

Remuneration Report

Directors' Remuneration

In 2021, the Directors' remuneration policy was regulated by the Regulations on the Board of Directors of PJSC Magnit¹.

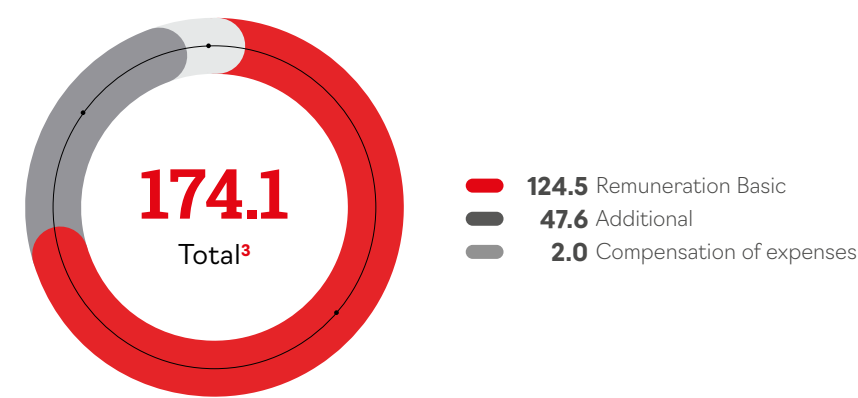
According to these Regulations, Directors are entitled to the following types of remuneration for the membership in the Board of Directors within the reported period:

- base remuneration (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">— travel to and from the venue of the meeting of the Board of Directors, as well as being at the venue of the meeting— participation in the meeting of the Board of Directors by telephone, use of a teleconference system, sending a written opinion, absentee voting— execution of the functions of a member of the Board of Directors— recruitment of consultants and experts and obtaining opinions on the activities of the Board of Directors.
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



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

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,⁵ 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