

OVERVIEW OF THE CORPORATE GOVERNANCE SYSTEM

M.VIDEO-ELDORADO GROUP'S CORPORATE GOVERNANCE SYSTEM

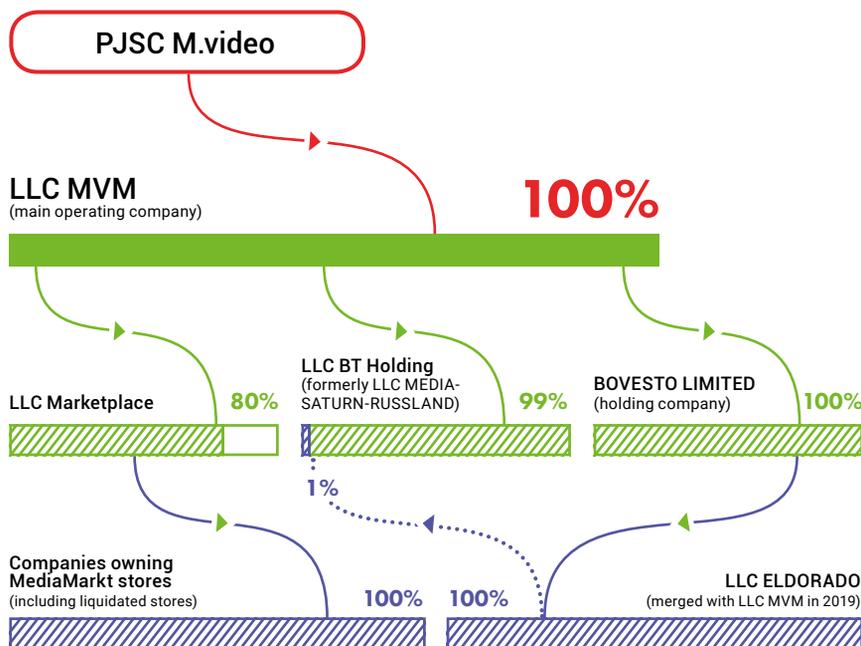
M.VIDEO-ELDORADO GROUP CONSIDERS THE ESTABLISHMENT OF AN EFFECTIVE CORPORATE GOVERNANCE MODEL TO BE A KEY FACTOR IN ENSURING SHAREHOLDERS' RIGHTS AND CREATING TRUSTING RELATIONSHIPS WITH INVESTORS AND OTHER GROUP STAKEHOLDERS.

As part of the development of its corporate governance system, the Group is guided by the requirements of the laws of the Russian Federation, the Listing Rules of PJSC Moscow Exchange and the principles and recommendations of the Corporate Governance Code recommended for use by the Bank of Russia.

The Group is structured as a holding company whose parent is PJSC M.video (hereinafter referred to as the 'Company'). All strategic decisions, as well as key business decisions taken by the Group's operating companies, are made at the level of the Company's executive bodies, which makes it possible to achieve full coordination among operational divisions, to reduce administrative expenses and to use the Group's resources as efficiently as possible.

The Group's main operating company is LLC MVM¹, a subsidiary of PJSC M.video, which operates the M.Video and Eldorado retail networks. As the main commercial operator within the Group, this company is the owner of the goods sold by M.Video and Eldorado, as well as the owner of the real estate assets used by both networks. In addition, LLC MVM owns 80% of the shares in LLC MARKETPLACE, which runs the Goods online platform.

Key companies in M.Video-Eldorado Group as of 31 December 2018



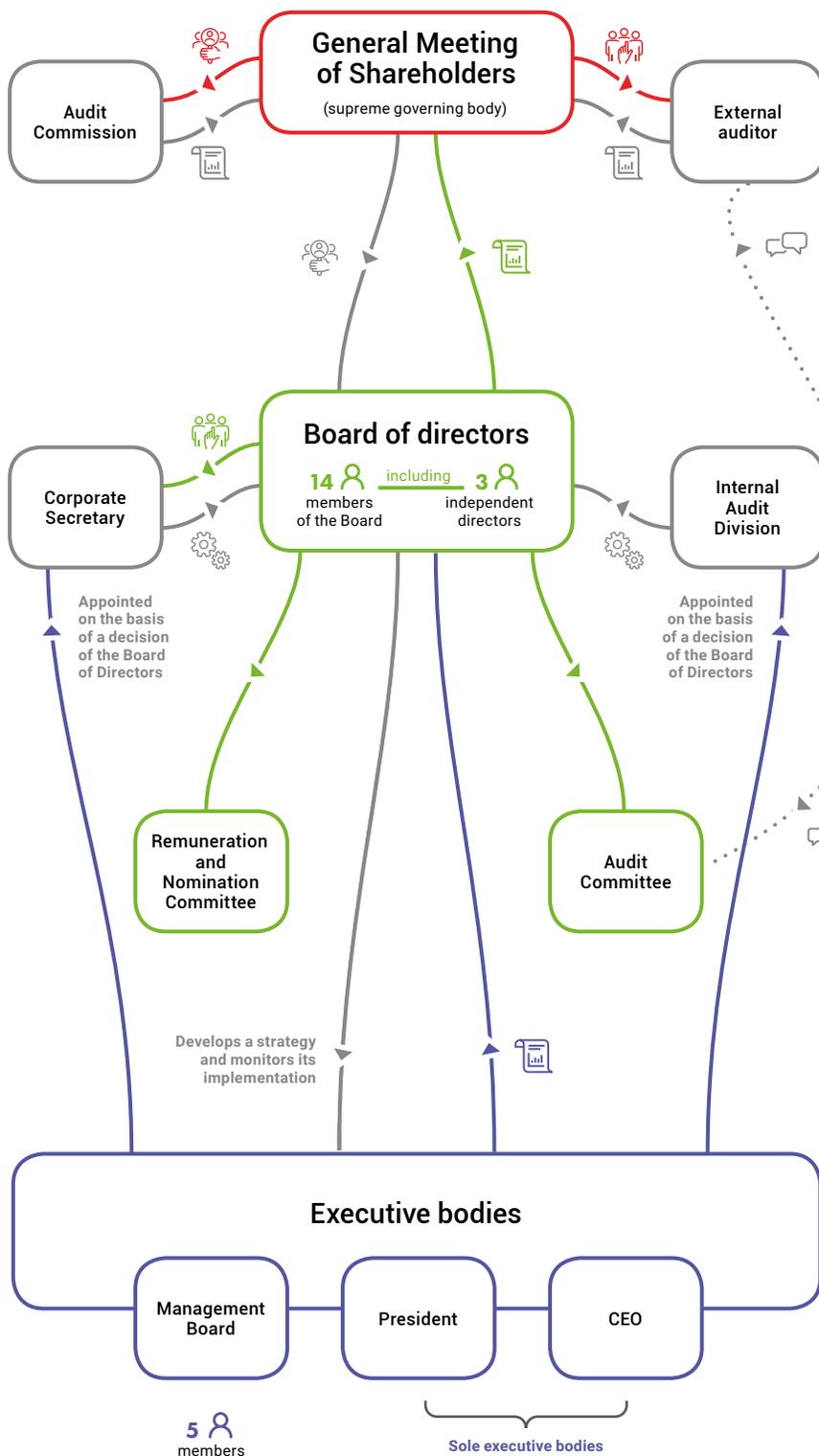
Major changes in the Group's structure since the reporting date

In February 2019, the merger of LLC ELDORADO into LLC MVM was completed as part of the legal integration of the Eldorado network into the Group. As a result, PJSC M.video's effective ownership share of LLC MVM remained unchanged at 100%.

In an effort to optimise the Group's structure, a decision was taken in H1 2019 to liquidate a number of Russian legal entities acquired by the Group as part of a deal to purchase the Russian business of MediaMarkt.

¹ Prior to 31 October 2018, the company was called LLC M.video Management.

PJSC M.video’s corporate governance system



-  Elects
-  Approves
-  Reports to
-  Functionally subordinate to
-  Communication

The key elements of the PJSC M.video’s corporate governance model are the General Meeting of Shareholders, the Board of Directors and its committees, the Management Board and the sole executive bodies (the President and Chief Executive Officer), the Audit Commission and the Company’s structural divisions responsible for the internal control and internal audit functions.

Oversight of the Company’s compliance with applicable corporate laws, the provisions of the Charter and the Company’s bylaws guaranteeing the exercise of the rights and legitimate interests of shareholders is carried out by the Corporate Secretary, who is appointed by the Board of Directors.

Additional guarantees of the veracity of the Company’s accounting and financial statements in accordance with Russian and international standards are provided by engaging an external (independent) auditor approved by the General Meeting of Shareholders.

PRINCIPLES OF CORPORATE GOVERNANCE

The Company adheres to the following key principles, which are designed to secure the interests of shareholders and to ensure a reasonable balance between the powers of the governing bodies and those of the oversight bodies:

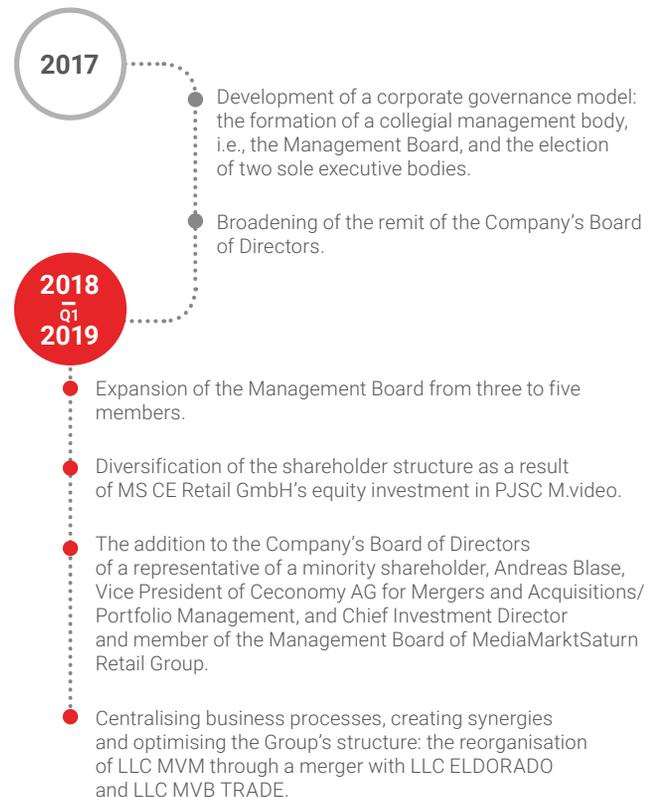
- providing shareholders with a genuine opportunity to exercise their rights related to participation in the Company;
- ensuring equal treatment of all shareholders and equal rights of shareholders who own an equal number of shares of the same type (category), including minority and foreign shareholders;
- implementation by the Board of Directors of the strategic management of the Company's operations and its effective oversight of the activities of the Company's executive bodies;
- accountability of the members of the Company's Board of Directors to shareholders;
- executive management of the Company's day-to-day activities in the interests of ensuring its long-term sustainable development, shareholder profit from these activities and accountability of executive bodies to the Board of Directors and the Company's shareholders;
- timely disclosure of complete and accurate information about the Company that is necessary for shareholders to make informed decisions;
- ensuring effective oversight of the Company's financial and commercial operations in order to protect shareholders' rights and legitimate interests;
- social responsibility and respect for the rights and legitimate interests of other interested parties.

DEVELOPMENT OF THE CORPORATE GOVERNANCE SYSTEM

THE COMPANY ADHERES TO A POLICY OF CONTINUOUS DEVELOPMENT OF ITS CORPORATE GOVERNANCE SYSTEM, TAKING INTO ACCOUNT THE STRATEGIC GOALS AND OBJECTIVES OF M.VIDEO-ELDORADO GROUP AND BEST CORPORATE GOVERNANCE PRACTICES.

Changes to the corporate governance system significantly improved oversight of decisions made in PJSC M.video subsidiaries by specifying the position of the Company's representative when general meetings of participants of subsidiary companies are taking decisions.

Key events in the framework of improving the Company's corporate governance in 2017–2018 include the following



CORPORATE GOVERNANCE ASSESSMENT

The Board of Directors monitors the practice of corporate governance in the Company and plays a key role in material corporate events of M.Video–Eldorado Group. Assessing corporate governance falls within the remit of the Board of Directors and is also one of the tasks of the Company's internal audit function.

PJSC M.video conducts an annual assessment of compliance with the principles and recommendations of corporate governance enshrined in the Corporate Governance Code recommended by the Bank of Russia (hereinafter also referred to as the 'Code'). Every

year, the Company strives to improve compliance with the principles and recommendations of the Code and discloses information on compliance with these principles and recommendations.

As part of its efforts to improve the Company's corporate governance system, an external consultant conducted an assessment in 2017 of the work of the Board of Directors for 2016. In 2020, the Company plans to engage an external consultant to assess the work of the Company's Board of Directors. In addition, the Company plans to conduct a self-assessment of the work of the Board of Directors in 2019.

GENERAL MEETING OF SHAREHOLDERS

THE GENERAL MEETING OF SHAREHOLDERS IS THE COMPANY'S SUPREME GOVERNING BODY. IT IS CONVENED BY THE BOARD OF DIRECTORS AT LEAST ONCE A YEAR. DECISIONS OF THE GENERAL MEETING OF SHAREHOLDERS ARE BINDING ON THE BOARD OF DIRECTORS, THE MANAGEMENT BOARD, THE PRESIDENT AND THE CEO, AS WELL AS ALL COMPANY EMPLOYEES.

The remit of the General Meeting of Shareholders includes the following key issues in particular:

- determining the number of members of the Board of Directors, as well as the election and early termination of Board members;
- electing the members of the Company's Audit Commission and the early termination thereof;
- approving the auditor;
- distributing the Company's profits (including the announcement of dividends) and losses;
- paying out (announcing) dividends based on the results for Q1, H1, Q3 and the reporting year.

General meetings of shareholders are held annually. On the basis of a decision by the Board of Directors, the Annual General Meeting of Shareholders is held not earlier than two months and not later than six months after the end of the fiscal year.

A general meeting of shareholders may be held in the form of an in-person meeting or by absentee voting. In accordance with the Charter, the Company informs shareholders about general meetings by posting a message on the Company's official website. Other materials provided to shareholders in preparation for general meetings are also posted on the Company's website.

<http://invest.mvideo.ru/eng/>



General meetings of shareholders of PJSC M.video held in 2018

Type and date of general meeting	Decisions of the General Meeting of Shareholders
Extraordinary 13 April 2018	<ul style="list-style-type: none"> • A decision was made to consent to a material, interested-party transaction (related transactions): the Company entered into a pledge and surety agreement for a loan from VTB Bank (PJSC) in order to acquire Bovesto Limited (the parent company of LLC ELDORADO)
Annual 29 June 2018	<ul style="list-style-type: none"> • A decision was taken not to distribute the Company's net profit for the year • The size of the Board of Directors was set at 14 members • The Board of Directors and the Audit Commission were elected • JSC Deloitte & Touche CIS was approved as the auditor of the Company's annual financial statements in accordance with RAS and IFRS • The amount of remuneration and compensation of expenses for members of the Board of Directors and the Audit Commission for the period from July 2018 through June 2019 was determined

¹ RAS stands for Russian Accounting Standards.