



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

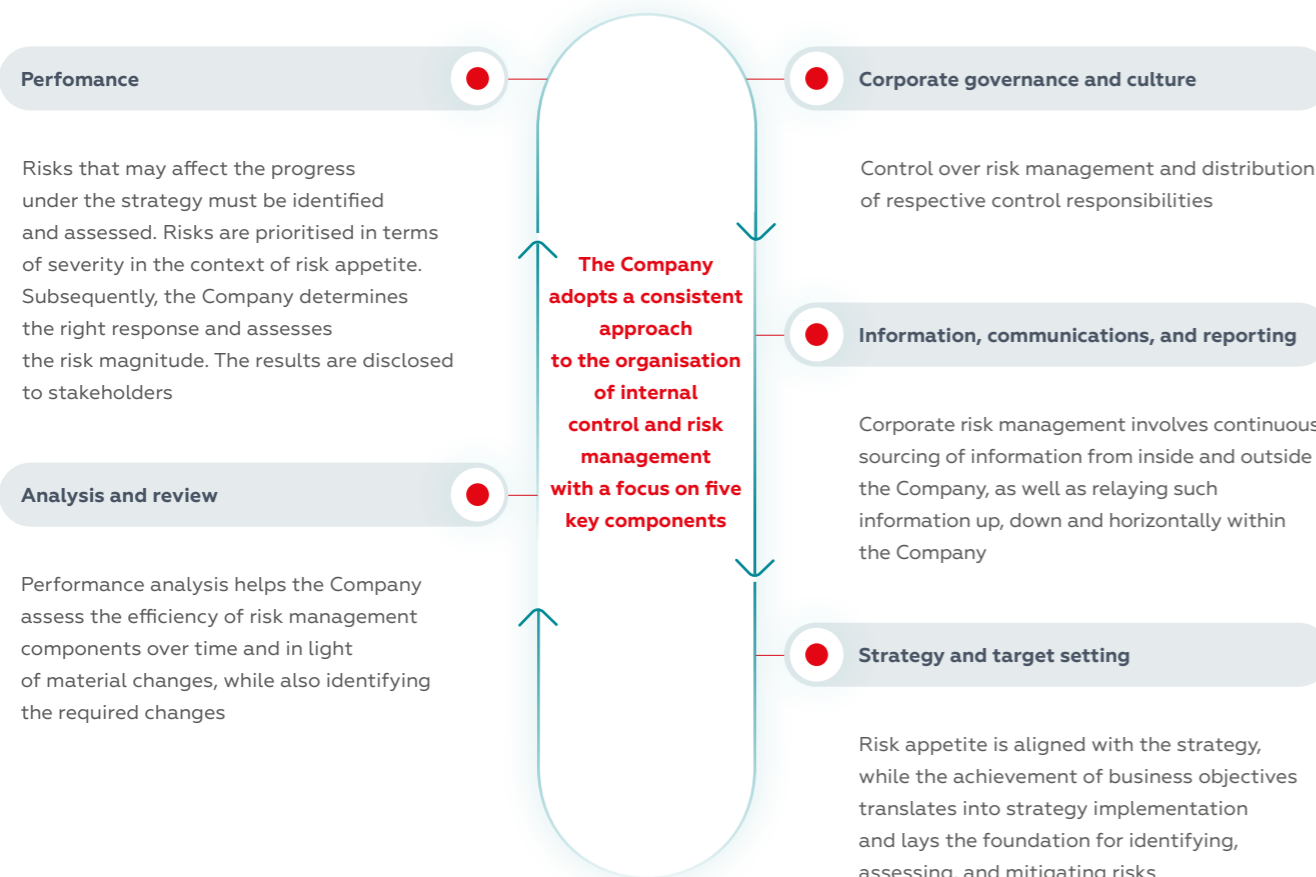
Control procedures shall be established for business lines based on their significance in terms of the Company's operational efficiency

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").

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 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.

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.

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.

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.

