



Business ethics and anti-corruption

Material topics

- Business ethics and anti-corruption

Contribution to UN SDGs



UN Global Compact principles

No. 10

Governance structure

Cross-functional model for combating corruption



→ Cooperation and coordination as part of anti-corruption activities, advisory support, training, risk assessment, and controls

Key documents

Magnit's policies and documents

- Business Ethics Code of PJSC Magnit
- Anti-Corruption Policy of PJSC Magnit
- Regulations on the Anti-Corruption Hotline of the Anti-Corruption Policy of PJSC Magnit
- Anti-corruption clause of the Anti-Corruption Policy of PJSC Magnit
- Contractual Policy of PJSC Magnit
- Internal Control and Risk Management Policy of PJSC Magnit
- Regulations on Trade Secret of PJSC Magnit
- Regulations on Internal Checks of PJSC Magnit
- Internal Workplace Regulations of PJSC Magnit
- Regulations on Not-for-Resale-Procurement of PJSC Magnit and its subsidiaries
- Regulations on Counterparty Due Diligence of PJSC Magnit
- Conflict of Interest Management Policy of PJSC Magnit
- Charity, Sponsorship and Volunteer Policy of PJSC Magnit

For more details on Magnit's internal regulations, see the Company's official website magnit.com/en/disclosure/internal-regulations/#accordion-regulations_disclosure

External documents

- Criminal Code of the Russian Federation No. 63-FZ dated 13 June 1996
- Administrative Offence Code of the Russian Federation No. 195-FZ dated 30 December 2001
- Federal Law No. 273-FZ On Combating Corruption dated 25 December 2008
- Guidelines for the Development and Adoption of Measures by Organisations to Prevent and Combat Corruption (Decree of the President of the Russian Federation No. 309 On Measures Supporting the Implementation of Selected Provisions of the Federal Law On Combating Corruption dated 2 April 2013)
- Federal Law No. 152-FZ On Personal Data dated 27 July 2006
- Federal Law No. 149-FZ On Information, Information Technologies and Information Protection dated 27 July 2006

Our approach to management

Magnit maintains high legal, ethical and moral standards as part of our business activities and cooperation with business partners. The fundamental framework is set out in our Anti-Corruption Policy and Business Ethics Code.

The actions and decisions of our employees build and strengthen the Company's overall reputation. We seek to ensure that our hires make honest and appropriate decisions based on the principles set out in the Business Ethics Code.

Our zero-tolerance approach to corruption in all its forms provides the basis for the Anti-Corruption Policy, which underpins our corruption risk management system and our corruption

prevention tools. Magnit's managers and employees are required to avoid being affected by any influences, interests, or relations that may have an adverse impact on the Company's business or facilitate any corrupt practices.

All new employees undergo mandatory onboarding to familiarise themselves with Magnit's business ethics, information security, and Anti-Corruption Policy requirements. Each employee has to refresh training every three years.

Underlying principles of the Anti-Corruption Policy

No.	Principle	Our responsibility
1	Zero tolerance towards corruption	Our Company is committed to zero tolerance of corruption in all its forms, both on the corporate level and in stakeholder relations
2	Liability for corrupt practices	We make every effort to promptly and indelibly prevent any corrupt practices
3	Senior management leadership by example	Members of the Board of Directors, the Chief Executive Officer and other senior officers of the Company take a zero tolerance approach to corruption, establish and observe high ethical standards of business conduct and set an example for all Magnit employees
4	Corruption risk identification and assessment	We identify and regularly assess corruption risks, taking into account the Company's strategic and investment plans
5	Control procedures	We have implemented control procedures to minimise corruption risks, including checks of counterparties, monitoring of procurement processes, incorporation of an anti-corruption clause into our contracts, and other measures. We regularly assess the effectiveness of our anti-corruption control procedures and take steps to improve them
6	Counterparty checks	We conduct thorough counterparty checks. We analyse information from open sources about the extent to which the counterparty adheres to ethical business principles and any anti-corruption practices it has in place, along with its willingness to comply with our principles, and include anti-corruption provisions in agreements, as well as promote ethical business conduct and minimise corruption risks
7	Communication and training	Our Anti-Corruption Policy is publicly available on the Company's website. We communicate anti-corruption principles and requirements to our employees, contractors, suppliers and other stakeholders. All our new hires go through mandatory anti-corruption training
8	Monitoring and control	We regularly assess compliance with anti-corruption procedures and communicate the results to the senior management and shareholders

All new Company employees receive anti-corruption training after joining Magnit and are subject to control tests to check their acquired knowledge. In 2023, some 4,300 employees completed an anti-corruption training programme, with 2,800 more trained as part of a course on business ethics.

Magnit vets its counterparties in line with the Regulations on Counterparty Due Diligence based on the following criteria:

- due diligence;
- legitimacy of the counterparty's operations;
- no conflict of interest between the counterparty and the Company's employees; efforts in place to prevent bribery and corruption;
- no anticompetitive practices;
- adherence to the Company's business process requirements;
- no competition restrictions as part of tender processes.

In 2023, we reinforced our compliance framework by drafting and implementing two internal by-laws that set out the Company's key approaches to managing its conflicts of interest and to procedures of business gifts and signs of business entertainment exchange.

The primary focus last year was on enhancing compliance-related business processes through their digital transformation, streamlining, and automation.



In 2023, we automated various compliance workflows and reporting procedures, while also introducing tools for archiving resolved conflict of interest cases involving our employees and job applicants. We also automated the management of core data in our information database along with reporting form configurations for the Security Department and Internal Audit Department. Our digital platform now sends notifications about expert opinion deadlines, control markers, and report generation and distribution to relevant units.

The digitalisation of compliance is a strategic initiative aimed at ensuring process continuity, traceability, increased efficiency, and reduction of human error. In 2023, we automated the submission of employee compliance statements and conflict of interest declarations using the SBIS¹ electronic document management system. Now employees can complete the declaration process in less than five minutes.

In addition to automating the conflict of interest declaration process and ensuring transparency in the connections of employees whose roles are associated with corruption risks, the Company is committed to building a digital environment for trustworthy communications with all compliance system participants. To achieve this, we have established a dedicated compliance section on the corporate portal, where employees can review all necessary compliance by-laws, submit declarations, complete interactive training courses, ask questions to the Ethical Values Officer, and report any issues through the Anti-Corruption Hotline.

In 2023, the Company achieved greater efficiency in managing conflicts of interest by digitalising the conflict identification process for job applicants. The implementation of Skillaz, a digital HR platform, facilitated automated interaction between

the Company's compliance, personnel security, and HR teams, leading to shorter review and approval times for conflict of interest cases.

Anti-Corruption Hotline

The Ethical Values Officer, assigned to the Department for Compliance and Antitrust Practices, is responsible for overseeing the management of internal and external reports related to corrupt practices and ethical issues and for administering the verification of reported facts and circumstances.

The Anti-Corruption Hotline experts process all incoming reports, including anonymous ones, and forward them to the Company's relevant functions and units for review and appropriate management decisions.

All reports submitted through the channels described above are handled in line with confidentiality (anonymity) requirements. We guarantee whistleblowers acting in good faith confidentiality of their personal data and protection against retribution. The Anti-Corruption Hotline is supervised by the Department for Compliance and Antitrust Practices and the Internal Audit Department within their remit.

The Department for Compliance and Antitrust Practices also determines the procedure for evaluating the Anti-Corruption Hotline performance, sets the frequency of updating its standards of operation, and defines the methods for identifying compliance risks.

We guarantee no retaliation against any individuals who report suspected incidents of corruption involving the Company's employees. These guarantees apply to all whistleblowers who reach out to the Anti-Corruption Hotline, regardless of the circumstances.

In 2023, the Anti-Corruption Hotline received a total of 12,075 reports, including 500 corruption-related ones. The reported corruption-related issues primarily include corrupt activities, bribery, offers of mediation in bribery, commercial bribery, theft, falsification of accounting data, violations of waste management protocols for personal gain, abuse of authority, conflicts of interest, and others.

The Company maintains a 24/7 Anti-Corruption Hotline for handling reports of actual and potential violations of business ethics standards, conflicts of interest, abuse of office, abuse of authority, prejudiced behaviour, and damage to the Company.

Communication channels:

- 24/7 answering service: 8 (800) 6000-477;
- Ethical Values Officer's email: ethics@magnit.ru;
- Website feedback form: <https://www.magnit.com/en/anti-corruption/>.

All reports concerning suspected corruption are promptly forwarded to the Security Department, with a formal corporate investigation launched into them if they are found credible and sufficient. Once the suspected allegations are proved accurate, the case is forwarded to the Ethical Values Officer to provide an expert opinion.

Next year, the hotline will see a major automation upgrade to enhance its performance.

¹ SBIS EDMS is a system for business communications and electronic document exchange between companies, government agencies, and individuals.