

## Corporate governance system

In matters concerning corporate governance, PJSC "Magnit" is guided by the requirements of Russian and UK laws, Moscow Exchange and London Stock Exchange listing rules, the recommendations of the Corporate Governance Code as well as Russian and international best practice in corporate governance and corporate disclosure.

The Company's corporate governance system is developing fast. Today, it includes all the key components that are standard for major public companies with a developed governance framework. By improving its corporate governance system PJSC "Magnit" aims to reassure its shareholders and investors that the Company scrupulously implements its approved strategy and decisions.

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

### Compliance with the principles and recommendations of the Corporate Governance Code<sup>1</sup>

Corporate governance principles	Number of principles recommended by the Code	2016			2017			2018		
		Complied with	Partially complied with	Not complied with	Complied with	Partially complied with	Not complied with	Complied with	Partially complied with	Not complied with
Shareholder rights and equal conditions for shareholders to exercise their rights	13	8	2	3	9	2	2	9	2	2
Board of Directors	36	30	4	2	31	3	2	33	1	2
Corporate Secretary	2	2	0	0	2	0	0	2	0	0
Remuneration system for members of the Board of Directors and senior Company executives	10	7	2	1	7	2	1	7	3	0
Risk Management and Internal Control System	6	6	0	0	6	0	0	6	0	0
Corporate disclosure	7	4	3	0	4	3	0	4	3	0
Significant corporate actions	5	3	2	0	3	2	0	3	2	0
TOTAL GRADE	79	60	13	6	62	12	5	64	11	4
	100%	76%			78%			81%		

A detailed report on compliance with the principles and recommendations of the Code is provided in Appendix 167 to this report.

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