

# 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:

- creates a pool of experts on economic, environmental and social impacts
- surveys experts to define its actual and potential economic, environmental and social impacts
- analyses survey results and ranks actual and potential economic, environmental and social impacts based on their significance
- includes significant impacts as questionnaire topics in a stakeholder survey
- 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)
- draws up the list of material topics.

### The list of material topics

GRI 3-2

- Ensuring consumer health and safety
- Ensuring local and regional food security
- Respect of labour rights and safe working conditions
- Increased use of environmentally friendly (recyclable) packaging for private labels and own production
- Reducing food waste
- Reducing food losses along production and supply chains
- Building sustainable food production and supply chains
- Improving the anti-corruption framework
- Increasing the number of customers and employees committed to healthy lifestyles
- Building long-term multi-stakeholder partnerships to support the sustainable development goals
- Promoting equality and inclusion
- Promoting stability of regional food markets
- 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
<b>Ensuring consumer health and safety</b>	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
<b>Ensuring local and regional food security</b>	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
<b>Respect of labour rights and safe working conditions</b>	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
<b>Increased use of environmentally friendly (recyclable) packaging for private labels and own production</b>	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
<b>Reducing food waste</b>	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
<b>Reducing food losses along production and supply chains</b>	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
<b>Building sustainable food production and supply chains</b>	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
<b>Improving the anti-corruption framework</b>	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
<b>Increasing the number of customers and employees committed to healthy lifestyles</b>	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
<b>Building long-term multi-stakeholder partnerships to support the sustainable development goals</b>	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
<b>Promoting equality and inclusion</b>	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
<b>Promoting stability of regional food markets</b>	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><b>GRI 413</b> Local Communities</p> <p><b>GRI 204</b> Procurement Practices</p> <p><b>GRI 13.9</b> Food Security</p>	Engaging with Local Communities Sustainable Sourcing
<b>Maintaining the assortment of popular product categories and pursuing import substitution</b>	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><b>GRI 204</b> Procurement Practices</p> <p><b>GRI 13.9</b> 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	
<b>General disclosures</b>							
<b>GRI 2: General Disclosures 2021</b>	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.