

Faster Closer Stronger





The Sustainability Report should be read as a whole taking into account the content of all sections as well as the notes and the explanations herein, including the information set forth in the Disclaimer.

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Managing Director's Statement



Dear Reader,

I am pleased to present to you Magnit's Sustainability Report. 2022 brought significant changes to supply chains and the retail sector. Magnit's priority was to ensure stable operations. We achieved this goal by carefully keeping track of market events and concentrating on our strengths: the high proportion of in-house products in our product mix and close cooperation with Russian suppliers. By doing so, Magnit successfully continued implementing its strategy throughout 2022. Throughout the year, Magnit remained committed to ESG principles and demonstrated progress in all three core areas: environmental, social and governance.

One of Magnit's most important sustainability objectives is consistently improving our customers' quality of life. As a leader in the retail sector, we recognise our responsibility for ensuring people's food security. Despite all external challenges, Magnit made sure our customers could still purchase quality goods at affordable prices.

Throughout the year, the Company remained in close contact with regional suppliers, agricultural producers and farmers. We signed new contracts, raising the share of Russian-made products on our shelves to 95%. We significantly expanded our own production capacity, increasing the output of Magnit-made products by 9% and ramping up the share of private label products to 20% of all sales. Our efforts meant Magnit continued to offer a stable and varied product assortment.

In 2022, Magnit took steps to curb price inflation. To mitigate inflationary pressure on customers, we voluntarily capped markups on more than 300 SKUs in 26 product categories that make up a basic food basket in Russia. For over 200 socially important goods, we set a markup of no more than 5% despite no statutory requirements for retailers to limit their markups. This way Magnit provided targeted support to vulnerable individuals.

For Magnit, people and their well-being are at the centre of everything we do. In the reporting year, we continued to promote healthy lifestyles, doubling the number of merchandise and display



units for healthy foods. We increased the share of healthy food products among private labels to 27% and became Russia's first retail chain to produce its own organic foods. Our customers were keen to join Magnit's various online initiatives promoting an active lifestyle and balanced diet, including the Magnit of Habits marathon and the pro.healthy habits club. The Company's employees participated in corporate training programmes with lessons on healthy eating, recognising quality foods and taking good care of your health.

We continued to build an inclusive environment at all Magnit stores. As part of the nationwide Kind Bunny – Inclusive City project, we trained over 200,000 employees on how to better communicate with disabled people. In 2022, we launched Magnit Life, a project to help orphan and disabled teenagers improve their employability, including through paid internships in our stores. In 2023, the Company will continue to implement these inclusivity programmes throughout Russia's regions.

One of Magnit's strategic goals is to become the retail sector's foremost environmental champion. Magnit is consistently reducing GHG emissions and energy consumption. In the reporting year, we cut our GHG emissions by 15% YoY by taking measures such as switching Company vehicles to greener fuels and implementing energy efficiency initiatives. The Company reduced its 2022 energy and heat consumption by 16% and 27%, respectively, thanks to careful energy load management at production and retail facilities as well as the use of energy-efficient equipment.

Good waste management is central to our environmental efforts. We have been steadily reducing Company-generated waste. In the reporting year, waste fell by 4.7% YoY. We also cut plastic waste by 1%, and sent almost 100% of plastics for recycling.

In the reporting year, we carried on transitioning our private labels to recyclable packaging and worked on creating eco-friendly promotion materials. The Company consulted with experts to develop a Voluntary Sustainable Packaging Standard, which was applied to all private label suppliers. The standard will help us make the packaging on Magnit's shelves greener and cut waste generation. We also launched an initiative to create a voluntary standard for recyclable pre-packs.

We are gradually reducing food waste generation, cutting it by 15% YoY. This was thanks to the launch of a pilot food sharing project in Moscow and St Petersburg, during which we donated 20 tonnes of food to more than 11,500 people, including the elderly, large families, and others.

Magnit's employees are contributing to the Company's success every day. We employ hundreds of thousands of people and care about their well-being and health. Magnit aims to become Russia's best employer by providing decent wages and social support. We strive to recruit, retain and train talented employees while also ensuring the workplace is always comfortable and safe. In the reporting year, we expanded our health insurance coverage and developed new non-financial incentives

+9%

in-house production volume

-12.3%

reduction in specific food waste generation

27%

share of healthy products sold under private labels

for employees. Our personnel management performance was well received: an internal survey conducted during the year showed a record level of employee engagement – 84.9%, while employee satisfaction rose from 72.1% to 79.8% YoY.

We remain committed to achieving Magnit's strategic sustainability goals and aim to strengthen our leadership in this field by exploring and adopting best ESG practices. We respond to requests and listen to the opinions of those living and working in our regions of operation. Magnit welcomes open dialogue with all stakeholders and values their contribution to furthering our sustainability goals.

Anna Meleshina

Managing Director, member of the Management Board

Maintaining leadership

Magnit maintains leadership in the Russian retail market, no matter the circumstances. In 2022, we took advantage of new growth opportunities, opened many new stores in different regions of Russia, increased revenue and LFL sales, expanded our own production, and improved the quality and range of products.

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Magnit at a glance

Magnit is one of Russia's leading food retail chains and the country's largest retailer by number of stores and geographical coverage.

Our mission

Magnit's mission is to become the store of choice for every Russian family.

At Magnit, we are committed to operational excellence and professionalism in all areas of activity, while seeking to deliver exceptional quality and customer service.

We highly value the principles of teamwork and respect for each other and our customers, and encourage open and constructive dialogue and effective cross-functional cooperation.

We implement best practices and innovative technologies in our operations and strive to build a better future for all.

Our five-year sustainability strategy to 2025, "Retail with Purpose", sets ambitious goals, promotes a sustainable corporate culture and focuses on embedding sustainability principles into all aspects and facets of our business.

27,405
stores in 67 Russian regions and Uzbekistan

361 thous.
employees as at 31 December 2022

~6 thous.
suppliers

>16 mln
customers daily

Our values

Customers at the heart of everything we do.

Caring for our customers

We build long-lasting connections with our customers. Our team members can easily relate to customers because they also shop in Magnit.

Stronger together

We achieve success through teamwork, incorporating the views of our employees.

Focusing on results

We always accomplish our goals and strive to do so in the most efficient manner.

Taking responsibility

We scrupulously follow the Company's principles and we take responsibility for our decisions.

Our competitive edge

Own food production

Magnit is the only food retailer in Russia with its own food production facilities, which manufacture private label items. By 2025, we intend to increase the share of private labels to 25% of our total sales.



Better quality

- ▶ RUB 13 bln – investment in food and service quality assurance
- ▶ Online quality monitoring across the production cycle, from feedstock to finished products
- ▶ Advanced equipment with a high degree of automation
- ▶ Compliance with GOST R ISO 22000-2007 and the international Food Safety System Certification (FSSC) v.5
- ▶ Magnit's private label products won 136 awards at international competitions



Wider range

- ▶ Launch of over 700 new private label SKUs
- ▶ Launch of own coffee roasting and packaging facility
- ▶ Launch of a new mushroom growing centre



20
own production facilities and agricultural complexes

+9%
in-house produce YoY growth in 2022

5 thous.
SKUs in the private label portfolio



More eco-friendly

- ▶ Using entomophagy instead of pesticides for pest control
- ▶ Switching private labels to recyclable packaging, which is harmless to people and not toxic to aquatic life
- ▶ Reducing CO₂ emissions from boilers by using them as additional fertilisers at greenhouses



Advanced logistics

Magnit is one of Russia's largest logistics operators. We improve our own logistics infrastructure while also testing new logistics formats. In 2022, we streamlined product shipments and adopted a new supplier management procedure in order to optimise costs and offer our customers more affordable and quality products.



Lower emissions

- ▶ Replacing old vehicles with Euro-5 eco standard
- ▶ Transition to hybrid engines
- ▶ Using more eco-friendly fuels



44

distribution centres

>5 thous.

truck fleet

1.9 mln sq. m

of warehouse space



Better occupational safety

- ▶ Training employees in safety culture, supply chain technologies, and management competencies in logistics
- ▶ Equipping medical offices for employees at major logistics centres
- ▶ Additional training in driving safety for new drivers



Less waste

- ▶ >99% of total plastic generated by the logistics unit is sent for recycling



Multiformat retail chain

We leverage our large food retail chain while also diversifying our business by opening drogeries and pharmacies under the Magnit brand and offering e-commerce and delivery services.



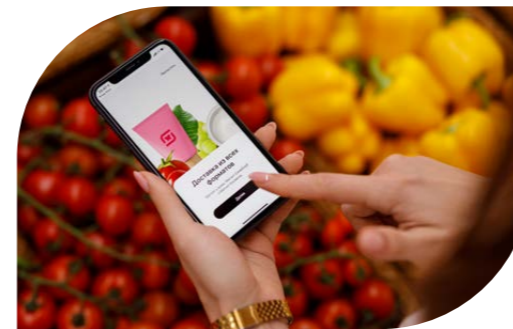
More stores

- ▶ 1,328 new stores (net)
- ▶ 11 new dark stores



Better shopping experience

- ▶ E-commerce growth by a factor of 2.9
- ▶ Launch of 30-minute delivery from 6,000 stores
- ▶ 6 thous. SKUs from the Magnit Cosmetics product range available on Ozon and Wildberries at the end of 2022



Lower resource usage

- ▶ Sales areas, building facades, street lighting, car parks and logistics centres featuring energy-efficient LED lighting
- ▶ Reducing heat losses thanks to the use of gas generator sets installed in power generation centres that capture heat energy and transmit it through the heating network to our facilities
- ▶ Reducing energy consumption for refrigeration equipment by installing new refrigerated cabinets in the sales areas

4

core formats in grocery, drogerie, and pharma segments

27,405

stores in 4,068 cities and townships across 7 federal districts in Russia and Uzbekistan as at the end of 2022

9,472 thous. sq. m

of selling space in 2022

12.8%

food retail market share

Investment case



Market potential

We offer exposure to a sizeable food retail market with potential for further organic expansion and consolidation.



Efficiency gains

We have great potential for further business development, including by enhancing consumer perception and experience, increasing sales density, and expanding consumer offering complimentary to the core business.



Leading player

Magnit is one of the largest food retailers in Russia with mature infrastructure, strong customer base, recognisable brand, and growing market share.



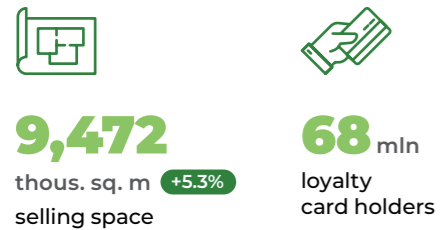
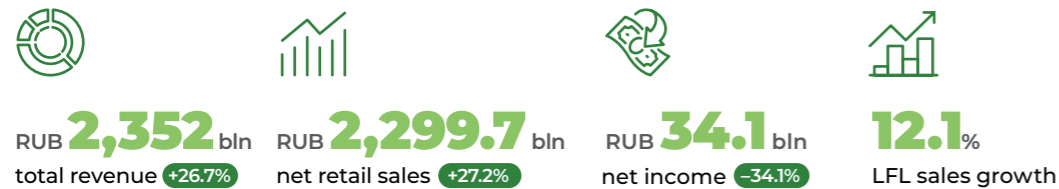
Growth ambitions

We are solidifying our positions and increasing market share through value-accretive organic growth, selective small to mid-size M&As, new format development, upgrade of existing stores and expansion of own production.



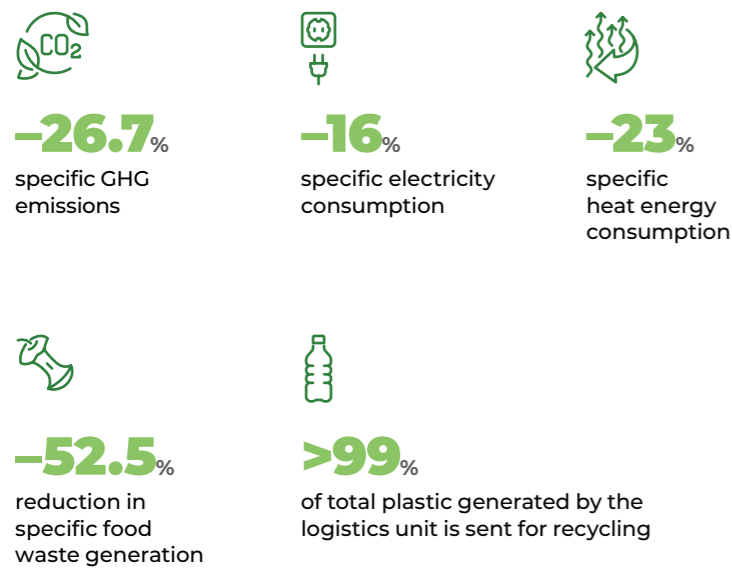
Our achievements

2022 financial and operational highlights



2022 sustainability highlights

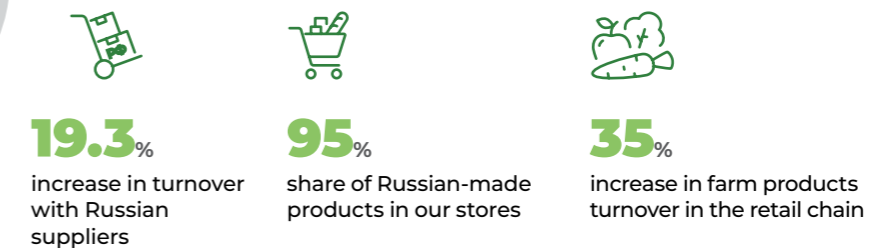
Reduction of environmental impact¹



Higher employee satisfaction rate²



Supporting local communities



Our geography

	Convenience stores ³	Supermarkets ⁴	Drogeries	Convenience stores	Distribution centres
North Caucasian	518	19	255		1
Southern	2,713	122	1,323		8
Central	4,596	85	1,876	1 742	14
Volga	4,607	124	1,833		10
Northwestern	2,059	37	706	466	4
Urals	1,812	82	826		4
Siberian	1,111	24	457		3
Total	17,416	493	7,276	2,208	44
	Magnit			DIXY	

27,405 stores

4,068 cities and townships

7 federal districts⁵

¹ Magnit Group's specific emissions vs the 2019 base year.

² Magnit Group's specific emissions vs the 2019 base year.

³ Magnit convenience stores include Magnit City and My Price stores.

⁴ Magnit supermarkets include Magnit Family supermarkets and superstores.

⁵ 12 drogerie stores operate in Uzbekistan.

Business model

GRI 2-6

Magnit is further solidifying its position in Russian retail by transforming the business and improving its customer proposition. We strive to become the number one choice for our customers, employees and investors.

Focus on caring for our customers

Our resources



Our customers
>16 mln
customers daily



Employees
~361 thous.
people employed
by the Company¹



Suppliers
~6 thous.



Shareholders
>250 thous.
investors²



Government and regulators

Our business follows the rules established by government authorities.



Environment and communities

Magnit aims to integrate sustainability principles into all aspects of its operations and business processes.

How our business is different



Multiformat and omni-channel

>9,472 thous. sq. m selling space
4,068 cities and townships
> 10 thous. offline stores
and **31 dark stores**
in 67 regions of Russia connected to online services



Largest supply chain network in Russia

44 distribution centres
in **7 federal districts**
> 5 thous. trucks
1.9 mln sq. m of warehouse space



Recognised for supreme quality and breadth of range

136 quality awards in 2022
14 quality control laboratories conducting
> 3 thous. daily tests
> 5 thous. private label SKUs
20% share of private labels in sales³



Own production capabilities and private labels

6 agricultural complexes
14 production facilities

Value for our stakeholders



Everywhere for our customers

- ▶ Adapting existing and creating new formats tailored to specific customer needs in different localities
- ▶ Implementing CVM tools⁴
- ▶ Developing online shopping and delivery services
- ▶ Improving availability of goods by leveraging new technology and communications development



Rewarding our employees

- ▶ Stable wages
- ▶ Employee benefits and perks
- ▶ Professional and career growth opportunities for employees at all levels



Cooperating with our suppliers

- ▶ Engaging local suppliers
- ▶ Inviting supplier representatives to work at Magnit's offices



Delivering returns to our shareholders

- ▶ ~RUB 29 bln of dividends paid in 2022
- ▶ New store openings payback with ROI⁵ > 40%



Economic contribution

- ▶ Supporting social and economic development in the regions of operation
- ▶ Hosting regional procurement sessions
- ▶ Making timely tax payments



Supporting local communities

- ▶ New jobs
- ▶ Social and charitable programmes in the regions where we operate
- ▶ Mitigation of our environmental footprint, including reduced waste generation

¹ As at December 2022.
² As at June 2022.

³ In value terms.
⁴ CVM – customer value management.
⁵ ROI = OCF for the year with ramp-up phase / CAPEX.

Heading towards our goals

Magnit aims to become the industry leader in reducing the impact on our environment, build a fully responsible supply chain, and contribute to improving the quality of life in the country. We consistently work to achieve our strategic sustainability goals and report on our progress annually.



Sustainability management

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Sustainability Strategy

Magnit is Russia's largest retail chain, serving most of the country's population. We are committed to sustainability. Our priority is to provide customers with accessible, high-quality food and non-food staples. Magnit's extensive track record, particularly in economy class and discounter formats, is evidence of our commitment to helping everyone in society.

Magnit is a signatory to the UN Global Compact and the Social Charter for Russian Business. Our Sustainability Strategy is derived from the 10 principles of the UN Global Compact and 17 UN Sustainable Development Goals (SDGs). The scale of our operations ensures we make a sizeable contribution towards these Global Goals. Our stakeholder engagement is underpinned by a respect for human rights – something we communicate to our employees, suppliers and partners every day.

Our focus is to drive environmental protection and social responsibility. As Magnit's operations expand, we aim to contribute to the development of Russian regions and foster positive social change. For over 28 years we have provided local communities with quality and affordable products, promoting customer health and well-being. Our stores create jobs and

support over 6,000 suppliers, from large corporations to local manufacturers and farmers.

Our 2025 Sustainability Strategy seeks to transform sustainability in the food retail industry, responding to people's most pressing needs. Despite external challenges, Magnit continues to make every effort to remain a socially and environmentally responsible business. This is an integral part of the Company's development and a condition for its profitable growth.

Magnit's Sustainability Strategy is focused on five key areas: environmental stewardship, responsible supply chains, employees, local communities, and healthy lifestyles and well-being. We have set quantitative and qualitative targets for 2025 for each area. Magnit aims to become the industry's leader in reducing the impact on our environment, create a 100% responsible supply chain, continue delivering positive

impact on the quality of life of all people in Russia, and become the number one employer in retail. We have already made significant progress towards a number of goals defined in the Sustainability Strategy.

Our strategic goals to 2025

A leader in reducing the impact on our environment

The Company's retail, production and agricultural facilities consume a significant amount of resources. Nevertheless, by reducing GHG emissions, improving energy efficiency, and promoting recyclable packaging, we are a leader in reducing adverse impact on the environment.



The Russian Federation's 2030 National Development Goals:
 ▶ Comfortable and safe environment



National projects
 ▶ Environment

Goal to 2025

2022 performance

50% of private label and own production packaging to be recyclable, reusable or compostable	<ul style="list-style-type: none"> ▶ 78% of the Company's own production packaging is suitable for recycling, with 32% fully recyclable and 46% potentially recyclable ▶ 68% of private label packaging¹ is suitable for recycling, with 24% recyclable and 44% potentially recyclable (recycling infrastructure for some components is limited)
100% of recyclable plastics used in Magnit's operations to be collected and recycled	>99% total plastic generated by the logistics unit is sent for recycling
50% reduction in specific food waste generation	147.04 kg / RUB mln (-52.5% vs base year 2019)
30% GHG emissions reduction	2.28 tonnes of CO ₂ eq / RUB mln (-26.7% vs the 2019 base year)
25% water and energy consumption reduction	2.3 cbm / RUB mln (-55.5% vs the 2019 base year) 1,690.60 kWh / RUB mln (-16% vs the 2019 base year)

¹ In 2022, the Company conducted a packaging assessment focused on the body of packaging items only.

Building a fully responsible supply chain

Magnit is incorporating ESG principles through all levels of its value chain. We carefully select the sources of our products and raw materials. By maximising in-house production, we have better oversight of the production chain, and ensure better quality and availability of products in our stores. We adhere to the highest standards at our production and agricultural facilities, implement an array of assessment tools and conduct audits of our suppliers. We maintain a high share of regional and local producers' products on our shelves by streamlining local supply chains and leveraging local sourcing effectively.



The Russian Federation's 2030 National Development Goals

- ▶ Comfortable and safe environment
- ▶ Decent, effective jobs and successful entrepreneurship

National projects

- ▶ Environment
- ▶ Small and medium-sized enterprises

Goal to 2025

Progress in 2022 (vs base year 2019)

100% responsible sourcing for socially important product categories

- ▶ Supplier quality audits
- ▶ Increase in the share of private labels in the Company's socially important product mix by up to 65% in certain categories
- ▶ Preparing to relaunch a project for independent ESG assessment of new Russian suppliers

100% responsibility for own production and agriculture

- ▶ Development of private labels
- ▶ Implementation of lean production techniques across the Company's own facilities
- ▶ Lab product tests
- ▶ Supplier quality audit
- ▶ Online monitoring of ready-to-eat food production and temperature requirements
- ▶ Shipment and inventory accounting efficiency
- ▶ Implementation of the Voluntary Sustainable Packaging Standard jointly with other private label producers
- ▶ Magnit's goods awarded 78 accolades at the 2022 International Quality Assurance contest

Partnership programmes for local suppliers and farmers

- ▶ Streamlined supply chain of Russian agricultural products to the Company's stores
- ▶ Development of effective tools for working with domestic producers (agricultural contracts)
- ▶ +19.3% increase in turnover with Russian suppliers
- ▶ 95% share of Russian-made products in Magnit
- ▶ 905 Russian suppliers became new partners of Magnit
- ▶ Pilot project launched – an aggregator for centralised supply of farm products to the chain's stores

The industry's leading employer

People are the foundation of our business. We always respect employees' rights, provide them with decent salaries, safe and comfortable working conditions, deliver training and develop their talents and competencies.



The Russian Federation's 2030 National Development Goals

- ▶ Decent, effective jobs and successful entrepreneurship
- ▶ Self-fulfilment and unlocking talent

National projects

- ▶ Education

Goal to 2025

2022 performance

70% employee satisfaction rate	79.8% employee satisfaction (72.1% in 2021) ¹
50% reduction of lost time injury frequency rate, zero fatalities	LTIFR of 0.5 FAR of 0.009 ² (Injury frequency rate of 0.79 in 2019)
40% maximum turnover rate	55.4% turnover rate (64.6% in 2020)



¹ The first corporate survey was conducted in 2020.

² Since 2022, the Magnit Group has used LTIFR (Lost Time Injury Frequency Rate) and FAR (Fatal Accident Rate) to measure its injury rates.

Positively impacting on the whole population's quality of life

As one of the largest retail chains in Russia, Magnit plays a part in developing the regions where it operates. We strive to provide local communities with equal opportunities and ensure fair access to quality and affordable products. We pay taxes to regional budgets, create jobs, and offer social and charitable support.



The Russian Federation's 2030 National Development Goals

- ▶ Protecting the population's health and well-being
- ▶ Comfortable and safe environment



National projects

- ▶ Demography
- ▶ Healthcare
- ▶ Culture
- ▶ Education
- ▶ Housing and urban environment

Goal to 2025

Progress in 2022 (vs base year 2019)

Community programmes for all our regions of operation	All our regions of operation benefit from Magnit social projects
10% employees volunteering	7.8% employees volunteering (1.1% in 2020) ¹

Improving the quality of life for consumers and local communities

We seek to help our customers opt for healthy, safe and quality products. To this end, we promote healthy lifestyles and disseminate information about healthy nutrition, increase the share of healthy products in the assortment of our private labels and that of the products we buy from our suppliers.



The Russian Federation's 2030 National Development Goal

- ▶ Protecting the population, health and well-being



National projects

- ▶ Healthcare
- ▶ Demography

Goal to 2025

Progress in 2022 (vs base year 2019)

Information about healthy lifestyles and nutrition available to all customers.	Steps taken to promote healthy lifestyle principles as part of the United for Healthier Future initiative The Healthy Lifestyle Marathon initiative, a healthy lifestyle club for Magnit's mobile app users, launched A healthy lifestyles online media platform developed jointly with the Gastronom magazine
Healthy products available to all customers	27% share of healthy products sold under private labels 476 merchandise and display units for healthy products in place (up from 228 in 2021) Gross sales of healthy products up by 16% LFL sales of healthy products up by 11.5%

¹ Collection of data about the number of volunteering employees commenced in 2020.

Our approach to sustainability management

GRI 2-12 GRI 2-13 GRI 2-22 GRI 2-23 GRI 2-24 GRI 2-25 GRI 2-26

The Company takes a systematic approach to tackling sustainability management challenges and established a Sustainability Steering Committee (SSC) chaired by the Company's CEO and comprising all heads of Magnit's key business departments.

Board of Directors

In line with internal regulations, the Board of Directors defines strategic areas of Magnit's sustainability-related activities. In 2020,

the Board approved the Company's 2025 Sustainability Strategy. It also approves the content of our Sustainability Report.

Sustainability Steering Committee

Magnit's Sustainability Steering Committee reports to the Board of Directors' Strategy Committee and manages sustainability-related issues within the Company. The Committee comprises heads of all key business units and is chaired by the CEO. The Committee holds meetings on a quarterly basis.

- ▶ Managing 16 working groups in charge of building a sustainable business model in all areas of our operations.

In the reporting year, meetings of the Sustainability Steering Committee and the Board of Directors discussed matters related to the implementation of Magnit's strategic sustainable development goals. It agreed proposals on improving efficiency in sustainability management and looked into ESG trends and the status of the sustainable development agenda in Russia and throughout Russian business.

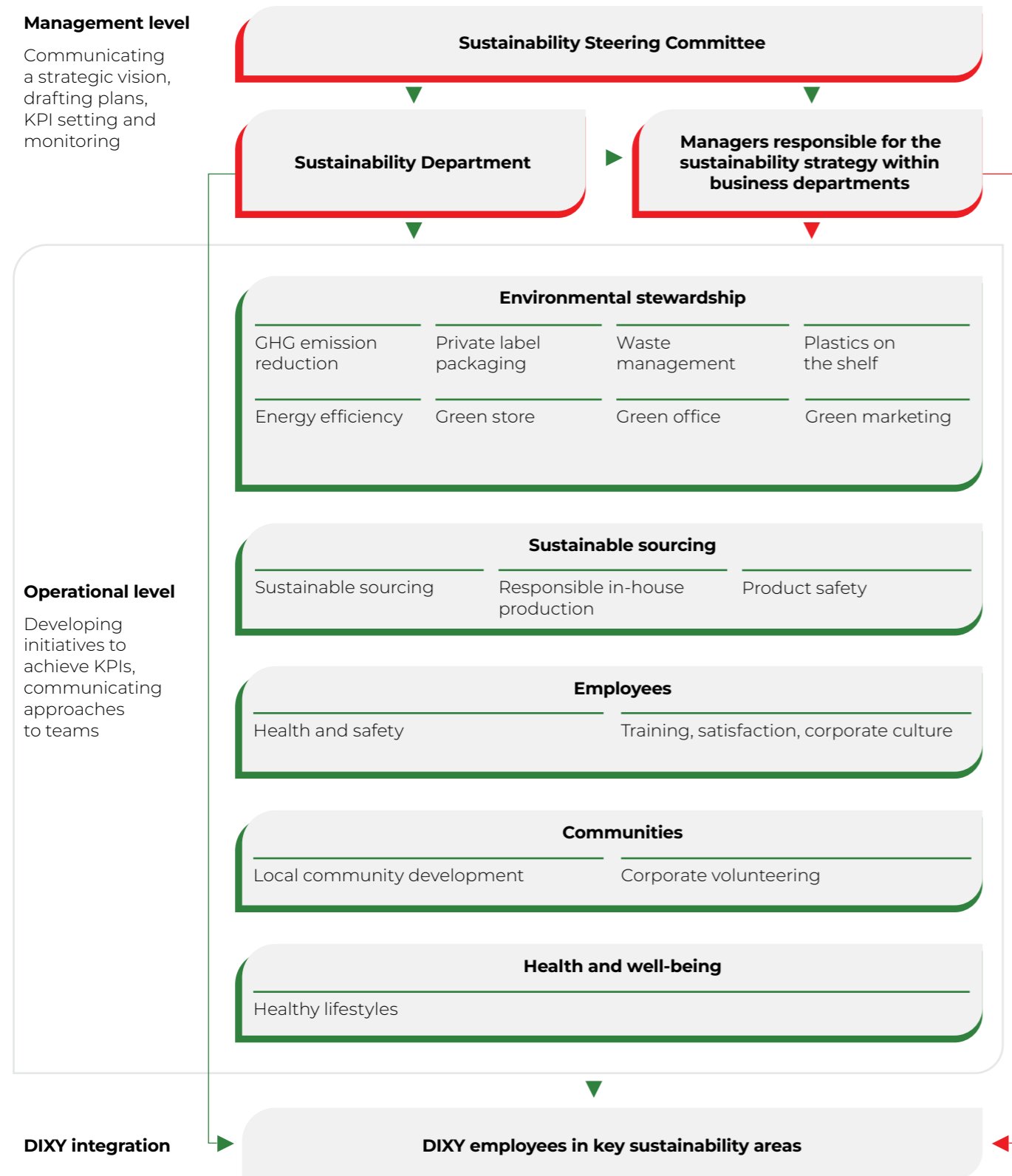
The Sustainability Steering Committee has the following functions:

- ▶ Managing stakeholder engagement;
- ▶ Recommendations on strategic enhancement of long-term business sustainability in response to social, environmental, resource and energy challenges;
- ▶ Preparing a report on the progress and the status of the Sustainability Strategy projects and initiatives, which is then presented to Magnit's 150 key managers;

Sustainability Department

Magnit established the Sustainability Department, which develops action plans for both environmental protection and engagement with the employees, local communities and other stakeholders.

Sustainability management structure



- ▶ Administrative subordination
- ▶ Coordination under the Sustainability Strategy and advisory support

Sustainability-related policies

We have developed and put into effect policies regulating our approach to sustainability management. These documents formalise our decision-making process and ensure effective engagement with our stakeholders. We run regular reviews and updates of the policies in accordance with new ESG-standards.


- ▶ Climate Change Policy
- ▶ Packaging Waste Policy
- ▶ Own Brand Packaging Policy
- ▶ Health and Wellness Policy
- ▶ Quality, Food and Non-Food Safety Policy
- ▶ Human Rights Policy
- ▶ Responsible Supply Chain Policy
- ▶ Anti-alcohol and Anti-drug Policy
- ▶ Environmental Protection and Safety Policy
- ▶ Occupational and Process Safety Policy
- ▶ Safe Vehicle Use Policy
- ▶ Fire Safety Policy
- ▶ Anti-Corruption Policy
- ▶ Personal Data Processing Policy

UN Global Compact principles

GRI 2-28

Cognisant of climate-induced environmental and social problems worldwide, Magnit is striving to be the ESG leader among Russia's largest retailers. We are continuously strengthening and perfecting our practices. In 2020, our Company joined the UN Global Compact and enhanced its focus on integrating environmental protection, social responsibility and best corporate governance practices.

How we are implementing the UN Global Compact principles

Area	Principles		Our statement on adherence	Fundamental document
Human rights 	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights.	The Company fully complies with Russian laws and international human rights protection standards as well as labour standards set out in the following documents: <ul style="list-style-type: none"> ▶ International Bill of Human Rights ▶ ILO Declaration on Fundamental Principles and Rights at Work ▶ European Convention on Human Rights ▶ UN Convention on the Rights of the Child ▶ Convention on the Elimination of All Forms of Discrimination against Women ▶ Guiding Principles on Business and Human Rights. The Company's by-laws comply with international human rights protection standards and principles.	Human Rights Policy
	Principle 2	Businesses should make sure that they are not complicit in human rights abuses.		
Labour 	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	The Company is committed to respecting and protecting employees' rights to form, join or refuse to join as in a trade union or other organisations at their discretion well as to conduct collective bargaining to support mutual interests, without fear of punitive actions such as intimidation, harassment or dismissal. The Company recognises officially registered trade unions and is prepared for a fair and constructive dialogue with their representatives. <p>We operate a policy of zero tolerance towards forced labour in any form, including forced, bonded and slave labour. Employees should be allowed to move freely and leave their workplaces after the end of their working day. The Company opposes human trafficking and undertakes to inform the relevant authorities about any known cases of such illegal activities.</p> <p>The Company has zero tolerance for child labour. The minimum age of a Company employee is 15 years, which corresponds to the minimum age provided by laws for entering into an employment contract. The Company does not hire employees under the age of 18 for high-risk positions that may pose a threat to health, safety or morals.</p> <p>The Company does not tolerate discrimination against any of its employees on the basis of:</p> <ul style="list-style-type: none"> ▶ race ▶ colour ▶ sex ▶ language ▶ religion ▶ political or other beliefs ▶ caste ▶ ethnic or social origin ▶ property ▶ place of birth ▶ affiliation to unions or associations ▶ sexual orientation ▶ age ▶ disability ▶ other distinctive characteristics. Any decisions on employment, from hiring to termination of employment and retirement, should be based solely on appropriate and unbiased criteria as part of generally accepted business practices.	Human Rights Policy
	Principle 4	Businesses should uphold the elimination of all forms of forced and compulsory labour.		
	Principle 5	Businesses should uphold the effective abolition of child labour.		
	Principle 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation.		
Environment 	Principle 7	Businesses should support a precautionary approach to environmental challenges.	The Company fully acknowledges the importance of reducing impact on all aspects of the environment. We strive to monitor our impact on the climate and remain committed to the sustainability principles in all our activities.	Climate Change Policy
	Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility.		
	Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies.		
Anti-corruption 	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	The Company takes a zero-tolerance approach to corruption. The Company pursues strict compliance with all laws and regulations applicable to its operations, including anti-corruption laws and regulations. Commitment to the highest moral and ethical standards of conduct by all employees is essential to maintaining Magnit's strong reputation.	Anti-Corruption Policy

Contribution to the UN Sustainable Development Goals (SDGs)

The scale of our business and our resources enable us to make a sizeable contribution towards the UN's Sustainable Development Goals (SDGs) to 2030, which were adopted in 2015. We benchmark our achievements against UN SDGs and factor in our potential contribution towards them in

our plans. We have a list of priority SDGs, which we are committed to deliver on under our Sustainability Strategy, and assess our contribution to achieving them on an annual basis.



Magnit's contribution to the UN SDGs

Priority UN SDGs and relevant targets

SDG 2. Zero Hunger



Target 2.1 By 2030, end hunger and ensure access by all people, in particular those with lower incomes and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round.

Target 2.4 By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.

Target 2.5(c) Adopt measures to ensure the proper functioning of food commodity markets and their derivatives and facilitate timely access to market information, including on food reserves, in order to help limit extreme food price volatility.

Action taken by Magnit

- ▶ Offering our customers affordable and quality foods
- ▶ Using our own production facilities, including in agriculture
- ▶ Developing initiatives to increase the affordability of our own and third-party products for all Russians
- ▶ Taking all possible steps to curb excessive food price volatility, particularly for socially important product categories
- ▶ Implementing agricultural practices that increase yields while preserving ecosystems

Our contribution to the UN SDGs in 2022

- ▶ We voluntarily reduced the markup on a number of socially important goods by up to 5% to mitigate inflationary pressure on customer incomes.
- ▶ In April, our facilities operated at the peak of their capacity, with food output rising by 31.6%.
- ▶ We invested RUB 13 bln in a set of initiatives designed to assure the quality of our products, services and customer experience.
- ▶ We expanded the My Price soft discounter chain, making food more accessible for our lower-income customers.
- ▶ We launched a food sharing programme, under which we donated 20 tonnes of food products near their expiry dates to vulnerable population groups.

SDG 3. Good Health and Well-being



Target 3.9 (d). Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks.

Promoting healthy eating throughout Russia by raising awareness of healthy lifestyles and supplying healthy foods

- ▶ We started installing separate display units for balanced diet and healthy eating products in our convenience stores.
- ▶ We added a Healthy Nutrition section in our delivery app.
- ▶ We increased sales of gluten-free products and sports food by 85% and 142% respectively.
- ▶ We expanded gross sales of healthy lifestyle products by 16% and LFL sales by 11.5%.
- ▶ We launched a Magnit of Habits healthy lifestyle marathon for our customers.
- ▶ We held a series of webinars on good nutrition for our employees.
- ▶ We expanded the scope of voluntary health insurance to cover additional health services.

SDG 6: Clean Water and Sanitation



Target 6.5. By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate.

Implementing initiatives to cut water consumption and apply higher treatment standards

We reduced water consumption by 55.5%

SDG 7. Affordable and Clean Energy



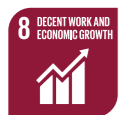
Target 7.3. By 2030, double the global rate of improvement in energy efficiency.

- ▶ Saving energy
- ▶ Developing energy efficiency projects

- ▶ We installed energy-efficient LED lighting in our stores.
- ▶ We reduced heat loss thanks to the use of gas generator sets installed in power generation centres that capture heat energy and transmit it through the heating network to our facilities.
- ▶ We installed new refrigerated cabinets in our sales areas to reduce energy loss and energy consumption.
- ▶ A 16% decrease in specific energy consumption.
- ▶ A 23% decrease in heat energy consumption.

Priority UN SDGs and relevant targets

SDG 8. Decent Work and Economic Growth



Target 8.2. Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.

Target 8.3. Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

Target 8.8. Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

Action taken by Magnit

- ▶ Creating new jobs
- ▶ Providing decent and safe working conditions
- ▶ Offering our employees opportunities for training and professional development

Our contribution to the UN SDGs in 2022

- ▶ We launched retraining with subsequent employment for those who have lost their jobs.
- ▶ We work together with Moscow Employment Centre to create a recruitment centre to find staff for Magnit.
- ▶ We offer decent and competitive compensation and social benefits to our employees.
- ▶ We provided HSE training to more than 131,000 employees.
- ▶ We hired 1,690 migrant workers in strict compliance with the labour and migration legislation and human rights regulations.

SDG 12. Responsible Consumption and Production



Target 12.2. By 2030, achieve the sustainable management and efficient use of natural resources.

Target 12.3. By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.

Target 12.5. By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

Target 12.6. Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

Target 12.8. By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.

- ▶ Reducing waste generation
- ▶ Building a sustainable supply chain by introducing supplier assessment tools and embracing best practices for our business processes

- ▶ Magnit and the Russian Environmental Operator began the development of a mechanism to sell expired products for subsequent recycling and the preparation for the launch of a special section on the recyclables trade platform.
- ▶ We joined the Towards Zero Loss! voluntary initiative aimed at boosting the recycling of organic waste in Russia and reducing food losses.
- ▶ Together with major suppliers and manufacturers of ad packaging we launched a project to develop a voluntary standard for recyclable environmentally friendly pre-packs¹.
- ▶ Magnit and its private label suppliers proceeded with the implementation of the Voluntary Sustainable Packaging Standard.

SDG 13. Climate Action



Target 13.2. Integrate climate change measures into national policies, strategies and planning

Target 13.3. Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.

- ▶ Reducing GHG emissions
- ▶ Reducing water and energy consumption
- ▶ Reducing food waste

- ▶ We cut food waste (per unit of turnover) by 15% thanks to, among other things, our food sharing programme.
- ▶ We joined project to use unmanned logistics corridors aimed at reducing emissions and fuel consumption of vehicles.
- ▶ We increased the share of local supplies by 5 p.p., which contributed to shorter logistics chains and lower fuel consumption.

SDG 17. Partnerships for the Goals



Target 17.10. Promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organisation, including through the conclusion of negotiations under its Doha Development Agenda.

Target 17.16. Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilise and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries.









- ▶ Taking a responsible approach to selecting our suppliers
- ▶ Developing local communities in the regions where we operate

- ▶ We adopted a new procedure for working with suppliers while taking responsibility for some logistics related activities.
- ▶ We launched partner programmes with suppliers for the benefit of our customers.
- ▶ We have been working to provide more options for cooperation with agricultural producers that are unique for Russian retail, and providing support across the entire chain from field to shelf.
- ▶ We increased the supply and presence of Russian products in our stores.
- ▶ We embarked on projects to promote economic inclusion: supporting small and local producers, increasing the offering of local products and providing effective support to the smallest producers across Russia.
- ▶ We promote sustainability principles through partnerships with the brands that we sell.
- ▶ Magnit is now a member of the League of Green Brands.
- ▶ We participated as experts in a project to develop a single Russian standard for assessing businesses' ESG performance and a project aimed at the standardisation and end-to-end integration of sustainability principles into supply chains.

¹ Pre-packs are cut-case displays and various retail fixtures to attract a customer's attention in offline stores.

Independent ESG ratings and sustainability management quality assessments



Rating agency		2022	2021
	Sustainalytics ESG Risk Ratings	23.6	25.8
	MSCI ESG Ratings	B (down due to country specific factors)	BBB
	ISS ESG Corporate Rating	D+	D+
	HKP Russian business ESG index	Group II – Above average¹	–
	Expert RA ESG transparency rankings	Score 1.71 21st in ranking of 118 companies	Score 1.55 59th in ranking of 100 companies
	NRA ESG ranking lists of Russian consumer and non-financial services companies	1	1
	Da-Strategy, Russia; University of Perugia, Italy ESG rating: sustainable corporate governance	A – (leader) Best Corporate ESG Practice in Russia	B+ (advanced) Developed Corporate ESG Practice
	RSPP disclosure rating for UN Sustainable Development Goals (SDG) RSPP and MOEX indices	A Group A of the Sustainability Vector index Group B of the Responsibility and Transparency index	D Group B of the Sustainability Vector index Group B of the Responsibility and Transparency index

¹ First calculated and published in 2022.

Upholding high standards

We are responsible for food security across our footprint and strive to ensure the high quality and safety of our offering. In the reporting year, we continued to improve our supply chain management, expanded cooperation with local suppliers and producers, enhanced product quality control, and developed our own food production.

Sustainable sourcing

Sustainable supply chain	36
Engaging local producers	40
Efficient logistics	46
Product quality and safety	48
Own production	52

Sustainable supply chain

Our supply chain consists of over 6,000 suppliers in Russia and abroad. We build open and transparent relationships with them, optimise procurement processes, improve logistics and test new ways of delivering products.

Our approach to management

GRI 2-6

We adhere to the following key principles when it comes to creating a responsible supply chain:

- ▶ sourcing products and raw materials responsibly
- ▶ managing the costs and increasing in-house production volumes to ensure high in-store availability and quality of goods and control the entire product chain
- ▶ maintaining the highest standards in our own agriculture and production
- ▶ promoting partner programmes with suppliers for the benefit of customers, developing options for cooperation with agricultural producers that are unique for the Russian retail, and providing support across the entire chain from field to shelf

- ▶ increasing the supply and presence of Russian products in our stores
- ▶ promoting economic inclusion: supporting small and local producers, increasing the offering of local products and providing effective support to the smallest producers across Russia
- ▶ evolving and optimising our logistics and delivery infrastructure to improve efficiency
- ▶ introducing green packaging standards for private label suppliers.

Material topics

- ▶ Building sustainable food production chains
- ▶ Building long-term multi-stakeholder partnerships to support the sustainable development goals
- ▶ Promoting stability of regional food markets
- ▶ Ensuring local and regional food security

Priority UN SDGs



National project



Small and medium-sized enterprises, and support for individual business initiatives

Key documents

Internal regulations

- ▶ Responsible Supply Chain Policy
- ▶ Procedure for Selecting Suppliers through the System of Interaction with External Partners
- ▶ Procedure for Selecting Suppliers of Fresh Vegetables, Fresh Fruits and Berries, Fresh Mushrooms, and Herbs through the System of Interaction with External Partners

External documents

- ▶ Code of Good Practice of Relations between the Retail Chains and Suppliers of Consumer Goods

Principles of the Social Charter of the Russian Business

Business partnership and stakeholder engagement

Our relations with business partners are based on mutual respect.



2022 highlights

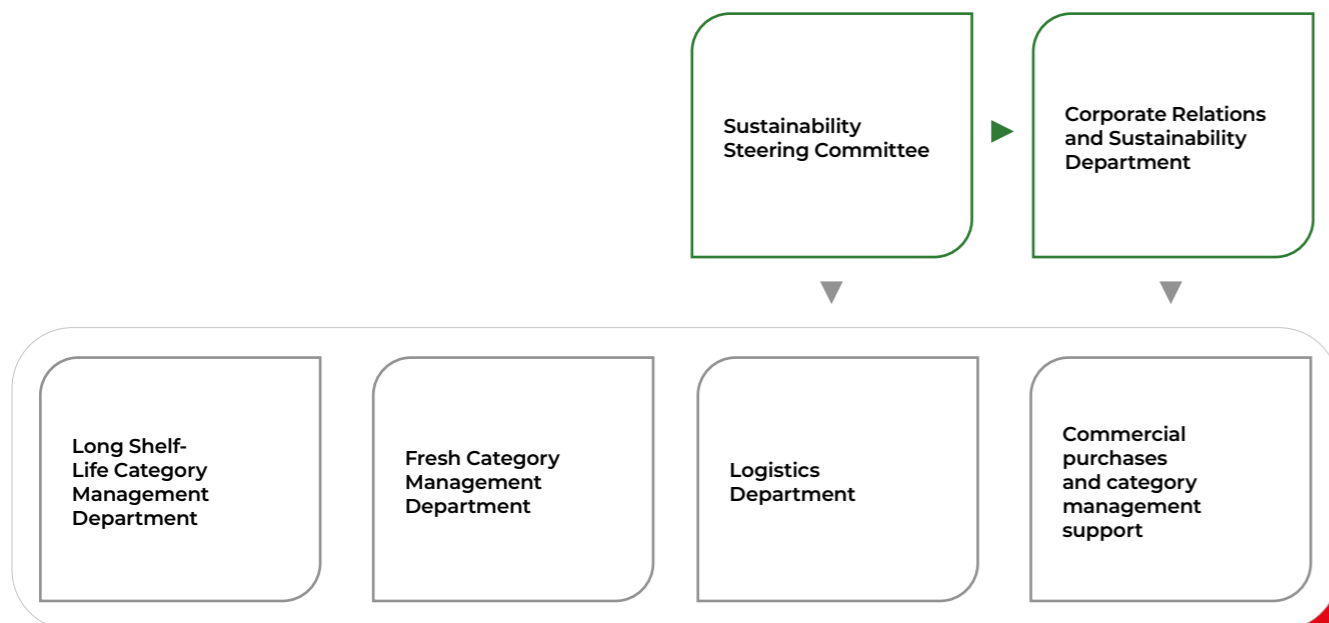
- ▶ A record output of 395,000 tonnes from Magnit's own facilities
- ▶ Launch of private label products for DIXY
- ▶ The share of Russian-made products in Magnit reached 95% in 2022
- ▶ Success of the long-term agricultural contract project, with the number of project participants, including farms, reaching 92
- ▶ Launch of an aggregator for centralised supply of farm products in the Tula region, which will increase the in-store presence of local products and provide effective support to the smallest farmers
- ▶ Implementation of the Voluntary Sustainable Packaging Standard jointly with the leading suppliers to reduce non-recyclable waste. In 2022, we held a series of webinars for 700 partners of our chain to fully brief them on requirements of the standard
- ▶ Transition to an end-to-end supply chain, which means faster delivery of goods and lower distribution costs
- ▶ Launch of the project to expand import logistics, including intermodal transportation of fruit and vegetables from Asia Pacific via the Far Eastern ports
- ▶ Entering into a cooperation agreement with the Potato Union, which brings together more than 90 domestic potato and vegetable market players. The agreement provides for the development and improvement of long-term direct contracts, allowing farmers to be confident in selling their produce and us to buy fruit and vegetables without intermediaries and control the entire production chain.

Sustainable supply chain (continued)

Progress towards our strategic goals in 2022

Strategic goal to 2025	2022 performance
100% responsible sourcing for socially important categories	Development of a pilot project for ESG certification of socially important goods suppliers
Partnership programmes for local suppliers and farmers	<ul style="list-style-type: none"> ▶ 19.3% increase in turnover with Russian suppliers ▶ 95% share of Russian-made products in Magnit ▶ 905 Russian suppliers became new partners of Magnit ▶ Pilot project launched – an aggregator for centralised supply of farm products to the chain's stores

Governance structure



- ▶ Administrative subordination
- ▶ Coordination within the framework of the Sustainability Strategy and advisory support

Supplier requirements

Our Responsible Supply Chain Policy includes a list of criteria that our suppliers are expected to meet. These include ESG requirements related to human rights, labour laws, and ethical and environmental requirements.



We voluntarily follow ISO 20400: Sustainable procurement

In 2021, we launched a project for independent ESG assessment and certification of our suppliers. The project was suspended in the reporting year, but we returned to it in 2023.

We voluntarily follow ISO 20400: Sustainable procurement, which provides guidance on integrating sustainability into the procurement function and helps reduce our environmental footprint, improve supplier relationships and minimise risks across the supply chain.

Communicating with suppliers

No responsible supply chain can be built without partnership with suppliers, so we are constantly engaging with our counterparties. Magnit is focused on both the selection of suppliers and the development of long-term and productive relationships with them.

Methods of engaging with suppliers to establish a sustainable supply chain

- ▶ joint projects in new product development, including eco-goods and private label products
- ▶ informing suppliers about Magnit's ESG requirements and sustainability training

- ▶ development and implementation of joint social projects
- ▶ automated interaction via digital systems that allow tracking goods and analysing supplier stock in our stores
- ▶ audits of production conditions involving Magnit and independent auditors (for more details, see the Quality in Control subsection on page XX).

Engaging local producers

We develop our product mix and improve the quality of our offering. To this end, we enter into agricultural contracts with farmers across Russia. By working directly with farms, we contribute to the national food security, support regional economy, and create new jobs.

Procurement from Russian suppliers

GRI 204-1 GRI 13.9.1

In 2022, we increased turnover with domestic producers by 19.3%. Procurement from Russian suppliers accounted for around 95% of the total.

We cooperate with more than 6,100 partners, of which about half are regional. The share of local producers and farmers in Magnit's sales was 35%, up 5 p.p. YoY.

Working with domestic producers gives us the opportunity to expand our product offering, support regional businesses, and contribute to the development of the local economy. In addition, engaging local suppliers allows us to optimise our logistics by keeping products fresh, shortening the product journey to the shelf, and reducing emissions during transport.

We make it easier for farmers' goods to reach our stores by entering into a simplified supply agreement with them and reducing the paperwork compared to large suppliers. At the same time, we carefully monitor compliance of our partners with their obligations to ensure availability and high quality of farm products in our stores.

Percentage of Russian products in the range of socially important goods

100% of bread and baked goods (+5 p.p.)

98% of dairy products (+39 p.p.)

100% of poultry meat (+41 p.p.)

Agricultural contracts

Our aim is to create and maintain optimum conditions for cooperation with local agricultural producers by entering into contracts for the supply of future harvest with fixed volumes and the possibility of advance payment. This approach allows local producers to ensure a full workload during the season, guarantee product sales, and forecast revenues.

Geography of product supplies under agricultural contracts in 2022, tonnes

Moscow region	78,829	11 suppliers
Southern Federal District	62,611	13 suppliers
Volga Federal District	52,760	13 suppliers
Urals Federal District	47,915	7 suppliers
Central Federal District	32,952	15 suppliers
Siberian Federal District	28,203	4 suppliers
North Caucasian Federal District	22,550	27 suppliers
Northwestern Federal District	10,440	2 suppliers

92 partners in Russian regions

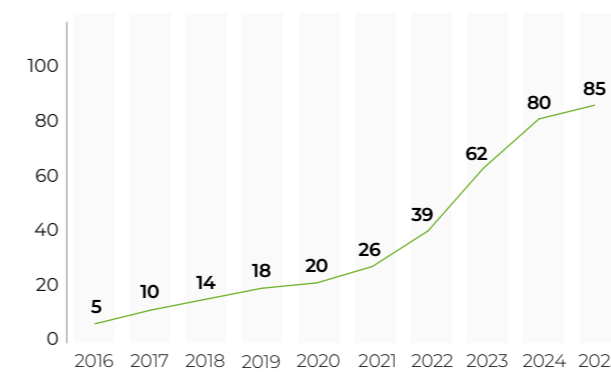
>50 SKUs

+9 p.p. growth in products supplied under agricultural contracts ¹

39% of the chain's product demand is covered by agricultural contracts

19 partners supply a range of private label products

Share of agricultural contracts in covering the chain's needs, %

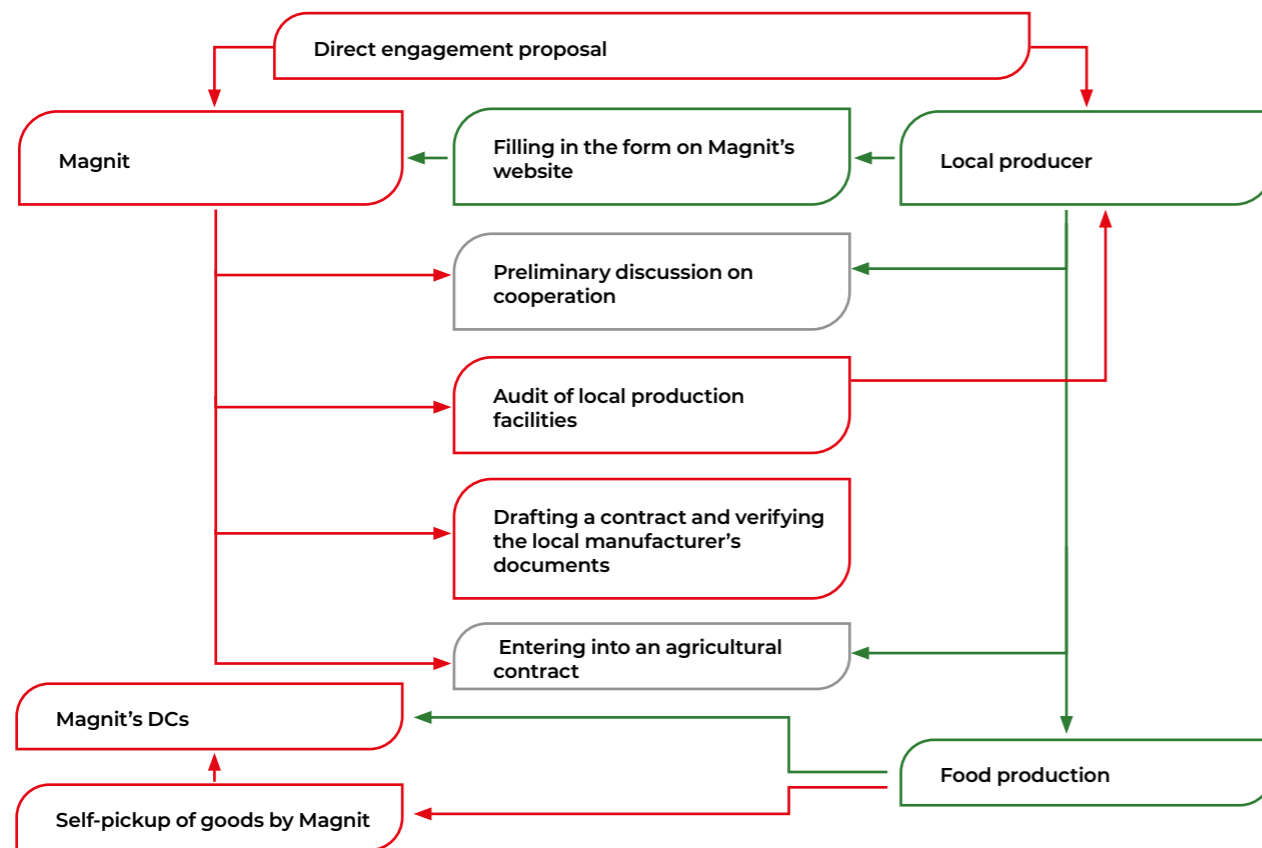


We cooperate with a variety of farms, with the smallest partner having 75 hectares of land and the largest one – 50,000 hectares. We combine the production and logistics capabilities of our partners, and they do not need to be able to produce everything – to enter into a contract with us, it is enough to be an expert in one area.

¹ In RUB compared to 2020.

Engaging local producers (continued)

How we enter into agricultural contracts



Benefits of agricultural contracts for local producers

- ▶ Guaranteed sales volumes at an agreed price
- ▶ Possibility of long-term planning
- ▶ Advance payments for future harvest
- ▶ Product acceptance at the supplier's warehouse to avoid product returns
- ▶ Agricultural support from Magnit's experts
- ▶ Self-pickup from supplier's warehouse

Agricultural support of local suppliers

Our agricultural support unit employs specialists with professional expertise and a wealth of experience that has built up over the years of work within the Magnit team. We have an extensive knowledge base, as we work with partners from different regions with different climatic conditions and soils. We carry out compulsory audits of local farmers: our experts constantly monitor how crops develop in the areas allocated for our agricultural contracts.

We will continue to enhance our cooperation with local agricultural producers in 2023. We plan to create an electronic platform to improve and simplify the supply process, organise centralised procurement of seeds, fertilisers, crop protection products and packaging, and invest in expanding farm production in the regions.

Success stories from our partners

Samara region

Tsirulev Farm

5 years of cooperation under an agricultural contract

15 SKUs supplied to Magnit

Since the beginning of its cooperation with Magnit under the agricultural contract, this farm has become one of the largest producers of vegetables in the Samara region and Middle Volga. In the 2010s, the farm had a focus on cereals, while vegetables were grown for its own needs, but today it supplies over 15 vegetable SKUs to the Group, including washed products.

Tyumen region

Druzhba Farm

6 years of cooperation under an agricultural contract

Our partner in the Tyumen region has carried out a major renovation of its vegetable packing line, built a new potato washing facility with two lines, upgraded its storage facilities, purchased new vehicles for product transportation and a self-propelled potato harvester. Druzhba has an ambition to expand and is negotiating the purchase of another farm.

Rostov region

Doroshenko Farm

6 years of cooperation under an agricultural contract

+100% increase in onion planting

+2 onion packing lines

The farm is successful and procures new equipment: two onion packing lines were purchased and installed, new storage facilities were built with a total capacity of 13,000 tonnes, a modern preparation area was set up, and new agricultural machinery was procured. Over the years of our cooperation, the area planted with onions has doubled. The farm is now increasing its range of vegetables for delivery to the Magnit chain.

Engaging local producers (continued)

Moscow region

Bunyatino Farm

5 years
of cooperation under an agricultural contract

66%
of products supplied to Magnit

Bunyatino is the leading enterprise of Dmitrovskiye Ovoshchi Group and Magnit is the key buyer of its vegetables. The company has its own production and logistics system, operates more than 250 machines, and delivers 400 tonnes of products per day.

Belgorod region

Veydelevskoye LLC

4 years
of cooperation under an agricultural contract

Since the start of its cooperation with Magnit, the Belgorod agricultural company has upgraded its production facilities (sorting and packaging lines and refrigeration equipment). In February 2023, it launched a production facility for direct-pressed apple juice with a capacity of 500 litres per hour.

Cooperation with farmers

We work with farmers producing unique, high-quality products. In 2021, we developed a simplified supply contract for smaller agricultural producers. It has already been used by farmers all over Russia.



420
partner farms



+35%
turnover of farm products in the retail chain



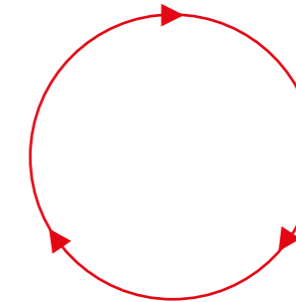
1,9 thous.
farm products in Magnit's offering



45%
share of farm produce in supplies under agricultural contracts

Concept of Magnit's cooperation with farmers

Farmers sell their products through the Magnit chain



Magnit retains the quality of farm products guaranteed by local suppliers

Consumers purchase local agricultural products at the best possible price

We support farmers throughout the chain from field to shelf. Last November, we and the Tula Regional Government started testing of a new model of liaising with farms. It is based on an aggregator for purchasing and supplying farm produce with a wide range of additional services for smaller farms. With the aggregator, farmers will be able to supply their

products not only to Magnit stores but also to other retail chains, as well as HoReCa and manufacturing companies. In early 2023, 36 farmers began working with Magnit as part of this pilot project.

How the aggregator helps us support farmers

- ▶ Providing vehicles to deliver farm products
- ▶ Washing, packing and packaging of farmers' products
- ▶ Delivering products to the nearest DC or Magnit stores
- ▶ Advising farmers on product certification and conformity assessment, support programmes and subsidies
- ▶ Training farm staff
- ▶ Supporting product labelling
- ▶ Highlighting farm products on dedicated shelves in our stores

Top 5 fruit and vegetable categories supplied by farmers

- ▶ Potato
- ▶ Cabbage
- ▶ Onion
- ▶ Carrot
- ▶ Water melon

Local producers can choose one of the two formats: Farmer's Yard, where the store displays locally sourced farm products on its shelves, and Farmer's Shop, where Magnit leases space in its stores to local producers for them to sell their products independently.

Efficient logistics

Developing our logistics

Magnit is one of Russia’s largest logistics operators. Over the years, we have opened new distribution centres, improved our warehouses, added and upgraded our fleet of vehicles and built new transport routes. We continue to expand our logistics network and optimise all related processes.

In the reporting year, the Company and its partners embraced an end-to-end supply chain to streamline product shipments in a meaningful way. In the near future, this will allow us to speed up delivery and improve the inventory turnover. In addition, we will reduce distribution costs, which will make the products more accessible and attractive to customers.

Digitalisation of supply chain management

We are now working to create an SCMS system, an electronic platform for defining the supply chain and order processing technologies at Magnit’s DCs and retail outlets. With this tool, the Company will be able to automatically track the supply chain from the supplier to the point of sale and the goods handling technologies at DCs. The system will store a directory with information on the DC which makes shipments to a particular point of sale, and parameters on delivery options and handling technologies that have been worked out with suppliers. The system will automatically tailor the delivery chain and processing technology to these capabilities. The delivery schedules will be synchronised.



40 thous.
employees



44
DCs



5 thous.
trucks



2 mln sq. m
of storage facilities

In the summer of 2022, we joined an initiative to test unmanned logistics corridors, the first of which will be launched in 2024 on M11 motorway. The use of unmanned vehicles will improve traffic safety and reduce driver payroll costs by 30% and fuel costs by 28% by 2025.

Structure of Magnit’s logistics system



DC



Storage space, thous. sq. m



Number of stores



Trucks

	DC	Storage space, thous. sq. m	Number of stores	Trucks
Central Federal District	14	649	8,584	
Volga Federal District	10	470	7,278	
Southern Federal District	8	315	4,203	
Urals Federal District	4	173	2,684	
Northwestern Federal District	4	152	2,427	
Siberian Federal District	3	110	1,484	
North Caucasian Federal District	1	40	745	
Total	44	1,909	27,405	5,407

Product quality and safety

Magnit daily serves over 16 million customers in 4,000 localities across Russia. Ensuring quality and safety of products is a top priority for the Company.

Our approach to management

All in-store products meet the statutory requirements of the Eurasian Economic Union and Russia, corporate standards, technical specifications and the terms agreed with suppliers. Magnit has a dedicated Quality Management System Department (DSMK), which is responsible for quality and safety management systems for goods sold in its stores.

Product quality and safety is assured through clear standards for Magnit's own and supplier products, regular lab sample testing, harnessing technology and big data, staff training and regular audits.

Throughout 2022, we made improvements to quality and safety controls to maintain the high standards that our customers expect.

Material topics

- ▶ Ensuring consumer health and safety

Priority UN SDGs



Key documents

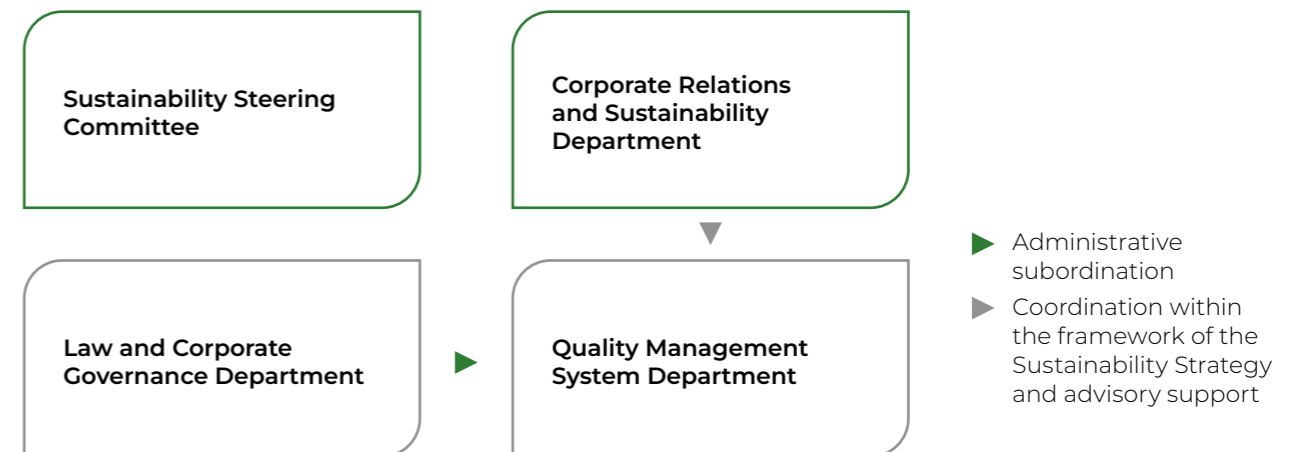
- ▶ Government product quality assurance and product labelling requirements (GOST)
- ▶ Quality, Food & Non-Food Safety Policy

Principles of the Social Charter of the Russian Business

Business partnership and stakeholder engagement

The key objective of our operations is to meet the needs and expectations of our product and service consumers in a reliable and efficient manner

Governance structure



Quality in control

In 2022, we developed and implemented a set of initiatives designed to assure the quality of our products, services and customer experience. These initiatives include regular independent audits of suppliers, lab product tests, maintenance of the cold

chain throughout the product life cycle in stores and distribution centres, compliance with sanitation and hygiene standards in stores and distribution centres, efforts to obtain permits for the supermarket and hypermarket chains' own products, etc.



In 2022, products of Magnit's own facilities won

186 awards at international competitions

- ▶ Quality Assurance – 65 awards
- ▶ 100 Best Goods of Russia – 24 awards
- ▶ Best Product – 19 awards
- ▶ Product of the Year – 21 awards
- ▶ Made in Kuban – 57 awards



Quality assurance stages

- 1 Selection of the feedstock and materials supplier, analysis of received samples
- 2 Acceptance control of feedstock and materials provided by the supplier
- 3 Laboratory controls across the production cycles
- 4 Management of customer requests and grievances

Product quality and safety

Steps taken to improve product quality

Development of private labels

Our customers are the ultimate assessors of the quality of Magnit's private labels. We produce around 5,000 private-label SKUs across 29 categories, including those manufactured at 20 Magnit facilities. Krasnodar and Izhevsk host two test studios equipped in accordance with the ISO and GOST requirements. Customers can visit these studios to test our products. We carefully analyse customer feedback, progressively improve the quality of existing products and launch new ones. In 2022, we conducted approximately 700 tests (up 60%), which helped us roll out over 500 new private labels and improve the properties of nearly 70 SKUs.

Lab product tests

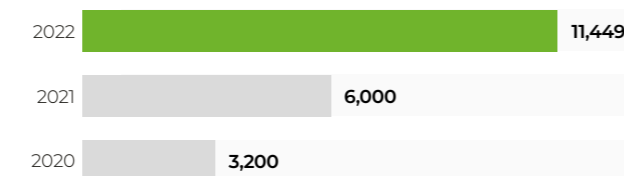
We regularly test product samples in collaboration with 170 laboratories, including state-run facilities, research institutes and federal scientific centres. In 2022, we carried out 1,500 sample tests for products made by Magnit's integrated facilities.

Supplier quality audit

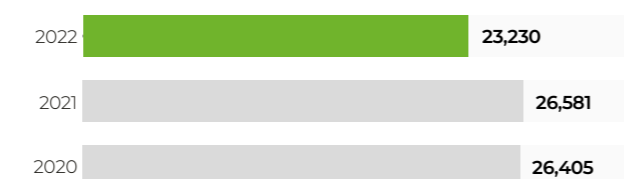
We seek to partner with suppliers of certified products and trace product origins. Audits are an important element of the quality and safety assurance system. Magnit conducts audits across the supply chain – from the supplier's production sites to stores.

Before the supplier's products are admitted to store shelves, we test these products and relevant production processes for compliance with the quality standards of Russia and the Customs Union. Thanks to these additional checks, the share of partner products found to be in breach with the applicable requirements is gradually going down.

Lab tests of supplied products



Product samples collected in 2020–2022



Wipe samples collected at supermarkets' and hypermarkets' own production units in 2020–2022

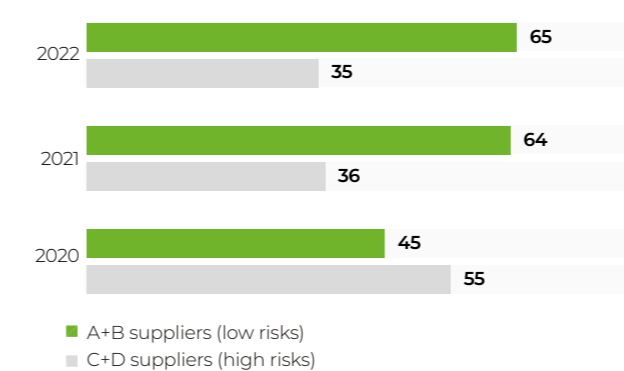


Share of supplied products found to be in breach of the applicable standards as part of the lab tests, %



Our quality assurance experts regularly conduct on-site audits to inspect the suppliers' production conditions. In 2022, Magnit completed 573 audits of suppliers' production facilities and around 18,000 remote and on-site audits of its stores. In 2023, we will continue improving our audit procedures with a focus on suppliers' production processes.

Supplier quality assessment, % of total Magnit suppliers



Temperature monitoring

Maintenance of the right storage temperature conditions is crucial for ensuring product safety and quality. We monitor the performance of the refrigeration equipment in large-format stores and transfer relevant data to Magnit's Control Centre in the real-time mode. The refrigerated areas of our distribution centres are equipped with wireless temperature monitoring systems that help maintain the right temperature.

Monitoring of ready-to-eat food processing

We produce our own ready-to-eat food at designated plants within the hypermarket and supermarket buildings. For this food category, we use the freshest available products, and screen suppliers for their compliance with the applicable quality standards and temperature requirements. The cooks preparing ready-to-eat dishes strictly abide by relevant recipes and processing procedures, and send food to store shelves as soon as the dishes are ready. All expired food that has not been sold is disposed of. All ready-to-eat food processing plants are equipped with surveillance cameras which facilitate control over food preparation.

Staff training in product quality standards

We train line employees and store managers of large formats, Magnit Family, Magnit Cosmetics and Magnit Convenience in product quality, sanitation and hygiene standards. Our programmes leverage a wide range of training methods (including presentations, brief instructions, online courses and videos) to improve employee engagement. In 2022, we held 223 training sessions for our store staff.

Shipment and inventory accounting efficiency

In 2022, we focused on efficiency and fruit and vegetable quality assurance by switching to FIFO shipments whereby the first items to be shipped are the ones with the shortest expiry dates. On top of that, we streamlined our supply chains and replenishment systems, while also improving our pricing and markdown procedures.

Labelling and packaging

Magnit is a participant of the national track and trace digital system Chestny ZNAK. A digital code put on the product's label guarantees its traceability, while the marking meets the requirements of the applicable Russian laws. The codes of labelled products supplied to our distribution centres and sold across our retail network are fed into the Company's digital system and stored there. We fully comply with the product category labelling requirements and do not sell unlabelled goods thus giving our customers confidence in the authenticity of purchased products.

We strive to reduce dependency on import supplies and promote packaging production in Russia. Over the past year, the share of domestically produced packaging materials that we use in our operations increased by 3.5 times. Over 70% of packaging materials sourced by the Company are manufactured in Russia (up 50 p.p. YoY).

Efforts to substitute imports of packaging and its components in 2022

- ▶ Magnit's facilities switched to Russian-made cellulose cardboard.
- ▶ Our own production sites started sourcing twist films made in Belarus.
- ▶ We also began transition to twist films and fruit and vegetable mesh packaging manufactured in Russia..

¹ International Organization for Standardization.

¹ First In, First Out.

Own production

Magnit is the only Russian retailer that operates its own food production facilities, which manufacture private label items. These are high-quality food products developed based on customer preferences and sold at affordable prices.

Our approach to management

Magnit consistently increases the share of own production and private labels in its sales. This approach helps us progress towards the strategic goal of enhancing the sustainability of our supply chain: we remain confident about the high quality of our products and compliance with all the applicable production requirements and standards.

We rely on the principles of environmental and social responsibility to manage the sustainability of our food production facilities and industrial agriculture assets. The agricultural practices that we employ help increase yields, while also preserving ecosystems.

Key documents

- ▶ Own Brand Packaging Policy
- ▶ Quality, Food & Non-Food Safety Policy
- ▶ Government product quality assurance and product labelling requirements (GOST)
- ▶ Russian Federation Food Safety Doctrine
- ▶ National and international standards, guidelines and recommendations for sustainable production, food systems, and agriculture

Material topics

- ▶ Ensuring local and regional food security
- ▶ Building sustainable food production chains
- ▶ Stability of regional food markets
- ▶ Maintaining the assortment of popular product categories and pursuing import substitution

359 thous. tonnes

of products supplied by own production facilities in 2022 (up 9%)

5 thous.

SKUs in the private label portfolio

20%

share of private labels in total sales

Priority UN SDGs



2022 highlights

- ▶ Launch of an in-house coffee roasting and packaging facility in Tver with a capacity of 800 tonnes (My Price, Magnit and Gusto di Roma brands)
- ▶ Recognition of Magnit's and DIXY's private labels at the 2022 International Quality Assurance awards (44 gold medals, 22 silver medals, 12 quality excellence certificates in various categories)
- ▶ Recognition of Magnit's private labels as some of the best at the 2022 Private Label Awards
- ▶ Growing popularity of Magnit's private label diapers (Casper and NaNi), which outperformed the Pampers brand
- ▶ Start of implementing the Voluntary Sustainable Packaging Standard jointly with other private label producers
- ▶ Start of promoting exclusive in-house pasta brands: launch of publicity campaigns to advertise private labels (Gusto di Roma pasta and NaNi diapers) on TV and in the digital media
- ▶ Launch of a new mushroom growing centre in the Krasnodar territory with an annual capacity of 1,300 tonnes

Progress towards our strategic goals in 2022

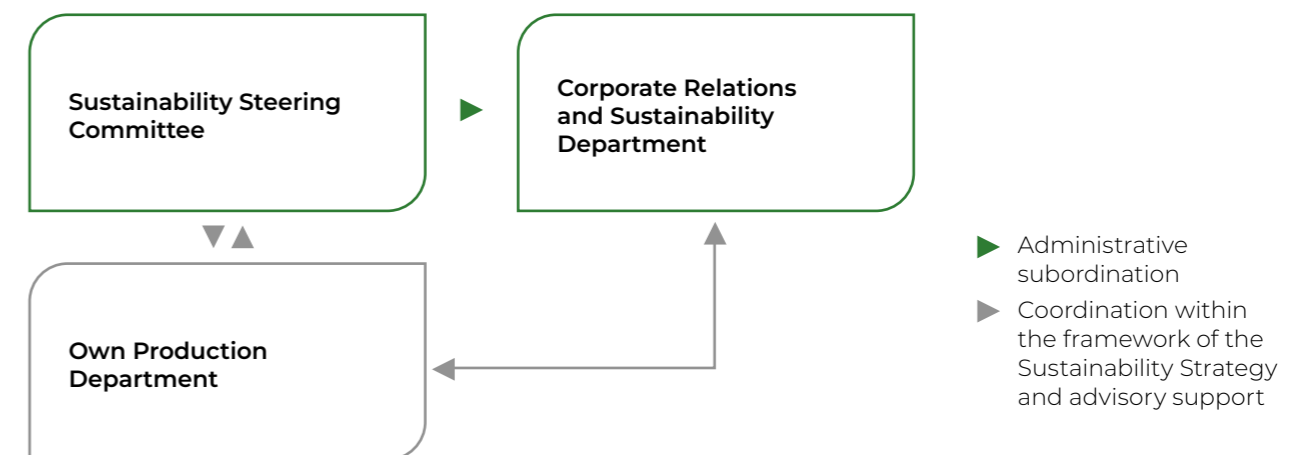
Strategic goal to 2025

100% responsible approach to own production and agriculture

2022 performance

- ▶ 32% of packaging for private labels is recyclable, while the share of potentially recyclable packaging stands at 46%
- ▶ 68% of packaging for private labels is recyclable, while the share of recyclable packaging stands at 24% share of potentially recyclable packaging stands at 44% (recycling infrastructure for some components is limited)
- ▶ We started to assess private label packaging for compliance with the Voluntary Sustainable Packaging Standard
- ▶ In partnership with ECR Russia, we organised a series of online workshops to raise awareness about the Voluntary Sustainable Packaging Standard among private label suppliers

Governance structure



Own production (continued)

We offer our customers the best quality to price ratio thanks to our own production capabilities. Our food processing assets supply store shelves with confectionery, pasta, pastry, and frozen ready-to-cook products, and other food categories.

In the reporting year, we continued to reduce the dependency of Magnit's own production sites on imports (raw materials, ingredients, packaging). The share of foreign ingredients went down by 30%, while the share of ingredients produced from imported materials decreased by 37%.

Geography of Magnit's own facilities

Southern Federal District	Central Federal District	Volga Federal District
Krasnodar territory <ul style="list-style-type: none"> ▶ Kuban Factory of Bakery Products LLC 	Tver region <ul style="list-style-type: none"> ▶ Tver separate division TD-Holding LLC Tea, snacks, coffee 	Saratov region <ul style="list-style-type: none"> ▶ Saratov separate division TD-Holding LLC Dry food, snacks
<ul style="list-style-type: none"> ▶ Kuban Confectioner LLC ▶ Plastunovskaya separate division TD-Holding LLC ▶ Tikhoretsk separate division TD-Holding LLC ▶ Novotitarovskaya separate division TD-Holding LLC ▶ Cheese Slicing Facility Krasnodar JSC Tander ▶ Cheese Slicing Facility Novorossiysk JSC Tander 	Moscow region <ul style="list-style-type: none"> ▶ Cheese Slicing Facility Dmitrov JSC Tander Cheese slicing and packaging 	Penza region <ul style="list-style-type: none"> ▶ Cheese Slicing Facility Penza JSC Tander Cheese slicing and packaging
<ul style="list-style-type: none"> ▶ TK Zelenaya Liniya LLC –Tikhoretsk 	Lipetsk region <ul style="list-style-type: none"> ▶ Moskva na Donu LLC Vegetables 	Samara region <ul style="list-style-type: none"> ▶ Togliatti separate division TD-Holding LLC Frozen products
<ul style="list-style-type: none"> ▶ TK Zelenaya Liniya LLC – Plastunovskaya 	Belgorod region <ul style="list-style-type: none"> ▶ Greenhouse LLC Fresh vegetables 	Republic of Bashkortostan <ul style="list-style-type: none"> ▶ Ufa separate division TD-Holding LLC Dry food, snacks
<ul style="list-style-type: none"> ▶ TK Zelenaya Liniya LLC – Mushroom Complex 		Orenburg region <ul style="list-style-type: none"> ▶ Cheese Slicing Facility Orenburg JSC Tander Cheese slicing and packaging
<ul style="list-style-type: none"> ▶ TK Zelenaya Liniya LLC – Exotic and Oyster Mushroom Complex 		
<p>Confectionery, pasta, pastry, fresh vegetables, herbs and mushrooms Packaging of cheese and fruit</p>		
<p>■ – Agricultural assets</p>		

New opportunities

We continue to develop our own production facilities to offer our customers best value for money.

In October 2022, Magnit launched hi-tech coffee roasting and packaging operations (800 tonnes per year) at its facility in Tver. Coffee feedstock comes from Brazil and Vietnam, the world's largest suppliers. For whole bean coffee, we use a hybrid roasting technology, which combines the benefits of conduction and convection techniques and helps preserve the quality of beans and bring out their taste to the fullest. For ground coffee, cold grinding is used, where beans are not heated and preserve their original aroma and flavour.

Next year we will start selling whole bean and ground coffee under the My Price, Magnit and Gusto di Roma brands. By leveraging in-house production capacities, we will be able to achieve a 10% lower price vs peer products in the low-price segment and a 20% lower price in the medium+ price segment.

The share of foreign ingredients went down

by **30%**

The share of ingredients produced from imported materials decreased

by **37%**



Own production (continued)

Industrial agriculture

Growth of the agricultural business is key to enhancing the sustainability of supply chains, ensuring Magnit's independence from third-party suppliers, expanding product range, and improving the quality of products available on the chain's store shelves.

In our agricultural operations, we are guided by the key principles of sustainability for food and agriculture of the UN Food and Agriculture Organisation (FAO):

Protect and enhance natural resources

- ▶ Grain and vegetable crops span 3,600 ha of our arable lands, where we have adopted deep tillage technology to reduce soil erosion

Improve livelihoods and foster inclusive economic growth

- ▶ We expand the range of healthy lifestyle products manufactured by our agricultural assets, control their safety and quality, and offer attractive prices for all customer categories

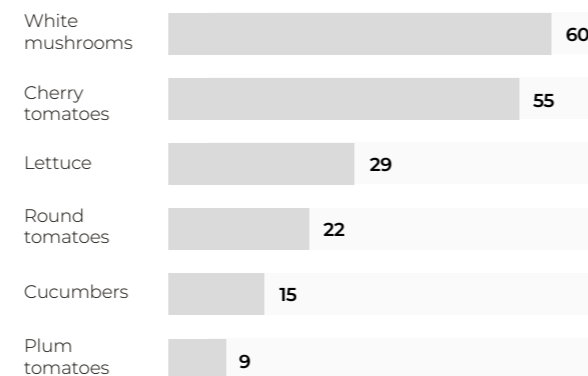
Enhance the resilience of people, communities and ecosystems

- ▶ We leverage designated agricultural and environmental techniques to minimise our chemical impact on plants and land and use alternatives wherever we can

By adhering to these principles, we promote the highest quality and safety standards at our agricultural facilities and improve the Group's logistics and delivery infrastructure.

Magnit operates 6 agricultural facilities with a total food output of over 98,400 tonnes per year. In 2022, we combined our industrial and agricultural assets into a standalone business unit – Agricultural and Industrial Complex.

Share of in-house production across select fresh product categories, %



98.4 thous.
tons of products the total food output of Magnit agricultural enterprises



Progressive development

Zelenaya Liniya, our flagship agricultural asset, is located in the Krasnodar territory. This is Russia's largest greenhouse complex for growing environmentally clean cucumbers, tomatoes, leaf vegetables, and eggplants. It also includes one of Russia's biggest mushroom growing facilities which almost completely satisfies Magnit's needs in fresh white mushrooms.

Zelenaya Liniya is our testing ground for trying out the latest labour productivity enhancement and environmental impact mitigation technologies. All of Zelenaya Liniya's facilities are designed using cutting-edge technologies and boast modern automated irrigation, heating, lighting and ventilation systems. The mushroom growing facility runs the entire range of production operations – from making compost to packaging and distributing end products.



Digital platform for higher yields

Zelenaya Liniya's greenhouses are equipped with sensors monitoring microclimate parameters, resource consumption, and plant development metrics across the life cycles of tomatoes, cucumbers, eggplants, and lettuce. An intelligent management system analyses data transmitted by the sensors and generates performance improvement recommendations. As a matter of fact, the system acts as a virtual assistant helping the agronomist to mitigate the risk of planning and production inaccuracies, control resource usage, reduce expenses and minimise environmental impacts.



Industrial robotisation

We launched a robotic unit which automatically forms a corrugated box, loads it onto the conveyor belt, and sends it to the relevant vegetable picking sector.

To reduce labour inputs and avoid weighing mistakes, we use the robot for packaging cherry tomatoes, as it can pack 2,500 special trays per hour.

In 2023, we plan to test some more robotic technologies, for example, those designed for monitoring plant conditions and the spread of plant pests.



Automation of greenhouse management

At Zelenaya Liniya, we successfully completed transition to 1C ERP Industrial Agriculture, the latest Russian software package which enabled the Company to automate production management processes and address the cost allocation and write-off issue in the context of varying fruit-setting times.

Own production (continued)

Lean production

For three years now, Magnit has been implementing lean production techniques across its industrial facilities. Lean production is a management approach based on improving product quality while reducing all types of losses with an aim to optimise relevant production processes. This philosophy is inextricably linked to employee development, environmental protection and energy efficiency.

As part of the lean production programme, our employees come up with process improvement initiatives. In 2022, Magnit received 3,185 innovation proposals, 70% of which were approved for implementation. The proven economic savings achieved through these initiatives exceeded RUB 170 mln.

Our employees took part in the second Rationalisation and Productivity Cup, a competition sponsored by the Professional Skills Development Agency, Ministry of Economic Development, and the Federal Centre for Competences. The Kuban Factory of Bakery Products team, which represented Magnit, won a silver prize.

Seven Kuban facilities of Magnit participated in the Path to Perfection contest, which aims to identify best practices in lean

production. Kuban Factory of Bakery Products won the first place (gold in terms of lean technology implementation), with TD-Holding coming in as the runner-up. The silver went to Kuban Confectioner and Zelenaya Liniya.

We continue to provide lean production training for our employees. In 2022, 85% of Magnit's own production facilities completed relevant courses.

85%
of personnel at our own production sites underwent training in lean production principles



Focusing on our customers' needs

The health and well-being of our customers is our priority in achieving sustainability. We focus on expanding our healthy product offering, promoting active lifestyles among consumers and staff, ensuring respect for human rights, maintaining an open dialogue with customers and improving customer service.

Responsible business

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Human rights

Among Magnit’s sustainable development priorities is respect for human rights and equal opportunities for all. Guided by best practices in human rights protection, we ensure total compliance with all standards and requirements.

Our approach to human rights

Respect for human rights lies at the heart of our engagement with all internal and external stakeholders. We strictly adhere to the principles set out in our Human Rights Policy and communicate the importance of respecting human rights to our employees and contractors. We expect all of Magnit’s business partners to respect human rights and are open to collaboration and joint initiatives in this area.

Material topics

- ▶ Equality and inclusion.

Principles of Russian Business Social Charter

Human rights

We acknowledge the inviolability of human rights, protect them in our business, and take them into consideration in our decision-making process

Priority UN SDGs



Key documents

Internal regulations

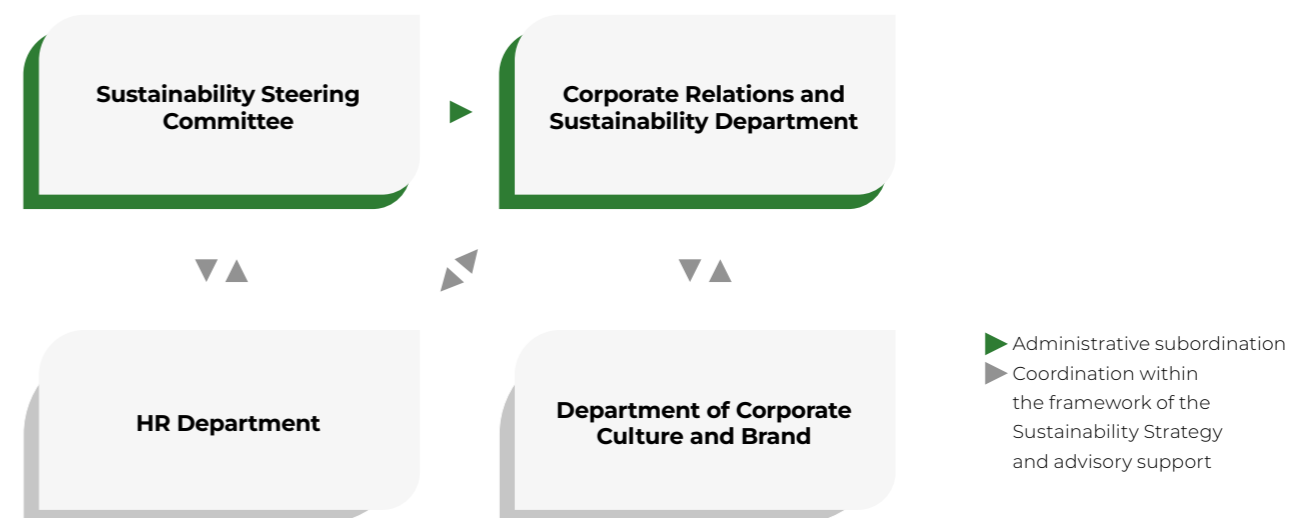
- ▶ Human Rights Policy¹
- ▶ Code of Business Ethics²

External documents

- ▶ International Bill of Human Rights
- ▶ ILO Declaration on Fundamental Principles and Rights at Work
- ▶ European Convention on Human Rights
- ▶ UN Convention on the Rights of the Child
- ▶ Guiding Principles on Business and Human Rights
- ▶ Convention on the Elimination of All Forms of Discrimination against Women
- ▶ Russian Labour Code



Human rights management framework



¹ Approved by Magnit’s President in 2020.

² Approved by resolution of Magnit’s Board of Directors on 21 March 2019 (Minutes w/o No. dated 24 March 2019).

Human rights (continued)

Our approach to protecting human rights

Our principles	Responsibilities	Stakeholders whose rights are protected	
GRI 406-1 Non-discrimination in any form	We will not tolerate discrimination of any kind in any of our operations, including hiring practices. Our responsibility is stated in both our Human Rights Policy and Business Ethics Code.	Employees	In 2022, no cases of discrimination were reported.
Creating an inclusive environment and supporting diversity	We create and maintain an inclusive environment as part of our corporate culture and share our approach with customers, local communities, and other stakeholders.	Consumers Employees Local communities	<ul style="list-style-type: none"> ▶ We trained all store employees in servicing people with disabilities, with 75% of our staff taking a dedicated course as part of our Kind Bunny inclusive project. ▶ We joined the Open to All project set to create a barrier-free environment for the disabled. We signed the project's key document – The National Inclusion Agreement, confirming our commitment to providing equal opportunities to people with disabilities. ▶ We launched a project to offer career guidance to disabled students at School No. 627 in St Petersburg as part of our Magnit Life programme. ▶ We opened the first inclusive playground for children with vision and hearing impairments in Nizhny Novgorod.
GRI 408-1 GRI 409-1 Zero tolerance of forced and child labour	We will not tolerate the use of child labour, forced labour, prison or military labour, slavery or human trafficking in our own operations and those of our suppliers and partners. All forms of employment at Magnit are voluntary	Employees Suppliers and partners	In 2022, no cases of forced and child labour were reported.
Zero tolerance of harassment in any form	We will not tolerate any form of harassment in the workplace. We operate an ethics hotline where every employee can find help and support from the Company	Employees	In 2022, our anti-corruption hotline received one report of unethical behaviour with respect to a Company employee. The investigation confirmed the allegations, and the Company decided to take disciplinary action against the employee in question.
Freedom of associations and unions	We encourage the establishment of interest groups by employees and promote corporate volunteering	Employees Local communities	Our employees take an active part in volunteering by staging environmental campaigns, helping animal shelters, patronising orphanages and aiding the elderly.
Fair and regular pay	We offer our employees stable and fair wages. All across our footprint, our salaries exceed the subsistence level set by the government	Employees	In 2022, we factored in and compensated for extraordinary inflationary pressure on our staff's income to help maintain adequate living standards for the most vulnerable groups. Magnit ensures the continuity and consistency of the adopted remuneration schemes.
Holiday entitlement	All employees at Magnit are entitled to a leave, which is stipulated by the Russian Labour Code. All Magnit employees are entitled to a maternity leave and we support everyone returning from a maternity leave in an attempt to increase the employee retention rate	Employees	In 2022, we launched a Seaside Vacation social programme, which enables vulnerable groups of employees from some of our branches (disabled employees or employees with disabled children, those having three or more children, and single parents) to spend eight days at the seaside at Magnit's expense.
GRI 403-5 Safe working environment	Providing a safe working environment for our employees and contractors is our priority. Our primary goal is zero accidents and we do everything in our power to achieve this. We are constantly improving our environmental management approaches to reduce our impact on the environment and the health of our stakeholders	Employees Suppliers and partners	In 2022, we updated our occupational safety training programme taken by over 131,000 employees. For contractors and suppliers, we organise occupational safety briefings.

A representative of any stakeholder group who possesses information on known or suspected human rights abuses can inform the Company through any of our feedback channels.

Magnit hotlines	DIXY hotlines
 Telephone: 8 (800) 6000-477	 Telephone: 8 (800) 234-23-52
 Email: ethics@magnit.ru	 Email: compliance@dixy.ru
 Website feedback form: https://www.magnit.com/ru/anti-corruption/	 Website feedback form: https://group.dixy.ru/company/compliance/hotline/

All reports are handled in line with confidentiality requirements. We guarantee whistleblowers acting in good faith confidentiality of their personal data and protection against retribution. Each reported violation of human rights is subject

to investigation. If the violation is confirmed, we take disciplinary action against violators as required by the applicable laws. We also develop and implement preventive measures.

Health and well-being

As part of our sustainability commitments, we prioritise customer health. In doing so, we expand the range of healthy products in our stores and promote a healthy lifestyle among our customers and employees.

Our approach health and well-being

GRI 416-1

Due to the scale of our operations, Magnit has a unique opportunity to develop and promote healthy lifestyles among our customers and employees, as well as other stakeholders with which we engage. We raise awareness of healthy living through our own channels or joint projects with our partners and continue to grow the share of healthy products across our shelves. We also implement these initiatives at our production sites and as part of cooperation with suppliers.

Material topics

- ▶ Ensuring consumer health and safety
- ▶ Increasing the number of customers and employees committed to healthy lifestyles

Priority UN SDGs



National project

- ▶ Healthy Nutrition federal project as part of the Demography national project

Key documents

Internal regulations

- ▶ Health and Wellness Policy
- ▶ Quality, Food & Non-Food Safety Policy
- ▶ Code of Participants in United for Healthier Future Initiative

External documents

- ▶ Government product quality assurance and product labelling requirements (GOST)
- ▶ World Health Organisation (WHO) healthy lifestyle guidelines
- ▶ Commitments of responsible companies to ensure the availability of healthy foods (Tokyo Nutrition for Growth Summit 2021)

Strategic goal to 2025

Information about healthy lifestyle and nutrition is available to all of consumers

Healthy food Related products are available to all of consumers

2022 performance

We keep reaching out to more Russians as part of our own initiatives or partner educational projects in healthy lifestyles.

Health Islands and display units for healthy eating products in our stores increased from 228 in 2021 to 476 in 2022.

In 2022, sales of gluten free and sports foods went up by 85% and 142%, respectively

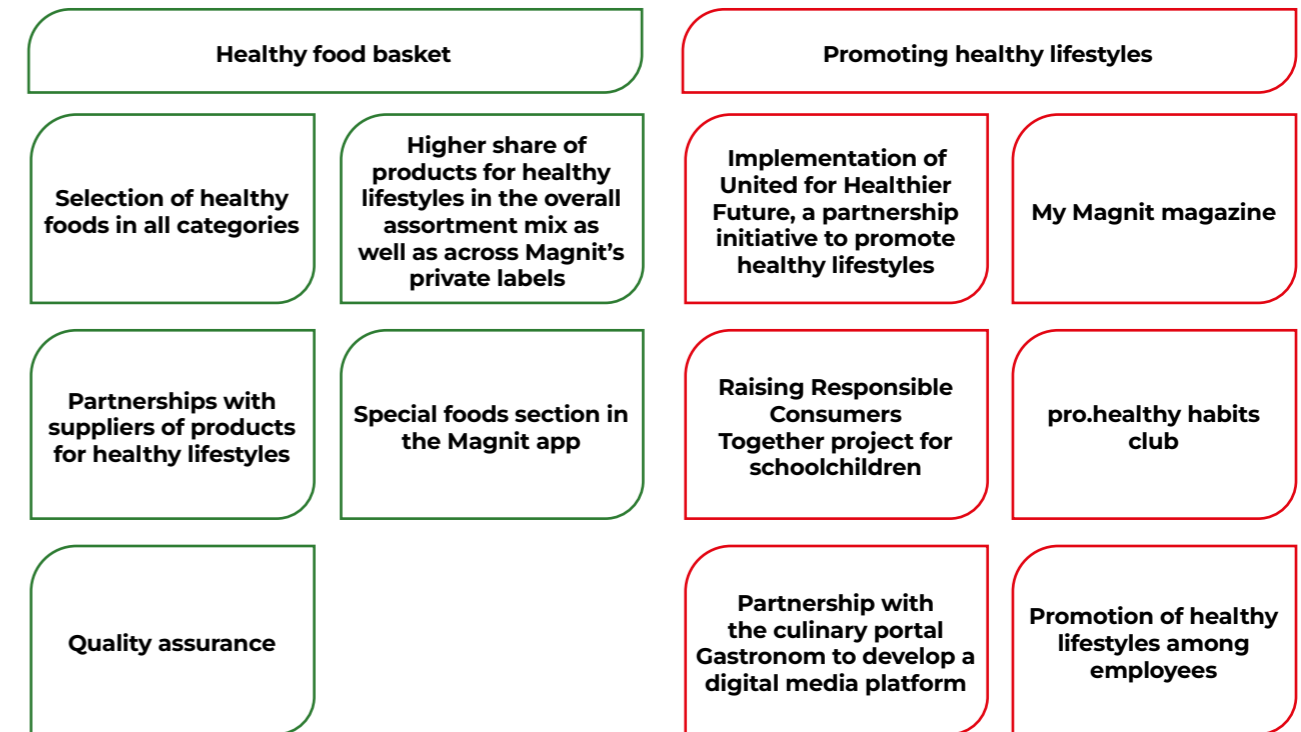
Gross sales of healthy lifestyle products increased by 16% YoY to RUB 1,078.6 mln, while respective LFL sales in the reporting year went up by 11.5% to RUB 1,023.8 mln.

Promotion of healthy lifestyles

We promote healthy lifestyles by providing customers with access to healthy, safe and quality products, as well as information on healthy nutrition and a

balanced diet. This commitment is enshrined in the Company's 2025 Sustainability Strategy.

Our approach to public health and well-being



¹ Data for larger formats.

Health and well-being (continued)

Healthy food basket

According to our survey, 80% of our customers place health over financial considerations, considering it their top priority. We seek to meet the needs of our customers by enabling them to buy foods in line with WHO's nutritional recommendations and their individual requirements. That said, we seek to expand the range of healthy foods on our shelves. In 2022, healthy lifestyle products made up 27%.

We are developing our own brands specifically designed for those who are committed to living a healthy lifestyle. Our Magnit Freshness brand offers over

80 SKUs in dairy, vegetables and fruit categories which we grow in our greenhouses in Russia's southern Krasnodar territory.

We continue to expand the in-store selection of healthy foods and have installed dedicated Health Islands in all of our supermarkets and hypermarkets. The most popular products are protein bars, sweeteners, gluten-free products, superfoods and diet foods.

Starting in July 2022, we began installing dedicated display units, featuring healthy lifestyle products, in our convenience

healthy lifestyle products made up **27%** of products sold under private labels

stores. Initially, these product corners will offer 60 SKUs and will be introduced in 530 stores across 332 locations in Russia.

Healthy food basket



Basic groceries

fruit, vegetables, cereals



Special foods

dietary and diabetic foods



Portion-sized products

pasta, tea, coffee, juice

Our own organic production

In early 2023, we received a Russian quality system (Roskachestvo) certificate confirming that our white mushrooms comply with all organic production requirements. No traces of genetically modified organisms, pesticides or soil amendments were found in our greenhouses. We shared an in-depth disclosure of how we cultivate, store, and transport our white mushrooms.

Magnit became Russia's first retail chain with in-house organic production capacities. The quality certificate proved that our mushrooms are of the highest quality and can be labelled as organic produce. Going forward, we plan to obtain such certificate for other mushrooms and vegetables grown in our greenhouses.

Healthy lifestyle initiatives

Russians are paying greater attention to their health. We support our customers and employees in their pursuits of healthy living by educating them on relevant principles and encouraging them to join our varied programmes.

individuals and their families, and environmental sustainability. As part of the initiative, we aim to raise awareness about healthy food choices; offer products with reduced sugar, salt, and fat; promote smoking cessation; and encourage proper care for the body, home, family, and pets.

United for Healthier Future

We have partnered with leading FMCG manufacturers to launch the United for Healthier Future initiative, which aims to promote responsible nutrition, health awareness among

Our commitments as part of United for Healthier Future

Education	To provide information to consumers and employees that support raising health awareness, encouraging more responsible consumption, and increasing interest in balanced nutrition, healthy living, disease prevention, and environmental care
Availability	To offer consumers goods, comprehensive solutions, and services aimed at increasing the attractiveness, accessibility, and affordability of healthy living and environmental care. Members of the initiative also strive to increase the share of food and associated products for healthy living and environmental care in the consumer basket.
Partnerships	To remain open to cooperation with retailers, FMCG producers, public authorities, research institutes, and other stakeholders with a view to sharing relevant experiences in promoting healthy living and environmental care.
Research	To support studies aimed at identifying consumer trends and the level of consumer awareness with regard to healthy living and environmental care.

Health and well-being (continued)

The initiative's first project was Raising Responsible Consumers Together launched jointly with a partner in 2021. It was part of the Good Nutrition Talk educational programme, which seeks to educate children aged 7-12 on the basics of a healthy diet. The project is running at 648 schools across 60 Russian regions with the support of regional education departments and the Federal Research Centre for Nutrition, Biotechnology and Food Safety.

▲ For more details, head to <https://www.prav-pit.ru/healthy-consumer>

Walking for health

For the second year running, we partnered with the Ministry of Labour and Social Development in Russia's Novosibirsk region to promote healthy lifestyles among elderly citizens. Our colleagues helped retirees complete a specially designed walking route in the 1st of May Park in Novosibirsk as part of the Walking for Health campaign. Magnit employees supported participants by guiding them along the route, offering sports equipment and accompanying them to rest areas.



Healthy lifestyle marathon

In the reporting year, we organised the Magnit of Habits Healthy Lifestyle marathon for our customers. The initiative sought to help customers adopt wholesome habits, such as a balanced breakfast in the morning, care for mental well-being, an effective day planning and good sleep. To keep in touch with the participants, we created a chatbot in the Magnit of Habits community on Russian social media VKontakte where experts shared their experience in video and audio formats and published clear and simple assignments. To engage with more people, every day we gave away thousands of coupons with discounts on certain product categories while also awarding bonus points to Magnit loyalty cards.

In five weeks, 786,000 marathon participants developed 15 healthy habits, took 20 lessons, attended five webinars held by Magnit ambassadors and experts, and took advantage of specially designed checklists.

▲ For more details on Magnit of Habits, see the Responsible Marketing Practices section on page 81.



Healthy lifestyle projects for employees

For Magnit, employee health is of great importance. In 2022, we kicked off a series of free corporate webinars on healthy eating, product choices and health care. The speakers included nutritionists and eating behaviour experts. The programme is very popular among our employees.

Promoting a healthy lifestyle on our mobile app

We set up a 'pro-healthy habits club' in Magnit's mobile app. The club provides a wealth of resources for members, including information on healthy lifestyle trends, expert advice, video tutorials, free workshops led by beauty experts, and a collection of healthy and delicious recipes. In addition, our app users enjoy access to increased bonuses for purchasing health and beauty products, personalised promotions, exclusive contests and giveaways, and special offers from club partners.

We also added a Healthy Nutrition section in our delivery app to enable a fast and easy delivery of healthy food products

▲ For more details, head to <https://magnit.ru/info/beauty/>

Healthy Lifestyle Media

For two years we have been publishing the My Magnit magazine exploring topics of healthy eating, quality products and healthy lifestyles. In the reporting year, we joined forces with the team at leading food media outlet Gastronom to launch a digital platform on food and healthy lifestyles as part of the www.gastronom.ru project, as well as a dedicated social media community and channels in messengers. This partnership will enable Magnit to attract new audiences, enhance its communications with customers, and potentially create an additional source of both online and offline customer traffic.

▲ For more details on My Magnit, head to <https://magnit.ru/magazine/>.

▲ For more details on Gastronom, head to <https://www.gastronom.ru/>.

For Magnit, employee health is of great importance

Customer relations

Magnit's goal is to provide customers with a simpler, faster, more accessible, and loyal shopping experience. We strive for transparency at all levels and keep strengthening our relations with consumers. This helps us improve the quality of our products and services, boost sales, and innovate.

Our approach to customer relations

Aimed at a fast and effective response to customer needs, our services rely on the following three principles:

1. Simple and streamlined business processes that account for consumer interests;
2. Excellent customer service;
3. Consideration of customer opinions through surveys and feedback.

Our priorities when engaging with customers are open dialogue, helpfulness, fast, efficient and friendly services.

Key documents

- ▶ Personal Data Processing Policy

2022 highlights

- ▶ Launch of a pilot project to handle customer feedback provided via the Google, Yandex and 2GIS map applications
- ▶ Launch of a pilot project to process customer feedback received through Magnit's mobile app
- ▶ Implementation of a Friendly Service training programme for heads of store groups, store managers and line staff
- ▶ Creation of a single tool for a comprehensive assessment of customer experience across our formats
- ▶ Creation of a new approach to service at the store counter
- ▶ Launch of a programme to boost cash handling discipline
- ▶ Launch of the project Everything to the Family and Relatives in Russia's Central District. The project aims to build stronger customer relations.

Customer feedback

To promptly handle customer feedback, including service quality issues, we have three contact centres which automatically record all submissions. We pay close attention to customer comments, investigate particular situations, take corrective actions where necessary, and give our feedback to customers.

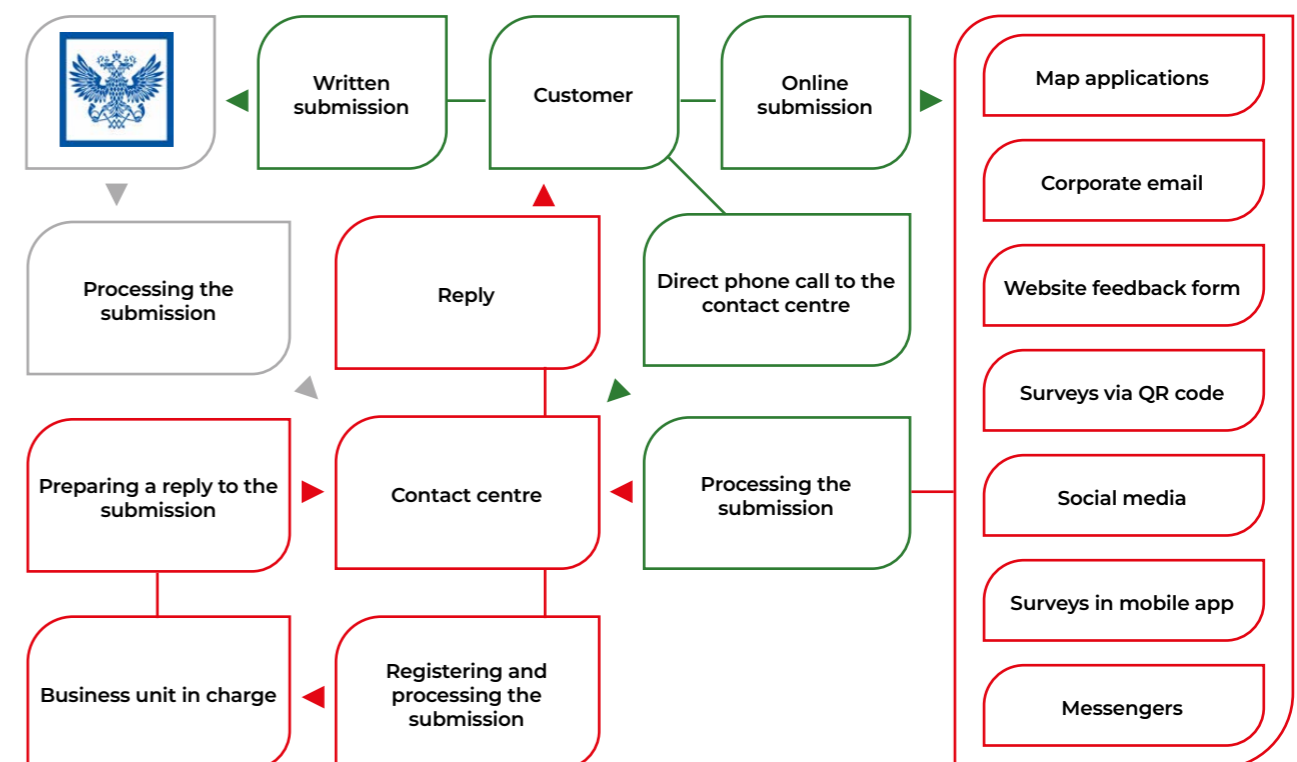
The Company received 4,618,092 customer submissions in 2022, up 16% compared to 2021. The increase reflects improved communication with customers through the use of new communication channels, including map applications. In addition, the opening of new stores and development of a delivery service also had an impact on the increase in submissions.

Magnit has been digging deeper into the feedback we receive. We have also implemented performance indicators for employees to make sure we provide a thoughtful and relevant response. In 2021 and 2022, we halved the number of complaints about the appearance of the staff, and reduced by a third the number of complaints about the quality of service and inadequate or missing price tags. The average response time to a customer feedback was reduced by 52% compared to 2021.

2022 customer feedback highlights

Category	Ratio of complaints (per 100,000 tickets), %
Failure to give stickers, coupons, prizes	-49
Inaccuracies at checkout or in weighing	-17
Rude or incompetent staff	-12
Queues	-8
Product quality in stores	-5

How we handle customers' submissions



Customer relations (continued)



Map application feedback pilot project

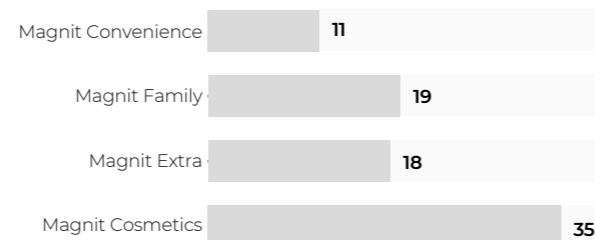
In early June 2022, we launched a pilot project to handle feedback submitted via the Google, Yandex and 2GIS map applications. The project improves the store's online ranking, influences customer loyalty and trust, as well as local search rankings. Customers' feedback is registered by in-house contact centre operators in our new communication channel dedicated to reviews left via map applications. This feedback is passed on to relevant Magnit employees to deal with problems and answer consumer questions. During the pilot phase June to December 2022, the average number of Magnit store reviews increased by 35% and their overall tone grew more positive.

Customer surveys

It is essential that we take customer opinions into account when selecting products for our stores, designing advertising campaigns, setting prices and planning promotions. We regularly conduct customer satisfaction surveys through online polls and focus group interviews. Apart from other takeaways, such surveys help us track our Net Promoter Score (NPS²), which measures how likely the chain's customers are to recommend it to others.

In 2022, the NPS for Magnit convenience stores and Magnit Cosmetics stood at 11 and 35, respectively.

NPS by store format, April-December 2022



doubled

the number of positive reviews about the work Magnit

by 6 %

reduced the number of complaints about the work of outlets

Developing customer experience

At Magnit, positive customer experience is at the core of everything we do. With millions of customers relying on us for their daily grocery needs, we strive to maintain a stable and welcoming environment that enhances their shopping experience.

In the reporting year, we focused on developing a high-quality service in every store throughout our chain. We are guided by the following principles.



Openness and transparency at all levels

We are always finessing and expanding our communication channels with customers. We use social media and delivery services, and are always keeping abreast of the latest technologies. Magnit is open to feedback and considers it a vital tool in improving our business.



Involvement of all Magnit employees in improving customer experience

Good service starts with the store staff. Managers of all levels set an example by ensuring quality service and promoting it among more junior colleagues. Our managers are customer experience ambassadors, continuously developing their skills and sharing their knowledge. Regional customer experience managers provide comprehensive support to improve service performance. The sales staff are constantly improving their skills and doing their utmost to provide the best possible service to our customers.

At the beginning of 2023, we took stock of the chain's service improvement efforts. Between June and December 2022, the number of positive reviews about Magnit stores on map applications doubled, while the number of complaints dropped by 6%. This was the result of our efforts to improve the quality of products, service, and in-store operations.

Friendly communication training

In order to motivate staff to always display a positive attitude towards customers, the Customer Service Department has developed the Friendly Service training programme. The programme teaches us how to provide quality, professional and respectful customer service. As part of the training, store employees and their managers learn in detail about

existing standards and new customer service techniques, as well as scenarios of difficult customer situations. During the year, our regional managers provided training to more than 3,500 Magnit employees.

Inspired by the results of the Friendly Service training, the Customer Service Department together with Magnit's

Corporate Academy, developed another training project – the Leadership Workshops. Team and Customers. In this training, managers of retail outlets learn about the relationship between management's actions towards the team and the quality of service, and learn how to find the causes of and solve problems.

¹ Compared to the period from January to May 2022, when the map application project was not yet operational.

² NPS (Net Promoter Score) is a metric of consumer loyalty to a product or company. It is based on a single survey question asking respondents to rate from 0 to 10 the likelihood that they would recommend a product or company to a friend.

Customer relations (continued)

In-Store Experience Rating

In 2022, the Customer Service Department developed and implemented a new tool for assessing in-store service – the In-store Experience Rating. The project was launched and successfully piloted in the Moscow region under the supervision of the senior customer experience manager. In 2023, it will be rolled out across the whole chain.

The rating generates monthly customer experience reports. We use them to monitor and evaluate performance against key service criteria, to identify each store's strengths and weaknesses in terms of customer experience and see its competitive advantages.

In-store experience rating

- ▶ improves service quality
 - prompt response to deviations in customer experience criteria
 - employee motivation to serve customers better
- ▶ makes it easier to evaluate the store's performance
 - all key service quality indicators in one report
 - analysis of rankings by district, group, or manager
 - mobile filtering across multiple metrics
- ▶ presents data in a consistent manner
 - analysis and assessment on a monthly basis
- ▶ motivates the staff:
 - identification of the best and underperforming stores by district or manager's group of stores at any level, in general and by individual criteria
 - incentives for the best in the ranking

Rating structure

- ▶ Mystery shopping
- ▶ Customer complaints
- ▶ Service speed
- ▶ Checkout workload
- ▶ Loyalty programme indicators
- ▶ Indicators related to feedback from map applications

Improving visual communication

We keep improving the design of our stores to help customers better navigate the shopping area and to draw attention to new offers, promotions and services. In December 2022, we introduced a visual design

standard for advertising and information materials for the Magnit Convenience format. The new standard defines the set of advertising and information materials to be placed in sales areas, the ways they should be

placed and criteria for navigation design. In 2023, such standards will be developed for all Magnit formats to boost consumer loyalty and attract new customers.

Active sales training

In the reporting year, we launched the Active Sales pilot project in 25 large format stores in the Moscow region, Northwestern, Central and Southern federal districts. The project aims to improve the quality of counter service. Our employees had interactive training sessions where they practised service scenarios, learned the stages of sales and the approach to communication with customers presented in active sales videos and mini-videos with benchmark service examples.

All 25 participating stores received appreciations from the Company, and the best employees in the leading stores were awarded incentive prizes. In 2023, we plan to expand the Active Sales project to Magnit Extra and Magnit Family stores in all districts.

Project results

+3.5%
own product sales

+39%
mystery shopper questionnaire score

High customer awareness of services

Maintaining productive relationships with customers

The Central District team, together with the Customer Service Department, launched a project Everything to the Family and Relatives aimed at building good relationships with customers. The project is founded in the Magnit's caring, almost 'family-like' approach to customers. Its first phase involved a survey of 1,650 customers from 13 branches with respondents asked what they liked about the Magnit Convenience format and what needed improvement. Following the survey, our staff brainstormed ways to solve the problems and drew up action plans to improve customer experience. The project is designed to improve customer loyalty.

NPS according to the survey

66%
all customers

65%
customers aged 30 or younger

68%
customers aged 60+

Customer relations (continued)

Boosting cash handling discipline

Store quality depends on the smooth operation and high level of organisation at the checkout. To improve and finesse check-out operations, we have implemented a number of projects in 2022.

Cashier' rating

Our colleagues from Magnit's function responsible for checkout standards and the regional manager for the Caucasian District have developed a cashier rating to assess the performance and speed of checkout staff in large format stores. Based on the rating, we organised cashier contests in federal districts, including incentives for winners. This project allowed us to further motivate Magnit's cashiers and improve service quality.

Developing cashiers' competencies

In the reporting year, Magnit jointly with WorldSkills Russia developed the competencies of cashiers and established a contest for retail chain employees. We drafted all the necessary regulations and trained specialists to oversee all the contests. We are confident that thanks to the project we will raise the status of the cashier profession, improve skills and strengthen values among retail staff.

Checkout Expert chatbot

Magnit is committed to adopting new technologies to improve customer experience. In 2022, we created the Checkout Expert chatbot to help our staff find answers to questions about checkout processes and

standards and communicate with colleagues responsible for checkout standards to ask additional questions or submit suggestions for process improvements.

Showcase with checkout metrics

To quickly track key performance indicators at the checkout and make adjustments to staff training and onboarding, we launched checkout metrics showcases. This reduced cashier errors and breaches of cash discipline by 54%.

cashier errors and breaches of cash discipline reduced by 54%

Customer personal data protection

GRI 418-1

Safeguarding our customers' personal data that can be used for marketing purposes is an overriding priority for Magnit. We process personal data with due regard to rights' protection and freedoms

of personal data subjects, including the right to privacy, personal and family secrets.

All personal data come to Magnit from data owners or their legal representatives. Information we receive is processed in

accordance with the laws of the Russian Federation on the basis of the consent of the personal data subject. We take care to ensure data confidentiality. Upon request, the personal data owner or their legal representative can access or revoke their data.

Responsible marketing practices

When developing marketing initiatives, we recognise the impact of advertising on society and take a responsible approach to communicating reliable information. Our marketing initiatives fully comply with legal regulations, ethical standards and voluntary commitments.

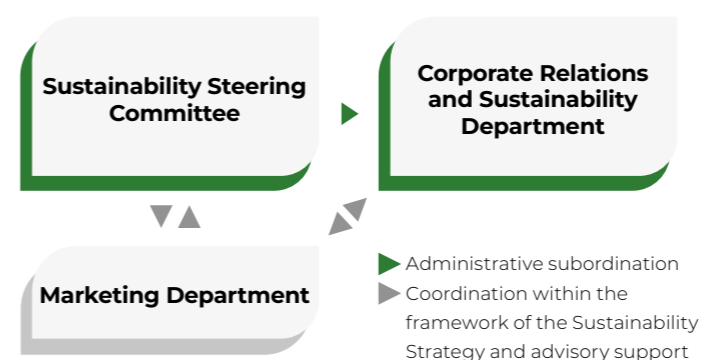
Our approach to developing marketing initiatives

We use only fair advertising methods and ensure that information regarding safety and quality of food and non-food products used in marketing communications is credible and transparent.

As one of the nation's largest retailers, we have the power to influence the habits of a wide range of customers. Thus, we seek to promote principles of sustainability both through our private labels as well as through partnerships with brands whose products are sold by Magnit.

We aspire to improve the quality of life of our customers all across Russia by promoting healthy lifestyle practices and products that contribute to a well-rounded diet. We place a particular attention to monitoring marketing materials related to alcohol and tobacco in strict compliance with all legal requirements.

Marketing project management system



Key documents

Magnit's policies and documents

- ▶ Charity, Sponsorship and Volunteer Policy
- ▶ Business Ethics Code
- ▶ Regulation on the Information Policy
- ▶ Health and Wellness Policy
- ▶ Quality, Food & Non-Food Safety Policy

External documents

- ▶ Federal Law No. 38-FZ On Advertising

Material topics

- ▶ Building long-term multi-stakeholder partnerships to support sustainable development goals

Priority UN SDGs



Responsible marketing practices (continued)

Partnership projects

Magnit develops and implements environmental, social, educational and charitable projects in close cooperation with major manufacturers of food and other products. These projects raise the customer awareness of sustainability.

Magnit's Ecohouse and Procter&Gamble

In February 2022, Magnit and Procter & Gamble launched the Ecohouse project, aimed at popularising responsible consumption and respect for natural resources. The project offers anyone the opportunity to rent a flat that boasts a positive impact on the environment: saving water, energy, sorting and separate collection of household waste. The flats feature Magnit and Procter&Gamble products that can make our everyday lives more eco-friendly.

Caring in the Nature of Things project

Supported by the Retail Companies Association (ACORT), Russian retail majors, including Magnit, launched Caring in the Nature of Things, their first joint project to encourage customers to utilise reusable bags. Customers at largest Russian retail chains

were given the opportunity to purchase an eco-friendly shopping bag at the checkout as an affordable and convenient alternative to plastic bags with its cost refunded in the form of bonus points. Consumers were rewarded with loyalty programme points for reusing the bag.

Sensor playground in Nizhny Novgorod

In cooperation with the So-edinenie (Connection) Support Fund and Bayersdorf, a leading manufacturer of care and hygiene products and the owner of NIVEA, we opened the first special inclusive playground for children and teenagers with vision and hearing impairments in Nizhny Novgorod. An area for sensory skills development appeared next to the Open Doors Day Care and Accompanied Engagement Centre, which was established in February 2022. Children with disabilities now have their own unique outdoor space.

Supporting Khabenskiy's Charity Foundation

Together with MONDELEZ RUS, which supplies Milka confectionery, we launched the campaign Giving Tenderness to Everyone Who Cares for children with brain and spinal cord diseases supported by Khabenskiy's Charity Foundation. A rouble from every purchase of Milka-branded products was transferred to the Foundation's account, and our customers received bonuses on their Magnit loyalty cards.

Supporting animal welfare organisations and animal shelters

Magnit took an active role in supporting events to help animal shelters and animal welfare funds organised in conjunction with pet products manufacturers.

As part of our joint promotion with Nestlé Russia, Let's Walk Home, our customers who purchased Purina pet food in Magnit stores received bonuses on their Magnit cards and were enrolled in a prize draw. Magnit donated a rouble to an animal welfare fund from every food purchase as part of the promotion. More than 1.2 million customers across the country took part in the initiative.

Our Sharing is Easy charity project was organised and run jointly with Mars. As part of the campaign, we donated 5% of the price of any Mars-branded pet product purchased in our stores to help

animal shelters. Those who bought these products received bonuses on their Magnit loyalty cards and participated in a prize draw. A total of RUB 5 mln was donated to

animal welfare funds and shelters, with more than 6,700 people taking part in the campaign.

Magnit of habits communication platform

We committed to supporting our customers in their pursuit of a healthy lifestyle. To help them adopt new healthy habits, we launched Magnit of Habits, a socially-oriented communication platform. It is a long-term, country-wide initiative that draws customers' attention to areas of life related to environment, health and mental wellbeing. Its media platform is based on a partner web portal, Gastronom.ru.



▶ taking care of the world around you, yourself and your pets



▶ finding new things in the familiar



▶ taking care of the home and family with a focus on the New Year holidays

In 2022, we focused the participants of the Magnit of Habits project on six topics:



▶ taking care of the world around you and your home



▶ caring for the family with a focus on children



▶ taking care of the world around you and yourself

We promoted the project on social networks and through partner media, engaging customers in the campaign and rewarding them with discounts, bonuses and prizes for completing simple healthy habits tasks.

The project featured celebrities, such as two-time world champion figure skater Irina Slutskaya, author of the Live Food programme Sergei Malozemov, and renowned experts in diets and weight loss, family psychology, cosmetology and the correction of age-related changes, conscious consumption, and a sleep doctor.

As part of the project, we organised environmental campaigns. In April 2022, we held an Eco-clean-up day with the help of the corporate volunteer movement Good Deeds in the Neighbourhood and with the participation of Russia's Football Union. A clean-up day bringing together Company employees and members of the football union was held in Krasnodar, Moscow and St Petersburg. The participants cleaned up areas of the city after which football coaches gave a master class and organised a friendly game between the union's representatives and volunteers. Similar clean-up days with Magnit volunteers took place in Voronezh, Yekaterinburg, Kazan, Novosibirsk, Omsk, Pskov, Ryazan, Samara, Ufa, and Yaroslavl. 1,700 Magnit employees participated in an environmental campaign as part of the Magnit of Habits project, collecting 513 cbm of garbage.

For more information on the activities of the Magnet Habits Programme to promote healthy lifestyle habits, see the Health and Wellbeing section on page 70.

Save the planet

Magnit reduces its impact on the environment by reducing the amount of waste generated and sending it for reuse and recycling, modernizing equipment and fleet to reduce emissions of greenhouse gases and harmful substances, as well as rationally using resources and involving employees in environmental practices.

Environmental stewardship

Environmental protection	84
Waste management	96
Water resources management	104
Green Office	106

Environmental protection

As one of Russia's major companies, Magnit realises the importance of preserving a favourable environment across its footprint. We work hard to reduce our negative environmental impact and ensure a better future for the people of our country.

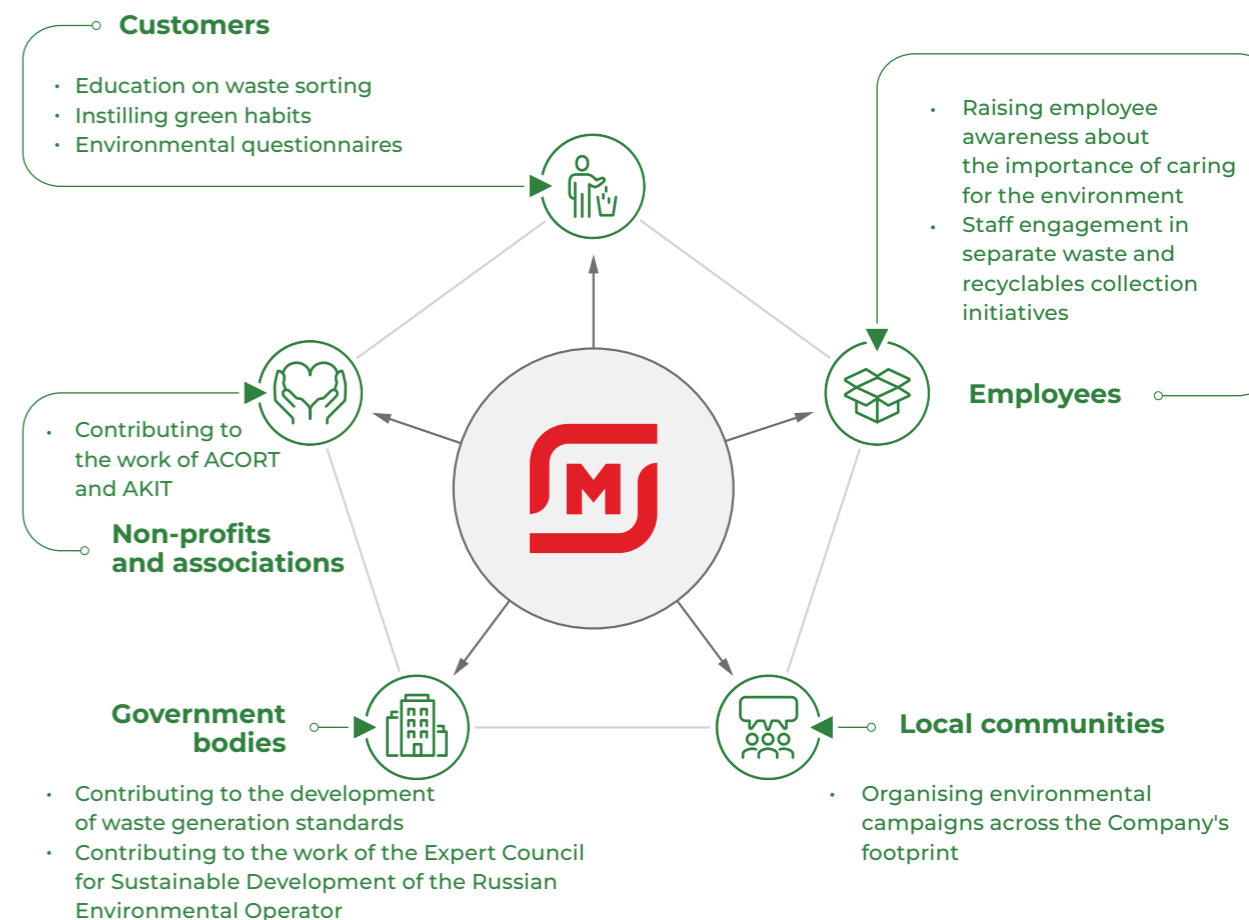
Approach to management

We aim to be the best in environmental protection, which we plan to achieve by combating climate change, reducing waste, and cutting any negative impact of our activities.

Our Sustainability Strategy 2025 defines the key priorities and strategic goals in environmental footprint reduction, which conform to the UN Global Compact principles and UN Sustainable Development Goals.



Stakeholder engagement on environment



Material topics

- ▶ Increased use of environmentally friendly (recyclable) packaging for private labels and own production
- ▶ Reducing food waste
- ▶ Building sustainable food production chains
- ▶ Building long-term multi-stakeholder partnerships to support the sustainable development goals



2022 highlights

- ▶ Launching a food sharing project in Moscow, the Moscow region, and St Petersburg
- ▶ Joining the Towards Zero Loss! voluntary initiative of the Agency for Strategic Initiatives (ASI) to increase organic waste recycling in Russia and reduce food losses
- ▶ Phasing out paper checks in favour of digital ones
- ▶ Starting the work on the harmonisation of food waste management laws together with the Russian Environmental Operator (REO) to return valuable resources to the circular economy, cut food losses, reduce food waste landfilling and disposal
- ▶ Kicking off the development of a Voluntary Standard for Recyclable Pre-packs, which will apply to environmental promo materials, jointly with key suppliers
- ▶ Holding a series of online workshops for private label suppliers to raise awareness about the Voluntary Sustainable Packaging Standard and introducing a mandatory assessment of private label packaging for compliance with the said standard
- ▶ Inaugurating the first separate waste collection point in a hypermarket in Novosibirsk
- ▶ Landscaping activities: planting the Magnit Alley in the Otradnoye Park in Moscow, planting trees on the Gzen River embankment in Veliky Novgorod, planting linden and oak seedlings in Zablotsky Prioksko-Terrasny Reserve.

Priority UN SDGs



Russia's national projects

Environment

RSPB Reference Performance Indicators



Key documents

Internal regulations

- ▶ Climate Change Policy
- ▶ Packaging Waste Policy
- ▶ Magnit's Own Brand Packaging Policy
- ▶ Health and Wellness Policy
- ▶ Environmental Protection and Safety Policy

External documents

- ▶ Greenhouse Gas Protocol
- ▶ The Paris Agreement and national documents on its approval
- ▶ 2050 Strategy of Social and Economic Development with Low Greenhouse Gas Emissions
- ▶ Federal Law No. 296-FZ "On limiting greenhouse gas emissions" dated 2 July 2021



Principles of the Social Charter of the Russian Business



Conservation and climate agenda

We believe that environmental conservation is a core human value and that addressing challenges, including those associated with climate change and ecosystem stability, is essential to the future development of business and society, maintaining peace and security

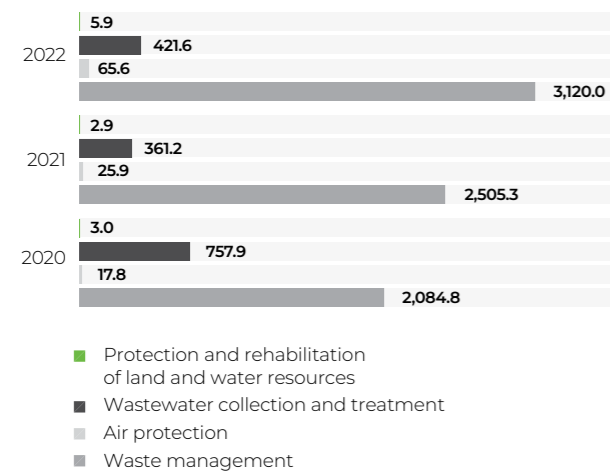
Environmental protection expenditure

Mandatory environmental payments, RUB thous.

Category of expenses	2020	2021	2022
Total payments for permissible impact (emissions, pollutant discharges, waste disposal)	3,633.21	3,850.00	3,393.65
Payments for surpluses, fines collected to compensate for damages caused by violation of environmental laws	11,909.00	6,493.00	3,489.00

Mandatory environmental payments totalled RUB 6,882.65 mln.

Magnit's environmental footprint reduction expenses, RUB mln



Magnit's air protection expenses increased by more than 2.5x due to the need to draft submissions for, and obtain, new permits. The cost of protection and rehabilitation of land and water resources doubled for the same reason. Waste management expenses grew by 96% due to higher recycling rates and the expansion of the Magnit retail chain. A slight increase in wastewater collection and treatment costs (+17%) is attributable to the need to conduct additional laboratory tests of wastewater under industrial control programmes at the inlet and outlet of treatment facilities, which helps assess the treatment effectiveness and fine tune the wastewater treatment equipment. Magnit's total spending on minimising its environmental impact in the reporting year was RUB 3,613.1 mln.

Climate change

We are fully aware of the importance of the climate agenda and seek to control the impact on climate change and reduce our carbon footprint.

Our climate position

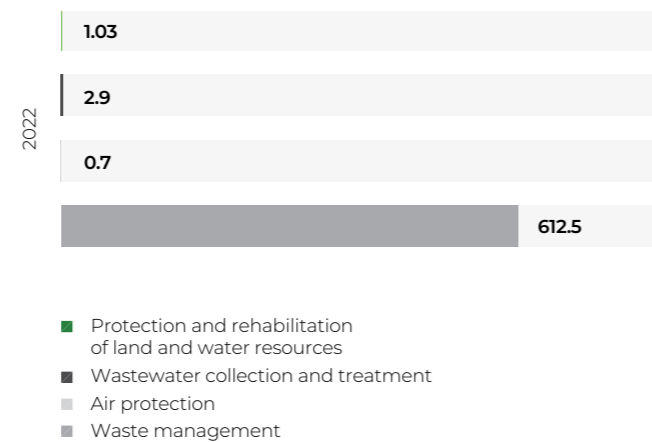
As Magnit grows and expands, so does its need for energy and natural resources. This comes with associated GHG emissions from electricity and heat consumption by its retail chains, distribution centres, industrial and agricultural facilities, offices, fleet and refrigerants.

DIXY

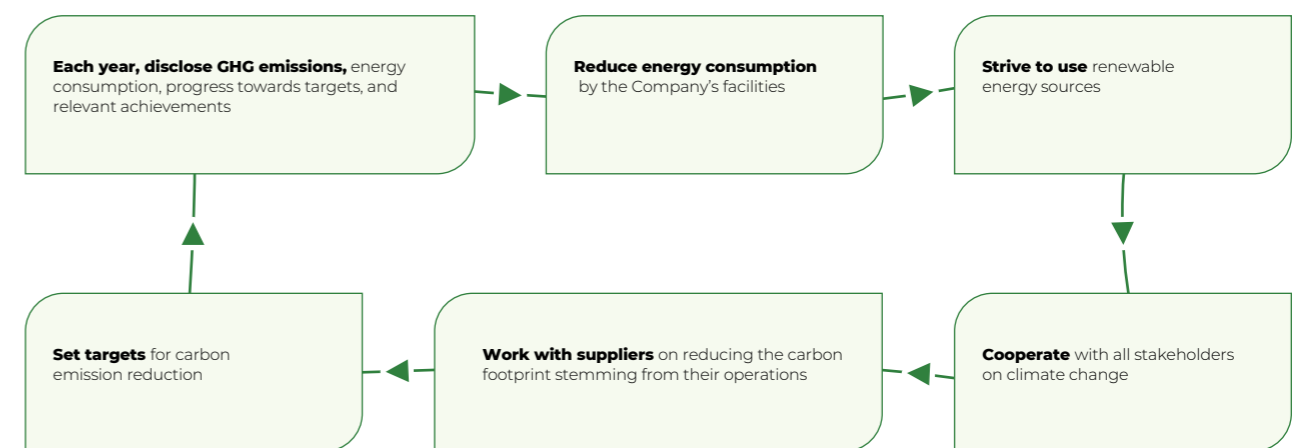
In 2022, Magnit's total environmental footprint reduction expenses (including DIXY's expenses) amounted to RUB 4,230.3 mln. The Group's mandatory environmental payments in the reporting year stood at RUB 6.9 mln.

DIXY's total expenditure on environmental protection in 2022 was RUB 5.33 mln.

DIXY's environmental footprint reduction expenses in 2022, RUB mln¹



Ways to reduce Magnit's impact on atmospheric air and climate in general



In 2020, we adopted a climate change policy that outlines climate change principles and responsibilities of Magnit and its controlled entities. Our Sustainability Strategy 2025 includes targets to reduce GHG emissions and energy consumption.

¹ DIXY's total waste management costs include fees to the regional operator for waste removal from stores to DCs and directly from DCs, costs for disposal of liquid household waste at treatment facilities and disposal of packaging waste to meet its extended producer responsibility obligations.

Strategic goal to 2025

2022 performance

30% GHG emissions reduction

26.7% reduction in specific GHG emissions vs the 2019 base year (2.28 tonnes of CO₂ eq / RUB mln)

25% energy consumption reduction

16% reduction in specific electricity consumption vs the 2019 base year (1,690.60 kWh / RUB mln)

Climate risks

In 2020, we did an internal climate risk analysis, which included assessment of such risks' potential impact on Magnit up to 2050; based on that, we determined mitigation measures. The analysis was done according to the "business as usual" scenario (RCP 8.5), which describes a temperature rise of around 4 °C by 2100.

Physical risks

Risks stemming from phenomena such as rising temperatures, drought, and storms, as well as rising sea levels.

- ▶ **Rising temperatures** – net increase in days requiring heating or cooling of the Company's facilities. Mitigating actions include energy efficiency efforts and looking into renewable energy sources.
- ▶ **Drought** – reductions in crop yields. Mitigating actions include more sustainable agricultural practices and technology and seed innovation.
- ▶ **Storm intensity** – potential damage to the Company's facilities. Mitigating actions include improved construction specifications, especially for distribution centres.
- ▶ **Rising sea level** – Mitigating actions include facilities sitting and construction specifications that take into account the likelihood of a rising sea level.

Transitional risks

Risks associated with the shift to a low-carbon economy.

- ▶ **Introduction of carbon pricing** and increased costs related to waste disposal. Mitigating actions include progress towards carbon neutrality and reducing GHG emissions and waste.
- ▶ **Regulatory risks.** We regularly monitor applicable requirements to climate risks and emissions reporting. Based on available information, we strive to improve the Company's approaches to reporting and stay one step ahead of new mandatory disclosure requirements.

We are aware of the serious consequences of global warming and climate change for our planet, our country, and the regions in which we operate. In 2021, we included climate risks to the Company's Key Risks Map. This enabled

us to carry out year-round monitoring of their short-term impact on the Company and adjust the relevant mitigating measures as part of the general risk management system.

Our performance in climate risk assessment



¹ Magnit Group data for 2022 include DIXY.

² Representative Concentration Pathways (RCPs) are greenhouse gas concentration trajectories adopted by the Intergovernmental Panel on Climate Change (IPCC) and scientists the world over.

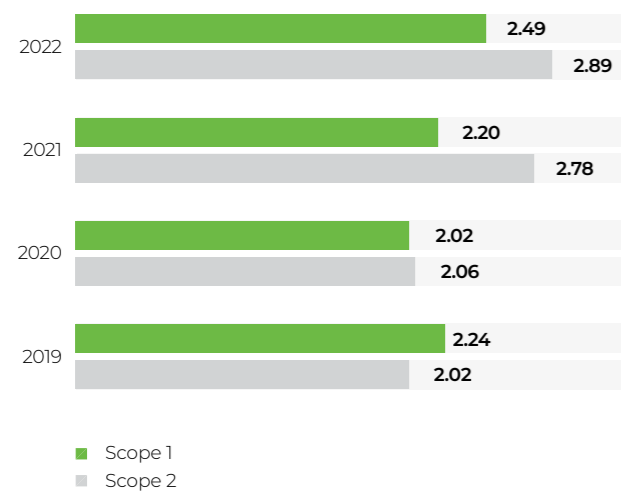
Emission reduction

Cutting specific GHG emissions

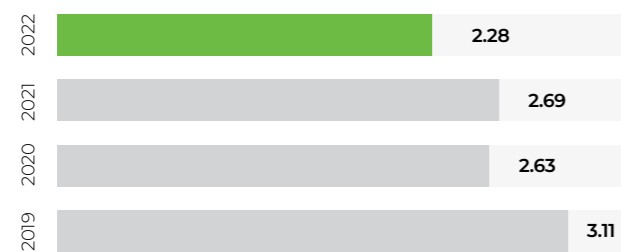
We monitor direct (Scope 1) and indirect (Scope 2) GHG emissions.

GRI 305-1 GRI 305-2

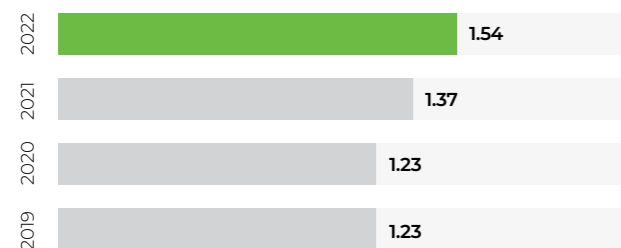
Magnit Group's GHG emissions (Scope 1 and 2), mln tonnes of CO₂ eq¹



Magnit Group's specific GHG emissions (Scope 1 and 2), tonnes of CO₂ eq / RUB mln¹



Magnit Group's direct GHG emissions from refrigerants, mln tonnes of CO₂ eq¹

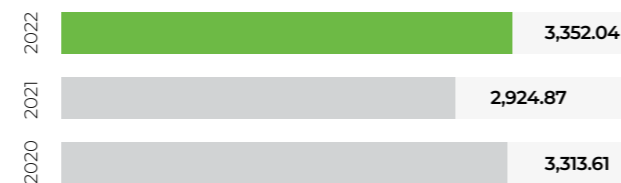


In the reporting year, Scope 1 and 2 GHG emissions increased by 13% and 12% respectively due to a significant expansion of Magnit Group's retail chain. Magnit Group's specific GHG emissions were down 15% YoY and 27% vs the 2019 base year (2.28 tonnes of CO₂ eq / RUB mln).

We consistently reduce emissions of NO_x, SO_x and other significant air pollutants and conduct inventories of emission sources.

GRI 305-7

NO_x, SO_x, and other significant air emissions, tonnes, Magnit



The 14.6% increase in pollutant emissions in 2022 was due to pollutant emission inventories at the facilities and the expansion of Magnit's chain.

In the reporting year, the calculation of Magnit Group's pollutant emissions included emissions from DIXY (39.89 tonnes). The Group's total pollutant emissions amounted to 3,391.93 tonnes.

Magnit Group emissions of ozone-depleting substances (ODS) in 2022 amounted to 475.9 tonnes².

¹ Magnit Group data for 2021–2022 include DIXY.

² In the reporting year, we changed the methodology of ODS emissions calculation. In previous periods, only R22 freon (halocarbon) emissions were taken into account, while the calculation for 2022 relied on emission data for eight ODS.

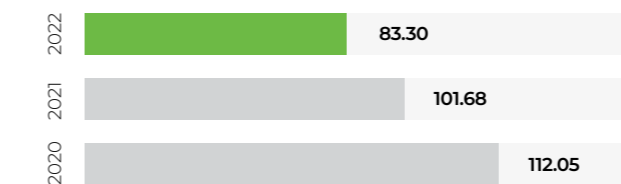
Reducing specific fuel consumption

GRI 302-1 GRI 302-4 GRI 305-5

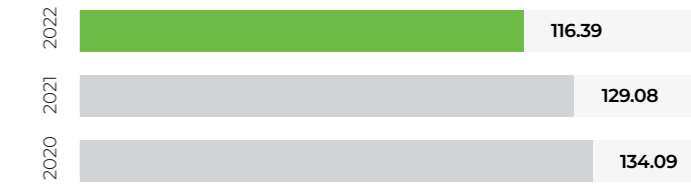
In the reporting year, we continued to work on reducing fuel consumption by modernising our fleet and switching vehicles to more environmentally friendly fuels. In 2022, the Company operated 254 gas-diesel vehicles. The action taken helped us reduce specific

fuel consumption by 18% compared to 2021 and by 48% compared to the 2019 base year (160.61 litres per RUB mln). In addition, we decreased specific gas consumption by 10% compared to 2021 and by 41% compared to the 2019 base year (197.63 cbm per RUB mln).

Magnit Group's specific gasoline and diesel consumption, litres per RUB mln³



Magnit Group's specific gas consumption, cbm per RUB mln³



Unmanned logistics corridors testing

In July 2022, we joined the Unmanned Logistics Corridors initiative on M11 Neva highway. Magnit believes that unmanned lorries have enormous potential, as their introduction can significantly reduce transport logistics costs – thanks to automating the regular freight traffic on long-haul routes – and improve road safety. An important upside of this technology is that it enables the Company to reduce the environmental impact on roadside areas by reducing fuel consumption and exhaust emissions. The integration of unmanned cargo deliveries into supply chains marks a new stage in the evolution of logistics processes.



³ Magnit Group data for 2021–2022 include DIXY.

Improving energy efficiency

GRI 305-5

We are constantly looking for new ways to improve energy efficiency, striving to optimise the power load of our facilities and decrease energy consumption by partially shutting down electrical equipment in peak hours.

In this way, we contribute to reducing the load on the energy system and cut our own utility costs.

The share of electricity supply generated by renewable energy sources (RES) stood at 5%. Magnit is currently unable to directly source energy from renewables, as the Company does not control the wholesale electricity distribution in Russia.

We utilise natural gas in 19 power generation centres. Each energy centre is comprised of several plants that run on natural gas and generate electricity and heat for our distribution centres. We sell some of the generated electricity in the open market.

All of this enables us to ensure an uninterrupted supply of heat and electricity to our distribution centres and reduce energy and heating costs.

Magnit operates an automated commercial electricity metering system that allows us to accurately measure hourly energy consumption and assess how energy consumption at our facilities varies over time.

We can see the effect of our efforts to cut energy consumption. In 2022, we increased energy consumption from our own generation facilities: electricity by 2.1% and heat by 7.1%.

Lighting

We continue to transition to energy-efficient LED lighting, an initiative started in 2013. There is a motion-activated lighting control system in the offices and back offices of our large-format stores. In 2022, we began rolling it out across our distribution centres. In addition, we are introducing systems for the automatic and remote shutdown of non-essential equipment, such as interior lighting, refrigerated cabinets for non-perishable foods and exterior store lighting outside working hours.

Heat energy

To reduce heat consumption, we regularly inspect our production facilities and buildings with thermal imagers, eliminate heat leaks and improve thermal insulation. In addition, we use gas generator sets installed in our power generation centres to capture heat energy and transmit it through the heating network to our facilities. This enabled us to utilise 151,762 Gcal of heat produced by power generation centres in our logistics hubs, Group's office, and the greenhouse complex.

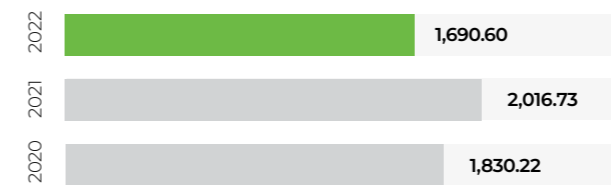
Refrigeration equipment

To reduce energy loss and energy consumption, we are upgrading our refrigeration equipment by replacing refrigerated shelves with doored cabinets. In 2022, we installed 6,947 refrigerated cabinets in 1,712 stores representing 39.6% of Magnit's total number of outlets. We will have installed such cabinets in all our stores by 2025.

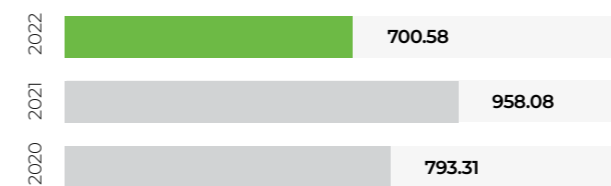
We continue optimising and monitoring the temperature in refrigerators by consistently implementing a dispatching system for our in-store engineering equipment. In 2022, we installed such system in 510 Magnit stores.

In the reporting year, our efforts to reduce energy consumption and improve energy efficiency had a noticeable effect as specific energy consumption at Magnit Group decreased by 16% from 2021 and from the 2019 base year (1,991.20 kWh per RUB mln).

Magnit Group's specific electricity consumption, kWh per RUB mln²



Magnit Group's specific heat consumption, thous. kcal per RUB mln²



Integration of magnit central asia

In 2022, Magnit Group registered Magnit Central Asia as a foreign enterprise in the form of LLC. As at the end of 2022, Magnit had 12 M Cosmetic stores in Uzbekistan. It is a promising market with a high population growth rate, which provides an excellent opportunity to expand our chain. In 2023, we will continue to promote Magnit's M Cosmetic brand and open new drogerie stores in the country.

The company follows the Group-wide environmental policy. We reduce water and energy consumption as well as waste generation.

Energy saving

The company has energy-efficient lighting and conducts regular energy audits. Office windows are coated with heat-absorbing film and tinted to reduce electricity consumption in sunny and hot weather. We also install A and A+ energy-efficient equipment at our facilities.

Paper and cardboard recycling

Store staff collects paper and cardboard packaging for further recycling.

Reducing plastic waste

Our employees have consciously rejected the use of water in plastic bottles, with filters installed in the offices to provide the staff with drinkable water.

Reducing water consumption

Stores have modern meters to monitor water and electricity consumption.

¹ Volume of electricity from Magnit's own generation facilities consumed by stores, DCs, and offices. The data is presented compared to 2021.

² Magnit Group data for 2021–2022 include DIXY.

Waste management

Aware of the importance of effectively managing packaging and food waste to minimise environmental footprint, we seek to reduce waste and recycle it properly and safely.

Our approach to waste management

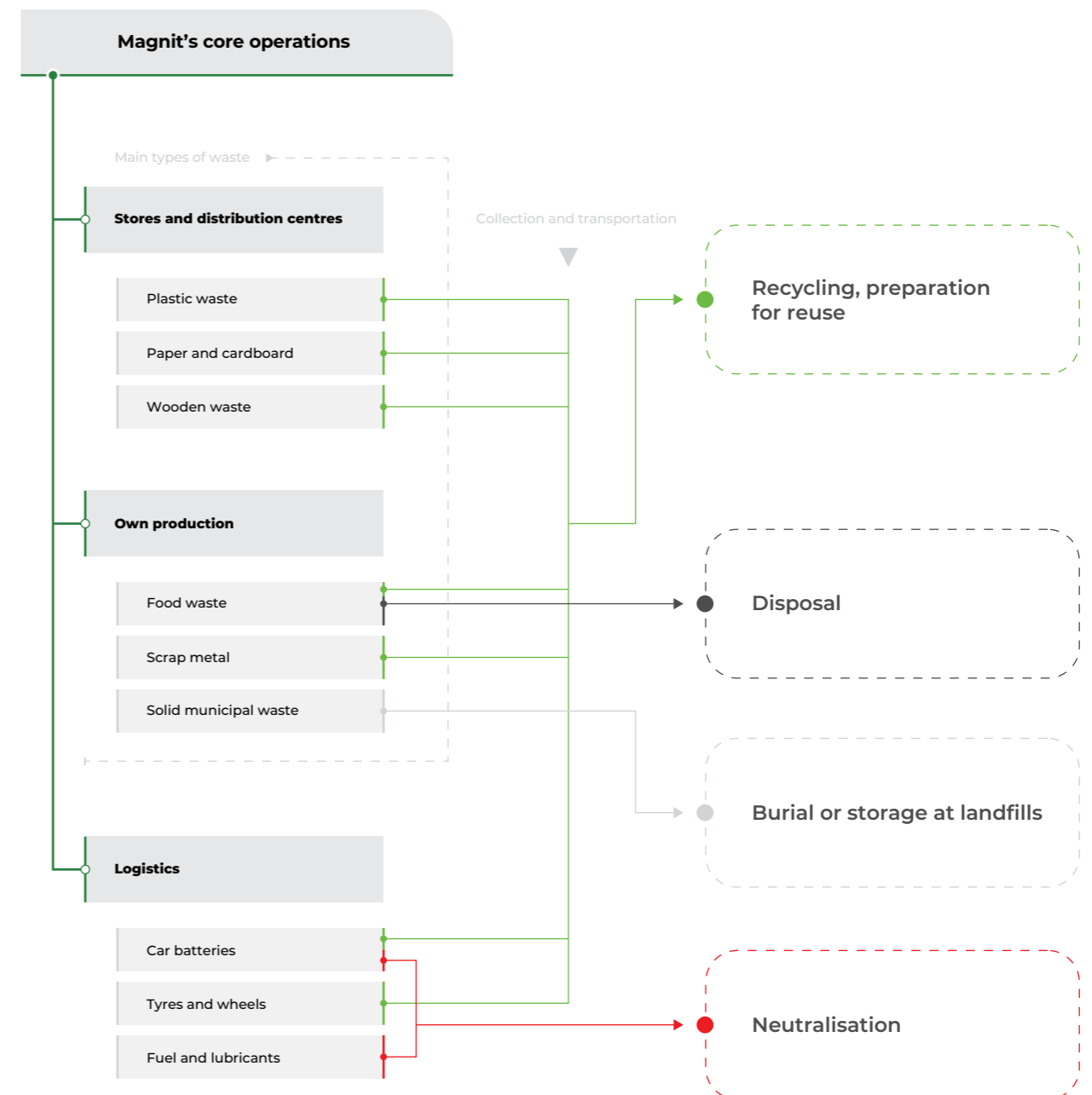
GRI 306-2

Sustainable waste management is one of Magnit's focus areas in its effort to minimise implications for the environment. The retail industry has a significant impact on the environment. We focus on preventing and minimising waste we generate, and introduce initiatives to maximise the amount of waste to be reused and recycled.

Effective waste management initiatives

- ▶ Improving packaging collection schemes
- ▶ Taking part in government initiatives for effective waste management
- ▶ Supporting initiatives to raise awareness of separate waste collection (educational programmes and separate waste collection at the Company's sites)
- ▶ Enhancing the sustainable waste management mechanism
- ▶ Streamlining the collection and sorting of recyclables generated by business units
- ▶ Encouraging employees who collect waste separately and promote effective waste management
- ▶ Raising stakeholder awareness of the Company's waste management process.

Waste management structure



We pay special attention to make sure we maximise the volume of waste to be reused. We develop and launch projects to reduce our waste and also seek to increase the amount of waste recycled. Magnit sends for recycling almost all secondary materials

generated in its operations: cardboard, paper, and plastics. Ramping up the collection and recycling of these types of waste is among the goals of our Sustainability Strategy. The total volume of waste sent for recycling and/or reuse in 2022 was 266,718.81 tonnes.

Strategic goal to 2025

2022 performance

50% private labels and own production packaging recyclable, reusable or compostable

Private labels: 68% of packaging is suitable for recycling, with 24% recyclable and 44% potentially recyclable (recycling infrastructure for some components is limited)¹

Own production: 79% of packaging is suitable for recycling, with 37% recyclable and 42% potentially recyclable (recycling infrastructure for some components is limited)²

100% of plastics generated by Magnit's stores and distribution centres collected and recycled

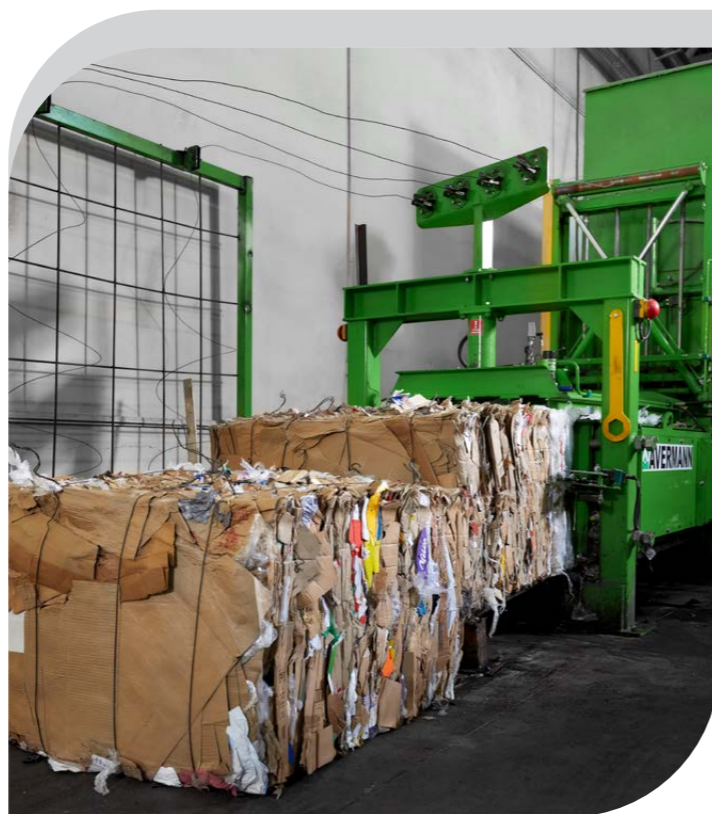
More than 99% of plastic packaging generated during transportation recycled

50% food waste reduction

52.5% reduction in specific food waste generation vs the 2019 base year (147.04 kg per RUB mln)

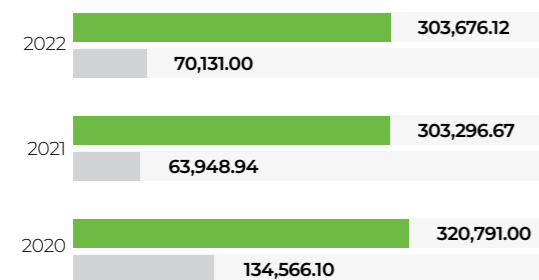
Chain waste

Packaging is the key source of waste for a retail chain. This is mostly cardboard, polyethylene film, plastic crates for fruit and vegetables, and wooden crates. The way we handle and dispose of each of these kinds of waste depends on the type and composition of their materials.



GRI 306-4

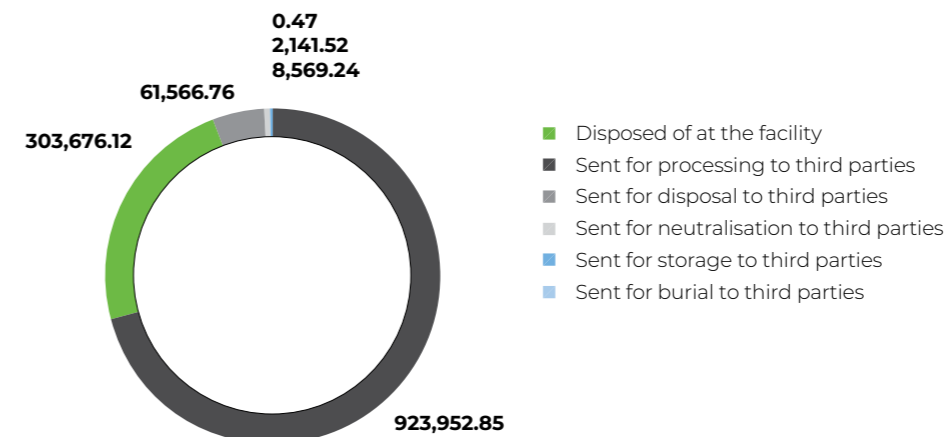
Waste sent by the Magnit Group for disposal, thous. tonnes³



- Sent for disposal to third parties
- Disposed of at the Company's facilities

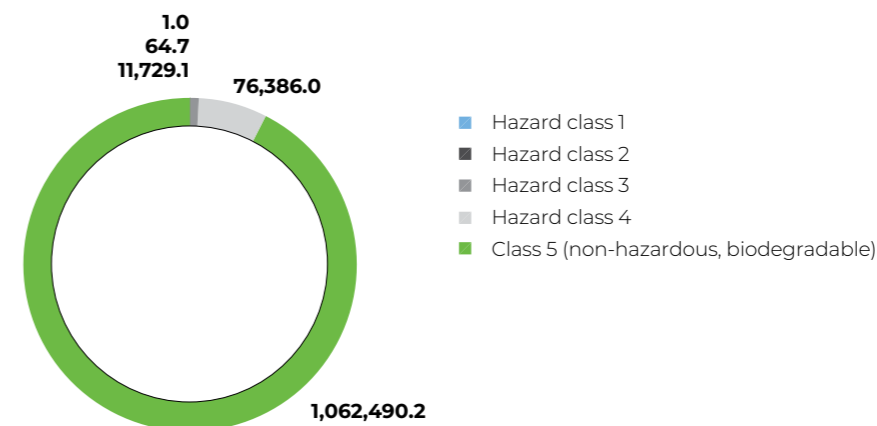
GRI 306-5

Waste sent by the Magnit Group for neutralisation, storage or handled otherwise in 2022, tonnes⁴



GRI 306-1

Waste generation by the Magnit Group in 2022 broken down by hazard class, tonnes⁴



1.15 mln tonnes
total waste generated in 2022

In the reporting year, the share of hazard class 1 and 2 waste in the total waste generated by the Magnit Group was 0.0057%. Waste generated in 2022 totalled 1,150,670.89 tonnes.

¹ Assessment methodology: compliance with the Voluntary Sustainable Packaging Standard (ECR Russia) based on the analysis of 1,145 SKUs of Magnit's private label products. In 2022, the Company assessed the body of packaging.

² Assessment methodology – compliance with the Voluntary Sustainable Packaging Standard (ECR Russia).

³ Magnit Group data for 2022 include DIXY.

⁴ Magnit Group data for 2022 include DIXY.

Plastic waste management

GRI 301-2 GRI 301-3

Most of Magnit's packaging waste is plastic. We understand the complexity and severity of plastic pollution.

To reduce our impact, we decided to achieve 100% collection and recycling of plastic waste generated by Magnit's operations. In 2022, the retail chain generated 35,549.07 tonnes of plastic waste, of which 45% (16,134 tonnes) was sent for recycling, up 18.9% YoY.



30%
 We have already switched to plastic bags that contain 30% of recycled plastics. Our bags are 100% recyclable.

40,2 tonnes
 In 2022, plastic waste generated by the Magnit Group totalled¹

GRI 306-1

Plastic waste generation by Magnit, tonnes



Plastic waste sent for recycling by Magnit, tonnes



¹ Magnit Group data for 2022 include DIXY.

Developing green recommendations for promo materials

In 2022, Magnit, together with the non-profit association of manufacturers and retailers ECR Russia and the Russian Retail Marketing Association (POPAl), which brings together developers and customers of promo materials, started developing industry guidelines to create sustainable or eco-friendly promo materials. These will cover the entire lifecycle of advertising media, from design to proper recycling. Experts will present proposals

for sustainable production and handling of promo materials. The initiative will help reduce the generation and disposal of waste in the long term. We anticipate that as soon as 2023, customers will see new advertising media at Magnit that will reduce our environmental footprint. General guidelines for sustainable advertising materials are planned to be made publicly available in 2023.

Green advertising packaging initiative

A pre-pack² is a product package that is a nicely branded portable display case with products already stacked. The manufacturer delivers pre-packs directly to the store, where it is placed in the sales area without any additional layout. As a rule, these promo materials are not recyclable, as they contain plastic, metal, and even concrete parts, which damage cutting edges and presses in recycling plants.

standard for recyclable and green pre-packs. It will be included in the industry-wide guidelines, which are currently being drafted by ECR Russia, a non-profit partnership of manufacturers and retailers. The standard will apply to racks, price tag holders, laminated and other promo items – under the guidelines, those will be made entirely from recyclable cardboard or other sustainable materials. We intend to switch to fully recyclable pre-packs within the next two years.

Together with major suppliers of goods and producers of promo packaging, Magnit is developing Russia's first voluntary

Transition to reusable promo racks

We continue to reduce our reliance on cardboard racks (pre-packs) and replace them with reusable ones. Starting from 2020, Magnit has ran six nationwide loyalty promo campaigns using new metal racks. Each has a lifespan of approximately

three years, and can be fully recycled afterwards. This has enabled us to abandon 135,000 cardboard and plastic racks and reduce the Company's cardboard and plastic waste by 810 tonnes.

First plastic collection point in Novosibirsk

In the reporting year, we opened the first separate waste collection point at our hypermarket in Novosibirsk. We have created convenient infrastructure that will help city residents send their waste for recycling. Magnit's eco-point

accepts the most common types of plastic: bottles and containers for beverages, household chemicals and cosmetics, bags, as well as aluminium and tin cans, glass, paper, cardboard, and Tetra Pak packaging.

² Pre-packs are basically pre-packaged products.

Specific plastic waste generation by the Magnit Group (including DIXY), kg per RUB mln¹



Food waste

Food makes a significant impact on the environment – around 10% of global greenhouse gas emissions come from the decomposition of discarded food. Our goal is to halve the amount of food waste by 2025. The amount of food waste generated in 2022 totalled 316,000 tonnes. 5,637.95 tonnes of food waste was sent for recycling, up 16% YoY.

Food sharing project

About 18 million tonnes of food waste are produced in Russia each year. Almost a third of this is waste from retail and catering organisations. The proportion of food waste in landfill sites is as high as 25.6%. This waste not only increases the landfill area – it also makes other types of waste unsuitable for recycling.

At the same time 20 million Russians spend more than 5% of their income on food, and nearly 9 million people do not have enough money for the basic food basket².

The carbon footprint of food waste comes close to 64 million tonnes of CO₂.

To cut food losses, reduce the amount of food waste that is disposed of or landfilled, and minimise the impact on the environment, as well as help disadvantaged groups and promote volunteering, we launched the Retail Food Sharing project.

Food sharing is a service that helps distribute expiring foodstuffs to socially disadvantaged groups. Retail Food

Our food waste reduction initiatives

- ▶ Optimising procurement
- ▶ Increasing the amount of waste sent for recycling
- ▶ Handing over expired food products to third parties
- ▶ Donating products before their shelf life expires to charitable causes.

Sharing means that small but regular amounts of foodstuffs from stores 1–2 days before the expiry date are distributed, with the support of volunteers from partner non-profits.

According to expert estimates, by 2024, with the introduction of food sharing practices, retailers could prevent about 1 million tonnes of food from being wasted each year. This would help 1.3 million people in need and prevent 143,000 tonnes of methane emissions.

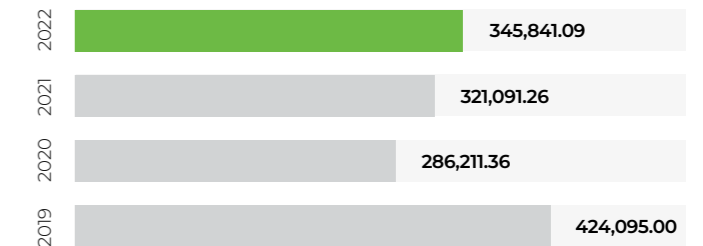
In 2022, Magnit signed a project cooperation agreement with the Foodbank Rus charitable foundation. It helps us donate expiring products to those in need. Food sharing kicked off in Moscow, the Moscow region and St Petersburg. Every day, employees of Magnit's dark store picked quality foodstuffs that could not be sold before the expiry date, sorted them into categories, and, with the help of volunteers from the Foodbank Rus Foundation, gave them to single pensioners, large families, and other eligible categories.

The food sharing project covered 30 of Magnit's dark stores. In the reporting year, the total amount of food donated exceeded 20 tonnes, and more than 11,000 people received the aid. A total of 260 volunteers took part in the initiative. Our food sharing project came second in the Eco-Efficiency category of the People Investor competition.

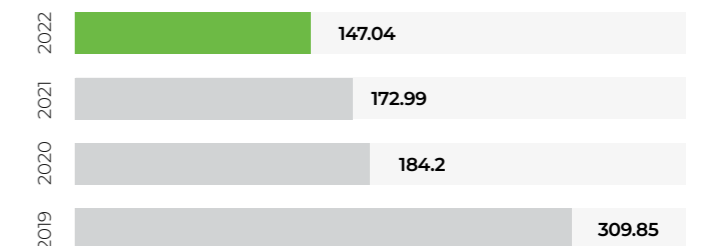
In 2023, we intend to expand the project by rolling it out in three to five Magnit supermarkets, all new dark stores, as well as DIXY stores in the Moscow region.

GRI 306-1

Food waste generation by the Magnit Group, tonnes³



Specific food waste generation by the Magnit Group, kg per RUB mln³



In the reporting year, the Group's food waste generation increased by 7.7% due to the expansion of Magnit retail chain. However, the Group's specific waste generation decreased by 12.3% compared to 2021 and by 52.5% compared to the 2019 base year (309.85 kg per RUB mln). This resulted from our consistent efforts to manage waste generation, including increasing the share of waste sent for recycling, and better procurement.

food waste generation increased

by **7,7%**

specific waste generation decreased

by **12.3%**
compared to 2021

¹ Magnit Group data for 2022 include DIXY.

² Source: data from TIAR-Centre, an independent analytical and consultancy company.

³ Magnit Group data for 2022 include DIXY

Water resources management

Water conservation is an important component of Magnit’s sustainable development. Water is one of the most precious resources on the planet and we seek to use it as efficiently as possible.

Strategic goal to 2025

25% water consumption reduction

2022 performance

55.5% reduction in specific water consumption vs the 2019 base year (5.18 cbm per RUB mln)

Our approach to water resources management

For the most part, Magnit operates in water-sufficient regions. That said, we understand that access to clean fresh water is a fundamental human right, and we respect it. Also, responsible water use helps cut expenses and reduce pressure on sewage systems.

Water consumption spreads across the whole chain of the Company’s operations, including farms and production facilities, stores, and vehicles. Most of our sites have water supply networks in place connected to centralised sewage systems. The rest rely on their own sources of water and wastewater treatment facilities.

Before remote logistics hubs and production assets occupying large plots of land are equipped with water supply and disposal systems, we look into potential options to select the best-fitting one.

19 of Magnit’s logistics hubs, own production and agricultural facilities use their own wells. 12 logistics hubs have their own utility wastewater treatment units installed.

We measure the following types of our water footprint:

Blue water footprint

- ▶ Consumption of fresh water either from surface resources used for irrigation of agricultural land or from underground resources used in the Company’s logistics infrastructure, greenhouses, mushroom complexes, as well as food and confectionery production
- ▶ Consumption of water from centralised water supply networks at the Company’s sites

Grey water footprint

- ▶ Pollution of water as a result of the Company’s operations.

We monitor the state of water supply resources, with a water withdrawal meter system installed, and quality control tools for underground and treated water applied. We examine causes of excessive water use and take steps to prevent incidents of this kind going forward.

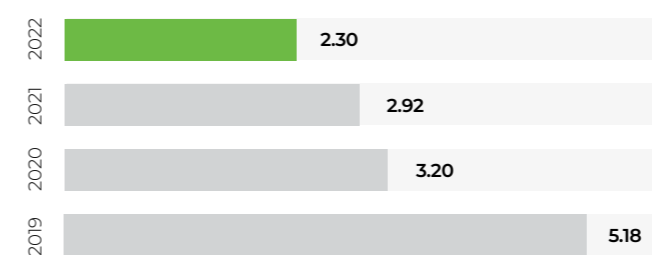
Once a month, we have wastewater from our treatment units tested for pollutant concentrations

by accredited laboratories to make sure it meets the safety requirements, releasing no pollutants into water bodies when disposed.

We minimise water use by using water recycling systems for on-road car washing and treated wastewater for in-house processes at biological treatment stations (utility wastewater and stormwater). In addition, we put water saving nozzles

on single and mixer taps across convenience stores, Magnit Family and Magnit Cosmetics chains, and our distribution centres.

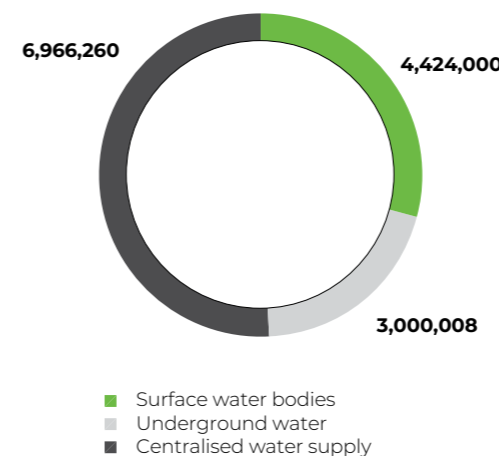
Magnit Group’s specific water consumption, cbm per RUB mln¹



In the reporting year, specific water consumption declined by 21% compared to 2021 and by 55.5% compared to the 2019 base year (5.18 cbm per RUB mln).

GRI 303-3

Magnit Group’s (including DIXY) consumption of water resources by type of sources in 2022, cbm

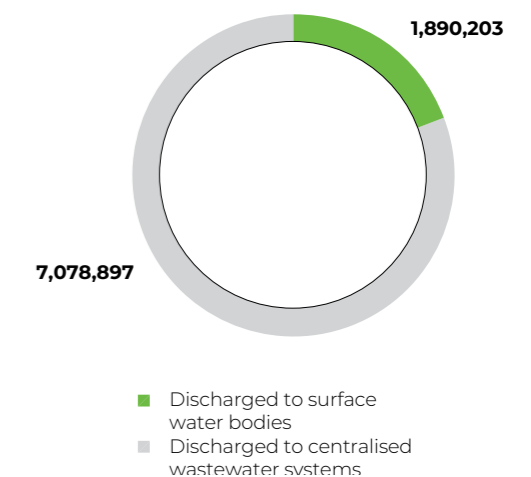


GRI 303-5

Consumptive water use by Magnit in 2022 totalled 5,421,168 cbm.

GRI 303-4

Magnit Group’s (including DIXY) treated water discharge, cbm



¹ Magnit Group data for 2021–2022 include DIXY.

Green Office

Rational use of resources, creating a comfortable and safe working environment and engaging employees in environmental practices within our Company helps us reaffirm our commitment to sustainable development.

Two years ago, we launched Green Office, a comprehensive environmental programme. It relies on global environmental standards and is designed to make all of our offices as eco-friendly as possible. The programme has already been implemented at Magnit's head office in Krasnodar, earning it the Eco Green Office certificate. The Company undergoes annual independent audits and increases the percentage of its compliance with the standard.

Green Office Awards

In the reporting year, the experts of the Green Office Awards 2022, national green construction and operation awards assessing and picking the best office properties in terms of environmental protection, energy and water efficiency, praised Magnit's sustainability programmes.

The #Magnit ecology and separate waste collection course for employees won the Best Programme for Employee Engagement in Indoors Eco-Practices category. A total of 37,000 Magnit employees have already completed the training.

The Company also received a diploma in the Major Achievements in Reducing Solid Waste and Sending Waste for Recycling category.

Waste recycling

In the office and outside, the Company placed trash containers for separate waste collection and reverse vending machines for plastic bottles and aluminium cans. In working and printing areas, there are boxes for paper waste for collection and further recycling.

Taking care of employees' health

The head office is equipped with rooms for group training and cardio practice, and a workout zone. Adjacent to the main building is a green territory with rest benches, while inside the office there are vending machines with vegetables and fresh and dried fruits. Employees receive free medical help and vaccination.

Having analysed our Green Office experience, we developed a comprehensive programme with environmental protection and employee care at its core.

Strengths of the Green Office programme

Reducing emissions

Our head office is heated by waste heat recovered from the Company's own power unit. The building's heating and air conditioning system automatically adjusts to the weather.

Reducing resource consumption

At our head office, we use LED lights to reduce energy consumption and water saving tap nozzles to reduce water consumption.

Transition to electronic document management

Since 2015, Magnit has been phasing out the use of paper documents to be replaced by electronic ones. Electronic documents are used when transporting products from suppliers to distribution centres and then to stores. In 2022, we were able to substantially reduce document transportation via the Company's own fleet and courier services, thus contributing to lower emissions.

In 2018, Magnit started its gradual transition to the electronic document management system. Most of the paper was used in printing documents to transport products from the supplier to the distribution centre, and then to stores. As a result, between 2018 and 2021, we saved 9,052 tonnes of paper – an equivalent of 229,859 trees or 574.6 hectares of forest.

Transition to digital checks

In the reporting year, we launched the process of phasing out printed paper checks in favour of digital ones in more than 26,000 stores of all formats across all 67 regions where we operate. This will help us mitigate the environmental impact of our operations, and cut operating costs of procuring cash register tape. In addition, Magnit reduced the area of all printed checks by 53% by optimising optional information. In one month alone, this saved 93,000 km of cash register tape, while annual consumption shrank by about 1,275,251 km.

To make the option not to print paper checks readily available to customers, we have provided all the necessary infrastructure at our stores and in the mobile app. Today, our customers can contribute to minimising environmental impact by simply tapping on the switch to a digital check.

Fostering regional development

As a company operating in 67 regions of Russia, we are aware of our responsibility for regional development across our footprint. We provide local communities with quality and affordable products, create jobs, finance social projects, and run charitable and volunteering initiatives to support disadvantaged groups.

Engaging with local communities

Our approach to cooperating with local communities	110
Key social projects	116

Our approach to cooperating with local communities

Magnit is Russia's largest retail chain serving most of the country's population. Working in the FMCG sector, Magnit provides vital staple goods on which many people rely. Our priority is to ensure the consistent affordability and quality of these products. Magnit's extensive track record, particularly in providing economy class and discounter stores, is evidence of our contribution to supporting everyone in society each and every day.

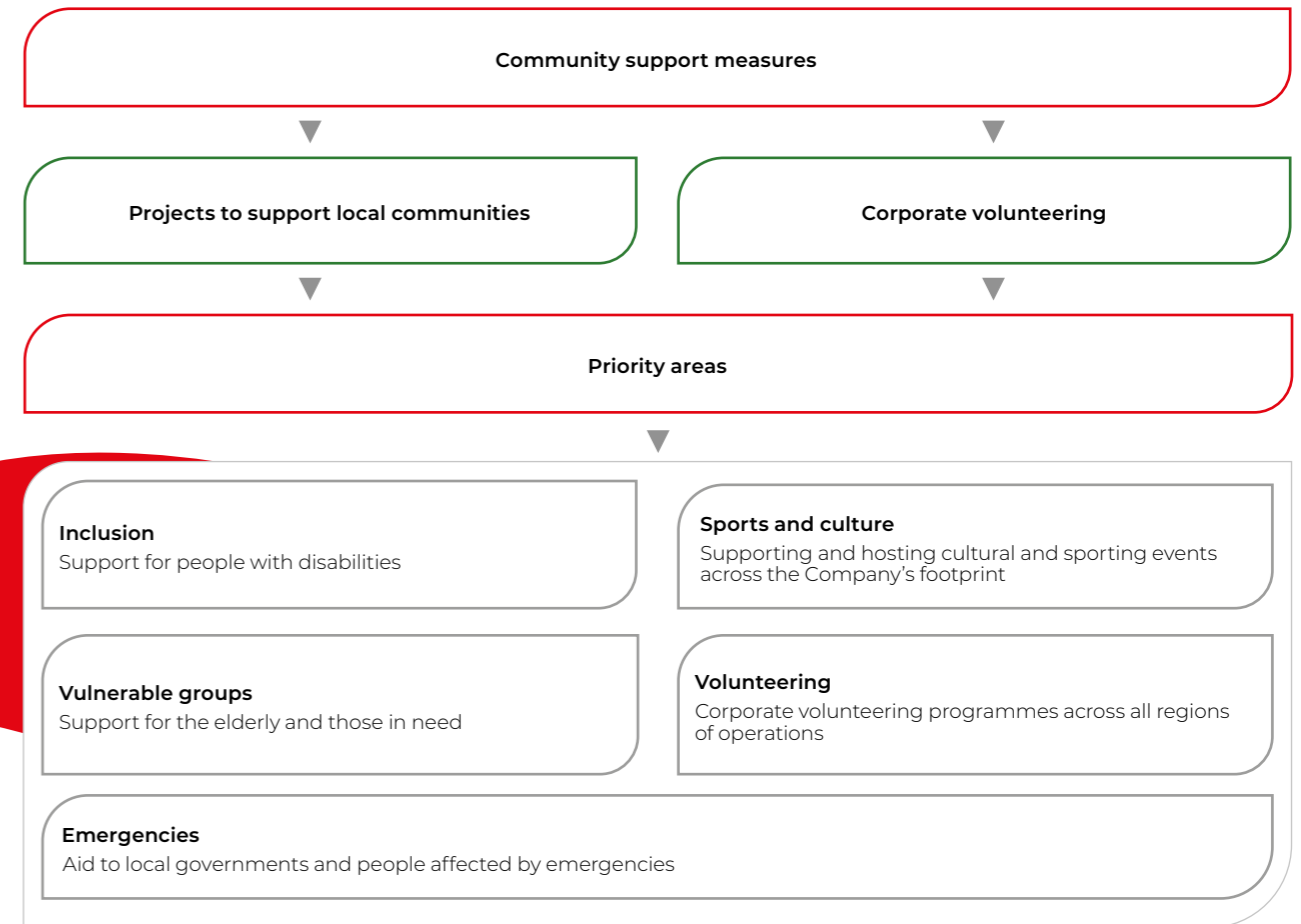
GRI 413-1

For more than 28 years, our aim has been to ensure that local communities have equitable access to quality and reasonably priced products. Our stores also create jobs and support over 5,000 suppliers, from large corporations to local manufacturers and farmers.

Our 2025 Sustainability Strategy defines key priority areas and sets strategic goals to support local communities across all regions where Magnit operates. The Strategy focuses on developing and implementing social and charitable projects as well as encouraging our employees to get involved in volunteering.



Management framework for cooperation with local communities



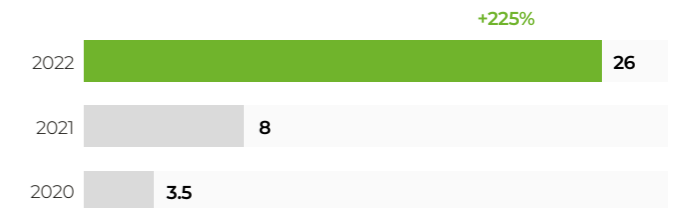
Strategic goal to 2025

Community programmes for across all Magnit's regions of operation
10% of employees volunteering

2022 performance

Magnit has implemented social projects in all 67 regions where it operates
7.8% of employees volunteering

Number of Magnit's volunteers, thous. people



Our approach to cooperating with local communities (continued)

Keeping a dialogue

GRI 3-3

We strive to better understand and meet the needs of the local communities we serve. To achieve this, we maintain a dialogue with local communities, respond to social and environmental issues in cities and regions, and build constructive relationships with local authorities.

Magnit runs social projects in all our 67 regions of operation where there is a total population of 133 million. In the reporting year, 25,900 Magnit employees took part in various volunteering initiatives to support vulnerable groups.

Magnit is a responsible company, fulfilling key social functions expected of a retail company. Magnit helps by:

- ▶ supporting vulnerable social groups by maintaining the affordability of daily essentials;
- ▶ implementing social projects across our footprint and in cooperation with several large organisations and charitable funds;
- ▶ implementing projects together with partners in areas of sustainable development, environmental protection and charity;
- ▶ improving the quality of life for consumers and local communities by promoting healthy living and environmental care. Together with eight major FMCG manufacturers, the Company launched the United for Healthier Future initiative and signed the Code of Participants in United for Healthier Future Initiative;
- ▶ supporting infrastructure development in regions where we operate. A large proportion of the population passes through our doors, making our stores some of the most visited locations in many communities. We strive to offer consistent availability of a wide range of goods at different price categories. We ensure high product quality and the opportunity to shop at a convenient time.

Our impact on local communities



Ensuring access to products

All across our footprint, we provide people with quality foods and products and increase their accessibility in Russia's major cities and smaller towns alike.



Economic growth

We pay taxes, create jobs, and engage with many Russian suppliers ranging from large companies to local farmers and manufacturers.



Environmental care

We take every effort to minimise the environmental footprint in our regions of operation. Magnit implements various projects and initiatives to protect the environment.



Social support

We run a great number of social projects, rendering support to people in need.



Public health

We raise awareness of the importance of leading a healthy life and ensure consistent access to healthy products.

GRI 2-29

Magnit's engagement with local communities

Representatives of local communities	Forms of engagement	Progress in 2022
Authorities	Magnit closely cooperates with local authorities by participating in government working groups and meetings. We also collaborate with the Federal Antimonopoly Service and the Ministry of Industry and Trade.	<ul style="list-style-type: none"> ▶ The Company launched an initiative to cap markup on a number of socially important goods to ensure their affordability. ▶ Magnit held 62 events to support local manufacturers and farmers, including 58 procurement sessions. ▶ Magnit started working with over 360 new local suppliers. ▶ Magnit grew its Development of the Agricultural Contract project, reaching a total of 92 partners. ▶ The Company sold several cooperation agreements with local governments. ▶ Magnit signed an Action Plan to develop farming in Russia's Republic of Karelia, with the region's head Arthur Parfenchikov.
People	The Company is always open to dialogue with local communities, constantly surveying their needs and engaging with local suppliers. We also take into account the opinions of our employees, as they are usually well aware of the existing issues in their communities, including through social media.	<ul style="list-style-type: none"> ▶ Magnit organised a meeting with 50 farmers in the Leningrad region, which was attended by the regional government's agricultural committee. ▶ Magnit organised meeting with 30 local food and non-food producers in the Tyumen region to discuss terms of partnership. ▶ Magnit held a video conference with over 50 farmers from the Republic of Karelia. ▶ Magnit held a conference with suppliers from Russia's Central Federal District supported by the Moscow Region's Ministry of Agriculture and Food. ▶ Magnit held meetings and events to support local suppliers in Dagestan, Ingushetia, North Ossetia, Kabardino-Balkaria, the Stavropol territory and Volgograd region, all with the backing of regional authorities ▶ Magnit engaged in direct dialogues with food manufacturers in the Perm region ▶ Magnit also met with local suppliers on the sidelines of conferences and exhibitions (AGRORUS, Seafood Expo Russia 2022, etc.). ▶ Magnit arranged a meeting with business communities from Belarus organised by the Leningrad Region's Chamber of Commerce and Industry. ▶ Magnit provided assistance in emergencies and humanitarian aid. We gave food kits and essential goods to people affected by emergencies and recently relocated to Russia. ▶ We organised environmental and charitable campaigns as part of the Good Deeds in the Neighbourhood project. ▶ Magnit volunteers participated in social and environmental projects in the regions of the Company's operations. ▶ We expanded our soft discounter chain and opening new stores in small towns to improve product accessibility for people in these regions. ▶ Magnit arranged educational excursions as part of the Active Longevity Programme for pensioners in Veliky Novgorod and Petrozavodsk. ▶ Magnit continued to develop customer experience and improving relationships with customers.
Charitable foundations	Magnit partners with regional charitable foundations for joint events and volunteering initiatives in support of vulnerable groups.	<ul style="list-style-type: none"> ▶ We launched a food-sharing project in collaboration with the Foodbank Rus charity foundation. ▶ Magnit ran the Good Garland campaign to support young orphans in partnership with the Raoul Foundation. ▶ Magnit provided comprehensive support to the elderly in cooperation with the Enjoyable Ageing Foundation. ▶ We continue to provide food kits to beneficiaries of the Long Happy Life Foundation in St Petersburg. ▶ We participated in the Kind Purchase project to collect food for low-income families in the Novgorod region. ▶ Magnit provides ongoing support to the So-Edinenie Deaf-Blind Support Foundation
Educational institutions	To create a talent pool, we offer internships for students in all our regions of operation and help arrange third-party lectures and seminars.	<ul style="list-style-type: none"> ▶ Magnit organised a Magnetic Code Hackathon for IT students in collaboration with Russian technology firm Yandex. ▶ Magnit organised a competition for students of the Kuban State Agrarian University to provide scholarships and priority employment after graduation.

Our approach to cooperating with local communities (continued)

Charity spending by area, RUB thous.

Type of spending	2020	2021	2022
Magnit Group's charity spending	209,632	642,262	205,615
▶ including DIXY	-	1,015	347

GRI 203-1 GRI 203-2

Material topics

- ▶ Building long-term multi-stakeholder partnerships to support our sustainable development goals
- ▶ Equality and inclusion
- ▶ Promoting stability of regional food markets
- ▶ Maintaining the assortment of popular product categories and pursuing import substitution
- ▶ Increasing the number of customers and employees committed to a healthy lifestyle

Priority UN SDGs



Principles of the Social Charter of the Russian Business

Contribution to the development of local communities

We understand that our brands and employees are an integral part of society. That is why we remain committed to the corporate citizenship principles.

Government, public authorities

Our interaction with government authorities and officials is based on the principles of constructive dialogue, transparency and openness.

RSPP Reference Performance Indicators

1.7, 3.3.1, 3.3.2, 3.3.3

Russia's national projects

- ▶ Demography
- ▶ Housing and Urban Environment
- ▶ Environment

Key documents

- ▶ Magnit's Charity, Sponsorship and Volunteer Policy
- ▶ Magnit's Corporate Volunteering Programme

2022 highlights

- ▶ Magnit Group's spending on social and charitable projects totalled RUB 205.6 mln.
- ▶ The Company shipped 277 tonnes of products as part of social and charitable projects.
- ▶ 203,000 Magnit employees received training in servicing people with disabilities.
- ▶ RUB 2.3 mln collected to support young people raised in orphanages under the Good Garland campaign.
- ▶ 26,000 Magnit employees participated in volunteering initiatives.
- ▶ Magnit launched a food sharing programme, collecting 20 tonnes of different products for socially disadvantaged groups
- ▶ As part of the Magnit Life pilot project to educate and help children from orphanages, 15 children from Our Home family mentoring centre completed training and internships at Magnit, with five of them hired by the Company
- ▶ 30,000 elderly residents from 126 nursing homes and social facilities received New Year gift kits through the Enjoyable Ageing Foundation.

Key social projects

When it comes to helping the local community, we prioritise projects that develop inclusivity and provide aid to socially disadvantaged groups. We seek to partner with local charitable foundations and NGOs in order to help develop Russian regions and improve the living conditions for our customers.

All of Magnit's scheduled campaigns and events related to charity, volunteering, sponsorship and grants are reviewed and approved by the Company's Ethical Values Officer.

Our social projects aim to help address social issues as part of the Company's key charitable and volunteering activities across our regions of operation. They also focus on supporting the development of social and public infrastructure in the regions to achieve socially significant goals and improve people's quality of life, well-being and social position.



Contributing to an inclusive environment

GRI 3-3

Creating and maintaining an inclusive environment is part of Magnit's corporate culture. We strive to make products at our stores accessible and affordable for all. To that end, our employees are trained to interact with people with disabilities and those facing hardships.

We care about the country's future and seek to support people in need. That is why we are implementing projects to educate children from orphanages and children with disabilities.

In 2022, we launched several projects for people with disabilities to help them take an active part in community life.

Creating a barrier-free environment

Magnit became a participant in the Open to All initiative aimed at establishing and sustaining an inclusive setting that accommodates individuals with disabilities in Russia. The Company signed the project's key document – The National Inclusion Agreement, confirming its commitment to providing equal opportunities to people with disabilities.

The Kind Bunny inclusive project

Federal project

The Kind Bunny – Inclusive City project is about creating an inclusive environment for people with disabilities at Magnit stores.

The number of people with disabilities in Russia is rapidly increasing (12.1 million in 2021). They often need help with common everyday tasks like grocery shopping. There is insufficient awareness of the difficulties and obstacles that individuals with disabilities encounter. The majority of personnel at Magnit stores have necessary training and skills to assist and support people with disabilities.

As part of the Kind Bunny project, the Company intends to:

- ▶ create an inclusive environment for people with disabilities at Magnit stores;
- ▶ change employees' attitudes towards people facing temporary hardship;
- ▶ improve customer service at Magnit stores.

The Kind Bunny project was created by Olga Andreeva, a volunteer and mother of multiple children from Veliky Novgorod. The Kind Bunny is a training course for those working in the service industry (sales personnel), teaching them to communicate and interact with people with disabilities. The course focuses on the following components:

- ▶ introduction
- ▶ regulatory framework
- ▶ interacting with people with hearing impairments
- ▶ interacting with people with vision impairments
- ▶ interacting with people with speech impairments
- ▶ interacting with people with locomotor impairments
- ▶ interacting with people with mental disorders
- ▶ emergency response
- ▶ handling burnout

Magnit's stores in the Northwestern Federal District supported the project and began to implement it in September 2020. In Veliky Novgorod, more than 100 Magnit employees completed a pilot training course. The pilot had both an external and internal effect. The project received many good reviews on social media from

Second place
at the #WEARETOGETHER international award



Medal For Selfless Contribution to the National Support Initiative #WEARETOGETHER

Second place
at the Crystal Pyramid 2021 award for the HR Project of the Year

customers and employees, and there was a visible improved attitude among employees towards their team and socially disadvantaged people.

The course is available on a dedicated online portal and the mobile app of Magnit's Corporate Academy. Following the training, employees can choose to take a final test.

In early 2021, Magnit decided to roll out the Kind Bunny project throughout the entire Northwestern Federal District. As a result, by the end of 2021, the number of employees who underwent the training exceeded 4,500. In summer 2022, the project was scaled up to all 27,000 of the chain's stores. Currently, 93% of Magnit's retail employees have completed the course – more than 200,000 people. Over 90% of the course graduates have given positive feedback.

Magnit became the first large retailer to train sales personnel to interact with people with disabilities, which is a significant step towards creating a barrier-free and inclusive environment nationwide. All Magnit's new hires are now required to undergo the Kind Bunny course as part of their onboarding.

We hope that this project will enable Magnit to become the first truly inclusive retailer in Russia.

2020

A pilot project launched in Veliky Novgorod

2021

The pilot successfully implemented in the Northwestern Federal District

2022

The project rolled out across Magnit's footprint

Key social projects (continued)

Volga Federal District

In cooperation with the So-edinenie (Connection) Support Fund and NIVEA, we opened the first inclusive playground for children and teenagers with vision and hearing impairments in Nizhny Novgorod. The playground is adapted for people with disabilities and includes an outdoor area with swings, benches, a sensory path, sandpit, sensory garden, and musical instruments. We will continue implementing this initiative in 2023.

North Caucasian Federal District

In the reporting period, we supported the Nadezhda Rehabilitation Centre in the Russian region of Makhachkala by financing the purchase and installation of a special playground. It includes jungle gyms, a seesaw adapted for children with disabilities, special pull-up bars, vertical handrails, parallel bars, a horizontal bench and swings. Nadezhda is a rehabilitation centre for children with central and peripheral nervous system disorders and locomotor impairments.

Ural Federal District

In October 2022, we collaborated for the first time with SMAK, a local baked goods supplier. As part of the project, a new modern playground was installed and opened in the Kharitonov Palace park in Yekaterinburg. The project was supported by the federal Agency for Management and Use of Historical and Cultural Monuments, which is in charge of the Kharitonov Palace.

Career guidance and employment projects

Central Federal District

In June 2022, Magnit and Our Home, a centre for family mentoring assistance, took stock of Magnit's Life pilot project aimed at educating children from orphanages, including those with special needs, and helping them make a transition to adulthood. A total of 15 young people from Our Home took a four-month training course developed by Magnit's Corporate Academy that featured an e-learning platform, gamification, and non-financial incentives. They spent 30 hours studying theory and 50 hours practising their skills while also having eight in-person training sessions and completing more than 50 tasks. All of them completed internships at Magnit stores and earned their first salaries, with five opting to stay with Magnit.

In November 2022, Magnit launched another career guidance programme for students with special needs as part of Magnit Life. Hosted by School No. 627 in St Petersburg and backed by the city's Nevsky District Administration, the programme is expected to welcome 15 students aged 14–18. Experts from Magnit's Corporate Academy and teachers at School No. 627 have developed a career guidance methodology that will be integrated into the school's existing curriculum as a practical element. Students will gain adaptive skills, including time and budget management and goal setting. They will also improve their communication abilities, learn more about teamwork, and get an understanding of common roles in the Company during educational tours of Magnit stores and the head office in St Petersburg.

In 2023, the Company plans to expand Magnit Life further into our other regions of operation.

Federal project

In late 2022, Magnit and the Raoul charity foundation launched the Good Garland campaign to help young people who grew up in orphanages find a job. Our mobile app featured the Lucky New Year game, where each sign-up resulted in Magnit donating RUB 1 to Raoul. This way, a total of RUB 2.3 mln was raised and gifted to arrange career guidance consultations, CV writing and interview skills training sessions, and mentorship for young people raised in orphanages.

We think about the future of our country and strive to support those who need care

Key social projects (continued)

Support for socially disadvantaged groups

GRI 203-2

We voluntarily capped price increases on socially important goods

We want to minimise the economic pressure put on our customers by inflation. That's why in 2022 we voluntarily capped markups on a number of socially important goods. Starting from 1 March, Magnit set the maximum price of 304 SKUs from 27 categories at 5% throughout all our 67 regions of operation. Russia's Federal Antimonopoly Service, Ministry of Industry and Trade, and Ministry of Agriculture contributed to the design of these markup restrictions.

Joining a social initiative in the Novgorod region

In January 2022, Magnit and the Novgorod region's Ministry of Industry and Trade signed an agreement to issue Care social discount cards to local social beneficiaries who can now enjoy a 10% discount on goods sold at our stores in the region.

Food sharing programme

Central and Northwestern federal districts

In summer 2022, Magnit and the Foodbank Rus charity foundation launched a retail food-sharing project to support people in need and reduce shrinkage. Our stores donate food products nearing their expiry dates to vulnerable population groups. The food kits comprise 300 SKUs, including basic goods (bakery, dry foods, etc.), fruit and vegetables. We gave 20 tonnes of food to more than 11,500 people (2,600 households). Magnit has 30 dark stores – 28 in Moscow and the Moscow region and two in St Petersburg – contributing to the project and will continue to advance it in 2023.

Support for the elderly

Federal project

Together with the Enjoyable Ageing Foundation, Magnit wished a happy new year to single pensioners and elderly people by giving out presents to almost 30,000 retirees at 126 care facilities. Magnit employees also delivered gifts to the providers of social care services for the

elderly, with the social workers taking them right to seniors' homes. In addition, our volunteers teamed up with people from the Enjoyable Ageing Foundation to deliver gifts to boarding schools in New Year-themed vehicles with festive lights.

On the Day of Older People, our volunteers gave out food kits to pensioners in the Voronezh, Lipetsk, Sverdlovsk, Tula and Chelyabinsk regions, Krasnodar and Stavropol territories, and St Petersburg.

As part of the Active Longevity project, Magnit employees organised educational activities and hypermarket tours to promote healthy diets among older customers in Veliky Novgorod, the Novosibirsk and Orenburg regions, and Republic of Karelia.



Volunteering initiatives

Environmental care

Federal project

We are always looking to promote environmental-friendly activities across our footprint. Our employees volunteer in various eco-focused initiatives, including the Magnit of Habits clean-up initiative run in various regions. In 2022, a total of 1,714 Magnit volunteers took part in clean-up events in Krasnodar, Moscow, St Petersburg and eleven more cities across Russia, with 513 cbm of waste collected and sent for disposal.

DIXY's Orange Hearts held 35 clean-ups in different locations and regions, bringing in over 700 volunteers to pick up litter in natural and urban parks, nature reserves, and waterfront areas.

Siberian Federal District

Magnit volunteers took part in Ecofest, an event aimed at promoting environmental protection in Novosibirsk. They removed litter near a local river and prepared gifts for children who also participated in the event.

In downtown Krasnoyarsk, Magnit employees held an event to clean up 7,500 sq. m of land in the Tatyshev Park.

Southern Federal District

In October 2022, 173 Magnit employees volunteered to take part in an event to restore the ecosystem of Lake Karasun in Krasnodar. Within a few hours, 20 cbm of waste was removed from the shores, water surface and lake bottom. Our volunteers released 3,000 fish fry into the lake once it was cleaned.

Central Federal District

Volunteers from Magnit and GRASS planted oaks and limes in the Central Wisent Breeding Ground, part of Zablotsky Prioksko-Terrasny Reserve, the only state nature reserve in the Moscow region. This was done to restore the reserve's forest and protect the local population of bison.

Employees of DIXY Management Company

turned in 38.6 kg of batteries and 21 kg of plastic caps for recycling to the Sobirator environmental centre. The proceeds were donated to the Volunteers for Orphans charity foundation.

Northwestern Federal District

In spring and autumn 2022, Magnit employees took part in urban clean-up events, teaming up with St Petersburg's Governor to clean the city's Polyustrovsky Park.

In October 2022, Magnit's Veliky Novgorod branch marked its 15th anniversary. To celebrate this event, the retail chain's management joined with representatives of the city's administration and the region's Ministry of Industry and Trade to plant trees on the Gzen River's embankment.

Volga Federal District

In October 2022, 17 volunteers from DIXY's Orange Hearts project took part in the annual all-Russian Save a Forest campaign, which saw over 16,000 trees planted in the Nizhny Novgorod region.

Community care

Federal project

Our employees help collect books for children from refugee families as part of the Breathe New Life into a Fairy Tale project. Together with Foodbank Rus volunteers, they collected and sorted 2,117 books, which were given to the children of families in disadvantaged communities. Magnit volunteers who took part in the project hailed from Krasnodar, Pskov, Voronezh, Lipetsk and Rostov-on-Don, with additional book donation events held in Cheboksary, Samara, Naberezhnye Chelny, St Petersburg, Volgograd, Shakhly and the villages of Kanevskaya.

Key social projects (continued)

Central and Northwestern federal districts

We continued to develop the Become a Blood Donor project, where our employees can volunteer to donate blood. Launched in Voronezh in 2021, the project attracted 40 Magnit donors, with more volunteers and cities joining it as the year moved on. In 2022, over 11,000 employees donated blood.

More than 300 DIXY employees became blood and component donors, including a woman from a St Petersburg store who donated blood 18 times for children in the bone marrow transplantation ward at Pavlov First St Petersburg State Medical University.

North Caucasian Federal District

In 2022, we launched a healthy lifestyle awareness project for schoolchildren in the Stavropol territory, including those from orphanages. The Choose and Buy Right initiative is backed by the region's Governor, Ministry of Economic Development and Ministry of Education, Rospotrebnadzor, and North Caucasus Federal University (NCFU). People from the NCFU and Rospotrebnadzor teach children to choose safe and healthy products at a store, while our employees present a practical approach to picking wholesome food in Magnit supermarkets.

Federal project

Magnit volunteers participate in Grandson by Correspondence, a unique project run by the Enjoyable Ageing Foundation. Magnit's volunteers send letters and postcards to retirement home residents, restoring the joy of communication and offering the elderly warmth and support. Over 5,000 seniors have found their pen pals, including among Magnit's staff.

Federal project

Magnit has a tradition of giving New Year presents to children in orphanages and hospitals across its footprint. On the last business day of 2022, Magnit's Director for the Siberian Federal District and Magnit Pharmacy COO visited a hospital and, together with its chief doctors, wished a happy new year to children who were to stay over New Year. The children received presents from Magnit. In the Altai territory and Omsk region, the children's ombudspersons handed over our gifts to disabled children and adolescents in rehabilitation centres, as well as to hospitals and large families. Together with the Ministry of Industry and Trade of Kuzbass, we gave out presents to children at the Adoption and Fostering Support Centre in Guryevsk and young patients at the Atamanov Clinical Hospital. Accompanied by employees and dressed as Santa Claus, the head

of Magnit's branch in Krasnoyarsk visited children in the Gemstones orphanage and presented them with gifts, including sweets. In Khakassia, Magnit teamed up with the Ministry of Economic Development to give presents to kids from large, low-income and foster families in Tiurt-Tas and Kartoyev, Askizsky district.

As part of New Year charitable activities, DIXY employees donated 15 tonnes of non-perishable goods to the Charity Foundation Association.

Southern Federal District

More than 80 volunteers from Magnit's Armavir branch helped orphans in the village of Maryino, while their colleagues from the Rostov West have been regular visits to an orphanage in Taganrog for several years. Prior to each visit, they raise money and buy clothes and home appliances which the orphanages need. The children receive toys and stationery.

In December, DIXY employees and Volunteers for Orphans held a charitable New Year fair, with 37 DIXY volunteers raising RUB 45,600, which was later donated to the foundation together with handmade toys.

Northwestern Federal District

In August–September 2022, we took pensioners on food awareness tours to Magnit supermarkets in Veliky Novgorod and Petrozavodsk.

The seniors learned about proper nutrition and food combinations, as well as how to ensure a balanced diet suited to their age. We highlighted wholesome foods sold at Magnit and acquainted with the necessary nutrition information on product packaging. After a tour, all participants received healthy food kits based on a dietitian's recommendations, including Magnit's own deli and other products.

Animal care

Southern, Central, Northwestern and Volga federal districts

Employees of our regional units voluntarily help animal shelters, visiting them to provide pet food, cereals, cleaning products, detergents and other staples. Our volunteers walk, train and play with the dogs. In March 2022, we visited the Krasnodog shelter for injured animals in Krasnodar. The dog and cat shelter is run by the Helping Homeless Dogs NGO and charity foundation in St Petersburg. We also helped the

Ancestors' Call dog shelter in the Moscow region, and the Flagman Vet veterinary centre in Samara. In the reporting year, 2,500 Magnit employees volunteered to support animal shelters.

Our nine supermarkets in Krasnodar collect pet food for homeless animals under the Kind Purchase project, which we run together with Mars Petcare. Customers can donate food in the checkout zone, with employee donations also accepted. The collected food goes to the Krasnodog shelter, which has received over 3 tonnes of pet food since the project was launched.

In August 2022, DIXY employees visited the Forest Shelter in Istra. 25 volunteers walked the dogs and handed over more than 3.5 tonnes of pet food, enough to last for the rest of the year.

In the reporting year, employees of DIXY's Volga division provided 500 kg of pet food to Vita, one of the largest shelters for homeless dogs and cats in Yaroslavl.

Events for magnit volunteers

In November 2022, our employees submitted more than 100 initiatives as part of the volunteer grant contest Good Deeds in the Neighbourhood. The expert panel approved ten volunteering projects, with their participants receiving grants to implement them.

In December 2022, over 70 of Magnit and DIXY's most enthusiastic volunteers took part in a major event run as part of the Good Deeds in the Neighbourhood project. Employees who had been implementing local volunteering initiatives throughout the year and the winners of the grant contest came to Moscow to discuss important matters related to arranging and planning their volunteering programmes for 2023. They also took part in environmental tours and the #WeTogether forum.



Taking care of employees

Magnit's employees are contributing to the Company's success every day. We seek to become the employer of choice in the Russian retail sector by providing decent wages and benefits, creating a safe and comfortable working environment, and offering training and development opportunities to help employees progress in career.

Our employees

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Personnel management

Our people’s dedication and contribution is key to securing the growth, development, and seamless operation of all companies in the Magnit Group. To boost employee loyalty and attract new talent, we improve working conditions, provide decent salaries, promote careers, train people, and take care of their health.

Goals of Magnit’s HR Strategy

- ▶ Securing the sustainability of Magnit's business through programmes designed to maintain sufficient staffing and acceptable turnover among rank-and-file staff, managers, and experts
 - ▶ Unlocking potential for business development by introducing tools and practices that foster employee engagement and productivity, as well as running a talent acquisition and development programme
 - ▶ Making a quantum leap in the development of HR management technology, programmes, and approaches, including the use of effective, modern, and easy-to-use tools for managers to handle teams, and services for employees.
- In doing so, Magnit seeks to be a smart employer, making decisions based on high-quality data and a robust cost-benefit ratio across its programmes.

Our approach to employee development

The Magnit Group employs over 360,000 people. This is a huge team for which we are responsible. Our ambition is to be the No.1 retail employer in Russia for our hires, making a positive impact on the quality of their lives and professional development.

Since 2019, we have been implementing an HR Strategy that covers developing and promoting our corporate culture and employer brand, optimising the Company’s corporate structure, improving our EVP for employees, attracting and retaining talent, as well as automating and digitalising our HR processes.

Magnit’s HR development principles



Employee-centred culture

- ▶ Increase engagement at all levels and foster leadership skills
- ▶ Develop our business through employee engagement



Develop our business through employee engagement

- ▶ Novel and proactive approaches to recruitment
- ▶ Flexible organisational structures, working formats and processes



In-house talent development

- ▶ Novel and proactive approaches to recruitment
- ▶ Flexible organisational structures, working formats and processes



Smart employer

- ▶ Process reorganisation and automation
- ▶ Solutions based on data and economic efficiency

Type of employees	Employer brand	Corporate culture	Talent and team	Robust corporate structure	EVP ¹ and HR ² service	Systems and data
Top management	<ul style="list-style-type: none"> ▶ Employer brand revision and promotion, brand health analysis ▶ IT recruitment centre creation 	<ul style="list-style-type: none"> ▶ Constant employee feedback collection ▶ Internal communication system development (via HR App) ▶ New hybrid and remote working arrangements 	<ul style="list-style-type: none"> ▶ Performance management ▶ Talent management and succession planning programmes ▶ Gamification of business processes to boost employee performance 	<ul style="list-style-type: none"> ▶ Flexible organisational design ▶ Update of organisational management standards ▶ Authority model and process management 	<ul style="list-style-type: none"> ▶ Remuneration structure ▶ Benefits programmes ▶ Personnel costs management ▶ Improvement of professional training programmes ▶ Temporary and outsourcing personnel management ▶ Design of a support programme for socially disadvantaged employee categories ▶ Set-up of a process to provide employees with New Year presents for their children 	<ul style="list-style-type: none"> ▶ SAP HCM ▶ Electronic HR document flow ▶ Work Force Management (WFM) tools ▶ Digital services for employees – HR App ▶ Digital channels and platforms for the training process ▶ Automation of the recruitment process
Middle management and experts	<ul style="list-style-type: none"> ▶ Implementation of new recruitment tools ▶ Improvement of internships ▶ Automation of onboarding programmes ▶ Development of dedicated recruitment advertising campaigns for different target groups, including categories such as “60+”, “students”, etc. 	<ul style="list-style-type: none"> ▶ Volunteer corporate community development ▶ Corporate values promotion ▶ Development of a programme to recognise employees with state awards and badges of distinction ▶ Further consistent efforts of the Company’s management to improve employee engagement ▶ Development of Beyond Work, a series of psychological support lectures for employees 	<ul style="list-style-type: none"> ▶ Design of a professional skills competition system to develop and retain talent 	<ul style="list-style-type: none"> ▶ Development of an Employee Cashback loyalty programme for staff (piloted in Moscow, Northwestern, Urals, Southern federal districts, and the Head Office), with subsequent rollout in other districts ▶ Magnit-Discount partner loyalty programme for employees 		
Tech and digital employees						
Line staff						

¹ Employer Value Proposition.
² Human Relations.

Personnel management (continued)

As part of the strategy, we have set HR management targets and measure progress on an annual basis.

Strategic goal to 2025	2022 performance
40% maximum turnover rate	55.4% turnover rate at Magnit (vs 64.6% in the base year of 2019)

Material topics

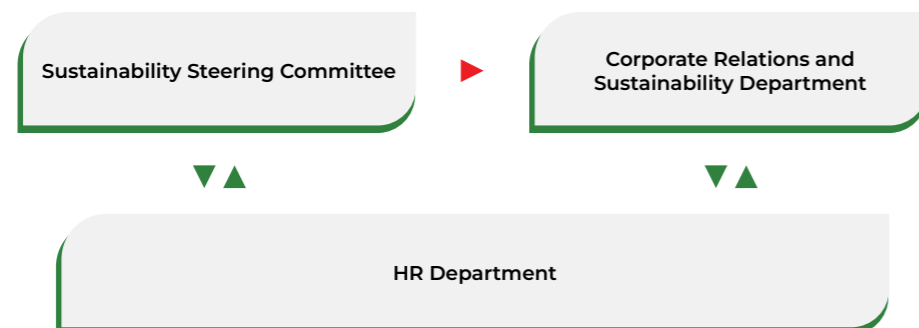
- ▶ Respect of labour rights and safe working conditions
- ▶ Equality and inclusion
- ▶ Increasing the number of customers and employees committed to healthy lifestyles

Principles of the Social Charter of the Russian Business

Business partnership and stakeholder engagement

We believe that employees are a key asset of a company; we support human development. We believe that a human life is the highest value. We believe that workplace safety and employees' health cannot be compromised in order to make profit.

Employee development system

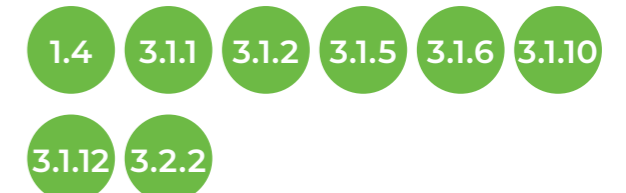


- ▶ Administrative subordination
- ▶ Coordination under the sustainability strategy and advisory support

Priority UN SDGs



RSPP Reference Performance Indicators



Russia's national projects



Personnel management (continued)

Key documents

Internal regulations

- ▶ Human Rights Policy of Magnit PJSC
- ▶ HR Strategy
- ▶ Internal Workplace Regulations
- ▶ Regulations on Remuneration
- ▶ Regulations on Remote Working
- ▶ Regulations on Digitalisation of Labour Documents
- ▶ Regulations on the Social Programmes of JSC Tander
- ▶ Regulations on Employee Awards from the Ministry of Agriculture of the Russian Federation
- ▶ Regulations on Badges of Distinction for Employees of Selta LLC
- ▶ Regulations on Badges of Distinction for Employees of JSC Tander
- ▶ Internal regulations governing employee competitions

External documents

- ▶ Russian Labour Code

2022 highlights



Achievements and awards

- ▶ The employer brand loyalty index in the media improved by 4 points over three years (from 0.7 to 1.1), and by 3 points in 2022 (from 0.8 to 1.1), with the market average of 0.4, the highest metric across all market players.
- ▶ Overall turnover at DIXY declined by 20.7% as a result of staff incentives.
- ▶ Occupational injury rates stabilised despite an increase in the Company's headcount.
- ▶ Major project to introduce remote and hybrid work formats for office staff completed, with cost savings reaching RUB 100 million.
- ▶ HR IMPACT and Crystal Pyramid industry awards given for Magnit's initiatives set to develop a gamification platform and professional contest system; the Caring for People competition held.
- ▶ Magnit's two advertising campaigns (Sightseeing and Prescription for a Pharmacist) awarded at nationwide and international creative festivals: Red Apple (silver), Perspectum Awards (two bronze awards), Sostav.ru: Results of the Year (shortlisted), Tagline Awards (silver) and White Square (shortlisted).
- ▶ Departmental awards given to 937 employees, up 40% compared to 2021.
- ▶ 5,583 Magnit employees reached semi-finals and finals of professional competitions.
- ▶ Number of volunteers amongst Magnit employees increased 3.5x compared to 2021.
- ▶ Volunteering in different areas at DIXY divisions.



Employee training and development

- ▶ A Career Management programme for Magnit's office staff implemented.
- ▶ A mentoring system for office staff introduced.
- ▶ The Training Store in Each Supervisor Sector project implemented and supported across DIXY divisions, mentors selected and trained.
- ▶ The Supervisor Onboarding Programme launched across DIXY divisions.
- ▶ DIXY Logistics staff engagement project comprising 20+ initiatives implemented.

- ▶ Cashier competencies introduced for the WorldSkills national contest of working professions to increase the appeal of and attract young talent to the profession.
- ▶ Beyond Work, a series of educational lectures, webinars, podcasts for Magnit employees, including new courses Psychological Support for Employees in Turbulent Times, Conscious Parenting in partnership with the Faculty of Psychology at Moscow State University, and Webinars on Pets, launched.



Recruitment

- ▶ A recruitment advertising campaign designed and launched to attract the 60+ audience – Jobs for Young People Over 60.
- ▶ A cooperation agreement signed with the Moscow Employment Centre to cover Magnit's hiring needs.
- ▶ A recruitment advertising campaign designed and launched in Uzbekistan to attract job seekers to the M Cosmetic brand.
- ▶ A recruitment advertising campaign for the DIXY brand designed and launched.



Social support

- ▶ The Corporate Academy programme launched to retrain specialists from other retail segments who have lost their jobs, as well as disadvantaged people, featuring subsequent employment.
- ▶ Sharing the Warmth initiative launched for 60+ employees at Magnit in the Moscow region that includes staff training on and discussions of process improvement ideas with heads of branches.
- ▶ A programme for socially disadvantaged categories of employees kicked off, under which 80 free trips were provided to eligible employees.
- ▶ 176,000 New Year presents were given to our employees' children, up 6,000 YoY.



Health and safety

- ▶ The Company's Occupational Health and Safety Management System updated to factor in the requirements of new Russian regulations on occupational health and safety.
- ▶ Risk-oriented approach to the Occupational Health and Safety Management System implemented.
- ▶ Measures taken to comply with new requirements of labour laws related to staff training in occupational safety and accident investigation.



Digital solutions for staff

- ▶ Specialised information systems (to create IT career tracks, automate the recruitment process, as well as for internal side jobs) developed and implemented.
- ▶ Magnit media portal, a platform for supporting, developing corporate culture and engaging employees in corporate life, launched.
- ▶ Your Magnit mobile app scaled up, with the number of unique users reaching 190,000 employees by December 2022.
- ▶ Managers of our 21,000 stores (or 78%) visited our in-house gamification website on a monthly basis to improve the performance of their business processes.
- ▶ Notifications about new employees hired at DIXY stores automated.
- ▶ Time tracking and calculation of bonuses for DIXY's delivery drivers fully automated.

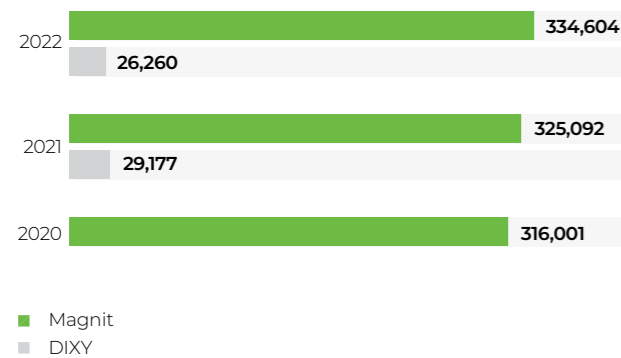
Personnel management (continued)

Personnel structure

GRI 2-7

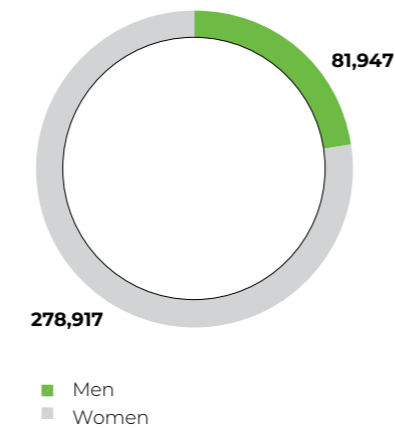
In 2022, the Magnit Group's headcount stood at 360,900 people.

Employees, thous.

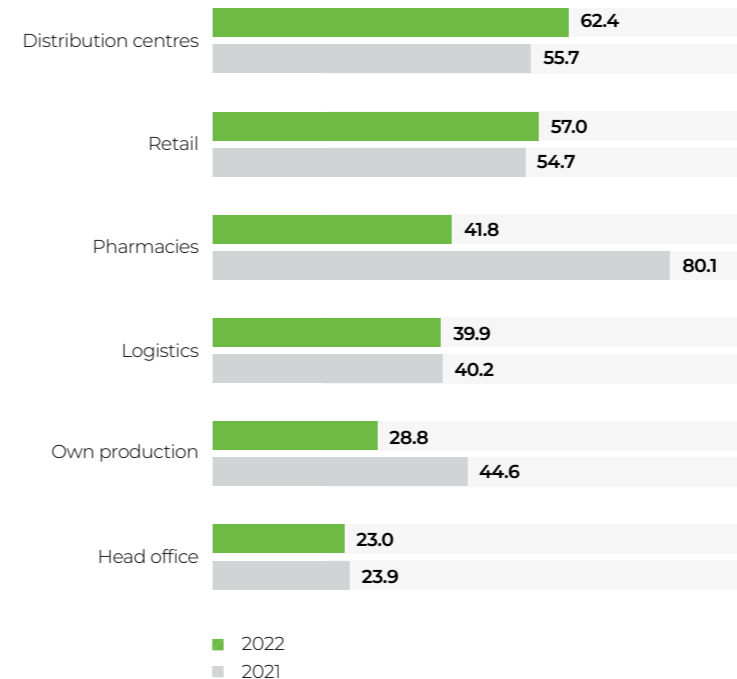


GRI 405-1

Breakdown by gender at the Magnit Group, thous.



Turnover at Magnit broken down by activity type¹, %



¹ For more details on personnel structure, see the Appendix to the Our Employees section.

One of our key HR objectives is to increase staffing and keep turnover, which is typical of the retail industry, within acceptable limits. High turnover in the industry is largely due to the fact that young employees view retail jobs as temporary employment and start looking for more attractive options in terms of compensation and benefits. To mitigate this trend, we offer young professionals career opportunities and welcome horizontal movements within the Company.

During the year, we managed to significantly reduce staff turnover at our pharmacies and own facilities. The traditionally low turnover rate at Magnit's head office has become even lower.

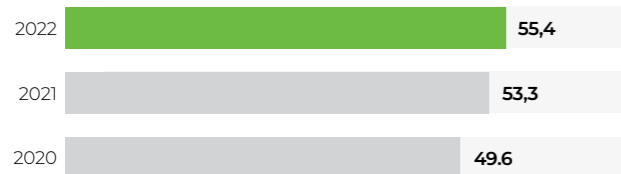
To enhance employee loyalty and reduce turnover, we continue our efforts to improve working conditions and incentive system, implement additional social initiatives for employees and are in an ongoing and open dialogue with our team.

How we reduce staff turnover

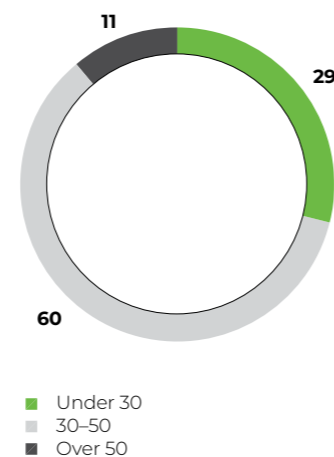
- ▶ We retain and incentivise top performers by developing a system of professional skills competitions.
- ▶ We motivate employees to achieve five, ten, or 15 years of service with the Company by presenting them with awards and corporate badges of distinction for their length of service.
- ▶ We make consistent efforts to increase employee engagement, loyalty, and satisfaction as part of the Caring for People competition.
- ▶ We introduce gamified mechanics, contests, and activations to celebrate major Company events such as Mr and Ms Magnit and DIXY, the Company's Birthday, Salesperson Day, as well as the Professional Season and New Year contests. This helped us set a steady positive trend in our employer brand loyalty index in social media and retain the best talent. As a result, we are building a strong, engaging brand for job seekers, employees, and customers alike.
- ▶ We pay close attention to onboarding new hires and reduce turnover among them through a programme of welcome kits.
- ▶ We take care of employees in distress by offering a social support programme that includes seaside health resort treatment.
- ▶ We continue increasing the number of New Year presents for our employees' children.

GRI 401-1

Turnover evolution at Magnit¹, %



Breakdown by age group at the Magnit Group, %



¹ Data for Magnit excludes DIXY for comparability purposes, as DIXY was an independent company until 2021.

Personnel management (continued)

DIXY

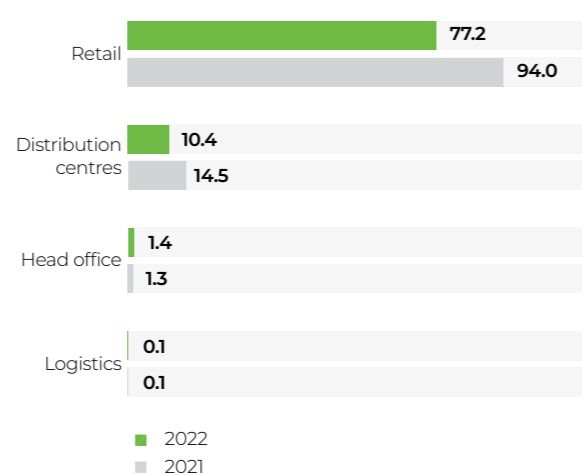
GRI 401-1

Turnover evolution at DIXY, %

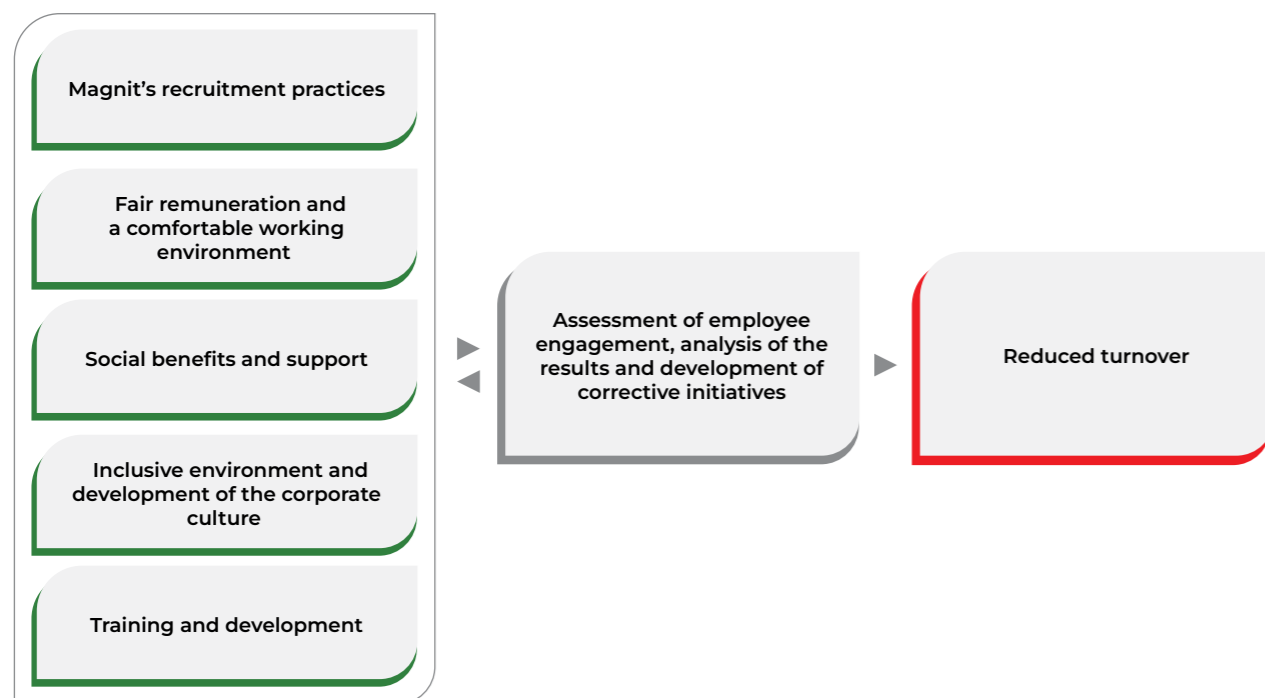


DIXY saw peak turnover in 2021 due to the integration process, when the Company joined Magnit. In 2022, the situation began to improve, with overall turnover down by 20.7% following active HR efforts. We indexed salaries as a result of salary monitoring, took a number of measures to improve living conditions for our employees, and set up a programme of awards and incentives for the best retail employees.

Turnover at DIXY broken down by activity type, %



Key HR priorities



Remuneration system

An effective remuneration system is a major element of the employee value proposition, competitive strength in the market, and Magnit's employer brand. To determine remuneration, we apply the principle of grade-based differentiation of positions, which helps us ensure fair treatment and gives our employees a vision of their financial prospects in a certain position.

Remuneration includes a fixed component (salaries, extra payments and allowances) and a variable component (performance-based bonuses).

Magnit makes decisions on remuneration and promotions based solely on professional skills and performance.

The Company's geography spans over 60 regions with different economic and social conditions. We seek to ensure equal pay across our footprint, with our wages exceeding the average compensation level in these regions.

The initial salary level at Magnit regardless of employee position is higher than the government-established subsistence level in all cities where the Company operates.

In the reporting year, DIXY reviewed the salaries of its employees in positions where pay levels were not in line with the market. Magnit factored in and compensated for an extraordinary inflationary pressure on our staff's income. Overall, Magnit ensures the continuity and consistency of the adopted remuneration schemes.

The Group has a strong focus on fair remuneration and does not make any distinction in remuneration for men and women. Any employee, regardless of gender, is eligible for any position and the remuneration established for it. An employee's salary depends on their qualifications, the complexity of the work performed and the quantity and quality of effort made.

Recruitment, training, and development

Recruitment

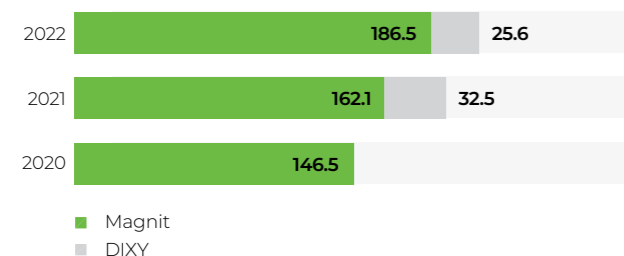
As our Company grows, opens new stores and expands its geography, we are constantly looking for new talent. When hiring new staff, we evaluate all applicants based on their professional merits, without discriminating them by gender, ethnicity, age, political or religious beliefs, and treat everyone equally.

We offer potential employees attractive wages, social support, a friendly corporate culture and favourable working environment.

Magnit's recruitment tools

- ▶ Magnit's recruitment website <https://rabota.magnit.ru/shop> and other dedicated websites
- ▶ Social media
- ▶ Targeted advertising
- ▶ Unified AI-driven recruitment system.

New hires at the Magnit Group, thous. people



In 2022, the number of the Magnit Group's new employees increased by 15% to 212,100. This was mostly driven by the expansion of our retail network.

▲ For more details on our newly hired personnel structure, see the Appendix to the Our Employees section.

Cooperation with the state employment centre

In the reporting year, Magnit and the Moscow Employment Centre entered into a cooperation agreement to source and select candidates to meet the Company's needs. A recruitment centre will be set up in Moscow to source and select candidates for Magnit. It will be powered by state-of-the-art digital technology that will make the process as fast and effective as possible and help us share and exchange information with the Employment Centre. Our experts will train the Centre's staff in recruitment specifically for the retail sector, provide guidance, and share job interview scenarios.

Dream job

In 2022, we went ahead with our Dream Job project. This is an official employment programme for 16–17 year old children of our employees at Magnit Cosmetics stores in the Central District of Russia. Colleagues train and intern young people in stores, talk about the Company and the format, and share their work experience and stories of success at Magnit.



Training and development

In 2022, we conducted 32.5 hours of training per employee, with training courses and seminars delivered across various operational divisions and staff levels, including training in health and safety, corporate ethics. The Company's training programme with the broadest coverage is on occupational health and safety, with more than 131,000 employees trained in 2022. The total number of Magnit employees who received training under professional development and retraining programmes reached nearly 7,300. More than 12,400 people took part in corporate ethics trainings.

In 2022, the primary focus was on training programmes involving internal resources and the development of programmes featuring individuals in positions of leadership as trainers.

GRI 404-1

Corporate training programmes

Metric	2022
Average training time (all types) per employee, hours:	
managers, experts, and other office staff	32.5
Total training time per employee, thous. hours, including breakdown by gender:	9,737
▶ men	2,921
▶ women	6,816
Number of employees who received training under professional development and retraining programmes, thous. people:	7,289
managers, experts, and other office staff who received training under professional development and retraining programmes;	7,289
Number of employees who received training in occupational health, people¹	131,335
Number of employees who received training in corporate ethics, people	12,414
Total number of employees who completed all types of training, employees	411,618

32.5 training time
per employee, hours

131 thous. participants
training programme with the broadest coverage is on occupational health and safety

¹ The data covers managers, experts, and other office employees who took pre-certification training in occupational health and safety, etc. The number of employees trained is specified in individual training cycles (if one person was trained twice, they are counted twice).

Recruitment, training, and development (continued)

GRI 404-2

Magnit's Corporate Academy

In 2020, we launched Magnit's Corporate Academy, with a goal of centralising all training and development activities at Magnit. The Academy has various faculties to train staff members in a specific corporate business area. Its instructors include internal Academy specialists, invited experts, and experienced Magnit employees. The Academy's headcount totals 108 people. The Corporate Academy issues state diplomas and certificates upon completion of special programmes: it is

licensed to conduct educational activities by the Russian Ministry of Education and Science.

The Company needs to train employees quickly and effectively and to provide continuous education for them going forward. We develop and run educational programmes for our personnel in order to keep their skills and expertise in line with the Company's goals and objectives, requirements of the labour market, expectations of consumers and society

as a whole. We have vast experience in training, with over 30,000 people trained each year. We value our employees' willingness to gain skills and experience and to grow with us.

Magnit's Corporate Academy

Category Management Faculty

- ▶ Category Review programme developed
- ▶ Effective communication and negotiation courses

Own Production

- ▶ Training programmes on agricultural and production technology
- ▶ Mentoring programmes

IT Faculty

- ▶ Managerial competencies development training
- ▶ Training in technical expertise with invited specialists

Logistics Faculty

- ▶ Courses on safety culture, supply chain technologies, and management competencies in logistics

HR Faculty

- ▶ Training in Agile and product approach for HR
- ▶ Business process re-engineering

Retail Faculty

- ▶ Professional training programmes on work processes and courses in managerial competencies in retail for executives

Corporate Academy highlights in 2022

▶ We continued to build our mentoring culture: we organised over 1,200 visits to training stores for our employees, held motivational meetings between mentors and new hires, and trained mentors. We introduced a mentoring system in our logistics unit and at our production facility (Kuban Factory of Bakery Products). On top of that, we launched an automated bonus system for mentors in retail stores.

▶ We developed and implemented new training programmes for retail employees, including induction trainings, as well as trainings on 132 topics related to innovations at Magnit. Retail managers improved their professional competencies, learned new management techniques and took practical training.

▶ We launched the Power of Leadership talent development programme for managers. In 2022, a training course for 60 middle managers (grade 14) was successfully implemented and a course for 46 top managers (grades 15 -16) was launched. As part of Leadership Workshops offered for the talent pool members, 110 managers from various functions underwent management skills training in 2022. Leadership Workshops feature Company managers as trainers, leveraging in-house training and coaching expertise.

▶ In 2022, we made progress in the training of logistics staff and employees at our own facilities: we introduced new e-learning programmes for rank-and-file employees and held management webinars for management teams at production facilities.

▶ We designed more than 60 pieces of training content and delivered 247 training sessions, 2 seminars and a held a Speaker Club session for IT units.

Mentors trained



Training stores



Recruitment, training, and development (continued)

Retraining programme

In 2022, Magnit's Corporate Academy launched a retraining programme for professionals from various retail segments and people who have lost their jobs and distressed people. Under the programme, subsequent employment is offered. In particular, we provide training to those working in fashion retail, construction materials, household goods, and catering, etc. Our retraining programmes include both theory and practice, feature online learning technology and a robust onboarding and mentoring system.

All digital learning opportunities are available to future professionals: the corporate training system's mobile app, training on dedicated digital platforms.

In logistics, would-be drivers take a mandatory course on Safe and Fuel-Efficient Driving, practise skills with instructing drivers and join the ranks after they pass all the tests.

DIXY

DIXY, which became part of Magnit Group in 2021, works hard to train staff. In the reporting year, basic training programmes were developed and implemented for each level of positions in a store. Professional training covers 80% of new DIXY employees.

DIXY is introducing a mentoring culture and provides hands-on training for newcomers supported by experienced employees for all positions in a store. In the reporting year, DIXY developed a mentoring methodology according to which 246 mentors were trained and certified.

The company assessed the knowledge of experienced retail employees with a randomised testing tool which helped identify areas for development and provide additional training. To keep the quality of our work at a high level, we launched an online channel for direct communication between sales vertical managers and experts; we are also developing additional training programmes for DIXY employees.

Business school

This is an ambitious initiative implemented in the Central Federal District where Magnit provides trainings, works on a variety of projects to improve the leadership and professional skills of the managers working in the district. As part of the initiative, we have already conducted an offline training for the district's territorial managers, an offline conference on operations and HR, a two-day offline Effective Management training for the district's functional managers featuring a guest speaker, and online training sessions. Moreover, the School has developed a framework to provide individual feedback to participants from the District Director, HRD and the format's COO. Its purpose is to discuss performance, draw special attention to strengths and weaknesses, set the right course of action and draw up a quality customised development plan.

Each participant is assigned a project for which they are responsible and which they develop not only in their own territory but also across the whole district. The projects included programmes such as Contactless Acceptance, Everything in the Box and Active Magnit Cosmetics Sales

Magnit Group employees take an active part in volunteering activities, helping socially disadvantaged groups, holding environmental events and supporting animal shelters.

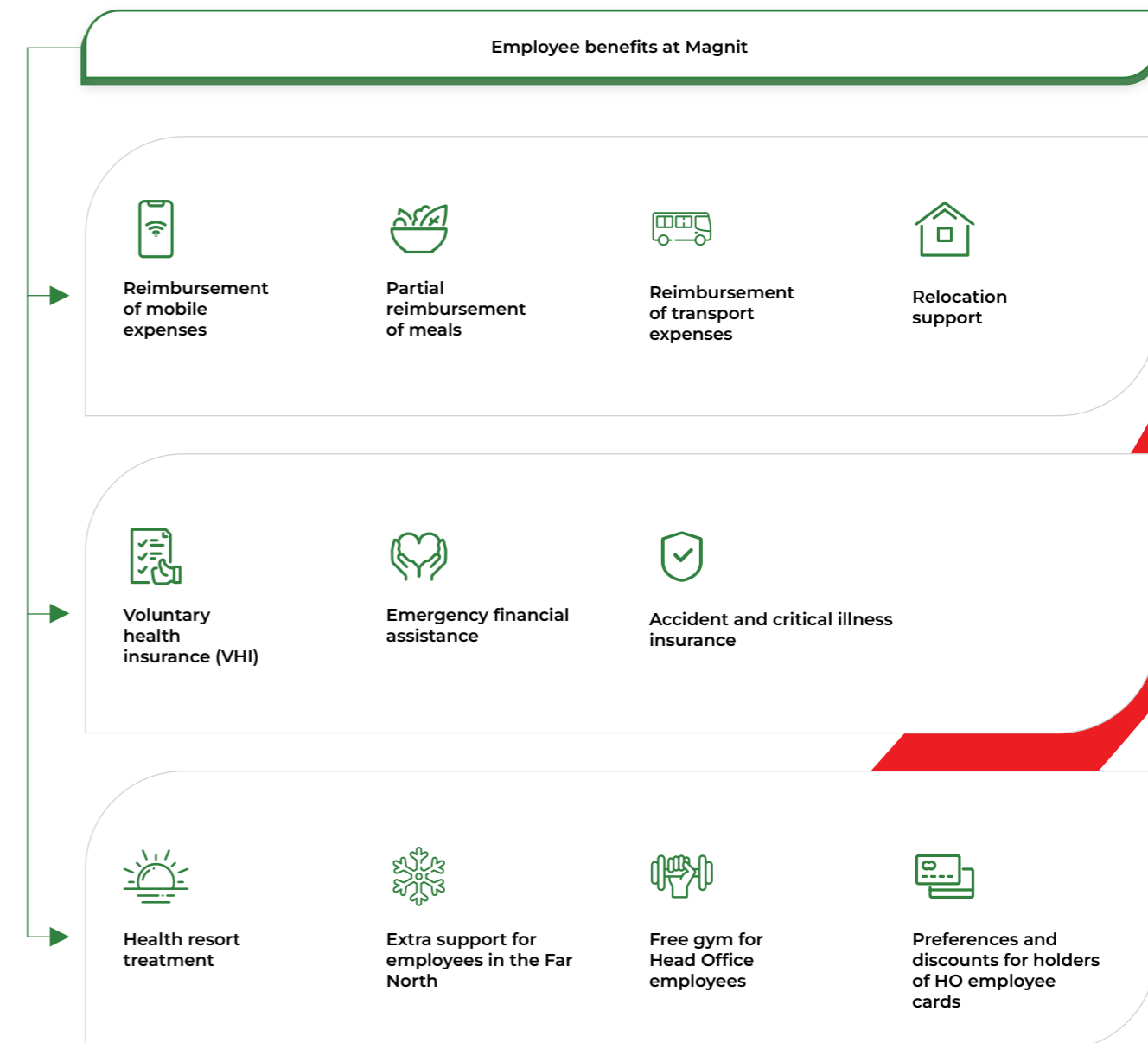
▲ For more details on Magnit's volunteering projects, see the Engaging with Local Communities section, page 121–123.

Corporate culture

Benefits and financial support

Our employees enjoy a wide range of benefits and social programmes, including compensation of expenses, insurance programmes, financial support, discounts, etc.

In 2022, Magnit spent a total of RUB 130.9 mln on employee health insurance, up 45% YoY, as the number of insured employees had grown.



Social support

GRI 401-3

In 2022, we made additional health services available to our staff, including telemedicine, medical partners' advice and a second opinion, and considerably improved the scope of insurance programmes. We help our employees in critical situations as part of a regulated process that involves additional payments. We help our employees in critical situations as part of a regulated process that involves additional payments.

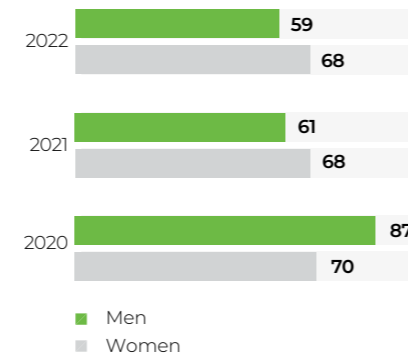
- Financial assistance is available:
- ▶ in case of a serious illness of the employee or their child
 - ▶ in case of death of a spouse, child, or parent
 - ▶ in case of death of an employee, the payment will go to their family
 - ▶ in case of losing a place to live as a result of fire / natural disaster
 - ▶ in case of an occupational injury.

In addition, the Company offers assistance to its employees in case of global problems such as emergencies, pandemics or any other force majeure.

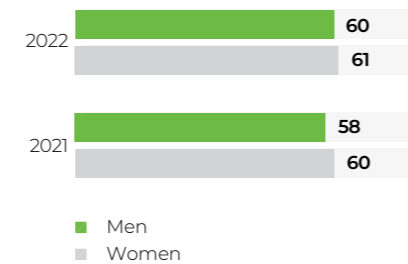
The total amount paid to Magnit employees in 2022 as financial aid was RUB 52.9 mln, up 71% YoY. The increase in payments is due, among other things, to the decision to revise the standards due to price inflation and the turbulent economic environment in the reporting year.

We support our employees taking parental leave. All of our employees are entitled to a vacation leave. An employee can stay on parental leave until their child reaches three years of age. During this time, the person's employment period and professional experience continue uninterrupted, and the employee gets compensation in accordance with Russian laws. In 2022, 13,000 Magnit employees took parental leave, including 139 men.

Retention rate at Magnit¹, %



Retention rate at DIXY², %



DIXY

In 2022, DIXY spent a total of RUB 14.3 mln on employee health insurance, down 7% YoY. The total amount paid to DIXY employees in 2022 as financial aid decreased by 8% YoY and amounted to RUB 17.7 mln. The decline in both metrics is attributable to a general reduction in the company's headcount.

In 2022, 945 employees took parental leave, including 73 men.

¹ Rate calculation methodology: the ratio of the number of employees who returned to the workplace from parental leave and were employed 12 months after their return in the reporting period to the number of employees who returned from parental leave in the previous reporting period.

² Rate calculation methodology: percentage of employees working at the beginning of the year who were with the company for a full year.

Non-financial incentive programmes

In the reporting year, we developed and launched a number of non-financial incentive projects for our employees. For example, an employee cashback project was launched at 14 branches and offices in the Moscow District. We also

launched a temporary relocation programme called Summer Is Vitamin P Time offering our employees temporary jobs at our stores in Russian resort cities during the summer months while retaining their job in their home town. We launched a Seaside

Vacation social programme, which enables vulnerable groups of employees (disabled employees or employees with disabled or many children, single parents) to spend eight nights at the seaside at Magnit's expense.

Professional skills competitions

Our employees improve their professional skills and fulfil themselves by taking part in Magnit contests which promote staff loyalty and healthy competition.



final. The winners are three drivers in each category (direct delivery, transit delivery and category C licence) with the highest score after two challenges.

Golden Store

A professional skills competition at Magnit Cosmetics where employees compete for the top performer ranking and carry out additional tasks. 121 employees qualify for the final, of whom 44 compete for the first place.

Battle of Cooks

Hypermarket own production employees go through three stages of competition: ranking, semi-final, and final. 216 participants (27 employees from each district, three teams competing in three categories: cooks, bakers, confectioners) get into the semi-final. 72 participants make it to the final and nine are declared winners.

Magnit at the Wheel

A traditional contest of our delivery drivers. It consists of three stages: ranking, semi-final, and final. Drivers with the highest score in their unit take theory and practice tests to qualify for the

Vse Skladno

A professional skills competition of warehouse workers (30,000 employees). Following a ranking stage, 5% of employees from each distribution centre (DC) (in six occupations: loader/forklift drivers, storekeepers, receiving clerks, loading/unloading/delivery dispatchers) go to the semi-final. After the semi-finals, two teams of six employees from different positions are selected from each region. The selection is based on the maximum number of points earned by each DC in the semi-final. 10 DC teams make it to the final, and three teams with the highest score win the contest.

Best IT Specialist

An annual competition for employees of the Company's IT units. The winners are 120 best specialists out of 1,000 IT employees of Magnit.



Social support (continued)

Best IT Specialist

An annual competition for employees of the Company's Best IT Specialist. An annual competition for employees of the Company's IT units. The winners are 120 best specialists out of 1,000 IT employees of Magnit.

Fantastichesky Uchet

A professional contest among 1,800 employees of Magnit's Shared Services Centre. It includes team and individual competitions. The team competition is held in

an online quiz format with the top 110 contestants qualifying to the final after the first stage. In the second stage, 10 teams of 11 people compete against each other. The team with a maximum score for correct and quick answers comes out on top.

Best Traffic Safety Specialist

A professional skills competition among 50 medical and traffic safety specialists. The competition is held in four stages with four winners.

Best Store

A non-financial incentive competition that identifies the best store in each district and format. The best existing store and the best new store opened during the year are selected for the formats of Magnit convenience stores and Magnit Cosmetics. For the larger format, the best operating store is selected in each district and for the format as a whole. Stores receive an award plaque, which is placed in the entrance area.

Mentor contests

We hold annual competitions for mentors in Magnit's retail stores, logistics divisions and own production facilities. Thousands of employees participate, and the best ones who passed through the rankings and the regional stage, compete to win the final competition in various categories and nominations.

The best retail mentor

A mentor competition in the Magnit convenience stores, Magnit Cosmetics and larger formats. The results are summarised separately for each six and twelve months, with one employee from each format declared the winner in each of the six categories.



The best logistics mentor

The competition is held among about 1,000 employees and includes two stages. At the regional stage, winners are determined for every six months in three categories (based on DC and district results). Three people from each DC (one in each category) are declared winners. Among them, the best employee in the district is selected in each category. Winners of regional stages in each district qualify for the final stage. In the final, participants compete in three categories, with three out of 30 finalists declared winners.

The best own production mentor

The competition is held among 166 mentors and includes qualifications and the final stage. Ranking takes place in each own production unit based on year-end performance. Each own production unit selects a winner in each of the three categories, with winners from each unit qualifying for the final stage. In the final, the participants compete in four categories with one winner in each.

Face of the Company

Mr and Ms Magnit is a contest for non-financial incentivisation, with the winners having an opportunity to become the Company's face or voice and participate in nationwide corporate events.



Caring for People

As part of this competition, we award district and Group staff. The competition seeks to enhance the results of the employee engagement survey, identify and reward the most effective and interesting projects (initiatives) as part of the action following the engagement survey. Any employee of the Company who applies for the contest is eligible to participate. Top 14 implemented projects are selected at the end of the competition. The selection is based on seven criteria, including the expert panel's evaluation of the project following a public defence in the final.

Awards

Gold badges

Magnit has a programme to reward employees with badges of distinction for loyalty and long service. Each employee with 10 years' experience in the company is presented with a silver, gold-plated badge bearing the M logo with the relevant record made in the workbook. In 2022, over 5,500 employees received the award.

Awards from the Ministry of Industry and Trade

Company employees with high performance and five years or more of service receive a diploma from the Ministry of Industry and Trade with the relevant record made in the workbook. 502 employees of Magnit were awarded in 2022.

Awards for accident-free operation

Our delivery drivers receive a badge of distinction for accident-free work, which is awarded on the basis of an order from the Federal Service for Supervision of Transport. Employees who have been with the Company for at least three years are eligible to receive the badge. The award has three degrees depending on the accident-free mileage, with the relevant record made in the workbook. 420 drivers received the badges in 2022.

Awards from the Ministry of Agriculture

Employees of our own production facilities (Kuban Confectioner, Kuban Factory of Bakery Products, TD-Holding, Green Line greenhouse complex) are honoured with departmental awards from the Russian Ministry of Agriculture. A commendation from the ministry is awarded to employees with at least one year of service with the Company, at least seven years in the industry, and outstanding performance.

Social support (continued)

Employee communication channels

Internal communication channels

- ▶ Email newsletters are the main communication channel covering over 40,000 employee accounts and 30,000 store and business unit accounts. The newsletters include:
 - corporate news: new appointments and structural changes in the Company, technical communications, guidelines and regulations, surveys, and six Magnit digests
 - New Magnit: activation announcements, employee bonuses, competitions and non-financial incentive programmes
 - #etonashden: a congratulatory programme including professional holidays and birthday greetings
 - Info Centre: the main channel for business communication with retail
- ▶ Your Magnit mobile app launched in 2022 and visited by 190,000 employees every month.
- ▶ Promo materials for employees: flyers in staff rooms and offices of Magnit
- ▶ An internal corporate portal offering employees access to Magnit's core resources, news, standards, business processes, and other useful information
- ▶ Monitors in the offices, Rosseti Centre and Magnit transport units, which broadcast various video content for the staff
- ▶ Chatbot directories on the corporate portal and Telegram Messenger for employees to quickly find a virtual assistant as requested.

Magnit's modern work formats

In the reporting year, we completed a major project to introduce modern work formats for office staff. By moving most of our office staff to remote and hybrid modes, we were able to eliminate the need to rent office spaces. We also attracted skilled employees who stayed in their home cities, without the need to cover the costs of relocation, travel and other related expenses.

around RUB 100 mln
the project launch in 2020, Magnit has saved

External channels

- ▶ Magnit's corporate communities on VK, Odnoklassniki, in Telegram and YouTube where employees can learn about Company and industry news, colleagues' achievements, participate in challenges and competitions, make submissions and send congratulations
- ▶ Magnit media portal (<https://magnit-family.ru>) provides information on events, competitions, interactive programmes and other projects for the staff. Employees can access lectures created for them in various topics (conscious parenting, safety, financial literacy, healthy eating, etc.)
- ▶ Russian Retail glossary (<https://retailwords.ru>) contains over 2,000 terms from the world of retail collected by Magnit employees
- ▶ Postcard builder (<https://cardsmgnt.ru>) is used by our staff to create corporate style greeting cards and welcome banners
- ▶ Career website (www.rabota.magnit.ru) for communication and recruitment of external candidates
- ▶ HR marketing and research.

MONITORING EMPLOYER BRAND HEALTH

We continuously monitor Magnit's employer brand. In the reporting year, we analysed mentions of HR brands of Russia's largest retailers, including Magnit, on social networks, blogs, forums and review websites, chats and Telegram channels, as well as in online media posts and comments. Based on the findings, we measured the employer brand loyalty index.

For the three years that we monitored external social media activity, the Company's employer brand loyalty index has grown by four points from 0.7 to 1.1, while the market average remained flat at 0.4. Magnit has the highest score among its peers. This was made possible thanks to gamification techniques encouraging employees to take part in professional competitions and recruitment campaigns, as well as through engaging content and employee stories. The amount of positive content on Magnit in social media is tremendously high compared to other market players. In Q1 2022, the Company reached a record number of positive mentions (353,000).

Engagement, loyalty, and satisfaction

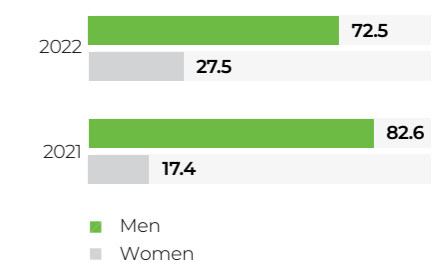
Equal opportunities within the team and fair treatment of each employee are an important element of Magnit's corporate culture as one of Russia's largest companies and an industry leader. Our values and principles are enshrined in Magnit's Business Ethics Code.

Preventing discrimination

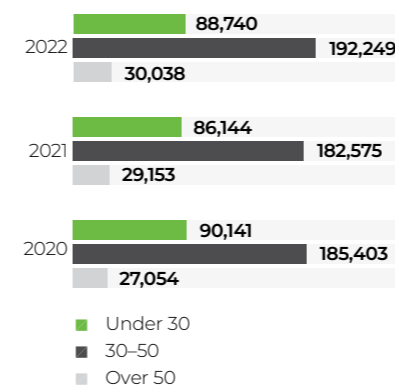
We reject any form of discrimination based on ethnicity, gender, age, religion, health, sexual orientation, political conviction, and other grounds. The Company places a special focus on gender and age balance. Magnit applies a unified approach to both fixed and variable parts of the salary for positions with the same requirements and competencies for men and women of any age.

In the reporting year, the share of women in senior management increased by 10.1 p.p. reaching 27.5%. In addition, the share of Magnit Group employees over 60 years of age increased by 161% among women and 320% among men compared to 2021.

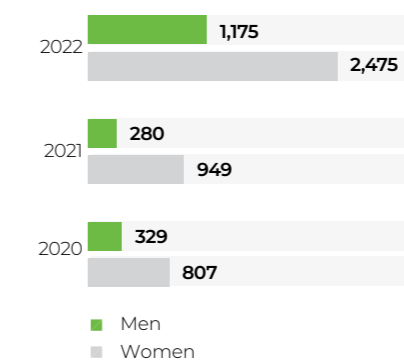
Senior management by gender, %



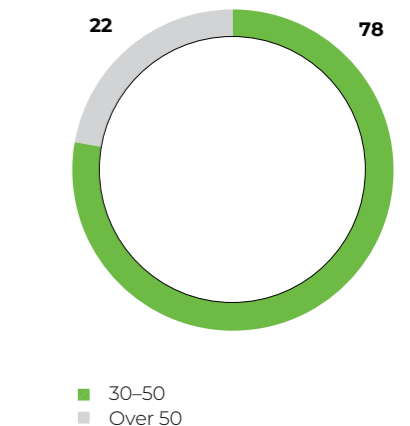
Magnit Group employees by age, people



Number of Magnit Group employees aged 60 or older, people



Senior management by age, %



In 2022, the Magnit retail chain employed 1,690 migrants, who enjoy the same rights and social benefits as other Magnit employees. We

strictly comply with Russian labour and migration laws applicable to this category of staff and tolerate no discrimination in the workplace.

Equal opportunities for all

Addressing ethical issues

GRI 2-15 GRI 2-26

The management of internal ethical issues falls within the remit of the Company's Head of Ethical Values. The main tool for addressing these issues is our Ethics and Anti-Corruption Hotline.

Any employee who is aware of any unlawful or corrupt practices at Magnit, violations of business ethics standards, conflicts of interest, abuse of office or authority, prejudiced behaviour, damage to the Company or the potential for such conduct, may leave a report on the Anti-Corruption Hotline or report it directly to the Head of Ethical Values through the following communication channels:

- ▶ Anti-Corruption Hotline **8 (800) 600-04-77**;
- ▶ Email of the Head of Ethical Values **ethics@magnit.ru**;
- ▶ Website feedback form **https://www.magnit.com/ru/anti-corruption/**.

An additional anti-corruption line was established in a Magnit Group company, DIXY-Yug (DIXY retail chain).

DIXY anti-corruption hotlines:

- ▶ Telephone **8 (800) 234-23-52**;
- ▶ Electronic form of the Compliance Hotline **https://group.dixy.ru/company/compliance/hotline/**;
- ▶ email: **compliance@dixy.ru**.

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.



10,030 submissions

handled by the Anti-Corruption Hotline operators

For other issues, the following feedback tools are available to employees:

- ▶ single contact centre **8 (800) 200-90-02** or **info@magnit.ru**;
- ▶ hotline for employees **8 (800) 200-90-28**;
- ▶ email **HRhelp@magnit.ru** (labour relations ethics)

In 2022, the Anti-Corruption Hotline handled 10,030 submissions of which 536 were identified as qualified. The remaining submissions were forwarded for consideration to the relevant units due to the absence of a corruption scenario. Of the 536 qualified submissions, 130 were confirmed to report unlawful acts, and 187 were not.

In addition, in 2022 the DIXY Anti-Corruption Hotline received 2,326 submissions of which 108 were recognised as qualified; the facts stated in the submissions were confirmed in 46 instances.

For each case with a relevant scenario which came to the Anti-Corruption Hotline, the Company developed and implemented a set of measures:

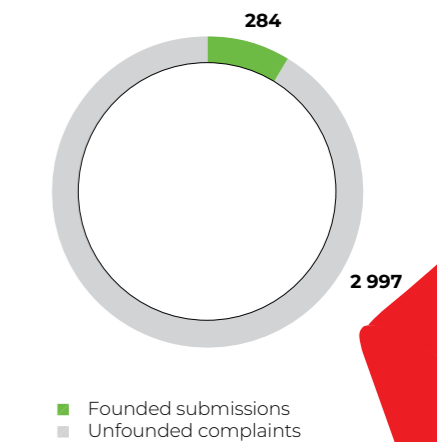
- ▶ internal investigation
- ▶ identification and development of possible measures to bring the perpetrator to justice (compensation for the damage caused to the Company by the employee, initiation of criminal proceedings and/or administrative proceedings)
- ▶ disciplinary action against the employee under Russian labour laws (reprimand, rebuke, dismissal on appropriate grounds, etc.)
- ▶ assessing action/omission for compliance with the principles of the Business Ethics Code and the Anti-Corruption Policy
- ▶ Resolution of an identified conflict of interest by the Head of Ethical Values (recommending the employee to perform actions that neutralise the corruptive factors, limiting the functional powers of the employee, transferring the employee to another unit, assigning control to the relevant risk controllers, etc.).

879 people with disabilities employed by Magnit in 2022

When choosing measures towards employees, the Company takes into account mitigating and aggravating factors and strictly adheres to the rule of proportionality and equivalence in the application of sanctions for similar offences.

Based on the analysis and processing of the reports we receive, we form a risk matrix, implement controls, develop procedures to prevent corruption risks, and prepare and present recommendations on training and induction courses for employees.

Number of ethics-related submissions received in 2022



In 2022, we received **3,281 ethics-related submissions of which 9% were found to be justified**

Equal opportunities for all (continued)

Integration of magnit central asia

197 people
total headcount

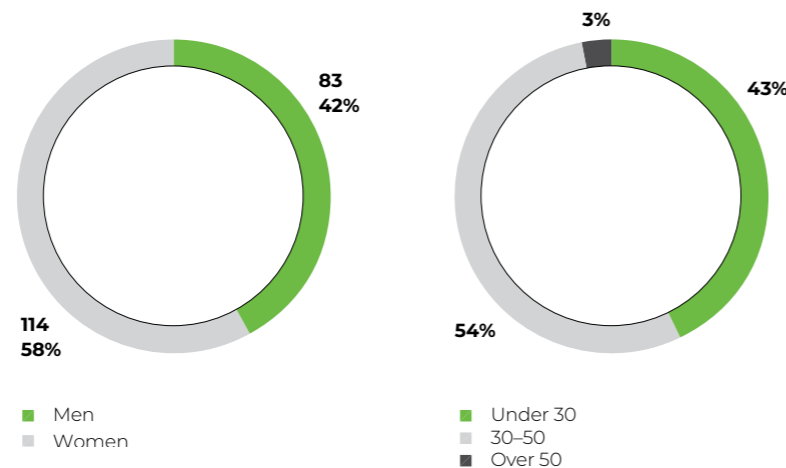
We manage our people in accordance with the Magnit Group's HR policies and standards of corporate conduct: we provide employees with a decent wage and social benefits, ensure workplace safety, provide training, and guarantee a comfortable and supportive environment.

100%
of employees work under permanent employment agreements

0
fatal accidents

0
lost time injuries

Personnel breakdown in 2022



Social benefits

- ▶ Voluntary medical insurance
- ▶ Training and education programmes
- ▶ Training in corporate ethics and rules of conduct in an open office for 48 employees
- ▶ Emergency financial assistance
- ▶ Induction training and health and safety briefings for 100% of employees
- ▶ Training in written communication for 30 employees
- ▶ Compensation of transport and other expenditures for certain categories of employees
- ▶ Training in sales techniques and basics of beauty products for 48 employees
- ▶ Training in labour laws for 15 employees

Fostering inclusion at Magnit

We create a comfortable and friendly working environment for people with disabilities. As at the end of 2022, Magnit had 879 employees with disabilities.

the needs of people with disabilities and foster favourable environment for customers and Magnit employees alike.

▲ For more details on the Company's projects on fostering inclusion, see the Engaging with Local Communities section.

In the reporting year, we launched a number of projects aimed at developing an inclusive environment for our customers and implemented several charitable initiatives to support people with disabilities in the regions. We provide special training to our employees on how to help and communicate with people with disabilities. In 2022, the training was completed by 203,000 Magnit employees. The properly trained employees can better understand

In 2022, we launched a Social Health Resort Programme to offer our employees and their families up to 300 Company paid trips to sea health resorts every year. Eligible employees include single parents, parents of large families, parents of children with disabilities, and employees with disabilities. The programme is implemented across all federal regions. In addition to getting a free trip, the employees are also entitled to an allowance to cover travel and baggage fees to and from the health resort.

Support for special groups of people

We seek to provide equal opportunities to various population groups. Our project Jobs for Young People Over 60 is aimed at older people allowing them to find a job after reaching the retirement age to continue to earn their living. Our 60+ employees are proactive people, ready to help and share their experience with fellow teammates. They come to work at Magnit stores knowing that we value and appreciate their skills and knowledge.

Equal opportunities for all (continued)

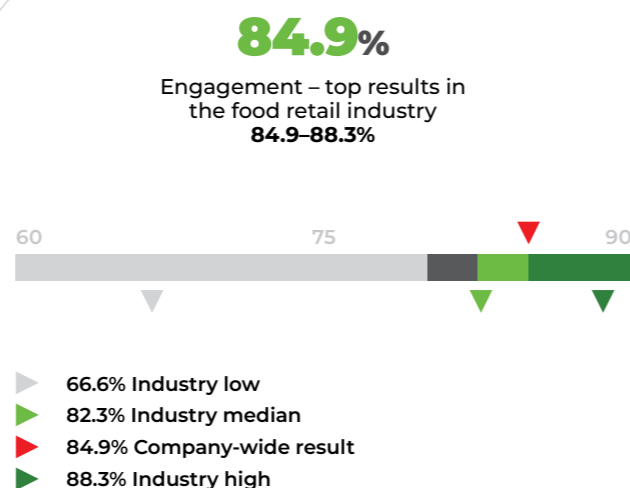
Employee engagement

Strategic goal to 2025	2022 performance
70% employee satisfaction rate	79.8% employee satisfaction rate

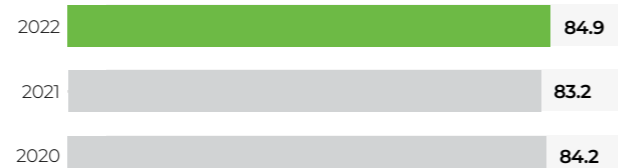
Record progress in 2022

According to the engagement survey completed in 2022, the employee engagement rate was at its highest since 2019 – standing at 84.9%, one of the best results in the industry.

We have been maintaining an employee satisfaction rate of at least 70% for three years in a row in line with our 2025 strategy. To achieve that, we regularly communicate with employees of all business units at all levels, collect feedback and keep them updated about all important events and changes within the Company. To measure employee satisfaction, Magnit conducts annual engagement surveys. Following each survey, heads of business units are presented with a report to analyse relevant data and develop and implement solutions, both locally and Company-wide.



Employee engagement at Magnit, %



The Company's employee satisfaction rate has grown considerably to

79.8%

The share of loyal employees increased by 9.3 p.p. Magnit's loyalty rate is above average, both nationally and amongst its industry peers.

Employee net promoter score (eNPS), which measures employees' willingness to recommend the Company as a good place to work, reached record high 37.3%, having added 20 p.p. YoY. It falls within the industry's above average and top results.

Employee satisfaction at Magnit, %



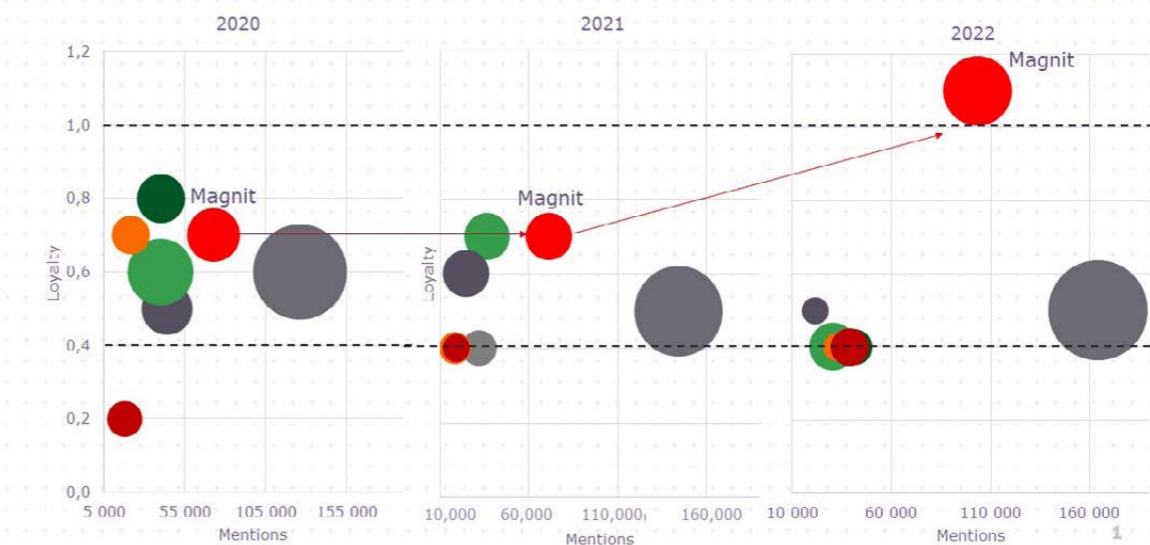
Employee loyalty at Magnit, %



The number of the engagement survey participants increased vs 2021 and amounted to

248,587 people

Retail employer brands in social media



Managing occupational health and safety

Health and safety of our employees is the Company's priority. One of Magnit's strategic goals is to improve occupational health and safety and reduce the number of incidents. To that end, we optimise our safety assurance processes and adhere to Russian laws and internal regulations on occupational health and safety.

Our approach to management

GRI 403-1

The Occupational Health and Safety Management System is one of the Company's key management elements. In 2020, we made substantial improvements to operational safety at our logistics unit, which is most prone to such risks. In 2022, we continued our campaign to instil a strong safety culture across other units and kept employee injury rate as low as possible despite the headcount increase.

Safety management responsibilities are allocated to all heads of business units and specifically appointed officers. The Occupational Health and Safety Management System relies on a centralised approach, with goals and tasks cascaded from the top executives across the hierarchy down to line managers

The Occupational Health and Safety Management System covers all the Company's units, with all their employees and contractors. It focuses, among other things, on boosting professional skills and competencies of occupational health and safety engineers.

Magnit regularly reviews its Occupational Health and Safety Management System, with units assessed for compliance with occupational health and safety requirements monthly (logistics), quarterly (larger formats) and once in every three years (smaller formats).

The Company has developed and put in place a system of communicating occupational health and safety requirements to heads of units and store

managers. We monitor from time to time the performance of associated duties remotely on a selective basis. In addition, the Company engages external auditors to assess its Occupational Health and Safety Management System, with the latest assessment carried out in 2020.

Key documents

Internal regulations

- ▶ Environmental Protection and Safety Policy
- ▶ Occupational and Process Safety Policy
- ▶ Safe Vehicle Use Policy
- ▶ Fire Safety Policy
- ▶ Anti-alcohol and Anti-drug Policy
- ▶ Regulations on Occupational Health and Safety Management System
- ▶ Regulations on Employee Training
- ▶ Regulations on Medical Examinations
- ▶ Regulations on Accident Investigation

External documents

- ▶ Russian Labour Code
- ▶ Order of the Russian Ministry of Labour and Social Protection No. 223n On Approval of Regulations on Special Provisions for Investigating Occupational Accidents in Selected Industries and Organisations, Document Forms and Relevant Classifiers for Investigating Occupational Accidents dated 20 April 2022

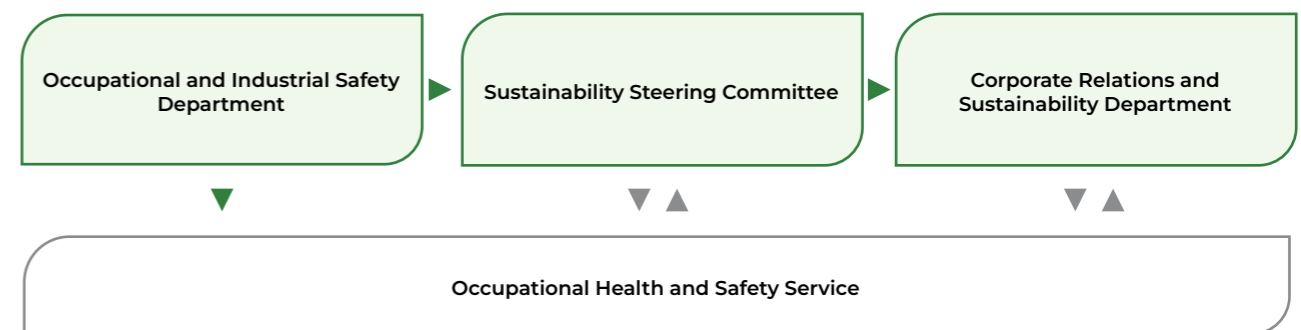
Material topics

- ▶ Respect of labour rights and safe working conditions

Priority UN SDGs



Governance structure



- ▶ Administrative subordination
- ▶ Coordination within the Sustainability Strategy framework and advisory support

Managing occupational health and safety (continued)

Strategic goal to 2025 2022 performance

50% reduction of lost time injury frequency rate, zero fatalities	LTIFR 0.5 ¹ FAR 0.009 ²
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Minimising risks

GRI 403-2

To mitigate relevant risks, the Company delves into the causes of accidents and occupational health and safety violations identified in the monitoring process. Based on the analysis results, corrective measures are developed and implemented. To make sure that occupational health and safety requirements are complied with and employees understand their responsibilities and safe work principles, the Company runs annual comprehensive checks.

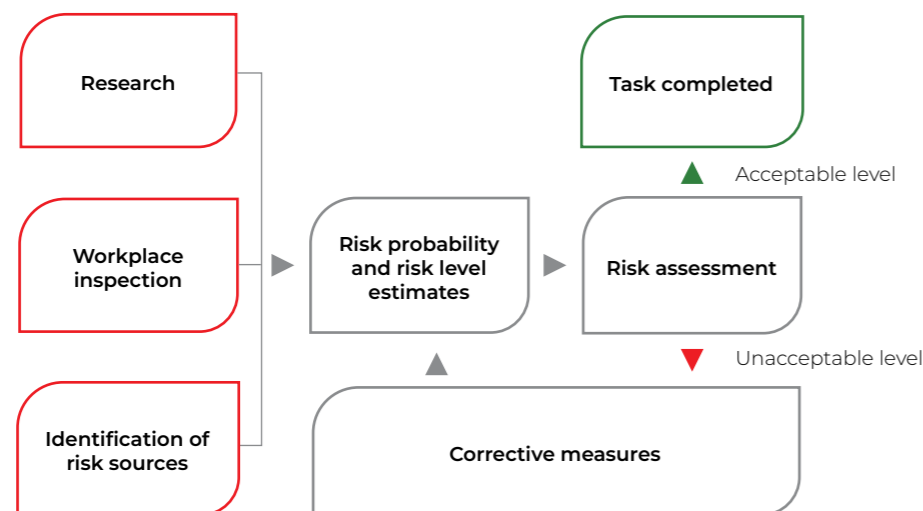
The Company's Safety Policy stresses the need for immediate action to eliminate occupational hazards or other circumstances causing damage to employees' life and health.

Hazard factors by business area and Magnit's responsibility

Retail facilities	Warehouse logistics	Transport logistics	Own production
<ul style="list-style-type: none"> Falling from height Getting injured while moving around the territory and laying out merchandise Conflicts 	<ul style="list-style-type: none"> Industrial vehicle accidents, accidents related to handling equipment Falling items Falling from height while moving around the territory Road traffic accidents 	<ul style="list-style-type: none"> Getting injured while moving transport packaging Getting injured by falling items Road traffic accidents 	<ul style="list-style-type: none"> Handling hazardous substances, unsafe employee behaviour
Accident prevention measures			
<ul style="list-style-type: none"> Employee safety training as regards their movement around the territory and handling of goods Special training for floor staff on safe behaviour in conflict situations 	<ul style="list-style-type: none"> Special training on handling equipment and machinery Assessment of working conditions, identification and elimination of hazards Safe behaviour training Training sessions on safe driving for driver staff 	<ul style="list-style-type: none"> Safe behaviour training Theoretical and practical training sessions on safe driving for driver staff Regular vehicle check-ups 	<ul style="list-style-type: none"> Dedicated briefings on handling hazardous substances

Hazardous situations are often caused by the behaviour of third parties. We take every effort to prevent accidents.

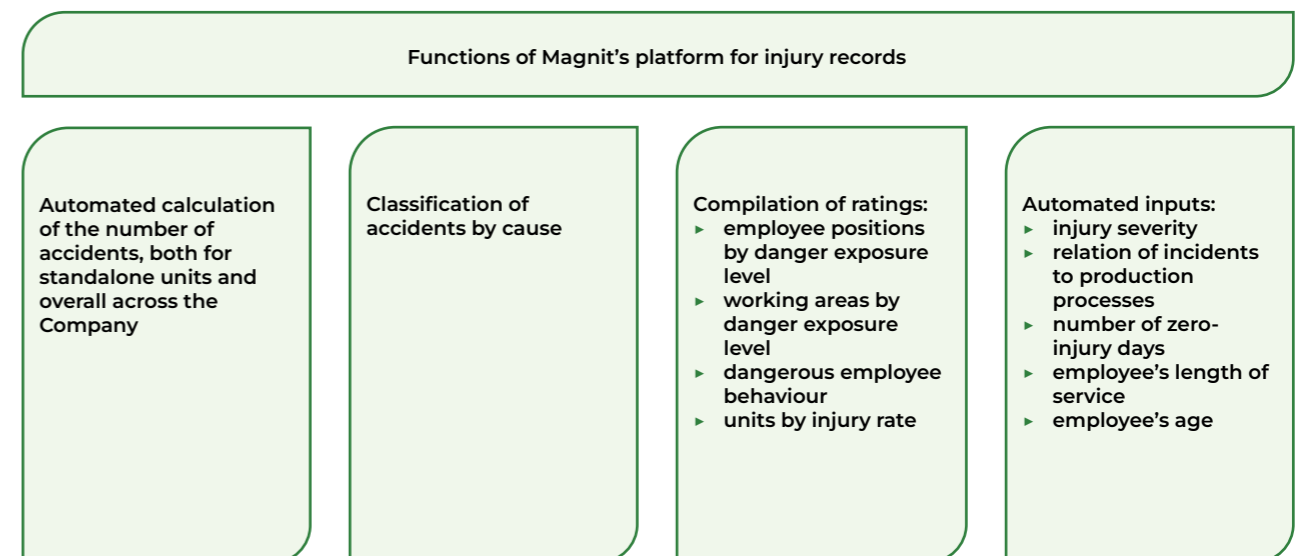
Magnit Group's risk assessment system



Reducing injury rates

Magnit has developed and implemented an automated platform, which enables it to rapidly accumulate, process and analyse data

on injuries and build visualised statistics. All information on injuries is uploaded to the platform and displayed in chronological order.



¹ Lost Time Injury Frequency Rate.
² Fatal Accident Rate.

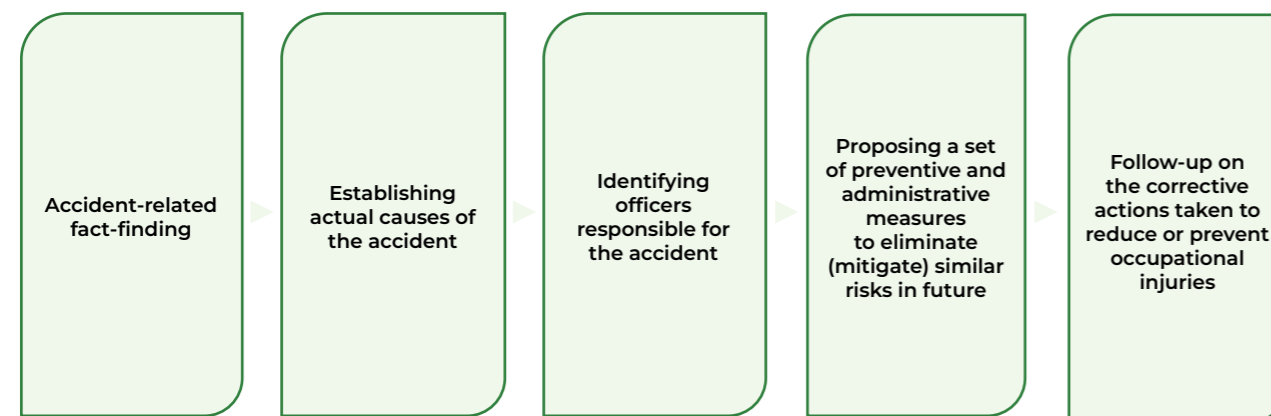
Managing occupational health and safety (continued)

Statistics from the automated platform are used for analysis and development of corrective measures and information materials about injury risks and causes.

commission to identify the injury causes and those responsible for violations of safety rules. Following an investigation, we develop and implement measures to prevent similar incidents in the future.

We thoroughly investigate every accident involving Magnit's employees and other persons participating in the Company's business operations in line with the Russian laws and our internal regulations. To that end, we create an incident investigation

Investigation goals



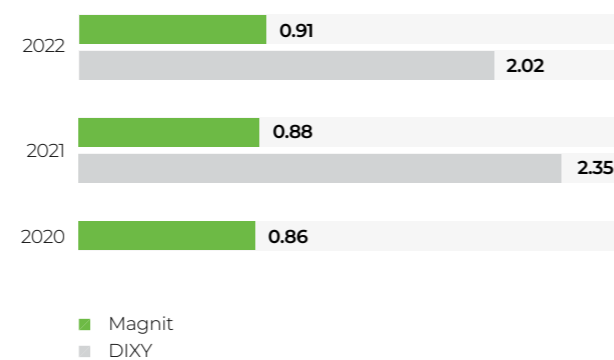
In 2022, Magnit recorded a total of six fatal accidents and 332 lost time injuries. Injury frequency rate at Magnit and DIXY is directly proportionate to the average headcount.

Fatality causes:

- ▶ road traffic accidents caused by a third-party driver
- ▶ illegal activity by third parties.

GRI 403-9

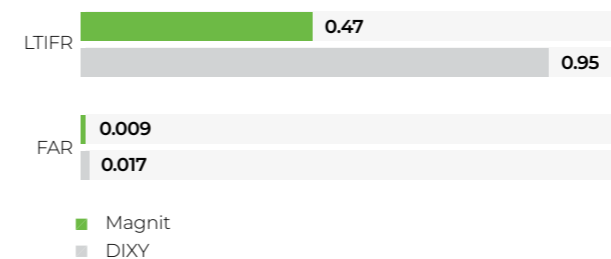
Injury frequency rate¹



¹ For 1,000 employees.

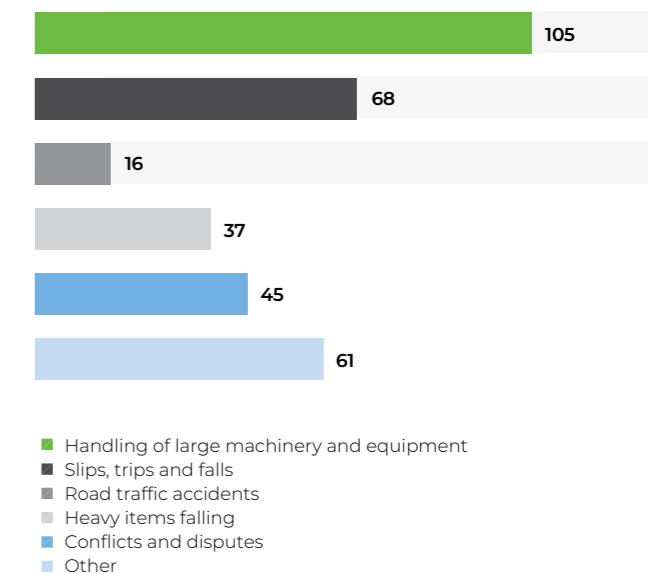
* Data for 2022 are provided for Magnit only as DIXY was an independent company until 2021.

Injury rates in 2022



In 2022, injury frequency rate at Magnit Group was 1.07, while LTIFR and FAR amounted to 0.5 and 0.015 respectively.

Magnit Group 2022 injuries by type, total



Number of injuries and fatalities across Magnit Group, by gender, people

Metric	2020		2021		2022	
	men	women	men	women	men	women
injuries	154	136	170	158	177	155
▶ including fatalities	4	2	6	1	6	0

We adhere to occupational health and safety rules when interacting with suppliers and contractors. To that end, we hold health and safety briefings prescribed by laws and regulations for various types of production operations and ensure that we have all the documents required for the performance of works.

Managing occupational health and safety (continued)

Training on occupational health and safety

GRI 403-5

As an employer, Magnit is responsible for fostering safety culture and ensuring strict compliance with occupational health and safety requirements. That is why we have a special OHS training system for all employee categories in place.

Those in charge of safety management are trained and have their knowledge checked at the dedicated department of Magnit's Corporate Academy, and then train their subordinates.

All of Magnit's blue collar employees undergo occupational health and safety training annually, while white collars do the same once in every three years. Upon completion of a course, employees are assessed, with an occupational health and safety certificate awarded as a result. In 2022, over 131,000 Magnit employees completed a number of occupational health and safety programmes¹.

In order to increase employee engagement in safety matters and build a safety culture, Magnit has set up dedicated safety committees, which meet once

a month in the logistics unit and on a regular basis in retail units and distribution centres.

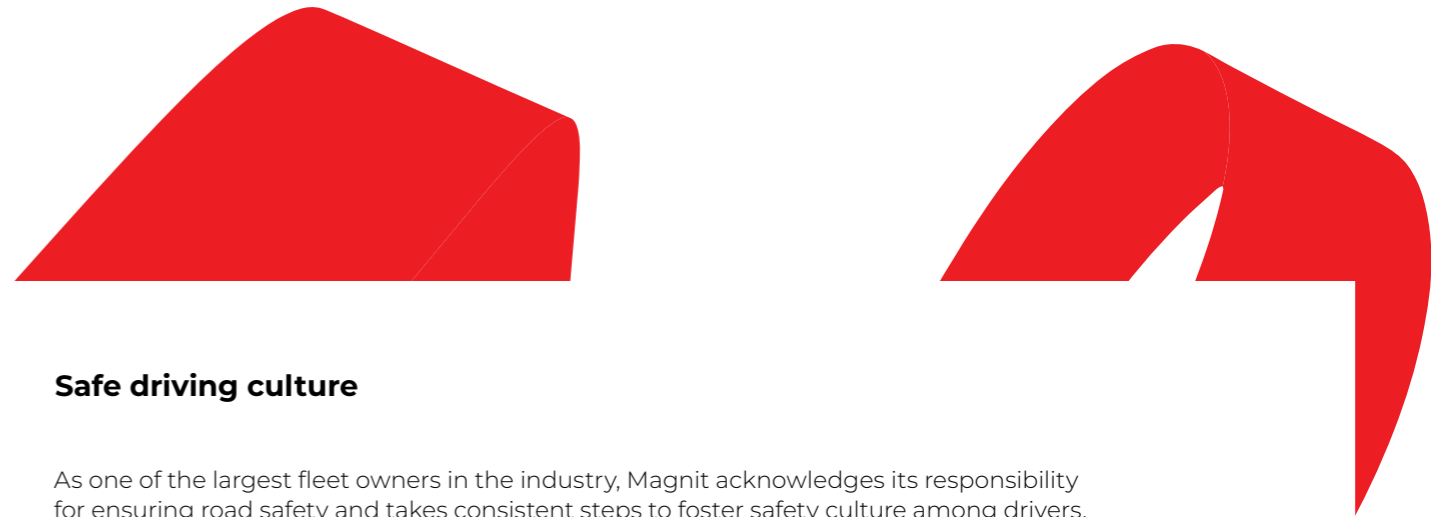
We promote a safety culture using a variety of communication tools, including memos, information boards on occupational health and safety, as well as the corporate portal.

In Magnit's stores, we collect online submissions regarding potential safety threats, which are automatically forwarded to assigned OHS service employees for further investigation.

Magnit's six safety rules

- 1** I am always responsible for my safety and the safety of my colleagues
- 2** I always hold colleagues back in dangerous situations
- 3** I always keep my workplace clean and tidy
- 4** I always use individual protection gear
- 5** I always follow traffic rules while driving
- 6** I always report accidents and risks that may lead to accidents

Magnit conducts mandatory labor protection trainings for all categories of employees: annually for employees and once every three years for managers and specialists



Safe driving culture

As one of the largest fleet owners in the industry, Magnit acknowledges its responsibility for ensuring road safety and takes consistent steps to foster safety culture among drivers.

Number of road traffic accidents across Magnit Group

Accident cause	2020	2021	2022	Change 2022/2021, %
Caused by employees	797	1,003	1,262	25.8
Caused by third parties	866	913	902	-1.2

According to the Company's data, the majority road traffic accidents involving our vehicles were caused by lack of practice training for new drivers. In 2021, we developed an additional

training concept for this employee category and expect the newly launched programme to help gradually reduce the accident rate.

Tools to improve driving culture

Preliminary and regular medical examinations

Mandatory psychiatric observations

Safe road behaviour courses for drivers in accordance with their duties

Annual assessment of drivers' occupational health and safety qualification

Personal protective equipment (PPE)

Balanced work and rest schedule

Assessment of drivers' workplace conditions with further improvements to be introduced

¹ Information on managers, experts, and other office employees who took pre-certification training in occupational health and safety, etc. is shown. The number of employees trained is specified in individual training cycles (if one person was trained twice, they are counted twice).

Corporate governance practices

In managing our business, we aim to integrate sustainability agenda into our corporate governance, secure the Group's success in the long run, and create value for society and the environment.

Corporate governance

Corporate governance framework	164
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Management Board	170
Corporate Secretary	170
Internal control and risk management system	171
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Corporate governance framework

Magnit grows its business sustainably by integrating corporate governance principles and best practices. Our Company has a strong corporate governance framework that seeks to ensure the rights of shareholders and other stakeholders.

Corporate governance bodies

Governance, management and control at the Company are divided among the shareholders (via the General Meeting of Shareholders), the Board of Directors, the collective executive body (the Management Board) and the sole executive bodies (the President and the Chief Executive Officer). The Board of Directors has four standing committees, including the Strategy Committee, to which the Sustainability Steering Committee reports. **GRI 2-9**

Principles of Russian Business Social Charter

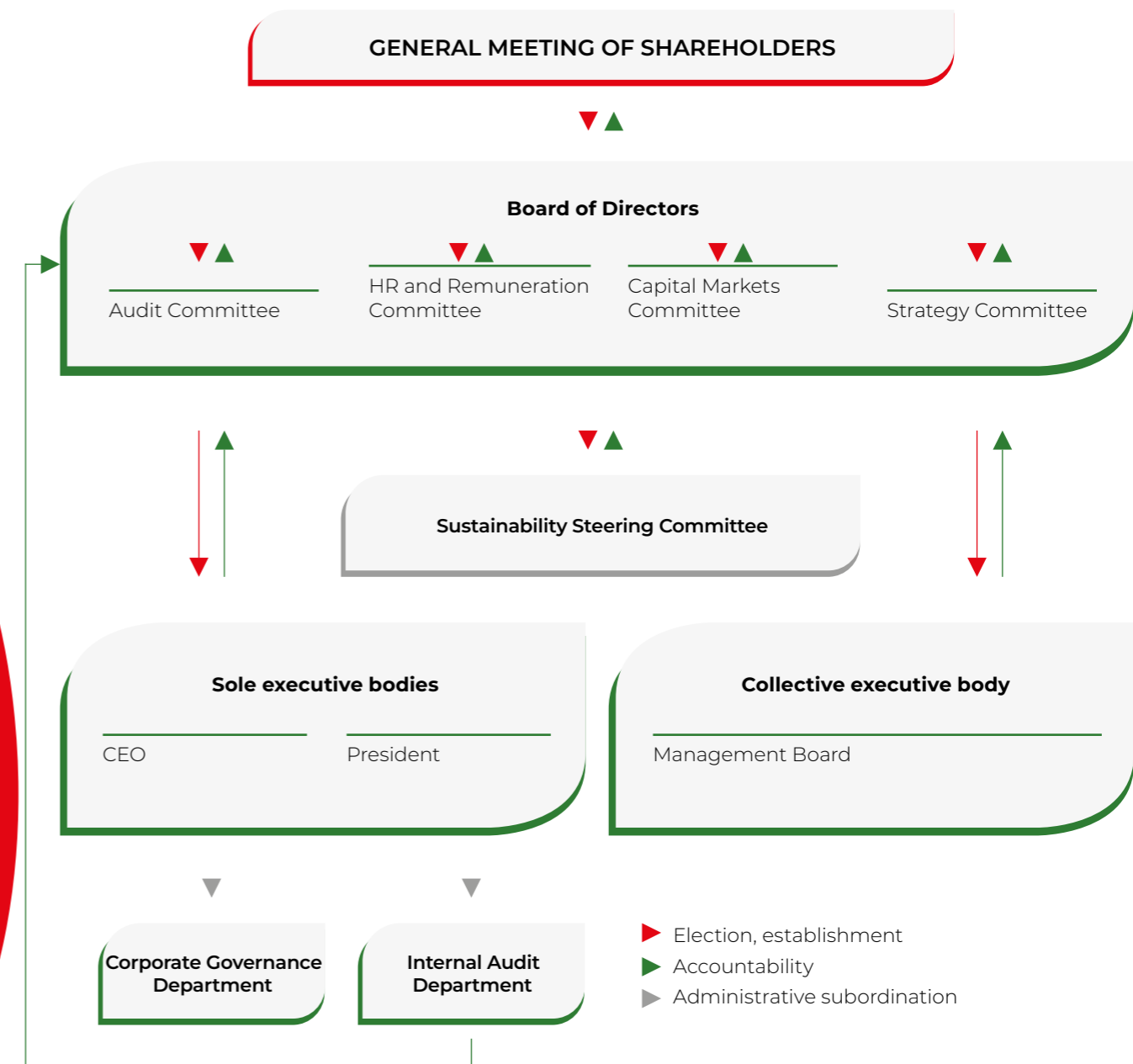
Openness and transparency

We understand that increasing openness and transparency in the activities of companies, the dissemination of reliable information about strategy and business results, and the contribution of the business community to the socio-economic development of the country strengthen business confidence..

Material topics

- ▶ Improving the anti-corruption system

Priority UN SDGs

Corporate governance bodies

PJSC Magnit has built a robust corporate governance system and internal controls over its financial and economic activities.

The Company's highest decision-making body is the General Meeting of Shareholders.

The Board of Directors is elected by shareholders and is accountable to them. It provides strategic oversight and monitors the activities of Magnit's executive bodies – the CEO (Chairman of the Management Board), President and Management Board.

The executive bodies are responsible for day-to-day management of the Company and perform tasks set by the shareholders and the Board of Directors.

In accordance with the Company's internal regulations, there are four committees under the Board of Directors:

- ▶ Audit Committee
- ▶ HR and Remuneration Committee
- ▶ Strategy Committee
- ▶ Capital Markets Committee

The Internal Audit Department analyses and evaluates the risk management and internal control system, as well as corporate governance.

The Corporate Governance Department carries out the duties of the Corporate Secretary, ensuring the efficient shareholder engagement, coordination of the Company's actions aimed at protection of shareholders' rights and interests, as well as support of the efficient operation of the Board of Directors.



Regulations

In its corporate governance practices, Magnit adheres to the following regulations:

- ▶ Russian laws

- ▶ Moscow Exchange listing rules

- ▶ Corporate Governance Code recommended by the Bank of Russia.

The Company's activities are governed by the new edition of its Articles of Association approved by the annual General Meeting of Shareholders of PJSC Magnit on 10 June 2021 and internal regulations¹, including:

Internal regulations

Document	Effective date
Regulations on the General Shareholders Meeting	11 June 2021
Regulations on the Board of Directors	11 June 2021
Regulations on the Committees of the Board of Directors	10 November 2021
Regulations on the Collective Executive Body (Management Board)	25 December 2020
Regulations on the Sole Executive Bodies (President and CEO)	31 May 2019
Code of Business Ethics	24 March 2019
Regulations on Internal Audit	31 October 2018
List of Insider Information	17 January 2022
Regulations on the Corporate Governance Department	30 May 2016
Regulations on the Dividend Policy	30 May 2016
Internal Control and Risk Management Policy	13 December 2019
Audit Fees Policy	6 September 2021
Anti-Bribery and Corruption Policy	25 February 2014
Regulations on the Information Policy	24 April 2021
Code of PJSC Magnit On Terms and Conditions of Transactions with Financial Instruments	25 June 2019
Anti-Alcohol and Anti-Drug Policy	1 January 2020
Safe Vehicle Use Policy	1 January 2020
Fire Safety Policy	1 January 2020
Occupational and Process Safety Policy	1 January 2020
Charity, Volunteer and Sponsorship Policy	1 January 2020
Environmental Protection and Safety Policy	1 January 2020

We built a robust corporate governance system, internal controls and risk management

General Meeting of Shareholders

The General Meeting of Shareholders is the highest decision-making body of the Company. Shareholders of PJSC Magnit may significantly impact the Company's business by participating in the General Meeting of Shareholders.

The key responsibilities of the General Meeting of Shareholders include:

- ▶ approval of the Company's annual report

- ▶ approval of the Company's annual accounting (financial) statements
- ▶ election of the Company's Board of Directors
- ▶ distribution of profits, including dividend payments
- ▶ approval of major and related-party transactions
- ▶ approval of the Company's auditor.

The procedure for the General Meeting of Shareholders aims to ensure the respect of shareholder rights and meets all the relevant laws and regulations of the Russian Federation.

The annual General Meeting of Shareholders of PJSC Magnit scheduled to take place on 30 June 2022 in the form of absentee voting was declared inquorate.

¹ The internal regulations can be viewed on the Company's website at: <https://www.magnit.com/ru/corporate-governance/corporate-documents>.

Board of Directors

The Board of Directors of PJSC Magnit steers the Company's operations, defines strategic goals and implements effective management practices, while also electing the Management Board, CEO and President. The main objective of the Board of Directors is to increase the value of the business. When making decisions, the Board of Directors takes into account the interests of all shareholders and other stakeholders.

GRI 2-10

According to the Articles of Association of PJSC Magnit, the Company's Board of Directors shall consist of eleven members. Magnit's Board of Directors is elected by the General Meeting of Shareholders. At least three members of the Board of Directors shall be independent directors.

The members of the collective executive body (Management Board) may not account for more than one-fourth of the members of the Company's Board of Directors. The sole executive bodies (President and Chief Executive Officer) may not simultaneously act as the Chairman of the Board of Directors.

The work of the Board of Directors goes beyond formal meetings. The Board constantly interacts with the management team to streamline cooperation between the executive bodies of the Company and the Board of Directors.

The make-up of the Board is primarily governed by Federal Law No. 208-FZ On Joint Stock

Companies dated 26 December 1995 and also by the Articles of Association, Regulations on General Shareholders Meeting, Regulations on the Board of Directors, and Regulations on the Committees of the Board of Directors.

The HR and Remuneration Committee of the Board of Directors made up of independent directors and/or director assesses, within the scope of its responsibilities and without limitation, whether nominees for the Board of Directors have the required experience, knowledge, business reputation, and are free from a conflict of interest, etc.; whether nominees for the Board of Directors meet the independence criteria set out in the Regulations on the Board of Directors; whether the engagement with shareholders (including minority shareholders) is sufficient to prepare voting recommendations for shareholders during the election of the Company's Board of Directors.

Responsibilities of the Board of Directors

The Board of Directors is the collective governing body responsible for the overall management of the Company, except for the matters reserved to the General Meeting of Shareholders in accordance with the federal laws and the Company's Articles of Association. The Board of Directors is also responsible for the strategic management of the Company, risk management and internal control frameworks, oversight over the executive bodies of the Company, and other key functions.

Induction and training of directors

Newly elected members of Magnit's Board of Directors complete an induction programme, which includes:



- ▶ meetings with members of the Management Board and the Company's senior executives



- ▶ introduction to the Company's history, strategy, corporate governance system, risk management and internal control system, the distribution of responsibilities among the Company's executive bodies, and the procedures of the Board of Directors



- ▶ familiarisation with the Company's documents, including the latest annual reports, the minutes of annual and extraordinary General Meetings of Shareholders, the minutes of meetings of the Board of Directors, and other relevant information about the Company's activities.

Committees of the Board of Directors

In accordance with PJSC Magnit's internal regulations, there are four committees under the Board of Directors:

Audit Committee

Key responsibilities:

- ▶ monitoring and verifying the integrity of financial statements
- ▶ verifying the internal control and risk management system
- ▶ monitoring the effectiveness of internal audits
- ▶ monitoring relations with the external auditor.

Strategy Committee

Key responsibilities:

- ▶ strategic and investment planning
- ▶ identifying priority focus areas
- ▶ endorsing and verifying the business plan and budget.

Sustainability Steering Committee reporting to the Strategy Committee

The Sustainability Steering Committee engages with stakeholders and prepares recommendations on strategic enhancement of long-term business sustainability in response to social, environmental, resource and energy challenges.

HR and Remuneration Committee

Key responsibilities:

- ▶ developing and monitoring the Remuneration Policy (including long and short-term incentives)
- ▶ endorsing and monitoring senior management appointments (CEO-1/CEO-2 levels)
- ▶ developing the talent management strategy
- ▶ assessing the performance of the Board of Directors and management team on an annual basis.

Capital Markets Committee

Key responsibilities:

- ▶ developing and improving corporate governance systems
- ▶ preparing, developing and implementing IR strategies
- ▶ assessing the Dividend Policy and drafting relevant recommendations for the Board of Directors.

The committees are made up from members of the Board of Directors who are elected based on their relevant professional experience and knowledge. When electing members of the committees (including the chairs of the committees), the following aspects must be taken into consideration: the education and professional training of the candidates, their work experience in the Committee's focus area, their document handling skills, as well as other necessary proficiencies and experience.

The Regulations on the Committees of the Board of Directors of PJSC Magnit govern the make-up and activities of the committees.

The work of the committees goes beyond formal meetings. The committees constantly interact with the management team in order to streamline cooperation between the executive bodies of the Company and the Board of Directors.

Management Board

The Management Board is the collective executive body responsible for the day-to-day management of the Company within its remit as defined by the Articles of Association.

The Management Board shall be guided by resolutions of the Company's General Meeting of Shareholders and Board of Directors. Resolutions adopted by the General Meeting of Shareholders and the Board of Directors within their remit shall be binding for the Management Board. The Management Board shall report to the Board of Directors and the General Meeting of Shareholders.

The Chief Executive Officer and the President of the Company shall be members of the Management Board by virtue of their office.

The Chief Executive Officer shall act as the Chairman of the Management Board by virtue of office.

Should the powers of the Chief Executive Officer be terminated, up to the moment when the Board of Directors elects a new Chief Executive Officer, the President shall act as the Chairman of the Company's Management Board by virtue of office.

In 2022, the number of Management Board members increased to 14 to improve the decision-making process.



14 members

on the Management Board since 2022

Corporate Secretary

The Corporate Governance Department of PJSC Magnit discharges the responsibilities of the Corporate Secretary.

The main objective of the Department is to maintain effective communication with the shareholders, coordinate the Company's actions to protect the rights and interests of the shareholders and ensure effective operation of the Board of Directors.

Corporate Governance Department reports to the President and CEO and is held accountable to the Board of Directors.

The main responsibilities of the Corporate Governance Department are as follows:

- ▶ to participate in improving the Company's corporate governance system and practices
- ▶ to participate in preparing for and holding of General Meetings of Shareholders
- ▶ to support the work of the Board of Directors and its committees
- ▶ to participate in implementing the Company's disclosure policy and ensure safekeeping of the Company's documents
- ▶ to ensure interaction between the Company and its shareholders and to participate in preventing corporate conflicts
- ▶ to ensure interaction between the Company and regulatory authorities, organisers of trading activity, the registrar and other professional participants of the securities market within the remit of the Corporate Governance Department
- ▶ to immediately inform the Board of Directors of any breaches of laws and the Company's by-laws, where ensuring compliance with such laws and by-laws is the responsibility of the Corporate Governance Department
- ▶ to ensure that the procedures established by laws and the Company's by-laws to protect the shareholders' rights and legitimate interests are put into practice and to oversee their implementation.

Internal control and risk management system

The Company's internal control and risk management system is set up to provide reasonable assurance that the Company fulfils its mission and values, whilst meeting business targets. The system gives an accurate, fair and clear representation of the Company's current affairs and prospects, whilst also ensuring the integrity and transparency

of Magnit's accounts and reports. Finally, the system establishes a reasonable and acceptable Company risk level.

The Company's Board of Directors and Management Board ensure the effective operation and development of the internal control and risk management system. This

helps control the Company's strategic and operational goal achievement, the reliability of information disclosure and compliance with external and internal requirements.

Goals of the internal control and risk management system:

- ▶ strategic goals ensuring the accomplishment of the Company's mission and efficient management of its operations
- ▶ operational goals related to the efficient and effective use of the Company's resources
- ▶ goals ensuring the accuracy of the Company's accounts and reports
- ▶ goals related to compliance with applicable laws and the Company's by-laws.

Objectives of the internal control and risk management system:

- ▶ reduce the number of unexpected events in the Company's operations
- ▶ define and manage Company risks to provide reasonable assurance that the Company will achieve its goals
- ▶ ensure the right balance between risk appetite and development strategy
- ▶ improve managerial decision-making, including risk response decisions
- ▶ develop a risk-oriented corporate culture with the corporate bodies and management disseminating knowledge and skills across the Company and engaging employees along the way.

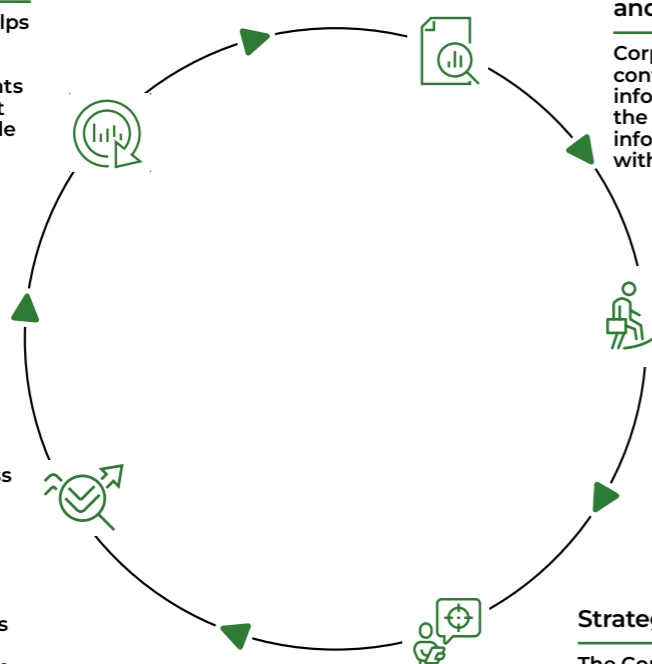
In the process of creating shareholder value, the Company makes management decisions based on a number of mixed factors that can have both a positive and negative impact on progress towards the set goals. One of the ways to reduce uncertainty caused by such factors is to raise the awareness of shareholders, management and employees of such factors and assess their potential impact.

Internal control and risk management system (continued)

The Company adopts a consistent approach to the organisation of internal control and risk management with a focus on five key components.

Analysis and review

Performance analysis helps the Company assess the efficiency of risk management components over time and in the light of material changes, while also identifying the required changes.



Information, communications, and reporting

Corporate risk management involves continuous sourcing of required information from inside and outside the Company, as well as relaying such information up, down and horizontally within the Company.

Corporate governance and culture

Corporate governance sets the tone for an organisation by emphasising the importance of risk management and outlining responsibilities in the respective area.

Strategy and target setting

The Company's risk management, strategy and goal setting all contribute to strategic planning. Risk appetite is aligned with the strategy, while the achievement of business objectives translates into strategy implementation and lays the foundation for identifying, assessing, and responding to risks.

Performance

Risks that may affect the progress under the strategy and business goals must be identified and assessed. Risks are prioritised in terms of severity in the context of risk appetite. Subsequently, the Company determines the right response and draws the big picture of the risk magnitude. The results are disclosed to key stakeholders.

The control and risk management system is governed by the following internal regulations:

- ▶ Internal Control and Risk Management Policy¹
- ▶ Regulations on Process-Oriented Risk Management
- ▶ Risk Register

¹ Approved by the Board of Directors on 12 December 2019 (Minutes w/o No. dated 13 December 2019).

Core principles:



▶ **comprehensive and continuous operation.** Risk management and internal control are undertaken on a constant and cyclical basis and cover all areas of the Company's business operations across the governance hierarchy;



▶ **integration with governance.** Risk management is an integral part of the decision-making process. It supports sound management decisions and factors in the probability and consequences of risks;



▶ **distinction of decision-making levels.** Risk management decisions shall be made at various governance levels subject to the significance of the risk and area of the Company's business activities;



▶ **responsibility.** All subjects of internal control are responsible for compliance with risk management and internal control standards and approaches within their respective remit;



▶ **distribution of responsibilities and powers.** The responsibilities and powers of the internal control and risk management bodies are distributed to eliminate or reduce the risk of error and/or fraud;



▶ **balance between risk exposure and profitability.** Risks in each area of the Company's business activities are monitored with a focus on the risk/profitability ratio;



▶ **risk-focused approach.** Control procedures shall be established for business lines based on their significance in terms of the Company's operational efficiency;



▶ **reasonable assurance.** The Company relies on high rather than absolute confidence regarding the reliability of risk management and internal control;

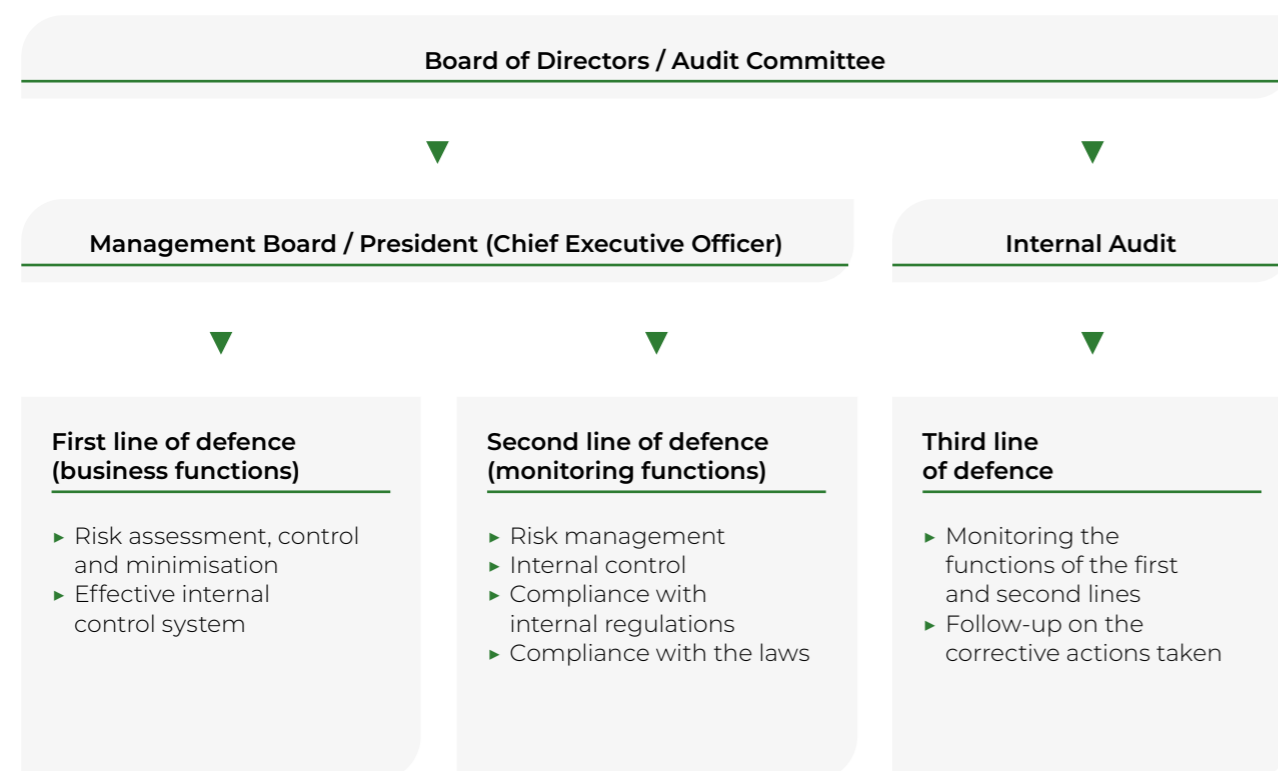



▶ **ongoing improvement.** The Company constantly monitors its risk management system and works out new ways for its improvement and development.

Internal control and risk management system (continued)


The Company applies a three lines of defence model¹ to coordinate risk management and internal control processes by clearly defining and delimiting respective functions and responsibilities.

Three lines model






In the first line of defence, risks are managed by business process and business unit owners supported by control mechanisms that are responsible for embedding risk controls into the decision-making process and key business operations. Business units are risk owners responsible for identifying, managing and mitigating risks, analysing and reporting on key risks. Heads of business units draft, implement, and ensure the operation of controls in business processes.



The second line of defence consists of the Risk Management Office, Economic Security Department, Department for Compliance and Antitrust Practices, Financial Control and Operational Controlling Office, etc. They draft and implement risk management and internal control methodologies, set standards and coordinate the Company's activities related to risk management and internal control, including relevant processes, technologies, and culture, ensure continuous monitoring of the development and functioning of controls related to the first line of defence, and provide advice on risk management.



The third line of defence is operated by the Internal Audit Department, which provides independent performance assessment of internal controls and risk management and gives recommendations for their improvement.

¹ A control model developed and recommended by the Institute of Internal Auditors (IIA).

Internal control and risk management system (continued)

Risk management system improvement

We continue to improve our internal control and risk management systems to reflect the scale of our business, retail focus, diversified lines of operations, and regulatory environment.

Highlights in 2022

▶ Work completed to update the Internal Control and Risk Management Policy to be submitted to the Board of Directors

▶ Internal Control and Risk Management Policy updated

▶ Risk registers of the Company and its subsidiaries updated

▶ Internal control projects successfully implemented

▶ Initiative completed to integrate risk management into project management

▶ Risk management workshops held for some of the Company's units

▶ Risk management training course developed for the Corporate Academy.

In 2023, we plan to develop a procedure on how to use the Internal Control and Risk Management Policy. We are also committed to further improving employees' internal control and risk management skills.



Business ethics and anti-corruption

We value the trust of our customers, shareholders, employees, the government and other stakeholders and take a zero tolerance approach to corruption.

Our approach to anti-corruption management

GRI 2-15 GRI 2-16 GRI 2-26 GRI 205-2

In all aspects of our business, we are guided by the high legal, ethical and moral standards set out in Magnit's Business Ethics Code, which is grounded in best Russian and international practices of business conduct, corporate governance and relationships with employees and other stakeholders.

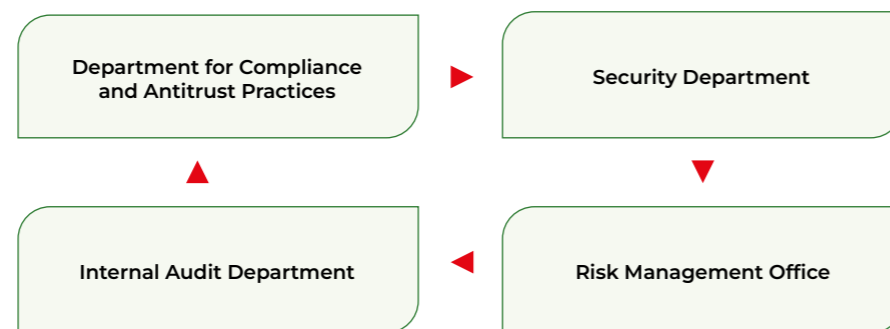
The conduct of any of our employees may affect the Company's reputation, so we seek to ensure that all our hires make honest and appropriate decisions in line with the principles and guidelines set out in the Business Ethics Code. Magnit's managers and employees should avoid being

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 are required to attend courses on Business Ethics, Anti-Corruption Policy and Information Security, with refresher courses provided every three years. In 2022, a total of 3,818 employees completed anti-corruption training.

Anti-corruption governance structure

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



Principles of the Anti-Corruption Policy

Principle	Our responsibility
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.
Liability for corrupt practices	We make every effort to promptly and indelibly prevent any corrupt practices in accordance with the Company's by-laws.
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's employees.
Corruption risk identification and assessment	We identify and regularly assess corruption risks relevant to the Company's operations, taking into account its strategic and investment development plans.
Control procedures	We have implemented control procedures to minimise corruption risks, including checks of counterparties and addition of an anti-corruption clause to contractor agreements. We regularly assess the effectiveness of our anti-corruption control procedures and takes steps to improve them.
Counterparty checks	To minimise reputational, financial and operating risks arising from relations with untrustworthy counterparties, 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 cooperate to ensure ethical business conduct and minimise corruption risks
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.
Monitoring and control	We regularly assess compliance with anti-corruption procedures and communicate the results to the senior management and shareholders.

Anti-corruption hotline

The management of internal and external reports of corrupt practices and ethical issues falls within the remit of the Company's Ethical Values Officer. This role is assigned to the Department for Compliance and Antitrust Practices.

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.

The Anti-Corruption Hotline experts register and process every report received, including anonymous ones, and then forward it using an approved procedure to the Company's functions and units in charge for doing analysis and making 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 employees of the Department for Compliance and Antitrust Practices and the Internal Audit Department within the scope of their responsibilities.

In line with strategic goals and common practice, the Department for Compliance and Antitrust Practices defines the ways to evaluate the Anti-Corruption Hotline performance, the frequency for reviewing its operation standards, and the methods applied to identify compliance risks.

- ▶ 24/7 answering service: 8 (800) 6000-477
- ▶ Email of the Head of Ethical Values: ethics@magnit.ru
- ▶ Website feedback form: <https://www.magnit.com/ru/anti-corruption/>

Tax policy

As one of the largest taxpayers in Russia, Magnit contributes to tax revenues at all government levels, supporting the social and economic development of its business geographies and the entire nation.

Key documents

Internal regulations:

- ▶ Tax Policy of Magnit
- ▶ Accounting Policy of Magnit

Priority UN SDGs



External regulations:

- ▶ 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
- ▶ Russian Tax Code and federal laws adopted in accordance therewith, Russian regional laws, laws and regulations on taxes and duties adopted by representative bodies of municipalities and executive bodies of various levels within the scope of their authority.

Our approach to tax management

GRI 207-1 GRI 207-2

Magnit fulfils its tax obligations in a responsible and timely manner, contributes to the economic development of the regions where it operates, and maintains a transparent tax policy. In 2022, we paid RUB XXX bln in taxes, duties and insurance contributions to budgets of all levels and extra-budgetary funds in Russia.



The tax function is an integral part of Magnit's financial unit, ensuring that all of the Company's tax obligations are effectively discharged across its geographies. Overall tax management falls within the remit of our Chief Financial Officer (CFO), while the Deputy CFO is directly responsible for the tax function, with the Accounting and Tax Department reporting to the Deputy CEO. The department's responsibilities include the following:

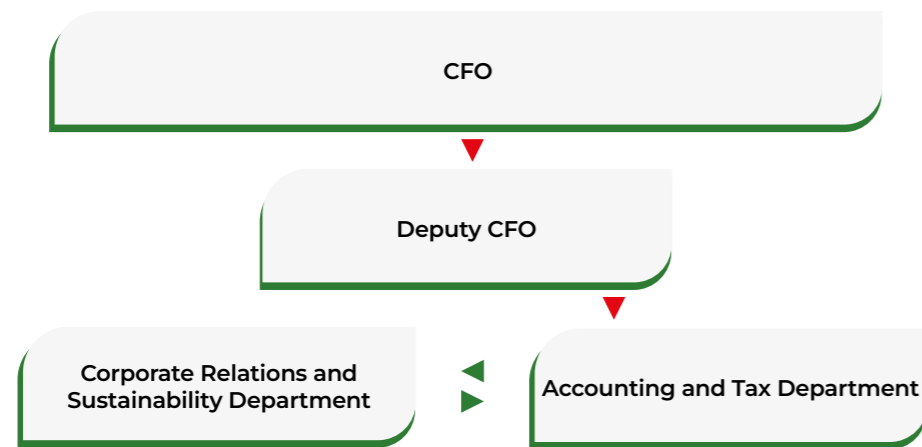
- ▶ Tax accounting.
- ▶ Preparation and filing of tax returns.
- ▶ Cooperation with tax authorities during desk and on-site audits.
- ▶ Reconciliation of accrued and paid taxes.

- ▶ Identification of tax risks and their mitigation.
- ▶ Analysis of options for reducing tax liabilities, including incentives and preferences.
- ▶ Preparation of tax legislation initiatives.
- ▶ Development of internal policies, regulations and procedures.

The department is staffed with professionals who boast a great depth of expertise and relevant experience in this field. To raise our competencies, we engage external consultants from major accounting firms to assist us in addressing challenging tasks.

Tax policy (continued)

Tax governance structure



- ▶ Administrative subordination
- ▶ Coordination within the framework of sustainability reporting

Principles of Magnit's tax policy

Integrity

We calculate and pay taxes based on the economic substance of operations and transactions and make use of tax incentives strictly in accordance with statutory requirements.

Uniformity

The Corporate Centre ensures uniform interpretation of tax legislation in accounting operations across different companies of Magnit Group and during the preparation of tax returns.

Transparency

We fully cooperate with the government agencies conducting tax audits and provide all necessary documents and reports as required by law.

Effective dispute resolution

In case of tax disputes, we seek to resolve them through pre-trial procedures envisaged by the law and bring the issue to court only as the last resort.

Reliability of counterparties

We scrutinise our counterparties and avoid doing business with the companies that are believed to be tax evaders or involved in tax avoidance schemes.

Tax risk management

Whenever there are uncertainties as regards interpretation of tax laws, we always ask government authorities for clarification. As a member of various industry associations, Magnit communicates its viewpoint on industry regulation and taxation to government officials.

Stakeholder engagement

Our tax-related activities focus on timely compliance with tax regulations, including as part of tax audits conducted by tax authorities.

Together with the Retail Companies Association (ACORT), we actively participate in developing new tax regulations, assessing tax legislation amendments proposed by government agencies and adopting a stance on relevant initiatives aimed at improving the efficiency of the retail industry.

We expect full compliance with tax legislation from Magnit's counterparties and monitor their activities to ensure that they are not involved in any tax avoidance schemes.

Tax risks and control

We continuously enhance our control procedures to increase the effectiveness of the tax function and tax risk management. Risks are managed through, inter alia:

- ▶ implementing and maintaining an integrated system of internal tax controls;
- ▶ planning and controlling the pricing of intra-group transactions;
- ▶ monitoring the compliance of potential counterparties with the tax legislation prior to entering into transactions with them.

Tax payments

Data on our tax payments are regularly disclosed in the Company's consolidated financial statements. Magnit engages an independent auditor to confirm the reliability of its consolidated financial statements, including as regards the reported tax amounts and other tax data.

Taxes paid in 2022, RUB bln

Payment type	Amount paid
Contributions to the federal budget:	
▶ income tax	
▶ value-added tax	
▶ payments made to the budget on behalf of our employees (personal income tax and contributions to the pension and health insurance funds)	116,4
Contributions to regional and local budgets:	
▶ regional surtax on income tax, property tax, land tax, transport tax, and trade levy	19,7
Total tax payments, insurance contributions and duties	136,1

Information security

In today's world, information is a valuable resource, and its protection is critical to business operations. We strive to meet the highest standards in this area and successfully prevent cyber attacks and other IT incidents.

Key documents

Internal regulations:

- ▶ Information Security Policy
- ▶ Policy for Control of Information Security Management Systems
- ▶ Password Policy
- ▶ Regulations on User Account and Access Management
- ▶ Procedure for Drafting and Amending Firewall Rules
- ▶ Information Security Compliance Standard for Creating Information Systems and Services
- ▶ Personal Data Processing Policy

External regulations:

- ▶ Decree of the President of the Russian Federation No. 250 On Additional Measures to Ensure the Information Security of the Russian Federation dated 1 May 2022
- ▶ Resolution of the Government of the Russian Federation No. 1272 On Approval of a Model Regulation on the Deputy Head of the Body (Entity) Responsible for Ensuring its Information Security in the Body (Entity), and a Model Regulation on a Structural Unit within the Body (Entity) Ensuring its Information Security dated 15 July 2022
- ▶ Federal Law No. 98-FZ On Trade Secret dated 29 July 2004
- ▶ Federal Law No. 149-FZ On Information, Information Technologies and Information Protection dated 27 July 2006
- ▶ Federal Law No. 152-FZ On Personal Data dated 27 July 2006

Priority UN SDGs



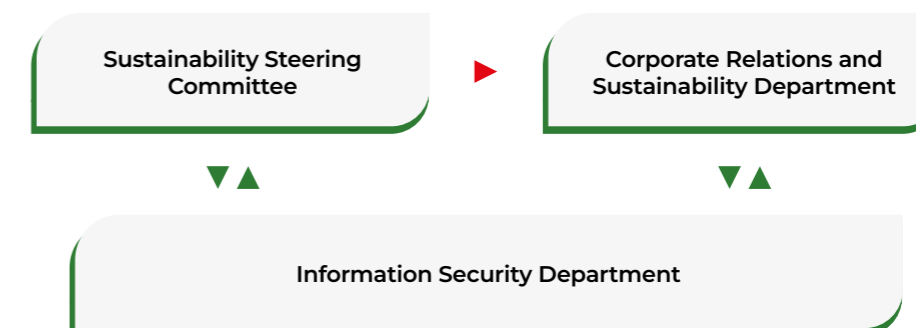
Our approach to information security management

Magnit's information security is based on a set of interrelated organisational and technical tools which comprise an integrated information security management and assurance system. Our comprehensive approach enables us to protect ourselves against modern cyber threats, comply with Russian legal requirements and international standards, and prevent financial,

reputational and other damage. The Company's information security system is designed and developed in line with global best practices.

Magnit has a formalised procedure for internal auditing, which falls within the remit of a dedicated department. We regularly assess information security risks and test our information systems on a quarterly basis.

Information security governance structure



▶ Administrative subordination
 ▶ Coordination under the sustainability strategy and advisory support

Information security (continued)

Cyber security system

In line with our commitment to maintaining a cyber security system, we identify and eliminate vulnerabilities in information devices, search for viruses and zero-day attacks¹, while also monitoring and responding to security incidents. Magnit monitors the integrity of software architecture across all of its external IT services. We carry out scheduled updates of network devices, servers and software.

We run daily scans of all of the Company's external addresses for known vulnerabilities and eliminate all threats. All of Magnit's web services are protected through web application firewalls (WAFs), designed to detect and block network attacks on web applications. We actively employ anti-DDoS solutions², and regularly scan open internet ports. Twice a year, Magnit conducts an external independent penetration testing of its IT system.




In 2022, we saw a significant increase in the number of cyber attacks on Magnit's IT assets. Tens of thousands of scanning and network attacks by hackers were detected, as well as more than 500,000 attempts to infect our IT infrastructure with malware through the email system. We have taken additional steps to enhance our security and were able to successfully withstand cyber attacks and avoid any disruptions in the infrastructure's operations.

Development of IT security competencies

One of our information security priorities is to make employees more aware of cyber security rules. We lay particular emphasis on the training and professional development of the employees at our IT Department who are involved in ensuring the operability of Magnit's IT infrastructure and

In addition, we have started transitioning to domestic IT security solutions as foreign vendors in this area have left the Russian market. In 2023, we will continue to implement information security tools offered by leading Russian developers.

To ensure the information security of our customers, we have implemented the Anti-Fraud system, which offers:

-  ▶ protection against interception and theft of account details used in Magnit's mobile application;
-  ▶ protection against fraudulent accrual and redemption of loyalty programme points;
-  ▶ access control to loyalty card data to prevent leakage of information on customer balances and card numbers.

In 2023, we plan to conduct an audit of personal data processing procedures to ensure compliance with the requirements of Federal Law No. 152-FZ On Personal Data dated 27 July 2006. In addition to this, we intend to develop DevSecOps³ processes and standardise approaches and tools used by our development teams.

information systems. Other departments working with IT systems in their day-to-day operations also hold regular trainings. We regularly train our employees working in various departments responsible for personal data processing.

Focus areas for raising employee awareness about information security

Safe operation of information systems

Corporate password policy

Detection of phishing and social engineering attacks

Corporate information security standards

To ensure the security of remote and hybrid work, we have developed and launched a distributed, geographically resilient, and scalable remote access system for all employees of the Company's head office and branches. This helped us ensure business process continuity and increase employee mobility. We are exploring opportunities to optimise office space, expand the geography of sourcing candidates for positions in the Company, and make our employees' work more comfortable.

We continue to focus on information security while navigating the transition to remote working. Among other things, our employees now always use two-factor authentication when connecting to the Company's systems, and also have various security products and policies run on their corporate devices which track and block attempts to gain unauthorised access and compromise users' accounts.

Protection of personal data

We have developed a systematic approach to protecting the personal data of our stakeholders and continuously monitor the existing and planned information systems to ensure that personal data is processed appropriately and lawfully. Employees working with user data, including those in the IT Department, are duly trained, and persons charged with organising the processing of personal data receive regular briefings. We have developed consent forms for the processing of personal data, which are required to be filled by each employee, and appointed people responsible for organising and monitoring the data protection process.

We believe it essential to raise awareness of information security, including personal data protection, among all our employees. We support and monitor business processes that require the processing of personal data as a means to safeguard the Company against possible sanctions from the government authorities. We also give guidance to experts from our subsidiaries on regulating the personal data processing matters.

Magnit has an established procedure for reporting personal data breaches. We maintain a log of IT security incidents in information systems for processing personal data; in 2022, no such incidents were reported. Furthermore, Magnit maintains a log of requests and enquiries regarding personal data from external stakeholders. In 2022, the Company received XX enquiries and provided a reasoned response in writing within the deadlines stipulated in the relevant by-laws.

We carry out regular risk assessments as part of internal audits, as well as analyse processed data, develop and update threat models for information systems, design and implement technical solutions to eliminate such threats, and draft guidelines and regulations that help us comply with the laws on personal data.

¹ Zero-day – an exposed software vulnerability or malware with no identified means of containment

² Anti-DDoS is a tool of protection against DDoS attacks, which aim to disrupt the computer system through a constant stream of requests.

³ DevSecOps (short for development, security, and operations) is the practice of integrating security testing at every stage of the software development process.

Shareholder and investor engagement

Authorised and issued share capital

As at 31 December 2022, the authorised capital of PJSC Magnit amounted to RUB 1,019,113.55 and comprised 101,901,355 ordinary registered uncertified shares¹ with a par value of RUB 0.01 each.

In addition to its outstanding shares, the Company had the right to issue 98,938,645 ordinary registered shares with a par value of RUB 0.01 each (authorised shares).

As at 31 December 2022, PJSC Magnit did not hold any treasury shares. As at 31 December 2022, JSC Tander, owned by the Company, held 3,817,249 voting shares in PJSC Magnit, which represented 3.75% of Magnit's total ordinary registered shares acquired in 2018–2019 to implement its LTI programme. As at 31 December 2022, no other organisations controlled by the Company owned voting shares in PJSC Magnit.

As at 31 December 2022, there were 40 persons in the Company's share register, including 35 individuals, one nominal holder and three other legal entities.

The Company's ordinary shares are listed on the Moscow Exchange. As at the end of 2022, Magnit's market capitalisation on the Moscow Exchange was RUB 444.5 bln².

2022 highlights

**Magnit's market
capitalisation on the
Moscow Exchange as at
the end of 2022**

RUB 444.5 bln

Magnit's authorised capital

RUB 1,019,113.55

Structure of share capital as at the end of 2022³

	Number of registered entities	Share of authorised capital, %
Legal entities	4	97.57
▶ including nominal holders	1	97.57
Individuals	35	2.43
Other (unidentified persons)	1	0.00004
Total	40	100.00

Significant changes in the share capital structure in 2022

Date of change	Change
January 2022	Marathon Group increased its share of votes attached to the voting shares in the authorised capital of PJSC Magnit to 29.23%.

Authorised and issued share capital history

24 April 2006

The Company completed the process of an initial public offering in the Russian Trading System (RTS) and on the Moscow Interbank Currency Exchange (MICEX).

13 February 2008

Magnit announced a secondary share placement: 11,300,000 shares were offered for additional issuance, including shares placed with pre-emptive rights for existing shareholders, as well as previously placed shares owned by the selling shareholder.

22 April 2008

Conditional trading in GDRs certifying the rights to Magnit's shares commenced on the LSE. Later in April Magnit's GDRs were included in the official list of the UK Listing Authority.

2 September 2009

Magnit announced another public offering of 11,154,918 ordinary shares. The offering price was USD 65 per ordinary share and USD 13 per GDR.

6 October 2011

The Board of Directors of Magnit decided to increase the authorised capital by issuing 10,813,516 additional shares. The public offering was completed on 15 December 2011.

15 November 2017

The Board of Directors of Magnit decided to increase the authorised capital by issuing 7,350,000 additional shares. The public offering was completed on 15 January 2018.

21 August 2018

The Board of Directors of Magnit approved the total amount of funds allocated for share buybacks as follows (taking into account the changes approved by the Board of Directors on 4 October 2018):

- ▶ up to RUB 16.5 bln – for the LTI programme;
- ▶ up to RUB 5.7 bln – as payment for transactions related to the acquisition of SIA Group.

The programme was launched on 5 September 2018 and completed on 1 March 2019.

28 November 2018

JSC Tander, Magnit's subsidiary, concluded an agreement with Serengate Advisors Limited, under which the latter received 1,513,601 shares comprising 1.485213% of the total number of shares in Magnit, as payment for the transaction related to the acquisition of SIA Group.

30 August 2022

The UK Financial Conduct Authority (FCA) deleted Magnit's GDRs from the Official List and the London Stock Exchange cancelled their admission to trading on the Main Market.

¹ State registration number: 1-01-60525-P of 4 March 2004.

² Capitalisation in RUB is calculated using the following formula: number of outstanding shares × share price as at the end of 2022.

³ The structure of share capital is provided according to the register of shareholders of PJSC Magnit as of 31 December 2022.

Shareholder (continued) and investor engagement

Listing of shares on the Moscow Exchange

The Company's shares have been traded on the Moscow Exchange (MGNT) since 24 April 2006.

Magnit shares are included in the following Moscow Exchange's indices: Stock Subindex, MOEX Russia Index (IMOEX), MOEX Active Management Index, MOEX 15 Index, Blue Chip Index, Broad Market Index, Consumer

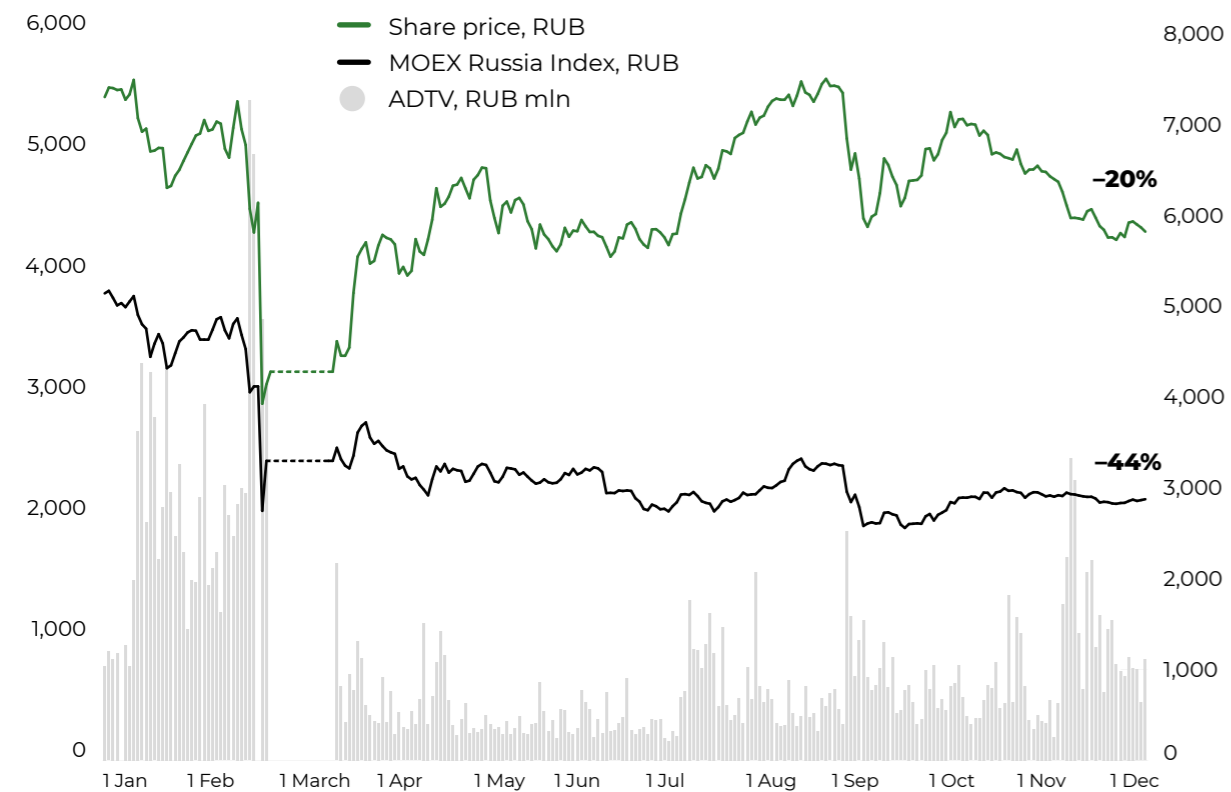
Sector Index, RTS Consumer Sector Index, RTS Index, Broad Market RTS Index, MOEX Russia Index calculated during all trading day with additional trading sessions (IMOEX2), MOEX-RSPP Responsibility and Transparency Index, MOEX-RSPP Sustainability Vector Index, and MOEX-RSPP Sustainability Russian Companies Vector Index.



The Company's shares have been traded on the Moscow Exchange (MGNT)

since 24 April 2006

Share trading on the Moscow Exchange in 2022



Share price and trading volume on the Moscow Exchange in Q1-Q4 2022

Period	Share price, RUB			ADTV, RUB mln			Market capitalisation at end of period, RUB bln
	Min.	Max.	As at the end of period	Period total	Daily average	Daily median	
Q1	2,414	5,643	4,155	114,236	2,596	2,379	423.4
Q2	3,850	4,939	4,238	31,314	522	421	431.9
Q3	4,155	5,631	4,680	49,331	747	622	476.9
Q4	4,239	5,370	4,362	62,952	984	809	444.5

Source: Company estimates based on Moscow Exchange quotes

Listing of GDRs on the London Stock Exchange

The Company's global depository receipts (GDRs) traded on the main market of the London Stock Exchange (MGNT) since 22 April 2008, with one share representing five depository receipts. As at 31 December 2021, 27.78% of the Company's total shares were listed on the London Stock Exchange in the form of GDRs.

Further to the enactment of Russian Federal Law No. 114-FZ dated 16 April 2022 requiring that Russian issuers terminate depository agreements for the listing of their depository receipts, on 20 May 2022, Magnit notified JPMorgan Chase Bank, N.A. of the Depository Agreement termination. On 26 August 2022,

the termination of the Depository Agreement became effective. On 30 August 2022, the UK Financial Conduct Authority (FCA) cancelled Magnit's GDR listing and the London Stock Exchange cancelled their admission to trading on the Main Market.

Pursuant to Russian Federal Law No. 319-FZ On Amendments to Certain Legislative Acts of the Russian Federation, which became effective on 14 July 2022, holders of GDRs recorded by Russian depositories were given an option to convert them into the Company's shares by way of automatic conversion, and holders of GDRs recorded by foreign depositories unable to convert such GDRs into the

Company's shares, including due to sanctions, were given an option to file an application for compulsory conversion of such GDRs to the custodian JPMorgan Chase Bank, N.A. (through 22 September 2022) or the custodian Raiffeisenbank JSC (from 23 September 2022).

Shareholder (continued) and investor engagement

Bonds

The Company uses bonds, primarily exchange-traded ones, to raise debt financing for its business. Throughout 2022, Magnit had nine outstanding issues of exchange-traded bonds (BO-003P-01, BO-003P-04, BO-003P-05, BO-002P-01, BO-002P-02, BO-002P-03, BO-002P-04, BO-001P-05, BO-004P-01) with a total par value of RUB 110 bln, of which RUB 80 bln remained outstanding as at the end of the year. Three bond issues were redeemed in 2022:

BO-003P-01 (matured on 1 February 2022), BO-003P-04 (matured on 3 May 2022) and BO-003P-05 (matured on 22 December 2022).

On 6 December 2022, the Company issued 20 mln BO-004P-01 series exchange-traded bonds with a par value of RUB 1,000 each.

On 20 and 21 December 2022, the Moscow Exchange also registered the Company's series BO-004P-02 and series BO-004P-03 exchange-traded bonds.

RUB 110 bln
issues of exchange traded
bonds were outstanding
in 2022

Parameters of Magnit's BO-003P-01, BO-003P-04 and BO-003P-05 series bonds

Issue identification number and assignment date	4B02-01-60525-P-003P of 1 February 2019	4B02-04-60525-P-003P of 29 October 2019	4B02-05-60525-P-003P of 23 December 2019
Issue value	RUB 10 bln	RUB 10 bln	RUB 10 bln
Number of bonds	10 mln	10 mln	10 mln
Par value of each bond	RUB 1,000	RUB 1,000	RUB 1,000
Offering price	100% of the par value	100% of the par value	100% of the par value
Offering date	5 February 2019	5 November 2019	26 December 2019
Offering type	Public offering	Public offering	Public offering
Maturity date	1,092nd day from the offering date	910th day from the offering date	1,092nd day from the offering date
Number of coupons	6	5	6
ISIN code	RU000A1002U4	RU000A100ZS3	RU000A1018X4
Coupon rate	8.70%	6.90%	6.60%

Parameters of Magnit's BO-002P-01, BO-002P-02, BO-002P-03, BO-002P-04 and BO-001P-05 series bonds

Issue identification number and assignment date	4B02-01-60525-P-002P of 4 March 2020	4B02-02-60525-P-002P of 27 April 2020	4B02-03-60525-P-002P of 19 May 2020	4B02-04-60525-P-002P of 2 June 2021	4B02-05-60525-P-001P of 02 June 2021
Issue value	RUB 15 bln	RUB 10 bln	RUB 15 bln	RUB 10 bln	RUB 10 bln
Number of bonds	15 mln	10 mln	15 mln	10 mln	10 mln
Par value of each bond	RUB 1,000	RUB 1,000	RUB 1,000	RUB 1,000	RUB 1,000
Offering price	100% of the par value	100% of the par value	100% of the par value	100% of the par value	100% of the par value
Offering date	5 March 2020	29 April 2020	22 May 2020	2 June 2021	02 June 2021
Offering type	Public offering	Public offering	Public offering	Public offering	Public offering
Maturity date	1,092nd day from the offering date	1,092nd day from the offering date	1,092nd day from the offering date	1,092nd day from the offering date	1,092nd day from the offering date
Number of coupons	6	6	6	6	6
ISIN code	RU000A101HJ8	RU000A101MC3	RU000A101PJ1	RU000A1036H9	RU000A1036M9
Coupon rate	6.20%	6.70%	5.90%	7.05%	7.05%

Parameters of Magnit's BO-004P-01 series bonds

Issue identification number and assignment date	4B02-01-60525-P-004P of 6 December 2022
Issue value	RUB 20 bln
Number of bonds	20 mln
Par value of each bond	RUB 1,000
Offering price	100% of the par value
Offering date	6 December 2022
Offering type	Public offering
Maturity date	1,092nd day from the offering date
Number of coupons	6
ISIN code	RU000A105KQ8
Coupon rate	9.15%

Shareholder and investor engagement (continued)

Credit ratings

Following the European Union's decision to ban the provision of rating services to legal entities, organisations and bodies established in Russia, S&P Global Ratings withdrew its credit ratings for a number of Russian companies, including Magnit.

In May 2022, ACRA affirmed its credit rating of Magnit at AA(RU), with a stable outlook, and on Magnit's bonds at AA(RU). In September 2022, ACRA upgraded its credit rating of Magnit to AA+(RU), with a stable outlook, and of Magnit's bonds to AA+(RU).

Magnit's credit rating

AA+(RU)

Rating of Magnit's bonds

AA+(RU)

ACRA estimate

Rating agency	Entity or instrument rated	Rating	Outlook	Date of rating (issued/reaffirmed)
	Issuer (national scale)	AA+(RU)	Stable	5 September 2022
ACRA	BO-001P-05, BO-002P-04, BO-002P-03, BO-002P-02, BO-002P-01 and BO-004P-01 series bonds	AA+(RU)		5 September 2022
	BO-004P-01	AA+(RU)		6 December 2022

Dividends

The key objective of the Company's dividend policy is to provide increasing shareholder returns and ensure further growth of the Company's capitalisation. The dividend policy is also focused on striking the right balance between retained earnings and shareholder returns¹.

The core principles underpinning Magnit's dividend policy are as follows:

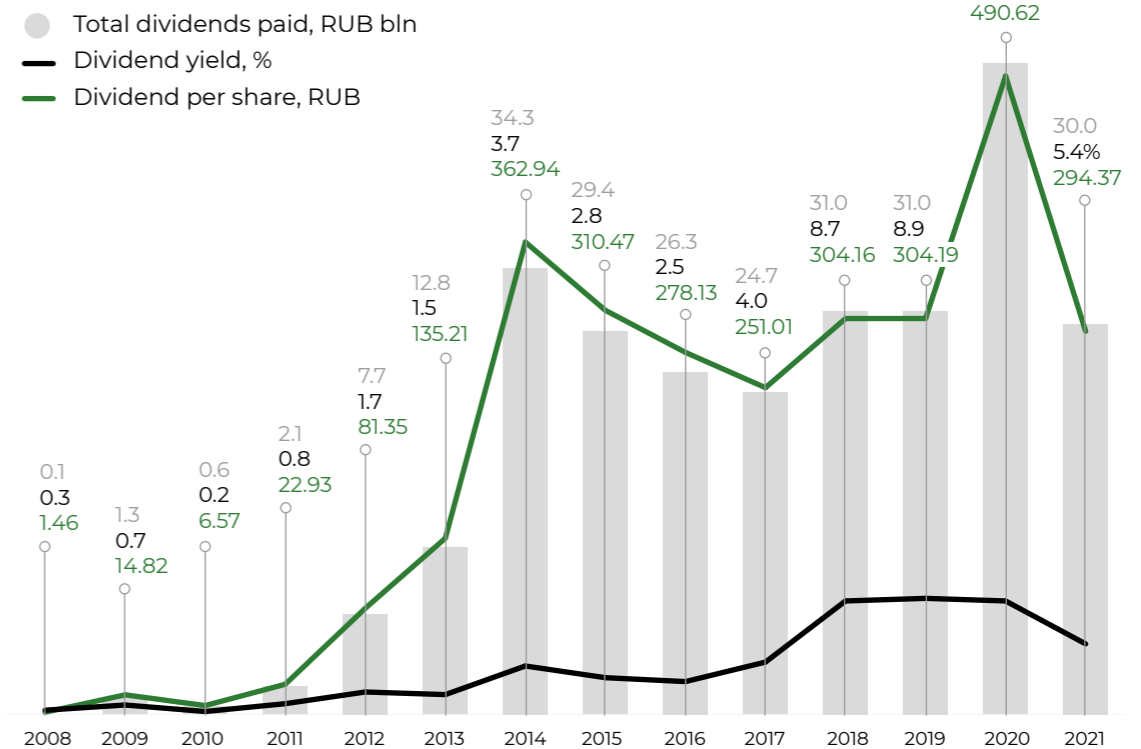
- ▶ **Transparency:** identifying and disclosing information about the duties and responsibilities of the parties involved in carrying out the dividend policy, including the procedure and conditions for deciding on the payment and amount of dividends.
- ▶ **Timeliness:** establishing time limits for dividend payments.
- ▶ **Justifiability:** the decision on the payment and the amount of dividends may only be made if the Company achieves a positive financial result taking into account its development plans and investment programmes.
- ▶ **Fairness:** equal rights for shareholders in acquiring information about the decisions on payment, size and procedures for payment of dividends.
- ▶ **Consistency:** strict implementation of the procedures and principles of the dividend policy.
- ▶ **Progression:** continuous improvement of the dividend policy in line with the evolution of the Company's strategic goals.
- ▶ **Sustainability:** commitment to ensuring a stable level of dividend payments.

¹ Regulations on the Dividend Policy of PJSC Magnit (new edition) dated 27 May 2016 available at: <https://www.magnit.com/en/shareholders-and-investors/dividends/>

Report on announced and paid dividends in 2008–2022

Year	Total dividends announced, RUB bln	Total dividends paid, RUB bln	Dividend per share, RUB
2008	0.1	0.1	1.46
2009	1.3	1.3	14.82
2010	0.6	0.6	6.57
2011	2.1	2.1	22.93
2012	7.7	7.7	81.35
2013	12.8	12.8	135.21
2014	34.3	34.3	362.94
2015	29.4	29.4	310.47
2016	26.3	26.3	278.13
2017	24.7	24.7	251.01
2018	31.0	31.0	304.16
2019	31.0	31.0	304.19
2020	50.0	50.0	490.62
2021	30.0	28.8 ²	294.37

Total dividends paid, RUB bln



² Excluding intragroup dividends.

Shareholder and investor engagement (continued)

Shareholder and investor engagement

Magnit is committed to strengthening its investment case, so we are constantly seeking ways to increase the openness and transparency of our activities. The Company looks to attract new and retain existing investors by maintaining a constant dialogue with the investment community and paying equal attention to all investor categories.

We use various engagement formats, including distributing press releases announcing operational and financial results; organising conference calls and face-to-face and virtual meetings; conducting road shows and site visits; and participating in investment conferences and other events.

On 17 February 2022, Magnit held its Capital Markets Day, reporting, in particular, on the accomplishment of its 2021 strategic commitments and progress of implementing its strategy until 2025.

The Company improved its information disclosure and transparency, including through changes to the corporate website:

- ▶ the section featuring the Company's reports was upgraded, with reports now grouped by type and available to be filtered by year, which makes user search quicker and more efficient;
- ▶ the Business Model section was updated and infographics improved to give users a better understanding of the Company's stakeholder engagement;
- ▶ a new Private Investors section was added, featuring the Company's operational and financial highlights over the past few years, aspects of its equity story, helpful and informative materials, and a FAQ page;
- ▶ Our Strategy, Investment Case, and Capital Markets Day sections were updated.

Key areas of interest for investors and analysts in 2022

- ▶ Consumer environment and trends in consumer behaviour
- ▶ Macroeconomic environment, inflation and promotional activity
- ▶ Competitive landscape, Magnit's strengths versus competitors
- ▶ Expansion plans and opportunities in the Russian market, the Company's redesign programme
- ▶ Status of DIXY's integration
- ▶ Geopolitical environment, the impact of sanctions on the Company's operations, including logistics, imports, on-shelf availability of products, payment processing and ability to find alternative suppliers
- ▶ Development of the discounter format
- ▶ IT infrastructure upgrade, digital transformation, transition to SAP
- ▶ E-grocery platform development
- ▶ Business sustainability and profitability
- ▶ Working capital improvements
- ▶ Leverage ratio and targets
- ▶ Dividend payments
- ▶ Management KPIs and incentive schemes
- ▶ Termination of the GDR programme and GDR conversion into ordinary shares

IR Department activities in 2022

Investor engagement activities	Number of activities
Financial and operational results releases	5
Conference call	1
Institutional investor events (conferences, forums, client days, etc.) where Magnit participated	4
Private investor events where Magnit participated	2
Institutional investors covered	86

Investor calendar

- 10–11 January 2022
Citi's GEMS Conference (Virtual)
- 18–20 January 2022
JP Morgan CEEMEA Opportunities Conference (Virtual)
- 25–26 January 2022
BofA EEMEA Conference 2022 (Virtual)
- 4 February 2022
FY 2021 Unaudited Financial Results Disclosure and Conference Call (Krasnodar)
- 9–11 February 2022
VTB Capital Russia Calling! Investment Forum (Virtual)
- 17 February 2022
Capital Markets Day (Virtual)
- 4 March 2022
FY 2021 Audited Financial Results Disclosure (Krasnodar)
- 29 April 2022
Q1 2022 Trading Update and Financial Highlights (Krasnodar)
- 25 June 2022
Smart-Lab Investor and Trader Conference (St Petersburg)
- 28 July 2022
Q2 2022 Trading Update (Krasnodar)
- 19 August 2022
1H 2022 Audited Financial Results Disclosure (Krasnodar)
- 29 October 2022
Smart-Lab Investor and Trader Conference (Moscow)

Appendices

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About this Report

The Sustainability Report is a standalone document presenting the Magnit Group's non-financial information in a detailed manner in line with international standards and national guidelines on nonfinancial reporting.

This is the fourth report intended for the stakeholder community. It covers our management approaches, non-financial performance indicators, sustainability strategy

and progress towards its goals, and contains an overview of our short-term and mid-term environmental, social and governance plans and initiatives.

The information in this Report was prepared by the relevant business units of the Company within their areas of responsibility. It was collected and consolidated by the Sustainability Department on the basis of international and national guidelines and standards.

This Report is part of Magnit's annual reporting suite and should be read together with its Annual Report.

The Report is subject to mandatory internal data verification, and is agreed and approved by the Company's senior management.

Basis of preparation, principles for defining the content and quality of the Report

This Report is prepared in accordance with GRI standards (GRI 1: Foundation 2021 and sector-specific GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022), as well as the UN Global Compact requirements for an annual report on adherence to its Ten Principles (Communication on Progress).

This Report is aligned with key principles as set out in the GRI Standards, including balance, comparability, accuracy, timeliness, clarity and reliability. A list of indicators described in the GRI Standards is provided in the Compliance with Non-Financial Reporting standards and Recommendations (GRI, SASB, TCFD, RSPP) Appendix.

The Report contains disclosures under the TCFD recommendations (Compliance with Non-Financial Reporting standards and Recommendations (GRI, SASB, TCFD, RSPP) Appendix) and retail-specific indicators in line with the SASB standards (Compliance with Non-Financial Reporting standards and Recommendations (GRI, SASB, TCFD, RSPP) Appendix).

When preparing this Report, we also relied upon:

- ▶ the Public Non-Financial Reporting Concept and the Action Plan for its Implementation approved by a decree of the Russian Government in 2017

- ▶ GOST R ISO 26000-2012 Guidance on Social Responsibility, including the results of selfassessment of the Magnit Group's compliance with GOST R ISO 26000-2012 Principles of Social Responsibility in relation to sustainability reporting (Assessment of Compliance with ISO 26000-2012 Principles Appendix)

- ▶ Bank of Russia Recommendations for Public Joint-Stock Companies to Disclose Non-Financial Information Regarding their Operations (Information Letter No. IN-06-28/56 dated 26 July 2021), Bank of Russia Recommendations for the Board of Directors of a Public Joint-Stock Company to Consider ESG Factors and Sustainable Development Issues (Information Letter No. IN-06-28/96 dated 16 December 2021), including the results of self-assessment of compliance with these recommendations (Board of Directors' Assessment of Compliance with Requirements of the Bank of Russia Relating to Non-Financial Reporting and ESG Factors Appendix)

- ▶ Principles of the RSPP Social Charter of the Russian Business
- ▶ RSPP recommendations on maintaining and promoting sustainability agenda in today's Russian practices

- ▶ expert advice expressed in the Opinion of the RSPP Council on Non-Financial Reporting following the review of the Magnit Group's Sustainability Report for 2021, including the Company's response to recommendations of the RSPP Expert Council (Report on Compliance with the RSPP Recommendations Appendix).

When presenting data, we largely prefer a balanced approach to disclosing material information about our activities in all three key sustainability areas (economic, environmental and social), as well as ESG factors, with due consideration given to the stakeholder opinions.

To avoid duplicate disclosures, this Report makes references to the Company's 2022 Annual Report and other publicly available documents.

Publication and distribution of the Report

The Russian and English versions of the Report are published on the Group's website, with an interactive version also available.

GRI 2-2

GRI 2-3

Scope of this Report

This Report presents the Magnit Group's non-financial results for the period from 1 January to 31 December 2022. Data is disclosed for PJSC Magnit and its subsidiaries (also jointly referred to in the Report as Magnit Group or the Group).

Material topics of the Report

The content of the Report was defined in accordance with the applicable standards and guidelines in consultation with the Company's stakeholders. For more details on stakeholders, see Appendix (Stakeholder Engagement).

Defining material topics

GRI 3-1

Defining material topics is critical as it helps us better understand our stakeholders, take their opinions into account when making important decisions, develop new and adjust existing approaches to sustainability management.

In the reporting year, the Magnit Group identified its economic, environmental and social impacts (both actual and potential) and then defined the material topics which are disclosed in the relevant sections of this Report.

To define impacts and material topics, the Company:

1. creates a pool of experts on economic, environmental and social impacts
2. surveys experts to define its actual and potential economic, environmental and social impacts
3. analyses survey results and ranks actual and potential economic, environmental and social impacts based on their significance
4. includes significant impacts as questionnaire topics in a stakeholder survey
5. surveys stakeholders, analyses survey results and ranks topics based on their significance (material topics of first priority, material topics with a high priority, and material topics with a low priority)
6. draws up the list of material topics.

The list of material topics

GRI 3-2

1. Ensuring consumer health and safety
2. Ensuring local and regional food security
3. Respect of labour rights and safe working conditions
4. Increased use of environmentally friendly (recyclable) packaging for private labels and own production
5. Reducing food waste
6. Reducing food losses along production and supply chains
7. Building sustainable food production and supply chains
8. Improving the anti-corruption framework
9. Increasing the number of customers and employees committed to healthy lifestyles
10. Building long-term multi-stakeholder partnerships to support the sustainable development goals
11. Promoting equality and inclusion
12. Promoting stability of regional food markets
13. Maintaining the assortment of popular product categories and pursuing import substitution

Relevance of the material topics to Magnit

Material topic	Relevance to the Company	GRI	Report section
Ensuring consumer health and safety	People are key for Magnit as a socially responsible business and one of Russia's retail market leaders. We take care of our customers' health by providing them with access to quality products and information on healthy lifestyles.	GRI 416 Customer Health and Safety	Responsible Business
Ensuring local and regional food security	Magnit operates all over Russia and recognises its responsibility for the well-being of the nation. We aim to supply quality and affordable food by expanding our retail and distribution network, enhancing cooperation with suppliers, improving logistic capabilities, and developing own production.	GRI 204 Procurement Practices GRI 13,9 Food Security	Sustainable Sourcing
Respect of labour rights and safe working conditions	We value our employees' contribution to our business and care about their health and well-being by continuously improving our health and safety standards, developing and implementing robust financial and non-financial incentives, and respecting human rights and corporate ethics.	GRI 401 Employment GRI 405 Diversity and Equal Opportunity	Our Employees
Increased use of environmentally friendly (recyclable) packaging for private labels and own production	The retail and food manufacturing industries where we operate tend to generate a lot of waste, including plastics. To reduce our environmental footprint, we increase waste recycling and bring down the amount of plastics used in private label packaging.	GRI 301 Materials	Environmental Stewardship
Reducing food waste	Magnit seeks to reduce food waste, which allows for lower GHG emissions and pollution. To that end, we develop and implement waste reduction initiatives.	GRI 306 Waste	Environmental Stewardship Engaging with Local Communities
Reducing food losses along production and supply chains	Our Company benefits from lower food losses during production, transportation and storage, which also helps reduce our environmental footprint. We improve logistics processes, upgrade storage equipment and develop new logistics routes to reduce delivery times.	GRI 204 Procurement Practices	Sustainable Sourcing
Building sustainable food production and supply chains	Magnit makes sure that its own production, procurement and logistics are smooth and seamless, which is important for both our customers and the Group.	GRI 204 Procurement Practices	Sustainable Sourcing Responsible Business
Improving the anti-corruption framework	Magnit's efficiency and success are closely linked to our compliance with business ethics principles. We promote our zero tolerance approach to corruption and unethical business practices among our employees and counterparties.	GRI 205 Anti-corruption	Corporate Governance Sustainability Management Responsible Business
Increasing the number of customers and employees committed to healthy lifestyles	As a socially responsible business, Magnit strives to contribute to improving the health of its customers and employees by increasing sales of healthy lifestyle products and launching projects that promote proper eating and active living.	GRI 416 Customer Health and Safety	Responsible Business
Building long-term multi-stakeholder partnerships to support the sustainable development goals	We strive to take into account the interests of different stakeholders and jointly develop and implement sustainability initiatives and projects that have a major effect on local communities, our employees, our business and the entire nation.	GRI 204 Procurement Practices GRI 413 Local Communities	Engaging with Local Communities Sustainable Sourcing Responsible Business
Promoting equality and inclusion	Magnit enjoys millions of visitors every day, and we want to make sure that our stores are easily accessible for all. To support people with special needs, we pursue projects that develop inclusivity in a variety of ways and create a barrier-free environment at Magnit stores.	GRI 413 Local Communities	Engaging with Local Communities

Material topic	Relevance to the Company	GRI	Report section
Promoting stability of regional food markets	Magnit's social role is to ensure equal access to food and essential goods across all regions of operation. We expand our footprint, roll out new formats, improve logistic capabilities, and bolster cooperation with local suppliers and producers.	<p>GRI 413 Local Communities</p> <p>GRI 204 Procurement Practices</p> <p>GRI 13.9 Food Security</p>	Engaging with Local Communities Sustainable Sourcing
Maintaining the assortment of popular product categories and pursuing import substitution	Magnit is the largest retail chain with its own production facilities. Our agricultural and food production assets enable us to ensure a steady supply of quality goods to stores and support regional businesses.	<p>GRI 204 Procurement Practices</p> <p>GRI 13.9 Food Security</p>	Sustainable Sourcing

Compliance with non-financial reporting standards and recommendations (GRI, SASB, TCFD, RSPP)

GRI content index

Statement of use	The Magnit Group discloses information in accordance with the GRI Standards for the period from 1 January to 31 December 2022.
GRI 1 Standard used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022

Standard	Disclosure	Report section / Comment	Page	Omission			GRI Sector Standard indicator code
				Omission	Reason	Explanatory note	
General disclosures							
GRI 2: General Disclosures 2021	2-1 Organisational details	The Group is headquartered at 15/5 Solnechnaya St., Krasnodar, 350072, Russia.	-				
	2-2 Entities included in the organisation's sustainability reporting	For the purposes of this Report, the Magnit Group includes PJSC Magnit and its subsidiaries (JSC Tander, JSC DIXY-Yug, Selta LLC, Retail Import LLC).	200				
	2-3 Reporting period, frequency and contact point	The Report covers the period from 1 January to 31 December 2022. Sustainability reports are published annually. Contacts and feedback: Director for Sustainable Development Nadezhda Galaktionova E-mail: galaktionova_na@magnit.ru Head of Rating Analytics and Non-Financial Reporting Tatiana Kovaleva E-mail: kovaleva_tv@magnit.ru	200				
	2-4 Restatements of information	The Group did not update any historical data.	-				

For more details on the sections covering material topics, see Appendix (Compliance with non-financial Reporting Standards and Recommendations).

Also, the content of the Report was defined in accordance with:

- ▶ takeaways and topics from stakeholder engagement
- ▶ takeaways and topics from stakeholder feedback

▶ recommendations of the RSPP Council on Non-Financial Reporting following public verification of the 2021 Report.

Standard	Disclosure	Report section / Comment	Page	Omission			GRI Sector Standard indicator code
				Omission	Reason	Explanatory note	
	2-5 External assurance	The report went through public assurance at the RSPG Council on Non-Financial Reporting.	-				
	2-6 Activities, value chain and other business relationships	Company Overview Sustainable Sourcing	14, 36-37				
	2-7 Employees	Our Employees Appendix to the Our Employees section	132, 240-242				
	2-8 Workers who are not employees	The Group has no workers who are not employees.	-				
	2-9 Governance structure and composition	Corporate Governance	164	2-9.vi. Composition of the Board of Directors and its committees by under-represented social groups	Confidentiality restrictions	The Group does not collect such information about its employees and members of its governing bodies for the reasons of confidentiality and personal data protection.	
	2-10 Nomination and selection of the highest governance body	Corporate Governance	168				
	2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance	23				
	2-13 Delegation of responsibility for managing impacts	Corporate Governance	23	2-13.b. Process and frequency for senior executives to report back to the highest governance body on the management of impacts	Incomplete information	The Group has no formal process for senior executives to report back to the Board of Directors on the management of impacts.	

Standard	Disclosure	Report section / Comment	Page	Omission			GRI Sector Standard indicator code
				Omission	Reason	Explanatory note	
	2-14 Role of the highest governance body in sustainability reporting	When preparing sustainability reports, the Group holds consultations and discussions with stakeholders, following which it draws up the list of material topics. Information regarding the management of such topics is collected internally by the Group's responsible units. The information presented in reports is previewed by the Management Board and the Board of Directors. Sustainability reports are signed by the President of Magnit and then made publicly available.	-				
	2-15 Conflicts of interest	Corporate Governance Our Employees	148-149, 179	2-15.b. Report whether conflicts of interest are disclosed to stakeholders	Confidentiality restrictions	Information regarding conflicts of interests and the Company's process for managing them is confidential, including by virtue of data protection laws.	
	2-16 Communication of critical concerns	Critical concerns may be reported by calling the Ethics and Anti-Corruption Hotline, as well as by calling or emailing to the Group's single contact centre. Reports are registered and passed on to the relevant business units for investigation. If confirmed, critical concerns are communicated to managers who escalate them to the Board of Directors. In 2022, the Group received no critical concerns to be escalated to the Board of Directors.	-				
	2-17 Collective knowledge of the highest governance body	The Group conducted no training of members of the Board of Directors in 2022.	-				
	2-18 Evaluation of the performance of the highest governance body	The Group did not evaluate the performance of the Board of Directors or its committees in 2022.	-				
	2-23 Policy commitments	Sustainability Management	23				
	2-24 Embedding policy commitments	Sustainability Management	23				

Standard	Disclosure	Report section / Comment	Page	Omission			GRI Sector Standard indicator code
				Omission	Reason	Explanatory note	
	2-25 Processes to remediate negative impacts	Sustainability Management Stakeholder Engagement Appendix	23, 234				
	2-26 Mechanisms for seeking advice and raising concerns	Sustainability Management Our Employees Corporate Governance	23, 148-149, 178-179				
	2-27 Compliance with laws and regulations	No material violations of laws and regulations were reported in 2022.	-				
	2-28 Membership associations	The Magnit Group is a member of the Retail Companies Association (ACORT), the Association of Internet Trading Companies (AKIT), the Big Data Association (BDA), and the Consumer Goods Forum.	-				
	2-29 Approach to stakeholder engagement	Stakeholder Engagement Appendix	234				
Material topics							
GRI 3: Material Topics 2021	3-1 Process to determine material topics	About this Report	200				
	3-2 List of material topics	About this Report	200				
Indirect economic impacts							
GRI 203: Indirect Economic Impacts	203-1 Infrastructure investments and services supported	Engaging with Local Communities	114				
	203-2 Significant indirect economic impacts	Engaging with Local Communities	114			13.22.4	
Procurement practices							
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainable Sourcing	36				

Standard	Disclosure	Report section / Comment	Page	Omission			GRI Sector Standard indicator code
				Omission	Reason	Explanatory note	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Sustainable Sourcing	40				
GRI 13.9: Food Security	13.9.1 Ensuring food security	Sustainable Sourcing	40				
Anti-corruption							
GRI 3: Material Topics 2021	3-3 Management of material topics	Corporate Governance	164, 178-179				
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	Corporate Governance	178-179				13.26.3
Tax							
GRI 207: Tax 2019	207-1 Approach to tax	Corporate Governance	180-181				
	207-2 Tax governance, control, and risk management	Corporate Governance	180-181				
Materials							
GRI 3: Material Topics 2021	3-3 Management of material topics	Environmental Stewardship	85, 96-103				
GRI 301: Materials 2016	301-2 Recycled input materials used	Environmental Stewardship	98-103				
	301-3 Reclaimed products and their packaging materials	Environmental Stewardship	98-103				
Energy							
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Environmental Stewardship	93-95				
	302-4 Reduction of energy consumption	Environmental Stewardship	93-95				
Water resources							
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	Environmental Stewardship	105				13.7.4
	303-4 Water discharge	Environmental Stewardship	105				13.7.5

Standard	Disclosure	Report section / Comment	Page	Omission			GRI Sector Standard indicator code
				Omission	Reason	Explanatory note	
Emissions							
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Environmental Stewardship	92				13.1.2
	305-2 Energy indirect (Scope 2) GHG emissions	Environmental Stewardship	92				13.1.4
	305-5 Reduction of GHG emissions	Environmental Stewardship	93, 94				13.1.6
	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	Environmental Stewardship	92				13.1.8
Waste							
GRI 3: Material Topics 2021	3-3 Management of material topics	Environmental Stewardship	85				
	GRI 306: Waste 2020						
	306-1 Waste generation and significant waste-related impacts	Environmental Stewardship	96-103				13.8.2
	306-2 Management of significant waste-related impacts	Environmental Stewardship	96-103				13.8.3
	306-3 Waste generated	Environmental Stewardship	99, 100, 103				13.8.4
	306-4 Waste diverted from disposal	Environmental Stewardship	98				13.8.5
	306-5 Waste directed to disposal	Environmental Stewardship	99				13.8.6
Employment							
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Employees	129				
	GRI 401: Employment 2016						
	401-1 New employee hires and employee turnover	Our Employees Appendix to the Our Employees section	132, 134, 242				
	401-3 Parental leave	Our Employees	142				

Standard	Disclosure	Report section / Comment	Page	Omission			GRI Sector Standard indicator code
				Omission	Reason	Explanatory note	
Occupational health and safety							
GRI 3: Material Topics 2021	3-3 Management of material topics	Our Employees	129, 154-161				
	GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Our Employees	154-155			13.19.2
		403-2 Hazard identification, risk assessment, and incident investigation	Our Employees	156-158			13.19.3
		403-5 Worker training on occupational health and safety	Our Employees	160-161			13.19.6
	403-6 Promotion of worker health	Our Employees	64			13.19.7	
	403-9 Work-related injuries	Our Employees	158			13.19.10	
Training and education							
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Our Employees	137				
	404-2 Programmes for upgrading employee skills and transition assistance programmes	Our Employees	138-140				
Diversity and equal opportunity							
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Our Employees	132				13.15.2
Non-discrimination							
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Responsible Business	64				13.15.4

Standard	Disclosure	Report section / Comment	Page	Omission			GRI Sector Standard indicator code
				Omission	Reason	Explanatory note	
Child labour							
GRI 408: Child Labour 2018	408-1 Operations and suppliers at significant risk for incidents of child labour	The Company does not use child labour in its own operations and supply chain.	-				
Forced or compulsory labour							
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	The Company does not tolerate the use of forced or compulsory labour in its own operations and supply chain.	-				
Local communities							
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	Engaging with Local Communities	110				13.12.2
Customer health and safety							
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainable Sourcing Responsible Business	36, 48				
GRI 416: Customer Health and Safety	416-1 Assessment of the health and safety impacts of product and service categories	Sustainable Sourcing	48-51				13.10.2
Customer privacy							
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	No incidents of unauthorised access to customer data were identified in 2022.	-				

SASB content index

Indicator	Definition	Report section	Page
Fleet Fuel Management FB-FR-110a.1	Fleet fuel consumed, percentage renewable	Environmental Stewardship	93
Air Emissions from Refrigeration FB-FR-110b.1	Gross global Scope 1 emissions from refrigerants	Environmental Stewardship	92
Energy Management FB-FR-130a.1	(1) Operational energy consumed, (2) percentage grid electricity, (3) percentage renewable	Environmental Stewardship	93-95
Food Waste Management FB-FR-150a.1	Amount of food waste generated, percentage diverted from the waste stream	Environmental Stewardship	102-103
Data security			
FB-FR-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected	Not applicable	-
FB-FR-230a.2	Description of approach to identifying and addressing data security risks	Responsible Business Corporate Governance	78, 187
Product health & nutrition			
FB-FR-260a.1	Revenue from products labelled and/or marketed to promote health and nutrition attributes	Not applicable	-
FB-FR-260a.2	Discussion of the process to identify and manage products and ingredients related to nutritional and health concerns among consumers	Responsible Business	66-69
Labour Practices FB-FR-310a.2	Percentage of active workforce covered under collective bargaining agreements	Not applicable	-
Management of Environmental & Social Impacts in the Supply Chain FB-FR-430a.4	Discussion of strategies to reduce the environmental impact of packaging	Sustainable Sourcing	38-39
Activity metrics			
FB-FR-000.A	Number of (1) retail locations and (2) distribution centres	Company Overview	6-9
FB-FR-000.B	Total area of (1) retail space and (2) distribution centres	Company Overview	6-9
FB-FR-000.C	Number of vehicles in corporate fleet	Company Overview	8

Compliance with TCFD recommendations

Section	Recommendations	Information / Report section	Page
Governance The organisation's governance around climate-related risks and opportunities	a) Describe the board's oversight of climate-related risks and opportunities b) Describe management's role in assessing and managing climate-related risks and opportunities	Environmental Stewardship	89-91
Strategy Actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Environmental Stewardship	90-91
Risk Management How the organisation identifies, assesses, and manages climate-related risks	a) Describe the organisation's processes for identifying and assessing climate-related risks b) Describe the organisation's processes for managing climate-related risks c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Environmental Stewardship	91
Metrics and Targets Metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Environmental Stewardship	91

RSPP Reference Performance Indicators

Section	Information / Report section	Page
Economic indicators		
1.1. Main business conduct principles	Company Overview	6-7
1.2. Volume of sales (work, services)	Not applicable	-
1.3. Accrued taxes and other mandatory deductions	Corporate Governance	183
1.4. Payroll costs	Our Employees	142
1.5. Asset investment	Not applicable	-
1.6. Payments to capital providers	Not applicable	-
1.7. Community investment	Engaging with Local Communities	114
1.8. Voluntary retirement benefits	Not applicable	-
Environmental indicators		
Materials		
2.1. Percentage of recycled input materials used	Environmental Stewardship	98-100
Energy		
2.2. Energy consumption	Environmental Stewardship	93-95
2.2.1. Energy consumption per unit of production	Not applicable	-
Water		
2.3. Fresh water consumption for own use	Environmental Stewardship	105
2.3.1. Water consumption per unit of production	Not applicable	-
2.4. Percentage of recycled water in total water consumption for own use	Not applicable	-
Emissions, effluents and waste		
2.5. GHG emissions	Environmental Stewardship	92
2.6. Emissions of air pollutants	Environmental Stewardship	92
2.6.1. Emissions per unit of production	Not applicable	-
2.7. Wastewater effluents	Environmental Stewardship	105
2.7.2. Pollutant effluents	Environmental Stewardship	105
2.8. Waste volume	Environmental Stewardship	98-103
2.8.1. Waste per unit of production	Not applicable	-
2.9. Number of significant emergencies with environmental impact	None	-
2.10. Recovered environmental damage	Environmental Stewardship	87
Products and services		
2.11. Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Environmental Stewardship	93-95, 101-103, 106-107
Overall		
2.12. Environmental protection investment	Environmental Stewardship	88

Section	Information / Report section	Page
Social indicators		
Labour practices and decent work performance indicators		
Employment		
3.1.1. Total workforce by region	Appendix to the Our Employees section	242
3.1.2. Employee turnover	Our Employees	132-133
3.1.3. Rate of employee turnover caused by whatever reason	Not applicable	-
Employee/management relations		
3.1.4. Workforce covered under collective bargaining agreements	Not applicable	-
3.1.5. Work-related injury rate	Our Employees	158-159
3.1.6. Number of work-related fatalities	Our Employees	159
3.1.7. Number of occupational diseases	None	-
3.1.8. Time lost to all-cause morbidity	Not applicable	-
3.1.9. Labour safety costs	Not applicable	-
3.1.10. Number of training hours per employee	Our Employees	137
3.1.11. Training costs	Not applicable	-
3.1.12. Women's participation in management bodies	Our Employees	147
Human rights performance indicators		
Non-discrimination		
3.2.1. Labour disputes	Responsible Business	64-65
3.2.2. Incidents of discrimination	Responsible Business Our Employees	64-65, 147-149
3.2.3. Incidents affecting the rights of indigenous minorities	Not applicable	-
Community relations performance indicators		
Community		
3.3.1. Interaction with government authorities on socially significant matters (social and economic development in the regions of operation)	Engaging with Local Communities	118-123
3.3.2. Interaction with non-profit and non-governmental organisations on socially significant matters	Engaging with Local Communities	118-123
3.3.3. Assessment of contribution to the social and economic development of local communities	Engaging with Local Communities	114-115
Public policy		
3.3.4. Participation in external initiatives, including in public policy development	Not applicable	-
3.3.5. Participation in non-profit (e.g., sectoral) organisations and/or national and international organisations that are aligned with the company's interests	Responsible Business Corporate Governance Engaging with Local Communities	80, 101, 116-123, 183, 208
Product responsibility performance indicators		
Product and service labelling		
3.4.1. Information and labelling	Sustainable Sourcing	51
3.4.2. Product quality assurance	Sustainable Sourcing	48-51

Assessment of compliance with ISO 26000-2012 principles

Self-assessment of the Magnit Group's compliance with the Principles of Social Responsibility under GOST R ISO 26000-2012 Guidance on Social Responsibility

Principle	Compliance	Comment	Report section
Principle 1: an organisation should be accountable for its impacts on society, the economy, and the environment	Complied with	The Magnit Group's Sustainability Report discloses what the Group did in the reporting year to reduce negative impacts and enhance positive ones on society, the economy, and the environment.	
Principle 2: an organisation should be transparent in its decisions and activities that affect society and the environment	Complied with	The Magnit Group's Sustainability Report and the Annual Report disclose the policies, decisions and activities for which the Group is responsible in a clear, accurate and complete manner and to a reasonable and sufficient degree, including their known and likely impacts on society and the environment, specifically:	
		the purpose and nature of its activities	Company Overview section of the Sustainability Report for 2022, p. 6
		the identity of any controlling interest in the activity of the Group	Corporate Governance section of the Annual Report for 2022, p. 164
		the manner in which its decisions are made, implemented and reviewed, including the definition of the roles, responsibilities, accountabilities and authorities across the different functions in the Group	Sustainability Management section of the Sustainability Report for 2022, p. 18 Corporate Governance section of the Annual Report for 2022, p. 164
		standards and criteria against which the Group evaluates its own performance relating to social responsibility	About this Report section of the Sustainability Report for 2022, p. 200 Compliance with non-financial Reporting Standards and Recommendations Index Appendix to the Sustainability Report for 2022, p. 205
		its performance on relevant and significant issues of social responsibility	Sustainability Management section of the Sustainability Report for 2022, p. 18 Compliance with non-financial Reporting Standards and Recommendations Index Appendix to the Sustainability Report for 2022, p. 205
		the sources, amounts and application of its funds	Information is disclosed throughout both Reports for 2022. ¹

¹ In accordance with Principle 2 under GOST R ISO 26000-2012, the principle of transparency does not require that proprietary information be made public, nor does it involve providing information that is privileged or that would breach legal, commercial, security or personal privacy obligations.

Principle	Compliance	Comment	Report section
		the known and likely impacts of its decisions and activities on its stakeholders, society, the economy and the environment	Information is disclosed throughout the Sustainability Report for 2022 ¹
		its stakeholders and the criteria and procedures used to identify, select and engage them	2022 Stakeholder Engagement Appendix to the Sustainability Report for 2022, p. 234 About this Report Appendix to the Sustainability Report for 2022, p. 200
Principle 3: an organisation should behave ethically	Complied with	The Magnit Group adheres to the high legal, ethical and moral standards set out in its Business Ethics Code, best Russian and international practices of business conduct, corporate governance and relationships with employees and other stakeholders.	Corporate Governance section of the Sustainability Report for 2022, p. 164
Principle 4: an organisation should respect, consider and respond to the interests of its stakeholders	Complied with	The Magnit Group engages with stakeholders and considers their rights and interests in the course of its activities.	2022 Stakeholder Engagement Appendix to the Sustainability Report for 2022, p. 234
Principle 5: an organisation should accept that respecting the rule of law is mandatory	Complied with	The Magnit Group complies with legal requirements in all jurisdictions in which it operates and regularly reviews its compliance with applicable laws and regulations.	Sustainability Management section of the Sustainability Report for 2022, p. 18 Corporate Governance section of the Sustainability Report for 2022, p. 164
Principle 6: an organisation should respect international standards of conduct, while adhering to respect for the rule of law	Complied with	The Magnit Group abides by international standards of conduct, while adhering to respect for the rule of law, and avoids being complicit in the activities of any organisations that are not consistent with international standards of conduct.	Sustainability Management section of the Sustainability Report for 2022, p. 18 Corporate Governance section of the Sustainability Report for 2022, p. 164
Principle 7: an organisation should respect human rights and recognise both their importance and universal validity	Complied with	Guided by generally accepted practices in protecting human rights and freedoms, the Magnit Group does its best to comply with applicable standards and requirements.	Responsible Business section of the Sustainability Report for 2022, p. 62

¹ In accordance with Principle 2 under GOST R ISO 26000-2012, the principle of transparency does not require that proprietary information be made public, nor does it involve providing information that is privileged or that would breach legal, commercial, security or personal privacy obligations.

Self-assessment of the Magnit Group's compliance with GOST R ISO 26000-2012 Guidance on Social Responsibility in reporting on sustainable development (Clause 5.3; Box 15 in Clause 7.5.4; Clause 7.6.2)²

Requirement/recommendation	Compliance	Comment	Report section
Stakeholder identification and engagement are central to addressing an organisation's social responsibility	Complied with	The Magnit Group's Sustainability Report contains a list of stakeholders and describes stakeholder engagement	2022 Stakeholder Engagement Appendix to the Sustainability Report for 2022, p. 234
Stakeholder engagement involves dialogue between the organisation and one or more of its stakeholders	Complied with	The Magnit Group's Sustainability Report describes stakeholder engagement	2022 Stakeholder Engagement Appendix to the Sustainability Report for 2022, p. 234
An organisation should, at appropriate intervals, report about its performance on social responsibility to the stakeholders affected	Complied with	The Group's sustainability reports are made available to everyone annually on its website	https://www.magnit.com/en/shareholders-and-investors/results-and-reports/#tabs-reports-type-1
In reporting to its stakeholders, an organisation should include information about its objectives and performance on the core subjects and relevant issues of social responsibility. It should describe how and when stakeholders have been involved in the organisation's reporting on social responsibility	Complied with	The Report describes how material topics are identified involving stakeholders	About this Report Appendix to the Sustainability Report for 2022, p. 200
The scope and scale of an organisation's report should be appropriate for the size and nature of the organisation;	Complied with	The Report covers companies within the Magnit Group and sustainability activities across all three aspects (Environmental, Social, Governance)	
The report should describe how the organisation decided upon the issues covered and the way those issues would be addressed	Complied with	The Report describes how the Group mitigates its impacts	
The report should present the organisation's goals, operational performance, products and services in the context of sustainable development	Complied with	The Report includes strategic sustainability goals and presents the reporting year's progress against them	Sustainability Management section of the Sustainability Report for 2022, p. 18
Additional information on reporting on social responsibility can be obtained from the initiatives and tools on reporting – at global, national or sector-specific level	Complied with	The Report complies with global sustainability standards (GRI, SASB, TCFD)	Compliance with ESG Reporting Standards and Recommendations Index Appendix to the Sustainability Report for 2022, p. 205
Making reports about performance on social responsibility comparable both over time [to each other] and with reports produced by peer organisations	Complied with	The Report is comparable to the Group's reports for previous years and peer disclosures	

² Clause 5.3; Box 15 in Clause 7.5.4; Clause 7.6.2.

Requirement/recommendation	Compliance	Comment	Report section
A brief explanation of why topics omitted from reports are not covered, to show that the organisation has made an effort to cover all significant matters	Complied with	The Report explains the changes and omissions made	About this Report Appendix to the Sustainability Report for 2022, p. 200
Using a rigorous and responsible process of verification, in which the data and information are traced back to a reliable source to verify accuracy of that data and information	Complied with	Source data are collected at relevant units and verified first by their respective heads and then by the Report's team. Once a draft version of the Report is available, the unit heads verify the data again	
Publishing a statement attesting to the verification as part of the report	Complied with	The Report features an official statement that it was approved by the Group's governing bodies	About this Report Appendix to the Sustainability Report for 2022, p. 200
Making use of stakeholder groups to provide a determination that the report reflects the relevant and significant issues for the organisation, that it is responsive to the needs of stakeholders, and that it provides complete coverage of the issues addressed	Complied with	In the reporting year, the Magnit Group surveyed stakeholders regarding their assessment of the Group's impact on economic, environmental and social matters, analysed their responses and identified material topics that were later included in the Group's Sustainability Report for 2022	About this Report Appendix to the Sustainability Report for 2022, p. 200
Taking extra steps to be transparent by providing information of a [kind] and in a form that can be easily verified	Complied with	The Report includes references to data sources	
Reporting conformance to the reporting guidelines of an external organisation	Complied with	The Report takes into account the GRI, SASB and TCFD standards	Compliance with non-financial Reporting Standards and Recommendations Index Appendix, p. 205

Board of Directors' assessment of compliance with requirements of the Bank of Russia relating to non-financial reporting and ESG factors

Topic	Requirement	Complied with	Section of the Sustainability Report
Anti-corruption	Material information on how the Company manages activities to take action against corruption, commercial bribery and bribery of foreign public officials, as well as on incidents within the Company related to corruption, commercial bribery and bribery of foreign public officials	Yes	Corporate governance
	Disclosure of information on activities aimed at addressing corruption, commercial bribery and bribery of foreign public officials, decisions made as part of said activities, management tools used and resources allocated to said activities	Yes	Corporate governance
	Explanation as to the Company's assessment of the effectiveness of its policy against corruption, commercial bribery and bribery of foreign public officials, measures it takes to prevent, rectify or mitigate the negative impact of said factors, the procedure for monitoring the effectiveness and exchanging information on this matter both within the organisation and with external counterparties	Yes	Corporate governance
	Anti-corruption policy, procedures and standards	Yes	Corporate governance
	Criteria used in assessing corruption risks	Yes	Corporate governance
	Internal control procedures and resources allocated for the purposes of preventing corruption, commercial bribery and bribery of foreign public officials	Yes	Corporate governance
	Share of employees that underwent training on how to address corruption, commercial bribery and bribery of foreign public officials	Yes	Corporate governance
	Using mechanisms of anonymous reporting of potential violations and hotlines on violations of internal policies and procedures and legislative requirements	Yes	Corporate governance
	Number of existing or completed litigations related to corruption and bribery	No data available	-
	Corporate Governance Code recommended by the Bank of Russia for joint-stock companies whose securities have been admitted to trading in organised markets (CGC)	Statement of the joint-stock company's board of directors on compliance with corporate governance principles set out in the Corporate Governance Code, or description of principles and brief explanation of the extent of non-compliance if such principles are not complied with by the joint-stock company or complied with in part	Yes

Topic	Requirement	Complied with	Section of the Sustainability Report
Policies and procedures	Brief description of the most material aspects of the joint-stock company's corporate governance model and practices	Yes	Corporate governance
	Description of the methodology that the joint-stock company used to assess compliance with corporate governance principles set out in the Corporate Governance Code	Yes	CGC compliance appendix to annual reports
	Explanation of the main causes, factors and/or circumstances (at all times specific) that prevent the joint-stock company from complying or fully complying with corporate governance principles set out in the Corporate Governance Code	Yes	CGC compliance appendix to annual reports
	Description of corporate governance mechanisms and tools that the joint-stock company uses instead of those recommended by the Corporate Governance Code	Yes	CGC compliance appendix to annual reports
	Planned (expected) actions and activities of the joint-stock company to improve its corporate governance model and practices, with indication of their respective timelines	Yes	Appendix to annual reports on CGC compliance
	Risk management	Information on key risks and opportunities related to the Company's impact on the environment (including climate), social aspects (including human rights) and economy, and on how the Company identifies, assess and manages such risks and opportunities as part of its risk management and internal control system	Yes
Information on how key risks and opportunities related to the Company's impact on the environment (including climate), social aspects (including human rights) and economy are linked to the Company's operations, products, services, supply chain it is part of, and its relations with counterparties		Yes	Corporate governance
Information on how ESG factors and key risks and opportunities related to their impacts, as well as approaches used by the Company as regards its impact on the environment, social aspects and economy, can have an impact on the Company's business model, operations, and key financial indicators		Yes¹	Environmental stewardship
Material information on key risks and opportunities related to the environment, social aspects and economy irrespective of whether said risks and opportunities arise out of the Company's decisions and actions or out of external factors. For example, risks and opportunities related to suppliers (contractors or counterparties)		Yes	Corporate governance
Description of key risks and opportunities, including short, medium and long-term risks and opportunities		Yes	Corporate governance
Assessment of materiality of physical and transitional climate-related risks, their description and reasons why they are material for the Company		Yes¹	Environmental stewardship
Information on how key risks and opportunities are taken into account when the Company's strategy (sustainability strategy) is being developed		Yes	Corporate governance (Annual Report)
Description of key risks and opportunities related to the environment (first of all climate-related risks and opportunities), social aspects and economy that occurred during the reporting period, changes in approaches and procedures of managing them, and explanation of the reasons for such changes		Yes¹	Environmental stewardship
Risk of making deficient products (products of improper quality), information on their potential impact on consumers		Yes	Corporate governance

Topic	Requirement	Complied with	Section of the Sustainability Report
Business model	Policies adopted for addressing issues related to making deficient products	Yes	Sustainable sourcing
	Response measures taken to settle consumer claims related to deficient products	Yes	Sustainable sourcing
	Customer personal data protection	Yes	Responsible business
	Actual or prevented cases of violations of customer personal data protection and measures, response tools related to materialisation of such risks	No violations reported in 2022	-
	Risks and opportunities related to interaction with suppliers (contractors, counterparties) as part of the supply chain	Yes	Corporate governance
	Information on risks of losses (for example, in cases of human rights violations, violations of working conditions, or harm to the environment) as part of interaction with suppliers and contractors, and on how the Company manages said risks and rectifies their potential negative impact	Yes	Corporate governance
	Description of: 1. business environment where the Company operates; 2. organisation of the Company's activities and its organisational structure; 3. markets that the Company operates in; 4. goals and strategies that the Company is guided by; 5. key trends and factors that can impact the Company's future development	Yes	Company overview Company overview (Annual Report)
	Use of key performance indicators to describe the business model, key trends and other aspects of the Company's operations	Yes	Company overview Company overview (Annual Report)
	Information on the Company's key products and services and on how they meet the needs and demand of consumers and/or customers	Yes	Sustainable sourcing
	Information on organising the production of products or provision of services and approaches to the same that the Company uses to make sure its business is competitive and robust	Yes	Sustainable sourcing
Information on the markets where the Company operates and their growth potential	Yes	In 2022, retail sales in Russia increased by 7.7% in nominal terms YoY and amounted to RUB 42.5 trillion, according to Rosstat. At the same time, food retail sales rose by 13.4% in nominal terms to RUB 21.0 trillion. In 2022, the Russian grocery retail market remained the eighth largest in the world in terms of revenues.	
Description of the impact of climate-related risks and opportunities on the Company's business model and financial planning	Yes¹	Environmental stewardship	
Description of the resilience of the Company's business model taking into account various climate-related scenarios and various time horizons, including the scenario of holding the increase in temperature below 2°C above pre-industrial levels and scenario of the rise in temperature by more than 2°C above pre-industrial levels	Yes¹	Environmental stewardship	

¹ The Report includes an explanation on the Company's preparation for an assessment of climate-related risks and opportunities.

Topic	Requirement	Complied with	Section of the Sustainability Report
	Description of changes in the Company's business model aimed at managing physical climate-related risks and transitional climate-related risks, as well as leveraging climate-related opportunities for business growth	Yes¹	Environmental stewardship
	Description of the Company's dependence on environmental factors, such as water, soil, ecosystem or biodiversity, which are at risk as a result of climate change, and of the impact of the Company's operations on said factors	Yes¹	Environmental stewardship
	Description of how changes in the Company's business model designed to prevent or mitigate climate change impacts and/or adapt to climate change can alter the Company's need for human capital	Yes¹	Environmental stewardship
	Description of how the Company created scenarios used for the assessment of its business model's resilience	Yes¹	Environmental stewardship
KPI	Key non-financial performance indicators required to understand the Company's maturity level, results of its operations, its market positions and impact of its operations on the environment (including climate), social aspects (including human rights) and economy	Yes²	Sustainability management
Material topics	List of material topics and approaches adopted by the Company to determine them	Yes	About this Report
Biodiversity	Use of hazardous substances and chemicals, biocides	Yes	Sustainable sourcing
	Impact on natural resources and biodiversity and dependence on them	Yes	Environmental stewardship
Emissions	Current volume and intensity of emissions and discharge of other pollutants into the air and water	Yes	Environmental stewardship
Government	Tax policy	Yes	Corporate governance
Customers	Relations with consumers, including consumer satisfaction, affordability of products and services, impact of products on the health and safety of consumers	Yes	Sustainable sourcing
Climate	Description of whether the Company has, and on what levels (board of directors, executive bodies, key management officers, etc.), access to expertise on matters related to the environment and climate (internal resources or external sources of information)	No data available	-
	Description of personnel policies related to the environment and climate, including that provide for investing in development of skills necessary for low-carbon transition, or measures that make sure employees carry out their responsibilities safely in a climate change environment	No data available	-
	Description of whether the Company's remuneration policy takes into account results of operations related to the environment and climate, including as compared to defined targets, and if yes, how said results are taken into account	No data available	-
	Explanation why the Company has chosen specific goals related to the environment and climate	Yes	Sustainability management
	Description of goals related to absorption or prevention of greenhouse gas emissions if such information is material for the Company given the scale and nature of its operations	Not material for the Group	-
	Information on how the organisational structure and corporate governance framework distributes responsibility for developing, approving, implementing and enforcing specific policies, for example on climate-related matters	Yes	Sustainability management

¹ The Report includes an explanation on the Company's preparation for an assessment of climate-related risks and opportunities.
² The Report includes strategic targets.

Topic	Requirement	Complied with	Section of the Sustainability Report
	Current volumes and intensity (gross and per unit) of greenhouse gas emissions	Yes	Environmental stewardship
	Results of implementation of plans and policies aimed at eliminating negative impact on climate and the environment, including plans and policies to reduce greenhouse gas emissions and other pollutants emitted or discharged into air and water, consumption of energy, fuel, water, and waste generation	Yes	Environmental stewardship
	Information on matters related to the climate change impact on the Company's operations and strategies given the Company's context and scale and nature of its operations, including probability that negative events materialise based on scenario analysis	Yes¹	Environmental stewardship
KPI	Key non-financial performance indicators and frameworks that can be helpful to understand ESG factors, risks and opportunities related to said factors given the Company's context	Yes²	Sustainability management
	Information on how key non-financial performance indicators are related to other indicators and data used by the Company as part of its corporate governance framework, risk management or assessment of progress against its strategic goals	No data available	-
	Purpose of the introduction of key non-financial performance indicators and description explaining approaches to calculation of quantitative indicators, as well as information on the methodology and approaches the Company relies on in data collection	No data available	-
	Reasons behind the change in the set of key non-financial indicators, and if information and sets of data for previous periods have been revised – description of impacts that can be caused by such revision	Yes	About this Report
	Explanation of factors and causes that the Company believes resulted in material changes in its key non-financial performance indicators in the reporting period, and forecast of their potential change in the future	Yes	About this Report
Local communities	Policy for engaging with local communities	Yes	Engaging with local communities
	The Company's impact on vulnerable population groups (these may include children and youth, the elderly, people with special needs, people with disabilities, war veterans, internally displaced persons, refugees or returnees, families affected by HIV/AIDS, indigenous peoples and ethnic minorities)	Yes	Engaging with local communities
	Interaction with local communities and authorities, including impact of the Company's operations on their social and economic development	Yes	Engaging with local communities
	Matters related to dialogue with civil society	Yes	Engaging with local communities
Waste	Current volume and intensity of waste generation and disposal	Yes	Environmental stewardship
Health and safety	Policies for organising workplaces	Yes	Our employees
	Terms of contracts subject to discussion with suppliers and contractors	Yes	Our employees
	Allocation of resources to managing risks related to work-related injuries and occupational diseases, employee awareness raising and training in health and safety, cooperation with local authorities and social partners on said matters	Yes	Our employees

Topic	Requirement	Complied with	Section of the Sustainability Report
Personnel	Implementation of key declarations, conventions and recommendations of the International Labour Organisation (ILO)	Yes	Our employees
	Gender, age and ethnic diversity, hiring of people with special needs and disabilities	Yes	Our employees
	Employment, labour practices and occupational safety, including measures to prevent work-related injuries	Yes	Our employees
	Relations with trade unions, including respecting the rights of trade unions	Yes	Our employees
	Human capital management, including hiring, career growth, engagement, professional training, education and development of employee skills, remuneration system	Yes	Our employees
	Employee health	Yes	Our employees
	Employees engaged in the Company's activities associated with a high risk of accidents or occupational diseases	Yes	Our employees
	Number of work-related injuries (including fatalities), types of injuries or occupational diseases	Yes	Our employees
	Total number and percentage of the reporting period's new employee hires, with a breakdown by age group, gender and region	Yes	Our employees
	Number and percentage of unfilled vacancies for which the Company will be hiring and training unqualified staff	No data available	-
	Employee turnover	Yes	Our employees
	Percentage of employees employed under fixed term and indefinite employment contracts	Yes	Our employees
	Average hours of training per year per employee, with a breakdown by age, region of residence, nationality, etc.	Yes	Our employees
	Share of employees that are a party to collective bargaining agreements, and indicators describing the process of collective bargaining between employees and the employer	No data available	-
	Consultations for employees	Yes	Our employees
	Number of employees with special needs and disabilities	Yes	Our employees
	Gender, ethnic and cultural diversity	Yes	Our employees
Higher paid management team member to median worker pay ratio	No data available	-	
Policies and procedures	Approaches to managing the Company's key non-financial performance indicators and main goals, and information on how the Company intends to deliver against these goals and plans	Yes	Sustainability management
	Allocation of responsibility in the area of sustainable development among the Company's governing bodies and members of executive bodies, and information on how allocation of resources can have an impact on the Company's goals, risk management and expected performance results related to the environment, social aspects and economy	Yes	Sustainability management
	Information on policies and procedures as regards identifying, assessing, monitoring and managing risks or leveraging opportunities for the Company related to ESG factors	Yes	Corporate governance
	Description of the Company's policies related to the environment and climate, including policy for mitigating climate change impacts or adapting to climate change	Yes	Environmental stewardship

Topic	Requirement	Complied with	Section of the Sustainability Report
	Description of goals related to the environment and climate that the Company defined as part of its policies, especially on greenhouse gas emissions, and of the alignment of the Company's goals with national and international goals, including the Paris Agreement	Yes	Environmental stewardship
	Description by the board of directors of the vision and assessment of risks and opportunities related to the environment and climate	No data available	Environmental stewardship
	Description of the roles of the Company's executive bodies and key managers in assessing and managing risks and opportunities related to the environment and climate, and of approaches used for said allocation of roles	No data available	-
	Policy on corporate social responsibility	Yes	Sustainability management
	Material information on how due diligence process and procedures are integrated into the Company's operations, and information on decisions made to implement due diligence procedures into the Company's operations; description of the proposed mechanism as part of said process. In disclosing this information, it is advisable to focus on ways to prevent and rectify the Company's negative impact on the environment and climate and local communities	Yes	Sustainability management
	Information on how goals are set and progress is measured as part of implementing due diligence policies and setting up due diligence procedures	Yes	Sustainability management
	Key indicators related to quantitative parameters of risks identified as part of due diligence procedures, and information on measures taken to prevent, eliminate or mitigate said risks, and on how the Company improves its due diligence policies and processes in respective areas	Yes	Sustainability management
	Information on any material changes in due diligence policies, process and procedures in the reporting period	Yes	About this Report
	Non-financial information on the Company's planned and actual performance results in the area of environmental and social aspects and on the maturity of the Company's corporate governance	Yes	Sustainability management
	Link between financial and non-financial performance indicators, and on how those have been managed for at least three years	No data available	-
	Key non-financial performance indicators that the Company believes to be most helpful in monitoring and assessing progress and ensuring comparability of operations across several companies or sectors in respective matters linked to business goals, key financial performance indicators and targets (indicators or metrics) set out in the Company's strategy	Yes	Sustainability management
	Information on how the Company's impact on the environment (climate and ecology) affects its financial indicators, with key financial performance indicators (if possible)	No data available	-
	Marketing and research taking into account environmental and social factors	Yes	Responsible business
	Policy on securing human rights	Yes	Responsible business
	Material information on current and potential impact of the Company's operations on human rights, including on negative impact on human rights directly related to operational activity, products, services or relations of the Company with its counterparties	Yes	Responsible business

Topic	Requirement	Complied with	Section of the Sustainability Report
	The Company's public statement on commitment to respecting and protecting human rights (considered a best practice), potentially as a description of the expectations in the area of human rights that the Company has for its executive bodies, employees, and business partners	Yes	Responsible business
	Information on persons whose rights are affected by the Company's human rights commitments, for example, rights of children, women, indigenous peoples, racial, ethnic, religious or linguistic minorities, people with special needs, people with disabilities, local communities, small-scale farmers, and workers, including those working under fixed term employment contracts, labour migrants, their families, and workers across the supply chain	Yes	Responsible business
	Material information on policies adopted on due diligence in the area of human rights, as well as on procedures and mechanisms put in place to prevent human rights violations	Yes	Responsible business
	Cases of material violations of human rights related to the Company's operations	Yes	Responsible business
	Procedures and mechanisms to receive and obtain complaints on human rights violations, to mitigate negative impact on human rights and to secure their legal protection	Yes	Responsible business
	Operations and suppliers whose activities are associated with considerable human rights risks	No data available	-
	Procedures and measures to prevent human trafficking with respect to all forms of exploitation, procedures and measures aimed at preventing forced and child labour and at preventing hazardous working conditions	Yes	Responsible business
	Accessibility of sites, documents and websites for people with special needs and people with disabilities	Yes	Responsible business
	Observance of the right to join trade unions	No data available	-
	Interaction with respective stakeholders	Yes	Stakeholder Engagement Appendix
	Experience and qualification of Board of Directors members in ESG matters	No data available	-
	Regularity and nature of discussions pertaining to sustainable development, ESG factors, risks and opportunities related to the same, at the board of directors meetings and assessment of their importance and due reflection in the Company's mission, strategy and goals	Yes	Sustainability management
	Dedicated committees under the board of directors set up to consider sustainable development and ESG matters and risks and opportunities related to the same	Yes	Sustainability management
	Allocation of responsibility in the area of sustainable development among the Company's executive bodies and their accountability in these matters	Yes	Sustainability management
	Taking into account sustainable development and ESG factors in creating frameworks for risk management, internal controls and internal audit	Yes	Sustainability management
	Taking into account sustainable development and ESG factors in creating and adjusting the framework for remunerating members of the Company's governing bodies	No data available	-
	Taking into account sustainable development and ESG factors in the Company's information policy	No data available	-

Topic	Requirement	Complied with	Section of the Sustainability Report	
Sustainability strategy	Information on the Company's strategy (sustainability strategy) in the context of, and as related to, the Company's planned contribution to the SDGs, Paris Agreement, and national goals set out in government strategic planning documents, and taking into account ESG factors and risks and opportunities related to the same in the Company's strategy (sustainability strategy)	Yes	Sustainability management	
	Strategic approaches and targets adopted as part of implementing the sustainability policy	Yes	Sustainability management	
	Description of the priority SDGs, goals of the Paris Agreement, and strategic national goals that the Company plans to contribute to	Yes	Sustainability management	
	The Company's strategic goals which, when achieved, will ensure the Company's contribution to global (e.g. fighting climate change) and local national, regional and municipal goals related to the SDGs or goals of the Paris Agreement	Yes	Sustainability management	
	International treaties and national commitments relating to the environment (including climate), social impacts and economy that apply to the Company's operations	Yes	Sustainability management	
	Information on current progress against the Company's strategic goals related to priority SDGs, goals of the Paris Agreement and strategic national goals	Yes	Sustainability management	
	Information on all SDGs that investors and other stakeholders may expect as part of the disclosure given the Company's context, and explanation as to why certain SDGs are not material or priority for the Company	Partially	Sustainability management	
	Environment	Information on actual and potential impact of the Company's operations on the environment, including climate, and information on how current and potential environmental issues, approaches to tackle them, and changes in the area of environment and climate can have an impact on the Company's development, performance and results or its market position	Yes	Environmental stewardship
		Disclosure of material information on prevention of and/or fighting pollution, including information on direct and indirect greenhouse gas emissions into the air, including direct emissions related to the Company's operations and indirect emissions across the value chain	Yes	Environmental stewardship
		Information on using and protecting natural resources (for example, water and land) and related biodiversity protection	Yes	Environmental stewardship
Information on environmental impact resulting from transporting, using and disposing of products		Yes	Environmental stewardship	
Information on development of green or more environmentally friendly products and services		Yes	Environmental stewardship	
Information on the Company's environmental violations and liability		Yes	Environmental stewardship	
Information on the Company's financing of environmental projects of other organisations		Yes	Environmental stewardship	
Emissions of other (i.e. other than greenhouse gases) pollutants in absolute terms		Yes	Environmental stewardship	
Description of the Company's capacities created for the absorption of carbon dioxide		Not material for the Group	-	
Metrics showing the impact on the environment and biodiversity, description of the Company's dependence on factors related to the environment and biodiversity		Yes	Environmental stewardship	
Metrics of waste generation and metrics related to managing waste generation and disposal (for example, speed of reuse and recycling)	Yes	Environmental stewardship		

Topic	Requirement	Complied with	Section of the Sustainability Report
	Environmental properties of the Company's products and services	Yes	Environmental stewardship
Energy efficiency	Description of impact on the environment resulting from the use of electricity and heat	Yes	Environmental stewardship
	Energy metrics of the Company's operations	Yes	Environmental stewardship
	Metrics showing consumption/generation of energy from renewable/non-renewable sources, including: <ul style="list-style-type: none"> - total volume of energy consumed/generated from renewable/non-renewable sources; - energy intensity of the Company's operations; - energy efficiency targets; - targets for the consumption and/or generation of renewable energy 	Yes	Environmental stewardship
Climate	Greenhouse gas emissions in tonnes of carbon dioxide equivalent, including: <ul style="list-style-type: none"> - direct (Scope 1) emissions from sources that are owned or controlled by the Company; - energy indirect (Scope 2) emissions from the generation of purchased electricity or heat; - other indirect (Scope 3) emissions (excluding energy indirect emissions) that occur in the value chain of the Company, including both upstream and downstream emissions 	Partially	Environmental stewardship
	Intensity of greenhouse gas emissions in absolute terms	Yes	Environmental stewardship
Supply chain	Information on the Company's interaction with suppliers (contractors, counterparties), consumers and customers across the supply chain on matters related to the environment and climate, with explanation of approaches used as part of said interaction and aimed at mitigating climate change impacts and/or adapting to climate change	Yes	Environmental stewardship
	Information on the supply chain, including description of its key components related to the Company's operations, key brands, and products and services	Yes	Sustainable sourcing
	Types of suppliers (contractors, counterparties) involved in the supply chain	Yes	Sustainable sourcing
	Total number of suppliers (contractors, counterparties) that the Company works with, and estimated number of suppliers (contractors, counterparties) across the entire supply chain	Yes	Sustainable sourcing
	Geographic location of suppliers (contractors, counterparties)	Yes	Sustainable sourcing
	Industry-specific properties of the supply chain, for example labour intensity across the supply chain	No data available	-
	Material changes that occurred in the supply chain (changes in the geographic location of the suppliers (contractors, counterparties), supply chain structure, relations with suppliers (contractors, counterparties), including their selection and discontinuation of cooperation)	No data available	-
	Material information in matters related to the supply chain that have a significant impact on the Company's development, efficiency, and market positions. These may include information required for a general understanding of the supply chain that the Company is part of, and the extent to which environmental, social and governance matters are taken into account in supply chain management	No data available	-

Topic	Requirement	Complied with	Section of the Sustainability Report
	Monitoring of activities of suppliers (contractors, counterparties) related to: <ul style="list-style-type: none"> - labour practices and respect of labour rights, including prevention of child and forced labour; - hazardous working conditions (including safety of buildings, protective equipment, and employee health); - human rights; - greenhouse gas emissions and environmental pollution; - deforestation and other risks related to biodiversity reduction 	Yes	Sustainable sourcing
	Monitoring of the Company's impacts on suppliers (contractors, counterparties), for example, the Company's impact on terms and average payment periods under contracts	Yes	Sustainable sourcing
Energy efficiency	Description of energy-related goals the Company defined as part of its policies	Yes	Environmental stewardship
	Current volume and intensity of energy, fuel and water consumption	Yes	Environmental stewardship
Policies and procedures	International standards used as the basis for non-financial disclosure	Yes	About this Report
External assessment	Opinion or report based on an independent external assessment in the form of professional assurance containing a conclusion on non-financial disclosure	No data available	-
	Composition of non-financial disclosure covered by an independent external assessment, and information on standards used as the basis for said assessment	No data available	-
	Information on persons/entities performing an independent external assessment of financial disclosure, and on principles and criteria to select such persons/entities	No data available	-
	Grounds for an external assessment of non-financial disclosure to be deemed independent, such as analysis of the Company's relations with respective persons/entities, including the remuneration they received from the Company for other services	No data available	-

Glossary

List of terms and abbreviations used in this Report

ACORT	Retail Companies Association
RES	Renewable energy sources
GOST	A regulatory document serving as a basis for standardisation of production processes and services
Dark store	Special warehouse where online orders are fulfilled for delivery
VHI	Voluntary health insurance
Drogerie	Retail store selling beauty, hygiene and household related products as well as certain non-prescription medications.
IT	Information technologies
KPI	Key performance indicator
SME	Small and medium-sized enterprise
VAT	Value-added tax
ODS	Ozone-depleting substances
GHG	Greenhouse gases

RSPP	Russian Union of Industrialists and Entrepreneurs
DC	Distribution centre
LNG	Liquefied natural gas
PL	Private label – a brand owned not by a manufacturer or a producer but by a retailer or supplier, who gets its goods made by a contract manufacturer under its own label
Food sharing	Practice of free distribution of food that is near (not past) its expiry date to vulnerable population groups
UN SDGs	United Nations Sustainable Development Goals
Eq Equivalent	
CO₂	Carbon dioxide
ESG	Corporate development strategy that relies on environmental, social and governance aspects
FMCG	fast-moving consumer goods
GFSI	Global Food Safety Initiative
NPS	Net Promoter Score, which shows consumer loyalty to a product or company

Stakeholder engagement

GRI 2-25 GRI 2-29

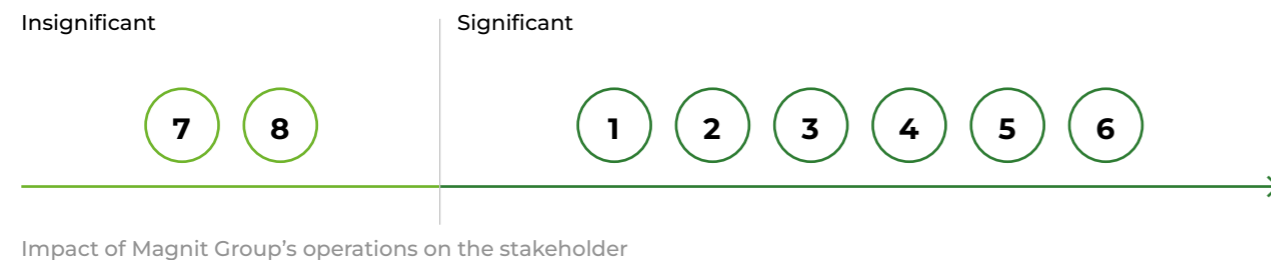
To improve Magnit's sustainability management and reporting, we identify and make a list of stakeholder groups and individuals that are or may be impacted by the Company's operations.

In 2022, Magnit continued its consistent and holistic interaction with the key stakeholders. We

take into account opinions and requests of all stakeholder groups, including those whose interests are related to the Company and who may influence its activities. In order to improve our engagement, we identify the most relevant topics for stakeholders and maintain communication on

each of them using various tools and channels to exchange views and information.

Magnit Group's stakeholder map



Stakeholders

- | | |
|---------------------------|-------------------------------|
| 7. Non-profits | 5. Customers |
| 8. Government authorities | 6. Shareholders and investors |
| 1. Local communities | 7. Non-profits |
| 2. Top management | 8. Government authorities |
| 3. Employees | |
| 4. Suppliers | |

— Stakeholder whose interests can be impacted by Magnit Group's operations
 — Stakeholder whose rights and interests can be impacted by Magnit Group's operations

Stakeholder engagement in 2022

Stakeholder	Relevance for Magnit	Key engagement areas	Key communication channels	Examples of engagement in 2022
Local communities	Magnit plays an important role in society, both directly and indirectly, through its supply chain, as it sells food and is one of the country's largest private employers. We ensure food security and support health and well-being of the nation.	<ul style="list-style-type: none"> - Local employment opportunities - Local charities and investment in social projects - Contribution to the economy - Environmental protection - Food security 	<ul style="list-style-type: none"> - Local jobs - Support for charitable and social programmes - Corporate volunteering programme - Educational programmes - Projects that develop inclusivity 	<ul style="list-style-type: none"> - Meetings with local authorities and cooperation agreements signed with Russian regions - Meetings and communication with farmers and local manufacturers regarding potential cooperation - Charitable initiatives in the regions (a food sharing project, programmes for children and pensioners) - Volunteering initiatives for environmental protection and social support of vulnerable groups
Top management	At Magnit, key managers are responsible for communicating strategy to teams, target setting and follow-up. Building an effective long-term incentive system for our executives is important to us.	<ul style="list-style-type: none"> - Support and involvement of highest governance body - Competitive pay and employment terms - Effective team 	<ul style="list-style-type: none"> - Management Board meets on a weekly basis - HR and Remuneration Committee of the Board of Directors together with the HR Director monitor the effectiveness of the remuneration system and assessment of key managers 	<ul style="list-style-type: none"> - In the reporting year, meetings of the Sustainability Steering Committee and the Board of Directors discussed matters related to the implementation of Magnit's sustainable development projects and initiatives
Employees	Our employees and their thinking are important to us as it is them who drive our business processes. We seek to be an attractive employer which keeps improving working conditions and provides opportunities for professional development and career progression.	<ul style="list-style-type: none"> - Fair wages and salaries - Decent and safe working conditions - Compensation and benefits - Training, skills coaching, and professional development - Equal Opportunities Policy and inclusive environment - Mental health 	<ul style="list-style-type: none"> - Corporate portal and mobile app for employees - Corporate University - Professional knowledge assessment - Annual engagement surveys - Hotline 	<ul style="list-style-type: none"> - Staff training in occupational safety and accident investigation - Launch of the Sharing the Warmth initiative for employees aged 60+ - Employee engagement surveys - Professional skills competitions and mentor contests - Pilot employee cashback project implemented at 14 branches and offices in Moscow and the Moscow region - Seaside Vacation social programme for employees with children - Summer Is Vitamin P Time programme offering Magnit's employees temporary jobs at the Company's stores in Russian resort cities during the summer months

Stakeholder	Relevance for Magnit	Key engagement areas	Key communication channels	Examples of engagement in 2022
Suppliers	Our suppliers play a leading role in providing product variety, quality, and value to our customers. We build long-term win-win relationships based on trust and mutual respect.	<ul style="list-style-type: none"> - Sustained joint business development - Sales volumes - Customers assessing quality of supplier products - Reduction of environmental impact 	<ul style="list-style-type: none"> - Joint assortment planning and merchandising efforts - Joint projects to reduce the environmental impact and promote sustainable development principles - IT communication platforms: supplier engagement portal, supplier relationship management (SRM) online portal and logistics software - Industry conferences - Supplier fairs - Procurement sessions 	<ul style="list-style-type: none"> - A series of webinars on the Voluntary Sustainable Packaging Standard for the Company's suppliers and partners - Meetings with local suppliers and farmers as part of cooperation under agricultural contracts - Launch of an aggregator for centralised supply of farm products to the chain's stores
Customers	We prioritise customers in our efforts to improve the range, quality, and price of our products, as it is their needs and opinion that guide us in decision-making.	<ul style="list-style-type: none"> - Product and service quality - Choice (assortment) - Inflation (prices) - Health and safety 	<ul style="list-style-type: none"> - Our stores (checkout counters, information screens, price tags, in-store communications, advice from beauty experts at Magnit Cosmetics and pharmacists, etc.) - Loyalty programme and the Magnit: Promos and Discounts mobile app - Delivery app - Digital channels (social networks, messengers, map applications) - Hotline 	<ul style="list-style-type: none"> - Launch of a project to handle customer queries via Google, Yandex and 2GIS map apps - Everything to the Family and Relatives survey in the Central District - Launch of a Magnit of Habits healthy lifestyle marathon for customers - Launch of a Gastronom media platform for Magnit customers
Shareholders and investors	The Company is keen to attract new investors and retain existing ones. We maintain an ongoing dialogue with the investment community, equally paying attention to all categories of investors.	<ul style="list-style-type: none"> - Strategy execution and achievement of targets - Dividends / capital gains - Macroeconomic situation, inflation, promo activity - Status of business transformation - Plans for retail chain expansion and M&A opportunities - Business sustainability and profitability - Improved working capital management - Management KPIs and incentive schemes - Changes in the management team - Changes in the shareholding structure 	<ul style="list-style-type: none"> - Magnit's press centre - Magnit's IR Department - Road shows - Conferences and other events 	<ul style="list-style-type: none"> - Press releases announcing operational and financial results - Conference calls - Offline and online meetings - Site visits - Participation in conferences, forums and round tables

Stakeholder	Relevance for Magnit	Key engagement areas	Key communication channels	Examples of engagement in 2022
Non-profits	Partnerships with non-profits and charitable foundations are an essential tool for us to achieve our goals of supporting local communities and improving living standards in the regions where we operate.	<ul style="list-style-type: none"> - Helping people in need, people with disabilities, vulnerable groups, etc. 	<ul style="list-style-type: none"> - Regular organisation of events and volunteer activities involving charitable foundations - Involvement of volunteers from non-profits to jointly work on social projects - Provision of resources for increasing the social value created 	<ul style="list-style-type: none"> - Participation in a Give a Holiday charitable marathon to support socially vulnerable groups in the Volgograd region - Launch of a food sharing project in collaboration with the Foodbank Rus charity foundation - Running the Good Garland campaign to support young orphans in partnership with the Raoul foundation
Government authorities	Our business follows the rules established by government authorities.	<ul style="list-style-type: none"> - National food security - Regulation providing for access to quality products and food for all people irrespective of their income level - Import substitution policy - Access to the shelves for Russian manufacturers - Combating and preventing the spread of COVID-19 	<ul style="list-style-type: none"> - Meetings, round tables, workshops - Public events with government authorities (forums, conferences) - Public hearings, participation in regulatory impact assessment, and assessment of the actual impact of regulatory legal acts - Working groups, including as part of the regulatory guillotine - Regular reporting 	<ul style="list-style-type: none"> - Signing a cooperation agreement with the government of Khakassia to support local manufacturers - Signing an agreement with the Ministry of Industry and Trade of the Novgorod region to support the issue of Care social discount cards - Discussing cooperation with local producers and staples supplies as part of a meeting with Alexander Bogomaz, Governor of the Bryansk region - Meeting with Alexey Russkikh, Governor of the Ulyanovsk region, to discuss Magnit's local growth prospects

Report on compliance with the RSPP recommendations

Compliance with RSPP recommendations set out in the Opinion of the RSPP Council on Non-Financial Reporting, ESG Indices and Sustainability Ratings on Magnit's 2021 Sustainability Report for the purposes of public assurance

RSPP recommendation	Compliance	Report section
To disclose targets for the reporting period, show performance results vs said targets, and disclose planned targets for the next reporting period	Magnit has set strategic sustainability goals that are to be met by the end of 2025. The base year is 2019. The Report discloses 2022 indicators and compares them to the base year of 2019 and the 2025 targets. Magnit has no interim annual targets as our strategy focuses on organic expansion and targeted market share increase driven by M&A opportunities such as the DIXY consolidation in 2021. Since industry players differ in the extent to which sustainability agenda is integrated into their operations, opportunities for setting annual targets and delivering against them are limited. Interim and annual progress against the Company's Sustainability Strategy is reviewed by the Sustainability Steering Committee, which approves an action plan whenever Magnit is lagging behind in any of the Strategy's core areas and goals.	Sustainability Management
To benchmark the Company's results and major projects against Russia's national projects to which Magnit is a strong contributor	The Report's key sections contain references to respective national projects and also list key metrics in the areas that fall within the scope of said projects.	Responsible Business Sustainable Sourcing Our Employees Environmental Stewardship Engaging with Local Communities
To take into account the Social Charter of the Russian Business when describing the Company's business practices	The Report's key sections contain references to respective principles of the Social Charter of the Russian Business that the Company adheres to.	Responsible Business Sustainable Sourcing Our Employees Environmental Stewardship Engaging with Local Communities
To expand the list of disclosed metrics and show data on labour productivity and both specific and gross environmental metrics	The Report discloses gross environmental metrics (emissions of greenhouse gases, pollutants and ozone-depleting substances, water consumption and discharge, and waste generation and disposal). Disclosure on personnel management was expanded.	Our Employees Appendix to the Our Employees section Environmental Stewardship
To apply the disclosure approach that shows changes for at least three past years to all key indicators of core operations, and include comments to explain the changes	Key indicators are shown for three years, with their changes explained.	Responsible Business Sustainable Sourcing Our Employees Environmental Stewardship

RSPP recommendation	Compliance	Report section
To have links to the Company's website added to the list of documents shown in the Report	Links to the Company's key publicly available documents are given in each section.	Sustainability Management Responsible Business Sustainable Sourcing Our Employees Environmental Stewardship Engaging with Local Communities
To include in the Report information on the control procedures the Company uses to assess suppliers' compliance with requirements regarding business practices and implementation of sustainability principles and on the results of said procedures; to disclose information on actions taken by the Company following such assessment; to expand disclosure on procurement management	The Report describes control procedures and the audit process for suppliers' production conditions, contains a reference to a pilot project on independent ESG assessment of suppliers, and lists ways of interaction with suppliers to build a sustainable supply chain. The Report also contains a separate section on how Magnit cooperates with local producers.	Sustainable Sourcing
To add information on social investment volumes and a description of how projects are selected and evaluated.	The key project selection and evaluation principles are described in Magnit's Charity, Sponsorship and Volunteer Policy. The Report discloses the amount of expenditures allocated to social and charitable projects, describes priorities in supporting local communities (creating an inclusive environment and aiding vulnerable population groups) and provides data on the results of our social projects (number of people receiving our support, volumes of product shipments, amounts collected for charity foundations, etc.).	Engaging with Local Communities
To add feedback from stakeholders and to disclose how the Company responds to such feedback and comments	The Report contains a detailed description of the way the Company interacts with customers, processes and responds to feedback, and improves customer experience. The Report also includes information on the Company's handling of reports filed by its employees on corporate ethics matters, and on the results of investigations. A special focus is on employee engagement surveys, which show an increase in the employee loyalty metric. The Company's relevant business units carefully consider and respond to any feedback received from suppliers. The principles and results of the Company's government relations are described in the Engaging with Local Communities section and the Stakeholder Engagement Appendix. The Report contains information on how the Company responds to stakeholders' recommendations regarding non-financial reporting (this Report on Compliance with Recommendations).	Stakeholder Engagement Appendix Engaging with Local Communities Responsible Business Our Employees

¹ <https://www.magnit.com/ru/disclosure/internal-regulations/#accordion-politiki>.

Appendix to the Our Employees section

GRI 2-7

Headcount of Magnit Group (incl. DIXY) by gender, region and employment type

Metric	As at:			2022/2021 change, %
	31 December 2020 ¹	31 December 2021	31 December 2022	
1. Headcount by gender				
Men	74,152.00	82,697.00	81,947.00	-0.9
Women	241,849.00	271,572.00	278,917.00	2.7
2. Headcount by age group				
Under 30	95,589.00	102,641.00	103,668.00	1.0
30-50	194,805.00	217,257.00	217,648.00	0.2
Over 50	25,416.00	34,371.00	39,548.00	15.1
3. Headcount by employment type				
Men (permanent employment contract)	70,423.00	79,030.00	77,630.00	-1.8
Women (permanent employment contract)	238,738.00	265,420.00	268,877.00	1.3
Men (fixed-term employment contract)	3,678.00	3,667.00	4,293.00	7.1
Women (fixed-term employment contract)	2,971.00	6,152.00	10,064.00	63.6
4. Full-time employees by gender				
Men	70,047.00	78,217.00	78,091.00	-0.16
Women	225,962.00	253,180.00	262,713.00	3.8
Total	296,009	302,408		
5. Part-time employees by gender				
Men	4,054.00	4,480.00	5,913.00	32.0
Women	15,747.00	18,392.00	21,055.00	14.5

Share of Magnit Group employees by category as at 31 December of the reporting period, %

Metric	2020 ¹	2021	2022	2022/2021 change, %
Headcount as at 31 December, thous. people	316.001	354,269	360,864	1.9
B T. 4.:				2022/2021 change, p.p.
Managers	10.79%	11.13%	11.39%	0.26
incl.				
men	2.07%	2.02%	1.98%	-0.04
women	8.72%	9.11%	9.41%	-0.30
incl.				

¹ Excluding DIXY as DIXY was consolidated by the Group in 2021.

under 30	1.66%	1.52%	1.39%	-0.13
30-50	8.71%	9.10%	9.39%	0.20
over 50	0.42%	0.51%	0.61%	0.10
Experts and other office staff	23.77%	24.83%	25.49%	0.66
incl.				
men	6.49%	6.36%	6.23%	-0.13
women	17.28%	18.46%	19.27%	0.81
incl.				
under 30	7.22%	7.01%	6.89%	-0.12
30-50	15.67%	16.79%	17.37%	0.58
over 50	0.87%	1.03%	1.24%	0.21
Blue collar employees	65.44%	64.04%	63.12%	-0.92
incl.				
men	14.91%	13.98%	13.68%	-0.30
women	50.53%	50.06%	49.43%	-0.63
incl.				
under 30	21.39%	20.76%	20.77%	0.01
30-50	38.62%	37.15%	35.34%	-1.81
over 50	5.44%	6.13%	7.00%	-0.87

Total number of Magnit Group employees (permanent and fixed-term employment contracts) by region, thous. people

Region	Employment type	As at:		
		31 December 2020 ²	31 December 2021	31 December 2022
Volga Federal District	permanent employment contract	45,979.00	47,520.00	46,669.00
Volga Federal District	fixed-term employment contract	862.00	1,310.00	2,350.00
North Caucasian Federal District	permanent employment contract	19,994.00	21,375.00	21,679.00
North Caucasian Federal District	fixed-term employment contract	168.00	119.00	588.00
Moscow region	permanent employment contract	50,820.00	50,672.00	70,101.00
Moscow region	fixed-term employment contract	1,487.00	2,200.00	4,408.00
Northwestern Federal District	permanent employment contract	27,204.00	27,490.00	30,920.00
Northwestern Federal District	fixed-term employment contract	360.00	434.00	1,520.00
Siberian Federal District	permanent employment contract	17,131.00	18,647.00	19,138.00
Siberian Federal District	fixed-term employment contract	230.00	115.00	388.00
Urals Federal District	permanent employment contract	52,193.00	54,241.00	57,533.00
Urals Federal District	fixed-term employment contract	429.00	482.00	488.00
Central Federal District	permanent employment contract	36,690.00	37,751.00	38,106.00
Central Federal District	fixed-term employment contract	996.00	1,027.00	2,620.00
Southern Federal District	permanent employment contract	59,150.00	59,936.00	62,361.00
Southern Federal District	fixed-term employment contract	2,117.00	1,773.00	1,995.00

² Excluding DIXY as DIXY was consolidated by the Group in 2021.

Disclaimer

GRI 401-1

Total number and share of new hires by age group, gender and region

Metric	2020 ¹			2021			2022		
	Total new hires	Average headcount	Share of new hires, %	Total new hires	Average headcount	Share of new hires, %	Total new hires	Average headcount	Share of new hires, %
1. Total number and share of new hires in the reporting period by gender									
Men	42,845.78	72,938.59	58.7%	56,774.34	78,415.69	72.4%	63,121.68	78,427.21	80.5
Women	103,632.58	196,722.09	52.7%	137,852.03	219,456.04	62.8%	152,499.57	232,606.86	65.6
Total	146,478	269,661	54.3%	194,626	297,872	65.3%	215,621	311,034	69.3
2. Total number and share of new hires in the reporting period by age group									
under 30	68,504.90	77,329.42	88.6%	87,125.78	75,836.19	114.9%	103,904.32	79,042.54	131.5
30–50	71,233.71	172,748.47	41.2%	92,202.77	189,046.79	48.8%	96,680.61	193,717.77	49.9
over 50	6,739.75	19,582.79	34.4%	15,297.82	32,988.74	46.4%	15,036.32	38,273.77	39.3
Total	146,478	269,661	54.3%	194,626	297,872	65.3%	215,621	311,034	69.3
3. Total number and share of new hires in the reporting period by region									
Central Federal District	16,858.12	32,353.99	52.1%	19,536.17	34,193.92	57.1%	21,291.65	34,722.75	61.3
Volga Federal District	19,587.60	40,121.26	48.8%	23,373.45	39,487.04	59.2%	28,022.92	40,664.52	68.9
Southern Federal District	23,296.04	53,289.36	43.7%	27,101.78	53,032.51	51.1%	32,069.68	63,266.22	50.7
Urals Federal District	25,208.19	43,779.75	57.6%	31,355.70	44,877.70	69.9%	33,464.46	46,321.96	72.2
North Caucasian Federal District	9,108.00	16,876.75	54.0%	10,433.05	16,954.84	61.5%	15,584.85	17,685.65	71.2
Northwestern Federal District	16,261.90	22,659.38	71.8%	23,468.60	30,851.15	76.1%	23,481.30	27,323.37	85.9
Moscow region	26,052.09	45,999.42	56.6%	48,128.37	63,522.57	75.8%	52,549.94	65,568.05	80.1
Siberian Federal District	10,106.42	14,580.77	69.3%	11,229.25	14,951.99	75.1%	12,156.45	15,481.56	78.5
Total	146,478	269,661	54.3%	194,626	297,872	65.3%	215,621	311,034	69.3

¹ Excluding DIXY as DIXY was consolidated by the Group in 2021.

The Sustainability Report should be read as a whole taking into account the content of all sections as well as the notes and the explanations herein, including the information set forth in this section.

The Sustainability Report of PJSC Magnit for 2022 (hereinafter also referred to as Magnit or the Company) was prepared based on the information available to PJSC Magnit and its subsidiaries (also referred to as PJSC Magnit, Magnit or the Company) as at 31 December 2022, unless otherwise implied by the meaning or content of the information provided.

Forward-looking statements are not based on actual circumstances and include all statements concerning the Company's intentions, opinions, or current expectations regarding its performance and sustainability strategy. By their nature, such forward-looking statements are characterised by risks and uncertainties since they relate to events and depend on circumstances that may not occur in the future.

Such terms as "assume," "believe", "expect", "predict", "intend", "plan", "project", "consider" and "could" along with other similar expressions as well as those used in the negative usually indicate the predictive nature of the statement. These assumptions contain risks and uncertainties

that are foreseen or not foreseen by the Company. Thus, future performance may differ from current expectations, therefore the recipients of the information presented in the Sustainability Report should not base their assumptions solely on it.

The annual General Meeting of Shareholders of PJSC Magnit scheduled for 30 June 2022 was declared inquorate. As a result, all powers of the Board of Directors except for the powers to prepare for, convene and hold an annual General Meeting of Shareholders ended under Article 66 of Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995.

Since February 2022, we are witnessing growing geopolitical tension and certain countries have announced and imposed and subsequently expanded various sanctions against the Russian Federation's sovereign debt, certain Russian banks, organisations and individuals. The Russian Federation has taken a number of retaliatory measures, including those drastically changing the regulation of Russian business compared to what it was as at 31 December 2021. These events, separately or jointly with other known and unknown circumstances, including those arising after 31 December 2022 in terms of changes in the conditions for the functioning of international businesses in the territory of

the Russian Federation, may affect the Company's strategy, plans, ongoing projects and partnerships in the field of sustainable development.

In addition to official information on the activities of Magnit, this Sustainability Report contains information obtained from third parties and from sources which Magnit finds to be reliable. However, the Company does not guarantee the accuracy of this information, as it may be abridged or incomplete.

Magnit offers no guarantees that the actual results, scope, or indicators of its performance or the industry in which the Company operates will correspond to the results, scope, or performance indicators clearly expressed or implied in any forward-looking statements contained in this Sustainability Report or elsewhere.

Magnit is not liable for any losses that any person may incur due to the fact that the above person relied on forward-looking statements. Except as expressly envisaged by applicable laws, the Company assumes no obligation to distribute or publish any updates or changes to forward-looking statements reflecting any changes in expectations or new information as well as subsequent events, conditions, or circumstances.

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