



PRESS RELEASE

May 31, 2019

PJSC Magnit: investors strengthen footprint on Board, API members' amendments to Charter rejected

In 2019, the API uniting major institutional international and Russian investors, together with its active members, proposed that the shareholders of PJSC Magnit elect two new independent directors, Evgeny Kuznetsov and Walter Koch, to the Board of Directors, so as to double the number of independent Board members elected by institutional investors and minority shareholders only.

As a result of the voting, the two candidates nominated by the API gained the most votes (over 26%), with strong support from the voting free float. Besides, investors have shown that there is a possibility of electing at least 3 candidates in case they are nominated.

On no less importance is that the case of PJSC Magnit was effectively used by shareholders to constructively make the Board aware of their concerns about its activity in the past corporate year. Some of the independent directors supported by the market in 2018 now gained much fewer votes from minority shareholders. We hope that the new Board of Directors chaired by independent Chairman Charlie Ryan will take into consideration investors' concerns in its future work. That said, we appreciate the meaningful dialogue between the API and the Board Chairman and hope to continue it for the benefit of the Company and its shareholders.

Unfortunately, not all the amendments proposed to the Company's charter in accordance with the best corporate governance practices were approved at the shareholders meeting, particularly regarding the prohibition on voting quasi-treasury shares and the management of conflicts of interest involving Board members. The previous Board of Directors deemed it necessary to propose alternative wordings of resolutions assuming obvious improvements compared with the current Charter provisions, although being less effective than the amendments proposed by the API members (which failed to be approved by 75 percent of the meeting participants). However, the proposal concerning the management of conflicts of interest involving Board members, as well as some other provisions were actually blocked, which means lost opportunities to improve the existing system of corporate governance at Magnit.

In a speech during the shareholders meeting, the API representative brought to the attention of shareholders the following feedback from investors in the run-up to the meeting:

- 1) The shareholders would like to see proper disclosure of information on the company's incentive system (taking into account the positive experience gained at peer companies, among other things) as well as additional comments on the auditor selection process;
- 2) Investors' position on the amendments proposed to the Charter by the shareholders is brought to the attention of the management and the Board members in attendance.

With the active position of all shareholders, PJSC Magnit is demonstrating changes in the corporate governance system. We are confident that this consistent teamwork will ultimately have a positive impact on the company's business value, but hope to see the Company add momentum to this process.

The Association of Institutional Investors (API) is the only association of most active major institutional portfolio investors in Russia with more than RUB 2 trillion in total investment under management in Russia. The API members, including companies such as APG Algemene Pensioen Groep N. V., Barca Capital, LLC, Dart Management Inc., East Capital Asset Management AB, EOS Russia, Equinox Fund Management, Firebird Management LLC, Genesis Investment Management LLP, Prosperity Capital Management Ltd., Raiffeisen CM, Renaissance Broker, Templeton Asset Management Ltd., TT INTERNATIONAL, UCP Investment Group, JSC VTB Capital Asset Management, Uralsib Asset Management, JSC Investment Holding E-Union, CJSC Sberbank Asset Management, ATON LLC, PJSC IC RUSS-INVEST etc. implement responsible investment principles being committed to the development of best corporate governance practices at Russian public companies.