

## THE BOARD OF DIRECTORS COMMITTEES

IN 2018, THE BOARD OF DIRECTORS HAD TWO COMMITTEES: THE AUDIT COMMITTEE AND THE REMUNERATION AND NOMINATION COMMITTEE. BOTH COMMITTEES ARE COMPOSED ENTIRELY OF INDEPENDENT DIRECTORS.

The Board of Directors committees are responsible for preliminary consideration of, and work on, issues raised at meetings of the Board of Directors. The main purpose of the committees' work is to improve the quality

and speed of the Board of Directors' decision-making, as well as the effectiveness of the Board's interaction with the Company's executive bodies and its subsidiary companies.

### Audit Committee

The Audit Committee assists the Board of Directors concerning oversight of the Group's financial and business activities, and the quality of risk management, internal control and corporate governance.

The Audit Committee's main tasks include the following:

- monitoring the completeness, accuracy and veracity of financial statements, including annual and interim statements, the announcement of preliminary results and any other official statements regarding the Group's financial results;
- participating in the consideration of material issues and assessments in relation to the Company's financial statements that are provided to third parties and that may have a significant impact on the value of the Company's securities;
- assessing the effectiveness of risk management and internal control procedures and corporate governance practices, as well as preparing proposals for the improvement thereof;
- monitoring the reliability and efficiency of the risk management and internal control system;
- monitoring procedures to ensure the Company's compliance with legal requirements, in addition to the Company's ethical norms, rules and procedures, as well as the Moscow Exchange's requirements;
- monitoring the effectiveness of the notification system for potential cases of unethical practices on the part of employees of the Company and of third parties, as well as other violations in the Company's activities;
- ensuring the independence and objectivity of the internal and external audit functions, assessing the effectiveness of the internal audit function and overseeing the conduct of external audits.

### Members of the Audit Committee as of 31 December 2018:

**Vladimir Preobrazhensky**, independent director, Committee Chairman;

**Janusz Lella**, independent director;

**Andrey Derekh**, independent director.

### Report on the work of the Audit Committee in 2018

In 2018, the Audit Committee held eight meetings, five of which were in-person, two through absentee voting and one by conference call. The Committee addressed the following key issues in particular:

- approval of the consolidated financial statements, approval of the accounting statements of PJSC M.video for 2017 and the opinion of the independent auditor;
- approval of the terms of the contract with the external auditor of the Group's financial statements for 2018. As the auditor of PJSC M.video's financial statements for 2018, the Audit Committee recommended JSC Deloitte & Touche CIS;
- consideration of the Group's interim condensed financial information in accordance with IFRS for the first half of the year and the conclusion of the review verification of this information.

The Committee also discussed with management issues such as audit planning for 2018, a report on compliance with the treasury policy, improvement of the risk matrix, information security measures, a report on the results of the audit of LLC MARKETPLACE for 2017 in accordance with RAS, transformation of the financial function and other issues.

The Regulation on the Audit Committee is available on the Company's website at:



[www.invest.mvideo.ru/eng/disclosure/internaldocs/index.shtml](http://www.invest.mvideo.ru/eng/disclosure/internaldocs/index.shtml)

## REMUNERATION AND NOMINATION COMMITTEE

The Board of Directors has delegated to the Remuneration and Nomination Committee the authority to determine the criteria for attracting qualified top managers to the Group. The Committee facilitates the Group's compliance with its Remuneration Policy, the implementation of successful recruitment practices, and the development and continuity of top management.

The remit of the Remuneration and Nomination Committee includes:

- personnel issues related to appointments to various positions within the Group, including:
  - determination of the criteria for selecting candidates for the Board of Directors, members of the Management Board and for the position of the sole executive body;
  - preliminary assessment of candidates, verification of their independence and the formation of recommendations for the Board of Directors regarding candidates for the Board of Directors, for the position of the sole executive body, members of the Management Board, the corporate secretary, as well as other key Group executives;
  - making recommendations for shareholders regarding voting on issues related to electing members of the Board of Directors;
  - development and approval of material conditions, including for early termination, and employment contracts for the Group's top managers;
  - development of criteria and a performance evaluation system and a preliminary evaluation of the work of the Board and top-level managers at year end;
  - development of criteria for the independence of members of the Board of Directors and for informing shareholders about the compliance (or non-compliance) of members of the Board of Directors with these criteria;
  - evaluation of the composition of the Board of Directors in terms of professional specialisations, experience, independence and engagement, as well as identifying priority areas for strengthening the composition of the Board of Directors;
- issues related to remuneration for various positions within the Group, including:
  - development and revision of the remuneration policy for members of the Board of Directors and the Group's top-level managers, as well as oversight of its introduction and implementation;
  - ongoing monitoring of compliance of the Group's criteria for remuneration with its strategy and financial situation, as well as the situation in the labour market;

- monitoring the implementation of decisions of the General Meeting of Shareholders in terms of establishing remuneration for the members of the Board of Directors, as well as monitoring disclosure of information in accordance with the requirements of legislation, listing rules and other regulatory acts.

### Members of the Remuneration and Nomination Committee as of 31 December 2018:

**Janusz Lella**, independent director, Committee Chairman;  
**Vladimir Preobrazhensky**, independent director;  
**Andrey Derekh**, independent director.

### Report on the work of the Remuneration and Nomination Committee in 2018

In 2018, eight meetings of the Remuneration and Nomination Committee were held, five of which were in-person, while three were held via conference call. The Committee addressed the following key issues:

- recommendations for the Board of Directors concerning the achievement on the part of top managers of KPIs and their corresponding level of remuneration for 2017;
- development of the criteria for KPIs for top management for the purpose of deciding bonuses for 2018;
- extension of the Company's CEO;
- maintaining wage levels without increasing the overall executive budget for 2018 based on an analysis of the labour market;
- proposals regarding the structure of remuneration paid to members of the Board of Directors for the 2018/2019 period and its subsequent approval at the Annual General Meeting of Shareholders;
- selection procedures for high-performing employees (HiPo) in order to comply with best market practices;
- recommendations on the positioning of the Group and brands in the labour market and in the business community, including the question of choosing the name of the consolidated Group;
- recommendations on the establishment of the consolidated Group's mission and values;
- assessment of the independence of members of the Board of Directors and suggesting independent members to the Board of Directors for approval;
- preparations for an external independent assessment of the work of the Board of Directors for 2018 and the selection of an appropriate contractor.

**The Regulation on the Remuneration and Nomination Committee is available on the Company's website at:**



[www.invest.mvideo.ru/eng/disclosure/internaldocs/index.shtml](http://www.invest.mvideo.ru/eng/disclosure/internaldocs/index.shtml)

Group President Alexander Tynkovan, Group CEO Enrique Fernandez and the Head of the Human Resources Department, Natalia Maleeva, were invited as speakers to all in-person meetings of the Remuneration and Nomination Committee.

## CORPORATE SECRETARY

The remit of PJSC M.video's Corporate Secretary includes interaction with the Company's shareholders; monitoring compliance with the requirements of applicable corporate laws, the provisions of the Company's Charter and bylaws; ensuring the exercise of shareholders' rights and legitimate interests; supporting the effective work of the Board of Directors and its committees; preparing and holding general meetings of shareholders; and ensuring the timely disclosure of information on the part of the Company.

One of the Corporate Secretary's important functions is working with insiders. The Corporate Secretary maintains a list of insiders and a list of insider information and monitors whether transactions are carried out by insiders involving the Company's securities based on the information provided to it.

The Corporate Secretary is appointed by, and subordinate and accountable to, the Board of Directors.

The Corporate Secretary is guided by applicable legislation, the Company's Charter, the Company's Regulation on the Corporate Secretary and other Company bylaws.

As of 31 December 2018, the Corporate Secretary did not have any equity holdings or own any ordinary shares of the Company, nor did she conclude any transactions involving the acquisition or disposal of Company shares in 2018.

The Corporate Secretary was not involved in any conflicts of interest in 2018.

The Company is unaware of the filing of any claims against the Corporate Secretary in 2018.

Until March 2018, the Company's Corporate Secretary was **Yana Khavasova**; from March to April 2018, it was **Elena Lymar**.



### Olga Shalgacheva

Corporate Secretary  
of PJSC M.video

#### *Biographical information*

**Education:** Ms. Shalgacheva graduated in 2007 from the Peoples' Friendship University of Russia and in 2011 from the A. S. Griboedov Institute of International Law and Economics

**From April 2014 to January 2017:** Corporate Secretary of PJSC MDM Bank.

**From January to April 2017:** Head of Corporate Affairs at PJSC FG Budushcheye.

**From April 2017 to April 2018:** Corporate Secretary of PJSC FG Budushcheye.

**From April 2018 to the present:** Corporate Secretary of PJSC M.video (elected by the Board of Directors, minutes No. 144/2018 of 24 April 2018).

