



APPROVED
By resolution of the Board of Directors
Of PJSC «PIK SHb»
01 april 2021, Minutes No.5

**DIVIDEND POLICY
of PJSC «PIK SHb»**

Moscow
2021

1. GENERAL PROVISIONS AND PRINCIPLES OF THE DIVIDEND POLICY

1.1. This Dividend Policy of PJSC «PIK SHb» (hereinafter, the Dividend Policy) has been developed in accordance with the Federal Law "On Joint Stock Companies", other applicable laws of the Russian Federation, Articles of Association of PJSC «PIK SHb» and its other internal documents, and recommendations of the Corporate Governance Code

1.2. The dividend policy establishes the main principles of the Company's dividend policy, the conditions for making dividend payments, the procedure for adopting resolutions on dividend payments, the procedure for determining the portion of net profit allocated for dividend payments, the target level of the share of profit allocated for dividend payments, and is aimed at informing shareholders and other interested parties about the Company's dividend policy.

1.3. This Dividend Policy is based on the following principles:

1.3.1. Safeguarding the interests of the Company's shareholders by implementing their rights to receive dividends;

1.3.2. Ensuring the transparency of the dividend determination procedure;

1.3.3. Improving the investment attractiveness of the company;

1.3.4. Correspondence of the level of dividends paid by the company with the level of dividends paid by comparable companies;

1.3.5. Making economically sound decisions on the payment of dividends, taking into account the balance between the short- and long-term interests of shareholders, as well as the investment needs of the Company;

1.3.6. Ensuring long-term motivation of management to increase total shareholder return.

1.4. The dividend policy should not be regarded as an instruction to the General Meeting of Shareholders of the Company. The General Meeting of Shareholders may disagree with the recommendation of the Board of Directors on the amount of dividends by deciding to pay dividends in an amount less than that recommended by the Board of Directors of the Company or not to pay dividends on shares.

1.5. When adopting this Dividend Policy, the Board of Directors of the Company expects it to be in force for a period of 3 years.

1.6. Terms used in the Dividend Policy:

Company means PIK Group of Companies Public Joint Stock Company;

Company's net profit means the Company's profit after tax determined on the basis of the accounting (financial) statements prepared in accordance with the requirements of Russian legislation (Russian Accounting Standards (RAS));

Dividends means part of the Company's net profit (determined according to the accounting (financial) statements) distributed among shareholders in proportion to the number of shares they own.

2. CONDITIONS AND GROUNDS FOR THE PAYMENT OF DIVIDENDS

2.1. Dividends shall be payable to the shareholders of the Company under the following conditions:

- availability of the Company's net profit in the reporting period for which dividends are declared and/or retained profit as reflected in the accounting (financial) statements prepared in accordance with the accounting laws of the Russian Federation;

- there are no restrictions on the payment of dividends in accordance with the laws of the Russian Federation;

2.2. Dividends shall be accrued and paid to the Company's shareholders on the basis of a resolution of the General Meeting of Shareholders of the Company, which shall take into account the recommendations of the Board of Directors of the Company on the amount of the dividends.

3. THE PROCEDURE FOR DETERMINING THE AMOUNT AND FREQUENCY OF DIVIDEND

PAYMENTS

3.1. According to Russian law, dividends are paid to the Company's shareholders out of the Company's profit after tax (net profit), calculated on the basis of financial statements prepared in accordance with Russian law.

3.2. The Board of Directors determines the recommended amount of dividend payments based on the Company's financial performance, but as a general rule, the Company will seek to pay as a dividend at least thirty percent (30%) of Net Profit, adjusted for non-cash income, including a significant financing component, calculated on the basis of the Company's IFRS consolidated accounts.

3.3. The company intends to pay dividends on a semi-annual basis.

3.4. When deciding on the recommended dividend amount, the Board of Directors shall take the following into account:

- intention to maximise payments, taking into account the Company's need for free cash flow to service the debt;
- need to comply with financial covenants;
- financing of the Company's investment programmes;
- balancing the short- and long-term interests of shareholders and the investment needs of the Company;
- economic conditions, internal and external changes that have or may potentially have a material adverse effect on the Company's operations in the future, force majeure events, including natural disasters;
- results of the Company's regular comparative analysis of comparable international and Russian companies in terms of the share of profits allocated to the payment of dividends.

3.5. If the dividend calculation base and a comparative analysis of payments by peer companies allow for the payment of dividends in an amount exceeding the net profit under Russian Accounting Standards, the Board of Directors of the Company may recommend that the General Meeting of Shareholders pass a resolution to pay dividends out of undistributed profit determined under Russian Accounting Standards.

3.6. In the event of a deviation from the criteria for determining the amount of dividend payments set out in this Dividend Policy, the Company shall disclose full details of the reasons for the deviation.

4. PROCEDURE FOR ADOPTION OF A RESOLUTION ON PAYMENT OF DIVIDENDS

4.1. The Management Board of the Company shall prepare proposals on the possible amount of dividends, the procedure for their payment and on the effect of the payment on the financial position of the Company.

4.2. The Board of Directors of the Company plays a key role in making decisions on dividend payments. Based on the proposal of the Management Board of the Company, it develops recommendations for the General Shareholders' Meeting of the Company on the amount of dividends per share and the procedure for their payment, as well as on establishing the date on which the persons entitled to receive dividends are determined (record date). These recommendations are approved by the Board of Directors, as a rule, at meetings of the Board of Directors held in presentia.

4.3. The Regulation on the General Meeting of Shareholders stipulate the right of the Company to supplement the materials for the General Meeting of Shareholders, the agenda of which includes an item on dividend payment, with a justification of the proposed distribution profit, including for the payment of dividends and for the Company's own needs, and an assessment of such distribution's compliance with the dividend policy adopted by the Company, with explanations and economic justification of the need to allocate a certain part of net profit to the Company's own needs.

4.4. The resolution on payment of dividends and their amount shall be adopted by the General Meeting of Shareholders upon recommendation of the Board of Directors of the Company. The amount of dividends may not exceed the amount recommended by the Board of Directors of the Company. The resolution is adopted by a simple majority of votes of shareholders who hold voting shares and participate in the meeting.

4.5. The resolution of the general meeting of shareholders on the payment of dividends shall determine:

- amount of dividends per share excluding taxes withheld;
- form of dividend payment;
- date on which the persons entitled to receive the dividend are determined (record date).

4.6. The General Meeting of Shareholders may pass resolutions on the payment of dividends, both for a financial year and for the first quarter, six months and nine months of a financial year.

5. PROCEDURE, TIMING AND FORM OF PAYMENT OF THE COMPANY'S DIVIDENDS

5.1. The company pays dividends in cash.

5.2. The date on which the persons entitled to receive dividends are determined is set by resolution of the General Meeting of Shareholders of the Company at the proposal of the Board of Directors. The date on which the persons entitled to receive dividends are determined may not be set earlier than 10 days from the date on which the General Shareholders' Meeting passes a resolution to pay (declare) dividends and later than 20 days from the date of such resolution.

5.3. No dividends shall be paid on unsubscribed shares, on treasury shares, or on shares whose issue (additional issue) report has not been registered in accordance with the procedure established by law.

5.4. Dividends shall be paid in the declared amount, in cash in the currency of the Russian Federation, in accordance with the requirements of the Federal Law "On Joint Stock Companies" within the following time frame - no later than 10 business days to a nominee holder who is a professional securities market participant and is registered in the Company's shareholder register; no later than 25 business days from the date on which the persons entitled to receive dividends are determined to other persons registered in the shareholder register of the Company. The resolution to pay (declare) dividends may determine a shorter term of dividend payment than that stipulated by federal legislation.

5.5. Dividends shall be paid to shareholders of the Company on the basis of information provided by the Registrar.

5.6. Dividends paid shall be taxed in accordance with the procedure established by the legislation of the Russian Federation.

5.7. Shareholders of the Company should promptly notify the registrar and/or nominee holder of any changes to their details required for the payment of dividends. A shareholder who has not received declared dividends because the Company or the registrar does not have accurate and necessary address information or bank details or is otherwise overdue, is entitled to request the payment of such dividends (unclaimed dividends) within three years from the date the decision to pay them out is made. Upon the expiry of the said period, declared and unclaimed dividends shall be restored to the undistributed profits of the Company, and the obligation to pay them shall cease to exist.

6. DISCLOSURE OF THE COMPANY'S DIVIDEND POLICY

6.1. The Company shall publish this Dividend Policy and amendments thereto on the Company's website at <http://pik.ru/> and in the newswire of the accredited news agency (Interfax). The Company shall publish in the same manner information on non-compliance of certain provisions of the Dividend Policy with requirements of the legislation of the Russian Federation as a result of changes introduced into legislative or other regulatory acts of the Russian Federation after approval of the Dividend Policy.

6.2. The Company's website at <http://pik.ru/> shall also disclose the following information:

- information on the resolution to pay dividends, their amount, timing and form of payment;
- information on dividend payments in recent years, which includes the total amount of dividends paid, dividend per share, the share of profit/free cash flow actually allocated to dividends, and indicative dividend yield, disclosing the approach to calculating the indicator.

7. FINAL PROVISIONS

7.1. The Dividend Policy shall be approved by the Board of Directors of the Company and comes into force from the date of its approval.

7.2. The Dividend Policy may be supplemented and amended by a decision of the Board of Directors of the Company. Amendments and supplements to the Dividend Policy shall come into effect from the moment the Board of Directors of the Company adopts the relevant resolution, unless otherwise stated in the resolution of the Board of Directors of the Company.

7.3. The resolution to approve the Dividend Policy or to amend/amend it shall be taken by a three-fourths majority vote of the members of the Board of Directors attending the meeting.

7.4. If individual provisions of the Dividend Policy come into conflict with the legislation of the Russian Federation and (or) the Articles of Association of the Company, they shall become invalid and, until the Dividend Policy is amended, the relevant provisions of the legislation of the Russian Federation and (or) the Articles of Association of the Company shall apply. Invalidity of certain provisions of the Dividend Policy shall not invalidate other provisions of the Dividend Policy in general.