

Notice: This document is a translation of the Regulations on the Dividend Policy, and is prepared exclusively for informational purposes. The official version of the Regulations on the Dividend Policy is supposed to be the one approved by the resolution of the Board of Directors of PJSC Magnit in Russian. The Russian version of the Regulations on the Dividend Policy can be found on the Company's official website at <http://ir.magnit.com/ru/>.

APPROVED
by resolution of the Board of Directors
of PJSC Magnit on 27 May 2016
(minutes of the meeting of the Board of Directors
w/o No. dated 30 May 2016)

**REGULATIONS
ON THE DIVIDEND POLICY
OF PUBLIC JOINT-STOCK COMPANY MAGNIT**

(5th version)

Krasnodar
2016

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1. GENERAL PROVISIONS

1.1. These Regulations on the Dividend Policy of Public Joint Stock Company Magnit (the “Regulations”) have been drafted in accordance with effective Russian laws, the Corporate Governance Code recommended by the Bank of Russia on 21 March 2014, the Articles of Association of Public Joint Stock Company Magnit (the “Company”) and the Company’s other by-laws.

1.2. The purpose of the Company’s dividend policy shall be to increase the shareholders' wealth and ensure the Company's market capitalisation growth. These Regulations aim to keep the shareholders and other stakeholders informed of the Company’s Dividend Policy.

These Regulations shall set out the Board of Directors' approach to recommending the amount of dividends on the Company’s shares and setting the dividend record date.

Any matters pertaining to the payment of dividends to the Company’s shareholders that are not covered by the provisions of the Federal Law on Joint Stock Companies, other Russian laws and regulations, the Company’s Articles of Association and hereby shall be resolved with due regard to the rights and interests of the shareholders.

1.3. The Company shall consider its market capitalisation growth as the main way to safeguard the proprietary interests of the shareholders with regard to receiving returns on the Company's shares. The dividend policy shall strike an optimal balance between the amounts of profit that are distributed as dividends and those retained as capital gains in order to increase the market value of the Company's shares.

1.4. The Company shall have the right, but not an obligation, to pass a resolution to pay (declare) dividends on the outstanding shares. The General Shareholders Meeting shall have the right to pass a resolution to pay no dividends on the outstanding shares.

1.5. The Company shall be obliged to pay the declared dividends except as otherwise required by Article 43 of Federal Law No. 208-FZ on Joint Stock Companies dated 26 December 1995 (the “Federal Law on Joint Stock Companies”).

1.6. The Company's governing bodies, including its executive bodies, may not charge any expenses associated with dividend payments (including those associated with the transfer of dividend payments and postal expenses) to the shareholder receiving the dividend.

1.7. The shares of the Company underlying its Global Depositary Receipts (the “GDRs”) traded on the London Stock Exchange (the “LSE”) and admitted to the Official List of the United Kingdom Listing Authority (the “UKLA”) shall entitle their holders to receive the full amount of dividends stipulated by the resolution to issue such shares and by the Company's Articles of Association.

2. DIVIDEND POLICY PRINCIPLES

2.1. The Company’s dividend policy shall rely on the following guiding principles:

- the principle of transparency, which means identifying and disclosing information about the obligations and responsibilities of the parties involved in implementing the dividend policy, including the procedure and conditions for resolving on the payment and amount of dividends;
- the principle of timeliness, which means setting time limits for the dividend payments;
- the principle of reasonableness, which means that a resolution on the payment and amount of dividends can only be made subject to the Company's positive financial result, taking into account its development plans and investment programmes;

- the principle of fairness, which means upholding shareholders' equal rights to receive information about the resolutions passed with regard to the payment, amount and procedure for paying dividends;
- the principle of consistency, which means stringent compliance with the procedures and principles of the dividend policy;
- the principle of development, which means continuous streamlining of the dividend policy as part of the corporate governance improvements and revision of its provisions in line with any changes in the Company's strategic goals;
- the principle of stability, which means the Company's commitment to maintaining a stable level of dividend payments.

3. DIVIDEND CALCULATION AND ACCRUAL

3.1. The Company may make a resolution to pay (declare) dividends on the outstanding shares for the first quarter, first half, or first nine months of the reporting year and/or the full reporting year.

The resolution to pay (declare) dividends for the first quarter, first half, or first nine months of the reporting year may be passed within three months after the end of the relevant period.

The Company's dividends shall only be paid out of the Company's after-tax profit under the Russian Accounting Standards (RAS) generated for the relevant period.

3.2. No dividends shall accrue or be paid in respect of:

- unissued (unplaced) shares;
- the Company's treasury shares;
- in other cases stipulated by Russian laws.

3.3. No resolutions to pay (declare) dividends on the Company's shares shall be made:

- until the Company's authorised capital is paid up in full;
- until all shares subject to redemption in accordance with Article 76 of the Federal Law On Joint Stock Companies are redeemed;
- if the Company shows signs of insolvency (bankruptcy) as at the date of the resolution or the said signs would arise as a result of the dividend payment;
- if the value of the Company's net assets is less than its authorised capital and reserve fund as at the date of the resolution or would become less than the authorised capital and reserve fund as a result of such resolution;
- in other cases stipulated by the federal laws.

3.4. A resolution to pay (declare) dividends on the Company's shares shall be passed by the General Shareholders Meeting. The Company's Board of Directors shall make recommendations to the General Shareholders Meeting on the dividend amount and the record date. No dividend shall exceed the amount recommended by the Board of Directors.

3.5. A resolution to pay (declare) dividends shall specify:

- the dividend amount payable on the shares along with the dividend amount per share;
- the form of the dividend payment;
- the dividend record date.

A resolution to set the dividend record date shall be passed only if proposed by the Company's Board of Directors.

3.6. The amount of dividends payable on the Company's shares to be recommended to the General Shareholders Meeting shall be calculated by the Board of Directors based on the following factors:

- the Company's RAS profit after tax (net profit) for the relevant period;
- the Company's financial and business plans for the subsequent periods;
- the Company's working capital structure as at the end of the relevant period;
- the Company's leverage as at the end of the relevant period.

3.7. To calculate the recommended dividend amount, the Board of Directors shall take into account the Company's financial and business plans for the subsequent periods, as well as the Company's current and future working capital position and liabilities. No dividend payment recommended by the Board of Directors to the Company's General Shareholders Meeting shall require additional debt financing to be raised or any expenses to be incurred other than stipulated by the approved financial and business plans for the subsequent periods.

4. DIVIDEND PAYMENT PROCEDURE AND TIMING

4.1. The Company shall pay cash dividends.

4.2. In accordance with Article 43 of the Federal Law on Joint Stock Companies, the Company shall have no right to pay dividends on the shares:

- if the Company shows signs of insolvency (bankruptcy) in accordance with Russian laws on insolvency (bankruptcy) as at the dividend payment date or such signs would arise as a result to the dividend payment;

- if the value of the Company's net assets is less than the value of its authorised capital and reserve fund as at the dividend payment date or would become less than the authorised capital and reserve fund as a result of such dividend payment;

- in other cases stipulated by the federal laws.

4.3. Dividends shall be payable to the persons being holders of shares, or the persons exercising the rights on these shares in accordance with the federal laws, as at the end of business on the dividend record date set by the resolution to pay dividends.

The record date for the dividend payment (declaration) may not be set earlier than 10 days and later than 20 days after the date when the resolution to pay (declare) dividends is passed.

4.4. Dividends to a nominee shareholder or a trustee acting as a professional participant of the securities market and listed on the share register shall be paid within 10 business days, whereas dividends to other persons listed on the share register shall be paid within 25 business days after the record date.

Dividends shall be paid by wire transfer made by the Company or, at the request of the Company, by the registrar maintaining the register of its shareholders, or a credit institution.

Cash dividends payable to individuals whose rights to shares are recorded in the Company's share register shall be transferred to their bank accounts using account details provided to the Company's registrar, or, if no such details were provided, shall be paid by a postal order. Dividends payable to other persons whose rights to shares are recorded in the Company's share register shall be paid by a transfer of the dividend amount to their bank accounts.

The Company's obligation to pay dividends to these persons shall be deemed fulfilled from the date when the money transfer is received by the federal postal service or the credit institution holding the bank account of the person entitled to dividends, and, if such person is a credit institution, to an account thereof.

4.6. Persons that are entitled to dividends and whose rights to the Company's shares are held through a nominee shareholder shall receive dividends as set out in the Russian laws on securities.

4.7. If the General Shareholders Meeting passes a resolution to pay dividends, a shareholder of the Company shall, in case of any changes, update their personal data (bank account details,

postal address, etc.) and other information necessary for the dividend payment, entered in the Company's share register or provided to the nominee holder of the Company's shares deposited by such shareholder.

The shareholder shall update their data no later than the dividend record date set in the resolution to pay (declare) dividends.

4.8. The shareholder (nominee) who has not received the declared dividends due to failure to provide the Company or the registrar with accurate and complete address data or banking details, or due to other delay on the part of such shareholder (nominee), may request the payment of such dividends (undrawn dividends) within the period of time stipulated by Russian laws or the Company's Articles of Association.

The expired period of time for making a request for the payment of undrawn dividends cannot be reversed, unless the person entitled to receive dividends did not make such a request as a result of violence or threat of violence.

4.9. To ensure timely payment of dividends, the Company shall inform the shareholders in the notice of the General Shareholders Meeting about the need to update, in case of any changes, their personal data (bank account details, postal address, etc.) and other information necessary for the dividend payment, entered in the Company's share register or provided to the nominee holder of the Company's shares deposited by such shareholder.

Should at the time of setting the dividend record date and the dividend payment date the procedures for setting such dates stipulated herein be in conflict with effective laws, the Company shall set the relevant dates in accordance with the then-effective federal laws and the Bank of Russia's regulations.

5. LIABILITY FOR NON-PAYMENT OF DECLARED DIVIDENDS

5.1. The company is obliged to pay the dividends declared on its shares.

5.2. The Company shall be liable to the shareholders for non-payment of the declared dividends in accordance with effective Russian laws.

5.3. If the Company fails to fulfil its dividend payment obligations, the shareholders shall have the right to claim the payment of the declared dividends in court.

5.4. The Company shall not be liable for non-payment (late payment) of the declared dividends to those shareholders who failed to update their changed data (including bank account details, postal address, etc.) entered in the share register or provided to the nominee holder of the Company's shares deposited by such shareholder, and required for the dividend payment.

6. INFORMATION DISCLOSURE

6.1. These Regulations along with any amendments and supplements thereto shall be disclosed by the Company on the web page provided by an information agency for information disclosure at

<http://www.edisclosure.ru/portal/files.aspx?id=7671&type=1> and on the Company's official website at <http://ir.magnit.com/> within the timing stipulated by effective Russian laws.

6.2. Following a General Shareholders Meeting, the Company shall disclose the information on the dividends accrued on its issue-grade securities by realising a corporate action notice within the below specified deadlines from the corporate action date, being the date of issuing the minutes of the General Shareholders Meeting (the expiry date for issuing the meeting minutes as stipulated by Russian laws), where the resolution to pay (declare) dividends on the Company's shares was passed:

- via newswire – within 1 day;
- on a web page – within 2 days.

Upon discharge of its dividend payment obligations, the Company shall disclose the relevant information on the dividends paid on its issue-grade securities by releasing a corporate action notice within the below specified deadlines from the corporate action date, being the date on which the Company's dividend payment obligation shall be discharged or, if such obligation is required to be discharged within a certain period of time, being the date of its expiry:

- via newswire – within 1 day;
- on a web page – within 2 days.

6.4. Should, at the time of a corporate action required to be disclosed by the Company, the procedure and timing for such disclosure stipulated herein be in conflict with the then-effective federal laws and the Bank of Russia's regulations, the Company shall disclose such corporate action in accordance with the then-effective federal laws and the Bank of Russia's regulations.

7. FINAL PROVISIONS

7.1. These Regulations shall be approved by the Company's Board of Directors.

7.2. Any amendments and supplements hereto shall be made by resolution of the Company's Board of Directors.

7.3. Should certain articles hereof be in conflict with effective Russian laws and/or the Company's Articles of Association, such articles shall become null and void, and until the respective amendments are made hereto, the Company shall be guided by effective Russian laws and/or the Company's Articles of Association.

AMENDMENTS OVERVIEW

Version	Document	Approval date	Approved by	Status
	Regulations on the Dividend Policy of Open Joint Stock Company Magnit	12 April 2006	Minutes of the meeting of the Board of Directors of OJSC Magnit w/o No. dated 12 April 2006	expired
	Regulations on the Dividend Policy of Open Joint Stock Company Magnit	27 April 2009	Minutes of the meeting of the Board of Directors of OJSC Magnit w/o No. dated 28 April 2006	expired
	Regulations on the Dividend Policy of Open Joint Stock Company Magnit	15 July 2010	Minutes of the meeting of the Board of Directors of OJSC Magnit w/o No. dated 15 July 2010	expired
	Regulations on the Dividend Policy of Open Joint Stock Company Magnit	06 September 2012	Minutes of the meeting of the Board of Directors of OJSC Magnit w/o No. dated 06 September 2012	expired
5	Regulations on the Dividend Policy of Public Joint Stock Company Magnit	27 May 2016	Minutes of the meeting of the Board of Directors w/o No. dated 30 May 2016	in effect