

Corporate Governance Framework

PJSC Magnit has an efficient corporate governance framework that complies with Russian laws, the Rules of the Moscow Exchange and the London Stock Exchange rules, as well as international best practices. The Company continuously enhances its corporate governance and ensures the protection of shareholders and other stakeholder rights.

Governance, management and control at the Company are divided between the shareholders (via General Meeting of Shareholders), the Board of Directors, the Collective Executive Body (the Management Board) and the Sole Executive Bodies (the President and the Chief Executive Officer) pursuant to applicable Russian corporate law, Magnit's Articles of Association and internal policies.

Chairman's Review

Dear shareholders,

Welcome to the Corporate Governance Report for 2019, which I am pleased to present on behalf of the Board.

Chairman's Statement on Magnit's Corporate Governance

(continued)

We strive to follow the highest standards and align our corporate governance system with international best practices. We already comply with most of the recommendations of the Russian Corporate Governance Code and endeavour to comply with the UK Corporate Governance Code. Over the past two years we have made significant progress in achieving these goals and further improvements are planned.

2019 was a transformative year for Magnit, facilitated by the Company's management team and the recently strengthened Board of Directors.

At the start of the year, a new position of President was established with the appointment of Jan Dunning, who has a remarkable track record spanning 20 years in the retail industry. His main responsibilities as President are the development and implementation of the strategy.

As of 2019, the Board of Directors of Magnit consists of nine members (versus seven in 2018), which we believe is more appropriate for the size and the scale of Magnit's operations.

During the year, we also extended the Board's powers, by granting it the right to exercise operating control over significant affiliated companies and define the list of such companies.

We believe that, as a result of the changes to the composition of our Board of Directors, we have improved the balance of skills and experience needed for our board to remain effective.

In addition, the Committees of the Board of Directors are now headed only by independent non-executive directors and consist mostly of independent directors, which not only conforms to international best practices, but also reiterates the Company's aspirations for greater transparency and accuracy in the strategic decision-making process.

In addition to refreshing our Board of Directors, in 2019 we also took the opportunity to strengthen the composition of our Management Board. This resulted in the appointment of five new managers to some of the Company's strategic positions. The selection process was conducted in line with Magnit's belief in the principles of diversity and inclusion.

In the reporting year, we continued to improve the framework of our Corporate Governance system. The Code of PJSC Magnit, which regulates the terms for transactions involving financial instruments, was adopted and several amendments were made to the Company's Articles of Association. The efficient operation of the Committees of the Board of Directors permitted, among other things, the adoption of a revised Strategy and updated KPIs, and supported the refining of our remuneration principles.

We continued to implement a long-term incentive programme for key executives and top managers. The programme encourages managers to meet and exceed their individual and corporate KPI targets.

To centralise decision making across the Group's core operations, decision-making powers were transferred from JSC Tander to PJSC Magnit.

In 2019, we also significantly enhanced our transparency and disclosure levels across our website and key information materials.

The Board of Directors considers the interests of both internal and external stakeholders when making decisions. The Company's management regularly meets with investors, suppliers and manufacturers. In 2019 a large-scale stakeholder survey was also conducted, and the results were taken into account when developing a new communication strategy for the Company. This year the Board undertook an internal effectiveness review, which confirmed that its policies and practices were appropriate for the Company's scale and the nature of its operations, while properly accounting for the needs and interests of the Group's stakeholders.

At Magnit, we are committed to the highest standards of corporate governance, in line with international best practices.

Our goal is to build on our compliance with the Russian Corporate Governance Code, by endeavouring to also comply with the UK Corporate Governance Code. During 2019, we made significant progress towards these goals and we plan to deliver further improvements in 2020.

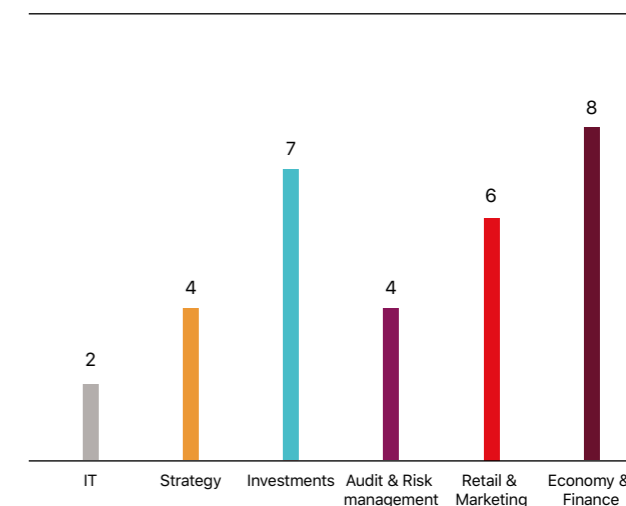
Charles Ryan

Chairman of the Board of Directors

Composition of the Board of Directors and the Management Board

Name	Diversity	
	Nationality	Tenure, years
Charles Ryan	USA	2
James Simmons	USA	2
Timothy Demchenko	UK	2
Jan Dunning	Netherlands	1
Florian Jansen	Germany	1
Walter Koch	Germany	1
Evgeny Kuznetsov	Russia	1
Alexey Makhnev ⁽¹⁾	Russia	2
Alexander Vinokurov	Russia	1

Competence of the Board of Directors



(1) Mr. Makhnev previously was a member of the Board of Directors from 25 June 2009 to 5 June 2015.

Board of Directors

Charles Ryan

Chairman of the Board of Directors

AGE
52*

CITIZENSHIP
USA

EDUCATION
1989 - Harvard University (Bachelor of Arts, Faculty of Arts and Sciences, Public Administration)

CURRENT EMPLOYMENT
2008 - Present – Chairman of the Board of Directors, UFG Asset Management

CURRENT MEMBERSHIP IN THE BOARD OF DIRECTORS
2004 - present – Director, UFG Investors LP
2005 - present – Member of the Board of Directors, PGI Plc
2006 - present – Member of the Advisory Council, U.S. – Russia Business Council
2007 - present – Co-Founder and Principal Partner, Almaz Capital Partners
2008 - present – Member of the Advisory Council, Capital Group International
2009 - present – Member of the Board of Directors, Trans-Siberian Gold plc
2011 - present – Member of the Board of Directors, World Affairs Council Philadelphia
2011 - present – Member of the Board of Directors and Chairman of the Audit Committee, Yandex N.V.
2012 - present – Member of the Advisory Board, Harvard University Global Advisory Council
2013 - present – Co-Founder and Member of the Board of Directors, Liberty Energy Trust
2014 - present – Member of the Board of Directors, Jensen Management I Limited
2016 - present – Member of the Board of Directors, Acumatica
2016 - present – Member of the Management Board, Northstar Industries, LLC
2018 - present – Member of the Board of Directors, Ozon Holding LLC
2018 - present – Member of the Board of Directors, Acronis
2018 - present – Chairman of the Board of Directors, PJSC Magnit



EXPERIENCE

Charles Ryan's distinguished financial career combines top level expertise and deep knowledge of both Russian and international markets. Mr. Ryan began his professional career in 1989 with CS First Boston, where he was a Financial Analyst. From 1991 to 1994, Mr. Ryan was an Associate and Principal Banker with the European Bank for Reconstruction and Development in London, where he played a crucial role in the city of St. Petersburg's privatisation programme for industry and real estate. In 1994, Mr. Ryan co-founded the United Financial Group, an independent investment bank in Moscow. United Financial Group was a founding member of such key market institutions as RTS (now part of the Moscow Exchange) and Investor Protection Association. UFG Asset Management was founded as part of the United Financial Group in 1996.

In 2005, when Deutsche Bank acquired 100% of UFG's investment banking business, Charles Ryan was appointed as the Chief Country Officer and CEO of the Deutsche Bank Group in Russia. He stepped down as the CEO of Deutsche Bank in Russia in September 2008 and in October 2008 became the Chairman of UFG Asset Management. In addition to his role as the Chairman, Mr. Ryan is also responsible for the overall management of UFG's private equity business.

James Simmons

Deputy Chairman

AGE
41

CITIZENSHIP
USA

EDUCATION
2000 – Princeton University (Bachelor of Science in Engineering)
2007 – Harvard Business School (MBA)

CURRENT EMPLOYMENT
2015 - present – Managing Partner, Mazovia Capital

CURRENT MEMBERSHIP IN THE BOARD OF DIRECTORS
2015 - present – Member of the Board of Directors, ClearCheck Global Holdings
2015 - present – Member of the Board of Directors, Mazovia Capital
2017 - present – Chairman of the Board of Directors, Digital Care
2018 - present – Deputy Chairman of the Board of Directors, PJSC Magnit⁽¹⁾

EXPERIENCE

Mr. Simmons is a managing partner at Mazovia Capital, a private investment group active in financial services, software, real estate and venture capital. Mr. Simmons serves as Chairman of Digital Care, a leading European provider of value-added services for consumer electronics devices. He also serves on the Board of ClearCheck Global Holdings, an automotive software business present in Latin America and Europe.

Prior to joining Mazovia Capital, Mr. Simmons worked for 15 years in private equity and investment banking in Russia, Europe and the U.S. Mr. Simmons holds a B.S.E. from Princeton University, where he graduated magna cum laude, and earned an MBA from Harvard Business School, where he was a Baker Scholar.



* The age of all members of the Board of Directors and the Management Board further in the Report is presented as of 31 December 2019.

(1) Since 17 July 2019. Prior to that a Member of the Board of Directors.

Board of Directors

(continued)

Tim Demchenko

Member of the Board of Directors

AGE
46

CITIZENSHIP
UK

EDUCATION
1999 – London Business School (Master of Finance)
2016 – Harvard Business School (Executive Education)

CURRENT EMPLOYMENT
2008 – present – Global Head of Private Equity and Special Situations, VTB Capital Plc.

CURRENT MEMBERSHIP IN THE BOARD OF DIRECTORS
2018 – present – Member of the Board of Directors, PJSC Magnit

EXPERIENCE
Tim has over 20 years of private equity and corporate investment experience across multiple European markets and Russia. In 2008, Tim founded VTB Capital's Private Equity and Special Situations business. As the Head and Managing Director of the business Tim has developed investment strategy and built an international investment team based both in London and Moscow. The business has invested over USD 2 bln of capital jointly with international co-investors, and achieved successful portfolio exits, including sales to strategic investors and IPO on the LSE and NYSE, with an average internal rate of return exceeding 40%.

Tim has lead VTB Capital private equity's investment in the Russian hypermarket chain Lenta and served as the Chairman of the Board from the initial investment until 2010 and as a member of the Board until Lenta's IPO on the LSE in 2014. Prior to joining VTB Capital, Tim was responsible for the launch of Deutsche Bank's Private Equity business in Russia and CIS. Previously Mr. Demchenko worked for global multinational corporations (IBM and Siemens) as a senior executive based in London where he managed multiple large scale corporate investment projects. Prior to that, Tim served as an investment officer at TD Capital private equity based in London and focused on investments in the TMT sector across Europe and the US.



Jan Dunning

Member of the Board of Directors,
Chairman of the Management Board,
President and CEO

AGE
60

CITIZENSHIP
Netherlands

EDUCATION
1983 – University of Groningen (Bachelor's Degree)
1989 – University of Amsterdam (Bachelor of History)
2007 – London Business School (Executive Programme)
2008 – INSEAD (Marketing Programme)

CURRENT EMPLOYMENT
2019 – present – Chairman of the Management Board,
President and Chief Executive Officer, PJSC Magnit

CURRENT MEMBERSHIP IN THE BOARD OF DIRECTORS
2019 – present – Member of the Board of Directors, PJSC Magnit

EXPERIENCE
Jan Dunning was Operations Director of Metro Cash & Carry Russia and then General Manager of Metro Cash & Carry Ukraine. Jan's previous experience also includes three years as General Manager of the Lukas Klamer wholesale business, a subsidiary of the Metro Group in the Netherlands, and over ten years with Aldi North. Over the last 25 years, he has worked in a broad range of retail functions including leadership roles in operations, development, sales, marketing, purchasing and finance.

In 2011-2018, Jan worked as a Chief Executive Officer of Lenta.

In January 2019, Jan Dunning was appointed the President of Magnit and joined Magnit Management Board. In May 2019, Mr. Dunning was elected a Member of Magnit Board of Directors. In June 2019, Jan Dunning assumed the role of the Chief Executive Officer of Magnit.

SHAREHOLDING INFORMATION
Participatory interest in the Company's charter capital (percentage of the Company's ordinary shares): 0.103775%.*

Information about transactions to acquire/dispose of the Company's shares concluded over the reporting period:

Date	Transaction type	Transaction volume, (pc.)
21.05.2019	Acquisition	82,355
05.06.2019	Acquisition	23,404

* Hereinafter, information on participatory interest in the Company's charter capital (percentage of the Company's ordinary shares) is given as of 31 December 2019.

Board of Directors

(continued)

Florian Jansen

Member of the Board of Directors

AGE
38

CITIZENSHIP
Germany

EDUCATION
2006 – University of Witten/Herdecke, Witten, Germany (Business & Economics, Diploma (Master equivalent))
2010 – London School of Economics, London (Dual MPA, Economic and Public Policy)
2010 – Columbia University, New York City (Dual MPA, Economic and Public Policy)

CURRENT EMPLOYMENT
2011 – present – Chief Executive Officer, Kupishoes OOO
2015 – present – Chief Executive Officer, Brillant 2102. GmbH

CURRENT MEMBERSHIP IN THE BOARD OF DIRECTORS
2016 – present – Member of the Board of Directors, OOO Novaya Meditsina
2019 – present – Member of the Board of Directors, PJSC Magnit

EXPERIENCE
Florian Jansen is the co-founder and the CEO of Lamoda Group, which is a part of a public company Global Fashion Group. Lamoda is a leading technology online platform and fashion and lifestyle retailer, offering more than 3,000 brands to more than 10 mln customers in Russia and the CIS. The company employs more than 7,100 people including employees of a modern automated warehouse complex, its own delivery service and a large-scale technology centre.

Prior to taking the lead in Lamoda Group, Florian Jansen worked at McKinsey & Company for several years. Florian holds Master's degrees from the German University of Witten / Herdecke, the London School of Economics and Columbia University, New York. He is interested in startups such as DOC+, FoodFox (now Yandex.Eats), Manifest or Exclaim, and continues to serve as an independent technology investor.



Walter Koch

Member of the Board of Directors

AGE
57

CITIZENSHIP
Germany

EDUCATION
1988 – University for applied Sciences, Aalen, Germany (Precision engineering)
2000 – INSEAD (Management education)

CURRENT EMPLOYMENT
2010 – present – Owner, Senior Advisor, Twinsuccess – Restructuring & Change Management
2012 – present – Chief Executive Officer, Master-tees GmbH

CURRENT MEMBERSHIP IN THE BOARD OF DIRECTORS
2019 – present – Member of the Board of Directors, PJSC Magnit

EXPERIENCE
Starting from 1999, Walter Koch obtained senior positions with the largest European home appliances manufacturers such as AEG and Electrolux, being in charge of Logistics, SCM and After Sales Service.

During 2007 to 2010 Mr. Koch served as Executive Vice-President and COO of Sanitec Corporation (Helsinki, Finland). From 2011 to 2016 he held the position of an Independent Director on the Board of PJSC Mvideo in Russia.

Presently Mr. Koch owns and operates an independent consulting firm and in May 2019 he got elected as an Independent Director of PJSC Magnit.

Board of Directors

(continued)

Evgeny Kuznetsov

Member of the Board of Directors

AGE
50

CITIZENSHIP
Russia

EDUCATION
1991 – Barnaul Pedagogical Institute (Foreign Languages)
1996 – University of Oregon (MBA in Finance)

CURRENT MEMBERSHIP IN THE BOARD OF DIRECTORS
2019 – present – Member of the Board of Directors,
PJSC Magnit

EXPERIENCE
For 20 years Evgeny Kuznetsov served as a Partner and Portfolio Manager at Genesis Investment Management, LLP, a London-based institutional fund manager specializing in Emerging Markets. Evgeny joined Genesis in 1996 as an investment analyst and over the following twenty years conducted research and made portfolio investments in various countries and regions, including Russia, Eastern Europe, Asia and Latin America.



Alexey Makhnev

Member of the Board of Directors

AGE
43

CITIZENSHIP
Russia

EDUCATION
1998 – Saint Petersburg State University of Economics and Finance (Economics)
2001 – Saint Petersburg State University of Economics and Finance (Ph.D.)

CURRENT EMPLOYMENT
2009 – present – Vice Chairman, VTB Capital
2018 – present – Advisor to the First Deputy President and Chairman of the Management Board,
Senior Vice President
VTB Bank PJSC

CURRENT MEMBERSHIP IN THE BOARD OF DIRECTORS
2015 – present – Member of the Board of Directors,
LSR Group PJSC
2017 – present – Member of the Board of Directors,
Mvideo PJSC
2018 – present – Member of the Board of Directors,
VTB Real Estate LLC
2018 – present – Member of the Board of Directors,
PJSC Magnit

EXPERIENCE
Mr. Makhnev has almost two decades of expertise and experience with the Russian consumer and retail sector. In 2006, Mr. Makhnev was a lead member of the Deutsche Bank investment banking team that conducted Magnit IPO. For six years from 2009 to 2015 Mr. Makhnev served on Magnit's Board of Directors as an independent director.

Over the past 18 years, Mr. Makhnev has worked on a large number of consumer and retail transactions in Russia and the CIS. Almost all Russian listed companies are among Mr. Makhnev's clients including but not limited to Magnit, Lenta, Okey, Dixy, Mvideo, LSR, Etalon, PIK, and Rusagro.

Board of Directors

(continued)

Alexander Vinokurov

Member of the Board of Directors

AGE
37

CITIZENSHIP
Russia

EDUCATION
2004 – University of Cambridge (Bachelor and Master of Economics)

CURRENT EMPLOYMENT
2017 – present – President, Marathon Group LLC

CURRENT MEMBERSHIP IN THE BOARD OF DIRECTORS
2019 – present – Member of the Board of Directors, PJSC Magnit

EXPERIENCE
In 2004, Alexander graduated with honors from the Faculty of Economics of the University of Cambridge. He received a BA and a MA in economics.

Later that year he began his career with the investment banking division of Morgan Stanley (London).

In 2006, Alexander returned to Russia as Vice-President of TPG Capital, co-founding the company's Russian office.

In 2011, Alexander assumed the post of President of Summa Group, which has significant investments in port and rail logistics, engineering, construction, telecommunications, oil and gas, oil trading and agriculture.

In 2014, Alexander Vinokurov became CEO of A1, Alfa Group's investment arm specialising in the acquisition of the assets that are undervalued due to challenging economic situations.

On 15 May 2017, Alexander left his post as President of A1 to join Marathon Group.



With the exception of Jan Dunning, all members of the Board of Directors had not participated in the authorized capital of PJSC Magnit, had not owned ordinary shares of PJSC Magnit, and had not made transactions with ordinary shares of PJSC Magnit for the reporting year 2019.

Management Board

Jan Dunning

Member of the Board of Directors, Chairman of the Management Board, President and CEO

AGE
60

EDUCATION
1983 – University of Groningen (Bachelor's Degree)
1989 – University of Amsterdam (Bachelor of History)
2007 – London Business School (Executive Programme)
2008 – INSEAD (Marketing Programme)

CURRENT EMPLOYMENT
2019 – present – Chairman of the Management Board, President and Chief Executive Officer, PJSC Magnit

CURRENT MEMBERSHIP IN THE BOARD OF DIRECTORS
2019 – present – Member of the Board of Directors, PJSC Magnit

EXPERIENCE
Jan Dunning was Operations Director of Metro Cash & Carry Russia and then General Manager of Metro Cash & Carry Ukraine. Jan's previous experience also includes three years as General Manager of the Lukas Klamer wholesale business, a subsidiary of the Metro Group in the Netherlands, and over ten years with Aldi North. Over the last 25 years, he has worked in a broad range of retail functions including leadership roles in operations, development, sales, marketing, purchasing and finance.

In 2011-2018, Jan worked as a Chief Executive Officer of Lenta. In January 2019, Jan Dunning was appointed the President of Magnit and joined Magnit Management Board. In May 2019, Mr. Dunning was elected a Member of Magnit Board of Directors. In June 2019, Jan Dunning assumed the role of the Chief Executive Officer of Magnit.

SHAREHOLDING INFORMATION
Participatory interest in the Company's charter capital (percentage of the Company's ordinary shares): 0.103775%.

Information about transactions to acquire/dispose of the Company's shares concluded over the reporting period:

Date	Transaction type	Transaction volume, (pc.)
21.05.2019	Acquisition	82,355
05.06.2019	Acquisition	23,404



Management Board

(continued)



Anna Bobrova

Member of the Management Board,
HR Director

AGE
44

EDUCATION
2000 – Lomonosov Moscow State University (Psychology)

EXPERIENCE
Anna has almost 20 years of experience in HR and has successfully implemented projects aimed at development and performance enhancement of line staff and management, increase of service level in stores, as well as built and managed modern IT systems in employee management of the retail sector.

Prior to Magnit, in 2003 – 2009 Ms. Bobrova worked in the HR department of Metro, from 2011 to 2013 was the Director of HR and Organizational Development at X5 Retail Group. Anna Bobrova held managerial positions in HR in JSC SIA International Ltd (2015 – 2019), Rimeria Group (2013 – 2015) and Rosatom (2009 – 2011).

In August 2019 assumed the position of HR Director. Anna was appointed a member of the Management Board of PJSC Magnit on 10 September 2019.

SHAREHOLDING INFORMATION
Does not own any interest in PJSC Magnit's charter capital, does not own PJSC Magnit's ordinary shares and did not conclude any transactions with PJSC Magnit's ordinary shares during the reporting period.



Andrey Bodrov

Member of the Management Board,
Chief Investment and Strategy Officer

AGE
37

EDUCATION
2003 – MGIMO University of Moscow (Bachelor of International Relations)
2005 – MGIMO University of Moscow (Master of Law)

EXPERIENCE
Andrey Bodrov worked for many leading International and Russian financial institutions including Morgan Stanley, Deutsche Bank, VTB Capital and Renaissance Capital with a primary focus on the Retail & Consumer sectors. During his over ten years investment banking career Andrey was involved in many landmark transactions in the Russian market (including M&A, capital markets, advisory, structured finance etc.).

Prior to joining Magnit, Andrey worked as a Mergers & Acquisitions Director in Lenta since February 2016.

From September 2019 until present Mr. Bodrov occupies a position of the Chief Investment and Strategy Officer. Andrey Bodrov is responsible for Magnit's investments, strategy, capital allocation and M&A. Andrey Bodrov was elected as a Member of the Management Board of PJSC Magnit on 13 December 2019.

SHAREHOLDING INFORMATION
Does not own any interest in PJSC Magnit's charter capital, does not own PJSC Magnit's ordinary shares and did not conclude any transactions with PJSC Magnit's ordinary shares during the reporting period.



Maria Dei

Member of the Management Board,
Supply Chain Director

AGE
36

EDUCATION
2005 – All-Russian State Tax Academy of the Ministry of Taxation and Fees of the Russian Federation (Economics)

EXPERIENCE
From 2008 to 2016 Ms. Dei occupied different managerial positions of supply and sales planning departments in such companies as Unilever Rus LLC, CAMPARI RUS LLC, Bacardi Rus LLC.

From 2017 to 2018 Ms. Dei served as Operational Planning Director in Central Office of Pyaterochka store network (X5 Retail Group).

Maria Dei joined Magnit in June 2018 and currently occupies a position of a Supply Chain Director and a Member of the Management Board of PJSC Magnit.

SHAREHOLDING INFORMATION
Participatory interest in the Company's charter capital (percentage of the Company's ordinary shares): 0.001617%.
Information about transactions to acquire/dispose of the Company's shares concluded over the reporting period:

Date	Transaction type	Transaction volume, (pc.)
24.05.2019	Acquisition	1,648



Ruslan Ismailov

Member of the Management Board,
Retail Chain Director

AGE
42

EDUCATION
1998 – Moscow University of Consumer Cooperation (International Economics)

EXPERIENCE
Ruslan Ismailov joined Magnit as the Retail Chain Director on 27 May 2019. On 4 June 2019, he was appointed a Member of the Management Board.

Mr. Ismailov has over 15 years of experience in managing consumer companies.

He started his career in 2003 in Metro Cash&Carry retail chain, worked his way from a department manager to a hypermarket director. In 2009, Ruslan Ismailov held the position of the Deputy Chief Executive Officer of Mosmart multi-format retail chain. Prior to joining our company, Ruslan worked as a divisional director and headed the Supermarket format for four years.

SHAREHOLDING INFORMATION
Does not own any interest in PJSC Magnit's charter capital, does not own PJSC Magnit's ordinary shares and did not conclude any transactions with PJSC Magnit's ordinary shares during the reporting period.

Management Board

(continued)



Evgeny Melnikov

Member of the Management Board,
IT Director

AGE
39

EDUCATION
2002 – Krasnodar Military Institute (Information Protection Organization and Technology)

EXPERIENCE
In 2007-2019, Evgeny made his way from a specialist to the Director of Information Security in Magnit. In 2018, headed the IT and Information Security Directorate. On 17 October 2018, Evgeny was appointed a member of the Management Board of PJSC Magnit.

SHAREHOLDING INFORMATION
Participatory interest in the Company's charter capital (percentage of the Company's ordinary shares): 0.001617%.

Information about transactions to acquire/dispose of the Company's shares concluded over the reporting period:

Date	Transaction type	Transaction volume, (pc.)
24.05.2019	Acquisition	1,648



Elena Milinova

Member of the Management Board,
Chief Financial Officer

AGE
43

EDUCATION
2000 – International Academy of Business and Banking (Economics)
2002 – Association of Certified Accountants (ACCA), London (Certified Accountant)

EXPERIENCE
In 2000-2004, Elena Milinova worked at the Russian office of PricewaterhouseCoopers, an international audit company, in 2004-2007 she was employed by Geotransgaz and Sollers ST. In 2007-2014, Elena Milinova headed the financial unit of KAMAZ PJSC as the Deputy CEO for Economics and Finance and Member of the Group's Board. In 2014-2016, she worked as the Chief Financial Officer in X5 Retail Group.

In August 2017, Elena Milinova became a Financial Director of the Mega Farm pharmacy chain (member of Marathon Group), and in December, she was appointed the Director for Economy and Finance of Marathon Group.

From April 2018 until present occupies a position of the Chief Financial Officer of PJSC Magnit. Elena was appointed a Member of the Management Board of PJSC Magnit on 22 June 2018.

SHAREHOLDING INFORMATION
Participatory interest in the Company's charter capital (percentage of the Company's ordinary shares): 0.007068%.

Information about transactions to acquire/dispose of the Company's shares concluded over the reporting period:

Date	Transaction type	Transaction volume, (pc.)
28.05.2019	Acquisition	6,593



Vladimir Sorokin

Member of the Management Board,
Deputy CEO – Commercial Director

AGE
48

EDUCATION
1994 – St. Petersburg State University of Trade and Economics (Engineering)
2006 – Higher School of Economics (Finance)

EXPERIENCE
From 1994 to 2000, Vladimir Sorokin worked in Gillette, having passed the way from the sales manager to the Sales Director of the European part of Russia and Belarus. In 2000-2003, he continued working in the FMCG sector as the Sales Director of Sun Interbrew. From 2003 to 2011, he headed the business unit of the SK AlfaStrakhovanie, he was the CEO of AlfaStrakhovanie – Life. In 2010-2012, Mr. Sorokin worked as the CEO of OJSC Masshtab. In 2013, he joined X5 Retail Group as the Deputy Commercial Director. In June of the same year, he became the Category Management Director of Pyaterochka Retail Chain. From September 2014 to June 2018, he was the Head of CJSC TD Perekrestok. On 15 January 2019, Vladimir joined Magnit Management team as a Deputy Chief Executive Officer – Commercial Director, and a member of the Management Board of PJSC Magnit.

SHAREHOLDING INFORMATION
Participatory interest in the Company's charter capital (percentage of the Company's ordinary shares): 0.018135%.

Information about transactions to acquire/dispose of the Company's shares concluded over the reporting period:

Date	Transaction type	Transaction volume, (pc.)
24.05.2019	Acquisition	16,482



Jyrki Talvitie

Member of the Management Board,
Director for Strategic Communications

AGE
53

EDUCATION
1991 – Helsinki University (Master of Law)
2002 – London Business School (Executive MBA)

EXPERIENCE
Jyrki Talvitie held managerial positions in some of the largest Western banks: Bank of New York, Nordea Bank and BNP Paribas. Over the past 20 years he focused on the Russian and ex-CIS markets. From 2003 to 2005, Jyrki was responsible for the International Business of Uralsib Financial Corporation. During the period of 2005-2010 he headed the Russian office of East Capital investment company. From 2010 to 2014, he held a position of Senior Vice President at VTB Bank and was responsible for Investor Relations. In 2014-2016, Mr. Talvitie was responsible for strategic communications at the Russian Direct Investment Fund. In 2016-2018, he continued working in relations with strategic partners and investors area in Sberbank as Vice President. Since 2018, he has been a member of the Supervisory Board of Georgia Capital.

Jyrki joined Magnit in February 2019 as a Director for Strategic Communications and a Member of the Management Board.

SHAREHOLDING INFORMATION
Participatory interest in the Company's charter capital (percentage of the Company's ordinary shares): 0.000469%.

Information about transactions to acquire/dispose of the Company's shares concluded over the reporting period:

Date	Transaction type	Transaction volume, (pc.)
05.06.2019	Acquisition	478

Management Board
(continued)



Anton Zavalkovsky

Member of the Management Board,
Real Estate Director

AGE
49

EDUCATION
1997 – State Academy of Consumer Goods and Services (Economics, Accounting and Auditing)
2018 – Autonomous non-profit organization for continuing professional education "INTERCON-INTELLECT Russian Union of Auditors Training Centre" (CPE ANCO "Intercon-Intellect ATC RUA"), Moscow (Crisis Management).

EXPERIENCE
Mr. Anton Zavalkovsky joined Magnit as Director for Real Estate Management and Non Commercial Purchases in July 2019. On 18 July 2019, he was appointed a member of the Management Board.

In 2018-2019, Mr. Zavalkovsky occupied a position of the Managing director in OJSC Baikal Pulp and Paper Mill. In 2016-2017, he held a position of an Advisor in LLC VTB DC. In 2012-2015, Anton Zavalkovsky was elected as the Chief Executive Officer of Investlesprom.

In 2010-2011, Anton worked in Lenta LLC as Deputy Chief Executive Officer. From 2011 to 2012, he was transferred to a position of the First Deputy Chief Executive Officer.

SHAREHOLDING INFORMATION
Does not own any interest in PJSC Magnit's charter capital, does not own PJSC Magnit's ordinary shares and did not conclude any transactions with PJSC Magnit's ordinary shares during the reporting period.



Elena Zhavoronkova

Member of the Management Board,
Chief Legal Officer

AGE
49

EDUCATION
2002 – Moscow State Law Academy (Law)

EXPERIENCE
Elena Zhavoronkova joined Magnit in June 2018 as a Director for Legal Affairs and Corporate Governance. On 22 June 2018, she was appointed a Member of the Management Board. Previously, she served as a Vice President for Legal Affairs in PJSC Polyus. In 2010-2014, Elena Zhavoronkova held a similar position in Evraz. From 2008 to 2010 Ms. Zhavoronkova headed the legal department in United Industrial Corporation. In 2000-2008, worked her way from legal consultant to the Head of Legal Department in TMK.

SHAREHOLDING INFORMATION
Participatory interest in the Company's charter capital (percentage of the Company's ordinary shares): 0.003089%.

Information about transactions to acquire/dispose of the Company's shares concluded over the reporting period:

Date	Transaction type	Transaction volume, (pc.)
28.05.2019	Acquisition	1,648

Structure of Corporate Governance Bodies

PJSC Magnit has built robust systems of corporate governance and internal controls on its financial and economic activities.

The Company's highest decision-making body is the General Meeting.

The Board of Directors is elected by shareholders at the General Meeting and is accountable to them. It provides strategic oversight and monitors the activities of the executive bodies: the CEO (Chairman of the Management Board), President and the Management Board. The position of President was first introduced in 2019.

The executive bodies handle the day-to-day management of the Company and perform tasks assigned by the shareholders and the Board of Directors.

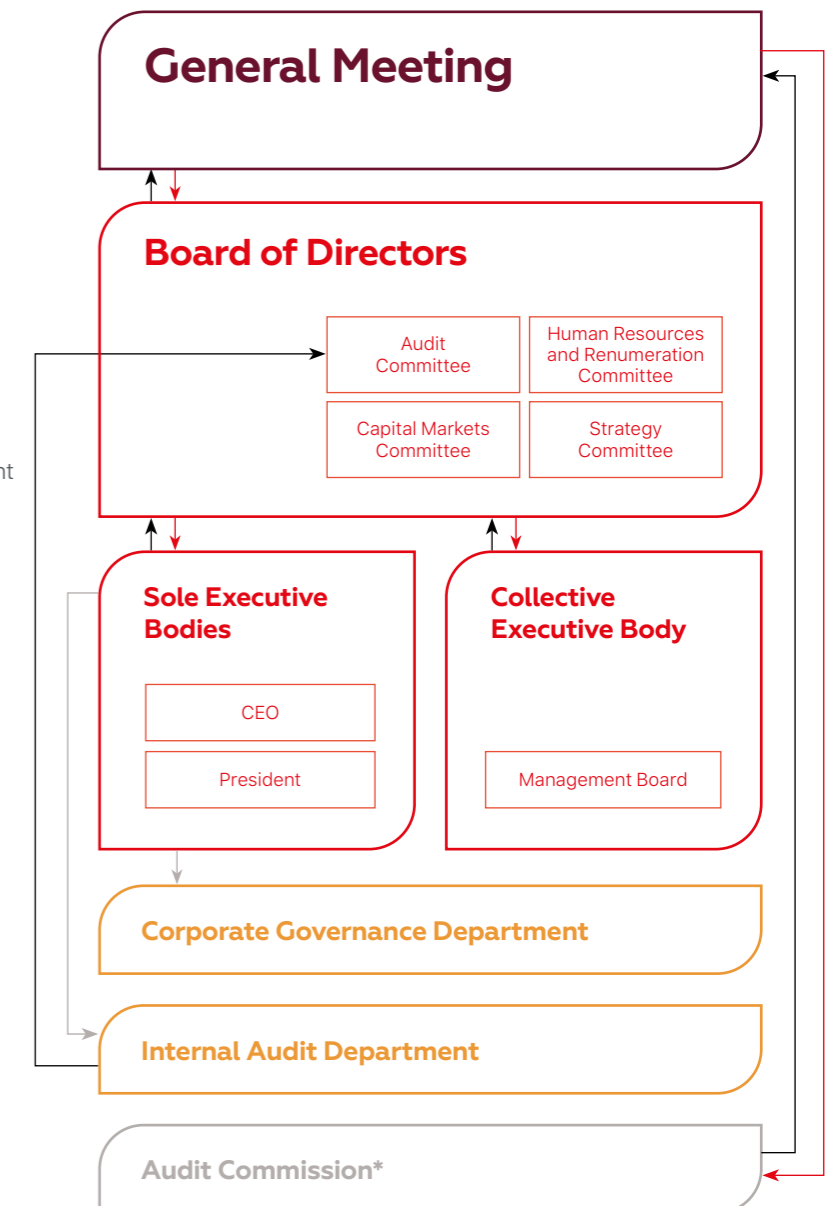
There are four committees under the Board of Directors:

- the Audit Committee
- the Strategy Committee
- the HR and Remuneration Committee
- the Capital Markets Committee.

The Internal Audit Department analyses and evaluates the risk management and internal control systems, as well as corporate governance.

The Corporate Governance Department performs the functions of the Corporate Secretary, ensures the efficient operation of the remaining corporate governance bodies and is responsible for all necessary disclosures.

In 2019, the Audit Commission was abolished after the corresponding amendments to the Articles of Association, as it duplicated the functionality of the Internal Audit Department and the Audit Committee. This was approved in December 2019, at an EGM which made the necessary amendments to the Articles of Association of the Company.



→ Election, establishment
→ Accountability
→ Administrative subordination. Department Director is appointed by the Board of Directors
* Existed until the end of 2019.

Regulations

Magnit maintains its corporate governance framework in line with the following regulations:

- Russian laws
- relevant United Kingdom laws
- relevant European Union laws
- Moscow Exchange listing rules
- London Stock Exchange listing rules
- Corporate Governance Code recommended by the Bank of Russia¹.

Magnit is continuously improving the level of its compliance with the Corporate Governance Code and systematically benchmarks its compliance against other public companies.

The Company's activities are governed by its **Articles of Association** of 21 June 2018 (with amendments as of 31 May 2019 and 25 December 2019) and internal regulations², including:

Document	Effective date
Regulations on the Committees of the Board of Directors	18 July 2019
Code of PJSC Magnit On Terms and Conditions of Transactions with Financial Instruments	25 June 2019
Regulations on the Board of Directors	06 December 2018 (with amendments as of 31 May 2019)
Regulations on the Sole Executive Bodies (President and CEO)	31 May 2019
Regulations on the Collective Executive Body (Management Board)	31 May 2019
Code of Business Ethics	24 March 2019
Regulations on Internal Audit	31 October 2018
Regulations on the General Shareholders Meeting	21 June 2018
List of Insider Information	26 February 2018
Regulations on the Corporate Governance Department	30 May 2016
Regulations on the Dividend Policy	30 May 2016
Internal Control and Risk Management Policy	13 December 2019
Anti-Bribery and Corruption Policy	25 February 2014
Regulations on the Information Policy	06 September 2012
Anti-alcohol and Anti-drug Policy	01 January 2020
Safe Use of Vehicles Policy	01 January 2020
Fire Safety Policy	01 January 2020
Occupational Safety Policy	01 January 2020
Environmental Protection and Industrial Safety Policy	01 January 2020

(1) For report on compliance with the principles and recommendations of the Code see Appendix 1.

(2) For more details, see the website of the Company magnit.com/en/disclosure/internal-regulations/.

Compliance with the principles and recommendations of the Corporate Governance Code¹

Corporate governance principles	Number of principles recommended by the Code	2016			2017			2018			2019		
		Complied with	Partially complied with	Not complied with	Complied with	Partially complied with	Not complied with	Complied with	Partially complied with	Not complied with	Complied with	Partially complied with	Not complied with
Shareholder rights and equal conditions for shareholders to exercise their rights	13	8	2	3	9	2	2	9	2	2	8	2	3
Board of Directors	36	30	4	2	31	3	2	33	1	2	33	1	2
Corporate Secretary	2	2	0	0	2	0	0	2	0	0	2	0	0
Remuneration system for members of the Board of Directors and senior Company executives	10	7	2	1	7	2	1	7	3	0	8	2	0
Risk Management and Internal Control System	6	6	0	0	6	0	0	6	0	0	6	0	0
Corporate disclosure	7	4	3	0	4	3	0	4	3	0	4	3	0
Significant corporate actions	5	3	2	0	3	2	0	3	2	0	3	2	0
TOTAL GRADE	79	60	13	6	62	12	5	64	11	4	64	10	5
	-	76%			78%			81%			81%		

(1) Statistics provided are based on a report on compliance with the principles and recommendations of the CGC, prepared on the basis of Recommendation Letter No. IN-06-52/8 from the Bank of Russia, dated 17 February 2016.

Corporate Governance Framework Development

PJSC Magnit continues to steadily develop its corporate governance system. By improving its corporate governance system PJSC Magnit aims to reassure its shareholders and investors that the Company scrupulously implements its strategy and management decisions.

In 2019, the Company continued to improve its corporate governance framework. The key changes include:

- the deadline for shareholders submitting proposals for inclusion on the agenda of the annual General Meeting of Shareholders or to nominate candidates to the Board of Directors of the Company was extended
- due to the existence of an internal audit function, the structure of the Company's internal control bodies has been optimised by excluding from PJSC Magnit's Articles of Association the provisions on the Audit Commission
- Magnit Group's corporate governance framework was improved:
 - PJSC Magnit became the single executive body of the JSC Tander in order to centralize decision making for Magnit Group
 - the position of the President of PJSC Magnit was introduced, as the sole executive body along with the position of CEO. The President is responsible for the development and execution of Magnit Group's strategy
 - the Management Board was expanded
- the authority of the Board of Directors to manage Magnit Group was expanded, due to decisions made regarding significant controlled companies
- the Code of PJSC Magnit on the Terms and Conditions of Transactions with Financial Instruments was approved
- amendments were made to the internal regulations of the Company, specifying certain issues regarding the activities of the Board of Directors and the executive bodies of PJSC Magnit; provisions were specified on the rights of the members of the Board of Directors to receive information and reports on the activity of controlled companies; and provisions were introduced related to the establishment of the post of President of PJSC Magnit
- adoption of the Sustainability Strategy and long-term goals for sustainable development
- the development of a Climate Change Policy
- the development of a Packaging Waste Policy
- the development of a Responsible Supply Chain Policy
- the development of an Own Brand Packaging Policy.

A long term incentive programme was launched for members of the Company's executive bodies and other key executives in the Magnit Group. The incentives include shares of PJSC Magnit. The programme was approved by the Board of Directors on 25 September 2018.

Most of these changes correspond to Corporate Governance Code recommendations.

In 2020, the Company plans to increase its focus on sustainable development. To this end, policies will be developed that affect both corporate governance and the activities of the Company, including:

- a Quality and Food Safety Policy
- a Human Rights Policy
- a Charity, Sponsorship and Volunteer Policy
- a Health and Wellness Policy.

General Meeting of Shareholders

The General Meeting is the highest decision-making body of the Company. Shareholders of PJSC Magnit may significantly affect the Company's business by participating in the General Meeting of Shareholders.

The key capabilities of the General Meeting of Shareholders include:

- the approval of the Annual Report and accounting statements
- the distribution of profits, including dividend payments,
- the election of the Board of Directors
- approval of major and related party transactions.

The procedure for the General Meeting aims to ensure the observance of the shareholder rights and meets all the relevant laws and regulations of the Russian Federation and the applicable legislation of the United Kingdom of Great Britain and Northern Ireland and the European Union.

Shareholders of PJSC Magnit held two General Meetings in 2019: one annual General Meeting (AGM) and one extraordinary General Meeting (EGM).

General Meeting resolutions

General Meeting	Quorum, %	Key resolutions
AGM, 30 May 2019 ¹	75.24	<ul style="list-style-type: none"> – Approval of annual report and annual financial report for year 2018; – Approval of the distribution of profit (including the payment (declaration) of dividends) based on the 2018 results – Payment of remuneration and compensation of expenses to members of the Audit Commission – Election of members of the Board of Directors* and members of the Audit Commission – Amendments to the Articles of Association and to the Regulations on the Board of directors – Approval of a new edition of the Regulations on the collective executive body (Management Board) and Regulations on the sole executive bodies (President and CEO).
EGM, 24 December 2019 ²	70.40	<ul style="list-style-type: none"> – Payment of dividends on PJSC Magnit shares following the results for the first 9 months of 2019 – Approval of the amendments to the Articles of Association of PJSC Magnit.

* In 2019, the Board of Directors left: Paul Foley, Gregor Movat, Alexander Prisyazhnyuk.

(1) ir.magnit.com/en/shareholder-center/agm-egm-voting/annual_2019/.

(2) ir.magnit.com/en/shareholder-center/agm-egm-voting/extraordinary_2019/.

Board of Directors

Board of Directors Responsibilities

The Board of Directors of PJSC Magnit manages the activities of the Company, defines strategic goals and implements effective management practices and also elects the CEO and President. The main objective of the Board of Directors is to increase the value of the business. When making decisions, the Board of Directors takes into account the interests of all shareholders and other stakeholders.

Introduction and training of members of the Board of Directors

When newly elected, members of the Magnit Board of Directors undergo an induction programme, which includes:

- meetings with members of the Management Board and the Company's senior executives
- an introduction to the Company's history, strategy, corporate governance system, risk management and internal control systems, the distribution of responsibilities between the Company's executive bodies, and the work of the Board of Directors
- familiarisation with the Company's documents: the latest annual reports, the minutes of annual and extraordinary General Meetings of Shareholders, the minutes of meetings of the Board of Directors, and other relevant information about the Company's activities.

Composition of the Board of Directors

The Board of Directors includes nine members, of whom five are independent.

The current composition of the Board of Directors is based on the principle of diversity and inclusiveness and has all the necessary competencies for the effective management of the Company.

Members of the Board of Directors all have impeccable professional and personal reputations.

The current Board of Directors is balanced in terms of the status of directors, their age, nationality, nomination by shareholders, and skillset. Its composition corresponds well with the sector specifics and scale of Magnit's business operations and objectives.

The Board of Directors' activities in 2019

In the reporting year, the Board of Directors held 18 meetings and considered 109 issues. The key issues related to changes in the corporate governance system and the implementation of the long-term incentive programme.

Performance evaluation of the Board of Directors

In 2019 and 2020, the HR and Remuneration Committee of the Board of Directors conducted a performance evaluation of the current Board of Directors.

The Committee evaluated:

- The work of the Board of Directors, including:
 - the suitability of the structure of the Board of Directors for the functions it performs
 - the qualitative composition of the Board of Directors
 - the internal dynamics (working process) of the Board of Directors
 - the performance of the Company's Secretary
 - the performance of the Board of Directors in executing its key responsibilities.

- The performance of the Chairman of the Board of Directors, including:
 - the overall management of the Board of Directors
 - the development the Board of Directors as the governance body of the Company
 - the management of the meetings of the Board of Directors
 - interacting with the Company's Management Board
 - engaging with the Company's shareholders and investors
 - their personal qualities
 - their management skills
 - their communication skills
 - their quality of execution in the role of the Chairman of the Board of Directors
 - their quality of execution in the role of a member of the Board of Directors
 - their professional skills.
- The work of the Committees of the Board of Directors, including:
 - the suitability of the structure of the Committees to the functions they perform
 - the qualitative composition of the Committee
 - the internal dynamics (processes) of the Committee
 - the performance of the Committee in its main functions
 - holding of meetings of the Committee.
- The conformity of independent members of the Board of Directors, to the independent director criteria as defined by the Regulations on the PJSC Magnit Board of Directors, the Corporate Governance Code, and the Listing Rules of PJSC Moscow Exchange.

Motivation system of the Board of Directors members was analysed.

The audit confirmed that the performance of the current composition of the Board of Directors is at a level corresponding to the specifics and scope of the Company, the needs of the Company and the interests of shareholders.

Committees of the Board of Directors

In 2019, four Committees of the Board of Directors were in operation:

- the Audit Committee
- the Strategy Committee
- the HR and Remuneration Committee
- the Capital Markets Committee.

The Committees are formed from among the members of the Board of Directors, who are elected based on their relevant professional experience and knowledge. When electing members of the Committees (including the chairmen of the Committees), the following aspects must be taken into consideration: the education and professional training of the candidates, their work experience within the Committee's area of activity, their document handling skills, as well as other necessary proficiencies and experience.

The Regulations on the Committees of the Board of Directors of PJSC Magnit regulates the composition and activities of the Committees.

In 2019, committees held 12 in-person meetings. Attendance at meetings by committee members was 100%.

The work of the committees goes beyond formal meetings, due to the fact that the Company is at the stage of large-scale transformation. The Committees constantly interacts with management in order to increase the efficiency of cooperation between the executive bodies of the Company and the Board of Directors.

Committee members (as of 31.12.2019)

Name	Status	Audit Committee	Strategy Committee	HR and Remuneration Committee	Capital Markets Committee
Florian Jansen	Independent Non-Executive Director		Chairman		
Walter Koch	Independent Non-Executive Director				
Jan Dunning	Executive Director				
Evgeny Kuznetsov	Independent Non-Executive Director	Chairman			Chairman
James Simmons	Independent Non-Executive Director			Chairman	

Committees of the Board of Directors

(continued)



Audit Committee

Key functions:

- verification and monitoring of financial statements' integrity
- verification of the internal control and risk management systems
- monitoring the effectiveness of internal audits;
- monitoring relations with the external auditor.

4

formal meetings in 2019

100%

meeting attendance in 2019

Key results:

In the reporting year, the Audit Committee reviewed the results of evaluating the effectiveness of the internal control and risk management system of PJSC Magnit and its subsidiaries and the results of the work of the structural unit conducting the internal audit for the reporting year (including reviewing and recommending to the Board of Directors for approval an action plan of such structural unit for 2020). The Committee also recommended to the Board of Directors the approval of the new version of the Policy in the field of internal control and risk management of PJSC Magnit (approved by the decision of the Board of Directors on 12.12.2019).



Strategy Committee

Key functions:

- strategic and investment planning
- identification of priority focus areas
- endorsement and verification of the business plan and budget.

2

formal meetings in 2019

100%

meeting attendance in 2019

Key results:

In the reporting year, the Strategy Committee reviewed the plan for opening stores and the budget for 2020, issues of the strategy of own production and own brands, CVP, IT and other key areas of activity.



HR and Remuneration Committee

Key functions:

- development and monitoring of the remuneration policy (including long- and short-term incentives)
- endorsement and monitoring of senior management appointments (CEO-1/CEO-2 levels)
- development of the talent management strategy
- annual evaluation of the Board of Directors and management performance.

3

formal meetings in 2019

100%

meeting attendance in 2019

Key results:

In the reporting year, the HR and Remuneration Committee assessed the compliance of the members of the Board of Directors in terms of the availability of the necessary experience, knowledge, compliance with the independence criteria, as well as the assessment of candidates for the Management Board of the Company, examined issues related to short-term and long-term incentive programmes for management and key employees of the Company.



Capital Markets Committee

Key functions:

- development and strengthening of corporate governance systems
- preparation, development and introduction of IR strategies
- evaluation of the dividend policy and recommendations for the Board of Directors.

3

formal meeting in 2019

100%

meeting attendance in 2019

Key results:

In the reporting year, the Capital Markets Committee reviewed and recommended to the Board of Directors for approval the Regulation on the committees of the Board of Directors in a new edition; addressed issues on communication strategies and ESG initiatives.

Corporate Secretary

The Corporate Secretary function and responsibilities are performed by the Corporate Governance Department.

The main objective of the Department is to maintain effective communication with the shareholders, coordinate the Company's actions to protect rights and interests of the shareholders and ensure the effective operation of the Board of Directors.

This approach is consistent with the recommendations of the Russian Corporate Governance Code and the Moscow Exchange Listing Rules.

The Department is headed by the Corporate Governance Director, who is an officer of the Company.

Ekaterina Kister

Corporate Governance Director

AGE
41*

EDUCATION
2000 – Kuban State University (Faculty of Law)

EXPIRIENCE
Joined PJSC Magnit in 2016, from JSC Tander where she worked for 11 years.

SHAREHOLDING INFORMATION
Participatory interest in the Company's charter capital (percentage of the Company's ordinary shares): 0.000917%.

The main functions of the Corporate Governance Department are:

- to participate in improving the Company's corporate governance system and practices
- to participate in preparing for, and conducting, general meetings of shareholders
- to support the work of the Board of Directors and its committees
- to participate in implementing the Company's disclosure policy and ensure safekeeping of the Company's documents
- to ensure interaction between the Company and its shareholders and participate in preventing corporate conflicts
- to ensure interaction between the Company and regulatory authorities, organisers of trading activity, the registrar and other professional participants of the securities market within the remit of the Corporate Governance Department
- to immediately inform the Board of Directors of any breaches of laws and the Company's by-laws, where ensuring compliance with such laws and by-laws is the responsibility of the Corporate Governance Department
- to ensure that the procedures established by laws and the Company's by-laws to protect the shareholders' rights and legitimate interests are put into practice and oversee their implementation.

On 27 May 2016 (minutes of 30.05.2016), PJSC Magnit's Board of Directors approved a resolution related to internal rules governing its Corporate Governance Department and appointed Ekaterina Kister to the position of Corporate Governance Director.

* As of 31.12.2019.

Executive Bodies

Management Board

The Management Board is the collective executive body of PJSC Magnit, which, along with sole executive bodies, manages its day-to-day activities. The Management Board reports to the General Meeting of Shareholders and the Board of Directors.

The Management Board acts in accordance with the Russian legislation, the Articles of Association, and the Management Board Regulations.

The Management Board is headed by the Chairman of the Management Board, who is also the CEO of the Company.

The President of the Company is a member of the Management Board by virtue of his position and, in case of absence of the Chief Executive Officer, shall hold the position of Chairman of the Management Board.

The Board of Directors determines and annually reviews the composition of the Management Board. Board members can be elected an unlimited number of times.

Further details regarding the powers of the Management Board can be found in the Company's Articles of Association and Management Board Regulations.

□□□ For biographies of Management Board members, please see Management Board composition on page 97.

Sole Executive Bodies: President and CEO

The current activities of the Company are managed by two sole executive bodies of the Company: the President and the CEO, acting independently of each other.

If only the President or only the CEO remains in the Company, then all the functions of the sole executive bodies are transferred to him.

There is a high degree of overlap between the roles of President and CEO. The President is responsible for the development and implementation of the Company's strategy.

Sole executive bodies are elected separately by the Board of Directors for a three-year term and can be elected an unlimited number of times.

On 31 May 2019, the Board of Directors appointed Jan Dunning as the President of the Company, and on 26 June 2019 also as the CEO.

□□□ For biography of Jan Dunning, please see Management Board composition on page 97.

Internal Control and Risk Management System

The internal control and risk management system of Magnit is responsible for:

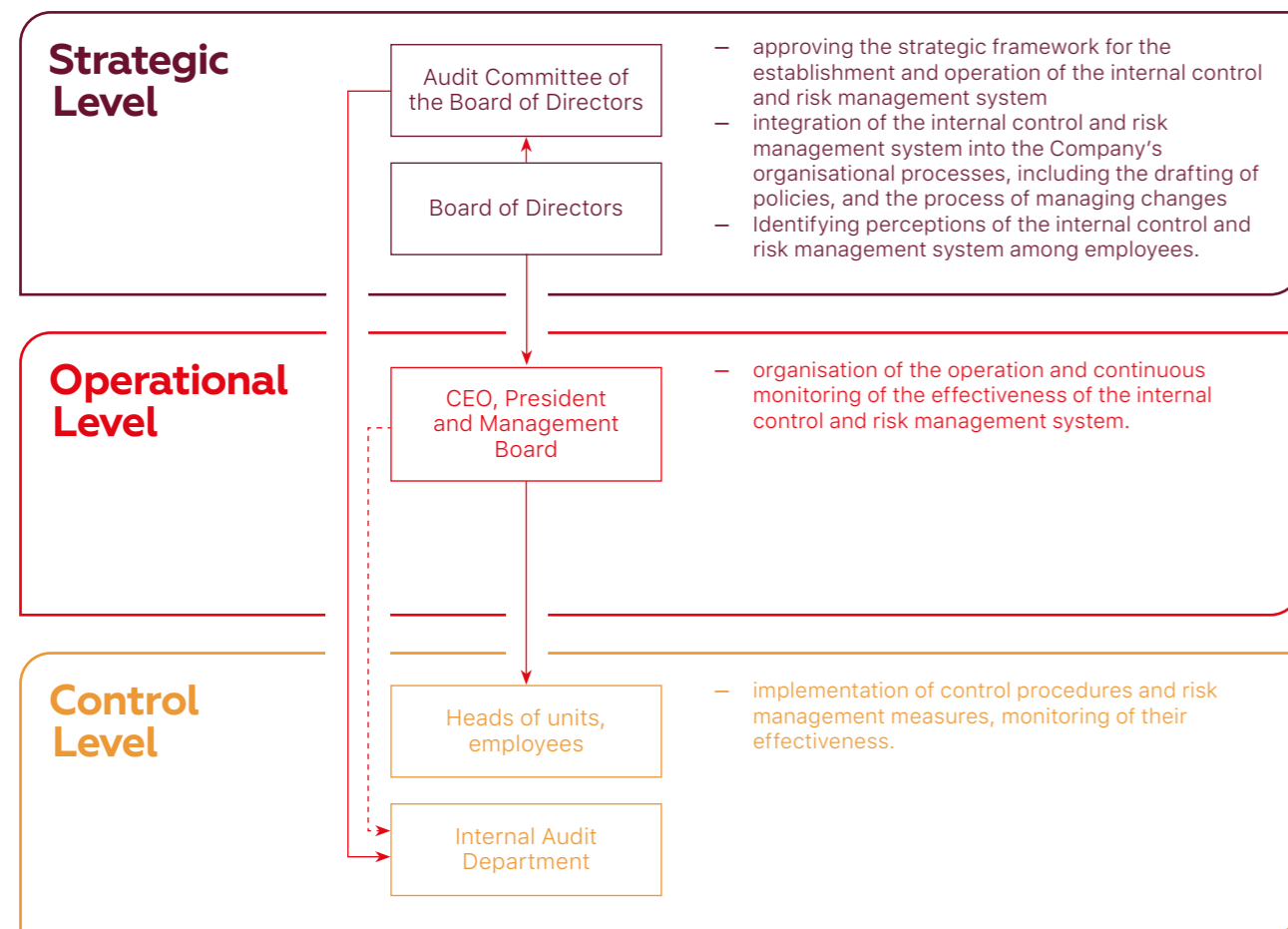
- ensuring the efficiency and productivity of the Company's activities and the safeguarding of its assets
- complying with the requirements of all applicable legislation and in-house policies and procedures, including when engaging in business operations and maintaining accounting records
- ensuring the reliability and timeliness of financial and other reporting.

The key regulating document is the Regulations on internal control and risk management, updated in 2019 (decision of the Board of Directors from 12 December 2019, minutes of 13.12.2019).

The internal control and risk management system consists of three levels, each playing its part in the process of elaborating, approving and applying corresponding measures and evaluating the system:

Structure of the Company's internal control bodies

→ Administrative subordination - - -> Functional subordination



The internal control system is based on the principles of the COSO concept recommended by the Corporate Governance Code. According to the COSO model, the Company creates a controlled environment including the risk assessment system, implements control procedures and assesses their efficiency and monitors changes in the organisational structure and business processes.

The communication between the participants in the internal control and risk management system, as well as the decision making in corresponding areas, is implemented via the Company's information systems. The relevant information is defined, recorded and transmitted in such form to enable employees to perform their functional duties. Meanwhile, the Company adheres to the principle of the separation of duties.

The internal control and risk management system adapts to changes in the Company's goals and internal and external factors, as well as business processes. The risk management process is carried out on an ongoing basis and is cyclical due to the continuous nature of risk management decision making.

For further detail on risk management and principal risks, see chapter Principal Risks and Uncertainties on page 76.

Internal Audit Department

The Internal Audit Department is designed to support the Board of Directors and the executive bodies in enhancing management efficiency and improving financial and operational performance.

The main tasks of the Department include conducting systematic and consistent analyses, assessing risk management and internal control systems, as well as the corporate governance system.

The Internal Audit Department is administratively subordinate to the CEO and functionally subordinate to the Board of Directors.

The key document regulating the activity of the Internal Audit Department is the Regulations on Internal Audit at PJSC Magnit where the main responsibilities of the department are defined as:

- supporting the Company's business units and employees, management, the Audit Committee of the Board of Directors and the Board of Directors by conducting audits, analyses and evaluations, providing consultations and drafting recommendations to improve the Company's internal control and risk management system and its business processes
- assistance in the timely identification and analysis of risks that affect the reliability of financial and management information, the safeguarding of assets, compliance with legislation and in-house policies and procedures, the execution of financial and business plans and the efficient use of resources.

Responsibilities of the Internal Audit Department include:

- preparing the annual internal audit plan based on defined risk appetite and conducting corresponding internal audits
- tracking major changes within the Company in order to update the audit plan, identify risk areas and inform management
- preparing and conducting training on internal control to maintain the qualifications of department employees
- providing support for the development of the internal control and risk management system
- providing a monitoring system to implement the recommendations of the Internal Audit Department and monitor their execution
- assisting in the selection of external auditors and consultants as well as preparing and presenting the results for review by the Company's management and Audit Committee
- interacting with external auditors and consultants on matters concerning internal audit, the provision of audit-related services, and consulting services
- preparing monthly, quarterly and annual reports on the results of the Department's work and regularly submitting them to the Company's management, Board of Directors, and Audit Committee to discuss results and recommendations. Timely notifying the Audit Committee and Board of Directors about any disputes or difficulties that arise in the process of implementing the internal audit plan
- preparing information for the Company's management, Audit Committee, or Board of Directors based on special requests (including unscheduled performance evaluations and recommendations on ways to improve individual components of the internal control and risk management system).

Internal Control and Risk Management System

(continued)

The Director of the Internal Audit Department regularly reports to the Chairman of the Audit Committee and takes part in meetings of the Audit Committee. At the Committee meetings, results of internal audits are presented and the efficiency of internal audits is discussed.

In 2019, 19 internal audits were conducted, resulting in development and authorisation of 115 measures. Of these, 9 measures were executed in 2019, and the rest will be implemented from the beginning of 2020.

In 2020, the Company plans to conduct courses, training programmes and seminars aimed at professional development of the Department's employees.

Efficiency assessment

In 2019, an efficiency assessment of the internal audit and risk management system of PJSC Magnit and its affiliates was conducted by the Internal Audit Department.

The assessment was completed through an analysis of all aspects of internal control and risk management processes: the internal (control) environment, objective setting, event identification, risk assessment, risk response, means of control, information, communications, and monitoring.

The assessment highlighted the parameters of internal control and risk management process and identified the current state of the parameters, describing the effectiveness of organisation and functioning of the internal control and risk management system.

According to the assessment, the current level of organisation and functioning of the internal control and risk management system was deemed well-established and in line with the Company's needs.

External audit

To verify and confirm the reliability of its annual financial statements, each year the Company hires a professional audit organisation that has no connection to the Company or its shareholders through ownership interests, chosen from among the major international audit companies.

The Company's auditor is approved by the General Meeting of Shareholders based on a proposal from the Board of Directors. The Audit Committee conducts a preliminary assessment of the audit firm candidates.

IFRS Auditor

Ernst & Young Limited Liability Company (TIN 7709383532), legal address: Russian Federation, Moscow, 77 Sadovnicheskaya Embankment, building 1, a member of Self-regulatory Organization of Auditors "The Commonwealth" (AAC SRO) (Ernst & young LLC is included in the control copy of the register of auditors and audit organizations with the registration number ORNZ 12006020327) and one of the global leaders in the provision of professional services, was approved at the AGM held on 30 May, 2019 as the auditor of the Company's consolidated financial statements prepared in accordance with International Financial Reporting Standards.

Ernst & Young LLC is part of Ernst & Young Global Limited. Ernst & Young Global Limited has received international recognition and numerous awards for its high quality of services and unique corporate culture.

The auditor audited the 2019 consolidated financial statements of PJSC Magnit and its subsidiaries in accordance with IFRS in the reporting year.

The auditor's remuneration paid for the audit and review of PJSC Magnit financial statements amounted to RUB 56.8 mln (excluding VAT). In addition, the auditor provided non-audit services to PJSC Magnit in the amount of RUB 122.5 mln (excluding VAT) during the reporting year, including calculation of the weighted average share price for

Long-term incentive programme (LTI), consultation on the launch of a common service centre, consulting on the development of a Sustainability Strategy and the publication of the ESG report, and other services.

RAS Audit

The audit firm Faber Lex Limited Liability Company, location: Krasnodar, 144/2 Krasnykh Partizan Street, was approved at the AGM held on May 30, 2019 as the auditor of the Company's accounting (financial) statements for 2019 prepared in accordance with Russian Accounting Standards.

AF Faber Lex LLC is a member of the Russian Union of Auditors (Association) Self-Regulatory Organisation of Auditors (RUA SRO) with the main registration number entry (ORNZ) 10203002910.

Based on the results of the PJSC Magnit audit, the auditor expressed an opinion on the true and fair reflection of the Company's financial position in the accounting (financial) statements.

The auditor's remuneration paid by the Group in the reported period amounted to RUB 6.6 mln (excluding VAT), including the payment of RUB 865 thous. (excluding VAT) to PJSC Magnit.

AF Faber Lex LLC did not provide non-audit services to the Group during the reporting year.

Audit Commission

Until December 2019, the Company had the Audit Commission as a permanent elected internal control body, accountable to the General Meeting.

The main task of the Audit Commission was to oversee the Company's financial and business operations and to verify compliance with legislative and other acts governing the Company's activities and the legality of transactions.

The Audit Commission was abolished in 2019 as it duplicated the functionality of the Internal Audit Department and the Audit Committee.

Ethics and Anti-corruption

PJSC Magnit adheres to the principle of zero tolerance of corruption.

The anti-corruption system regulates the management of regulatory and reputation risks, protects the Company from corruption, and develops corporate culture and corporate governance practices.

The Company has an Anti-Corruption Policy¹, also in 2019, the Company adopted an updated Code of Conduct². All company employees are required to comply with ethical standards of conduct and corporate standards, including:

- to not give or extort bribes
- maintain a positive reputation of the Company
- avoid conflicts of interest.

The Company monitors compliance with anti-corruption procedures. All violations of employees are analysed, and result in disciplinary measures up to and including dismissal.

In 2019, the list of corporate anti-corruption measures was expanded:

- The executives of the Company were obliged to declare a conflict of interest when applying for a job, when transferring to higher posts and annually
- New distance learning courses on anti-corruption and business ethics were developed; familiarisation with these materials is monitored
- For executives, face-to-face events were conducted to explain the provisions of the Code of Business Ethics and the Anti-Corruption Policy
- The topic of inadmissibility of violations in the field of combating corruption was covered and actively promoted in internal communications.

The high level of transparency of PJSC Magnit is recognised by external experts. Accordingly to the latest available research by Transparency International³, the Company achieved the first place in transparency ranking of the largest Russian companies by revenue.

- (1) Approved by the Board of Directors 25.02.2014 (minutes of 25.02.2014), magnit.com/en/disclosure/internal-regulations/.
- (2) Approved by the Board of Directors 21.03.2019 (minutes of 24.03.2019), magnit.com/en/disclosure/internal-regulations/.
- (3) transparency.org.ru/special/trac2018russia/docs/report-en.pdf.
- (4) magnit.com/en/anti-corruption/.

The Company has created a safe environment that allows internal and external parties to report any corruption or ethical violations, as well as to propose measures to improve control mechanisms. The Company has a hotline on ethics and anti-corruption. Information on utilising this hotline is located in the section Ethics and Anti-Corruption on the Company's website⁴.

The Company guarantees that persons who provide information via the indicated communication channels shall be provided anonymity and protection against any form of pressure (including dismissal, prosecution or other types of discrimination).

In 2019, 1,384 appeals were received through this communication channel, of which 10% are targeted. Of these, 2.1% contained information about significant violations. Each case is checked by the Department of Economic Security. Based on the audit results, management decisions are made while reporting on the results of inspections is provided to the management of the Company.

The work of the ethics and anti-corruption hotline is regularly reviewed by the Audit Committee and the Board of Directors.

Confidential Hotline for Employees, Buyers, Contractors and Partners:

- telephone number 8 (800) 600-04-77
- email: ethics@magnit.ru
- the form for submitting appeals via the corporate website: magnit.com/en/anti-corruption/.

Information Disclosure

PJSC Magnit believes that information transparency is the basis for interaction with stakeholders.

The Company has adopted an Information Policy. The main principles of disclosure are regularity, efficiency, reliability and balance.

The Company's information policy is implemented by executive bodies. The Capital Market Committee of the Board of Directors gives recommendations on improving disclosure. In 2019, the Committee revised the scope and quality of the disclosed data. As a result, the Company updated its information materials, revised the format of press releases, and began to develop a new corporate website.

The following documents are published on the official website of the Company:

- Articles of Association and internal documents
- information on the structure of equity
- information on governing bodies;
- information about the auditor and registrar
- other required information.

The Company maintains an IR website with a regularly updated investor calendar, dividend history for the past five years, key performance indicators, contact details, and other relevant information.

In addition, the Company discloses information via the Interfax disclosure server e-disclosure.ru/portal/company.aspx?id=7671.

PJSC Magnit regularly holds presentations and meetings between members of the executive bodies and other key managers of the Company and investors and analysts. The Company also offers visits to its stores, production facilities and agricultural complexes.

Representatives of the Company participate in investor conferences, both in Russia and abroad. For any current issues, investors can contact internal IR specialists.

Another important disclosure channel is the annual report. In 2019 the Company significantly increased the level of disclosure in the Annual Report and in 2020 the Company will release its first GRI Sustainability Report.

Types of messages disclosed in 2019

Type of disclosure	Quantity
On bond issues	46
On agendas and resolutions by the issuer's governance bodies	47
On reporting disclosures of various types (quarterly reports, lists of affiliated persons, annual reports, consolidated financial statements, annual accounting statements)	16
Acquisition of the issuer's own shares by its subordinate organisation	73
On the change in the share of members of management bodies in the issuer's authorised capital	16
On yields accrued and paid on issue-grade securities	12
Performance	6
Other	13
TOTAL	229

Remuneration Report

Director's Remuneration

In 2019, the directors' remuneration policy was regulated by the Regulations on the Board of Directors of PJSC Magnit¹.

According to these Regulations, Directors are entitled to the following types of remuneration for the membership in the Board of Directors within the reported period:

- base remuneration
- additional remuneration.

Remuneration paid to members of the Board of Directors in 2019: RUB 129,976,767.70².

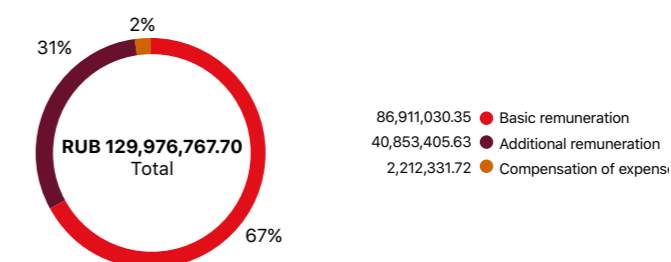
The structure of the annual remuneration of members of the Board of Directors

Position	Basic	Additional	Compensation of expenses related to:
Chairman of the Board of Directors	150,000 Euro	200,000 Euro	– travel to and from the venue of the meeting of the Board of Directors, as well as being at the venue of the meeting
Chairman of the Audit Committee	150,000 Euro	100,000 Euro	– participation in the meeting of the Board of Directors by telephone, use of a teleconference system, sending a written opinion, absentee voting
Chairman of the Strategy Committee	150,000 Euro	100,000 Euro	– execution of the functions of a member of the Board of Directors
Chairman of the Capital Markets Committee	150,000 Euro	100,000 Euro	– recruitment of consultants and experts and obtaining opinions on the activities of the Board of Directors.
Chairman of the HR and Remuneration Committee	150,000 Euro	75,000 Euro	Up to EUR 50,000* per year

* the issue of compensation for expenses exceeding EUR 50,000 is considered at the General Meeting of Shareholders.

- (1) Regulations were approved at the EGM on 5 December 2018 (minutes of 6 December 2018), with amendments approved at the AGM on 30 May 2019 (minutes of 31 May 2019).
- (2) Does not include remuneration for the performance of the functions of the sole executive body paid to a person that performed the function of the sole executive body in the specified period and at the same time was a member of the Board of Directors.

Remuneration paid for the reporting year, RUB



The structure of the annual remuneration of the CEO and the President

(continued)

Remuneration of the sole executive bodies (CEO and President)

In 2019, the policy of remuneration and compensation of expenses of the CEO and the President was regulated by two documents:

- the Regulations on the Chief Executive Officer (general director)¹
- the Regulations on Sole Executive Bodies (the President and the Chief Executive Officer)².

In accordance with these Regulations, the amount of remuneration of the CEO and the President is set in their employment contracts.

Remuneration of members of the Management Board

In 2019, the policy of remuneration and compensation of expenses to members of the Management Board was regulated by two versions of the Regulations on the collective executive body (Management Board):

- edition approved by the AGM on 21 June 2018 (minutes of 21 June 2018)
- edition approved by the AGM on 30 May 2019 (minutes of 31 May 2019).

The article relating to remuneration did not change in these editions.

Remuneration paid to members of the collective executive body in 2019: RUB 1,518,529,230.50.

The structure of the annual remuneration of the CEO and the President

Base salary	Bonus	LTI	Compensation of expenses
According to the terms of the employment contract	The motivation programme sets the maximum value of the bonus equal to the annual salary. The constituent parts are paid depending on the fulfilment of the Company's and personal KPIs	The remuneration amount depends on the Group's financial results, time worked during the programme, as well as the responsibility of the employee for achieving the result.	<ul style="list-style-type: none"> – VHI policy for an employee and family members (partner and children) – accident insurance – business trips – communication – transport – rental housing.

The structure of the annual remuneration of members of the Management Board

PJSC Magnit	JSC Tander			Compensation of expenses
	Base salary	Bonus	LTI	
Remuneration for the employment at PJSC Magnit	According to the terms of the employment contract	The motivation programme sets the maximum value of the bonus equal to the annual salary. The constituent parts are paid depending on the fulfilment of the Company's and personal KPIs	The remuneration amount depends on the Group's financial results, time worked during the programme, as well as the responsibility of the employee for achieving the result.	<ul style="list-style-type: none"> – VHI policy for an employee and family members (partner and children) – accident insurance – business trips – communication – transport – rental housing.

In accordance with his employment contract, Jan Dunning received a signing bonus and the fixed rights for 164,710 of ordinary shares to be transferred to him within the period of three years, subject to continued work in the Company. Share-based payment is deferred, and involves 82,355 of shares transferred on 21 May 2019.

Remuneration of members of the Management Board, total, RUB

	All companies of the Group	PJSC Magnit
Base salary	344,216,534.78	62,568,031.27
Bonus ³	1,160,270,130.50	1,180,579,891.13
Compensation of expenses	14,042,565.22	–
TOTAL	1,518,529,230.50	1,243,147,922.40

(1) Regulations were approved at the AGM on 24.06.2010 (minutes of 28.06.2010).

(2) Regulations were approved at the AGM on 30.05.2019 (minutes of 31.05.2019).

(3) Includes remuneration of the President of PJSC Magnit Jan Dunning for the period during which the President did not have the status of the sole executive body.

KPI

In 2019, the following corporate indicators were set:

- Revenue
- LFL sales growth
- EBITDA
- NPS
- Net Income¹.

The Board of Directors establishes and approves the list and weight of corporate KPIs at the beginning of the year.

The weight ratio between corporate and individual KPIs for CEO-1 level is approved by the Board of Directors.

LTI

In addition to the short-term incentive scheme, the Group has a long-term incentive programme. The programme objectives are:

- motivation of participants to increase the share price of the Company
- motivation of participants for the cumulative growth of the consolidated EBITDA of the Group in the amount of at least 10% CAGR relative to 2018
- retention of highly skilled employees
- increasing the attractiveness of the Company for new employees.

The programme started in 2018 and will last 7 years. The first allocation of shares occurred in 2019 according to the results of 2018, the last allocation will occur in 2025 according to the results of 2022.

In total, the programme will use no more than 3,510,638 shares of the Company.

An agreement is concluded with each programme participant, under the conditions of which the maximum number of shares that a participant can receive is indicated. The right to receive shares of the option-based part arises if the market share price is more than RUB 4,700 per share. Payments are made if the target EBITDA is reached and the terms of the contract are met.

Programme structure

	Share-based part participants receive part of the shares.	Option-based part participants receive the right to redeem part of the shares.
Order	Shares are provided in annual tranches based on the results of the year, each representing 20% of the total shareholder part. Shares are delivered in three stages within the period of 7 years: 1/3 at the end of the first year + 1/3 in the following year + 1/3 in two years.	The repurchase of shares is based on the results of each year and takes place in three stages within the period of 7 years: 1/3 based on the results of the first year + 1/3 the following year + 1/3 in two years.
Conditions		Growth of the share price of the Company on the option price exercise date.
	The Group's consolidated EBITDA growth of 10% CAGR compared with the EBITDA for the year ended 31.12.2018. The programme participant continues to work in the Group on the exercise date of the option.	

LTI remuneration

Name	Position	Shares
Jan Dunning	Chairman of the Management Board President CEO	23,404
Vladimir Sorokin	Deputy Chief Executive Officer Commercial Director	16,482
Maria Dei	Supply Chain Director	1,648
Elena Zhavoronkova	Chief Legal Officer	1,648
Evgeny Melnikov	IT Director	1,648
Elena Milinova	Chief Financial Officer	6,593
Jyrki Talvitie	Director for Strategic Communications	478
Other employees of the Company		24,405
Employees who left the Company in 2019		28,952

Based on the results of 2018, 31 employees received 76,306 shares in total. In addition, 28,952 shares were transferred to employees who left the Company in 2019.

(1) Only for CEO and CFO.

Shareholder and Investor Engagement

Authorised and issued share capital

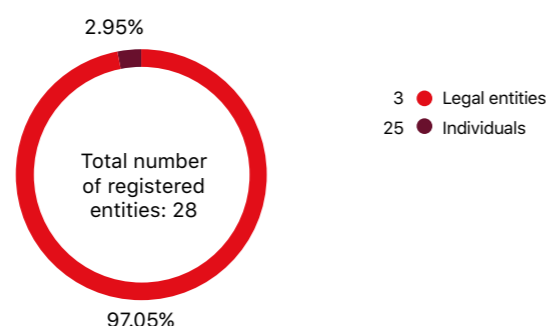
As of 31 December 2019, the authorised capital of Public Joint-Stock Company Magnit amounted to RUB 1,019,113.55 and consisted of 101,911,355 ordinary registered uncertified shares¹ with a par value of RUB 0.01 each.

In addition to its outstanding shares, the Company had the right to place 98,938,645 ordinary registered shares with a par value of RUB 0.01 each (declared shares).

As of 31 December 2019, 28 entities were registered in the share register, including 25 individuals, one nominal holder (National Settlement Depository) and two other legal entities.

As of 31 December 2019, PJSC Magnit does not hold any treasury shares. As of 31 December 2019, JSC Tander, owned by the Company owned 4,361,272 voting shares in

Structure of share capital as at the end of 2019²



PJSC Magnit, which amounts to 4.28% of the total number of ordinary registered shares, which were acquired in 2018-2019 in order to implement its LTI programme.

As at the 31 December 2019, no other organisations controlled by the Company owned voting shares in PJSC Magnit.

The Company has both an ordinary share listing on the Moscow Exchange (MOEX) and a GDR listing on the London Stock Exchange (LSE).

In accordance with the listing rules of PJSC Moscow Exchange as of 31 December 2019, the share of the free-float in the Company's shares was 71.00%³. As at the end of 2019, Magnit's market capitalisation was RUB 365.6 bln⁴ on MOEX and USD 6,142.71 mln⁵ on the LSE.

Significant changes in the share capital structure in 2019⁶

Date of change	Title	Ownership type	Prior to date of change		After date of change	
			Number of shares	Share of authorised capital, %	Number of shares	Share of authorised capital, %
05.02.2019	VTB Capital plc.	Direct	1,379	0.00135	7,800,000	7.65371
05.02.2019	VTB Infrastructure Investments LLC	Direct	7,868,427	7.72085	68,427	0.06714

(1) State registration number: 1-01-60525-P of 4.03.2004.

(2) Shareholding structure is provided in accordance with the list of shareholders registered in the register of PJSC Magnit shareholders as of 31.12.2019.

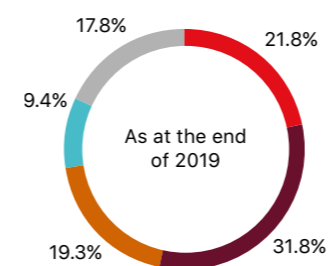
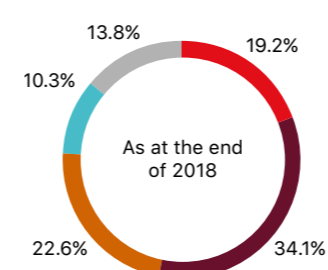
(3) The share of the free-float is determined based on an analysis of the share capital ownership structure, and by deducting the number of shares which are not in the free-float from the total number of the Issuer's shares.

(4) Capitalisation in RUB is calculated using the following formula: number of shares outstanding x share price as at the end of 2019.

(5) Capitalisation in USD is calculated using the following formula: 5 x number of shares outstanding x GDR price as at the end of 2019.

(6) Information is provided based on notifications received by PJSC Magnit from the indicated entities in accordance with the article 30 of the Federal Law No. 39-FZ "On the securities market" as of 22.04.1996.

Breakdown of free-float* by geography



- Russian Federation
- USA and Canada
- United Kingdom
- European Union
- Rest of the World

* Institutional investors

Source: Shareholder Identification report

Authorised and issued share capital history

24 April 2006	The Company completed the process of an initial public offering in the Russian Trading System (RTS) and on the Moscow Interbank Currency Exchange (MICEX).
13 February 2008	PJSC Magnit announced a secondary share placement. 11,300,000 shares were offered for additional issuance, including shares placed with pre-emptive rights for existing shareholders as well as previously placed shares owned by the selling shareholder.
22 April 2008	Global Depository Receipts (GDR) commenced conditional trading on the London Stock Exchange (LSE). Later in April Magnit's GDRs were included in the official list of the UK Listing Authority.
2 September 2009	PJSC Magnit announced another public offering of 11,154,918 ordinary shares. The offering price was USD 65 per ordinary share and USD 13 per GDR.
6 October 2011	The Board of Directors of PJSC Magnit decided to increase the authorised capital by issuing 10,813,516 additional shares. The public placement was completed on 15 December 2011.
15 November 2017	The Board of Directors of PJSC Magnit decided to increase the authorised capital by issuing 7,350,000 additional shares. The public placement was completed on 15 January 2018.
21 August 2018	The Board of Directors of PJSC Magnit approved the total amount of funds allocated for share buybacks as follows (taking into account the changes approved by the Board on the 4 th of October, 2018): <ul style="list-style-type: none"> — up to RUB 16,500,000,000 – for LTI programme — up to RUB 5,700,000,000 – as payment for transactions related to acquisition of SIA Group. <p>The programme was launched on 5 September 2018 and completed on 1 March 2019.</p>
28 November 2018	JSC Tander concluded an agreement with Serengate Advisors Limited under which the latter received 1,513,601 shares, which amounted to 1.485213% of the total number of shares of PJSC Magnit, as payment for the transaction related to the acquisition of SIA Group.

Shareholder and Investor Engagement

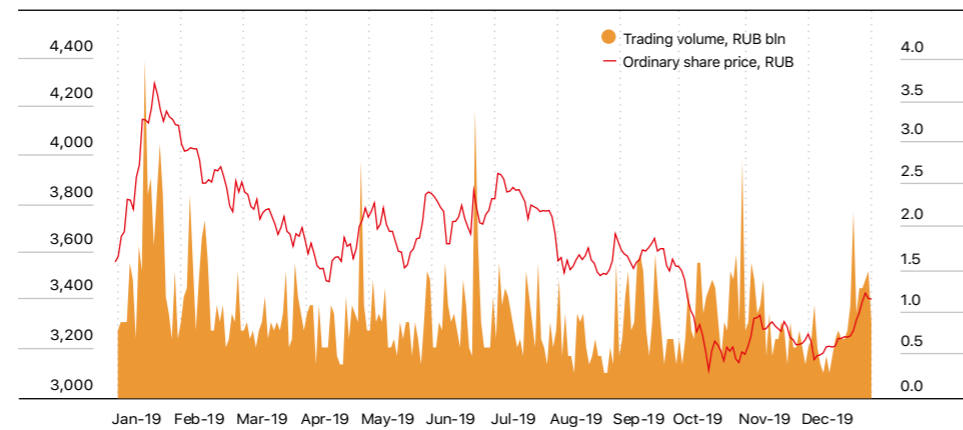
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Listing of shares on the Moscow Exchange

The Company's shares have been trading on the Moscow Exchange (MGNT) since 24 April 2006 (ticker MGNT) and are included in the first quotation list.

Magnit shares are included in the following indices on Moscow Exchange: Stock Subindex, MOEX Index, MOEX Index 10, Blue Chip Index, Broad Market Index, Consumer Sector Index / Consumer Sector Index, RTS Consumer Sector Index, RTS Index, and Broad Market RTS Index.

Share trading on the Moscow Exchange in 2019



Source: Moscow Exchange

GDR listing

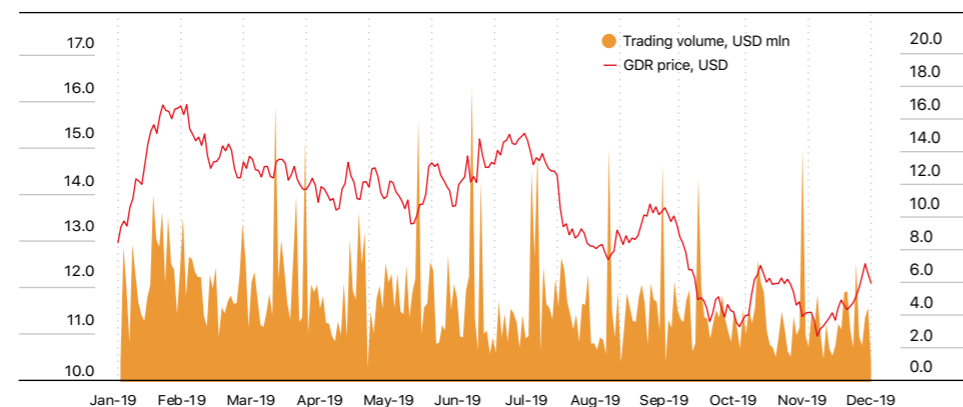
The Company's global depositary receipts (GDR) have traded on the main market of the London Stock Exchange (MGNT) since 22 April 2008. One share represents five depositary receipts. As of 31 December 2019, 27.78% of the Company's total shares were listed on the London Stock Exchange in the form of GDRs.

Share price and trading volume on the Moscow Exchange in Q1-Q4 2019

Period	Share price, RUB			Volume ¹ , RUB mln			Market capitalisation at end of period, RUB bln
	Min	Max	As at end of period	Period total	Daily average	Daily median	
Q1	3,576.0	4,300.0	3,640.0	75,878.2	1,264.6	952.6	371.0
Q2	3,496.0	3,865.0	3,735.0	59,177.9	954.5	886.6	380.6
Q3	3,520.5	3,935.0	3,587.0	55,561.3	854.8	747.4	365.6
Q4	3,136.5	3,559.5	3,449.0	60,489.4	945.1	832.1	351.5

Source: Thomson Reuters

GDR quotes on London Stock Exchange in 2019



Source: London Stock Exchange

Indices

Magnit is included in a broad number of different indices. More information is provided by the following key ETF groups:

VanEck
vaneck.com

SPDR
ssgafunds.com

Vanguard
investor.vanguard.com

MSCI
msci.com

iShares
ishares.com

Columbia Threadneedle Investments
columbiathreadneedleus.com

MOEX and RTS
moex.com/ru/index/IMOEX

Analyst coverage and consensus forecasts

As of the 31 December 2019, 15 investment banks produced equity research on Magnit compared to 13 in 2018. Two new banks initiated coverage, namely HSBC and Raiffeisenbank.

GDR price and trading volume on LSE in Q1-Q4 2019

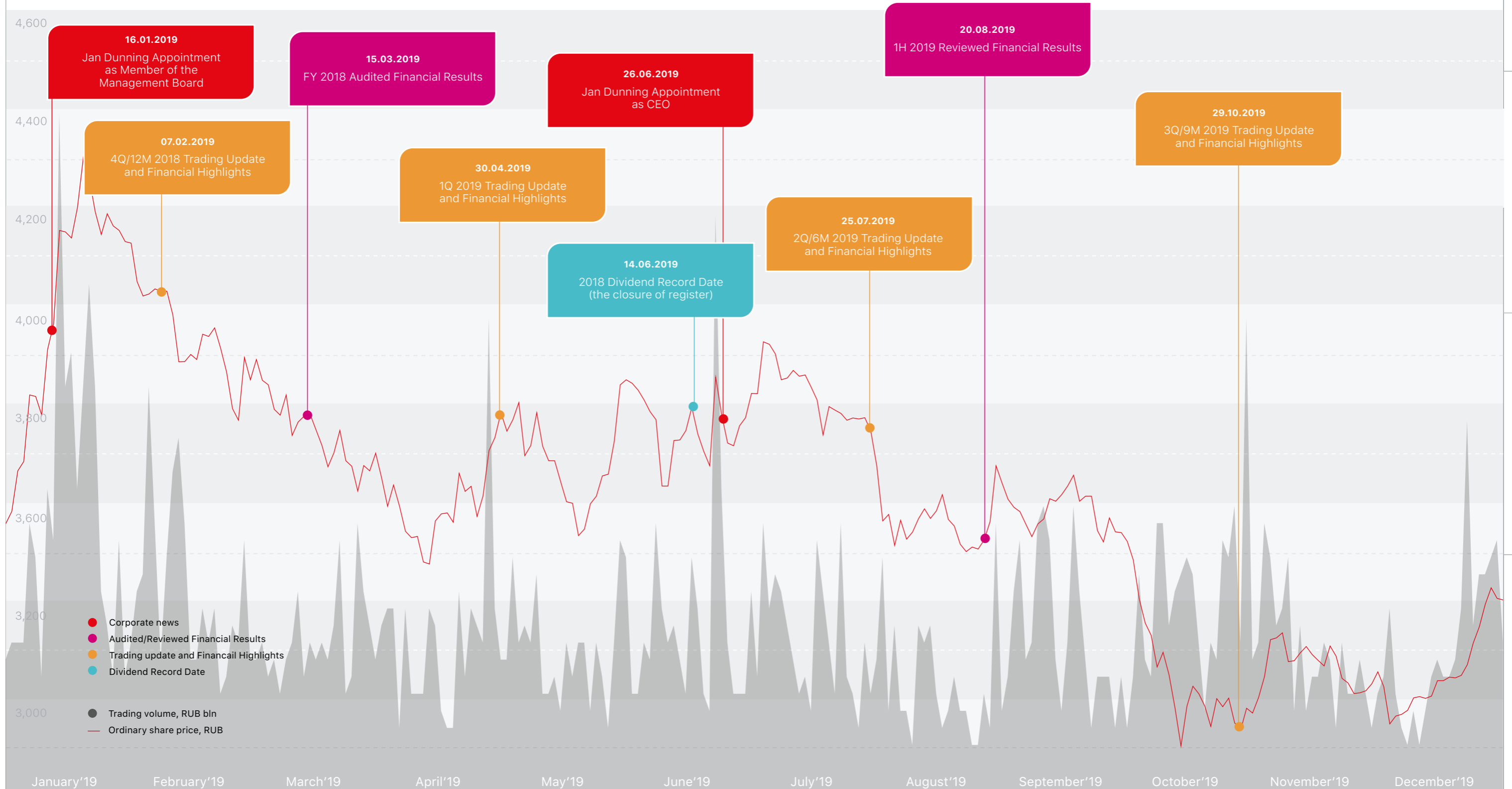
Period	GDR price ¹ , USD			Volume ² , USD mln			Market capitalisation at end of period, USD mln
	Min	Max	As at end of period	Period total	Daily average	Daily median	
Q1	12.94	15.95	14.10	536.8	8.52	7.6	7,184.8
Q2	13.35	15.20	14.58	401.6	6.58	6.0	7,426.8
Q3	12.57	15.32	13.07	296.3	4.6	4.1	6,657.4
Q4	10.90	12.93	12.06	245.9	3.8	3.5	6,142.7

Source: Thomson Reuters

Bank	Analyst	Phone	E-mail
Alfa Bank	Evgeniy Kipnis	+7 495 795 37 13	ekipnis@alfabank.ru
Aton	Victor Dima	+7 495 213 03 44	victor.dima@aton.ru
Bank of America Merrill Lynch	Ilya Ogorodnikov	+7 495 662 60 73	ilya.ogorodnikov@baml.com
BCS	Dmitry Skryabin	+7 495 213 15 09	dskraybin@bcsgm.com
Citi	Alastair Birkby	+44 20 7986 51 80	alastair.birkby@citi.com
Gazprombank	Marat Ibragimov	+7 495 980 41 87	marat.ibragimov@gazprombank.ru
Goldman Sachs	Maxim Nekrasov	+7 495 645 40 13	maxim.nekrasov@gs.com
HSBC	Bulent Yurdagul	+90 212 376 46 12	bulentyurdagul@hsbc.com.tr
JP Morgan	Elena Jouronova	+7 495 967 38 88	elena.jouronova@jpmorgan.com
Raiffeisen	Egor Makeev	+7 495 221 98 51	egor.makeev@raiffeisen.ru
Renaissance Capital	Kirill Panarin	+7 499 956 42 16	kpanarin@rencap.com
Sberbank CIB	Mikhail Krasnoperov	+7 495 933 98 38	mikhail_krasnoperov@sberbank-cib.ru
SOVA Capital	Artur Galimov	+7 495 223 23 23	artur.galimov@sovacapital.com
UBS	Ulyana Lenvalskaya	+7 495 648 20 93	ulyana.lenvalskaya@ubs.com
Wood & Company	Lukasz Wachelko	+48 22 222 15 60	lukasz.wachelko@wood.com

(1) Calculations are based on daily trading volumes in currency, which are calculated as the daily trading volume in securities multiplied by the closing price.

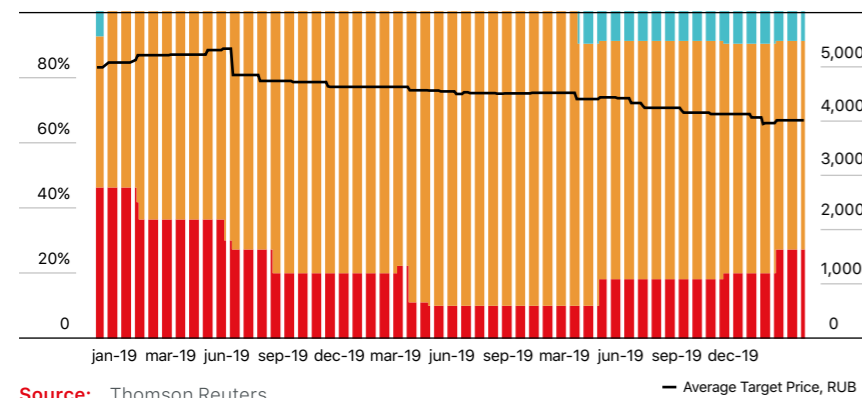
Year's Highlights



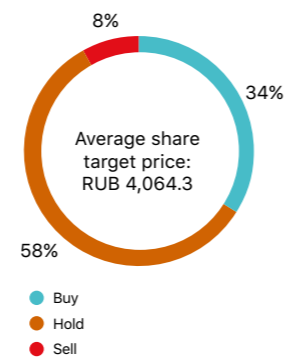
Shareholder and Investor Engagement

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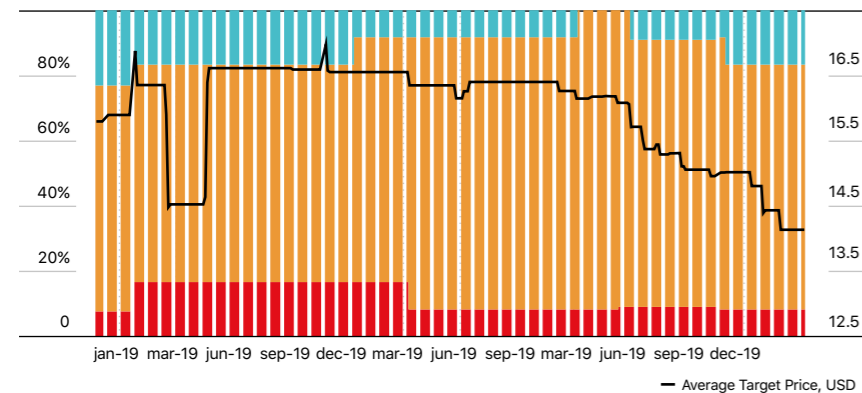
Analyst recommendations and average target price of local shares



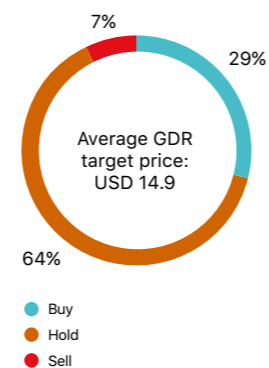
Company collected recommendations and consensus on ordinary shares for 2019



Analyst recommendations and average target price of GDRs



Company collected recommendations and consensus on GDRs for 2019



Consensus for key financial indicators for 2019, RUB bln

	Sales and growth	Gross profit and margin	EBITDA and margin	Net Income and margin
Consensus average	1,368.1	317.8	87.4	21.0
	10.6%	23.2%	6.4%	1.5%
Reported	1,368.7	312.0	83.1	17.1
	10.6%	22.8%	6.1%	1.3%

Source: Company collected recommendations and consensus for 2019 based on open sources

Bonds

The Company uses bonded loans as a form of debt financing for its business, which are primarily raised by issuing exchange bonds.

In 2019, PJSC Magnit had five outstanding issues of bonds (BO-003R-01, BO-003R-02, BO-003R-03, BO-003R-04, BO-003R-05) with a total nominal volume of RUB 50 bln (the volume in circulation at the end of the reporting year was RUB 50 bln).

Parameters of the BO-003R-01, BO-003R-02, BO-003R-03, BO-003R-04, BO-003R-05 series bonded loans of PJSC Magnit

	4B02-01-60525-P-003P, 1.02.2019	4B02-02-60525-P-003P, 21.02.2019	4B02-02-60525-P-003P, 25.06.2019	4B02-04-60525-P-003P, 29.10.2019	4B02-05-60525-P-003P, 23.12.2019
Issue identification number and assignment date					
Volume of issue, RUB	10,000,000,000 (ten bln)	10,000,000,000 (ten bln)	10,000,000,000 (ten bln)	10,000,000,000 (ten bln)	10,000,000,000 (ten bln)
Number of securities	10,000,000 (ten mln)	10,000,000 (ten mln)	10,000,000 (ten mln)	10,000,000 (ten mln)	10,000,000 (ten mln)
Nominal value of each security, RUB	1,000 (one thousand)	1,000 (one thousand)	1,000 (one thousand)	1,000 (one thousand)	1,000 (one thousand)
Placement price	100% of nominal value	100% of nominal value	100% of nominal value	100% of nominal value	100% of nominal value
Placement date	05.02.2019	26.02.2019	27.06.2019	05.11.2019	26.12.2019
Placement method	public placement	public placement	public placement	public placement	public placement
Maturity date	1092nd day from the placement date	728th day from the placement date	546th day from the placement date	910th day from the placement date	1092th day from the placement date
Number of coupons	6	4	3	5	6
ISIN code	RU000A1002U4	RU000A1004G9	RU000A100H02	RU000A100ZS3	RU000A1018X4
Coupon rate	8.70%	8.50%	7.85%	6.90%	6.60%

Shareholder and Investor Engagement

(continued)

Credit ratings

In 2019, leading rating agencies assigned credit ratings to the Company. S&P affirmed its rating of the Company and ACRA assigned a new rating.

Dividends

The key objective of the Company's dividend policy is to provide increasing shareholder returns and ensure further growth of the Company's capitalisation. The dividend policy is also focused on optimising the balance between retained profit and shareholder returns.

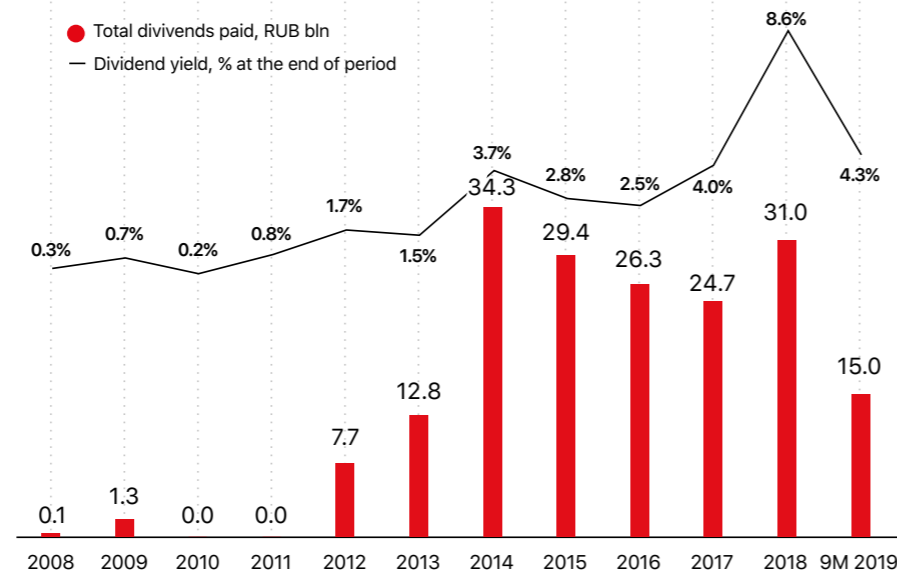
Regulations on the dividend policy of PJSC Magnit (new edition) of 27 May 2016 (minutes of 30.05.2016) (magnit.com/en/shareholders-and-investors/dividends/)

The core principles underpinning Magnit's dividend policy are as follows:

- **Transparency:** identifying and disclosing information about the duties and responsibilities of the parties involved in carrying out the dividend policy, including the procedure and conditions for deciding on the payment and amount of dividends
- **Timeliness:** establishing time limits for dividend payments
- **Justifiability:** the decision on the payment and the amount of dividends may only be made if the Company achieves a positive financial result taking into account development plans and investment programmes
- **Fairness:** equal rights for shareholders in acquiring information about the decisions on payment, size and procedures for payment of dividends
- **Consistency:** strict implementation of the procedures and principles of the dividend policy
- **Progression:** continuous improvement of the dividend policy in line with the evolution of the Company's strategic goals
- **Sustainability:** commitment to ensuring a stable level of dividend payments.

Rating agency	Rating recipient	Rating	Forecast	Date of rating (issued / reaffirmed)
Standard&Poors	Issuer at international scale	BB	Stable	23.12.2019
ACRA	Issuer at national scale	AA (RU)	Stable	23.09.2019
	Bonds			
	BO-003R-01, BO-003R-02, BO-003R-03		-	
	BO-003R-04	AA (RU)	-	05.11.2019
	BO-003R-05	AA (RU)	-	25.12.2019

Dividends paid in 2008-2019



Dividend per share, RUB

Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	9M 2019
Dividend per share, RUB	1.46	14.82	6.57	22.93	81.35	135.21	362.94	310.47	278.13	251.01	304.16	147.19

A dividend payment in the amount of RUB 166.78 on the ordinary registered shares of PJSC Magnit in relation to the 2018 financial results was approved by the Annual General Meeting of Shareholders on 30 May 2019 (minutes dated 31 May, 2019).

The Extraordinary General Meeting of Shareholders on 24 December 2019 (minutes dated 25 December 2019) approved the payment of an interim dividend on the ordinary registered shares of PJSC Magnit, based on the results of the first nine months of 2019 in the amount of RUB 147.19.

Shareholders and investor engagement

Magnit pays due attention to the attractiveness of its investment proposition and constantly seeks to increase the level of openness and transparency of its activities. The Company is interested in attracting new and retaining existing investors and maintains a constant dialogue with the investment community.

The Company uses various formats of interaction, including distributing press releases announcing operational and financial results; organising conference calls, face-to-face meetings; conducting road shows and site visits; and participating in investment conferences and other events.

In the first quarter of 2019, the Board of Directors approved a new Investor Relations strategy as part of the Group's Communication strategy.

4 conference calls and 6 publications regarding the financial and operating results were conducted by senior management in 2019.

The Company's management held two roadshows and together with the IR team participated in 30 different investors' events covering 243 institutional investors in 2019.

The list of the most frequently asked questions by investors and analysts is presented below:

- LFL indicators and their dynamics
- Sales density indicators
- CVP implementation including assortment, redesign programme, loyalty programme, organisational model, etc.
- Changes in strategy
- Innovations and improvements within the Company
- Expansion plans and M&A opportunities
- Sustainability of margins
- Working capital improvement
- LTI programme
- Management KPIs
- Management Board changes.

During the reporting year, the Company continued to improve its investor relations approach:

- The Company significantly enhanced the Annual Report and made progress towards issuing a separate Sustainability Report
- Conference calls are now held solely in English
- Transcripts of the calls are regularly published on the Company's website
- The composition and structure of press releases, presentations and databook has been enhanced
- Official documents, policies and regulations have been translated into English and published on the website
- The Company has started to compile its' consensus of analyst forecasts and recommendations based on public reports.

IR department activity, 2019

6	4	2	30	243
Financial and operational results releases	Conference calls	Roadshows	Number of investor events (e.g. conferences, consumer days, tours, forums, etc), where Magnit participated	Number of institutional investors covered

Shareholder and Investor Engagement

(continued)

Investor calendar 2019-2020

FY 2018 Unaudited Results and Conference Call Krasnodar FEBRUARY 07, 2019	NDR Roadshow London FEBRUARY 19 – FEBRUARY 22, 2019	NDR Roadshow San-Francisco, New York, Boston MARCH 5 – MARCH 7, 2019	FY 2018 Audited Financial Results Krasnodar MARCH 15, 2019	1H 2019 Reviewed Financial Results Krasnodar AUGUST 20, 2019	UBS Russia Investor Days Stockholm AUGUST 30, 2019	HSBC GEMs Investor Forum London SEPTEMBER 3, 2019	UBS Russia Investor Days Frankfurt SEPTEMBER 2, 2019
Goldman Sachs 2nd CEEMEA Consumer and Retail Day London APRIL 4, 2019	Goldman Sachs CEEMEA Corporate Days Frankfurt APRIL 8 – APRIL 9, 2019	UBS EMEA Investor Day in Singapore Singapore APRIL 10 – APRIL 11, 2019	1Q 2019 Trading Update and Financial Highlights and Conference Call Krasnodar APRIL 30, 2019	Goldman Sachs Global Retailing Conference New York SEPTEMBER 4, 2019	Citi`s GEM Conference New York SEPTEMBER 5, 2019	Moscow Exchange Forum 2019 New York OCTOBER 3 – OCTOBER 4, 2019	J.P. Morgan`s CEEMEA Consumer Tour in Russia Moscow OCTOBER 4, 2019
Morgan Stanley EEMEA Conference London MAY 14, 2019	JP Morgan Global Consumer and Retail Conference London MAY 15 – MAY 16, 2019	BAML Russia Consumer Trip Moscow MAY 16, 2019	J.P. Morgan Russian Internet and Consumer Investor Tour Moscow MAY 22, 2019	Moscow Exchange Forum 2019 London OCTOBER 16, 2019	Goldman Sachs CEEMEA Corporate Days Singapore OCTOBER 23, 2019	3Q/9M 2019 Trading Update and Financial Highlights and Conference Call Krasnodar OCTOBER 29, 2019	HSBC Global Investment Forum New York NOVEMBER 5 – NOVEMBER 6, 2019
Aton Consumer Day Moscow MAY 24, 2019	Alfa Consumer Trip Moscow MAY 27 – MAY 29, 2019	BAML Miami GEM Miami MAY 28 – MAY 31, 2019	Sberbank CIB "The Inside Track" Moscow JUNE 4 – JUNE 5, 2019	Goldman Sachs CEEMEA 1x1 Conference London NOVEMBER 11 – NOVEMBER 12, 2019	Jefferies West Coast Consumer Conference San Francisco NOVEMBER 13, 2019	VTB Capital "Russia Calling" Moscow NOVEMBER 20 – NOVEMBER 22, 2019	UBS Global Emerging Markets One-on-One Conference New York DECEMBER 3 – DECEMBER 4, 2019
HSBC GEMs Conference New York JUNE 10 – JUNE 12, 2019	UBS LATEMEA One on One Conference 2019 London JUNE 18 – JUNE 19, 2019	RenCap Russia&CIS Investor Conference Moscow JUNE 24 – JUNE 26, 2019	2Q/1H 2019 Trading Update and Financial Highlights and Conference Call Krasnodar JULY 25, 2019	Wood`s Winter Wonderland – EME Conference Prague DECEMBER 4, 2019	4Q/12M 2019 Trading Update and Financial Highlights and Conference Call London FEBRUARY 06, 2020	FY 2019 Audited Financial Results Krasnodar MARCH 16, 2020	1Q 2020 Trading Update and Financial Highlights and Conference Call Krasnodar APRIL 29, 2020
				2Q/6M 2020 Trading Update and Financial Highlights and Conference Call Krasnodar JULY 30, 2020	1H 2020 Reviewed Financial Results Krasnodar AUGUST 20, 2020	3Q/9M 2020 Trading Update and Financial Highlights and Conference Call Krasnodar OCTOBER 29, 2020	

■ Magnit Corporate Events
 □ Events 2019
□ Events 2020