Corporate Secretary

The Corporate Governance Department of PJSC Magnit discharges the responsibilities of the Corporate Secretary.

The main objectives of the Department are to maintain effective communication with shareholders, coordinate the Company's actions to protect the rights and interests of shareholders, and ensure the effective operation of the Board of Directors.

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

- participate in improving the Company's corporate governance system and practices;
- participate in preparing for and holding of General Meetings of Shareholders;
- support the work of the Board of Directors and its committees;
- participate in implementing the Company's disclosure policy and ensure safekeeping of the Company's documents;
- ensure interaction between the Company and its shareholders and to participate in preventing corporate conflicts;
- ensure interaction between the Company and regulatory authorities, organisers of trading activity, the registrar and other professional participants of the securities market within the remit of the Corporate Governance Department;
- immediately inform the Board of Directors of any breaches of laws and the Company's by-laws, where ensuring compliance with such laws and by-laws is the responsibility of the Corporate Governance Department;
- ensure that the procedures established by laws and the Company's by-laws to protect the shareholders' rights and legitimate interests are put into practice and to oversee their implementation.

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

Internal control and risk management system

The internal control and risk management system:

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

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

Audit Committee considered the internal audit assessment report on reliability and efficiency of risk management processes, control and corporate governance of PJSC Magnit and recommended it for shareholders' review.

Goals of the internal control and risk management system

Strategic:
ensure the accomplishment of the Company's mission and efficient management of its operations

Operational:

- increase the efficient and effective use of the Company's resources
- ensure the accuracy of the Company's accounts and reports
- ensure compliance with applicable laws and the Company's by-laws

Objectives of the internal control and risk management system

- Reduce the number of unexpected events in the Company's operations
- Define and manage Company risks to provide reasonable assurance that the Company will achieve its goals
- Ensure the right balance between risk appetite and development strategy
- Improve managerial decision-making, including risk response decisions
- Develop a risk-oriented corporate culture with the corporate bodies and management disseminating knowledge and skills and engaging employees along the way

Strategy and target setting

Risk appetite is aligned with the strategy, while the achievement of business objectives translates into strategy implementation and lays the foundation for identifying, assessing, and mitigating risks

Corporate governance and culture

Control over risk management and distribution of respective control responsibilities

Analysis and review

The Company analyses the effectiveness of the risk management system over time and in response to material developments, while simultaneously identifying necessary changes

The Company adopts a consistent approach to the organisation of internal control and risk management with a focus on five key components.

Performance

Risks that may affect the progress under the strategy must be identified and assessed. Risks are prioritised in terms of severity in the context of risk appetite. Subsequently, the Company determines the right response and assesses the risk magnitude. The results are disclosed to stakeholders

Information, communications, and reporting

Corporate risk management involves continuous sourcing of information from inside and outside the Company, as well as relaying such information up, down and horizontally within the Company

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

- Internal Control and Risk Management Policy of PJSC Magnit[1];
- Regulations on Risk Management at Magnit Group Companies;
- Instructions on Creating a Risk and Control Matrix for a Business Process;
- Risk Register.

For more details on the Internal Control and Risk Management Policy, see our website:
https://www.magnit.com/en/disclosure/internal-regulations/#accordion-policy2

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