

# Chairman's Review



Dear shareholders,

**In 2021 we continued to improve our corporate governance systems, responding to queries and concerns raised by shareholders.**

The continued rapid growth of Magnit prompted us to reevaluate our Board in order to make sure we have a broad range of skills and knowledge needed to support our growth ambitions, whilst ensuring greater diversity. The new edition of the Articles of Association stipulates an increase in the size of the Board of Directors from nine to eleven members. As a result, and after shareholder approval, the Board was extended, with seven out of eleven members having served on the Board in the last Board cycle.

We welcome four new Board members including Sergey Zakharov, Pierre-Laurent Wetli, Vsevolod Rozanov as well as our first female Board member, Naira Adamyan, supporting our gender diversity principles.

The strengthened Board composition increases the number of independent directors, making the Company's approach significantly ahead of current Russian practices. I would like to take this opportunity to thank our former Board members, Evgeny Kuznetsov and Gregor Mowat, for their contribution to Magnit.

Following the Board changes, the members of Committees of the Board of Directors were reformed to best reflect relevant professional experience and knowledge. The Committees continue to be headed by Non-Executive Directors and consist of only Independent Directors. Towards the end of the year, we also published a new edition of the Regulations on Committees of the Board of Directors. The changes are part of Magnit's continuous development of a strong corporate governance system complying with Russian and international best practices.

In parallel, we strengthened the Management Board from nine to 13 members, in line with the Company's strategic priorities and development in the retail market. New appointments to the Management Board in 2021 include Francesco Fiamingo (Commercial Director for Formats and Dry/Non-Food), Pavel Lokshin (Chief Marketing Officer), Andrey Lukashevich (Director for E-Commerce), Yuri Misnik (Chief Digital and Technology Officer) and Egor Shumilin (Commercial Director for Fresh / Ultra Fresh and Regions). We also welcomed Fedor Pavlovsky as Chief Supply Chain and Logistics Officer.

We continued to develop our long-term and short-term incentive (LTI & STI) programmes to ensure an optimal and fair method of motivation and compensation for top management, adding new members to the LTI and setting KPIs for the STI against which performance was evaluated in 2021.

In April 2021 we published our second sustainability report, presenting our progress on commitments to 2025. Now in its third year, our Sustainability Strategy is fully embedded in Magnit's day-to-day operations, underpinning many of our non-financial KPIs and long-term environmental and social aspirations. Led by our President and CEO, Jan Dunning, our sustainability approach is supporting the Company's corporate governance.

The Board is committed to maintaining open and constructive dialogue with investors and responding to any concerns raised. A major outcome of our interactions in 2021 highlighted dissatisfaction with non-audit fees for consultancy work being charged by our auditors, E&Y, which were higher than audit-related fees in 2020.

In response, we engaged independent consultants to investigate the reasons for these concerns and to provide recommendations. The result of this exercise is the creation of the Audit Fees Policy which oversees the approval process for services provided to Magnit by the Company's external auditors and assures auditors' independence.

The Audit Fees Policy stipulates that Magnit will limit the total fees for non-audit services in a calendar year to an amount not exceeding 50% of the total fees for the audit and audit-related services in the relevant year with effect from 1 January 2022.

We maintained a high level of engagement throughout the year, holding virtual and face-to-face meetings, as well as issuing regular announcements as part of increased intensity of activity at Magnit as we pursue our strategy. A milestone in our development was the acquisition of Dixy, which strengthens our market position in the Moscow and St. Petersburg regions in particular. We also reviewed our Company Policies, updating them to maintain the latest standards; these are available on the Company's website.

We continue our work in strengthening our corporate governance and endeavour to comply with the UK Corporate Governance Code. We are continuing to build a sustainable business in line with the best corporate governance practices and look forward to updating our shareholders with details on ongoing improvements.

**Charles Ryan**

Chairman of the Board of Directors

# Board of Directors

The Annual General Meeting of shareholders of Magnit on 10 June 2021 approved changes to the Company's Articles of Association increasing the size of the Board of Directors from 9 to 11 people. The Extraordinary General Meeting of shareholders of Magnit on 9 September 2021 elected the first Board comprised of 11 people, as follows:

Full composition of the Board of Directors				
Status	Name	Key experience	Citizenship	Born
Independent	Naira Adamyan	Sanofi (consumer goods)	Russia	1961
	Walter Koch	Management consulting	Germany	1962
	Vsevolod Rozanov	Sistema PJSC (finance)	Russia	1971
	Charles Ryan	UFG Asset Management	USA	1967
	James Simmons	Mazovia Capital (finance)	USA	1978
	Pierre-Laurent Wetli	Consulting (ex-Bain)	Switzerland	1976
Non-executive	Tim Demchenko	VTB Capital	UK	1973
	Alexey Makhnev	VTB Capital	Russia	1976
	Alexander Vinokurov	Marathon Group	Russia	1982
	Sergey Zakharov	Marathon Group	Russia	1980
Executive	Jan Dunning	Magnit President and CEO	Netherlands	1959

Independent Non-executive Executive

## Members of the Board of Directors



**Charles Ryan,**  
Chairman of the Board  
of Directors

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.

In 2005, when Deutsche Bank acquired 100% of UFG's investment banking business, Mr. Ryan was appointed 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.



**Naira Adamyan,**  
Member of the Board  
of Directors

Naira Adamyan is a physician by training with a PhD in immunology and began her career in 1997 at Janssen Russia & CIS (the pharmaceutical division of Johnson and Johnson).

Over the following 18 years she held various leadership positions within the Group with increased responsibilities, including Managing Director Janssen Russia & CIS, General Manager Johnson & Johnson LLC and Board member of EMEA region at Janssen.

In 2015, Ms. Adamyan joined Sanofi as Country Chair of Russia and General Manager of Eurasia. She was later appointed Head of Eurasia, Middle East, before becoming Head of Strategy and Innovation in 2020. Naira was Chair of the Board of Directors of AIPM (Association of more than 60 Pharma companies) and co-Chaired InPharma (association of 14 research-based global Pharma companies). She was also a Board Member of the American Chamber of Commerce. Ms. Adamyan received the EY Business Women Russia 2015 award and is listed in RBC's Top 25 CEO Women of Russian Business.

# Board of Directors

(continued)

## Members of the Board of Directors



**Tim Demchenko,**  
Member of the Board  
of Directors

Tim Demchenko has over twenty years of international private equity and corporate investment experience. Based in London, Tim has worked for global technology companies (Siemens, IBM) and international investment banks.

Tim has served as a Board Director on multiple private and public companies helping to steer companies development and expansion strategy, operational performance optimization and corporate governance.

Tim holds a Masters in Finance degree from London Business School and completed executive courses at Harvard Business School.



**Jan Dunning,**  
Member of the Board  
of Directors, Chairman  
of the Management Board,  
President and CEO

Jan Dunning joined Magnit in January 2019 as President and Member of the Management Board. After joining the Board of Directors in May 2019, Jan was elected Chief Executive Officer in June 2019. Prior to joining Magnit, Jan spent over 25 years in the retail industry working in a broad range of retail functions including leadership roles in operations, development, sales, marketing, purchasing and finance. In 2011–2018, Jan worked as the Chief Executive Officer of Lenta.

Previously, he served as the 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 the General Manager of the Lukas Klammer wholesale business, a subsidiary of the Metro Group in the Netherlands, and over ten years with Aldi North.



**Walter Koch,**  
Member of the Board  
of Directors

Since 1999 Walter Koch has held senior positions at some of the largest European home appliance manufacturers such as AEG and Electrolux, being in charge of Logistics, SCM and After Sales Service.

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

Currently, Walter owns and operates an independent consulting firm and in May 2019 he got elected as an Independent Director of PJSC Magnit, Russia.



**Alexey Makhnev,**  
Member of the Board  
of Directors

Alexey Makhnev has over two decades of expertise and experience within the Russian consumer and retail sector. In 2006, Mr. Makhnev was a lead member of the Deutsche Bank investment banking team that carried out Magnit's IPO. For six years from 2009 to 2015 Mr. Makhnev served on Magnit's Board of Directors.

Over the past twenty years, Mr. Makhnev has worked on a large number of consumer and retail transactions in Russia and the CIS, including Magnit, Lenta, Okey, Dixy, Mvideo, LSR, Etalon, PIK, and Rusagro.



**Vsevolod Rozanov,**  
Member of the Board  
of Directors

Vsevolod Rozanov began his career at Bain & Company in 1993. In 2002, he moved on to join the leading Russian public investment company Sistema, holding CFO roles consecutively at MTU-Inform, Comstar UTS and MTS JSC. In 2008, he became CEO of Sistema's Indian greenfield telecom venture, SSTL (under the MTS India brand).

In 2013, Mr. Rozanov moved back to Moscow to become Sistema Group's CFO.

From 2018 to 2021 he was Managing Partner in charge of Sistema's financial assets as well as the South Asian businesses. He has served as a board member at various companies within the Sistema Group (telecom, banking, pulp & paper, etc.)

He currently serves as the Chairman of the Board of Directors of Sistema Capital, as well as member of the boards of MTS Bank, Fortenova Grupa and Volga-Dnepr Logistics B.V.

# Board of Directors

(continued)

## Members of the Board of Directors



**James Simmons,**  
Deputy Chairman of the Board of Directors

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 has an MBA from Harvard Business School, where he was a Baker Scholar.



**Alexander Vinokurov,**  
Member of the Board of Directors

Alexander Vinokurov began his career in 2004 with the investment banking division of Morgan Stanley (London).  
  
In 2006, he returned to Russia as Vice President of TPG Capital, co-founding the company's Russian office.

logistics, engineering, construction, telecommunications, oil and gas, oil trading and agriculture.  
  
In 2014, he became CEO of A1, Alfa Group's investment arm specialising in the acquisition of the assets that are undervalued due to challenging economic situations.

In 2011, Mr. Vinokurov assumed the post of President of Summa Group, which has significant investments in port and rail

In May 2017, Mr. Vinokurov left his post as President of A1 to co-found Marathon Group.



**Pierre-Laurent Wetli,**  
Member of the Board of Directors

Pierre-Laurent Wetli has spent the past 20 years of his career working at Bain & Company, one of the Big Three management consulting firms.  
  
Mr. Wetli worked at Bain's Moscow office from 2008 until recently, leading projects for Bain's retail and consumer goods clients in Russia and the CIS.

He has a strong understanding of the food value chain in Russia and its transformation over the last 15-20 years and brings relevant expertise in regard to strategy development, post-merger integration and commercial activities in the retail space.  
  
Mr. Wetli is currently also chairing the advisory committee of one of Russia's leading consumer goods companies.



**Sergey Zakharov,**  
Member of the Board of Directors

Starting 2004 Sergey Zakharov spent eight years working with M&A and capital markets in Moscow and London at the international law firm Clifford Chance, where he advanced to a counsellor. In 2012, Mr. Zakharov was appointed Vice President at Summa Group. In 2014, he joined A1, the investment arm of Alfa Group, as Executive Director, after which he left to co-found Marathon Group in 2017.

Mr Zakharov is currently Partner, Chairman of the Management Board at Marathon Group.

## Composition of Board Committees

Name	Status	Audit Committee	HR & Remuneration Committee	Strategy Committee	Capital Markets Committee
Charles Ryan <sup>1</sup>	Independent Non-Executive				Chairman
Naira Adamyan	Independent Non-Executive				
Pierre-Laurent Wetli	Independent Non-Executive				
Alexander Vinokurov	Non-Executive				
Tim Demchenko	Non-Executive				
Jan Dunning	Executive Director				
Sergey Zakharov	Non-Executive				
Walter Koch	Independent Non-Executive			Chairman	
Alexey Makhnev	Non-Executive				
Vsevolod Rozanov	Independent Non-Executive	Chairman			
James Simmons	Independent Non-Executive		Chairman		

Participation in Committees

<sup>1</sup> CHAIRMAN OF THE BOARD OF DIRECTORS



# Management Board

Over the course of 2021, there were a number of changes in Magnit's senior team to support the Group's continued growth.

On 22 July 2021 PJSC Magnit increased the size of its Management Board to 13 people to make decision-making more efficient. Chief Digital and Technology Officer Yuri Misnik, Chief Marketing Officer Pavel Lokshin along with Commercial Directors Francesco Fiamingo and Egor Shumilin were all added to the Management Board.

Chief Supply Chain and Logistics Officer Fedor Pavlovsky and Director for E-commerce Andrey Lukashevich<sup>1</sup> also joined the Management Board, replacing respectively Maria Dei and Florian Jansen, who both left the Company.

Full composition of the Management Board as of 31 December 2021

Name	Position	Joined	Background
Jan Dunning	President & CEO	2019	Metro, Lukas Klammer, Aldi North, Lenta
Anna Bobrova	Human Resources Director	2019	Metro, X5, JSC SIA International Ltd
Andrey Bodrov	Chief Investment and Strategy Officer	2019	Lenta, Investment banks
Francesco Fiamingo	Commercial Director for formats and Dry/ Non-Food	2019	Metro, Lenta
Ruslan Ismailov	Deputy CEO – Retail Chain Director	2019	Lenta, Metro, Mosmart
Pavel Lokshin	Chief Marketing Officer	2021	Metro, K-rauta, Perekrestok Express, O'Key
Andrey Lukashevich	Director for E-commerce	2021	Delivery Club, Vezet
Anna Meleshina	Corporate Relations and Sustainability Director	2019	Coca-Cola, Heineken, Lenta
Yuri Misnik	Chief Digital and Technology Officer	2021	Microsoft, AWS, banks
Fedor Pavlovsky	Chief Supply Chain and Logistics Officer	2021	Lenta, Adidas, X5
Maxim Shchegolev	Director for Chain Development, Real Estate and Maintenance	2020	Lenta, O'Key
Egor Shumilin	Commercial Director for Fresh/ Ultra Fresh and Regions	2018	X5
Elena Zhavoronkova	Chief Legal Officer	2018	Polyus, Evraz, TMK

## Management Board



Jan Dunning,  
President and CEO

Jan Dunning joined Magnit in January 2019 as President and Member of the Management Board. After joining the Board of Directors in May 2019, Jan was elected Chief Executive Officer in June 2019. Prior to joining Magnit, Jan spent over 25 years in the retail industry working in a broad range of retail functions including leadership roles in operations, development, sales, marketing, purchasing and finance.

In 2011–2018, Jan worked as the Chief Executive Officer of Lenta. Previously, he served as the 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 the General Manager of the Lukas Klammer wholesale business, a subsidiary of the Metro Group in the Netherlands, and over ten years with Aldi North.



Anna Bobrova,  
HR Director

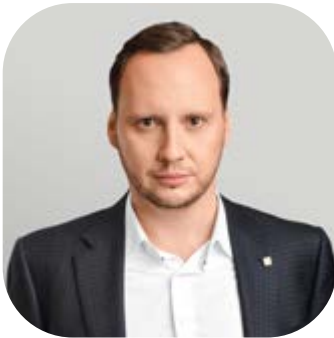
Anna has almost 20 years of experience in HR, particularly within the retail sector, and has successfully implemented projects aimed at the development and performance enhancement of line staff and management and increasing the service level in stores. She has also built and managed modern IT systems in employee management.

to 2013 was the Director of HR and Organisational Development in X5 Retail Group.

She held managerial positions in HR at JSC SIA International Ltd (2015–2019), Rimera Group (2013–2015) and Rosatom (2009–2011).

From August 2019 Anna has held the position of HR Director. Anna was appointed Member of the Management Board of PJSC Magnit on 10 September 2019.

Prior to joining Magnit, in 2003–2009 Anna worked in the HR department of Metro, from 2011



Andrey Bodrov,  
Chief Investment  
and Strategy Officer

Andrey Bodrov has 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 more than ten years in investment banking, 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 Mergers & Acquisitions Director at Lenta from February 2016.

Since September 2019 Andrey has held the role of Chief Investment and Strategy Officer of PJSC Magnit and is responsible for Magnit's investments, strategy, capital allocation and M&A. Andrey was elected as a Member of the Management Board of PJSC Magnit on 13 December 2019.

<sup>1</sup> On 12 April 2022 Andrey Lukashevich left the Company for family reasons. The Board of Directors decided to remove Andrey Lukashevich from the Management Board.

# Management Board

(continued)

## Management Board



**Francesco Fiamingo,**  
Commercial Director for formats  
and Dry/ Non-Food

Francesco Fiamingo has over 20 years of experience in retail across different fields. He began his career at Metro Cash & Carry in Italy and has held senior positions at the company in Russia and Serbia, where he was in charge of procurement.

Prior to joining Magnit in 2019, Francesco was the Commercial Director for the Hypermarket format at Lenta. He occupied the position of the Commercial Director for the Supermarket format at Lenta during the period from 2014 to 2017.

Francesco was appointed a Member of the Management Board of PJSC Magnit from 28 October 2021.



**Ruslan Ismailov,**  
Deputy CEO – Retail Chain  
Director

Ruslan Ismailov joined Magnit as the Retail Chain Director on 27 May 2019.

Ruslan has over 15 years of experience in managing consumer companies.

He started his career in 2003 in the Metro Cash & Carry retail chain, working his way from a department manager to a hypermarket director.

In 2009, Ruslan held the position of Deputy Chief Executive Officer of the Mosmart multi-format retail chain. Prior to joining the Company, he worked as a divisional director and headed the Supermarket format for four years in Lenta.

Ruslan was appointed Member of the Management Board on 4 June 2019.



**Pavel Lokshin,**  
Chief Marketing Officer

Pavel Lokshin has more than 20 years of management experience in international and Russian retail companies.

For more than 12 years he worked at Metro Cash & Carry in various positions in Moscow, Samara, Novosibirsk, and Guangzhou.

From 2013 to 2018, he was the first CEO of K-rauta Rus, a DIY hypermarket chain, part of the Finnish Kesko group, and then of Perekrestok Express.

Prior to joining Magnit, Pavel worked as the Chief Operating Officer at O'Key Group.

From June 2021 occupies the position of the Chief Marketing Officer. Pavel was appointed Member of the Management Board of PJSC Magnit starting 22 July 2021.



**Andrey Lukashevich,**  
Director for E-commerce

Andrey Lukashevich has had a successful career holding managerial positions in web services development companies. From 2015 to 2018, he held various executive positions in Delivery Club and became its CEO in 2016, where, during his tenure, Andrey increased the size of the business of the company several times and developed its strategy.

In 2017, he was included in the Young Media Managers of Russia Rating in the Web Service CEO category.

In May 2018, Andrey headed the Mail.Ru Foodtech Ventures, a division created specifically for investments in online sales and food delivery projects.

In early 2019, he became the CEO of Vezet taxi aggregator, a position he held until the deal with Yandex.

Since July 2021 Andrey held the position of the Director for E-commerce. He was appointed Member of the Management Board of PJSC Magnit on 22 July 2021.



**Anna Meleshina,**  
Corporate Relations  
and Sustainability Director

Anna Meleshina joined Magnit in May 2019 as Director for Government & Public Relations and was subsequently appointed Director for Corporate Relations & Sustainability. Prior to Magnit, Anna served as a Public Affairs & Communications Director for Coca-Cola in Russia and Belarus from 2017 till 2019. From 2013 until 2017 Anna held the position of Public Relations & Government Affairs Director and was a member of the Management Board at Lenta.

From 2002 until 2013 Anna took different roles in HEINEKEN, becoming the Corporate Relations Director for the company in Russia and a member of the HEINEKEN global corporate relations leadership team. After that, Anna held senior positions in non-commercial organisations, including an advisory role at the Honorary Consul of Iceland in St. Petersburg, and a board member and Deputy Chairman of the Russian Breweries' Association.

Anna was appointed Member of the Management Board from 20 November 2020.

# Management Board

(continued)

## Management Board



**Yuri Misnik,**  
Chief Digital  
and Technology Officer

Yuri Misnik has more than 20 years' experience in IT, having worked in leading companies such as Microsoft, Amazon Web Services, HSBC, and National Australia Bank (NAB). He has been a Cloud pioneer, leading the development and integration of Azure and AWS services in large international corporations.

In 2012, he joined the team of Amazon Web Services to work on the implementation of Amazon Cloud (AWS) services in the UK and Europe. From 2015 to 2019, Yuri served as the Digital Chief Information Officer at HSBC and later as a CIO at National Australia Bank.

He pioneered the implementation of Cloud, Agile, DevOps, and product teams in financial

services, and worked on bringing a combination of modern solution development methods and cutting-edge implementations of cloud services.

From late 2019, Yuri served as the Group Chief Technology Officer at First Abu Dhabi Bank (FAB), where he was responsible for driving the group's technology strategy to ensure that FAB was ready for the next generation of digital banking services.

Yuri is the Chief Digital and Technology Officer. He was appointed Member of the Management Board of PJSC Magnit starting 12 November 2021.



**Fedor Pavlovsky,**  
Chief Supply Chain  
and Logistics Officer

Fedor Pavlovsky has over 10-years' experience in retail. He spent most of his career working in the field of supply chain management and logistics.

Before joining Magnit Fedor was managing Supply Chain function of Pyaterochka (X5 Retail Group) in 2020–2021, where he was in charge of all logistics and supply chain processes. Earlier, in 2018–2020, he worked as a Senior Director for Supply Chain at Adidas

in charge of the CIS supply chain (Russia, Ukraine, Kazakhstan), focusing on omni-channel and e-commerce growth.

Prior to that, Fedor spent over 10 years working at LLC Lenta.

Since May 2021 he has held the position of the Logistics Director and supervises supply chain and logistics. He was appointed Member of Management Board of PJSC Magnit starting 22 July 2021.



**Maxim Shchegolev,**  
Director for Chain Development,  
Real Estate and Maintenance

Maxim Shchegolev has over 20 years of experience in retail. Before joining Magnit, he served as the Director for Format Development and Integration at Lenta since 2012, and prior to that, he worked for eight years at O'KEY Group, where, for the most part, he was responsible for store chain development. At earlier stages of his career, Maxim occupied various management positions in companies dealing in electronics and household appliances, including Megatekhnik and Partiya.

Since April 2020 he has been the Director for Chain Development, Real Estate and Maintenance. Maxim was appointed Member of the Management Board of PJSC Magnit starting 14 April 2020.



**Egor Shumilin,**  
Commercial Director for Fresh/  
Ultra Fresh and Regions

Egor Shumilin joined the Magnit team in June 2018 as the Director for Category Management Transformation before being appointed the Director of Category Management in August that year. On 1 February 2021, Egor was appointed the Fresh / Ultra Fresh Commercial Director, from 22 June 2021 – Commercial Director for Fresh / Ultra Fresh and Regions.

Prior to joining the Company, Egor worked at X5 Retail Group (Pyaterochka, Perekrestok, Karusel retail chains), where since 2008 he successfully worked his way up from Procurement Specialist to the Head of the Department. Since 2013 within the Pyaterochka retail chain he participated in the formation and implementation of the strategy for updating the concept of stores and the implementation of category management. Egor was appointed Member of the Management Board starting 26 April 2021.



**Elena Zhavoronkova,**  
Chief Legal Officer

Elena Zhavoronkova joined Magnit in June 2018 as the Director for Legal Affairs and Corporate Governance. Previously, she served as Vice President for Legal Affairs at PJSC Polyus. From July 2021 Elena is the Director of DIXY HOLDING LIMITED and from August 2021 – the Head of the representative office of DIXY HOLDING LIMITED in Moscow (a company of Magnit Group).

In 2010–2014, Elena held a similar position at Evraz. From 2008 to 2010 Ms. Zhavoronkova headed the legal department at United Industrial Corporation. In 2000–2008, worked her way from legal consultant to the Head of Legal Department at TMK. Elena was appointed Member of the Management Board on 22 June 2018.



# 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 continually enhances its corporate governance and ensures the protection of shareholders and other stakeholder rights.

Governance, management and control at the Company are divided among the shareholders (via the 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.

**Structure of corporate governance bodies**

PJSC Magnit has built robust systems of corporate governance and internal controls over 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 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 HR and Remuneration Committee
- the Strategy 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.

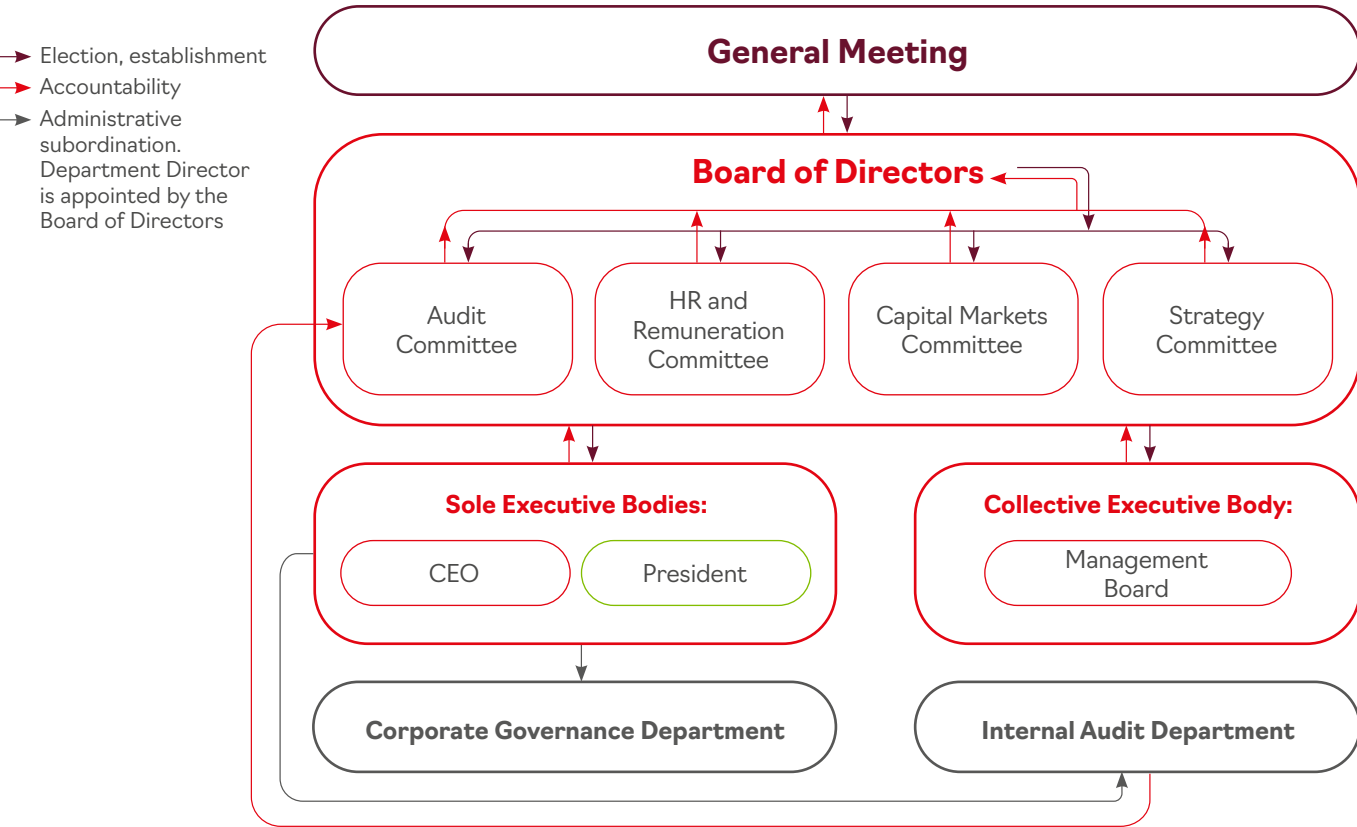
**Regulations**

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 Russia<sup>1</sup>.

The Company's activities are governed by its Articles of Association approved in a new edition by the annual General Meeting of Shareholders of PJSC Magnit held on 10 June 2021 and internal regulations<sup>2</sup>, including:

Internal regulations	
Document	Effective date
Regulations on the Board of Directors	11 June 2021
Regulations on the Committees of the Board of Directors	10 November 2021
Code of PJSC Magnit On Terms and Conditions of Transactions with Financial Instruments	25 June 2019
Regulations on the Sole Executive Bodies (President and CEO)	31 May 2019
Regulations on the Collective Executive Body (Management Board)	25 December 2020
Code of Business Ethics	24 March 2019
Regulations on Internal Audit	31 October 2018
Regulations on the General Shareholders Meeting	11 June 2021
List of Insider Information	17 January 2022
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
Audit Fees Policy	6 September 2021
Anti-Bribery and Corruption Policy	25 February 2014
Regulations on the Information Policy	24 April 2021
Anti-alcohol and Anti-drug Policy	1 January 2020
Safe Use of Vehicles Policy	1 January 2020
Fire Safety Policy	1 January 2020
Occupational Safety Policy	1 January 2020
Charity, Sponsorship and Volunteer Policy	1 January 2020
Environmental protection and occupational health and safety policy	1 January 2020



<sup>1</sup> FOR THE REPORT ON COMPLIANCE WITH THE PRINCIPLES AND RECOMMENDATIONS OF THE CODE SEE APPENDIX 1.  
<sup>2</sup> FOR MORE DETAILS, SEE THE WEBSITE OF THE COMPANY AT [HTTPS://WWW.MAGNIT.COM/EN/CORPORATE-GOVERNANCE/CORPORATE-DOCUMENTS/](https://www.magnit.com/en/corporate-governance/corporate-documents/).



# Corporate Governance Framework

(continued)

Compliance with the principles and recommendations of the Corporate Governance Code (hereinafter, the “CGC”)<sup>1</sup>

Corporate governance principles	Number of principles recommended by the Code	2017			2018			2019			2020			2021		
		<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
Shareholder rights and equal conditions for shareholders to exercise their rights	13	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
Board of Directors	36	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
Corporate Secretary	2	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
Remuneration system for members of the Board of Directors and senior Company executives	10	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
Risk Management and Internal Control System	6	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
Corporate disclosure	7	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
Significant corporate actions	5	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
Total grade	79	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>
	-	78%			81%			81%			81%			87%		

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

For a detailed report on compliance with the principles and recommendations of the Code, see Appendix 1 on p. 219.

- Complied with
- Partially complied with
- Not complied with

Corporate Governance Framework Development

PJSC Magnit continues to steadily develop its corporate governance system in accordance with best practices. 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 2021, the Company further improved its corporate governance system. The main changes and innovations are listed below.

- Shareholders approved a new edition of the Articles of Association, which stipulates an increase in the size of the Board of Directors from nine to eleven members
- Further strengthened the Board of Directors, including appointing a female Independent Non-Executive Director to the Board

- Reorganised and elected members to the four Board Committees following changes to the composition of the Board of Directors
- Continued to strengthen the Management Board to improve decision-making. The Management Board was expanded to 13 members
- Published a new edition of the Regulations of the Board of Directors and Regulations on Committees of the Board of Directors
- Published new Regulations on the General Shareholder Meeting
- Published new Regulations on the information policy
- Reviewed and approved the short-term incentive programme and the KPIs of members of the Management Board
- Included new participants into the list of the long-term incentive programme

- The practice of liability insurance of members of the Board of Directors was continued
- Introduced the Audit Fees Policy to oversee the approval process of external auditors, assure independence and manage fees.

In 2022, the Company plans to:

- further improve the efficiency of and consistently follow corporate governance processes
- continue to increase the number of implemented recommendations of the CGC
- take the necessary measures to implement the recommendations of the CGC.

Addressing shareholders' concerns

- The AGM held on 10 June 2021 amended the Company’s Regulation on the General Shareholders Meetings (clause 5 article 53) stipulating that if more than 20 percent of the shareholders vote against the decisions recommended by the Board of Directors, the Company is obliged to engage with shareholders through consultations.
- At the AGM more than 20 percent of Magnit shareholders voted against the ratification of the auditor under IFRS. Although the majority of shareholders voted in favour of the ratification, in line with the above amendment, the Board instructed the management team to consult with Magnit’s shareholders on the decision.
- The management hired an independent agency and conducted a perception study among its shareholders. The study identified that the main rationale for those voting against the decision was due to the non-audit fees awarded to the auditor over the past fiscal year. These additional fees raised concerns among shareholders around the auditor’s independence.
- In response to the findings of the perception study, the Board introduced the Audit Fees Policy to oversee the approval process of external auditors, assure independence and manage fees. The policy limits the sum of non-audit fees it pays to the approved auditor to no more than 50% of its audit fees with effect from 1 January 2022.

<sup>1</sup> Statistics provided are based on a report on compliance with the principles and recommendations of the CGC, prepared on the basis of Bank of Russia Recommendation Letters No. IN-06-52/8 dated 17 February 2016 (in relation to statistics for 2017-2020) and No. IN-06-28/102 (in relation to statistics for 2021).

# Corporate Governance Framework

(continued)

## 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.

At the Annual General Shareholders Meeting held on 10 June 2021, shareholders approved new Regulations on the General Shareholders Meeting.

The key capabilities of the General Meeting of Shareholders include:

- approval of the Company's annual report
- approval of the Company's annual accounting (financial) statements
- election of the Company's Board of Directors
- distribution of profits, including dividend payments
- approval of major and related party transactions and
- approval of the Company's auditor.

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 three General Meetings in 2021: one annual General Meeting (AGM) and two extraordinary General Meetings (EGM), all meetings were in the form of absentee voting.

## General Meeting resolutions

GM¹	Quorum, %	Key resolutions
AGM, 10 June 2021	73.38	<ul style="list-style-type: none"><li>— Approval to re-elect the nine members of the Board of Directors</li><li>— Approval of the annual report and annual financial report for 2020</li><li>— Approval of the distribution of profit (including the payment (declaration) of dividends) based on the 2020 results</li><li>— Approval of the Articles of Association</li><li>— Approval of the Regulations on the General Shareholders Meeting and Regulations on the Board of Directors in the new editions</li></ul>
EGM, 9 September 2021	75.09	<ul style="list-style-type: none"><li>— Approval to terminate powers of the Board of Directors that consisted of nine members, reflecting the decision of the AGM held on 10 June 2021 to extend the Board to eleven members</li><li>— Four new members of the Board of Directors were appointed; seven of the nine original members of the Board were re-elected to the extended Board</li></ul>
EGM, 16 December 2021	71.78	<ul style="list-style-type: none"><li>— Approval of the dividend payment based on the 9M 2021 financial results</li></ul>

# Board Responsibilities

## Composition and Evaluation of Effectiveness

## Board of Directors Responsibilities

The Board of Directors is the collective governing body responsible for the overall management of the Company, except for the matters reserved to the General Shareholders Meeting in accordance with the federal laws and the Company's Articles of Association. The Board of Directors shall also be responsible for the strategic management of the Company, risk management and internal control frameworks, oversight over the executive bodies of the Company, and other key functions

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 Management Board, 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.

## Induction 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 among 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 of the Company shall consist of eleven (11) members and be elected by the General Shareholders Meeting
- At least three members of the Board of Directors shall be independent directors
- The members of the collective executive body (Management Board) may not account for more than one fourth of the members of the Company's Board of Directors. The sole executive bodies (President and Chief Executive Officer) may not simultaneously serve as Chairman of the Board of Directors.

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 specifics and scale of Magnit's business operations and objectives.

¹ <https://www.magnit.com/en/shareholders-and-investors/shareholders-meeting/>.

# Board Responsibilities, Composition and Evaluation of Effectiveness (continued)

## The Board of Directors' activities in 2021

In the reporting year, the Board of Directors held 18 meetings and considered 133 issues. The average attendance at meetings of the Board of Directors was 100%. The key issues related to changes in the corporate governance system, the convening and holding of the General Meeting of Shareholders, etc.

Held  
**18** meetings

Considered  
**133** issues

**100%**  
average attendance at meetings of the Board of Directors

## External assessment of the Board of Directors

As part of the external assessment, the following components of the activities of the Board of Directors were analysed:

- the structure, composition and independence of the Board of Directors and its Committees
- the organisation of work of the Board of Directors and its Committees
- the effectiveness of the Board of Directors and its Committees
- the role and performance of the Board Chairman
- the overall performance, involvement and contribution as well as skills and competencies of each director.

The external assessment has shown a high level of efficiency, thoroughness, involvement, commitment and openness of the members of the Board of Directors and its Committees. The balance of the composition of the Board of Directors in terms of independence, relevant experience and complementary skills, as well as the ability to make informed decisions for the benefit of the Company, was noted.

An independent assessment of the activities of the Board of Directors included analysis of the internal documents, survey and individual interviews with the Board of Directors members. Also, interviews with the Company's top management were conducted. The activities of the Board of Directors were also analysed for compliance with the provisions of key methodological documents and standards, including the Corporate Governance Code of the Bank of Russia, the UK Corporate Governance Code and the OECD<sup>1</sup> Principles of corporate governance.

According to the results of the assessment by an independent consultant, a high level of efficiency and thoroughness of the Board of Directors of the Company was noted, as well as a very high level of involvement, commitment and openness of the Board of Directors and its committees.

The balance of the composition of the Board of Directors in terms of independence, the availability of the necessary competencies, experience and skills was separately noted. In terms of independence and representation of foreign directors, the Company is well ahead of most Russian large companies and is in line with international corporate governance standards. The current composition of the Board of Directors fully meets the needs of the Company and contributes to making informed decisions.

The degree of implementation of key functions of the Board of Directors was assessed by an independent consultant as high. The Board of Directors of the Company considers a wide range of issues and ensures effective strategic management of the Company.

In order to further improve the work processes of the Board of Directors of the Company, based on the internal assessment results, a list of key areas for development was formed. The identified areas for development formed the basis of the plan to improve the efficiency of the Board of Directors in 2021. During 2021 we followed the plan, i.e. the Board of Directors has been extended, strengthening its independence and gender diversity as well as expanding the skills and competences of the Board members.

<sup>1</sup>ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT



# 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; and
- 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 dated 12 December 2019, minutes of 13 December 2019).

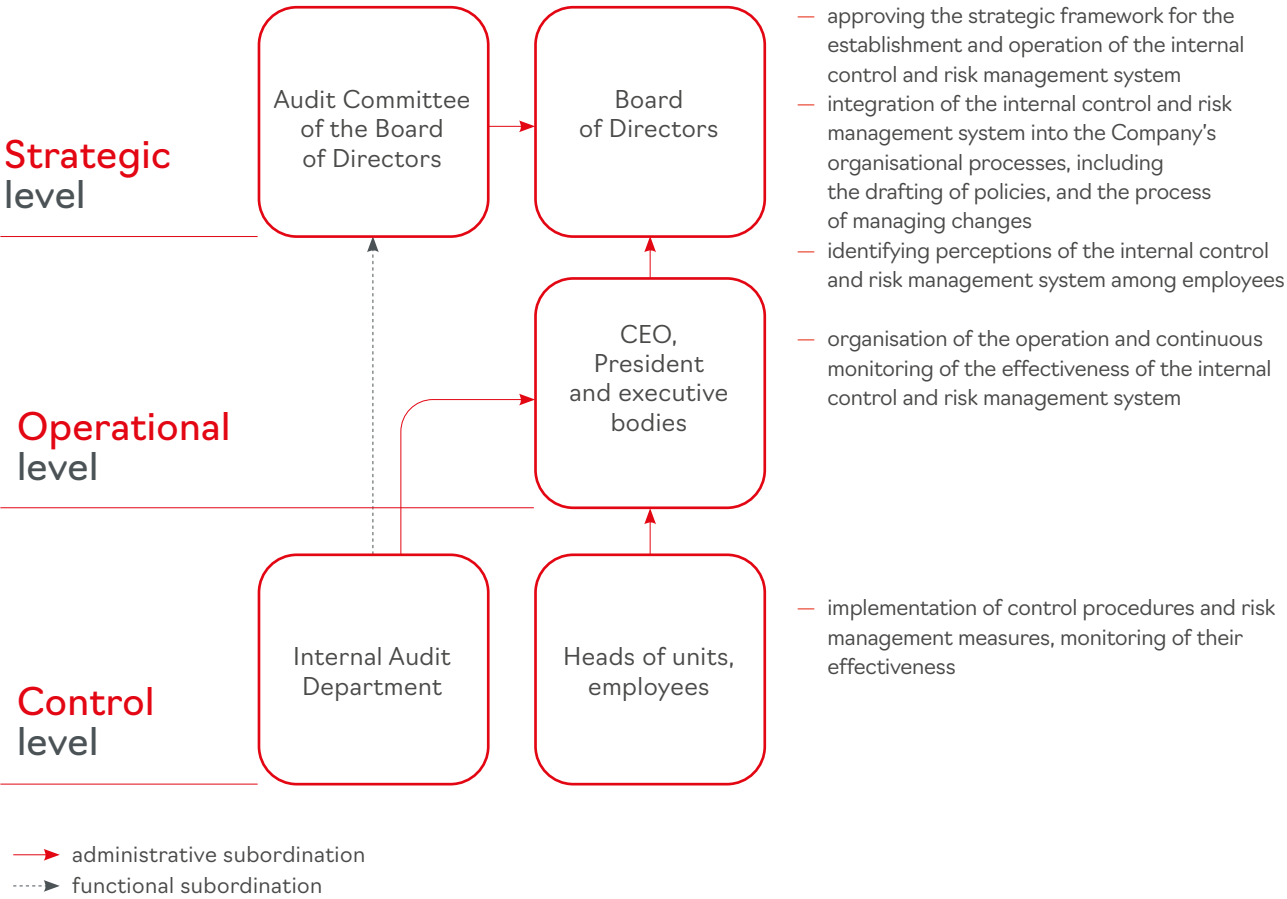
The internal control and risk management system consists of three levels, each playing its part in the process of elaborating, approving and applying corresponding measures and evaluating the system:

The internal control system is based on the principles of the COSO concept recommended by the Corporate Governance Code. According to the COSO model<sup>1</sup>, 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 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.

### Structure of the Company's internal control bodies



The communication among the participants in the internal control and risk management system, as well as decision-making in corresponding areas, is implemented via the Company's information systems. The relevant information is defined, recorded and transmitted in such a form as 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.

### 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.

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

<sup>1</sup>THE COMMITTEE OF SPONSORING ORGANISATIONS OF THE TREADWAY COMMISSION (COSO) IS A VOLUNTARY PRIVATE ORGANISATION ESTABLISHED IN THE UNITED STATES THAT IS DEDICATED TO PROVIDING THOUGHT LEADERSHIP THROUGH THE DEVELOPMENT OF FRAMEWORKS AND GUIDANCE ON ENTERPRISE RISK MANAGEMENT, INTERNAL CONTROL AND FRAUD DETERRENCE.

# Internal Control and Risk Management System (continued)

- preparing 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).

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.

On 10 September 2021 the changes were made in the management of the Department. A new Director of the Internal Audit Department was appointed.

In 2021, 21 audits were conducted by employees of the Internal Audit Department. Based on the results of the audits, 217 corrective actions were developed and approved. Some of them were implemented in 2021, the rest will be implemented from the beginning of 2022.

At the beginning of 2022, changes were made in the structure of the Internal Audit Department due to the Company's acquisition of the Dixy chain. Within the organisational structure of Dixy, an internal audit unit was formed that functionally reports to the Director of the Internal Audit Department of PJSC Magnit.

### Efficiency assessment

In 2021, 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, risk assessment, control procedures, information, communications, and monitoring.

According to the assessment, the current level of organisation and functioning of the internal control and risk management system was deemed to be 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, a member of Self-regulatory Organisation of Auditors Association "Sodruzhestvo" (SRO AAC) (Ernst & Young LLC is included in the control copy of the register of auditors and audit organisations 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 10 June 2021 as the auditor of the Company's consolidated financial statements prepared in accordance with the International Financial Reporting Standards.

Ernst & Young LLC has been auditing the consolidated statements of PJSC Magnit and its subsidiaries prepared in accordance with the international Financial Reporting Standards since 2010. The partner of Ernst & Young LLC since 2020 is Ilya Ananyev.

The auditor inspected the 2021 consolidated financial statements of PJSC Magnit and its subsidiaries in accordance with IFRS in the reporting year.


Based on the results of the audit, the auditor expressed an opinion on the accuracy of the consolidated financial statements for 2021, prepared in accordance with IFRS.

The auditor's total remuneration paid by the Group in 2021 amounted to RUB 134.96 mln (excluding VAT), including:

- remuneration for the audit and audit-related services – RUB 76.64 mln (56.79% of the total amount paid), including RUB 61.85 mln paid for the statutory audit and review of the consolidated financial statements of the Company
- remuneration for other audit-related services ("non-audit services") – RUB 58.32 mln (43.21% of the total amount paid).

These amounts include payments made for the services for the provision of which the auditor was hired in 2020, and which were completed in 2021.

In September 2021 the Audit Committee of the Company's Board of Directors approved the Audit Fees Policy.

 For more details on this Policy and measures taken by the Company following the results of the AGM in 2021, see Corporate Governance Framework Development.

Therefore, aggregate volume of services for which the auditor was engaged by the Group in 2021 amounted to RUB 123.96 mln (excluding VAT), including:

- audit and audit-related services – RUB 83.82 mln (67.62% of the total volume of services), of which RUB 77.85 mln relate to the statutory audit and review of the consolidated financial statements of the Company

- other audit-related services ("non-audit services") – RUB 40.14 mln (32.38% of the total volume of services and 47.89% of the total volume of audit and related services).

The bulk of the "non-audit" services for the provision of which the Group hired the auditor in 2021 are consulting services related to the implementation of IT solutions for inventory forecasting and replenishment.

### RAS Audit

The audit firm Faber Lex Limited Liability Company (TIN 7709383532), location: Krasnodar, 144/2 Krasnykh Partizan Street, was approved at the AGM held on 10 June 2021 as the auditor of the Company's accounting (financial) statements for 2021 prepared in accordance with the Russian Accounting Standards.

AF Faber Lex LLC is a member of the Self-Regulatory Organisation of Auditors Association SODRUZHESTVO (SRO AAS) No. 441 dated 20 March 2020 with the main registration number entry (ORNZ) 12006114232.

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 in all its material aspects.

The total remuneration paid by the Group's companies to AF Faber Lex LLC in 2021 amounted to RUB 6.59 mln (excluding VAT), including:

- remuneration for the audit services – RUB 6.095 mln (92.49% of the total amount paid), including RUB 316.2 thousand paid for the audit of the PJSC Magnit accounting (financial) statements for 2020
- remuneration for other audit-related services ("non-audit services") – RUB 495 thousand (7.51% of the total amount paid).

# Committees

## of the Board of Directors

The Board of Directors has four Committees:

- Audit Committee
- HR and Remuneration Committee
- Strategy Committee
- 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 regulate the composition and activities of the Committees.

In 2021, the Committees held 17 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 interact with the management in order to increase the efficiency of cooperation between the executive bodies of the Company and the Board of Directors.

The following independent directors sit on the following Committees:

Name	Status	Audit Committee	HR & Remuneration Committee	Strategy Committee	Capital Markets Committee
Charles Ryan	Independent Non-Executive				Chairman
Naira Adamyan	Independent Non-Executive				
Pierre-Laurent Wetli	Independent Non-Executive				
Walter Koch	Independent Non-Executive			Chairman	
Vsevolod Rozanov	Independent Non-Executive	Chairman			
James Simmons	Independent Non-Executive		Chairman		

 Participation in Committees

### 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.

**Members:** Vsevolod Rozanov (Chairman), James Simmons, Pierre-Laurent Wetli

Key results:

- Evaluation of the auditor's report on the financial statements of PJSC Magnit for 2021, compiled in accordance with Russian accounting standards
- Evaluation of the auditor's report on the consolidated financial statements of PJSC Magnit and its subsidiaries for 2021 prepared in accordance with Federal Law No. 208-FZ dated 27 July 2010 "On Consolidated Financial Statements"
- Preliminary consideration of the report on transactions concluded by PJSC Magnit in 2021, in which there was an interest
- Development of proposals for the appointment of an external auditor, payment for its services and terms of engagement

- Approval of the remuneration of the head of the internal audit unit based on the results of work in 2021
- Consideration of the internal audit conclusion based on the results of assessing the reliability and effectiveness of the risk management, control and corporate governance processes of PJSC Magnit in 2021
- Development of proposals for the head of the structural unit that carries out internal audit
- Development of proposals for payment for the services of an external auditor
- Approval of the Audit Fees Policy
- Consideration of the report on evaluation of the efficiency of the internal control and risk management system of PJSC Magnit and its subsidiaries for 2021
- Consideration of the results of performance of the structural unit that carries out internal audit in 2021
- Approval of the plan of operation of the structural unit that carries out internal audit in 2022
- Approval of the budget of the structural unit that carries out internal audit in 2022.

### 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.

**Members:** James Simmons (Chairman), Naira Adamyan, Walter Koch

Key results:

- Evaluation of candidates to the Board of Directors in terms of having the necessary experience, knowledge, business reputation, absence of a conflict of interest, and compliance of candidates for members of the Board of Directors with the independence criteria determined by the Board of Directors of the Company (including the Listing Rules of the Moscow Exchange)
- Preliminary approval of remuneration for members of the Management Board of PJSC Magnit and other key employees of the group of companies of PJSC Magnit based on the results of work in 2021
- Change in the total number of participants in the Long-term Remuneration Programme for Key Employees of JSC Tander and PJSC Magnit and approval of the List of positions of employees of PJSC Magnit and JSC Tander that are covered by the Long-term Remuneration Programme for Key Employees of JSC Tander



# Committees of the Board of Directors

(continued)

- and PJSC Magnit, in a new edition.
- Inclusion of New Participants into the Long-term Remuneration Programme for Key Employees of JSC Tander and PJSC Magnit
- Approval of additional agreements to the Securities Purchase and Sale Agreements under the Long-term Remuneration Programme for key employees of JSC Tander and PJSC Magnit with individual Programme Participants
- Recommendations regarding the formation and composition of the collegial executive body (Management Board) of PJSC Magnit
- Development of proposals for the head of the structural unit that carries out the internal audit
- Recommendations regarding the approval of changes to the short-term incentive programme (STI) for the President and members of the Management Board of PJSC Magnit for 2021, as well as key performance indicators (KPI) for the President and members of the Management Board of PJSC Magnit
- Recommendations regarding the approval of key performance indicators for the head of the structural unit performing internal audit in 2021
- Recommendations regarding the approval of the List of positions of employees of PJSC Magnit and JSC Tander, which are subject to the Long-term remuneration programme for key employees of JSC Tander and PJSC Magnit, in a new edition
- Recommendations regarding the inclusion of New Participants in the Long-term Remuneration Programme for Key Employees of JSC Tander and PJSC Magnit
- Approval of changes to the short-term incentive programme (STI), as well as key performance indicators (KPIs) for individual members of the Management Board of PJSC Magnit for 2021.

## Strategy Committee

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

**Members:** Vsevolod Rozanov, James Simmons, Naira Adamyan, Pierre-Laurent Wetli, Walter Koch (Chairman)

**Key results:**  
In the reporting year, the Strategy Committee reviewed the plan for opening stores and the budget for 2021, actively interacted with the management team on further development of the Corporate Strategy of the Company for 2021–2025 and oversaw its implementation.

## 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.

**Members:** Vsevolod Rozanov, Walter Koch, Charles Ryan (Chairman)

- Key results:**
- Consideration of the results of the evaluation of the work of the Board of Directors of PJSC Magnit
  - Preliminary consideration of recommendations to the General Meeting of Shareholders of the Company on the distribution of profits and losses of the Company based on the results of the 2020 reporting year, including the dividend amount from the Company's shares, the procedure for its payment and the date on which the persons entitled to receive dividends are determined
  - Formation of recommendations to the Board of Directors on amendments to the Articles of Association of PJSC Magnit and internal documents of PJSC Magnit
  - Discussion of issues of priority areas of activities of PJSC Magnit.

# Corporate Secretary

## The Corporate Governance Department of PJSC Magnit performs the function and responsibilities of the Corporate Secretary.

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

- 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.

Corporate Governance Department reports to the President and CEO and is accountable to the Board of Directors.

On 27 May 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.

★ **Ekaterina Kister**  
(born in 1978)

Corporate Governance Director

**Education:**  
  
2000 – Kuban State University (Faculty of Law).

**Experience:**  
  
Joined PJSC Magnit in 2016, from JSC Tander (subsidiary of PJSC Magnit) where she had worked for 11 years.

# Remuneration Report

## Directors' Remuneration

In 2021, the Directors' remuneration policy was regulated by the Regulations on the Board of Directors of PJSC Magnit<sup>1</sup>.

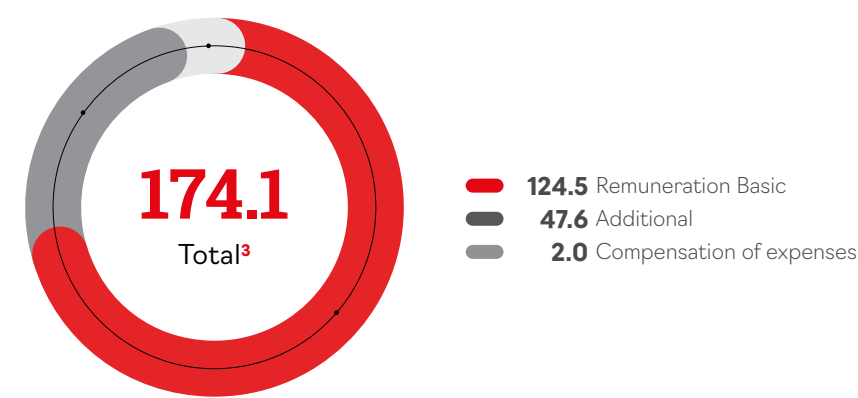
According to these Regulations, Directors are entitled to the following types of remuneration for the membership in the Board of Directors within the reported period:

- base remuneration (EUR 150,000)
- additional remuneration.

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

Title	Basic	Additional	Compensation of expenses related to
Chairman of the Board of Directors	EUR 150,000	EUR 200,000	<ul style="list-style-type: none"><li>— travel to and from the venue of the meeting of the Board of Directors, as well as being at the venue of the meeting</li><li>— participation in the meeting of the Board of Directors by telephone, use of a teleconference system, sending a written opinion, absentee voting</li><li>— execution of the functions of a member of the Board of Directors</li><li>— recruitment of consultants and experts and obtaining opinions on the activities of the Board of Directors.</li></ul>
Chairman of the Audit Committee	EUR 150,000	EUR 100,000	
Chairman of the Strategy Committee	EUR 150,000		
Chairman of the Capital Markets Committee	EUR 150,000		
Chairman of the HR and Remuneration Committee	EUR 150,000	EUR 75,000	

## Remuneration paid to members of the Board of Directors in 2021, RUB mln



<sup>1</sup> REGULATIONS WERE APPROVED AT THE AGM ON 10 JUNE 2021 (MINUTES OF 11 JUNE 2021).  
<sup>2</sup> THE ISSUE OF COMPENSATION FOR EXPENSES OF MORE THAN EUR 50,000 IS CONSIDERED AT THE GENERAL MEETING OF SHAREHOLDERS.  
<sup>3</sup> 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.  
<sup>4</sup> REGULATIONS WERE APPROVED AT THE AGM ON 30 MAY 2019 (MINUTES OF 31 MAY 2019).  
<sup>5</sup> 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 MANAGEMENT BOARD.

## Remuneration of the sole executive bodies (CEO and President)

In 2021, the policy of remuneration and compensation of expenses of the CEO and the President was regulated by the Regulations on the Sole Executive Bodies (the President and the Chief Executive Officer)<sup>4</sup>.

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

In accordance with the employment agreement, Jan Dunning received a signing bonus and 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. This number of shares was transferred in three tranches: on 21 May 2019 (50%), 23 March 2020 (25%) and 8 February 2021 (25%).

## Remuneration of members of the Management Board

In 2021, the policy of remuneration and compensation of expenses to members of the Management Board was regulated by the Regulations on the collective executive body (Management Board), approved by the EGM on 24 December 2020 (minutes of 25 December 2020).

Remuneration paid to members of the collective executive body in 2021: RUB 872.5 mln.

## 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 targeted value of the bonus equal to the annual salary. The actual amount of the bonus depends on the fulfillment of the Corporate KPIs and individual KPIs approved by the Board of Directors for the reporting year	The remuneration amount depends on the Group's financial results, share price, time worked during the programme, as well as the planned number of shares approved by the Board of Directors	— 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	
Base salary	Bonus	LTI	Compensation of expenses
According to the terms of the employment contract	The motivation programme sets the target value of the bonus as a percentage of salary. The actual amount of the bonus depends on the fulfillment of the Corporate KPIs and individual KPIs approved by the Board of Directors for the reporting year	The remuneration amount depends on the Group's financial results, share price, time worked during the programme, as well as the planned number of shares approved by the Board of Directors for each participant of the programme	— VHI policy for an employee and family members (partner and children) — accident insurance — business trips — communication — transport — rental housing.

## Remuneration of members of the Management Board, total,<sup>5</sup> RUB mln

Remuneration	All companies of the Group	PJSC Magnit
Base Salary	324.4	4.7
Bonus	539.0	—
Compensation of expenses	9.1	—
Total	872.5	4.7

# Remuneration Report

(continued)

KPI

In 2021 the Company had targets against the following triggers to calculate the annual bonus:

- LFL retail sales (%)
- EBITDA (RUB bln)
- Inventory (days).

In case of failure to meet at least one of the three triggers, the bonuses are not paid.

If the trigger indicators are met, the following corporate indicators are set for all members of the Management Board in the Company:

- LFL retail sales (%)
- EBITDA (RUB bln)
- OMNI revenue (RUB bln).

Individual KPIs have also been set for a number of Management Board members, and corporate KPIs are applied as a multiplier to the individual portion of the bonus.

The Board of Directors approves the list of corporate and individual KPIs as well as their influence on bonus payments for the CEO-1 level.

LTI

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

- motivation of participants to increase the share price of the Company
- motivation of participants towards 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 seven 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 2021, the Board of Directors changed the total number of programme participants.

	2021
Number of employees who received shares including employees who left the Company	53 11
Shares transferred including to employees who left the Company	222,449 31,914

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.

Participants have the right to receive shares of the option-based part if the market share price exceeds RUB 4,700 per share.

Payments are made if the target EBITDA is reached and the terms of the contract are met.

The amount of payments to programme participants depends on the period worked during the execution of the programme.

In 2021, the Company transferred 222,449 shares to 53 employees as part of the long-term remuneration programme, including 31,914 shares transferred to 11 employees who left the Company in 2021.

Programme structure

	Share-based part	Option-based part
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 seven years: 1/3 at the end of the first year + 1/3 the following year + 1/3 in two years.	Shares provided within the option-based part are based on the results of each year and are delivered in three stages within the period of seven 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 December 2018. The programme participant continues to work in the Group on the exercise date of the option.	

LTI remuneration in 2021




Name	Position	Shares
Management Board		
Jan Dunning	Chairman of the Management Board, President, CEO	72,928
Anna Bobrova	HR Director	4,960
Andrey Bodrov	Chief Investment and Strategy Officer	4,813
Francesco Fiamingo	Commercial Director for formats and Dry/Non Food	2,597
Ruslan Ismailov	Deputy CEO – Retail Chain Director	12,979
Pavel Lokshin	Chief Marketing Officer	0
Andrey Lukashevich	Director for E-commerce	0
Anna Meleshina	Corporate Relations and Sustainability Director	1,492
Yuri Misnik	Chief Digital and Technology Officer	0
Fedor Pavlovsky	Chief Supply Chain and Logistics Officer	0
Maxim Shchegolev	Director for Chain Development, Real Estate and Maintenance	2,542
Egor Shumilin	Commercial Director for Fresh/Ultra Fresh and Regions	9,693
Elena Zhavoronkova	Chief Legal Officer	7,063
Other employees of the Company		71,468
Employees who left the Company in 2021		31,914



# Stakeholder Management

Magnit engages in an open dialogue with each of its stakeholders on a regular basis. The Company's interaction with stakeholders is built on the principles of respect for stakeholders, transparency, regularity, and compliance with obligations. The Company has identified a number of key stakeholder groups whose interests are most closely related to its activities.





Key stakeholder groups

Stakeholder	Why they are important	How we engage	Key concerns	How we respond
<div></div> <div>Customers</div>	<p>Our customers are our number one priority as we drive improvement in our value proposition. We have a customer-centric approach to our decision-making.</p>	<p>Engagement is achieved via customer purchases both offline and online.</p> <p>We have plenty of physical touch points with customers:</p> <ul style="list-style-type: none"><li>— Offline business (cash desks, info screens, price tags, in-store communications, consultations by beauty experts at Magnit Cosmetic and pharmacists, etc.)</li><li>— Loyalty programme and Loyalty App (MAU)</li><li>— Delivery App (Number of online orders)</li><li>— Digital (social media, etc.)</li><li>— Call centre</li></ul> <p>We collect data and feedback from these touch points, which serve as a basis for personalisation and proposition improvement.</p> <p>We work to continuously improve our offering based on customer feedback and various surveys (GFK reports, focus groups on various topics, mystery customer). Based on the findings, we launch internal discussions and action plans.</p>	<ul style="list-style-type: none"><li>— Quality of products and service</li><li>— Choice (assortment)</li><li>— Inflation (prices)</li><li>— Health &amp; Safety (including measures against COVID-19)</li></ul>	<p>We pay attention to all elements of CVP both online and offline and have various analytical tools to help category managers tailor our offering. We have a dedicated quality department which constantly monitors quality standards compliance and introduces improvements.</p> <p>We follow trends and work across four directions in our category management to provide and optimise choice, including rationalisation &amp; harmonisation, clustering, best in local and personalisation enabled by the loyalty programme.</p> <p>We offer a value for money concept to our customers based on affordability, price monitoring, promos, personalisation and through the development of the discounter concept.</p> <p>The Company undertakes additional measures to protect customers and employees in the pandemic environment. Magnit follows hygiene programmes and cleaning procedures developed as a response to the COVID-19 pandemic.</p>
<div></div> <div>Suppliers</div>	<p>Our suppliers are key to helping us deliver variety, value and quality to our customers. We aim to build long-term mutually beneficial relationships that are based on trust and mutual respect to help them grow.</p>	<p>Interaction with partners is of daily, but we also identify and develop separate formats: regional procurement conferences, an annual conference of partners, strategic sessions, JBP (joint business planning) and JVC (joint value creation) programmes.</p> <p>We invest in communication platforms with partners: supplier portal, SRM system and logistics programmes.</p>	<p>Our partners are primarily concerned with the sustainable development of joint business – from sales volumes to the assessment of the quality of their products by consumers and the impact on the environment.</p>	<p>At the centre of interaction is our category management team, which engages other specialised services to address the issues facing us and our partners.</p> <p>We integrate our suppliers into Magnit's internal business processes to improve interaction and sales performance, and exchange logistics data through the 'Magnit Service' portal.</p> <p>In 2021, we introduced digital supplier contracts, significantly reducing the time for document verification.</p> <p>We require our suppliers to adhere to our Code of Business Conduct which sets out the standards for interaction. Food suppliers are required to adhere to the Code of Good Practice which sets out the principles of mutual respect and good faith among market participants.</p>
<div></div> <div>Employees</div>	<p>The Company's employees are our main asset, ensuring the execution of all business processes.</p>	<p>We strive to be the employer of choice, to attract and retain talent.</p> <p>Each year, we aim to increase our employer Net Promoter Score (eNPS) and measure Magnit's 'Brand Health' on a quarterly basis by monitoring social media.</p> <p>We engage directly with employees through dedicated employee social platforms, internal email newsletter, and our dedicated employer website.</p> <p>Business information and broader information sessions are made available online for employees on non-work and social issues.</p>	<ul style="list-style-type: none"><li>— Fair pay</li><li>— Working conditions</li><li>— Rewards and benefits</li><li>— Training, skills and development</li><li>— Diversity and inclusion</li><li>— Health and safety</li><li>— Mental health</li></ul>	<p>We engage with our employees to understand their concerns using both research and analytics.</p> <p>In 2021, we evolved our EVP to attract and retain staff. Our focus has been to promote a culture of a work family and develop a strong eco-system around employees both in work and outside.</p> <p>Magnit offers employees a broad system of benefits, including, amongst others, voluntary health insurance, accident insurance, partial compensation for meals.</p> <p>We look to increase the number of survey participants each year and gather comments and suggestions, conduct workshops to develop solutions.</p> <p>We motivate staff through a wide range of opportunities for professional development, including competitions, rewards, individual and departmental awards and education.</p> <p>We offer regular and ongoing training and development.</p>

# Stakeholder Management

## (continued)

### Key stakeholder groups

Stakeholder	Why they are important	How we engage	Key concerns	How we respond
 <b>Society and local community</b>	<p>Magnit plays an essential role in society by feeding the nation and being one of the largest private employers in the country either directly or indirectly through its supply chain.</p> <p>Our position enables us to address wider societal issues such as food poverty, health and wellbeing, healthy living, responsible consumption and education.</p>	<p>We aim to responsibly engage with our communities and many of our community initiatives are carried out at the local level through our store presence.</p> <p>We use a variety of mediums and formats to engage with communities, either through on-the-ground presence, via the media, social media, video, and our website.</p> <p>We carry out educational programmes aimed at children of school age, provide direct investment into community projects (such as building playgrounds) and volunteering.</p>	<ul style="list-style-type: none"> <li>Local employment opportunities</li> <li>Local charitable causes and investment in national social projects</li> <li>Economic contribution</li> <li>Environmental factors</li> <li>Food security</li> </ul>	<p>We respond to needs both on a pre-planned basis through engagement with communities and also take action on immediate needs when required. Local and regional managers coordinate local activities, while our central marketing teams manage activities on the national level.</p> <p>The Company supports many local and national charity campaigns such as the "United for a Healthier Future" campaign, which encompasses educational programmes, research, partnerships, and making healthier products available. Amongst others, Magnit local charitable campaigns support blood donor programmes, orphanages, charitable clothing and food collections, voluntary environmental working days, tree planting and promoting the benefits of volunteering.</p> <p>In 2021, our emergency response focused on fulfilling basic human needs where vulnerable groups required food, clothing, environmental, infrastructure or emergency assistance.</p>
 <b>Investors and shareholders</b> <p> More information can be found on p. 130.</p>	<p>The Company is interested in attracting new and retaining existing investors and maintains a constant dialogue with the investment community, while treating all the investment categories with special attention.</p>	<p>The Company uses various formats of interaction, including distributing press releases announcing operational and financial results, organising conference calls, face-to-face and virtual meetings; conducting road shows and site visits; and participating in investment conferences and other events.</p>	<ul style="list-style-type: none"> <li>Performance against set strategy and targets</li> <li>Changes in strategy</li> <li>Dividends / capital growth</li> <li>COVID-19 pandemic impact</li> <li>Macro-economic environment, inflation and promo activity</li> <li>Status of business transformation</li> <li>Expansion plans and M&amp;A opportunities</li> <li>Sustainability of margins</li> <li>Working capital improvements</li> <li>Management KPIs and incentive schemes</li> <li>Management team changes</li> <li>Changes in shareholder structure</li> </ul>	<p>On 18 February 2021, Magnit held its Capital Markets Day and presented its 2025 Strategy. This event covered about 300 institutional and individual investors as well as media representatives.</p> <p>In addition, in 2021 we:</p> <ul style="list-style-type: none"> <li>created a corporate video aimed at investors,</li> <li>hosted seven conferences with individual investors,</li> <li>expanded content and improved structure of press releases, presentations and documents with reference information,</li> <li>introduced an up-to-date consensus of key financial indicators based on analysts' forecasts.</li> </ul>
 <b>Governments (authorities)</b>	<p>Public authorities set many business regulations according to which we build and develop our business.</p>	<p>We strive to become the No. 1 expert for the Russian authorities in the field of trade by:</p> <ul style="list-style-type: none"> <li>sharing our expertise at public events organised by the authorities (for instance, SPIEF, Russian Retail Week or Russian Agricultural Exhibition "Golden Autumn")</li> <li>membership in joint working groups ("regulatory guillotine"), public and expert council under the Ministry of Industry and Trade, Federal Service for Alcohol Market Regulation – Rospotrebnadzor amongst others</li> <li>preparing expert opinions on government initiatives in trade and food security using regulatory impact assessment (RIA) and ex post impact assessment tools</li> <li>heading Committees, commissions and working groups in business associations such as RUIE Commission on Trade and Consumer Markets, ACORT<sup>1</sup> Quality Committee, and working groups on regulation of excisable products by ACORT.</li> </ul>	<ul style="list-style-type: none"> <li>Food security in the country</li> <li>Regulation that provides access to quality goods and food for all residents of the country regardless of income level</li> <li>Import substitution policy</li> <li>Access to the shelves for Russian manufacturers</li> <li>Spread and prevention of COVID-19</li> </ul>	<p>In 2021, the key issues related to regulatory restrictions as a result of the pandemic, including mandatory vaccination of employees, tougher preventative measures for COVID-19 in retail outlets, introduction of QR codes and bans on the utilisation of retail facilities in some regions and rising food prices.</p> <p>The state restrained the growth of prices for socially important products by reducing retail margin and price fixing, and by reducing the number of intermediaries in the supply chain.</p> <p>The industry had to look for compromises that would allow for fulfilling the state's social role, and would not be a burden for business.</p>

<sup>1</sup> RUSSIA ASSOCIATION OF RETAILING COMPANIES

# Shareholder

## and Investor Engagement

### Authorised and issued share capital

As of 31 December 2021, 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 shares<sup>1</sup> 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).

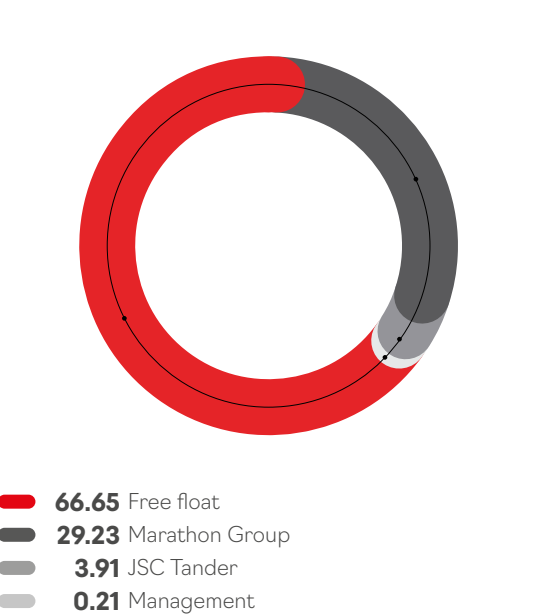
Marathon Group had 29,791,196 votes which is 29.23% of the total number of ordinary registered shares, including shares held by VTB Group under repurchase agreements (as of 14 January 2022).

As of 31 December 2021, PJSC Magnit does not hold any treasury shares. As of 31 December 2021, JSC Tander, owned by the Company, held 3,982,871 voting shares in PJSC Magnit, which amounts to 3.91% of the total number of ordinary registered shares, which were acquired in 2018–2019 in order to implement its LTI programme. As of 31 December 2021, no other organisations controlled by the Company owned voting shares in PJSC Magnit.

205,905 shares and 24,427 GDRs (0.21% of the total registered shares) are owned by the Members of the PJSC Magnit Management Board.

As of 31 December 2021, 37 entities were registered in the share register, including 33 individuals, one nominal holder (National Settlement Depositary) and three other legal entities.

### Information on persons who hold, dispose of votes accounted for and/or are beneficiaries of PJSC Magnit shares<sup>2</sup>, %



The Company has both an ordinary share listing on the Moscow Exchange (MOEX) and a GDR listing on the London Stock Exchange (LSE). According to Moscow Exchange as of 31 December 2021, the share of the free-float in the Company's shares was 66.65%<sup>3</sup>. As at the end of 2021, Magnit's market capitalisation was RUB 554.6 bln<sup>4</sup> on MOEX and USD 7,643 mln<sup>5</sup> on the LSE.

### Structure of share capital as at the end of 2021<sup>3</sup>

Title	Number of registered entities	Share of authorised capital, %
Legal entities	4	97.58
Including nominal holders	1	97.58
Individuals	33	2.42
Other (unidentified persons)	1	0.00004
Total	38	100

### Significant changes in the share capital structure in 2021

Date of change	Change
November 2021	<p>VTB Group announced the sale of its stake in PJSC "Magnit", including the sale of approximately 12.4% of the PJSC "Magnit" shares to Marathon Group.</p> <p>As a result of the transaction with VTB Group, Marathon Group increased the share of votes accounted for voting shares in the charter capital of PJSC "Magnit" to 24.99%.</p>
January 2022	<p>Marathon Group increased its share of votes accounted for voting shares in the charter capital of PJSC "Magnit" to 29.23%.</p>

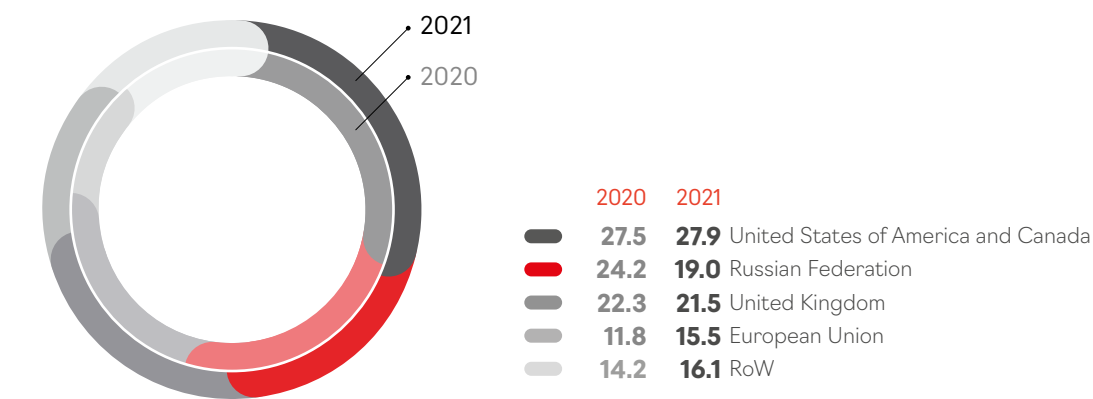
<sup>1</sup> STATE REGISTRATION NUMBER: 1-01-60525-P OF 4 MARCH 2004  
<sup>2</sup> ACCORDING TO INFORMATION AVAILABLE TO PJSC MAGNIT AS OF 14 JANUARY 2022  
<sup>3</sup> THE SHARE OF THE FREE-FLOAT IS DETERMINED BASED ON AN ANALYSIS OF THE SHARE CAPITAL OWNERSHIP STRUCTURE, AND BY DEDUCTING THE NUMBER OF SHARES WHICH ARE NOT IN THE FREE-FLOAT FROM THE TOTAL NUMBER OF THE ISSUER'S SHARES. THE CALCULATION IS MADE IN ACCORDANCE WITH THE LISTING RULES OF THE MOSCOW EXCHANGE AND THE APPROVED METHODOLOGIES FOR CALCULATING THE FREE-FLOAT RATIO.  
<sup>4</sup> CAPITALISATION IN RUB IS CALCULATED USING THE FOLLOWING FORMULA: NUMBER OF SHARES OUTSTANDING \* SHARE PRICE AS AT THE END OF 2021.  
<sup>5</sup> CAPITALISATION IN USD IS CALCULATED USING THE FOLLOWING FORMULA: 5\* NUMBER OF SHARES OUTSTANDING \* GDR PRICE AS AT THE END OF 2021.



# Shareholder and Investor Engagement

(continued)

## Breakdown by geography of free-float, %



SOURCE: SHAREHOLDER IDENTIFICATION REPORT

## Listing of shares on the Moscow Exchange

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

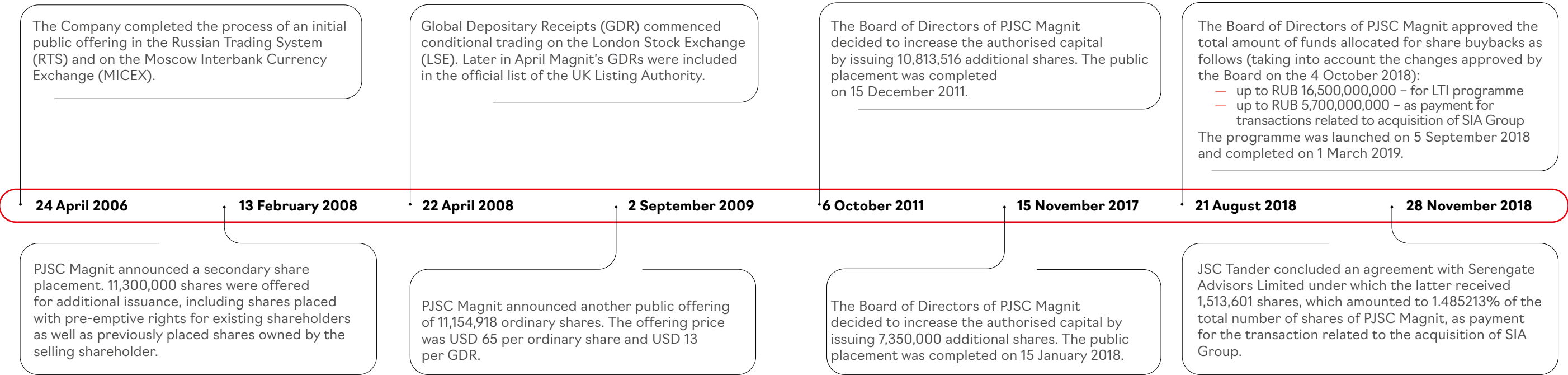
As of 31 December 2021, Magnit shares were included in the following indices on Moscow Exchange: Stock Subindex, MOEX Index, MOEX Index 10, Blue Chip Index, Broad Market Index, Consumer Sector Index / Consumer Sector Index, RTS Consumer Sector Index, RTS Index, and Broad Market RTS Index.

## Share price and trading volume on the Moscow Exchange in 1Q–4Q 2021

Period 2021	Share price, RUB			Volume, RUB mln <sup>1</sup>			Market capitalisation at end of period, RUB bln
	Min.	Max.	As at end of period	Period total	Daily average	Daily median	
1Q	4,874	5,749	5,334	164,603	2,572	2,401	543.6
2Q	5,065	5,657	5,313	131,302	2,020	1,659	541.4
3Q	5,091	6,085	6,085	119,239	1,807	1,533	620.1
4Q	5,431	6,920	5,441	163,148	2,472	2,097	554.6

SOURCE: BLOOMBERG, COMPANY ANALYSIS

## Authorised and issued share capital history

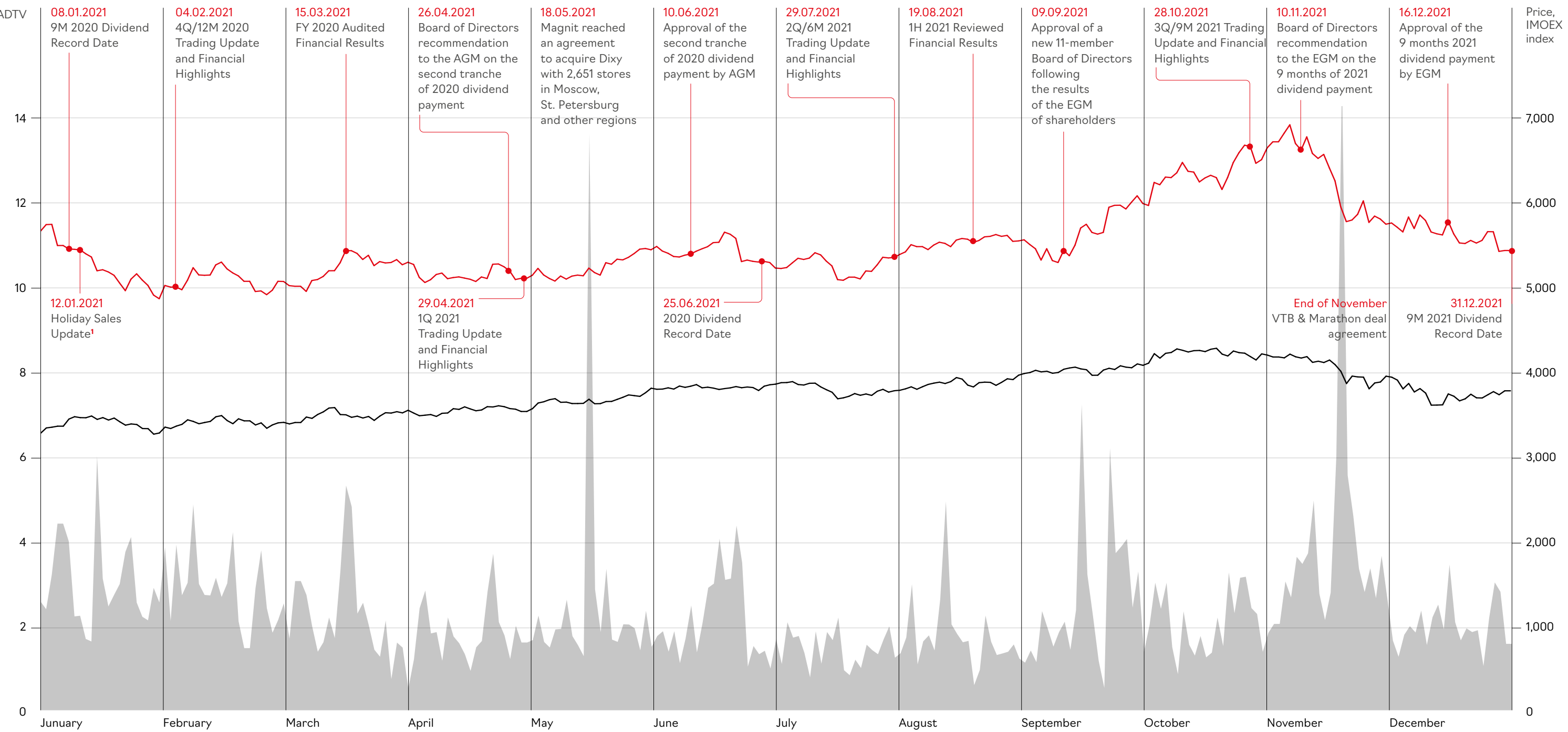


<sup>1</sup> CALCULATIONS ARE BASED ON DAILY TRADING VOLUMES IN CURRENCY, WHICH ARE CALCULATED AS THE DAILY TRADING VOLUME IN SECURITIES MULTIPLIED BY THE CLOSING PRICE.

# Shareholder and Investor Engagement

(continued)

Share trading on the Moscow Exchange in 2021



<sup>1</sup> MAGNIT DEFINES "PRE-NEW YEAR SALES" AS SALES MADE ACROSS ALL THE CHAIN'S FORMATS FROM 17 DECEMBER TO 31 DECEMBER.

SOURCE: BOOMBERG

# Shareholder and Investor Engagement

(continued)

## GDR listing

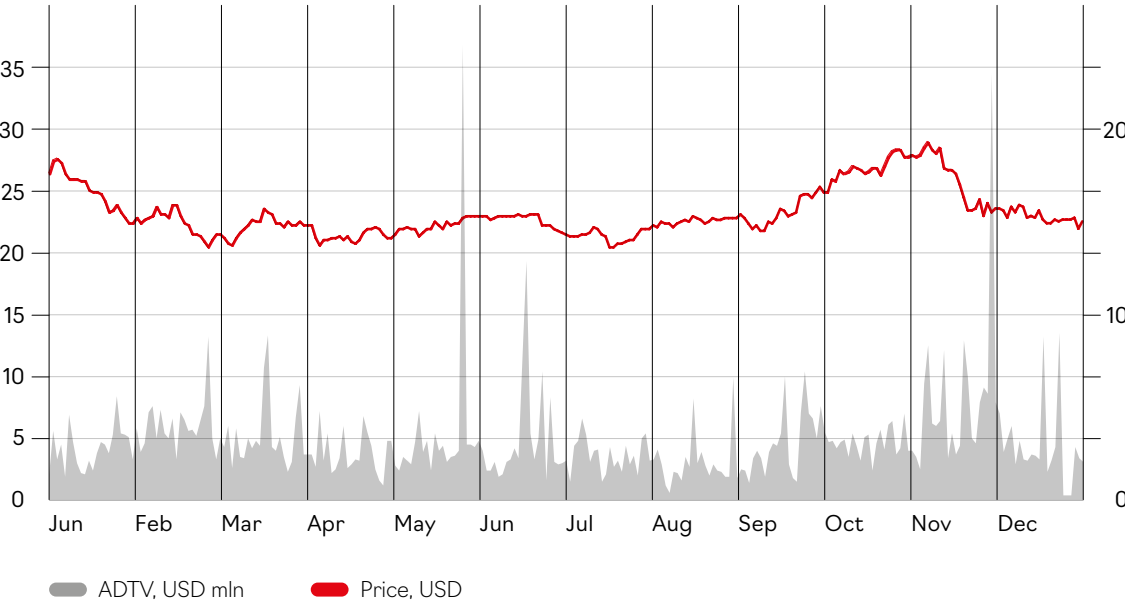
The Company’s global depositary receipts (GDR) have traded on the main market of the London Stock Exchange (MGNT) since 22 April 2008.

One share represents five depositary receipts. As of 31 December 2021, 27.78% of the Company’s total shares were listed on the London Stock Exchange in the form of GDRs.

### GDR price and trading volume on LSE

Period 2021	GDR price, USD <sup>1</sup>			Volume, USD mln <sup>2</sup>			Market capitalisation at end of period, USD mln
	Min.	Max.	As at end of period	Period total	Daily average	Daily median	
1Q	13.57	18.41	14.99	330.40	5.16	4.98	7,638.26
2Q	13.74	15.42	14.51	308.40	4.74	3.63	7,391.12
3Q	13.62	16.85	16.85	246.65	3.74	3.21	8,586.03
4Q	14.58	19.26	15.00	378.95	5.74	4.63	7,643.35

### GDR quotes on London Stock Exchange in 2021



SOURCE: BLOOMBERG, COMPANY ANALYSIS

<sup>1</sup> MAXIMUM AND MINIMUM ARE CALCULATED BASED ON QUOTES AT THE END OF THE TRADING SESSION.  
<sup>2</sup> CALCULATIONS ARE BASED ON DAILY TRADING VOLUMES IN CURRENCY, WHICH ARE CALCULATED AS THE DAILY TRADING VOLUME IN SECURITIES MULTIPLIED BY THE CLOSING PRICE.

## Indices

As of 31 December 2021, Magnit was included in a broad number of different indices.

VanEck	<a href="https://www.vaneck.com">vaneck.com</a>
SPDR	<a href="https://www.ssgafunds.com">ssgafunds.com</a>
iShares	<a href="https://www.ishares.com">ishares.com</a>
Columbia Threadneedle Investments	<a href="https://www.columbiathreadneedleus.com">columbiathreadneedleus.com</a>
Vanguard	<a href="https://investor.vanguard.com">investor.vanguard.com</a>
S&P	<a href="https://spglobal.com">spglobal.com</a>
MSCI	<a href="https://www.msci.com">msci.com</a>
STOXX	<a href="https://www.stoxx.com">stoxx.com</a>
MOEX and RTS	<a href="https://moex.com/ru/index/IMOEX">moex.com/ru/index/IMOEX</a>
FTSE	<a href="https://ftserussell.com">ftserussell.com</a>
WisdomTree	<a href="https://www.wisdomtree.com">wisdomtree.com</a>

## Analyst coverage and consensus forecasts

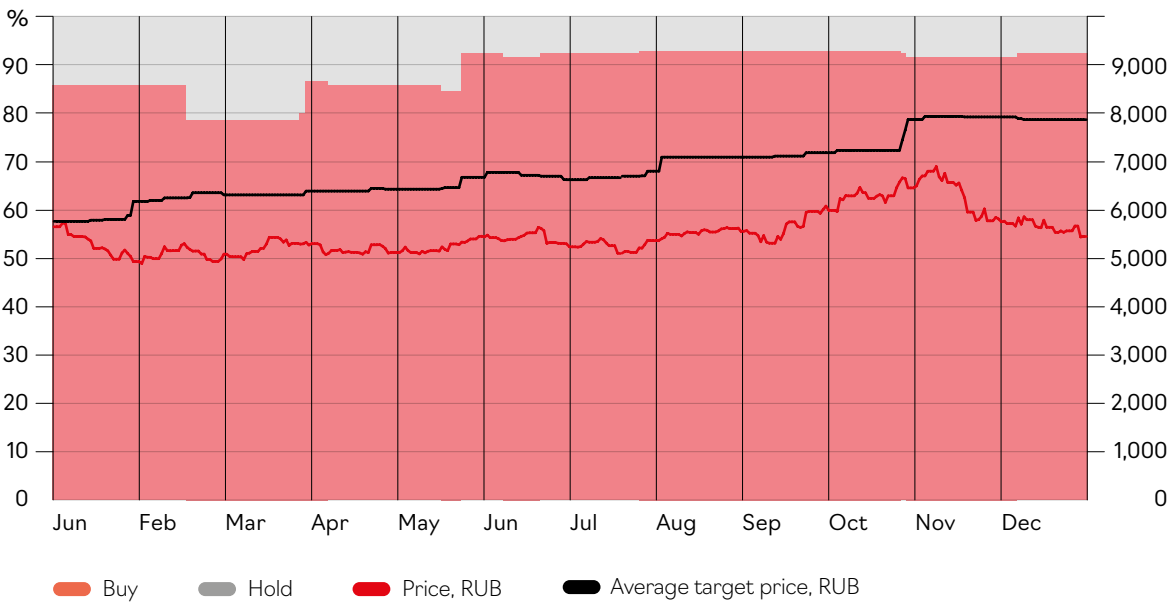
As of 31 December 2021, 17 investment banks produced equity research on Magnit.

Bank	Analyst	Phone	E-mail
Alfa Bank	Evgeniy Kipnis	+7 (495) 795-3713	<a href="mailto:ekipnis@alfabank.ru">ekipnis@alfabank.ru</a>
Aton	Victor Dima	+7 (495) 213-0344	<a href="mailto:victor.dima@aton.ru">victor.dima@aton.ru</a>
Bank of America Merrill Lynch	Ilya Ogorodnikov	+7 (495) 662-6073	<a href="mailto:ilya.ogorodnikov@bofa.com">ilya.ogorodnikov@bofa.com</a>
BCS	Maria Sukhanova	+7 (495) 213-1505	<a href="mailto:MSukhanova@bcsgm.com">MSukhanova@bcsgm.com</a>
Citi	Nick Coulter	+44-20-7500-7266	<a href="mailto:nick.coulter@citi.com">nick.coulter@citi.com</a>
Gazprombank	Marat Ibragimov	+7 (495) 980-4187	<a href="mailto:marat.ibragimov@gazprombank.ru">marat.ibragimov@gazprombank.ru</a>
Goldman Sachs	Maxim Nekrasov	+7 (495) 645-4013	<a href="mailto:maxim.nekrasov@gs.com">maxim.nekrasov@gs.com</a>
HSBC	Bulent Yurdagul	+90 (212) 376-4612	<a href="mailto:bulentyurdagul@hsbc.com.tr">bulentyurdagul@hsbc.com.tr</a>
JP Morgan	Elena Jouronova	+7 (495) 967-3888	<a href="mailto:elena.jouronova@jpmorgan.com">elena.jouronova@jpmorgan.com</a>
Morgan Stanley	Henrik Herbst	+44 2076 77-1309	<a href="mailto:henrik.herbst@morganstanley.com">henrik.herbst@morganstanley.com</a>
Raiffeisen	Egor Makeev	+7 (495) 221-9851	<a href="mailto:egor.makeev@raiffeisen.ru">egor.makeev@raiffeisen.ru</a>
Renaissance Capital	Kirill Panarin	+7 (499) 956-4216	<a href="mailto:kpanarin@rencap.com">kpanarin@rencap.com</a>
Sberbank CIB	Mikhail Krasnoperov	+7 (495) 933-9838	<a href="mailto:mikhail_krasnoperov@sberbank-cib.ru">mikhail_krasnoperov@sberbank-cib.ru</a>
SOVA Capital	Leonid Sinyutin	+7 (495) 223-2323	<a href="mailto:Leonid.Sinyutin@sovacapital.com">Leonid.Sinyutin@sovacapital.com</a>
UBS	Ulyana Lenvalskaya	+7 (495) 648-2093	<a href="mailto:ulyana.lenvalskaya@ubs.com">ulyana.lenvalskaya@ubs.com</a>
VTB Capital	Maria Kolbina	+7 (495) 663-4648	<a href="mailto:maria.kolbina@vtbcapital.com">maria.kolbina@vtbcapital.com</a>
Wood & Company	Lukasz Wachelko	+48 22 222 15 60	<a href="mailto:lukasz.wachelko@wood.com">lukasz.wachelko@wood.com</a>

# Shareholder and Investor Engagement

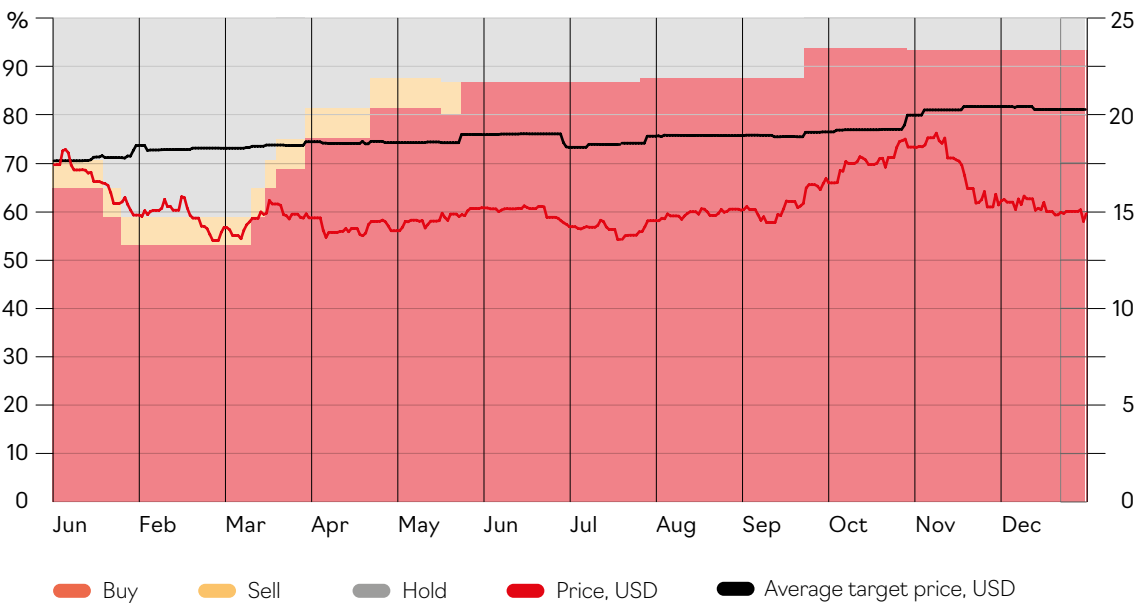
(continued)

Analyst recommendations and average target price, local shares



SOURCE: BLOOMBERG, COMPANY ANALYSIS

Analyst recommendations and average target price, GDRs



SOURCE: BLOOMBERG, COMPANY ANALYSIS

Company collected recommendations and consensus on local shares for 2021, %



100 Buy  
0 Hold

Company collected recommendations and consensus on GDRs for 2021, %



90 Buy  
10 Hold

SOURCE: COMPANY COLLECTED CONSENSUS

Consensus for key financial indicators for 2021, RUB bln (IAS 17)

	Sales and growth	Gross profit and margin	EBITDA and margin	Net Income and margin
Consensus average	1,844.5 18.7%	434.8 23.6%	130.6 7.1%	48.9 2.7%
Reported	1,856.1 19.5%	439.2 23.7%	133.1 7.2%	51.7 2.8%

Consensus for key financial indicators for 2021, RUB bln (IFRS 16)

	Sales and growth	Gross profit and margin	EBITDA and margin	Net Income and margin
Consensus average	1,845.5 18.7%	434.8 23.6%	208.7 11.3%	43.3 2.3%
Reported	1,856.1 19.5%	439.2 23.7%	214.2 11.5%	48.1 2.6%

SOURCE: COMPANY COLLECTED RECOMMENDATIONS AND CONSENSUS FOR 2021 BASED ON OPEN SOURCES



# Shareholder and Investor Engagement

(continued)

Bonds

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

In 2021, PJSC Magnit had nine outstanding issues of exchange bonds (BO-003P-02, BO-003P-01, BO-003P-04, BO-003P-05, BO-002P-01, BO-002P-02, BO-002P-03, BO-002P-04, BO-001P-05) with a total nominal volume of RUB 100 bln (the volume in circulation at the end of the reporting year was RUB 90 bln, bonds issue BO-003P-02 was repaid on 24 February 2021).

Parameters of the BO-003P-02, BO-003P-01, BO-003P-04, BO-003P-05 series bonded loans of PJSC Magnit				
Issue identification number and assignment date	4B02-02-60525-P-003P, 21.02.2019	4B02-01-60525-P-003P, 1.02.2019	4B02-04-60525-P-003P, 29.10.2019	4B02-05-60525-P-003P, 23.12.2019
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)
Number of securities	10,000,000 (ten mln)	10,000,000 (ten mln)	10,000,000 (ten m ln)	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)
Placement price	100% of nominal value	100% of nominal value	100% of nominal value	100% of nominal value
Placement date	26.02.2019	05.02.2019	05.11.2019	26.12.2019
Placement method	public placement	public placement	public placement	public placement
Maturity date	728th day from the placement date	1,092th day from the placement date	910th day from the placement date	1,092th day from the placement date
Number of coupons	4	6	5	6
ISIN code	RU000A1004G9	RU000A1002U4	RU000A100ZS3	RU000A1018X4
Coupon rate	8.50 %	8.70%	6.90%	6.60%

Parameters of the BO-002P-01, BO-002P-02, BO-002P-03, BO-002P-04, BO-001P-05 series bonded loans of PJSC Magnit					
Issue identification number and assignment date	4B02-01-60525-P-002P, 04.03.2020	4B02-02-60525-P-002P, 27.04.2020	4B02-03-60525-P-002P, 19.05.2020	4B02-04-60525-P-002P, 02.06.2021	4B02-05-60525-P-001P, 02.06.2021
Volume of issue, RUB	15,000,000,000 (fifteen bln)	10,000,000,000 (ten bln)	15,000,000,000 (fifteen bln)	10,000,000,000 (ten bln)	10,000,000,000 (ten bln)
Number of securities	15,000,000 (fifteen mln)	10,000,000 (ten mln)	15,000,000 (fifteen 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	05.03.2020	29.04.2020	22.05.2020	02.06.2021	02.06.2021
Placement method	public placement	public placement	public placement	public placement	public placement
Maturity date	1,092th day from the placement date	1,092th day from the placement date	1,092th day from the placement date	1,092th day from the placement date	1,092th day from the placement date
Number of coupons	6	6	6	6	6
ISIN code	RU000A101HJ8	RU000A101MC3	RU000A101PJ1	RU000A1036H9	RU000A1036M9
Coupon rate	6.20%	6.70%	5.90%	7.05%	7.05%

Credit ratings

In 2021, leading rating agencies assigned credit ratings to the Company. ACRA affirmed its ratings of the Company and bonds. S&P upgraded its rating of the Company to BB+ (Outlook Stable). Credit ratings of PJSC Magnit as of 31 December 2021 are provided in the table.

Rating agency	Rating recipient	Rating	Forecast	Date of rating (issued / reaffirmed)
Standard& Poors	Issuer at international scale	BB+	Stable	17.12.2021
	Issuer at national scale	AA (RU)	Stable	02.06.2021
ACRA	Bonds BO-003P-01; BO-003P-04; BO-003P -05; BO-002P-01; BO-002P-02; BO-002P-03; BO-002P-04; BO-001P-05.	AA (RU)	—	02.06.2021

# Shareholder and Investor Engagement

(continued)

## 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.

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.

Report on announced and paid dividends in 2008–2021

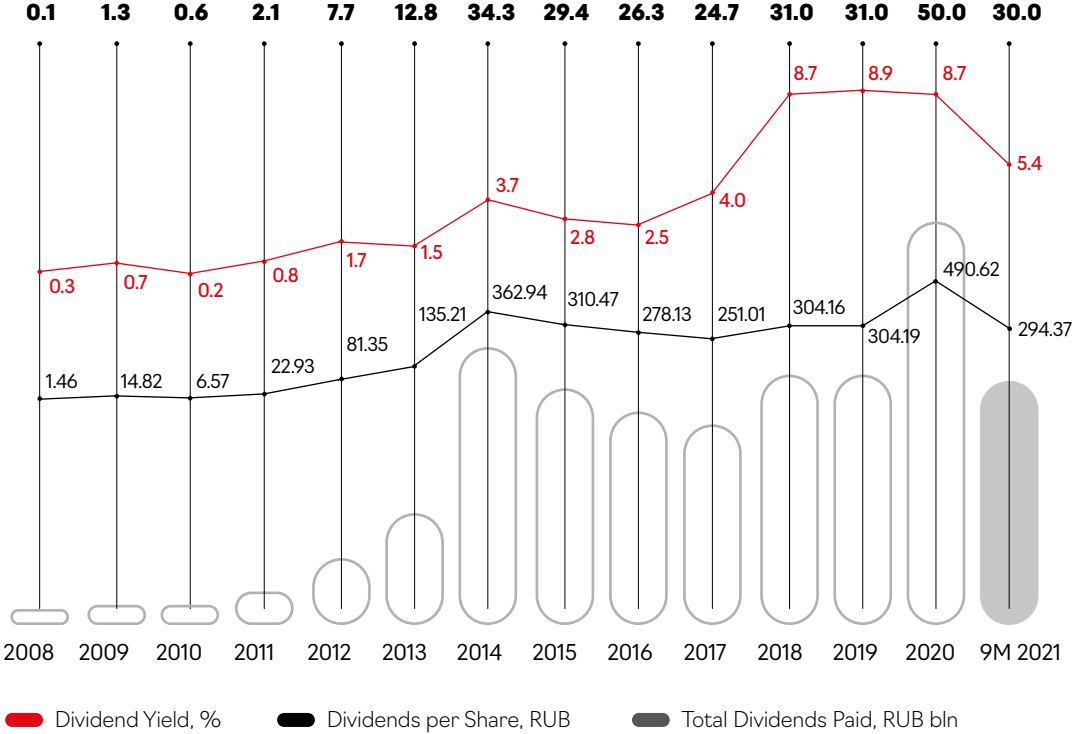
Year	Total dividends announced, RUB bln	Total dividends paid, RUB bln	Dividend per share, RUB
2008	0.1	0.1	1.46
2009	1.3	1.3	14.82
2010	0.6	0.6	6.57
2011	2.1	2.1	22.93
2012	7.7	7.7	81.35
2013	12.8	12.8	135.21
2014	34.3	34.3	362.94
2015	29.4	29.4	310.47
2016	26.3	26.3	278.13
2017	24.7	24.7	251.01
2018	31.0	31.0	304.16
2019	31.0	31.0	304.19
2020	50.0	50.0	490.62
9M 2021	30.0	30.0	294.37

A dividend payment in the amount of RUB 245.31 on the ordinary registered shares of PJSC Magnit in relation to the 2020 financial results was approved by the Annual General Meeting of Shareholders on 10 June 2021 (minutes dated 11 June 2021). Earlier, on 24 December 2020, the Extraordinary General Meeting of Shareholders approved a decision to pay dividends based on the results of 9 months 2020 in the amount of RUB 245.31 on the ordinary registered shares (minutes dated 25 December 2020).

Thus, the total payment of dividends for 2020 amounted to RUB 50 bln or RUB 490.62 per ordinary share, which is 61% higher compared to the amount paid for the previous year.

The Extraordinary General Meeting of Shareholders on 16 December 2021 (minutes dated 17 December 2021) approved the payment of an interim dividend in the amount of RUB 294.37 on the ordinary registered shares of PJSC Magnit which corresponds to the total payment of RUB 30 bln, based on the results of nine months of 2021.

Total Dividends Paid, RUB bln



Regulations on the dividend policy of PJSC Magnit (new edition) dated 27 May 2016 <https://www.magnit.com/en/shareholders-and-investors/dividends/>



# Shareholder and Investor Engagement

(continued)

## Shareholder 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, while treating all the investment categories with special attention.

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

Eight conference calls and six publications regarding the financial and operational results were conducted by senior management in 2021, including dedicated investor calls focusing on the rationale, strategy and progress of discounter, private label initiatives and the Dixy acquisition. In 2021 the IR team also participated in a number of virtual conferences, including the ones with retail investors.

On 18 February 2021 Magnit held its Capital Markets Day and presented its 2025 Strategy. This event covered about 300 institutional and individual investors as well as media representatives.

The Company's management held six roadshows and together with the IR team participated in 199 different investor events covering 211 institutional investors in 2021. Seven conferences for individual investors were also held.

### IR department activity

- |   |   |
|---|---|
| ☆ <b>6</b><br>Financial and operational results releases  | ☆ <b>7</b><br>individual investor events        |
| ☆ <b>8</b><br>Calls with senior management  | ☆ <b>211</b><br>institutional investors covered |
| ☆ <b>6</b><br>Roadshows   | ☆ <b>4</b><br>ESG events/calls with investors   |
| ☆ <b>199</b><br>institutional investor events (e.g. conferences, consumer days, tours, forums, etc.), where Magnit participated |   |

Magnit continued to develop its website to improve disclosure and the accessibility of information, including maintaining an up-to-date consensus forecast of key financial indicators based on analysts' forecasts. The Company also produced a corporate video highlighting its operations and achievements.

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

- |  |   |
|--|---|
| — LFL indicators and their dynamics  | — Status of business transformation   |
| — Sales density indicators   | — Changes in strategy   |
| — The impact of the pandemic on the consumer, industry, Company  | — Digital transformation, including ERP implementation and e-commerce initiatives             |
| — Macroeconomic environment, inflation and promo activity  | — Innovations and efficiency gains  |
| — CVP implementation including assortment, redesign programme, loyalty programme, organisational model, etc. | — Expansion plans and M&A opportunities, including Dixy acquisition and status of integration |
|  | — Discounter pilot  |
|  | — Sustainability of margins   |
|  | — Working capital improvements  |
|  | — Management KPIs and incentive schemes   |
|  | — Management team changes   |
|  | — Changes in the shareholder structure  |

### Responding to our investors' concerns

- ☆ **In 2021 we established an audit fee policy** in response to investor concerns.
- ☆ **This important issue was highlighted** at our AGM, a number of investors voted to not re-elect our auditors, E&Y, on the basis that non-audit related fees exceeded audit fees for the year ended 31 December 2020.
- ☆ **We took this issue seriously** and sought to understand the reason why investors saw this issue as important.
- ☆ **We hired an external consultant** to carry out a review to understand their concerns and expectations going forward.
- ☆ **This resulted in the creation of the Audit Fee Policy**, which states that Magnit will limit the total fees for non-audit services in a calendar year to an amount not exceeding 50% of the total fees for the audit and audit-related services in the relevant year with effect from 1 January 2022.



# Investor Calendar

## 2021-2022

2021				2022			
<div>19 January 2021</div> <div>Retail Investor Call (VTB Capital)</div> <div>Virtual</div>	<div>16 March 2021</div> <div>HSBC Central &amp; Eastern Europe Conference</div> <div>Virtual</div>	<div>2–4 June 2021</div> <div>BAML Emerging Markets Debt &amp; Equity Conference 2021</div> <div>Virtual</div>	<div>29 July 2021</div> <div>2Q/1H 2021 Trading Update and Financial Highlights and Conference Call</div> <div>Krasnodar</div>	<div>4–7 October 2021</div> <div>HSBC Global Emerging Markets Forum</div> <div>Virtual</div>	<div>30 November – 2 December 2021</div> <div>UBS Global Emerging Markets One-on-One Virtual Conference</div> <div>Virtual</div>	<div>10–11 January 2022</div> <div>Citi's 1st Emerging Europe Virtual Conference</div> <div>Virtual</div>	<div>17 February 2022</div> <div>Capital Markets Day</div> <div>Virtual</div>
<div>4 February 2021</div> <div>4Q&amp;FY 2020 Unaudited Results &amp; Conference Call</div> <div>Krasnodar</div>	<div>17 March 2021</div> <div>CFO Conference Call</div> <div>Virtual</div>	<div>9 June 2021</div> <div>Retail Investor Call (Finam)</div> <div>Virtual</div>	<div>19 August 2021</div> <div>1H 2021 Reviewed Financial Results</div> <div>Krasnodar</div>	<div>20 October 2021</div> <div>Retail Investor Call (Sberbank CIB)</div> <div>Virtual</div>	<div>8–10 December 2021</div> <div>WOOD's Winter Wonderland EME Conference</div> <div>Virtual</div>	<div>18–20 January 2022</div> <div>JP Morgan CEEMEA Opportunities Conference</div> <div>Virtual</div>	<div>4 March 2022</div> <div>FY 2021 Audited Financial Results</div> <div>Krasnodar</div>
<div>11–12 February 2021</div> <div>WOOD's EM Consumer &amp; Industrials Virtual Conference</div> <div>Virtual</div>	<div>29 April 2021</div> <div>1Q 2021 Trading Update and Financial Highlights Conference Call</div> <div>Krasnodar</div>	<div>22–25 June 2021</div> <div>RenCap Russia conference</div> <div>Virtual</div>	<div>1 September 2021</div> <div>UBS Investor Trip</div> <div>Virtual</div>	<div>28 October 2021</div> <div>3Q/9M 2021 Trading Update and Financial Highlights and Conference Call</div> <div>Krasnodar</div>		<div>25–26 January 2022</div> <div>BofA EEMEA Stars Conference 2022</div> <div>Virtual</div>	
<div>18 February 2021</div> <div>Capital Markets Day 2021</div> <div>Virtual</div>	<div>11–13 May 2021</div> <div>Morgan Stanley EEMEA Conference</div> <div>Virtual</div>	<div>7 July 2021</div> <div>Discounters   Virtual Investor Meeting with Magnit COO</div> <div>Virtual</div>	<div>7 September 2021</div> <div>Retail Investor Call (Gazprombank)</div> <div>Virtual</div>	<div>8–9 November 2021</div> <div>Goldman Sachs CEEMEA One-on-One Conference</div> <div>Virtual</div>		<div>4 February 2022</div> <div>FY 2021 Unaudited Results and Conference Call</div> <div>Krasnodar</div>	
<div>9 March 2021</div> <div>UBS Global Consumer &amp; Retail Virtual Conference</div> <div>Virtual</div>	<div>18 May 2021</div> <div>Retail Investor Call (Aton)</div> <div>Virtual</div>	<div>8 July 2021</div> <div>Retail Investor Call (BCS)</div> <div>Virtual</div>	<div>8–9 September 2021</div> <div>Citi's GEMS Virtual Conference</div> <div>Virtual</div>	<div>16 November 2021</div> <div>Retail Investor Call (VTB Capital)</div> <div>Virtual</div>			
<div>15 March 2021</div> <div>FY 2020 Audited Financial Results</div> <div>Krasnodar</div>	<div>19–21 May 2021</div> <div>Sberbank CIB "The Inside Track" Virtual Conference</div> <div>Virtual</div>	<div>26 July 2021</div> <div>Dixy Acquisition Conference Call</div> <div>Virtual</div>	<div>9–10 September 2021</div> <div>GS Global Retail Conference</div> <div></div>				

