



# Partners

## Our Accomplishments in 2022

Amid the final easing of COVID-response measures, we managed to double the number of private label supplier audits

**77%**  
share of local suppliers in procurement

**509**  
suppliers

**0**  
major breaches identified in private label supplier audits

In 2022, the Fix Price franchising project won a Best for Russia — Regional Development award



## Our Approach to Partnerships

All our operations are founded on business integrity and fairness and fully comply with current legislation. These principles also serve as the key pillars of our relationships with partners, which include suppliers, contractors, franchisees, and logistics, online delivery and other service providers.

Cooperation with suppliers serves as the foundation of our partnerships, as supply chain excellence is a core pillar of our business model. Through 16 years of operation, Fix Price has built up a solid knowledge of the specifics and trends of the Russian VVR market and has captured significant synergies with partners by building strong relationships with them. We value our partnerships and seek cooperation that benefits both Fix Price and our suppliers in all our communities.

We look for opportunities to engage with most suppliers directly, cutting out intermediaries, as it helps us streamline costs and respond promptly to any issues that may arise.

Despite all the challenges of 2022, we championed our partner-focused approach and did our best to support our suppliers, e.g. through flexible and favourable terms if needed, helping them to navigate through market volatility.

We expect our suppliers to share our values: integrity and ethical business practices; long-term, mutually beneficial relationships with all stakeholders; respect for human rights; and a zero-tolerance approach to any form of slavery, human trafficking, corruption, and bribery. We ask all our partners to sign an anti-corruption agreement, which sets out the principles of zero tolerance to corruption and prohibits all counterparties from requesting, providing or receiving cash, perks, benefits, or gifts to/from any employee of the Company or another partner.



**We are committed to ensuring that our partners comply with the Company's policies, including:**



[the Code of Conduct](#)



[the Modern Anti-Slavery and Human Trafficking Policy](#)



[the Anti-Bribery and Corruption Policy](#)



[the Environmental, Health and Safety Policy](#)



[the Guidelines for Ensuring Quality in All Product Categories](#)



Prior to choosing a counterparty, we conduct due diligence with a reliability scoring tool. This system analyses data from more than 30 official sources (the Federal Tax Service, the Arbitration Case Database, the Register of Insolvencies, etc.) and rates counterparties on a 100-point scale.

We also request that all suppliers fill out a self-assessment form that seeks to verify the following:

- voluntary employment;
- no discrimination in employment;
- no use of child labour;
- freedom of association and the right to collective bargaining;
- payment of a living wage;
- no excessive working hours;
- a legally binding employment relationship;
- compliance assurance (confirmation they have read and understood the Company's policies and comply with local legislation).

Our key focus is ensuring transparency in our relationships with all counterparties. Therefore, our suppliers are aware of the specifics of the Company's pricing policy and our approach to procurement.

When engaging with suppliers we strive to use only the most efficient communication channels. We have launched a website for tender procedures and order placement, meaning all our requirements for suppliers and sample contracts are publicly available. Moreover, Fix Price participates in various exhibitions and forums where we can source new ideas for expanding our product mix, meet our suppliers and find new partners.

Fix Price cares about all its partners and seeks to help them achieve their own goals across many areas. The training system used to educate the Company's full-time employees is also available to contractor personnel engaged in store operations. We cooperate with our partners on occupational health and safety: agreements with contractors working at our facilities include key technical guidelines and procedures for handling accidents. We run trainings, deliver health and safety inductions for partners working at Fix Price facilities and educate our logistics contractors on safe driving practices on a seasonal basis.

We strive to make shopping at Fix Price available to as many people as possible, including those who prefer doing it online. The customer may choose whatever they like on our website or in our mobile app. What is more, they can use a self pick-up at the nearest store or our partners' last mile delivery services.

We aim at building sound long-term relationships with other service providers, which, after completing our tender procedures, become a part of our team and system that underpin Fix Price's business success.

Fix Price rapidly expands its footprint, even in remote regions of Russia. In these areas, this process takes place via, for example, franchise stores, which boosts brand recognition and allows the Company to contribute to the development of the regions where it operates. In 2022, the professional community recognised our efforts by awarding our Fix Price franchising project with a Best for Russia — Regional Development award.

## Supplier Audits

Our priority is to verify that production conditions reliably hit our high standards and prevent non-compliance with the quality and safety requirements. We conduct audits of production facilities operated by private label suppliers and foreign producers.

### Russian Supplier Audits

Audits of local private label producers are conducted according to the Company's Regulations for Ensuring the Quality of Private Brand Goods. Fix Price's quality control experts are authorised to perform audits prior to or after a supply contract is executed. We typically audit suppliers once every two years. However, audits may be conducted more frequently, including when a new production facility is brought online, if we receive negative customer feedback or if issues were raised in the previous audit.

Audit checklists reflect the product category (Food, Drogerie,<sup>1</sup> and Non-food), with each of them containing over 85 questions across more than 10 sections. The questionnaires cover diverse areas, including quality management and product safety (whether a quality management system, a tracking system and HACCP<sup>2</sup> for food products are in place), production facilities and conditions, product transportation, HR management, and environmental matters, such as whether a facility pollutes the local environment and how mature and well-implemented waste management practices are, for example waste disposal in labelled, closed containers, etc.

<sup>1</sup> Household chemicals, cosmetics and hygiene products

<sup>2</sup> Hazard Analysis and Critical Control Points, or HACCP, is a management system in which food safety is managed by identifying, analysing and controlling hazards affecting the safety of food products. When implementing food production processes involving compliance with safety requirements, a producer must develop, implement and maintain HACCP-based procedures