



Appendices

Report on compliance with the principles and recommendations of the Corporate Governance Code

The Board of Directors confirms that the data provided in this report contains complete and reliable information on the Company's compliance with the principles and recommendations of the Corporate Governance Code for 2023.

#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
1.1	The company shall ensure fair and equitable treatment of all shareholders in exercising their corporate governance rights.			
1.1.1	The company ensures the most favourable conditions for its shareholders to participate in the general meeting, develop an informed position on agenda items of the general meeting, coordinate their actions, and voice their opinions on items considered.	1. The company provides accessible means of communication with the company, such as a "hotline", e-mail, or online forum, to enable shareholders to express their opinion and send questions on the agenda in preparation for the general meeting. The above means of communication were organised by the company and made available to shareholders in the course of preparation for each general meeting held in the reporting period.	Complied with	–
1.1.2	The procedure for giving notice of, and providing relevant materials for, the general meeting enables shareholders to properly prepare for attending the general meeting.	1. In the reporting period the notice of an upcoming general meeting of shareholders is posted (published) on the company's website on the Internet no later than 30 days prior to the date of the general meeting, unless a longer period is required by law. 2. The notice of an upcoming meeting indicates the documents required for admission. 3. Shareholders were given access to the information on who proposed the agenda items and who proposed nominees to the company's board of directors and the revision committee (if its establishment is stipulated by the company's Articles of Association).	Complied with	–
1.1.3	In preparing for, and holding of, the general meeting, shareholders were able to receive clear and timely information on the meeting and related materials, put questions to the company's executive bodies and the board of directors, and to communicate with each other.	1. In the reporting period shareholders were given an opportunity to put questions to members of executive bodies and members of the board of directors in the course of preparation for, and during, the general meeting. 2. The position of the board of directors (including dissenting opinions (if available) entered in the minutes) on each item on the agenda of general meetings held in the reporting period was included in the materials for the general meeting. 3. The company gave duly authorised shareholders access to the list of persons entitled to participate in the general meeting, as from the date when such list was received by the company, for all general meetings held in the reporting period.	Complied with	–
1.1.4	There were no unjustified difficulties preventing shareholders from exercising their right to request that a general meeting be convened, to propose nominees to the company's governing bodies, and to make proposals for the agenda of the general meeting.	1. The company's Articles of Association defines the deadline for shareholders to submit proposals to the agenda of the annual general meeting which shall be at least 60 days after the end of the respective calendar year. 2. In the reporting period the company did not reject any proposals for the agenda or nominees to the company's governing bodies due to misprints or other insignificant flaws in the shareholder's proposal.	Complied with	–
1.1.5	Each shareholder was able to freely exercise their voting right in the simplest and most convenient way.	1. The company's Articles of Association provides for an opportunity to fill in the electronic form of the ballot online the web address of which is specified in the notice on holding of the general meeting of shareholders.	Not complied with	The criterion for compliance with this paragraph of the Report has not yet been reflected in the Company's corporate governance practice. The possibility and necessity of introducing the relevant amendments to the Company's Articles of Association is planned to be considered before the annual General Meeting of Shareholders, which will be held for 2024. However, the majority of the Company's shareholders (over 97%) are clients of nominal holders and participate in the meeting by sending electronic documents to the registrar containing their expression of will on the agenda items of the general meeting.



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1.1.6	The procedure for holding a general meeting set by the company provides equal opportunities for all persons attending the meeting to voice their opinions and ask questions.	<p>1. During general meetings of shareholders held in the reporting period in the form of a meeting (joint presence of shareholders), sufficient time was allocated for reports on, and discussion of, the agenda items. Shareholders had an opportunity to express their opinions and to ask questions on the agenda.</p> <p>2. The company invited candidates to the company's governing and control bodies and took all necessary measures to ensure their participation in the general meeting of shareholders at which their nominations were put to vote. The candidates to the company's governing and control bodies who were present at the general meeting of shareholders were available to answer questions of shareholders.</p> <p>3. The sole executive body, the person responsible for the accounting, the chairman or the other members of the board of directors' audit committee were available to answer shareholders' questions at the general meetings of shareholders held in the reporting period.</p> <p>4. In the reporting period the company used telecommunication means to ensure the remote participation of shareholders at general meetings, or the board of directors made a reasonable decision on the fact there was no need (opportunity) to use such means in the reporting period.</p>	Partially complied with	<p>Criteria 2 and 3 are only partially not complied with. Criterion 4 is not complied with.</p> <p>Company's internal documents set out the possibility for candidates to the management and supervision bodies of the Company, as well as for the sole executive body, a person responsible for the accounting, and other bodies of the Company to participate at the meeting in person. However, in the reporting year, in line with Article 3 of Federal Law No. 25-FZ On Amending the Federal Law "On Joint-Stock Companies" and On Suspension of Certain Provisions of Legislative Acts of the Russian Federation dated 25 February 2022, the Company's General Meeting of Shareholders was held in the form of absentee voting.</p> <p>However, these persons are always available to answer questions – shareholders are able to address their questions regarding the Company's operation through the Investor Relations department or the Corporate Governance department. If the General Meeting of Shareholders is held in the form of joint presence, the Company will consider inviting candidates to the management and supervision bodies of the Company to participate in the General Meeting of Shareholders at which they will be considered.</p> <p>The Board of Directors did not consider the issue of providing shareholders with remote access to take part in general meetings during the reporting period because the majority of the Company's shareholders (over 97%) are clients of nominal holders and participate in the meetings by sending electronic documents to the registrar containing their expression of will on the agenda items of the General Meeting of Shareholders.</p> <p>The possibility and necessity of implementing such a practice is planned to be considered before the annual General Meeting of Shareholders for 2024.</p>
1.2	Shareholders are given equal and fair opportunities to share profits of the company in the form of dividends.			
1.2.1	The company has developed and put in place a transparent and clear mechanism to determine the dividend amount and payout procedure.	<p>1. The company's regulations on the dividend policy have been approved by the board of directors and disclosed on the company's website on the Internet.</p> <p>2. If the company's dividend policy that prepares the consolidated financial statements uses reporting figures to determine the dividend amount, then relevant provisions of the dividend policy take into account the consolidated financial statements.</p> <p>3. The explanation of the proposed net profit distribution, including payment of dividends and the company's own needs, and the assessment of its compliance with the dividend policy adopted by the company, with clarifications and economic explanation of the requirement to direct a certain part of net profit to the company's needs in the reporting period, were included in the materials for the general meeting of shareholders, the agenda of which contains an item on profit distribution (including the payment (declaration) of dividends).</p>	Complied with	–
1.2.2	The company does not resolve to pay out dividends if such payout, while formally compliant with law, is economically unjustified and may lead to a false representation of the company's performance.	1. In addition to the restrictions established by law, the company's regulations on the dividend policy identify financial/economic circumstances under which the company shall not make decisions on the dividend payment.	Complied with	–
1.2.3	The company does not allow for dividend rights of its existing shareholders to be impaired.	1. In the reporting period the company did not take any actions that would lead to the impairment of the dividend rights of its existing shareholders.	Complied with	–
1.2.4	The company makes every effort to prevent its shareholders profiting from the company through any means other than dividends and liquidation value.	1. In the reporting period the means of profiting from the company by the controlling persons, other than dividends (for example, through the transfer pricing, unjustified provision of services to the company by the controlling person at inflated prices, through internal loans replacing dividends to the controlling persons and (or) its controlled persons) were not used.	Complied with	–



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1.3	The corporate governance system and practices ensure equal conditions for all shareholders owning the same type (class) of shares, including minority and non-resident shareholders, and their equal treatment by the company.			
1.3.1	The company has created conditions for fair treatment of each shareholder by the company's governing and control bodies, including conditions that rule out abuse by major shareholders against minority shareholders.	1. In the reporting period the company's controlling persons did not abuse their rights with respect to the company's shareholders, there were no conflicts between the company's controlling persons and shareholders, and if such conflicts occurred, the board of directors paid due attention to them.	Complied with	–
1.3.2	The company does not take any actions that lead or may lead to artificial redistribution of corporate control.	1. No quasi-treasury shares were issued or used to vote in the reporting period.	Not complied with	Following the Tender Offers, dated 16 June 2023 and 10 October 2023, as well as the bilateral transaction made in October 2023 (the "Tender Offer"), Magnit Alyans LLC, an indirect wholly-owned subsidiary of the Company, acquired approximately 29.7% of all issued and outstanding shares of the Company from non-resident shareholders. The buyback of shares was aimed at changing the Company's capital structure to mitigate the risks of non-resident shareholders dominating in the authorised capital of PJSC Magnit. The purchase of shares was carried out in line with the received approvals (including the approval of the Government Commission on Monitoring Foreign Investments in Russia). The Company's shareholders, including shareholders controlled by the Company, are not restricted in exercising their rights secured by shares in accordance with the requirements of Russian laws.
1.4	Shareholders are provided with reliable and efficient means of recording their rights to shares and are able to freely dispose of their shares without any hindrance.			
1.4	Shareholders are provided with reliable and efficient means of recording their rights to shares and are able to freely dispose of their shares without any hindrance.	1. The technologies and terms of provided services used by the company's registrar meet the needs of the company and its shareholders and ensure the account of rights for shares and realization of shareholders' rights in the most efficient way.	Complied with	–
2.1	The board of directors provides strategic management of the company, determines key principles of, and approaches to, setting up a corporate risk management and internal control system, oversees the activities of the company's executive bodies, and performs other key functions.			
2.1.1	The board of directors is responsible for appointing and dismissing executive bodies, including due to improper performance of their duties. The board of directors also ensures that the company's executive bodies act in accordance with the company's approved development strategy and core lines of business.	1. The board of directors has the authority stipulated in the articles of association to appoint and remove members of executive bodies and to set out the terms and conditions of their contracts. 2. In the reporting period the nomination (appointments and HR) committee reviewed the compliance of the professional expertise, skills and experience of the members of the executive bodies with the company's current and expected needs determined by the company's approved strategy. 3. In the reporting period the board of directors reviewed the report(s) by the sole executive body or the collective executive body (if available) on the implementation of the company's strategy.	Partially complied with	Criteria 2 and 3 are not complied with. As amid geopolitical tensions a number of countries introduced and tightened sanctions against Russia and businesses operating in Russia, Magnit, just like many other companies, faced uncertainty, in which getting many corporate procedures implemented turned out to be impossible. The annual General Meeting of Shareholders of PJSC Magnit held on 30 June 2022 was declared inquorate. As a result, all powers of the Board of Directors except for the powers to prepare for, convene and hold an annual General Meeting of Shareholders ended under Article 66 of Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995. In 2023, following the Tender Offer, Magnit Alyans LLC, an indirect wholly-owned subsidiary of the Company, acquired approximately 29.7% of all issued and outstanding shares of the Company from non-resident shareholders. The buyback of shares was aimed at changing the Company's capital structure to mitigate the risks of non-resident shareholders dominating in the authorised capital of PJSC Magnit. The purchase of shares was carried out in line with the received approvals (including the approval of the Government Commission on Monitoring Foreign Investments in Russia). The new members of the Board of Directors were elected at the annual General Meeting of Shareholders held on 28 December 2023, following the completion of the procedures for changing the Company's capital structure. On 29 December 2023 the newly elected Board of Directors made up the committees of the Board of Directors, elected the sole and collective executive bodies of the Company; other issues were not considered by the Board of Directors. Failure to comply with the above principle criteria is temporary, as the Company expects to resume the planned implementation of the corporate procedures before the General Meeting of Shareholders to be held for 2024.



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2.1.2	The board of directors sets key long- term targets for the company, assesses and approves its key performance indicators and key business goals, as well as the strategy and business plans for the company's core lines of business.	1. At its meetings in the reporting period, the board of directors reviewed strategy implementation and updates, approval of the company's financial and business plan (budget), as well as criteria and performance (including interim) of the company's strategy and business plans.	Not complied with	As amid geopolitical tensions a number of countries introduced and tightened sanctions against Russia and businesses operating in Russia, Magnit, just like many other companies, faced uncertainty, in which getting many corporate procedures implemented turned out to be impossible. The annual General Meeting of Shareholders of PJSC Magnit held on 30 June 2022 was declared inquorate. As a result, all powers of the Board of Directors except for the powers to prepare for, convene and hold an annual General Meeting of Shareholders ended under Article 66 of Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995. In 2023, following the Tender Offer, Magnit Alyans LLC, an indirect wholly-owned subsidiary of the Company, acquired approximately 29.7% of all issued and outstanding shares of the Company from non-resident shareholders. The buyback of shares was aimed at changing the Company's capital structure to mitigate the risks of non-resident shareholders dominating in the authorised capital of PJSC Magnit. The purchase of shares was carried out in line with the received approvals (including the approval of the Government Commission on Monitoring Foreign Investments in Russia). The new members of the Board of Directors were elected at the annual General Meeting of Shareholders held on 28 December 2023, following the completion of the procedures for changing the Company's capital structure. On 29 December 2023 the newly elected Board of Directors made up the committees of the Board of Directors, elected the sole and collective executive bodies of the Company; other issues were not considered by the Board of Directors. Failure to comply with the above principle is temporary, as the Company expects to resume the planned implementation of the corporate procedures before the General Meeting of Shareholders to be held for 2024.
2.1.3	The board of directors defines the company's principles of, and approaches to, setting up a risk management and internal control system.	1. The company's principles of, and approaches to, setting up a risk management and internal control system were defined by the board of directors and specified in the company's internal documents determining the risk management and internal control system policy. 2. In the reporting period the board of directors approved (revised) the appropriate amount of risks (risk appetite) of the company, or the audit committee and (or) risk management committee (if available) considered if it was reasonable to submit the issue of revising the company's risk appetite for consideration by the board of directors.	Partially complied with	Criterion 2 is not complied with. As amid geopolitical tensions a number of countries introduced and tightened sanctions against Russia and businesses operating in Russia, Magnit, just like many other companies, faced uncertainty, in which getting many corporate procedures implemented turned out to be impossible. The annual General Meeting of Shareholders of PJSC Magnit held on 30 June 2022 was declared inquorate. As a result, all powers of the Board of Directors except for the powers to prepare for, convene and hold an annual General Meeting of Shareholders ended under Article 66 of Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995. In 2023, following the Tender Offer, Magnit Alyans LLC, an indirect wholly-owned subsidiary of the Company, acquired approximately 29.7% of all issued and outstanding shares of the Company from non-resident shareholders. The buyback of shares was aimed at changing the Company's capital structure to mitigate the risks of non-resident shareholders dominating in the authorised capital of PJSC Magnit. The purchase of shares was carried out in line with the received approvals (including the approval of the Government Commission on Monitoring Foreign Investments in Russia). The new members of the Board of Directors were elected at the annual General Meeting of Shareholders held on 28 December 2023, following the completion of the procedures for changing the Company's capital structure. On 29 December 2023 the newly elected Board of Directors made up the committees of the Board of Directors, elected the sole and collective executive bodies of the Company; other issues were not considered by the Board of Directors. Failure to comply with the above principle criterion is temporary, as the Company expects to resume the planned implementation of the corporate procedures before the General Meeting of Shareholders to be held for 2024.



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2.1.4	The board of directors defines the company's policy on remuneration payable to, and/or reimbursement (compensation) of costs incurred by, members of the board of directors, the company's executive bodies, and other key executives of the company.	<p>1. The company has developed, approved by the board of directors and put in place a remuneration and reimbursement (compensation) policy (policies) for its directors, members of executive bodies and other key executives.</p> <p>2. At its meetings in the reporting period, the board of directors discussed matters related to such policy (policies).</p>	Partially complied with	<p>Criterion 2 is not complied with.</p> <p>As amid geopolitical tensions a number of countries introduced and tightened sanctions against Russia and businesses operating in Russia, Magnit, just like many other companies, faced uncertainty, in which getting many corporate procedures implemented turned out to be impossible.</p> <p>The annual General Meeting of Shareholders of PJSC Magnit held on 30 June 2022 was declared inquorate. As a result, all powers of the Board of Directors except for the powers to prepare for, convene and hold an annual General Meeting of Shareholders ended under Article 66 of Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995.</p> <p>In 2023, following the Tender Offer, Magnit Alyans LLC, an indirect wholly-owned subsidiary of the Company, acquired approximately 29.7% of all issued and outstanding shares of the Company from non-resident shareholders. The buyback of shares was aimed at changing the Company's capital structure to mitigate the risks of non-resident shareholders dominating in the authorised capital of PJSC Magnit. The purchase of shares was carried out in line with the received approvals (including the approval of the Government Commission on Monitoring Foreign Investments in Russia). The new members of the Board of Directors were elected at the annual General Meeting of Shareholders held on 28 December 2023, following the completion of the procedures for changing the Company's capital structure.</p> <p>On 29 December 2023 the newly elected Board of Directors made up the committees of the Board of Directors, elected the sole and collective executive bodies of the Company; other issues were not considered by the Board of Directors.</p> <p>Failure to comply with the above principle criterion is temporary, as the Company expects to resume the planned implementation of the corporate procedures before the General Meeting of Shareholders to be held for 2024.</p>
2.1.5	The board of directors plays a key role in preventing, identifying, and resolving internal conflicts between the company's bodies, shareholders, and employees.	<p>1. The board of directors plays a key role in preventing, identifying, and resolving internal conflicts.</p> <p>2. The company has set up mechanisms to identify transactions leading to a conflict of interest and to resolve such conflicts.</p>	Partially complied with	<p>Criterion 1 is not complied with.</p> <p>As amid geopolitical tensions a number of countries introduced and tightened sanctions against Russia and businesses operating in Russia, Magnit, just like many other companies, faced uncertainty, in which getting many corporate procedures implemented turned out to be impossible.</p> <p>The annual General Meeting of Shareholders of PJSC Magnit held on 30 June 2022 was declared inquorate. As a result, all powers of the Board of Directors except for the powers to prepare for, convene and hold an annual General Meeting of Shareholders ended under Article 66 of Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995.</p> <p>In 2023, following the Tender Offer, Magnit Alyans LLC, an indirect wholly-owned subsidiary of the Company, acquired approximately 29.7% of all issued and outstanding shares of the Company from non-resident shareholders. The buyback of shares was aimed at changing the Company's capital structure to mitigate the risks of non-resident shareholders dominating in the authorised capital of PJSC Magnit. The purchase of shares was carried out in line with the received approvals (including the approval of the Government Commission on Monitoring Foreign Investments in Russia). The new members of the Board of Directors were elected at the annual General Meeting of Shareholders held on 28 December 2023, following the completion of the procedures for changing the Company's capital structure.</p> <p>On 29 December 2023 the newly elected Board of Directors made up the committees of the Board of Directors, elected the sole and collective executive bodies of the Company; other issues were not considered by the Board of Directors.</p> <p>Failure to comply with the above principle criterion is temporary, as the Company expects to resume the planned implementation of the corporate procedures before the General Meeting of Shareholders to be held for 2024.</p>
2.1.6	The board of directors plays a key role in ensuring that the company is transparent, timely and fully discloses its information, and provides its shareholders with unhindered access to the company's documents.	1. Persons responsible for implementing the information policy are identified in the company's internal documents.	Complied with	-



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2.1.7	The board of directors controls the company's corporate governance practices and plays a key role in material corporate events of the company.	1. In the reporting period the board of directors reviewed the results of self-assessment and (or) external assessment of the company's corporate governance practices.	Not complied with	As amid geopolitical tensions a number of countries introduced and tightened sanctions against Russia and businesses operating in Russia, Magnit, just like many other companies, faced uncertainty, in which getting many corporate procedures implemented turned out to be impossible. The annual General Meeting of Shareholders of PJSC Magnit held on 30 June 2022 was declared inquorate. As a result, all powers of the Board of Directors except for the powers to prepare for, convene and hold an annual General Meeting of Shareholders ended under Article 66 of Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995. In 2023, following the Tender Offer, Magnit Alyans LLC, an indirect wholly-owned subsidiary of the Company, acquired approximately 29.7% of all issued and outstanding shares of the Company from non-resident shareholders. The buyback of shares was aimed at changing the Company's capital structure to mitigate the risks of non-resident shareholders dominating in the authorised capital of PJSC Magnit. The purchase of shares was carried out in line with the received approvals (including the approval of the Government Commission on Monitoring Foreign Investments in Russia). The new members of the Board of Directors were elected at the annual General Meeting of Shareholders held on 28 December 2023, following the completion of the procedures for changing the Company's capital structure. On 29 December 2023 the newly elected Board of Directors made up the committees of the Board of Directors, elected the sole and collective executive bodies of the Company; other issues were not considered by the Board of Directors. Failure to comply with the principle is temporary, as the Company expects to resume the planned implementation of the corporate procedures before the General Meeting of Shareholders to be held for 2024.
2.2	The board of directors is accountable to the company's shareholders.			
2.2.1	Performance of the board of directors is disclosed and made available to the shareholders.	1. The company's annual report for the reporting period includes the information on attendance of the board of directors and committee meetings by each member of the board of directors. 2. The annual report discloses key performance assessment (self-assessment) results of the board of directors in the reporting period.	Not complied with	As amid geopolitical tensions a number of countries introduced and tightened sanctions against Russia and businesses operating in Russia, Magnit, just like many other companies, faced uncertainty, in which getting many corporate procedures implemented turned out to be impossible. The annual General Meeting of Shareholders of PJSC Magnit held on 30 June 2022 was declared inquorate. As a result, all powers of the Board of Directors except for the powers to prepare for, convene and hold an annual General Meeting of Shareholders ended under Article 66 of Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995. In 2023, following the Tender Offer, Magnit Alyans LLC, an indirect wholly-owned subsidiary of the Company, acquired approximately 29.7% of all issued and outstanding shares of the Company from non-resident shareholders. The buyback of shares was aimed at changing the Company's capital structure to mitigate the risks of non-resident shareholders dominating in the authorised capital of PJSC Magnit. The purchase of shares was carried out in line with the received approvals (including the approval of the Government Commission on Monitoring Foreign Investments in Russia). The new members of the Board of Directors were elected at the annual General Meeting of Shareholders held on 28 December 2023, following the completion of the procedures for changing the Company's capital structure. On 29 December 2023 the newly elected Board of Directors made up the committees of the Board of Directors, elected the sole and collective executive bodies of the Company; other issues were not considered by the Board of Directors. Failure to comply with the principle is temporary, as the Company expects to resume the planned implementation of the corporate procedures before the General Meeting of Shareholders to be held for 2024.
2.2.2	The chairman of the board of directors is available to communicate with the company's shareholders.	1. The company has a transparent procedure in place enabling its shareholders to forward inquiries to the chairman of the board of directors (and, if applicable, to the senior independent director) and receive feedback on them.	Complied with	As amid geopolitical tensions a number of countries introduced and tightened sanctions against Russia and businesses operating in Russia, Magnit, just like many other companies, faced uncertainty, in which getting many corporate procedures implemented turned out to be impossible. The annual General Meeting of Shareholders of PJSC Magnit held on 30 June 2022 was declared inquorate. As a result, all powers of the Board of Directors except for the powers to prepare for, convene and hold an annual General Meeting of Shareholders ended under Article 66 of Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995. In 2023, following the Tender Offer, Magnit Alyans LLC, an indirect wholly-owned subsidiary of the Company, acquired approximately 29.7% of all issued and outstanding shares of the Company from non-resident shareholders. The buyback of shares was aimed at changing the Company's capital structure to mitigate the risks of non-resident shareholders dominating in the authorised capital of PJSC Magnit. The purchase of shares was carried out in line with the received approvals (including the approval of the Government Commission on Monitoring Foreign Investments in Russia). The new members of the Board of Directors were elected at the annual General Meeting of Shareholders held on 28 December 2023, following the completion of the procedures for changing the Company's capital structure.



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2.3	The board of directors manages the company in an efficient and professional manner and is capable of making fair and independent judgements and adopting resolutions in the best interests of the company and its shareholders.			
2.3.1	Only persons of impeccable business and personal reputation who have the knowledge, expertise, and experience required to make decisions within the authority of the board of directors and essential to perform its functions in an efficient way are elected to the board of directors.	1. In the reporting period the board of directors (or its nomination committee) assessed nominees to the board of directors for required experience, expertise, business reputation, absence of conflicts of interest, etc.	Complied with	–
2.3.2	The company's directors are elected via a transparent procedure that enables shareholders to obtain information on nominees sufficient to judge on their personal and professional qualities.	1. Whenever the agenda of the general meeting of shareholders included election of the board of directors, the company provided to shareholders the biographical details of all nominees to the board of directors, the results of assessment of the compliance of the professional expertise, skills and experience of the nominees with the company's current and expected needs, carried out by the board of directors (or its nomination committee), and the information on whether the nominee meets the independence criteria set forth in Recommendations 102–107 of the Code , as well as information on availability of the nominees' written consent to be elected to the board of directors.	Partially complied with	As amid geopolitical tensions a number of countries introduced and tightened sanctions against Russia and businesses operating in Russia, Magnit, just like many other companies, faced uncertainty, in which getting many corporate procedures implemented turned out to be impossible. The annual General Meeting of Shareholders of PJSC Magnit held on 30 June 2022 was declared inquorate. As a result, all powers of the Board of Directors except for the powers to prepare for, convene and hold an annual General Meeting of Shareholders ended under Article 66 of Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995. In 2023, following the Tender Offer, Magnit Alyans LLC, an indirect wholly-owned subsidiary of the Company, acquired approximately 29.7% of all issued and outstanding shares of the Company from non-resident shareholders. The buyback of shares was aimed at changing the Company's capital structure to mitigate the risks of non-resident shareholders dominating in the authorised capital of PJSC Magnit. The purchase of shares was carried out in line with the received approvals (including the approval of the Government Commission on Monitoring Foreign Investments in Russia). The new members of the Board of Directors were elected at the annual General Meeting of Shareholders held on 28 December 2023, following the completion of the procedures for changing the Company's capital structure. The Company assessed compliance of the professional expertise, skills and experience of the nominees to the new Board of Directors with the Company's current and expected needs, but due to the lack of necessary powers of the Board of Directors, the assessment was not formalised and could not be documented in the minutes. Partial compliance with the principle is temporary, as the Company expects to resume the planned implementation of the corporate procedures before the General Meeting of Shareholders to be held for 2024.
2.3.3	The board of directors has a balanced membership, including in terms of directors' qualifications, experience, expertise, and business skills, and it has the trust of shareholders.	1. In the reporting period the board of directors reviewed its requirements to professional expertise, experience and skills and defined expertise essential to the board of directors in the short and long term.	Complied with	As amid geopolitical tensions a number of countries introduced and tightened sanctions against Russia and businesses operating in Russia, Magnit, just like many other companies, faced uncertainty, in which getting many corporate procedures implemented turned out to be impossible. The annual General Meeting of Shareholders of PJSC Magnit held on 30 June 2022 was declared inquorate. As a result, all powers of the Board of Directors except for the powers to prepare for, convene and hold an annual General Meeting of Shareholders ended under Article 66 of Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995. In 2023, following the Tender Offer, Magnit Alyans LLC, an indirect wholly-owned subsidiary of the Company, acquired approximately 29.7% of all issued and outstanding shares of the Company from non-resident shareholders. The buyback of shares was aimed at changing the Company's capital structure to mitigate the risks of non-resident shareholders dominating in the authorised capital of PJSC Magnit. The purchase of shares was carried out in line with the received approvals (including the approval of the Government Commission on Monitoring Foreign Investments in Russia). The new members of the Board of Directors were elected at the annual General Meeting of Shareholders held on 28 December 2023, following the completion of the procedures for changing the Company's capital structure.



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2.3.4	The company has a sufficient number of directors to organise the board of directors' activities in the most efficient way, including the ability to set up committees of the board of directors and enable the company's substantial minority shareholders to elect a nominee to the board of directors for whom they vote.	1. In the reporting period the board of directors considered whether the number of directors met the company's needs and shareholders' interests.	Complied with	As amid geopolitical tensions a number of countries introduced and tightened sanctions against Russia and businesses operating in Russia, Magnit, just like many other companies, faced uncertainty, in which getting many corporate procedures implemented turned out to be impossible. The annual General Meeting of Shareholders of PJSC Magnit held on 30 June 2022 was declared inquorate. As a result, all powers of the Board of Directors except for the powers to prepare for, convene and hold an annual General Meeting of Shareholders ended under Article 66 of Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995. In 2023, following the Tender Offer, Magnit Alyans LLC, an indirect wholly-owned subsidiary of the Company, acquired approximately 29.7% of all issued and outstanding shares of the Company from non-resident shareholders. The buyback of shares was aimed at changing the Company's capital structure to mitigate the risks of non-resident shareholders dominating in the authorised capital of PJSC Magnit. The purchase of shares was carried out in line with the received approvals (including the approval of the Government Commission on Monitoring Foreign Investments in Russia). The new members of the Board of Directors were elected at the annual General Meeting of Shareholders held on 28 December 2023, following the completion of the procedures for changing the Company's capital structure.
2.4	The board of directors includes a sufficient number of independent directors.			
2.4.1	An independent director is a person who is sufficiently professional, experienced, and independent to develop their own position, and capable of making unbiased judgements in good faith, free of influence by the company's executive bodies, individual groups of shareholders, or other stakeholders. It should be noted that a nominee (elected director) who is related to the company, its substantial shareholder, substantial counterparty, or competitor of the company, or is related to the government, may not be considered as independent under normal circumstances.	1. In the reporting period all independent directors met all independence criteria set out in Recommendations 102–107 of the Code , or were deemed independent by resolution of the board of directors.	Complied with	–
2.4.2	The company assesses compliance of nominees to the board of directors and reviews compliance of independent directors with independence criteria on a regular basis. In such assessment, substance prevails over form.	1. In the reporting period the board of directors (or its nomination committee) made a judgement on the independence of each nominee to the board of directors and provided its opinion to shareholders. 2. In the reporting period the board of directors (or its nomination committee) reviewed, at least once, the issue on independence of incumbent directors (after their election). 3. The company has in place procedures defining the actions to be taken by directors if they cease to be independent, including the obligation to timely notify the board of directors thereof.	Partially complied with	Criterion 2 is not complied with. As amid geopolitical tensions a number of countries introduced and tightened sanctions against Russia and businesses operating in Russia, Magnit, just like many other companies, faced uncertainty, in which getting many corporate procedures implemented turned out to be impossible. The annual General Meeting of Shareholders of PJSC Magnit held on 30 June 2022 was declared inquorate. As a result, all powers of the Board of Directors except for the powers to prepare for, convene and hold an annual General Meeting of Shareholders ended under Article 66 of Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995. In 2023, following the Tender Offer, Magnit Alyans LLC, an indirect wholly-owned subsidiary of the Company, acquired approximately 29.7% of all issued and outstanding shares of the Company from non-resident shareholders. The buyback of shares was aimed at changing the Company's capital structure to mitigate the risks of non-resident shareholders dominating in the authorised capital of PJSC Magnit. The purchase of shares was carried out in line with the received approvals (including the approval of the Government Commission on Monitoring Foreign Investments in Russia). The new members of the Board of Directors were elected at the annual General Meeting of Shareholders held on 28 December 2023, following the completion of the procedures for changing the Company's capital structure. On 29 December 2023 the newly elected Board of Directors made up the committees of the Board of Directors, elected the sole and collective executive bodies of the Company; other issues were not considered by the Board of Directors. Failure to comply with the above principle criterion is temporary, as the Company expects to resume the planned implementation of the corporate procedures before the General Meeting of Shareholders to be held for 2024.



#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.4.3	Independent directors make up at least one third of elected directors.	1. Independent directors make up at least one third of elected directors.	Partially complied with	As amid geopolitical tensions a number of countries introduced and tightened sanctions against Russia and businesses operating in Russia, Magnit, just like many other companies, faced uncertainty, in which getting many corporate procedures implemented turned out to be impossible. The annual General Meeting of Shareholders of PJSC Magnit held on 30 June 2022 was declared inquorate. As a result, all powers of the Board of Directors except for the powers to prepare for, convene and hold an annual General Meeting of Shareholders ended under Article 66 of Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995. In 2023, following the Tender Offer, Magnit Alyans LLC, an indirect wholly-owned subsidiary of the Company, acquired approximately 29.7% of all issued and outstanding shares of the Company from non-resident shareholders. The buyback of shares was aimed at changing the Company's capital structure to mitigate the risks of non-resident shareholders dominating in the authorised capital of PJSC Magnit. The purchase of shares was carried out in line with the received approvals (including the approval of the Government Commission on Monitoring Foreign Investments in Russia). The new members of the Board of Directors were elected at the annual General Meeting of Shareholders held on 28 December 2023, following the completion of the procedures for changing the Company's capital structure. On 29 December 2023 the newly elected Board of Directors made up the committees of the Board of Directors, elected the sole and collective executive bodies of the Company; other issues were not considered by the Board of Directors. The current Board of Directors manages the Company in an efficient and professional manner and its members are capable of making fair and independent judgements and adopting resolutions in the best interests of the Company and its shareholders. Partial compliance with the principle is temporary, as the Company expects to resume the planned implementation of the corporate procedures before the General Meeting of Shareholders to be held for 2024.
2.4.4	Independent directors play a key role in preventing internal conflicts in the company and in ensuring that the company performs material corporate actions.	1. Independent directors (with no conflicts of interest) run a preliminary assessment of material corporate actions implying a potential conflict of interest in the reporting period and submitted the results to the board of directors.	Complied with	–
2.5	The chairman of the board of directors ensures that the board of directors discharges its duties in the most efficient way.			
2.5.1	The board of directors is chaired by an independent director, or a senior independent director supervising the activities of other independent directors and interacting with the chairman of the board of directors is chosen from among the elected independent directors.	1. The board of directors is chaired by an independent director, or a senior independent director is appointed from among the independent directors. 2. The role, rights, and duties of the chairman of the board of directors (and, if applicable, of the senior independent director) are duly set out in the company's internal documents.	Partially complied with	Criterion 1 is only partially not complied with. As amid geopolitical tensions a number of countries introduced and tightened sanctions against Russia and businesses operating in Russia, Magnit, just like many other companies, faced uncertainty, in which getting many corporate procedures implemented turned out to be impossible. The annual General Meeting of Shareholders of PJSC Magnit held on 30 June 2022 was declared inquorate. As a result, all powers of the Board of Directors except for the powers to prepare for, convene and hold an annual General Meeting of Shareholders ended under Article 66 of Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995. In 2023, following the Tender Offer, Magnit Alyans LLC, an indirect wholly-owned subsidiary of the Company, acquired approximately 29.7% of all issued and outstanding shares of the Company from non-resident shareholders. The buyback of shares was aimed at changing the Company's capital structure to mitigate the risks of non-resident shareholders dominating in the authorised capital of PJSC Magnit. The purchase of shares was carried out in line with the received approvals (including the approval of the Government Commission on Monitoring Foreign Investments in Russia). The new members of the Board of Directors were elected at the annual General Meeting of Shareholders held on 28 December 2023, following the completion of the procedures for changing the Company's capital structure. Until 28 December 2023 the Chairman of the Board of Directors had the status of an independent director. The Chairman of the newly elected Board of Directors is a professional capable of making fair and independent judgements and adopting resolutions in the best interests of the Company and its shareholders, despite the fact that he does not meet the formal criteria of independence. Partial non-compliance with the above principle criterion is temporary, as the Company expects to resume the planned implementation of the corporate procedures before the General Meeting of Shareholders to be held for 2024.



#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.5.2	The chairman of the board of directors maintains a constructive environment at meetings, enables free discussion of agenda items, and supervises the execution of resolutions passed by the board of directors.	1. Performance of the chairman of the board of directors was assessed as part of assessment (self-assessment) of the board of directors' performance in the reporting period.	Not complied with	As amid geopolitical tensions a number of countries introduced and tightened sanctions against Russia and businesses operating in Russia, Magnit, just like many other companies, faced uncertainty, in which getting many corporate procedures implemented turned out to be impossible. The annual General Meeting of Shareholders of PJSC Magnit held on 30 June 2022 was declared inquorate. As a result, all powers of the Board of Directors except for the powers to prepare for, convene and hold an annual General Meeting of Shareholders ended under Article 66 of Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995. In 2023, following the Tender Offer, Magnit Alyans LLC, an indirect wholly-owned subsidiary of the Company, acquired approximately 29.7% of all issued and outstanding shares of the Company from non-resident shareholders. The buyback of shares was aimed at changing the Company's capital structure to mitigate the risks of non-resident shareholders dominating in the authorised capital of PJSC Magnit. The purchase of shares was carried out in line with the received approvals (including the approval of the Government Commission on Monitoring Foreign Investments in Russia). The new members of the Board of Directors were elected at the annual General Meeting of Shareholders held on 28 December 2023, following the completion of the procedures for changing the Company's capital structure. On 29 December 2023 the newly elected Board of Directors made up the committees of the Board of Directors, elected the sole and collective executive bodies of the Company; other issues were not considered by the Board of Directors. Failure to comply with the principle is temporary, as the Company expects to resume the planned implementation of the corporate procedures before the General Meeting of Shareholders to be held for 2024.
2.5.3	The chairman of the board of directors takes all steps necessary or the timely provision to directors of information required to pass resolutions on agenda items.	1. The company's internal documents set out the duty of the chairman of the board of directors to take all steps necessary for the timely provision to directors of complete and reliable information for the agenda of a board meeting.	Complied with	–
2.6	Directors act reasonably and in good faith in the best interests of the company and its shareholders, on a fully informed basis and with due care and diligence.			
2.6.1	Directors pass resolutions on a fully informed basis, with no conflict of interest, subject to equal treatment of the company's shareholders, and assuming normal business risks.	1. The company's internal documents stipulate that a director should notify the board of directors of any existing conflict of interest as to any agenda item of a meeting of the board of directors or its committee, prior to discussing the relevant agenda item. 2. The company's internal documents stipulate that a director should abstain from voting on any item in connection with which they have a conflict of interest. 3. The company has in place a procedure enabling the board of directors to get professional advice on matters within its remit at the expense of the company.	Complied with	–
2.6.2	The rights and duties of directors are clearly stated and incorporated in the company's internal documents.	1. The company has adopted and published an internal document that clearly defines the rights and duties of directors.	Complied with	–



#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.6.3	Directors have sufficient time to perform their duties.	<p>1. Individual attendance at board and committee meetings, as well as the sufficiency of time for work on the board of directors, including its committees, was analysed as part of the procedure of assessment (self-assessment) of the board of directors' performance in the reporting period.</p> <p>2. Under the company's internal documents, directors notify the board of directors of their intentions to be elected to governing bodies of other entities (apart from the entities controlled by the company), and of their election to such bodies.</p>	Partially complied with	<p>Criterion 1 is not complied with.</p> <p>As amid geopolitical tensions a number of countries introduced and tightened sanctions against Russia and businesses operating in Russia, Magnit, just like many other companies, faced uncertainty, in which getting many corporate procedures implemented turned out to be impossible.</p> <p>The annual General Meeting of Shareholders of PJSC Magnit held on 30 June 2022 was declared inquorate. As a result, all powers of the Board of Directors except for the powers to prepare for, convene and hold an annual General Meeting of Shareholders ended under Article 66 of Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995.</p> <p>In 2023, following the Tender Offer, Magnit Alyans LLC, an indirect wholly-owned subsidiary of the Company, acquired approximately 29.7% of all issued and outstanding shares of the Company from non-resident shareholders. The buyback of shares was aimed at changing the Company's capital structure to mitigate the risks of non-resident shareholders dominating in the authorised capital of PJSC Magnit. The purchase of shares was carried out in line with the received approvals (including the approval of the Government Commission on Monitoring Foreign Investments in Russia). The new members of the Board of Directors were elected at the annual General Meeting of Shareholders held on 28 December 2023, following the completion of the procedures for changing the Company's capital structure. On 29 December 2023 the newly elected Board of Directors made up the committees of the Board of Directors, elected the sole and collective executive bodies of the Company; other issues were not considered by the Board of Directors.</p> <p>Failure to comply with the above principle criterion is temporary, as the Company expects to resume the planned implementation of the corporate procedures before the General Meeting of Shareholders to be held for 2024.</p>
2.6.4	All directors have equal access to the company's documents and information. Newly elected directors are furnished with sufficient information about the company and performance of the board of directors as soon as possible.	<p>1. Under the company's internal documents, directors are entitled to receive information and documents necessary for the board of directors' members to perform their duties and related to the company and its controlled entities, while executive bodies of the company should ensure the provision of the relevant information and documents.</p> <p>2. The company carries out a formalised induction programme for newly elected members of the board of directors.</p>	Complied with	–
2.7	Meetings of the board of directors, preparation for such meetings, and participation of directors ensure efficient performance by the board of directors.			
2.7.1	Meetings of the board of directors are held as needed, taking into account the scale of operations and goals of the company at a particular time.	1. The board of directors held at least six meetings in the reporting year.	Not complied with	<p>As amid geopolitical tensions a number of countries introduced and tightened sanctions against Russia and businesses operating in Russia, Magnit, just like many other companies, faced uncertainty, in which getting many corporate procedures implemented turned out to be impossible.</p> <p>The annual General Meeting of Shareholders of PJSC Magnit held on 30 June 2022 was declared inquorate. As a result, all powers of the Board of Directors except for the powers to prepare for, convene and hold an annual General Meeting of Shareholders ended under Article 66 of Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995.</p> <p>In 2023, following the Tender Offer, Magnit Alyans LLC, an indirect wholly-owned subsidiary of the Company, acquired approximately 29.7% of all issued and outstanding shares of the Company from non-resident shareholders. The buyback of shares was aimed at changing the Company's capital structure to mitigate the risks of non-resident shareholders dominating in the authorised capital of PJSC Magnit. The purchase of shares was carried out in line with the received approvals (including the approval of the Government Commission on Monitoring Foreign Investments in Russia). The new members of the Board of Directors were elected at the annual General Meeting of Shareholders held on 28 December 2023, following the completion of the procedures for changing the Company's capital structure. On 29 December 2023 the newly elected Board of Directors made up the committees of the Board of Directors, elected the sole and collective executive bodies of the Company; other issues were not considered by the Board of Directors.</p> <p>Failure to comply with the principle is temporary, as the Company expects to resume the planned implementation of the corporate procedures before the General Meeting of Shareholders to be held for 2024.</p>



#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.7.2	The company's internal regulations formalise a procedure for arranging and holding meetings of the board of directors, enabling members of the board of directors to properly prepare for such meetings.	<ol style="list-style-type: none"> The company has an approved internal document that describes the procedure for arranging and holding meetings of the board of directors and stipulates, in particular, that the notice of the meeting is to be given, as a rule, at least five days prior to such meeting. In the reporting period members of the board of directors who were not able to attend the meeting of the board of directors were provided with an opportunity to participate in the discussion of agenda items and voting remotely – by means of conference and video conference communication. 	Complied with	–
2.7.3	The format of the meeting of the board of directors is determined taking into account the importance of its agenda items. The most important matters are dealt with at meetings of the board of directors held in person.	<ol style="list-style-type: none"> The company's Articles of Association or internal document provides for the most important matters (including those listed in Recommendation 168 of the ES Code) to be passed at meetings of the board of directors held in person. 	Not complied with	<p>In the opinion of the Company, the development of modern telecommunications technologies practically eliminates the differences in the effectiveness of in person and absentee formats of meetings of the Board of Directors. The most important issues included in the agenda of meetings of the Board of Directors are preliminarily considered by the relevant committees of the Board of Directors and are comprehensively discussed by members of the Board of Directors before voting, including absentee form of voting.</p> <p>The Company believes that transferring a large number of meetings of the Board of Directors to in person format is not economically feasible.</p> <p>Taking into account geopolitical tensions and the epidemiological situation that developed over the past few years in the world and the related limitations, in person meetings for the Company were not possible. In the future, the Company plans to maintain this approach to holding meetings and to develop the use of modern telecommunication technologies when planning meetings and making decisions.</p>
2.7.4	Resolutions on the most important matters related to the company's operations are adopted at meetings of the board of directors by a qualified majority vote or by a majority vote of all elected directors.	<ol style="list-style-type: none"> The company's Articles of Association provides for resolutions on the most important matters, including those set out in Recommendation 170 of the ES Code to be passed at a meeting of the board of directors by a qualified majority of at least three quarters or by a majority of all elected directors. 	Complied with	–
2.8	The board of directors sets up committees to preview key matters related to the company's operations.			
2.8.1	An audit committee comprised of independent directors is set up to preview matters related to controlling the company's financial and business activities.	<ol style="list-style-type: none"> The board of directors set up an audit committee comprised solely of independent directors. The company's internal documents set out the tasks of the audit committee, including those listed in Recommendation 172 of the ES Code. At least one member of the audit committee represented by an independent director has experience and knowledge of preparing, analysing, assessing, and auditing accounting (financial) statements. In the reporting period meetings of the audit committee were held at least once during the reporting period. 	Partially complied with	<p>Criteria 1, 3 and 4 are not complied with.</p> <p>As amid geopolitical tensions a number of countries introduced and tightened sanctions against Russia and businesses operating in Russia, Magnit, just like many other companies, faced uncertainty, in which getting many corporate procedures implemented turned out to be impossible.</p> <p>The annual General Meeting of Shareholders of PJSC Magnit held on 30 June 2022 was declared inquorate. As a result, all powers of the Board of Directors except for the powers to prepare for, convene and hold an annual General Meeting of Shareholders ended under Article 66 of Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995.</p> <p>In 2023, following the Tender Offer, Magnit Alyans LLC, an indirect wholly-owned subsidiary of the Company, acquired approximately 29.7% of all issued and outstanding shares of the Company from non-resident shareholders. The buyback of shares was aimed at changing the Company's capital structure to mitigate the risks of non-resident shareholders dominating in the authorised capital of PJSC Magnit. The purchase of shares was carried out in line with the received approvals (including the approval of the Government Commission on Monitoring Foreign Investments in Russia). The new members of the Board of Directors were elected at the annual General Meeting of Shareholders held on 28 December 2023, following the completion of the procedures for changing the Company's capital structure. On 29 December 2023 the newly elected Board of Directors made up the committees of the Board of Directors, elected the sole and collective executive bodies of the Company; other issues were not considered by the Board of Directors.</p> <p>The Audit Committee members are professionals capable of making fair and independent judgements and adopting resolutions in the best interests of the Company and its shareholders, despite the fact that they do not meet the formal criteria of independence.</p> <p>Failure to comply with the above principle criteria is temporary, as the Company expects to resume the planned implementation of the corporate procedures before the General Meeting of Shareholders to be held for 2024.</p>



#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.8.2	To preview matters related to adopting an efficient and transparent remuneration scheme, a remuneration committee was set up, comprised of independent directors and headed by an independent director who is not the chairman of the board of directors.	<ol style="list-style-type: none"> The board of directors set up a remuneration committee comprised solely of independent directors. The remuneration committee is headed by an independent director who is not the chairman of the board of directors. The company's internal documents set out the tasks of the remuneration committee, including those listed in Recommendation 180 of the Code, and conditions (events), upon the occurrence of which the remuneration committee considers the revision of the company's remuneration policy for members of the board of directors, executive bodies and other key executives. 	Partially complied with	<p>Criterion 1 is not complied with. Criterion 2 is only partially not complied with.</p> <p>As amid geopolitical tensions a number of countries introduced and tightened sanctions against Russia and businesses operating in Russia, Magnit, just like many other companies, faced uncertainty, in which getting many corporate procedures implemented turned out to be impossible.</p> <p>The annual General Meeting of Shareholders of PJSC Magnit held on 30 June 2022 was declared inquorate. As a result, all powers of the Board of Directors except for the powers to prepare for, convene and hold an annual General Meeting of Shareholders ended under Article 66 of Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995.</p> <p>In 2023, following the Tender Offer, Magnit Alyans LLC, an indirect wholly-owned subsidiary of the Company, acquired approximately 29.7% of all issued and outstanding shares of the Company from non-resident shareholders. The buyback of shares was aimed at changing the Company's capital structure to mitigate the risks of non-resident shareholders dominating in the authorised capital of PJSC Magnit. The purchase of shares was carried out in line with the received approvals (including the approval of the Government Commission on Monitoring Foreign Investments in Russia). The new members of the Board of Directors were elected at the annual General Meeting of Shareholders held on 28 December 2023, following the completion of the procedures for changing the Company's capital structure. On 29 December 2023 the newly elected Board of Directors made up the committees of the Board of Directors, including the HR and Remuneration Committee, the chairman of which is not the Chairman of the Board of Directors, elected the sole and collective executive bodies of the Company; other issues were not considered by the Board of Directors. The chairman of the HR and Remuneration Committee is a professional capable of making fair and independent judgements and adopting resolutions in the best interests of the Company and its shareholders, despite the fact that he does not meet the formal criteria of independence.</p> <p>Failure to comply with the above principle criteria is temporary, as the Company expects to resume the planned implementation of the corporate procedures before the General Meeting of Shareholders to be held for 2024. Criterion 3 is only partially not complied with.</p> <p>The Company's internal documents do not specify the specific conditions, upon the occurrence of which the remuneration committee considers the issue of revising the Company's remuneration policy for the members of the Board of Directors, executive bodies and other key executives.</p> <p>The criterion for compliance with this paragraph of the Report has not yet been reflected in the Company's corporate governance practice.</p> <p>The possibility and necessity of introducing the relevant amendments to the Company's internal documents is planned to be considered before the annual General Meeting of Shareholders, which will be held for 2024.</p>
2.8.3	To preview matters related to talent management (succession planning), professional composition, and efficiency of the board of directors, a nomination (appointments and HR) committee was set up, predominantly comprised of independent directors.	<ol style="list-style-type: none"> The board of directors has set up a nomination committee (or its tasks listed in Recommendation 186 of the Code are fulfilled by another committee) predominantly comprised of independent directors. The company's internal documents set out the tasks of the nomination committee (or the tasks of the committee with combined functions), including those listed in Recommendation 186 of the Code. For the purpose of forming the board of directors that meets the company's goals and objectives most fully, in the reporting period the nomination committee, on its own or jointly with other board of directors' committees or the company's authorised shareholder relations unit, organised the engagement with shareholders, not limited to the largest shareholders, in the context of choosing nominees to the company's board of directors. 	Partially complied with	<p>Criterion 1 is not complied with.</p> <p>As amid geopolitical tensions a number of countries introduced and tightened sanctions against Russia and businesses operating in Russia, Magnit, just like many other companies, faced uncertainty, in which getting many corporate procedures implemented turned out to be impossible.</p> <p>The annual General Meeting of Shareholders of PJSC Magnit held on 30 June 2022 was declared inquorate. As a result, all powers of the Board of Directors except for the powers to prepare for, convene and hold an annual General Meeting of Shareholders ended under Article 66 of Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995.</p> <p>In 2023, following the Tender Offer, Magnit Alyans LLC, an indirect wholly-owned subsidiary of the Company, acquired approximately 29.7% of all issued and outstanding shares of the Company from non-resident shareholders. The buyback of shares was aimed at changing the Company's capital structure to mitigate the risks of non-resident shareholders dominating in the authorised capital of PJSC Magnit. The purchase of shares was carried out in line with the received approvals (including the approval of the Government Commission on Monitoring Foreign Investments in Russia). The new members of the Board of Directors were elected at the annual General Meeting of Shareholders held on 28 December 2023, following the completion of the procedures for changing the Company's capital structure. On 29 December 2023 the newly elected Board of Directors made up the committees of the Board of Directors, elected the sole and collective executive bodies of the Company; other issues were not considered by the Board of Directors. The HR and Remuneration Committee members are professionals capable of making fair and independent judgements and adopting resolutions in the best interests of the Company and its shareholders, despite the fact that they do not meet the formal criteria of independence.</p> <p>Failure to comply with the above principle criterion is temporary, as the Company expects to resume the planned implementation of the corporate procedures before the General Meeting of Shareholders to be held for 2024.</p>



#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.8.4	Taking into account the company's scope of business and level of risks, the company's board of directors made sure that the composition of its committees is in line with the company's business goals. Additional committees were either set up or not deemed necessary (strategy committee, corporate governance committee, ethics committee, risk management committee, budget committee, health, safety and environment committee, etc.).	1. In the reporting period the company's board of directors considered whether the structure of the board of directors was in line with the scale and scope, business goals and requirements, and the risk profile of the company. Additional committees were either set up or not deemed necessary.	Complied with	–
2.8.5	Committees are composed so as to enable comprehensive discussions of matters under preview, taking into account the diversity of opinions.	1. The audit committee, remuneration committee, nomination committee (or the relevant committee with a combined function) were headed by independent directors in the reporting period. 2. The company's internal documents (policies) include provisions stipulating that persons who are not members of the audit committee, the nomination committee (or the relevant committee with a combined function) or the remuneration committee may attend committee meetings only by invitation of the chairman of the respective committee.	Partially complied with	<p>Criterion 1 is not complied with.</p> <p>As amid geopolitical tensions a number of countries introduced and tightened sanctions against Russia and businesses operating in Russia, Magnit, just like many other companies, faced uncertainty, in which getting many corporate procedures implemented turned out to be impossible.</p> <p>The annual General Meeting of Shareholders of PJSC Magnit held on 30 June 2022 was declared inquorate. As a result, all powers of the Board of Directors except for the powers to prepare for, convene and hold an annual General Meeting of Shareholders ended under Article 66 of Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995.</p> <p>In 2023, following the Tender Offer, Magnit Alyans LLC, an indirect wholly-owned subsidiary of the Company, acquired approximately 29.7% of all issued and outstanding shares of the Company from non-resident shareholders. The buyback of shares was aimed at changing the Company's capital structure to mitigate the risks of non-resident shareholders dominating in the authorised capital of PJSC Magnit. The purchase of shares was carried out in line with the received approvals (including the approval of the Government Commission on Monitoring Foreign Investments in Russia). The new members of the Board of Directors were elected at the annual General Meeting of Shareholders held on 28 December 2023, following the completion of the procedures for changing the Company's capital structure. On 29 December 2023 the newly elected Board of Directors made up the committees of the Board of Directors, elected the sole and collective executive bodies of the Company; other issues were not considered by the Board of Directors. The Committees of the Board of Directors are headed by professional directors, capable of making fair and independent judgements and adopting resolutions in the best interests of the Company and its shareholders, despite the fact that they do not meet the formal criteria of independence.</p> <p>Failure to comply with the above principle criterion is temporary, as the Company expects to resume the planned implementation of the corporate procedures before the General Meeting of Shareholders to be held for 2024.</p>
2.8.6	Committee chairmen inform the board of directors and its chairman on the performance of their committees on a regular basis.	1. In the reporting period committee chairmen reported to the board of directors on the performance of committees on a regular basis.	Not complied with	<p>As amid geopolitical tensions a number of countries introduced and tightened sanctions against Russia and businesses operating in Russia, Magnit, just like many other companies, faced uncertainty, in which getting many corporate procedures implemented turned out to be impossible.</p> <p>The annual General Meeting of Shareholders of PJSC Magnit held on 30 June 2022 was declared inquorate. As a result, all powers of the Board of Directors except for the powers to prepare for, convene and hold an annual General Meeting of Shareholders ended under Article 66 of Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995.</p> <p>In 2023, following the Tender Offer, Magnit Alyans LLC, an indirect wholly-owned subsidiary of the Company, acquired approximately 29.7% of all issued and outstanding shares of the Company from non-resident shareholders. The buyback of shares was aimed at changing the Company's capital structure to mitigate the risks of non-resident shareholders dominating in the authorised capital of PJSC Magnit. The purchase of shares was carried out in line with the received approvals (including the approval of the Government Commission on Monitoring Foreign Investments in Russia). The new members of the Board of Directors were elected at the annual General Meeting of Shareholders held on 28 December 2023, following the completion of the procedures for changing the Company's capital structure. On 29 December 2023 the newly elected Board of Directors made up the committees of the Board of Directors, elected the sole and collective executive bodies of the Company; other issues were not considered by the Board of Directors.</p> <p>Failure to comply with the principle is temporary, as the Company expects to resume the planned implementation of the corporate procedures before the General Meeting of Shareholders to be held for 2024.</p>



#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.9	The board of directors ensures performance assessment of the board of directors, its committees, and members of the board of directors.			
2.9.1	The board of directors' performance assessment is aimed at determining the efficiency of the board of directors, its committees and members, consistency of their work with the company's growth requirements, as well as at bolstering the work of the board of directors and identifying areas for improvement.	<ol style="list-style-type: none"> The procedures of conducting the assessment (self-assessment) of the board of directors' performance are determined in the company's internal documents. Assessment (self-assessment) of the board of directors' performance carried out in the reporting period included performance assessment of committees, individual assessment of directors, and the board of directors in general. Results of assessment (self-assessment) of the board of directors' performance carried out in the reporting period were reviewed at the meeting of the board of directors held in person. 	Not complied with	<p>The procedures of conducting the assessment (self-assessment) of the Board of Directors' performance are not formalised in the internal documents.</p> <p>As amid geopolitical tensions a number of countries introduced and tightened sanctions against Russia and businesses operating in Russia, Magnit, just like many other companies, faced uncertainty, in which getting many corporate procedures implemented turned out to be impossible.</p> <p>The annual General Meeting of Shareholders of PJSC Magnit held on 30 June 2022 was declared inquorate. As a result, all powers of the Board of Directors except for the powers to prepare for, convene and hold an annual General Meeting of Shareholders ended under Article 66 of Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995.</p> <p>In 2023, following the Tender Offer, Magnit Alyans LLC, an indirect wholly-owned subsidiary of the Company, acquired approximately 29.7% of all issued and outstanding shares of the Company from non-resident shareholders. The buyback of shares was aimed at changing the Company's capital structure to mitigate the risks of non-resident shareholders dominating in the authorised capital of PJSC Magnit. The purchase of shares was carried out in line with the received approvals (including the approval of the Government Commission on Monitoring Foreign Investments in Russia). The new members of the Board of Directors were elected at the annual General Meeting of Shareholders held on 28 December 2023, following the completion of the procedures for changing the Company's capital structure. On 29 December 2023 the newly elected Board of Directors made up the committees of the Board of Directors, elected the sole and collective executive bodies of the Company; other issues were not considered by the Board of Directors.</p> <p>Failure to comply with the principle is temporary, as the Company expects to resume the planned implementation of the corporate procedures before the General Meeting of Shareholders to be held for 2024.</p>
2.9.2	Performance of the board of directors, its committees and members is assessed regularly at least once a year. An external advisor is engaged at least once in three years to conduct an independent assessment of the board of directors' performance.	<ol style="list-style-type: none"> The company engaged an external advisor to conduct an independent assessment of the board of directors' performance at least once over the last three reporting periods. 	Complied with	–
3.1	The company's corporate secretary ensures an efficient ongoing interaction with shareholders, coordinates the company's efforts to protect shareholder rights and interests, and supports efficient performance of the board of directors.			
3.1.1	The corporate secretary has the expertise, experience, and qualifications sufficient to perform his/her duties, as well as an impeccable reputation and the trust of shareholders.	<ol style="list-style-type: none"> The biographical data of the corporate secretary are published on the corporate website and in the company's annual report (including information on age, education, expertise, experience), and information on positions in the governing bodies of other legal entities held by the corporate secretary at least for the last five years. 	Partially complied with	<p>Information on the Company's corporate secretary is available on the Company's official website (https://www.magnit.com/ru/corporate-governance/corporate-secretary/).</p> <p>In the Company's annual report, the disclosure of biographical data of individuals is minimised due to geopolitical tensions.</p> <p>Partial compliance with the principle is temporary, as the Company expects to resume the planned implementation of the corporate procedures before the General Meeting of Shareholders to be held for 2024.</p>
3.1.2	The corporate secretary is sufficiently independent of the company's executive bodies and has the powers and resources required to perform his/her tasks.	<ol style="list-style-type: none"> The company has adopted and published an internal document – regulations on the corporate secretary. The board of directors approves the nominee to the position of the corporate secretary, terminates his/her powers, and considers the corporate secretary's additional remuneration. The company's internal documents stipulate the right of the corporate secretary to request, receive documents and information from the company's governing bodies, structural units and officials. 	Complied with	–



#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
4.1	Remuneration payable by the company is sufficient to attract, motivate, and retain persons with competencies and qualifications required by the company. Remuneration payable to directors, executive bodies, and other key executives of the company is in compliance with the approved remuneration policy of the company.			
4.1.1	The amount of remuneration paid by the company to directors, executive bodies, and other key executives creates sufficient incentives for them to work efficiently while enabling the company to engage and retain competent and qualified specialists. At the same time, the company avoids unnecessarily high remuneration, as well as unjustifiably large gaps between remunerations of the above persons and the company's employees.	1. Remuneration of members of the board of directors, executive bodies, and other key executives of the company is determined based on the results of a comparative analysis of the level of remuneration in comparable companies.	Complied with	–
4.1.2	The company's remuneration policy is devised by the remuneration committee and approved by the board of directors. The board of directors, assisted by the remuneration committee, ensures control over the introduction and implementation of the company's remuneration policy, revising and amending it as required.	1. In the reporting period the remuneration committee considered the remuneration policy (policies) and (or) its (their) introduction practices, carried out the assessment of its (their) efficiency and transparency and provided relevant recommendations on the revision of the policy (policies) to the board of directors as required.	Not complied with	As amid geopolitical tensions a number of countries introduced and tightened sanctions against Russia and businesses operating in Russia, Magnit, just like many other companies, faced uncertainty, in which getting many corporate procedures implemented turned out to be impossible. The annual General Meeting of Shareholders of PJSC Magnit held on 30 June 2022 was declared inquorate. As a result, all powers of the Board of Directors except for the powers to prepare for, convene and hold an annual General Meeting of Shareholders ended under Article 66 of Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995. In 2023, following the Tender Offer, Magnit Alyans LLC, an indirect wholly-owned subsidiary of the Company, acquired approximately 29.7% of all issued and outstanding shares of the Company from non-resident shareholders. The buyback of shares was aimed at changing the Company's capital structure to mitigate the risks of non-resident shareholders dominating in the authorised capital of PJSC Magnit. The purchase of shares was carried out in line with the received approvals (including the approval of the Government Commission on Monitoring Foreign Investments in Russia). The new members of the Board of Directors were elected at the annual General Meeting of Shareholders held on 28 December 2023, following the completion of the procedures for changing the Company's capital structure. On 29 December 2023 the newly elected Board of Directors made up the committees of the Board of Directors, elected the sole and collective executive bodies of the Company; other issues were not considered by the Board of Directors. Failure to comply with the principle is temporary, as the Company expects to resume the planned implementation of the corporate procedures before the General Meeting of Shareholders to be held for 2024.
4.1.3	The company's remuneration policy includes transparent mechanisms for determining the amount of remuneration due to directors, executive bodies, and other key executives of the company, and regulates all types of expenses, benefits, and privileges provided to such persons.	1. The company's remuneration policy (policies) includes (include) transparent mechanisms for determining the amount of remuneration due to directors, executive bodies, and other key executives of the company, and regulates (regulate) all types of expenses, benefits, and privileges provided to such persons.	Complied with	–
4.1.4	The company defines a policy on reimbursement (compensation) of expenses detailing a list of reimbursable expenses and specifying service levels that directors, executive bodies, and other key executives of the company may claim. Such policy can make part of the company's remuneration policy.	1. The remuneration policy (policies) defines (define) the rules for reimbursement of expenses incurred by directors, executive bodies, and other key executives of the company.	Complied with	–



#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
4.2	Remuneration system for directors ensures alignment of financial interests of directors with long-term financial interests of shareholders.			
4.2.1	The company pays fixed annual remuneration to its directors. The company does not pay remuneration for attending particular meetings of the board of directors or its committees. The company does not apply any form of short-term motivation or additional financial incentive for its directors.	1. In the reporting period the company paid remuneration to the board of directors in accordance with the remuneration policy adopted by the company. 2. In the reporting period the company did not apply any forms of short-term motivation or additional financial motivation, the payment of which depends on the results (indicators) of the company's performance, in relation to the board of directors' members. Payments of remuneration for the participation in meetings of the board of directors or committees of the board of directors were not made.	Complied with	–
4.2.2	Long-term ownership of the company's shares ensures the best alignment of directors' financial interests with the long-term interests of shareholders. At the same time, the company does not link the right to dispose of shares to performance targets, and directors do not participate in stock option plans.	1. If the company's internal document(s) – the remuneration policy (policies) stipulates (stipulate) provision of the company's shares to members of the board of directors, clear rules for share ownership by board members shall be defined and disclosed, aimed at stimulating long-term ownership of such shares.	Complied with	–
4.2.3	The company does not provide for any extra payments or compensations in the event of early termination of directors' tenure resulting from the change of control or any other reasons.	1. The company does not provide for any extra payments or compensations in the event of early termination of directors' tenure resulting from the change of control or any other reasons.	Complied with	–
4.3	The company considers its performance and the personal contribution of each executive to the achievement of such performance when determining the amount of a fee payable to members of executive bodies and other key executives of the company.			
4.3.1	Remuneration due to members of executive bodies and other key executives of the company is determined in a manner providing for reasonable and justified ratio of the fixed and variable parts of remuneration, depending on the company's results and the employee's personal contribution.	1. In the reporting period annual performance results approved by the board of directors were used to determine the amount of the variable part of remuneration due to members of executive bodies and other key executives of the company. 2. During the latest assessment of the remuneration system for members of executive bodies and other key executives of the company, the board of directors (remuneration committee) made sure that the company applies an efficient ratio of the fixed and variable parts of remuneration. 3. When determining the amount of remuneration to be paid to the members of the executive bodies and other key executives of the company, the risks borne by the company are taken into account in order to avoid incentives to take excessively risky management decisions.	Partially complied with	Criterion 1 is not complied with. As amid geopolitical tensions a number of countries introduced and tightened sanctions against Russia and businesses operating in Russia, Magnit, just like many other companies, faced uncertainty, in which getting many corporate procedures implemented turned out to be impossible. The annual General Meeting of Shareholders of PJSC Magnit held on 30 June 2022 was declared inquorate. As a result, all powers of the Board of Directors except for the powers to prepare for, convene and hold an annual General Meeting of Shareholders ended under Article 66 of Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995. In 2023, following the Tender Offer, Magnit Alyans LLC, an indirect wholly-owned subsidiary of the Company, acquired approximately 29.7% of all issued and outstanding shares of the Company from non-resident shareholders. The buyback of shares was aimed at changing the Company's capital structure to mitigate the risks of non-resident shareholders dominating in the authorised capital of PJSC Magnit. The purchase of shares was carried out in line with the received approvals (including the approval of the Government Commission on Monitoring Foreign Investments in Russia). The new members of the Board of Directors were elected at the annual General Meeting of Shareholders held on 28 December 2023, following the completion of the procedures for changing the Company's capital structure. On 29 December 2023 the newly elected Board of Directors made up the committees of the Board of Directors, elected the sole and collective executive bodies of the Company; other issues were not considered by the Board of Directors. Failure to comply with the above principle criterion is temporary, as the Company expects to resume the planned implementation of the corporate procedures before the General Meeting of Shareholders to be held for 2024.



#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
4.3.2	The company has in place a long-term incentive programme for members of executive bodies and other key executives of the company with the use of the company's shares (options and other derivative instruments where the company's shares are the underlying asset).	1. If the company has in place a long-term incentive programme for members of executive bodies and other key executives of the company with the use of the company's shares (financial instruments based on the company's shares), the programme implies that the right to dispose of shares and other financial instruments takes effect no sooner than three years after such shares or other financial instruments are granted. The right to dispose of such shares or other financial instruments is linked to the company's certain performance targets.	Partially complied with	The Board of Directors approved the Long-Term Incentive Programme. The Programme is designed to motivate management to increase the market capitalisation of the Company supported by EBITDA growth. The Programme includes remuneration in the form of shares and options in annual tranches. Remuneration will depend on the share price. The Programme is designed for five years. There are no restrictions on the disposal of shares received under the Programme. Instead of a restriction of the disposal of shares (and the dependence of the right of disposal on the achievement of indicators), it provides for a dependence of the granting of shares on the achievement of certain indicators and the deferred provision of shares in each of the annual tranches in parts over 3 years, and the loss of participants' right to receive tranches (parts of tranches) in case of resignation from the Company. The Company finds this approach to the provision of shares as part of the long-term incentive most reasonable and plans to follow it in the future.
4.3.3	The compensation ("golden parachute") payable by the company in case of early termination of powers of members of executive bodies or key executives at the company's initiative, provided that there have been no actions in bad faith on their part, shall not exceed the double amount of the fixed part of their annual remuneration.	1. In the reporting period the compensation ("golden parachute") payable by the company in case of early termination of the powers of executive bodies or key executives at the company's initiative, provided that there have been no actions in bad faith on their part, did not exceed the double amount of the fixed part of their annual remuneration.	Complied with	–
5.1	The company has in place an effective risk management and internal control system providing reasonable assurance in the achievement of the company's goals.			
5.1.1	The company's board of directors determined the principles of, and approaches to, setting up a risk management and internal control system at the company.	1. Functions of different management bodies and business units of the company in the risk management and internal control system are clearly defined in the company's internal documents / relevant policy approved by the board of directors.	Complied with	–
5.1.2	The company's executive bodies ensure establishment and continuous operation of an efficient risk management and internal control system at the company.	1. The company's executive bodies ensured the distribution of duties, powers, responsibilities related to risk management and internal control between the heads (managers) of business units and departments accountable to them.	Complied with	–
5.1.3	The company's risk management and internal control system ensures an objective, fair, and clear view of the current state and future prospects of the company, the integrity and transparency of the company's reporting, as well as reasonable and acceptable risk exposure.	1. The company has in place an approved anti-corruption policy. 2. The company established a safe, confidential and accessible method of notifying the board of directors or the board's audit committee of breaches or any violations of the law, the company's internal procedures and code of ethics.	Complied with	–
5.1.4	The company's board of directors takes necessary measures to make sure that the company's risk management and internal control system is consistent with the principles of, and approaches to, its setup and efficient functioning determined by the board of directors.	1. In the reporting period the board of directors (the audit committee and (or) the risk management committee (if available) organized the assessment of the reliability and efficiency of the risk management and internal control system. 2. In the reporting period the board of directors reviewed the results of assessment of the reliability and efficiency of the company's risk management and internal control system. Information on the results consideration is included in the company's annual report.	Not complied with	As amid geopolitical tensions a number of countries introduced and tightened sanctions against Russia and businesses operating in Russia, Magnit, just like many other companies, faced uncertainty, in which getting many corporate procedures implemented turned out to be impossible. The annual General Meeting of Shareholders of PJSC Magnit held on 30 June 2022 was declared inquorate. As a result, all powers of the Board of Directors except for the powers to prepare for, convene and hold an annual General Meeting of Shareholders ended under Article 66 of Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995. In 2023, following the Tender Offer, Magnit Alyans LLC, an indirect wholly-owned subsidiary of the Company, acquired approximately 29.7% of all issued and outstanding shares of the Company from non-resident shareholders. The buyback of shares was aimed at changing the Company's capital structure to mitigate the risks of non-resident shareholders dominating in the authorised capital of PJSC Magnit. The purchase of shares was carried out in line with the received approvals (including the approval of the Government Commission on Monitoring Foreign Investments in Russia). The new members of the Board of Directors were elected at the annual General Meeting of Shareholders held on 28 December 2023, following the completion of the procedures for changing the Company's capital structure. On 29 December 2023 the newly elected Board of Directors made up the committees of the Board of Directors, elected the sole and collective executive bodies of the Company; other issues were not considered by the Board of Directors. Failure to comply with the principle is temporary, as the Company expects to resume the planned implementation of the corporate procedures before the General Meeting of Shareholders to be held for 2024.



#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
5.2	The company performs internal audits for regular independent assessment of the reliability and efficiency of its risk management and internal control system, as well as corporate governance practice.			
5.2.1	The company has set up a separate business unit or engaged an independent external organisation to carry out internal audits. Functional and administrative reporting lines of the internal audit unit are delineated. The internal audit unit functionally reports to the board of directors.	1. To perform internal audits, the company has set up a separate business unit – internal audit division, functionally reporting to the board of directors, or engaged an independent external organisation with the same line of reporting.	Complied with	–
5.2.2	The internal audit division assesses the reliability and efficiency of the risk management and internal control system, as well as the corporate governance system, applies generally accepted standards of internal audit.	1. In the reporting period, the reliability and efficiency of the risk management and internal control system were assessed as part of the internal audit procedure. 2. In the reporting period, the corporate governance practice (certain practices) was (were) assessed as part of the internal audit procedure, including the procedures of the information interaction (including internal control and risk management issues) at all levels of the company's management, as well as stakeholders engagement.	Complied with	–
6.1	The company and its operations are transparent for its shareholders, investors, and other stakeholders.			
6.1.1	The company has developed and implemented an information policy ensuring efficient exchange of information by the company, its shareholders, investors, and other stakeholders.	1. The company's board of directors approved an information policy developed in accordance with the Code's recommendations. 2. In the reporting period the board of directors (or one of its committees) considered the issue on the efficiency of information engagement of the company, shareholders, investors and other stakeholders, and considered if it was reasonable (necessary) to revise the company's information policy.	Partially complied with	Criterion 2 is not complied with. As amid geopolitical tensions a number of countries introduced and tightened sanctions against Russia and businesses operating in Russia, Magnit, just like many other companies, faced uncertainty, in which getting many corporate procedures implemented turned out to be impossible. The annual General Meeting of Shareholders of PJSC Magnit held on 30 June 2022 was declared inquorate. As a result, all powers of the Board of Directors except for the powers to prepare for, convene and hold an annual General Meeting of Shareholders ended under Article 66 of Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995. In 2023, following the Tender Offer, Magnit Alyans LLC, an indirect wholly-owned subsidiary of the Company, acquired approximately 29.7% of all issued and outstanding shares of the Company from non-resident shareholders. The buyback of shares was aimed at changing the Company's capital structure to mitigate the risks of non-resident shareholders dominating in the authorised capital of PJSC Magnit. The purchase of shares was carried out in line with the received approvals (including the approval of the Government Commission on Monitoring Foreign Investments in Russia). The new members of the Board of Directors were elected at the annual General Meeting of Shareholders held on 28 December 2023, following the completion of the procedures for changing the Company's capital structure. On 29 December 2023 the newly elected Board of Directors made up the committees of the Board of Directors, elected the sole and collective executive bodies of the Company; other issues were not considered by the Board of Directors. Failure to comply with the above principle criterion is temporary, as the Company expects to resume the planned implementation of the corporate procedures before the General Meeting of Shareholders to be held for 2024.
6.1.2	The company discloses information on its corporate governance system and practice, including detailed information on compliance with the principles and recommendations of the Code .	1. The company discloses information on its corporate governance system and general principles of corporate governance, including disclosure on its website. 2. The company discloses information on the membership of its executive bodies and board of directors, independence of directors and their membership in the board of directors' committees (as defined by the Code). 3. If the company has a controlling person, the company publishes a memorandum of the controlling person setting out this person's plans for the company's corporate governance.	Partially complied with	Criterion 2 is only partially not complied with. The Company discloses information in accordance with Resolution of the Government of the Russian Federation No. 1102 dated 4 July 2023 On the Specifics of Disclosing and (or) Providing Information Subject to Disclosure and Provision under the Federal Laws On Joint-Stock Companies and On the Securities Market. Partial non-compliance with the above principle criterion is temporary, as the Company expects the circumstances that gave rise to the non-compliance to have ceased before the General Meeting of Shareholders to be held for 2024.



#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
6.2	The company makes timely disclosures of complete, updated, and reliable information to allow shareholders and investors to make informed decisions.			
6.2.1	The company discloses information based on the principles of regularity, consistency, and promptness, as well as availability, reliability, completeness, and comparability of disclosed data.	<ol style="list-style-type: none"> The company has a procedure ensuring coordination of work of all structural units and employees of the company who are related to information disclosure or whose operation may result in the requirement to disclose information. If the company's securities are traded in foreign organised markets, the company makes disclosures of material information in the Russian Federation and in the said markets in the reporting year on a concurrent and equal basis. If foreign shareholders hold a substantial number of shares in the company, the relevant information was disclosed in the reporting period both in the Russian language and in one of the most widely used foreign languages. 	Complied with	–
6.2.2	The company avoids a formalistic approach to information disclosure and discloses material information on its operations, even if disclosure of such information is not required by law.	<ol style="list-style-type: none"> The company's information policy outlines the approaches to the disclosure of information on other events (actions) that have a significant impact on the value or price of its securities in cases where the disclosure is not required by law. The company discloses information on its shareholding structure in its annual report and on its website as required by recommendation 290 of Code. The company discloses information on the controlled entities that are of significant importance to the company, including the key areas of operation, tools ensuring accountability of the controlled entities, the powers of the company's board of directors to determine the strategy and assess the performance of the controlled organisation. The company publishes a non-financial report – a sustainability report, an environmental report, a corporate social responsibility report or any other report containing non-financial information, including that on factors related to the environment (including environmental and climate change factors), society (social factors) and corporate governance, except for a report of the issuer of issue-grade securities and a report of the joint-stock company. 	Partially complied with	<p>Criterion 2 is only partially not complied with.</p> <p>The Company has been required to disclose information, including in the form of the issuer's reports (quarterly issuer's reports), since 2006. As part of compliance with the disclosure legislation, the Company discloses the number of its shareholders, the number of voting shares broken down by share category (type) and the number of shares held by the Company and its controlled entities, the persons who directly or indirectly own shares and (or) can use the votes attaching to the shares that represent at least 5% of the authorised capital or ordinary shares in the Company and any other information required by applicable law, in the form of statements of material facts and as part of annual, quarterly reports (issuer's reports) and lists of affiliates, which are disclosed on the website.</p> <p>That said, the Company has no procedure for disclosing additional information about the Company's shareholding structure as specified by recommendation 290 of the Code, specifically a procedure requiring the Company's executive bodies to make a statement that the Company is unaware of any shareholdings exceeding 5% other than those already disclosed by the Company. The Company plans to consider whether the relevant provisions can and need to be included in the Company's internal documents and its corporate governance practice before the annual General Meeting of Shareholders for 2024.</p> <p>Even though the Company does not disclose its unawareness in the form of a statement of its executive bodies, this does not result in any information on the Company's shareholding structure being concealed in violation of recommendation 290 of the Code. The Company avoids a formalistic approach to the disclosure of material information about its activities.</p>
6.2.3	The company's annual report, being one of the key tools for keeping its shareholders and other stakeholders informed, includes data that can be used to assess the company's performance in the reporting year.	<ol style="list-style-type: none"> The company's annual report contains the results of the assessment by the audit committee of the effectiveness of external and internal audit. The company's annual report outlines the company's environmental protection and safety policies, as well as the social policy of the company. 	Partially complied with	<p>Criterion 1 is not complied with.</p> <p>As amid geopolitical tensions a number of countries introduced and tightened sanctions against Russia and businesses operating in Russia, Magnit, just like many other companies, faced uncertainty, in which getting many corporate procedures implemented turned out to be impossible.</p> <p>The annual General Meeting of Shareholders of PJSC Magnit held on 30 June 2022 was declared inquorate. As a result, all powers of the Board of Directors except for the powers to prepare for, convene and hold an annual General Meeting of Shareholders ended under Article 66 of Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995.</p> <p>In 2023, following the Tender Offer, Magnit Alyans LLC, an indirect wholly-owned subsidiary of the Company, acquired approximately 29.7% of all issued and outstanding shares of the Company from non-resident shareholders. The buyback of shares was aimed at changing the Company's capital structure to mitigate the risks of non-resident shareholders dominating in the authorised capital of PJSC Magnit. The purchase of shares was carried out in line with the received approvals (including the approval of the Government Commission on Monitoring Foreign Investments in Russia). The new members of the Board of Directors were elected at the annual General Meeting of Shareholders held on 28 December 2023, following the completion of the procedures for changing the Company's capital structure. On 29 December 2023 the newly elected Board of Directors made up the committees of the Board of Directors, elected the sole and collective executive bodies of the Company; other issues were not considered by the Board of Directors.</p> <p>Failure to comply with the above principle criterion is temporary, as the Company expects to resume the planned implementation of the corporate procedures before the General Meeting of Shareholders to be held for 2024.</p>



#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
6.3	The company provides shareholders with equal and unhindered access to information and documents as per their request.			
6.3.1	No unreasonable difficulties prevent the shareholders from exercising their right to access the Company's documents and information.	<p>1. The company's information policy (internal documents determining the information policy) establishes (establish) the procedure for providing shareholders with unhindered access to information and documents of the company at the request of shareholders.</p> <p>2. The company's information policy (internal documents determining the information policy) contains (contain) provisions stipulating that if a shareholder requests information on the company's controlled entities, the company shall make the necessary efforts to obtain such information from the relevant controlled entities of the company.</p>	Partially complied with	<p>Criterion 2 is not complied with. This recommendation of the Corporate Governance Code is not directly reflected in the Company's information policy.</p> <p>The Company adopted the Regulations on the Information Policy, which, inter alia, takes into account recommendations of the Corporate Governance Code.</p> <p>As for the practical implementation, the Company provides information about its operations at the request of shareholders, makes the necessary efforts to obtain information from the relevant controlled entities, and, in addition to the information required to be disclosed by applicable law, the Company discloses on its own initiative a large amount of data on the controlled entities that are of significant importance to the Company. In practical terms, access to the information on the Company's performance is not hindered.</p> <p>The Company finds this approach most reasonable and plans to follow it in the future.</p>
6.3.2	When providing information to shareholders, the company maintains a reasonable balance between the interests of individual shareholders and those of the company, as it is in the company's best interests to keep confidential any sensitive commercial information that may have a material effect on its competitive position.	<p>1. In the reporting period, the company did not refuse to provide shareholders with requested information, or such refusals were justified.</p> <p>2. In cases specified by the information policy, shareholders are informed of the confidential nature of the information provided and undertake to keep it confidential.</p>	Complied with	–
7.1	Actions that have or may have a material effect on the company's shareholding structure and financial position and, consequently, on the shareholders' position (material corporate actions) are taken on fair terms ensuring that rights and interests of the shareholders and other stakeholders are respected.			
7.1.1	The board of directors plays a key role in making decisions or recommendations with regard to material corporate actions and relies on the opinion of the company's independent directors.	1. The company's Articles of Association include a list (criteria) of transactions or other actions classified as material corporate actions. In accordance with the company's Articles of Association, decision-making with regard to material corporate actions is reserved to the board of directors. If and when the law expressly reserves such corporate actions to the general meeting of shareholders, the board of directors provides shareholders with relevant recommendations.	Complied with	–
7.1.2	The board of directors plays a key role in making decisions or recommendations with regard to material corporate actions and relies on the opinion of the company's independent directors.	1. The company has in place a procedure for independent directors to express their opinions on material corporate actions prior to their approval.	Complied with	–



#	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
7.1.3	<p>When taking material corporate actions affecting the rights and legitimate interests of shareholders, the Company ensures equal treatment of all its shareholders; and where the statutory procedures protecting shareholder rights are insufficient, the Company takes additional measures to protect their rights and legitimate interests. In doing so, the company is guided by the corporate governance principles set forth in the Code, as well as by formal statutory requirements.</p>	<p>1. Approval of the Company's material transactions is reserved to Board of Directors in accordance with the company's Articles of Association, with due regard to the specifics of the Company's operations and in addition to regulatory requirements for transaction approvals. 2. All material corporate actions in the reporting period were duly approved before they were taken.</p>	Complied with	–
7.2	The company ensures that material corporate actions are taken in a manner enabling shareholders to receive full information on such actions in due time and influence them, and guarantees respect and due protection of shareholder rights when such actions are taken.			
7.2.1	<p>Information on material corporate actions is disclosed, with an explanation of the relevant reasons, conditions and consequences.</p>	<p>1. In the reporting period, the company disclosed information on its material corporate actions (if any) in a timely and detailed manner, including the relevant reasons, conditions and consequences for the shareholders.</p>	Complied with	–
7.2.2	<p>Rules and procedures for taking material corporate actions are set out in the company's internal documents.</p>	<p>1. The company's internal documents set out the rules and procedure for engaging an appraiser to estimate the value of assets to be sold or acquired in a major transaction or a related party transaction. 2. The company's internal documents set out a procedure for engaging an appraiser to estimate the value of shares to be acquired and bought back. 3. If a member of the company's board of directors, the sole executive body, a member of the collegial executive body, or a person who is a controlling person of the company or a person entitled to give the company binding instructions has no formal interest in the company's transactions, but has a conflict of interest or other actual interest with regard to such transactions, such persons shall abstain from voting on the approval of such transactions as required by the company's internal documents.</p>	Partially complied with	<p>Criteria 1 and 2 are only partially not complied with. The Company's internal documents set out a procedure for engaging experts to obtain professional advice on matters considered at meetings of the Board of Directors without specifying the purpose of engaging such experts. In accordance with the applicable legislation, there are cases when the engagement of an independent appraiser is mandatory. Moreover, in accordance with the applicable legislation, an appraiser can be engaged in any of the specified cases (estimation of the value of property to be sold or acquired in a major transaction or a related party transaction, or assessment of the cost of an acquisition and buy-back). The possibility and necessity of aligning the Company's internal documents with the Code's recommendation is planned to be considered before the annual General Meeting of Shareholders, which will be held for 2024.</p>

Abbreviations

ACRA – Analytical Credit Rating Agency.
AGM – annual general shareholders meeting.
AI – artificial intelligence.
bps – basis points.
CVM – customer value management.
CVP – customer value proposition.
DC – distribution centre.
EAEU – Eurasian Economic Union.
EBC – extended barcode.
EBITDA – earnings before interest, taxes, depreciation and amortisation.
eNPS – Employee Net Promoter Score.
ESG – Environmental, Social, Governmental.
ETF (Exchange-traded fund) is a type of investment fund that is also an exchange-traded product.
FMCG – fast moving consumer goods.
GDP – gross domestic product.
GDR – global depositary receipts.
GMV – gross merchandise value.
HR – human resources.
IAS – International Accounting Standards.
IFRS – International Financial Reporting Standards.
IT – information technologies.

JSC – joint stock company.
LLC – limited liability company.
LTI – long-term incentive.
LTM – last twelve months.
MAU – monthly active users.
M&A – mergers and acquisitions.
NPS – Net Promoter Score.
NRA – National Rating Agency.
OCF – operating cash flow.
p.p. – percentage point.
PJSC – public joint stock company.
R&D – research and development.
RAS – Russian Accounting Standards.
ROI – return on investment.
ROIC – return on invested capital.
RSPP – Russian Union of Industrialists and Entrepreneurs.
SBP – Faster Payment System.
SDGs – UN Sustainable Development Goals (SDG).
SG&A – selling, general and administrative expenses.
SME – small and medium-sized enterprises.
VAT – value-added tax.

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