

KPI system and remuneration of governing and executive bodies

Remuneration for members of the Board of Directors

In 2018, the policy on remuneration and reimbursement of expenses to members of the Board of Directors was governed by the following documents:

No.	Document name	Status
1	Regulation on the of PJSC "Magnit" Board of Directors approved by a resolution of the Annual General Meeting of Shareholders dated June 4, 2015 (unnumbered minutes dated June 5, 2015).	inactive
2	Regulation on the of PJSC "Magnit" Board of Directors approved by a resolution of the Annual General Meeting of Shareholders dated June 21, 2018 (unnumbered minutes dated June 21, 2018).	inactive
3	Regulation on the of PJSC "Magnit" Board of Directors approved by a resolution of the Extraordinary General Meeting of Shareholders dated December 5, 2018 (unnumbered minutes dated December 6, 2018).	active

1. Regulation on the of PJSC "Magnit" Board of Directors approved by a resolution of the Annual General Meeting of Shareholders dated June 4, 2015 (unnumbered minutes dated June 5, 2015).

In accordance with the Regulation on the PJSC "Magnit" Board of Directors approved by the resolution of the Annual General Meeting of Shareholders dated June 4, 2015 (unnumbered minutes dated June 5, 2015), remuneration is paid to members of the Board of Directors based on a resolution of the General Meeting of Shareholders for their participation in the work of the Board of Directors and based on the results of their work.

Remuneration for participation in the work of the Board of Directors amounts to RUB 120,000 (one hundred twenty thousand) per month.

Remuneration for an independent director for participation in the work of the Board of Directors amounts to USD 30,000 (thirty thousand) per year, plus

- USD 2,000 (two thousand) for personally attending each in-person meeting of the Board of Directors;
- USD 500 (five hundred) for sending a written opinion to each in-person meeting of the Board of Directors or for participation in each meeting of the Board of Directors held in absentia.

In addition to remuneration, members of the Board of Directors may be paid remuneration based on the results for the year. The specific amount of remuneration for the annual results is paid to members of the Board of Directors after relevant annual financial statements are approved by a resolution of the Company's General Meeting of Shareholders.

The Company compensates expenses of members of the Board of Directors directly related to the performance of their functions, including:

- expenses associated with travel to the meeting place of the Board of Directors;
- expenses associated with accommodation during meetings of the Board of Directors;
- entertainment expenses;
- costs associated with obtaining professional advice from specialists on issues considered at meetings of the Board of Directors as well as the translation of documents/materials that are submitted for members of the Board of Directors to study.

The amount of such expenses must be previously agreed with the Chairman of the Board of Directors and the Chairman of the Audit Commission. Expenses are reimbursed through the Company's cashier upon request of a member of the Board of Directors for the reimbursement of expenses. The request must be accompanied by original documents confirming the actual costs incurred (tickets, invoices, receipts, etc.). The Board of Directors may decide at a meeting to deny a member of the Board of Directors compensation for expenses incurred via a majority vote by elected members if it determines that the actions of this member of the Board of Directors run counter to the Company's interests.

2. Regulation on the of PJSC "Magnit" Board of Directors approved by a resolution of the Annual General Meeting of Shareholders dated June 21, 2018 (unnumbered minutes dated June 21, 2018).

In accordance with the Regulation on the PJSC "Magnit" Board of Directors approved by the resolution of the Annual General Meeting of Shareholders dated June 21, 2018 (unnumbered minutes dated June 21, 2018), members of the Board of Directors are paid the following types of remuneration (collectively referred to as Remuneration) for the period during which they performed their duties:

- Base remuneration
- Additional remuneration.

Base remuneration for participation in the work of the Board of Directors amounts to EUR 150,000 (one hundred fifty thousand) per year for each member of the Board of Directors (including for participation in Committees of the Board of Directors).

Additional remuneration is paid in addition to base remuneration to the Chairman of the Board of Directors and the Chairmen of the Committees:

- Chairman of the Board of Directors – EUR 200,000 (two hundred thousand) per year;
- Chairman of the Audit Committee of the Board of Directors – EUR 100,000 (one hundred thousand) per year;
- Chairman of the HR and Remuneration Committee of the Board of Directors – EUR 75,000 (seventy-five thousand) per year;
- Chairman of the Strategy Committee of the Board of Directors – EUR 100,000 (one hundred thousand) per year.

In addition to the remuneration paid during the period when the members of the Board of Directors are performing their duties, the Company compensates the members of the Board of Directors for the following expenses:

- expenses associated with traveling to the meeting place of the Board of Directors and from the meeting place to their destination as well as accommodation while located at the meeting place;
- expenses associated with participating in a meeting of the Board of Directors via telephone or a teleconference system, sending a written opinion, or conducting absentee voting;
- expenses associated with members of the Board of Directors performing their functions in the periods between meetings;
- expenses associated with hiring consultants and experts and obtaining relevant opinions on issues concerning the activities of the Board of Directors.

The maximum amount of compensation for expenses per year for each member of the Board of Directors is EUR 50,000 (hereinafter the Compensation Limit).

Expenses are reimbursed on a quarterly basis no later than 30 days after the end of the quarter. The total amount of compensation per year for each member of the Board of Directors may not exceed the Compensation Limit.

If the expenses of a member of the Board of Directors for the year exceed the Compensation Limit, the issue of compensating the amount of expenses exceeding the Compensation Limit is submitted to the General Meeting of Shareholders for consideration.

3. Regulation on the of PJSC “Magnit” Board of Directors approved by a resolution of the Extraordinary General Meeting of Shareholders dated December 5, 2018 (unnumbered minutes dated December 6, 2018).

In accordance with the Regulation on the PJSC “Magnit” Board of Directors approved by the resolution of the Extraordinary General Meeting of Shareholders dated December 5, 2017 (unnumbered minutes dated December 6, 2017), members of the Board of Directors are paid remuneration based on a resolution of the General Meeting of Shareholders for participation in the work of the Board of Directors and based on the results of their work.

Members of the Board of Directors are paid the following types of remuneration (collectively referred to as Remuneration) for the period during which they performed their duties:

- Base remuneration,
- Additional remuneration,
- Special remuneration.

Base remuneration for participation in the work of the Board of Directors amounts to EUR 150,000 (one hundred fifty thousand) per year for each member of the Board of Directors (including for participation in Committees of the Board of Directors).

Additional remuneration is paid in addition to base remuneration to the Chairman of the Board of Directors and the Chairmen of the Committees:

- Chairman of the Board of Directors – EUR 200,000 (two hundred thousand) per year;
- Chairman of the Audit Committee of the Board of Directors – EUR 100,000 (one hundred thousand) per year;
- Chairman of the HR and Remuneration Committee of the Board of Directors – EUR 75,000 (seventy-five thousand) per year;
- Chairman of the Strategy Committee of the Board of Directors – EUR 100,000 (one hundred thousand) per year.
- Chairman of the Capital Markets Committee of the Board of Directors – EUR 100,000 (one hundred thousand) per year.

In addition to base and additional remuneration, special one-off remuneration is paid to a member of the Board of Directors who served as the Chairman of the Strategy Committee in 2018 in the amount of EUR 375,000 (three hundred seventy-five thousand).

If remuneration is paid in rubles, the euro exchange rate is determined based on the rate of the Central Bank of the Russian Federation on the date preceding the payment date.

In addition to remuneration paid during the period when members of the Board of Directors perform their duties, the Company compensates members of the Board of Directors for the following expenses:

- expenses associated with traveling to the meeting place of the Board of Directors and from the meeting place to their destination as well as accommodation while located at the meeting place;
- expenses associated with participating in a meeting of the Board of Directors via telephone or a teleconference system, sending a written opinion, or conducting absentee voting;
- expenses associated with members of the Board of Directors performing their functions in the periods between meetings;
- expenses associated with hiring consultants and experts and obtaining relevant opinions on issues concerning the activities of the Board of Directors.

The maximum amount of compensation for expenses per year for each member of the Board of Directors is EUR 50,000 (hereinafter the Compensation Limit).

Expenses are reimbursed on a quarterly basis no later than 30 days after the end of the quarter. The total amount of compensation per year for each member of the Board of Directors may not exceed the Compensation Limit.

If the expenses of a member of the Board of Directors for the year exceed the Compensation Limit, the issue of compensating the amount of expenses exceeding the Compensation Limit is submitted to the General Meeting of Shareholders for consideration.

Decision to pay remuneration

On June 21, 2018, the General Meeting of Shareholders adopted the following resolutions:

- to pay remuneration to members of the Board of Directors for participation in the work of the Board of Directors for the period from January 1, 2017 to June 21, 2018 in the amount and manner prescribed by the Regulation on the Company's Board of Directors, which was approved by the resolution of the Annual General Meeting of Shareholders dated June 4, 2015 (unnumbered minutes dated June 5, 2015);
- not to pay remuneration to the members of the Board of Directors based on the Company's work results for the year (unnumbered minutes dated June 21, 2018);
- to reimburse members of the Board of Directors for expenses directly related to the performance of their functions for the period from January 1, 2017 to June 21, 2018 in the amount of documented expenses that were actually incurred and did not exceed RUB 1,000,000 (one million) for each member of the Company's Board of Directors in the manner prescribed by the Regulation on the Company's Board of Directors, which was approved by the resolution of the Annual General Meeting of Shareholders dated June 4, 2015 (unnumbered minutes dated June 5, 2015).

Remuneration paid to members of the Board of Directors in 2018

Measurement unit: RUB mln

Indicator	2018
Remuneration for participation in the work of a management body	59.1

Reimbursement paid to members of the Board of Directors in 2018

Measurement unit: RUB mln

Name of management body	2018
Board of Directors	1.8

Remuneration for the CEO

In accordance with Article 6 of the Regulation "On the Sole Executive Body of PJSC "Magnit," which was approved by the resolution of the Annual General Meeting of Shareholders dated June 24, 2010 (minutes dated June 28, 2010 and in earlier versions), salary and other payments made to the CEO are established by the employment contract concluded with the CEO.

Remuneration for members of the Management Board

In 2018, the policy of remuneration and reimbursement for members of the collegial executive body was governed by the following documents:

- Regulation on the Collective Executive Body (Management Board) of PJSC "Magnit" approved by the Annual General Meeting of Shareholders of PJSC "Magnit" on June 24, 2010 (unnumbered minutes dated June 28, 2010);
- Regulation on the Collective Executive Body (Management Board) of PJSC "Magnit" approved by the Annual General Meeting of Shareholders of PJSC "Magnit" on June 21, 2018 (unnumbered minutes dated June 21, 2018).

In accordance with the Regulation on the Collective Executive Body (Management Board) of PJSC "Magnit" (approved by the Annual General Meeting of Shareholders of PJSC "Magnit" on June 24, 2010; unnumbered minutes dated June 28, 2010), remuneration for a member of the Management Board consists of remuneration in accordance with the employment contract or an additional agreement thereto.