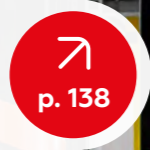


Commitment to high standards

Corporate governance

- 136 Corporate governance framework
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RUB 42.0 bln dividends on ordinary registered shares of PJSC Magnit announced in 2023



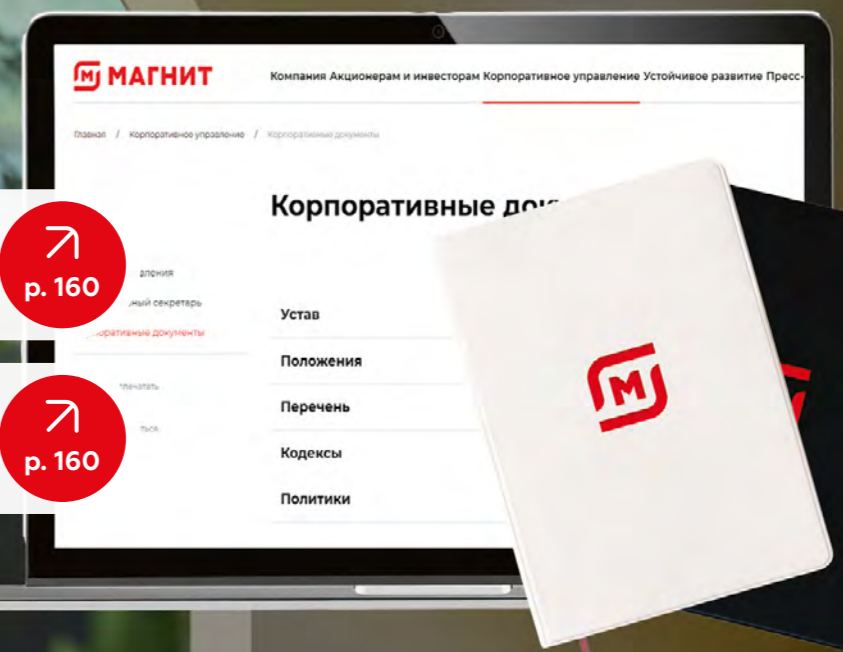
Tender Offer involved over 300 investors from 25 countries



ruAAA credit rating of PJSC Magnit assigned by Expert RA



AAA(RU) credit rating of PJSC Magnit assigned by ACRA



BT reflex

BT reflex

ОБСЛУЖИВАНИЕ ТЕХНИКИ

Corporate governance framework

Magnit has in place an effective corporate governance framework that complies with the requirements of Russian laws. The Company is committed to advancing its corporate governance practices, taking into account the interests of shareholders and other stakeholders.

Governance, management and control responsibilities at the Company are vested in shareholders via the General Meeting of Shareholders, the Board of Directors, the collective executive body (Management Board) and the sole executive bodies (President and Chief Executive Officer) pursuant to applicable Russian corporate laws, Magnit's Articles of Association and internal policies.



Corporate governance bodies

Magnit relies on a robust and effective corporate governance and internal control framework.

The Company's highest decision-making body is the General Meeting of Shareholders.

The Board of Directors is elected by shareholders and is accountable to them. It provides strategic oversight and monitors the activities of Magnit's executive bodies – the CEO (Chairman of the Management Board), President and Management Board.

The executive bodies are responsible for day-to-day management of the Company and perform tasks set by the shareholders and the Board of Directors.

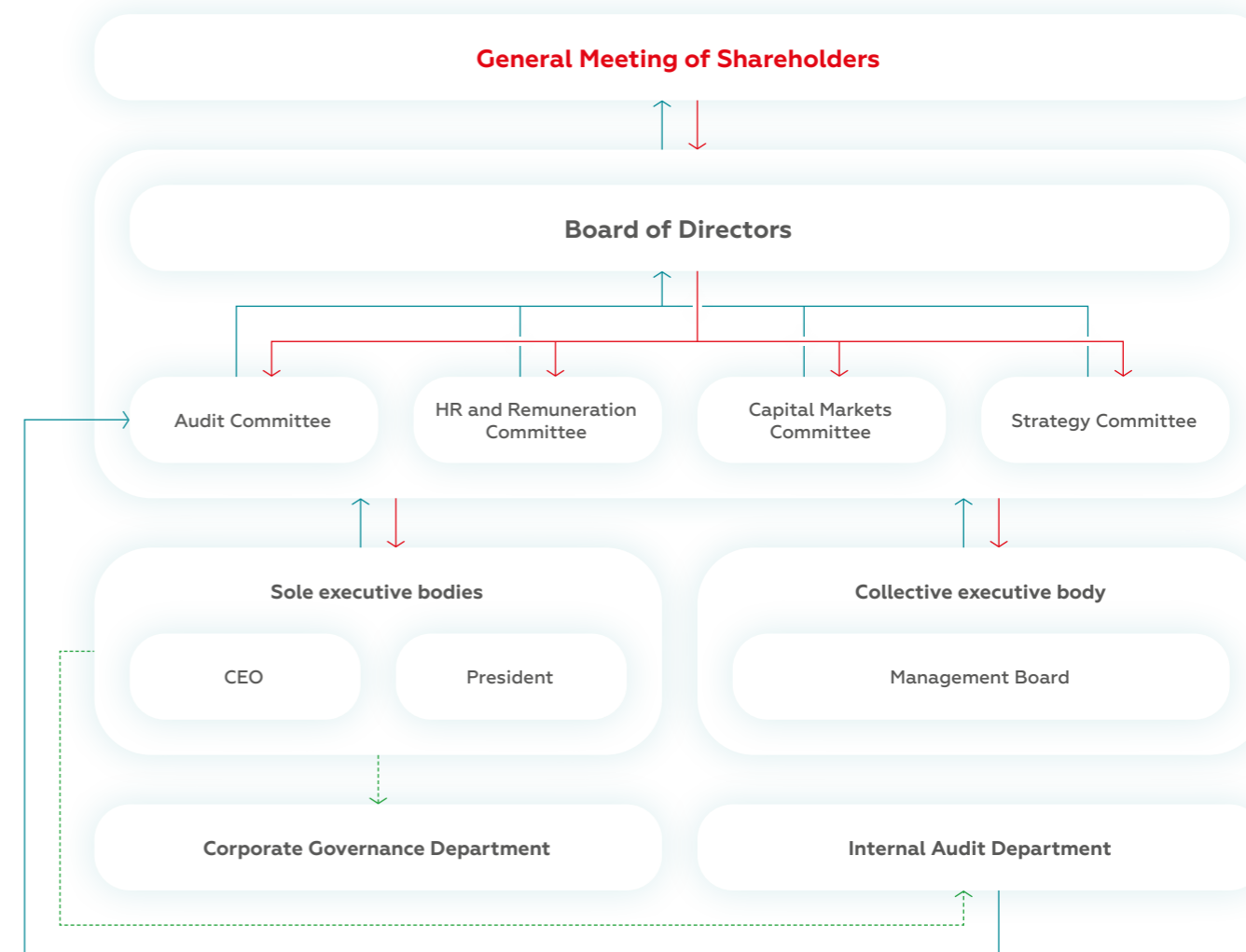
In accordance with the Company's internal regulations, there are four committees under the Board of Directors:

- Audit Committee;
- HR and Remuneration Committee;
- Strategy Committee;
- Capital Markets Committee.

The Internal Audit Department analyses and evaluates the risk management and internal control system, as well as corporate governance.

The Corporate Governance Department carries out the duties of the Corporate Secretary, ensuring efficient shareholder engagement, coordination of the Company's actions aimed at protection of shareholders' rights and interests, as well as support of the Board of Directors.

Management and control structure



- Election, establishment
- Accountability
- > Administrative subordination. Department Director is appointed by the Board of Directors

Regulations

In its corporate governance practices, Magnit adheres to the following regulations:

- Russian laws;
- Moscow Exchange listing rules;
- Corporate Governance Code recommended by the Bank of Russia¹.

The Company's activities are governed by its Articles of Association² and internal regulations, which remained unaltered in 2023, with no new by-laws introduced.

The full list of Magnit's public internal documents is available on the Company's website at: <https://www.magnit.com/en/corporate-governance/corporate-documents>

¹ For the full Report on Compliance with the Principles and Recommendations of the Corporate Governance Code prepared according to the recommendation letter of the Bank of Russia dated 27 December 2021 No. IN-06-28/102, see Appendix 1.
² Approved by the annual General Meeting of Shareholders of PJSC Magnit on 10 June 2021.




General Meeting of Shareholders

The General Meeting of Shareholders is the highest decision-making body of the Company. Shareholders of PJSC Magnit can significantly impact the Company's business by participating in the General Meeting of Shareholders.

The key responsibilities 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;
- approval of the Company's auditor.

The procedure for the General Meeting of Shareholders aims to ensure the respect of shareholder rights and meets all the applicable laws and regulations of the Russian Federation.

 Detailed information regarding the resolutions of the General Meeting of Shareholders is available on the Company's website at <https://www.magnit.com/en/shareholders-and-investors/shareholders-meeting/>

In 2023, the General Meeting of Shareholders of PJSC Magnit was held on 28 December through absentee voting, with the following resolutions passed:

- approval of the Company's Annual Report and annual accounting (financial) statements for 2021 and 2022;
- approval of the profit distribution for 2021 and 2022, including the payment of dividends on ordinary registered shares of PJSC Magnit in the amount of RUB 42.0 bln (RUB 412.13 per share);
- election of the Board of Directors;
- approval of the auditors for the Company's accounting (financial) statements prepared according to the Russian Accounting Standards (RAS)¹ and International Financial Reporting Standards (IFRS)².

RUB 42.0 bln

dividends on ordinary registered shares of PJSC Magnit announced in 2023

Induction and training of directors

Newly elected members of Magnit's Board of Directors complete an induction programme, which includes:

- meetings with members of the Management Board and the Company's senior executives;
- introduction to the Company's history, strategy, corporate governance system, risk management and internal control system, the distribution of responsibilities among the Company's executive bodies, and the procedures of the Board of Directors;
- familiarisation with the Company's documents, including 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.



Board of Directors

The Company's Board of Directors and its numerical composition is elected and determined by the General Meeting of Shareholders according to the Articles of Association of PJSC Magnit.

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 act as the Chairman of the Board of Directors.

The Board of Directors of PJSC Magnit steers the Company's operations, defines strategic goals and implements effective management practices, while also electing 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.

The work of the Board of Directors goes beyond formal meetings. The Board regularly interacts with the management team to streamline cooperation between the executive bodies of the Company and the Board of Directors.

The make-up of the Board is governed by Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995 and also by the Articles of Association, Regulations on General Shareholders Meeting, Regulations on the Board of Directors, and Regulations on the Committees of the Board of Directors.

Committees of the Board of Directors

In accordance with PJSC Magnit's internal regulations, there are four committees under the Board of Directors:

- Audit Committee;
- HR and Remuneration Committee;
- Strategy Committee;
- Capital Markets Committee.

The committees are made up from 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 chairs of the committees), the following aspects must be taken into consideration: the education and professional training of the candidates, their work experience in the Committee's focus area, 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 govern the make-up and activities of the committees.

The work of the committees goes beyond formal meetings. The committees constantly interact with the management team in order to streamline cooperation between the executive bodies of the Company and the Board of Directors.

¹ Russian Accounting Standards (RAS) are a set of accounting rules stipulated by federal laws of the Russian Federation and Accounting Regulations issued by the Ministry of Finance of the Russian Federation.

² International Financial Reporting Standards (IFRS) are a set of documents (standards and interpretations) for the preparation of financial statements enabling external users to make informed financial decisions.



Audit Committee



Key responsibilities:

- monitoring and verifying the integrity of financial statements;
- verifying the internal control and risk management system;
- monitoring the effectiveness of internal audits;
- monitoring relations with the external auditor.

HR and Remuneration Committee



Key responsibilities:

- developing and monitoring the Remuneration Policy (including long and short-term incentives);
- endorsing and monitoring senior management appointments (CEO-1/CEO-2 levels);
- developing the talent management strategy;
- assessing the performance of the Board of Directors and management team on an annual basis.

Strategy Committee



Key responsibilities:

- strategic and investment planning;
- identifying priority focus areas;
- endorsing and verifying the business plan and budget.

Capital Markets Committee



Key responsibilities:

- developing and improving corporate governance systems;
- preparing, developing and implementing IR strategies;
- assessing the Dividend Policy and drafting relevant recommendations for the Board of Directors.

Management Board

The Management Board is the collective executive body responsible for the day-to-day management of the Company within its remit as defined by the Articles of Association.

The Management Board shall be guided and bound by resolutions of the Company's General Meeting of Shareholders and Board of Directors. The Management Board shall report to the Board of Directors and the General Meeting of Shareholders.

The Chief Executive Officer and the President of the Company shall be members of the Management Board by virtue of their office.

The Chief Executive Officer shall act as the Chairman of the Management Board by virtue of office.

Should the powers of the Chief Executive Officer be terminated, up to the moment when the Board of Directors elects a new Chief Executive Officer, the President shall act as the Chairman of the Company's Management Board by virtue of office.

Corporate Secretary

The Corporate Governance Department of PJSC Magnit discharges the 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 effective operation of the Board of Directors.

The main responsibilities of the Corporate Governance Department are as follows:

- to participate in improving the Company's corporate governance system and practices;
- to participate in preparing for and holding of 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 to 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 to oversee their implementation.

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

Internal control and risk management system

The internal control and risk management system:

- provides reasonable assurance that Magnit achieves its mission and values, as well as business targets;
- gives accurate and clear representation of the Company's current affairs and prospects;
- ensures the integrity and transparency of Magnit's accounts and reports;
- ensures reasonable and acceptable levels of risks assumed by the Company.

The Company's Board of Directors and Management Board ensure the effective operation and development of the internal control and risk management system. This helps control the Company's strategic and operational goal achievement, the reliability of information disclosure, and compliance with external and internal requirements.

Goals of the internal control and risk management system:

- strategic goals ensuring the accomplishment of the Company's mission and efficient management of its operations;
- operational goals related to the efficient and effective use of the Company's resources;
- goals ensuring the accuracy of the Company's accounts and reports;
- goals related to compliance with applicable laws and the Company's by-laws.

Objectives of the internal control and risk management system:

- reduce the number of unexpected events in the Company's operations;
- define and manage Company risks to provide reasonable assurance that the Company will achieve its goals;
- ensure the right balance between risk appetite and development strategy;
- improve managerial decision-making, including risk response decisions;
- develop a risk-oriented corporate culture with the corporate bodies and management disseminating knowledge and skills across the Company and engaging employees along the way.

The control and risk management system is governed by the following internal regulations

- Internal Control and Risk Management Policy of Magnit¹;
- Regulations on Risk Management at Magnit Group Companies;
- Risk Register.

For more details on Magnit's policy, see our website: www.magnit.com/en/disclosure/internal-regulations/#accordion-policy2

Core principles

Comprehensiveness and continuous operation

Risk management and internal control are undertaken on a constant and cyclical basis and cover all areas of the Company's operations across the governance hierarchy

Integration with governance

Risk management is an integral part of the decision-making process. It supports sound management decisions and factors in the probability and consequences of risks

Distinction of decision-making levels

Risk management decisions shall be made at various governance levels subject to the significance of the risk and area of the Company's activities

Responsibility

All subjects of internal control are responsible for compliance with risk management and internal control standards and approaches within their respective remit

Distribution of responsibilities and powers

The responsibilities and powers of the internal control and risk management bodies are distributed to reduce the risk of error and/or fraud

Balance

Costs associated with control procedures shall be commensurate with the risk

Risk-focused approach

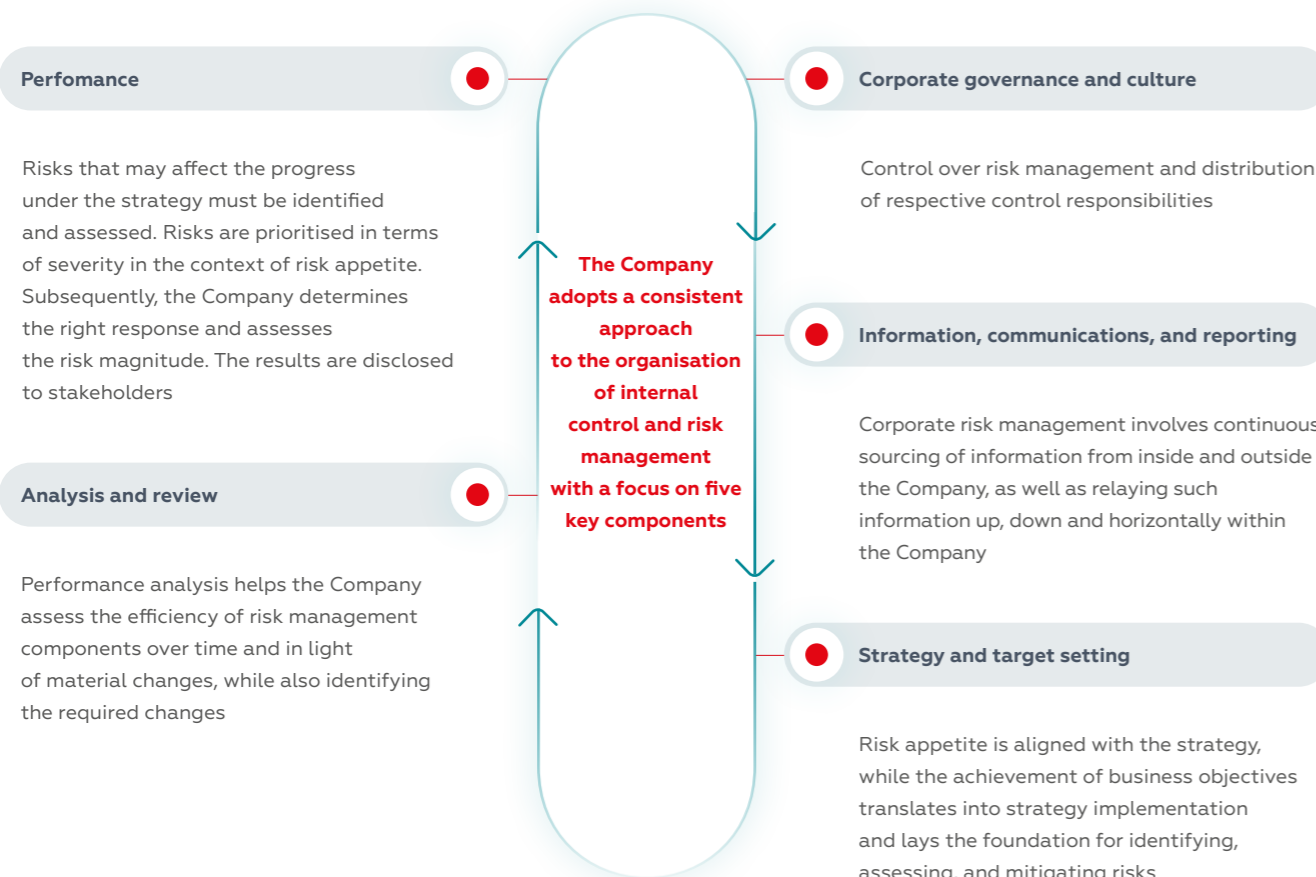
Control procedures shall be established for business lines based on their significance in terms of the Company's operational efficiency

Reasonable assurance

The implementation of risk management measures shall be deemed effective if it reduces the risk to an acceptable level

Ongoing improvement

The Company monitors its risk management system and engages in its constant development and improvement



¹ Approved by the Board of Directors on 12 December 2019 (Minutes w/o No. dated 13 December 2019).

The Company applies a three lines of defence model¹ to coordinate risk management and internal control processes by clearly defining and delimiting respective functions and responsibilities.

Three lines model



In the first line of defence, risks are managed by business process and business unit owners. They are responsible for embedding risk controls into decision-making processes and key business operations. Business units are responsible for identifying, mitigating, managing, analysing and reporting on key risks. Heads of business units draft, implement, and ensure the operation of controls in business processes.

The second line of defence consists of the Risk Management Office, Economic Security Department, Department for Compliance and Antitrust Practices, Financial Control and Operational Controlling Office, etc. They draft and implement risk management and internal control methodologies, set

standards and coordinate the Company's activities related to risk management and internal control, ensure monitoring of the development and functioning of controls related to the first line of defence, and provide advice on risk management.

The third line of defence is operated by the Internal Audit Department, which provides independent performance assessment of internal controls and risk management and gives recommendations for their improvement.

Internal control and risk management system improvement

In improving our internal control and risk management system throughout 2023, we aimed to reflect the scale of our business, retail focus, diversified lines of operations, and regulatory environment in which we operate.

In 2024, we plan to integrate risk management into our new subsidiaries, business areas and acquisitions, and will focus on further enhancing employee competences in internal control and risk management.

The Company's key risks

The Company identifies the most significant risks, assesses them, and develops procedures to mitigate any negative impact. We then monitor the effectiveness of our risk impact procedures.

Highlights in 2023

- Risk quantification rolled out to cover all of the Group's business processes.
- Risk registers of the Company and its subsidiaries updated.
- Internal control projects successfully implemented.
- Risks of key projects quantified.
- Risk management workshops held for senior executives and project managers.
- Risk management training course for the Corporate Academy developed and implemented.

Risk description and management

No.	Risk description	Risk management	
1	Risk of changes in consumer preferences and demand	• Product mix adjustments	 Risk level
2	Higher prices of imported equipment and materials	• Search for alternative suppliers	
3	Understaffing as a result of reduced labour market capacity and increased payroll costs	• Expanded range of social benefits for rank-and-file employees • Introduction of flexible working hours where possible • Employee development, inclusion of employees in the talent pool, promotions in line with the career track • Employer brand development • Labour market monitoring and employee engagement surveys	
4	Risk of regulatory changes	• Monitoring of legislative changes	 Risk level
5	Higher competition risks	• Ongoing monitoring of the competitive landscape	
6	Disruptions in supplies of equipment, spare parts and materials	• Engagement of third-party transportation companies • Search for alternative channels to secure deliveries of spare parts for vehicles • Search for alternative suppliers • Reliance on internal resources if counterparties fail to provide support under existing contracts • Development of corporate procedures to procure spare parts and consumables	

¹ A control model developed and recommended by the Institute of Internal Auditors (IIA).

No.	Risk description	Risk management
7	Restrictions on settlements with counterparties	<ul style="list-style-type: none"> Switching to alternative payment tools and/or using alternative settlement methods
8	Information security risks	<ul style="list-style-type: none"> Functioning of access control procedures and mechanisms, approved access matrices Establishment of a software and infrastructure change management system Data backup, duplication of key information systems Functioning of a centralised monitoring system for information security events Additional investments in the development of information technologies
9	Risks related to availability of seed lots and supplements for the Company's Mushroom Complex, lack of fungal mycelium, availability of crop protection agents for greenhouses	<ul style="list-style-type: none"> Development of alternative supply channels Signing contracts with domestic producers of mycelium projects to produce and select mycelium Development of crop protection agents and supplements together with producers
10	Climate-related risks (physical and transitional)	<ul style="list-style-type: none"> Establishment of a working group Analysis and amendment (if necessary) of the Company's regulations with regard to climate-related risk management Regular assessment of greenhouse gas emissions and other climate impacts Elaboration of a plan of measures for the implementation and development of a system for identification, assessment, management and monitoring of climate-related risks Analysis of the potential application of the results of the climate-related risk assessment and business opportunities Development of an action plan to neutralise climate-related risks



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 (the "auditor").

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 potential auditors.

IFRS auditor

Centre for Audit Technologies and Solutions Limited Liability Company (previously Ernst & Young LLC) (TIN 7709383532, location: 77 Sadovnicheskaya Embankment, Bld. 1, Moscow, Russia) is the auditor of PJSC Magnit's consolidated financial statements prepared in accordance with the IFRS.

Centre for Audit Technologies and Solutions LLC has been auditing the IFRS consolidated statements of PJSC Magnit and its subsidiaries since 2010. The partner of Centre for Audit Technologies and Solutions LLC is Ilya Ananyev.

Centre for Audit Technologies and Solutions LLC is a member of the Self-Regulatory Organisation of Auditors Association "Sodruzhestvo" (SRO AAS) No. 430 dated 31 January 2020 with the main registration number entry (ORNZ) 12006020327.

Following the reporting year, the auditor inspected the IFRS consolidated financial statements of PJSC Magnit and its subsidiaries for 2023. Based on the results of the audit, the auditor expressed an opinion on the accuracy of the IFRS consolidated financial statements for 2023.

The auditor's total remuneration under the agreement on statutory audit of the consolidated financial statements for 2023 and review of the interim financial information for the six-month 2023 amounted to RUB 79.8 mln excluding VAT (RUB 60.6 mln and RUB 19.2 mln correspondingly).

Total remuneration paid for non-audit services provided to the Magnit Group in 2023 by the auditor and the companies constituting one group with the auditor amounted to RUB 150,000 excluding VAT.



RAS auditor

The audit firm Faber Lex Limited Liability Company (TIN 2308052975, location: 144 Krasnykh Partizan Street, Bld. 2, Krasnodar, Russia) was approved as the auditor of PJSC Magnit's accounting (financial) statements prepared in accordance with the Russian Accounting Standards (RAS).

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.

Following the reporting year, the auditor inspected the RAS accounting (financial) statements of PJSC Magnit for 2023. Based on the results of the audit of PJSC Magnit, the auditor expressed an opinion on the true and fair reflection of the Company's financial position in the RAS accounting (financial) statements in all its material aspects.

The total remuneration paid by the Group's companies to AF Faber Lex LLC in 2023 amounted to RUB 7.8 mln (excluding VAT), including RUB 452,500 paid for the audit of the PJSC Magnit accounting (financial) statements for 2022.

The auditor did not provide any audit-related services ("non-audit services") to the Group in 2023.





Business ethics and anti-corruption

Material topics

- Business ethics and anti-corruption

Contribution to UN SDGs



UN Global Compact principles

No. 10

Governance structure

Cross-functional model for combating corruption



→ Cooperation and coordination as part of anti-corruption activities, advisory support, training, risk assessment, and controls

Key documents

Magnit's policies and documents

- Business Ethics Code of PJSC Magnit
- Anti-Corruption Policy of PJSC Magnit
- Regulations on the Anti-Corruption Hotline of the Anti-Corruption Policy of PJSC Magnit
- Anti-corruption clause of the Anti-Corruption Policy of PJSC Magnit
- Contractual Policy of PJSC Magnit
- Internal Control and Risk Management Policy of PJSC Magnit
- Regulations on Trade Secret of PJSC Magnit
- Regulations on Internal Checks of PJSC Magnit
- Internal Workplace Regulations of PJSC Magnit
- Regulations on Not-for-Resale-Procurement of PJSC Magnit and its subsidiaries
- Regulations on Counterparty Due Diligence of PJSC Magnit
- Conflict of Interest Management Policy of PJSC Magnit
- Charity, Sponsorship and Volunteer Policy of PJSC Magnit

For more details on Magnit's internal regulations, see the Company's official website magnit.com/en/disclosure/internal-regulations/#accordion-regulations_disclosure

External documents

- Criminal Code of the Russian Federation No. 63-FZ dated 13 June 1996
- Administrative Offence Code of the Russian Federation No. 195-FZ dated 30 December 2001
- Federal Law No. 273-FZ On Combating Corruption dated 25 December 2008
- Guidelines for the Development and Adoption of Measures by Organisations to Prevent and Combat Corruption (Decree of the President of the Russian Federation No. 309 On Measures Supporting the Implementation of Selected Provisions of the Federal Law On Combating Corruption dated 2 April 2013)
- Federal Law No. 152-FZ On Personal Data dated 27 July 2006
- Federal Law No. 149-FZ On Information, Information Technologies and Information Protection dated 27 July 2006

Our approach to management

Magnit maintains high legal, ethical and moral standards as part of our business activities and cooperation with business partners. The fundamental framework is set out in our Anti-Corruption Policy and Business Ethics Code.

The actions and decisions of our employees build and strengthen the Company's overall reputation. We seek to ensure that our hires make honest and appropriate decisions based on the principles set out in the Business Ethics Code.

Our zero-tolerance approach to corruption in all its forms provides the basis for the Anti-Corruption Policy, which underpins our corruption risk management system and our corruption

prevention tools. Magnit's managers and employees are required to avoid being affected by any influences, interests, or relations that may have an adverse impact on the Company's business or facilitate any corrupt practices.

All new employees undergo mandatory onboarding to familiarise themselves with Magnit's business ethics, information security, and Anti-Corruption Policy requirements. Each employee has to refresh training every three years.

Underlying principles of the Anti-Corruption Policy

No.	Principle	Our responsibility
1	Zero tolerance towards corruption	Our Company is committed to zero tolerance of corruption in all its forms, both on the corporate level and in stakeholder relations
2	Liability for corrupt practices	We make every effort to promptly and indelibly prevent any corrupt practices
3	Senior management leadership by example	Members of the Board of Directors, the Chief Executive Officer and other senior officers of the Company take a zero tolerance approach to corruption, establish and observe high ethical standards of business conduct and set an example for all Magnit employees
4	Corruption risk identification and assessment	We identify and regularly assess corruption risks, taking into account the Company's strategic and investment plans
5	Control procedures	We have implemented control procedures to minimise corruption risks, including checks of counterparties, monitoring of procurement processes, incorporation of an anti-corruption clause into our contracts, and other measures. We regularly assess the effectiveness of our anti-corruption control procedures and take steps to improve them
6	Counterparty checks	We conduct thorough counterparty checks. We analyse information from open sources about the extent to which the counterparty adheres to ethical business principles and any anti-corruption practices it has in place, along with its willingness to comply with our principles, and include anti-corruption provisions in agreements, as well as promote ethical business conduct and minimise corruption risks
7	Communication and training	Our Anti-Corruption Policy is publicly available on the Company's website. We communicate anti-corruption principles and requirements to our employees, contractors, suppliers and other stakeholders. All our new hires go through mandatory anti-corruption training
8	Monitoring and control	We regularly assess compliance with anti-corruption procedures and communicate the results to the senior management and shareholders

All new Company employees receive anti-corruption training after joining Magnit and are subject to control tests to check their acquired knowledge. In 2023, some 4,300 employees completed an anti-corruption training programme, with 2,800 more trained as part of a course on business ethics.

Magnit vets its counterparties in line with the Regulations on Counterparty Due Diligence based on the following criteria:

- due diligence;
- legitimacy of the counterparty's operations;
- no conflict of interest between the counterparty and the Company's employees; efforts in place to prevent bribery and corruption;
- no anticompetitive practices;
- adherence to the Company's business process requirements;
- no competition restrictions as part of tender processes.

In 2023, we reinforced our compliance framework by drafting and implementing two internal by-laws that set out the Company's key approaches to managing its conflicts of interest and to procedures of business gifts and signs of business entertainment exchange.

The primary focus last year was on enhancing compliance-related business processes through their digital transformation, streamlining, and automation.



In 2023, we automated various compliance workflows and reporting procedures, while also introducing tools for archiving resolved conflict of interest cases involving our employees and job applicants. We also automated the management of core data in our information database along with reporting form configurations for the Security Department and Internal Audit Department. Our digital platform now sends notifications about expert opinion deadlines, control markers, and report generation and distribution to relevant units.

The digitalisation of compliance is a strategic initiative aimed at ensuring process continuity, traceability, increased efficiency, and reduction of human error. In 2023, we automated the submission of employee compliance statements and conflict of interest declarations using the SBIS¹ electronic document management system. Now employees can complete the declaration process in less than five minutes.

In addition to automating the conflict of interest declaration process and ensuring transparency in the connections of employees whose roles are associated with corruption risks, the Company is committed to building a digital environment for trustworthy communications with all compliance system participants. To achieve this, we have established a dedicated compliance section on the corporate portal, where employees can review all necessary compliance by-laws, submit declarations, complete interactive training courses, ask questions to the Ethical Values Officer, and report any issues through the Anti-Corruption Hotline.

¹ SBIS EDMS is a system for business communications and electronic document exchange between companies, government agencies, and individuals.

In 2023, the Company achieved greater efficiency in managing conflicts of interest by digitalising the conflict identification process for job applicants. The implementation of Skillaz, a digital HR platform, facilitated automated interaction between

Anti-Corruption Hotline

The Ethical Values Officer, assigned to the Department for Compliance and Antitrust Practices, is responsible for overseeing the management of internal and external reports related to corrupt practices and ethical issues and for administering the verification of reported facts and circumstances.

The Anti-Corruption Hotline experts process all incoming reports, including anonymous ones, and forward them to the Company's relevant functions and units for review and appropriate management decisions.

All reports submitted through the channels described above are handled in line with confidentiality (anonymity) requirements. We guarantee whistleblowers acting in good faith confidentiality of their personal data and protection against retribution. The Anti-Corruption Hotline is supervised by the Department for Compliance and Antitrust Practices and the Internal Audit Department within their remit.

The Department for Compliance and Antitrust Practices also determines the procedure for evaluating the Anti-Corruption Hotline performance, sets the frequency of updating its standards of operation, and defines the methods for identifying compliance risks.

We guarantee no retaliation against any individuals who report suspected incidents of corruption involving the Company's employees. These guarantees apply to all whistleblowers who reach out to the Anti-Corruption Hotline, regardless of the circumstances.

In 2023, the Anti-Corruption Hotline received a total of 12,075 reports, including 500 corruption-related ones. The reported corruption-related issues primarily include corrupt activities, bribery, offers of mediation in bribery, commercial bribery, theft, falsification of accounting data, violations of waste management protocols for personal gain, abuse of authority, conflicts of interest, and others.

the Company's compliance, personnel security, and HR teams, leading to shorter review and approval times for conflict of interest cases.

The Company maintains a 24/7 Anti-Corruption Hotline for handling reports of actual and potential violations of business ethics standards, conflicts of interest, abuse of office, abuse of authority, prejudiced behaviour, and damage to the Company.

Communication channels:

- 24/7 answering service: 8 (800) 6000-477;
- Ethical Values Officer's email: ethics@magnit.ru;
- Website feedback form: <https://www.magnit.com/en/anti-corruption/>.

All reports concerning suspected corruption are promptly forwarded to the Security Department, with a formal corporate investigation launched into them if they are found credible and sufficient. Once the suspected allegations are proved accurate, the case is forwarded to the Ethical Values Officer to provide an expert opinion.

Next year, the hotline will see a major automation upgrade to enhance its performance.

Shareholder and investor engagement

Authorised and issued share capital

As at 31 December 2023, the authorised capital of PJSC Magnit amounted to RUB 1,019,113.55 and comprised 101,911,355 ordinary registered uncertified shares¹ with a par value of RUB 0.01 each (the "Shares").

In addition to its outstanding shares, the Company had the right to issue 98,938,645 ordinary registered shares with a par value of RUB 0.01 each (authorised shares).

As at 31 December 2023, PJSC Magnit did not hold any treasury shares. From June to December 2023, Magnit Alyans LLC (an indirect wholly-owned subsidiary of the Company) acquired 30,245,828.8 shares of PJSC Magnit², or 29.7% of its total shares, as part of tender offers to shareholders willing to divest their holdings in Magnit, and a bilateral transaction made in October 2023.

As at 31 December 2023, no other organisations controlled by the Company owned voting shares in PJSC Magnit.

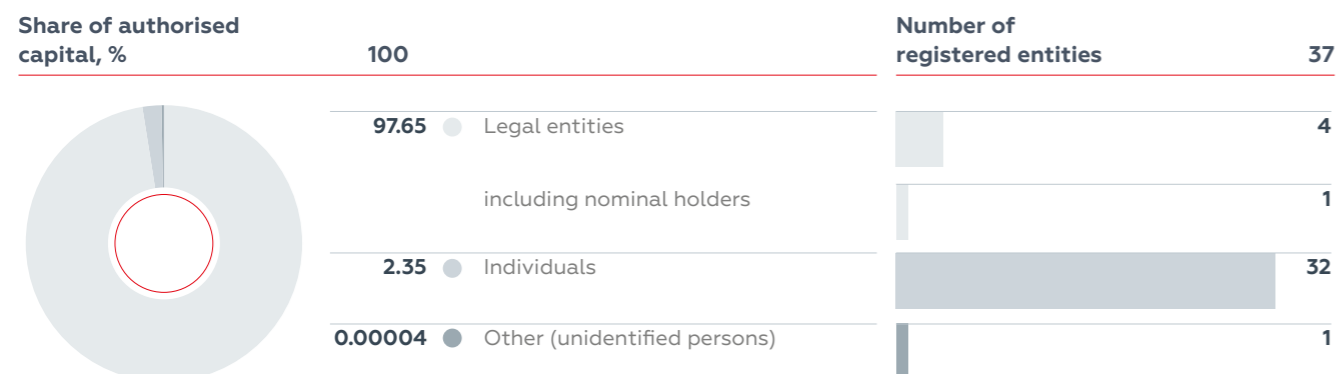
As at 31 December 2023, there were 37 persons in the Company's share register, including 32 individuals, one nominal holder and three other legal entities.

The Company's ordinary shares are listed on the Moscow Exchange. As at the end of 2023, Magnit's market capitalisation on the Moscow Exchange was RUB 712.4 bln³.

RUB 712.4 bln

Magnit's market capitalisation on the Moscow Exchange as at the end of 2023

Structure of share capital as at the end of 2023⁴



Significant changes in the share capital structure in 2023

Date of change	Change
June–December 2023	Magnit Alyans LLC, an indirect wholly-owned subsidiary of PJSC Magnit, acquired 30,245,828.82 shares ² of the Company, representing approximately 29.7% of all its issued and outstanding shares.

¹ State registration number: 1-01-60525-P of 4 March 2004.
² Including 22,948 shares the settlements for which were completed in January 2024.
³ Capitalisation in RUB is calculated using the following formula: number of outstanding shares × share price as at the end of 2023.
⁴ In accordance with the Register of PJSC Magnit as of 31 December 2023.

Listing of shares on the Moscow Exchange

Magnit's shares have been traded on the Moscow Exchange since 24 April 2006 (ticker: MGNT). Until 25 May 2023, they were included in its Level 1 quotation list. As of 25 May 2023, the Moscow Exchange moved the Company's shares to its Level 3 list.

Magnit's shares are included in the following 14 indices on the Moscow Exchange

- Stock Subindex
- Blue Chip Index
- Broad Market Index
- Consumer Sector Index
- MOEX Russia Index
- MOEX Active Management Index
- MOEX 15 Index
- MOEX 10 Index
- RTS Consumer Sector Index
- RTS Index
- Broad Market RTS Index
- MOEX-RSPP Responsibility and Transparency Index
- MOEX-RSPP Sustainability Vector Index
- MOEX-RSPP Sustainability Russian Companies Vector Index



Share price and trading volume on the Moscow Exchange in Q1–Q4 2023⁵

Period	Share price, RUB			ADTV, RUB mln			Market capitalisation at end of period, RUB bln
	Min.	Max.	As at the end of period	Period total	Daily average	Daily median	
Q1	4,308.0	4,796.0	4,582.5	51,051	823	654	467.0
Q2	3,965.0	5,216.0	5,166.0	170,608	2,752	1,352	526.5
Q3	5,152.5	6,144.5	5,520.0	214,996	3,308	2,923	562.6
Q4	5,365.0	7,018.5	6,990.0	150,561	2,316	1,928	712.4

⁵ Source: Company estimates based on Moscow Exchange quotes.



Authorised and issued share capital history

● 24 April 2006

The Company completed the process of an initial public offering in the Russian Trading System (RTS) and on the Moscow Interbank Currency Exchange (MICEX).

● 13 February 2008

Magnit announced a secondary share placement: 11,300,000 shares were offered for additional issuance, including shares placed with pre-emptive rights for existing shareholders, as well as previously placed shares owned by the selling shareholder.

● 22 April 2008

Conditional trading in GDRs certifying the rights to Magnit's shares commenced on the LSE. Later in April, Magnit's GDRs were included in the official list of the UK Listing Authority.

● 2 September 2009

Magnit announced another public offering of 11,154,918 ordinary shares. The offering price was USD 65 per ordinary share and USD 13 per GDR.

● 6 October 2011

The Board of Directors of Magnit decided to increase the authorised capital by issuing 10,813,516 additional shares. The public offering was completed on 15 December 2011.

● 15 November 2017

The Board of Directors of Magnit decided to increase the authorised capital by issuing 7,350,000 additional shares. The public offering was completed on 15 January 2018.

● 21 August 2018

The Board of Directors of Magnit approved the total amount of funds allocated for share buybacks as follows (taking into account the changes approved by the Board of Directors on 4 October 2018):

- up to RUB 16.5 bln – for the LTI programme;
- up to RUB 5.7 bln – as payment for transactions related to the acquisition of SIA Group.

The programme was launched on 5 September 2018 and completed on 1 March 2019.

● 30 August 2022

The UK Financial Conduct Authority (FCA) deleted Magnit's GDRs from the Official List and the London Stock Exchange cancelled their admission to trading on the Main Market.

● June – December 2023

Magnit Alyans LLC, an indirect wholly-owned subsidiary of the Company, acquired 30,245,828.8¹ shares of PJSC Magnit, or approximately 29.7% of all its issued and outstanding shares, as part of tender offers announced on 16 June and 10 October 2023, and a bilateral transaction made in October 2023.

Magnit's tender offer to buy back shares

In June 2023, in response to requests from international investors, Magnit decided to provide non-resident shareholders with an opportunity to monetise their holdings in the Company within the existing regulatory and market constraints.

On 16 June 2023, Magnit Alyans LLC (the "Purchaser"), an indirect wholly-owned subsidiary of Magnit, announced a tender offer to buy back Magnit's ordinary shares (ISIN code RU000A0JKQU8) (the "Shares") for cash. It aimed to acquire up to 10,191,135 Shares or up to 10% of all issued and outstanding Shares (the "Tender Offer dated 16 June 2023").

The Tender Offer dated 16 June 2023 was made to the holders of the Shares, as well as to JPMorgan Chase Bank, N.A. with respect to the Shares held in the bank's depository receipt programme custody account (the "Shareholders").

The purchase price was set in line with the approval of the Government Commission on Monitoring Foreign Investments in Russia (the "Government Commission") and amounted to RUB 2,215 per Share.

Due to investors' positive response to the Tender Offer dated 16 June 2023 and strong interest from the Shareholders, the Company decided to increase the size of the Tender Offer dated 16 June 2023 to 30,370,000 shares of Magnit or to 29.8% of all its issued and outstanding Shares.

On 11 July 2023, the Tender Offer dated 16 June 2023 was extended to the Shareholders holding the Shares through Euroclear Bank SA/NV ("Euroclear"). This decision was made following the resumption of Euroclear's settlements for the Company's Shares, as well as in view of the Purchaser receiving inquiries from Shareholders holding the Shares through Euroclear.

On 14 September 2023, the Tender Offer dated 16 June 2023 in relation to the Shares was completed.

As part of the Tender Offer dated 16 June 2023, the Purchaser bought back 21,903,163.8 Company shares, representing around 21.5% of all its issued and outstanding shares.

Approximately 200 orders were fulfilled, including those from investors from the USA, UK, Germany, Italy, Switzerland,

Scandinavian countries, Singapore, Japan, Canada, Australia, and other jurisdictions.

Magnit's GDR programme depository bank, JPMorgan Chase Bank, N.A., took part in the Tender Offer dated 16 June 2023 as well as international investors, including long-term active management funds, passive index funds / ETFs, hedge funds, pension and sovereign wealth funds, family offices, and individual investors.

Also, on 9 October 2023, the Purchaser entered into a bilateral transaction whereby it additionally acquired 443,096 Shares (or approximately 0.4% of all of the Company's issued and outstanding Shares). The purchase price and terms of the bilateral transaction were consistent with the Tender Offer dated 16 June 2023.

Following these buybacks, the Company still saw more Shareholders willing to monetise their holdings in Magnit. As a result, on 10 October 2023, the Company announced a new tender offer (the "Tender Offer dated 10 October 2023") made to a wide range of foreign investors with the price and terms consistent with the Tender Offer dated 16 June 2023.

On 24 November 2023, the buyback of the Shares as part of the Tender Offer dated 10 October 2023 was completed, with foreign Shareholders selling 7,899,569 Shares² (approximately 7.8% of all issued Shares). The Purchaser acquired all of the validly tendered Shares.

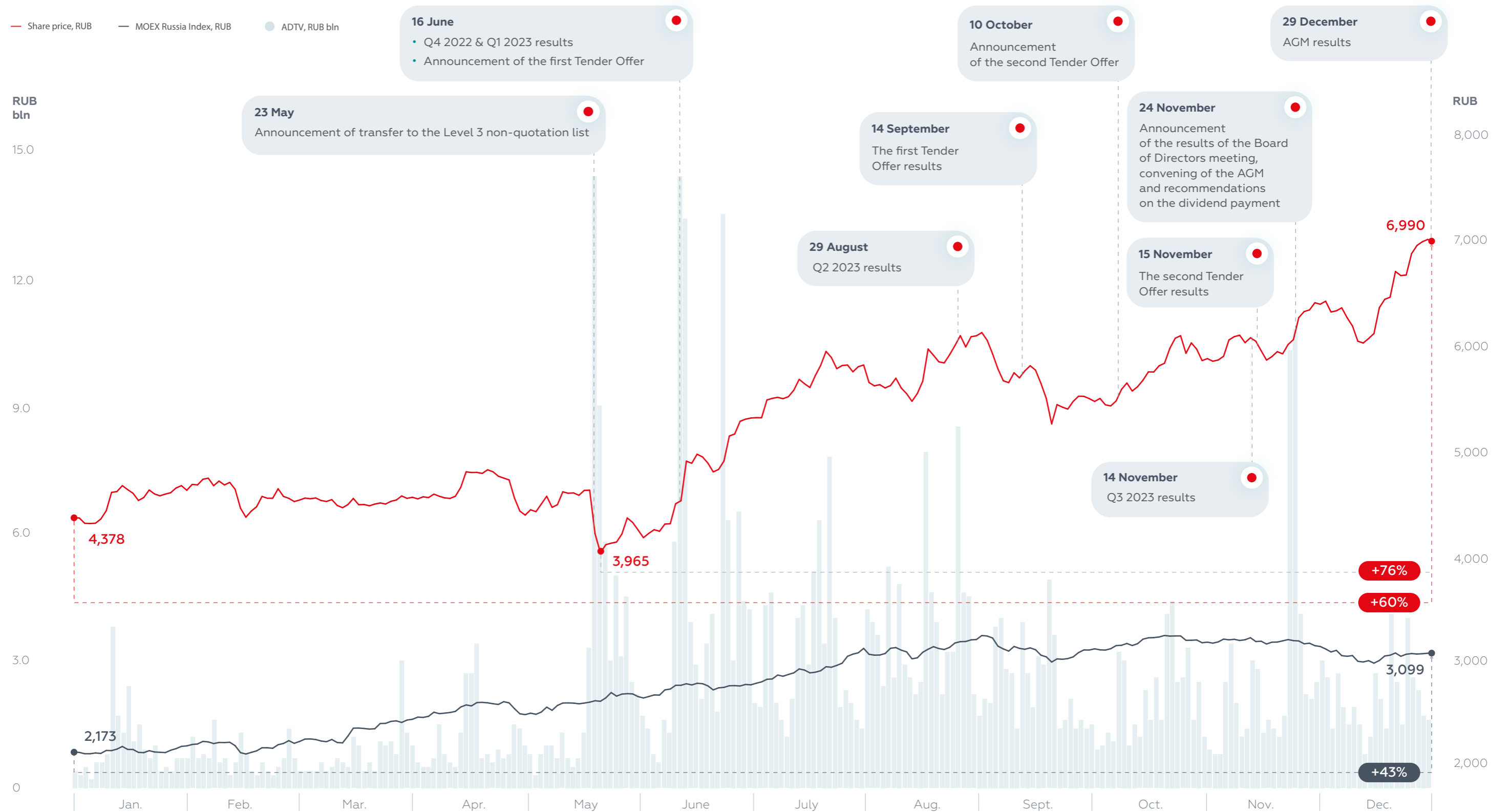
The tender offers terms based on the Government Commission's approval included the option to receive proceeds in various currencies to accounts both in Russia and abroad, boosting substantial interest from a wide range of non-resident shareholders.

Following the Tender Offers dated 16 June 2023 and 10 October 2023, as well as the bilateral transaction made in October 2023, the Purchaser bought back, at a single purchase price, a total of 30,245,828.8 Shares, representing approximately 29.7% of all issued and outstanding Shares. The deals involved over 300 investors from 25 countries globally, including long-term active management funds, passive index funds / ETFs, hedge funds, pension and sovereign wealth funds, family offices, and retail investors.

¹ Including 22,948 shares the settlements for which were completed in January 2024.

² Including 48,513 Shares the settlements for which were completed at a later date.

Share trading on the Moscow Exchange in 2023¹



¹ Source: Moscow Exchange, public data.



GDR programme termination

The Company's global depositary receipts (GDRs) traded on the main market of the London Stock Exchange (MGNT) since 22 April 2008, with one share representing five depositary receipts.

Further to the enactment of Russian Federal Law No. 114-FZ dated 16 April 2022 requiring that Russian issuers terminate depositary agreements for the listing of their depositary receipts, on 20 May 2022, Magnit notified JPMorgan Chase Bank, N.A. of the Depositary Agreement termination. On 26 August 2022, the termination of the Depositary Agreement became effective. On 30 August 2022, the UK Financial Conduct Authority (FCA) cancelled Magnit's GDR listing and the London Stock Exchange cancelled their admission to trading on the Main Market.

Bonds

The Company uses bonds, primarily exchange-traded ones, to raise debt financing for its business. Throughout 2023, Magnit had seven outstanding issues of exchange-traded bonds (BO-002P-01, BO-002P-02, BO-002P-03, BO-002P-04, BO-001P-05, BO-004P-01, BO-004P-03) with a total par value of RUB 110 bln, of which RUB 70 bln remained outstanding as at the end of the year.

Three bond issues were redeemed in 2023: BO-002P-01 (matured on 2 March 2023), BO-002P-02 (matured on 26 April 2023) and BO-002P-03 (matured on 19 May 2023).

On 9 February 2023, the Company issued 30 mln BO-004P-03 series exchange-traded bonds with a par value of RUB 1,000 each.

In line with the terms of the depositary agreement and the depositary bank's obligation to sell the ordinary shares certified by depositary receipts ("Underlying Shares") remaining after the termination of the GDR programme, JPMorgan Chase Bank, N.A. participated in the tender offer announced by Magnit Alyans LLC in June 2023. All the Underlying Shares tendered were acquired by Magnit Alyans LLC at a price of RUB 2,215 per share.

Exchange-traded bonds with a total par value of

RUB 110 bln

outstanding in 2023



Parameters of Magnit's BO-002P-01, BO-002P-02 and BO-002P-03 series bonds

Issue registration number and assignment date	4B02-01-60525-P-002P of 4 March 2020	4B02-02-60525-P-002P of 27 April 2020	4B02-03-60525-P-002P of 19 May 2020
Issue value, RUB	15 bln	10 bln	15 bln
Number of bonds	15 mln	10 mln	15 mln
Par value of each bond, RUB	1,000	1,000	1,000
Offering price	100% of the par value	100% of the par value	100% of the par value
Offering date	5 March 2020	29 April 2020	22 May 2020
Offering type	Public offering	Public offering	Public offering
Maturity date	1,092nd day from the offering date	1,092nd day from the offering date	1,092nd day from the offering date
Number of coupons	6	6	6
ISIN code	RU000A101HJ8	RU000A101MC3	RU000A101PJ1
Coupon rate, %	6.20	6.70	5.90

Parameters of Magnit's BO-002P-04, BO-001P-05, BO-004P-01 and BO-004P-03 series bonds

Issue registration number and assignment date	4B02-04-60525-P-002P of 2 June 2021	4B02-05-60525-P-001P of 2 June 2021	4B02-01-60525-P-004P of 6 December 2022	4B02-02-60525-P-004P of 20 December 2022
Issue value, RUB	10 bln	10 bln	20 bln	30 bln
Number of bonds	10 mln	10 mln	20 mln	30 mln
Par value of each bond, RUB	1,000	1,000	1,000	1,000
Offering price	100% of the par value	100% of the par value	100% of the par value	100% of the par value
Offering date	2 June 2021	2 June 2021	6 December 2022	9 February 2023
Offering type	Public offering	Public offering	Public offering	Public offering
Maturity date	1,092nd day from the offering date	1,092nd day from the offering date	1,092nd day from the offering date	1,092nd day from the offering date
Number of coupons	6	6	6	20
ISIN code	RU000A1036H9	RU000A1036M9	RU000A105KQ8	RU000A105TP1
Coupon rate, %	7.05	7.05	9.15	9.20



Credit ratings

In May 2023, ACRA affirmed its credit rating of Magnit at AA+(RU), with a stable outlook, and of Magnit’s bonds at AA+(RU).

In December 2023, Expert RA assigned PJSC Magnit a non-financial company credit rating of ruAAA, with a stable outlook.

In January 2024, ACRA upgraded the credit rating of Magnit to AAA(RU), with a stable outlook, and of its bonds to AAA(RU), the highest rating assigned by the agency.

ruAAA

credit rating of PJSC Magnit assigned by Expert RA

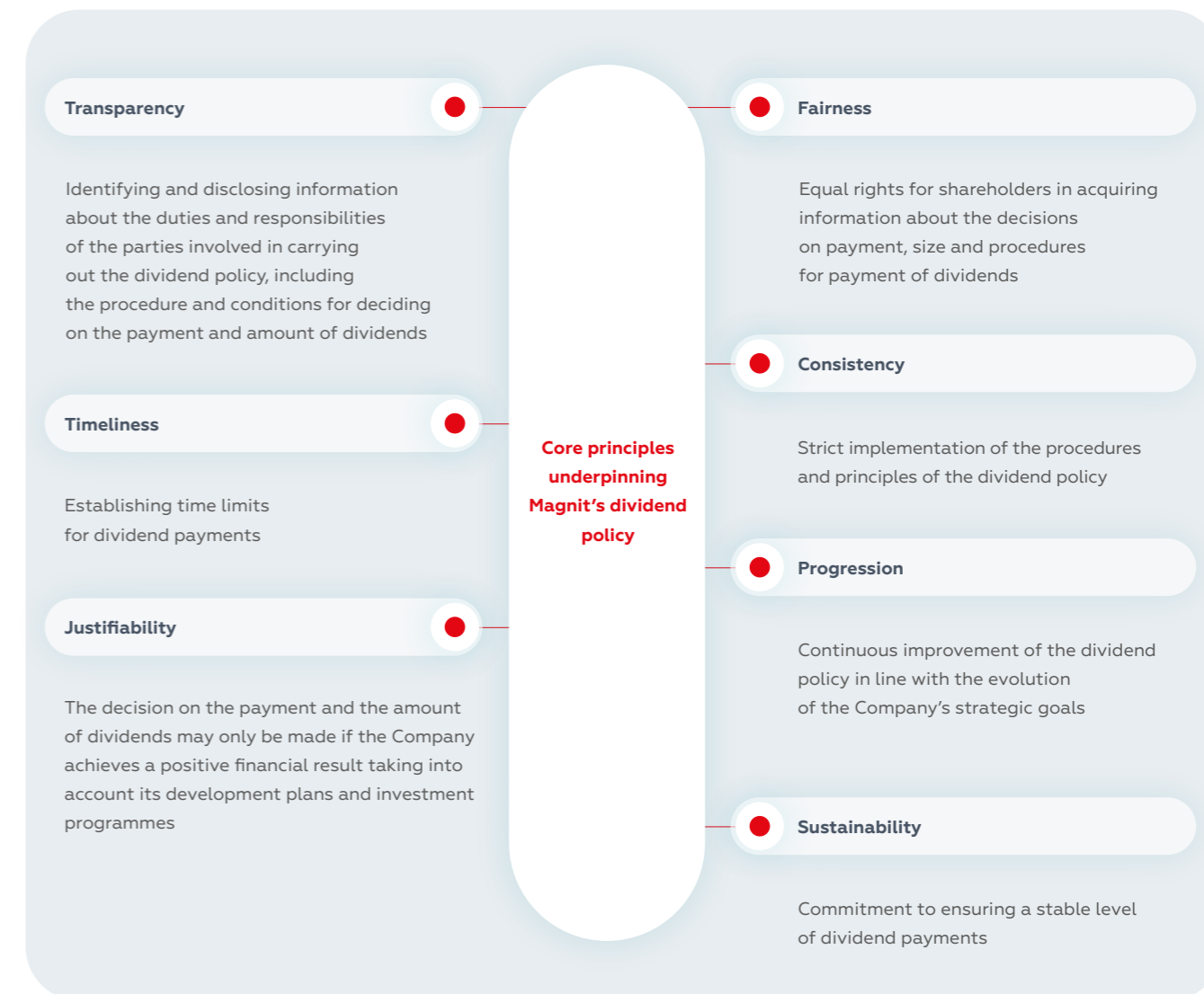
AAA(RU)

credit rating of PJSC Magnit assigned by ACRA

Rating agency	Entity or instrument rated	Rating	Outlook	Date of rating ¹
ACRA	PJSC Magnit	AA+(RU)	Stable	26 May 2023
	BO-series bonds: BO-002P-04, BO-001P-05, BO-004P-01, BO-004P-03	AA+(RU)	–	26 May 2023
	PJSC Magnit	AAA(RU)	Stable	18 January 2024
	BO-series bonds: BO-002P-04, BO-001P-05, BO-004P-01, BO-004P-03	AAA(RU)	–	18 January 2024
Expert	PJSC Magnit	ruAAA	Stable	28 December 2023

Dividends

Magnit’s dividend policy is focused on increasing shareholder returns, driving the Company’s continued capitalisation growth, and striking an optimal balance between retained earnings and shareholder distributions.²



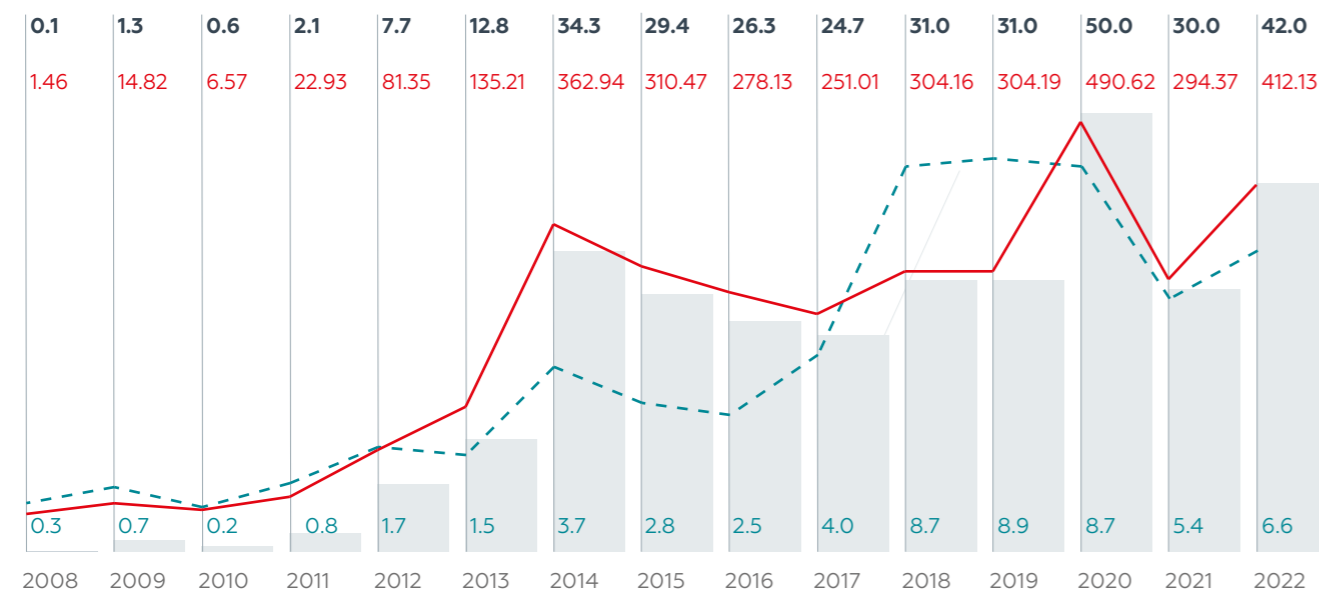
¹ Date of issue/reaffirmation.

² Regulations on the Dividend Policy of PJSC Magnit dated 27 May 2016 are available at: <https://www.magnit.com/en/shareholders-and-investors/dividends/>.

Report on announced and paid dividends in 2008–2022

Year	Total dividends announced, RUB bln	Total dividends paid, RUB bln	Dividend per share, RUB
2022	42.0	42.0	412.13
2021	30.0	30.0	294.37
2020	50.0	50.0	490.62
2019	31.0	31.0	304.19
2018	31.0	31.0	304.16
2017	24.7	24.7	251.01
2016	26.3	26.3	278.13
2015	29.4	29.4	310.47
2014	34.3	34.3	362.94
2013	12.8	12.8	135.21
2012	7.7	7.7	81.35
2011	2.1	2.1	22.93
2010	0.6	0.6	6.57
2009	1.3	1.3	14.82
2008	0.1	0.1	1.46

Dividend yield of PJSC Magnit in 2008–2022



● Total dividends paid, RUB bln
— Dividend per share, RUB
- - Dividend yield, %

Shareholder and investor engagement

Magnit strives to attract new and retain existing investors and is dedicated to increasing the openness and transparency of its activities. We maintain an ongoing dialogue with the investment community, ensuring equal attention to all categories of investors.



Key areas of interest for investors and analysts in 2023

- Consumer environment and trends in consumer behaviour
- Macroeconomic environment, inflation, and promotional activity
- Labour shortage
- Competitive landscape, Magnit's strengths versus competitors
- Business sustainability and profitability
- E-grocery platform development and plans to launch Magnit's own marketplace
- Development of the discounter format
- M&As
- Expansion plans and opportunities in the Russian market
- IT infrastructure upgrade and digital transformation
- Working capital improvements
- Leverage ratio and targets
- Dividend payments
- Tender offer to buy back the Company's shares
- Corporate governance