with conflicts of interest;
- Monitors compliance with the procurement and contract negotiation procedures set out in the Company's internal documents designed to eliminate conflicts of interest and to ensure fair and equal treatment when selecting counterparties;
- Monitors legal disputes involving the Company's shareholders, members of its governing bodies, subsidiaries, depositories, and the registrar;

- Take other actions to prevent conflicts of interest.

3.4 In order to prevent conflicts of interest, the Company has established a system for identifying transactions, which provides for the following measures when approving/performing related-party transactions and transactions with conflicts of interest:

3.4.1 Information on persons having an interest in transactions, criteria for transactions with conflicts of interest defined in accordance with this Policy, as well as the procedure for transactions in which there is an interest and transactions with conflicts of interest, is available to all the Company employees.

3.4.2 In the process of approving contracts, the Company, among other things, identifies interested-party transactions and transactions with conflicts of interest. If the Company identifies such transactions, a transaction notice shall be sent to the Corporate Secretary and the Internal Control Department.

3.4.3 The Corporate Secretary notifies:

- Members of the Board of Directors, members of the Management Board, and, if necessary, in cases stipulated by the Federal Law "On Joint-Stock Companies" - the Company's shareholders about a related-party transaction;

- Members of the Board of Directors about a conflict of interest transaction.

3.4.4 Members of the Board of Directors or the Management Board shall have the right to request the consent of the Board of Directors for a related-party transaction, members of the Board of Directors - consent of the Board of Directors for a conflict of interest transaction within 15 days. A related-party transaction or a transaction with a conflict of interest shall be executed after expiry of the said period for receipt of a request for consent to its execution or after receipt of consent to its execution, if such request is received.

3.5 Conflict of interest and corporate conflict of interest shall be identified by employees, officers and members of the Company's governing bodies in the course of their duties, during audits carried out by the Internal Audit Department, the Internal Audit Commission, auditors, as well as upon receipt of complaints and appeals to the Company or the Corporate Secretary via the Company's website.

The Corporate Secretary brings any identified conflict of interest or corporate conflict to the attention of the Chairperson of the Board of Directors or the Senior Independent Director (if any) and the Chairperson of the Audit and Risk Committee.

3.6 The Company's Corporate Secretary shall keep records of information on conflicts of interest and corporate conflicts.

4. Settlement of Conflicts of Interest and Corporate Conflicts

4.1. The Company shall take all necessary and possible measures to resolve conflicts of interest and corporate conflicts.

4.2. Resolution of conflicts of interest and corporate conflicts is the process of implementing a set of procedures aimed at resolving such conflicts.

4.3. The main methods of resolving conflicts of interest and corporate conflict are resolution of corporate conflict by the Board of Directors (or the Audit and Risk Committee) and mediation.

4.4. The way to settle a conflict of interest may also be a decision of the Company's authorized body to refuse to make a particular transaction.

4.5. The Board of Directors take all necessary measures to settle conflicts of interest and corporate conflicts. The main task of the Board of Directors in the settlement process is to make a fair, legal and reasonable decision that meets the Company's interests.

4.6. Based on the decision of the Chairperson of the Board of Directors, the issue of a conflict is submitted for preliminary consideration of the Audit and Risk Committee, which provides recommendations on the procedure for resolving the conflict, including the need to submit it to the Board of Directors for consideration.

4.7. Members of the Board of Directors, members of the Management Board and the Chairperson of the Management Board, as well as participants of the conflict may be invited for consideration of the issue of conflict of interest and corporate conflict.

4.8. Mediation procedure is conducted upon mutual expression of the parties' will based on the principles of voluntariness, confidentiality, cooperation and equality of the parties, impartiality and independence of the mediator.

4.9. An agreement on mediation concluded by the parties thereto shall be the basis for consideration of a conflict with the participation of a mediator and shall contain the information:

- About the parties;
- On the subject matter of the dispute (the essence of the corporate conflict);
- About the mediator;
- On the procedure for conducting the mediation;
- The terms of participation of the parties in the costs of the mediation procedure;
- On the timing of the mediation procedure.

4.10. Based on the results of the conflict resolution, the parties shall enter into a mediation agreement.

4.11. The Corporate Secretary shall immediately inform all members of the Board of Directors, members of the Management Board, Chairperson of the Management Board and participants of the corporate conflict about the decisions made on the results of consideration of the conflict, including within the framework of the mediation procedure.

4.12. The list of measures to resolve conflicts of interest and corporate conflicts included in these Regulations is not exhaustive. In each specific case, there may be other forms of conflict resolution depending on the sphere of its occurrence.

5. Final Provisions

5.1 The Audit and Risk Committee shall oversee the implementation of this Policy, including analysis and evaluation of its implementation.