

No. Corporate governance principles	Criteria for evaluation of compliance with corporate governance principle	Status of compliance with corporate governance principle	Explanations concerning the failure to meet the criteria for the evaluation of compliance with corporate governance principle
7.2.2 The rules and procedures for the implementation of significant corporate actions are set forth in the Company's internal documents.	<p>1. The Company's internal documents establish the procedure for hiring an independent appraiser to carry out a valuation of the property sold or acquired in a major transaction or a related-party transaction.</p> <p>2. The Company's internal documents establish the procedure for hiring an independent appraiser to carry out a valuation of the Company's shares for the purposes of purchase or buyback.</p> <p>3. The Company's internal documents contain an expanded list of reasons why members of the Company's Board of Directors and other persons stipulated by applicable laws can be recognized as related parties for the purpose of the Company's transactions.</p>	Partially complied with	<p>Clauses 1 and 2 of the Evaluation Criteria for Compliance with the Principle of Corporate Governance partially complied with:</p> <p>The Company's internal documents envisage a procedure for hiring specialists to obtain professional advice on issues considered at meetings of the Board of Directors without specifying the purpose of the hiring of such a specialist.</p> <p>Existing legislation envisages cases where the hiring of an independent appraiser is mandatory. Moreover, existing legislation does not preclude the possibility of hiring an appraiser in any of the specified cases (determining the value of property that has been alienated or acquired in a major transaction or a related party transaction or an assessment of the cost of acquiring and redeeming a company's shares).</p> <p>Clause 3 of the Evaluation Criteria for Compliance with the Principle of Corporate Governance not complied with:</p> <p>The recommendations of the Corporate Governance Code concerning an expansion in the list of grounds based on which members of the Company's Board of Directors and other entities envisaged by law are recognized as interested parties in the Company's transactions have not been reflected in the Company's internal documents.</p> <p>There are plans to consider the feasibility and necessity of incorporating these provisions into the Company's internal documents prior to the annual general shareholders meeting for 2019.</p> <p>However, after the Code took effect, significant changes were made to the legislation on the joint-stock companies regarding related party transactions. For example, the range of interested parties was reduced, the procedure for concluding related party transactions was simplified, and there was an expansion in the list of transactions to which the rules on the conclusion of related party transactions do not apply, despite the formal existence of "interest."</p> <p>In 2018, the Company underwent significant changes, including changes related to the Company's development strategy, and many business processes are in the process of transformation. The Company performs systematic work to bring its corporate governance practices as well as internal documents regulating its activities and the activities of the Company's management bodies into compliance with the Code.</p>

Related party transactions

During the reporting year, there were no transactions that are recognized as related party transactions in accordance with the legislation of the Russian Federation

Major transactions

List of transactions concluded in 2018 that are recognized as major transactions in accordance with the Federal Law "On Joint-Stock Companies"

Transaction date	09/28/2018
Subject of the transaction and other material terms of the transaction	<i>Gratuitous transfer by the Shareholder PJSC "Magnit" of a contribution to the property of the Company JSC "Tander". In order to finance and support the activities of JSC "Tander" (hereinafter the "Company"), PJSC "Magnit" (the "Shareholder") shall make a contribution of RUB 60,000,000,000 (sixty billion) to the Company's property without compensation, and the Company shall accept this contribution and use it in its operations. The contribution shall be transferred to the Company within 30 days from the time the Contract is signed by transferring money to the Company's payment account. The voluntary contribution to the Company's property shall not alter the size of the Shareholder's stake, increase the Company's authorized capital, or alter its nominal stock price.</i>
Parties to the transaction	<i>PJSC "Magnit" – "Shareholder", JSC "Tander" – "Company"</i>
Amount of the transaction in monetary terms, thousand rubles	60,000,000.00
Size of the transaction as a percentage of the book value of the Company's assets as of the end date of the last completed reporting period preceding the date of the transaction, %	43.41%
Deadline for performance of obligations under the transaction	<i>By 10/27/2018</i>
Information about the performance of the above obligations	<i>Obligations fulfilled.</i>
Management body that consented to the transaction or its subsequent approval	<i>Board of Directors of PJSC "Magnit"</i>
Other information about the transaction specified by the Company at its own discretion	

Subsidiaries and joint ventures

As of December 31, 2018, in addition to PJSC "Magnit," the Group included the following companies: LLC "Retail Import", which develops wholesale in alcohol products, LLC "Selta", which provides transportation services to the Group, LLC "Tandem", LLC "Alkotrading", LLC "BestTorg", LLC "MFK" (former names LLC "Tander-Magnit"); LLC "Green Line Greenhouse Complex" (former names LLC "Project M" and LLC "Tander-Petersburg"), LLC "Zvezda", LLC "Logistics Alternative", LLC "MagnitEnergo", LLC "TD-Holding", LLC "ITM", LLC "Krasnodar Management Company Industrial Park", LLC "Konditer Kubani", LLC "Kuban Baked Goods Factory", LLC "Volshebnyaya Svezhest", LLC "Moroznye Pripasy", LLC "Moscow On Don", LLC "Magnit Pharma" (former name LLC "Pharmasystems"), LLC "MF-SIA", and its subsidiaries.