

- conducts an audit of the Company's financial and economic activities based on the Company's activities for the year and also at any time based on the initiative of the persons cited in the Federal Law "On Joint-Stock Companies", the charter, or the Regulation on the Company's Audit Commission.

The following members of the Audit Commission were elected at the Annual General Meeting of the Company's Shareholders on June 21, 2018:

- Roman Efimenko;
- Irina Tsyplenkova;
- Alexey Neronov.

The members of the Audit Commission were not paid remuneration and did not have any expenses reimbursed in 2018.

### Audit Committee of the Board of Directors

The Audit Committee plays an important role in monitoring the completeness, accuracy, and reliability of financial reporting, the effectiveness of the risk management and internal control systems, and ensuring the independence of internal and external audits.

The Committee is a collective advisory body that operates under the Board of Directors. The Committee's main task is to facilitate the effective performance of the functions of the Board of Directors in matters concerning the monitoring of the Company's financial and economic activities.

The functions and members of the Audit Committee of the Board of Directors are published on page 76 of this report.

## Anti-corruption

One of the key components of the internal control system is a set of measures that aim to prevent corruption and minimize reputational risks and the risk of penalties being imposed against the Company for bribing officials.

The Company has an Anti-Corruption Policy that was approved by the PJSC "Magnit" Board of Directors. The Company fully precludes members of the Company's management bodies, all its employees as well as other persons acting on behalf of the Company and/or in its interests (persons associated with the Company) from having any direct or indirect participation in any activities that may lead to corruption or are directly corrupt.

The Company has adopted a Business Ethics Code in order to form a positive culture among its employees and clearly and effectively regulate relations between the Company's employees and government authorities, counterparties, competitors, or other third parties. The Business Ethics Code stipulates the obligations of all the Company's employees and representatives to comply with ethical standards of conduct and corporate standards, including:

- the inadmissibility of offering, paying, extorting, or accepting bribes and illegal incentives in any form, directly or indirectly;
- supporting the Company's positive image and reputation when establishing long-term relations with customers and suppliers;
- preventing illegal payments to the authorities and business partners;
- preventing conflicts between personal interests and the Company's interests. All cases involving the failure by employees to comply with this policy are analyzed, and disciplinary measures, up to and including dismissal, may be imposed based on the results of such an analysis.

One of the most important objectives of the Business Ethics Code is to limit the influence of an employee's private or personal interests on the job functions they perform and the business decisions they make. The document specifies the procedure for disclosing and resolving conflicts of interest in various situations.

A safe environment has been created to provide internal and external parties with the opportunity to communicate their doubts and questions in matters concerning anti-corruption, fraud, violations of business ethics, and other violations in the workplace, and also make proposals to improve anti-corruption procedures and control mechanisms. The Company has a dedicated whistleblower hotline for this purpose. The form for sending messages to the Ethics and Anti-Corruption Hotline is located in the Ethics and Anti-Corruption Compliance section of the Company's corporate website. People who provide information using these communication channels are protected from any form of pressure (including dismissal, harassment, or any form of discrimination).

The Audit Committee and the Board of Directors regularly analyze the organization of the Ethics and Anti-Corruption Hotline.

Confidential hotline for employees, customers, contractors, and partners:

- telephone 8-800-6000-477
- email [ethics@magnit.ru](mailto:ethics@magnit.ru)
- feedback form on the website <http://magnit-info.ru/about/ethics/>