

# 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.

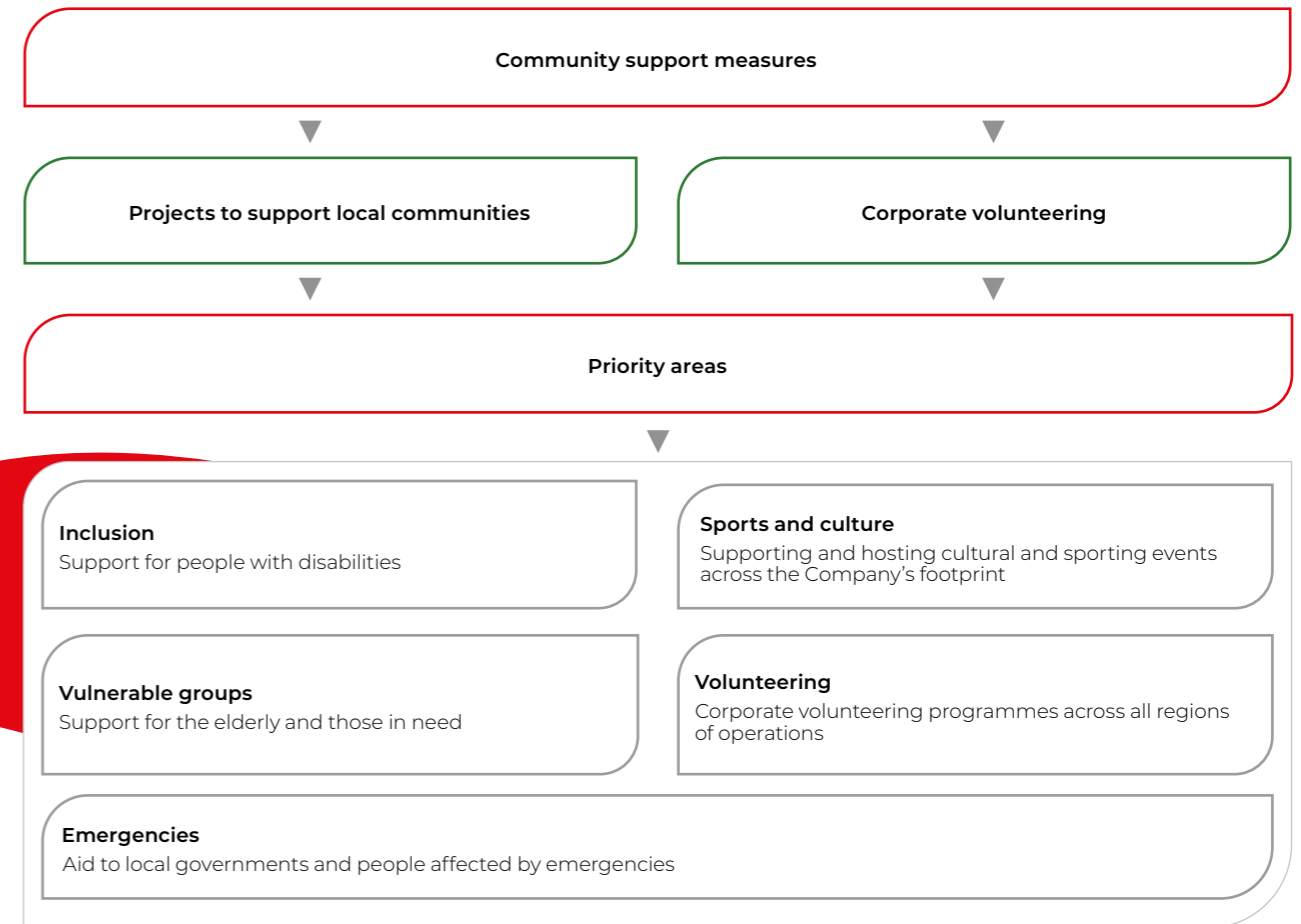
**GRI 413-1**

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



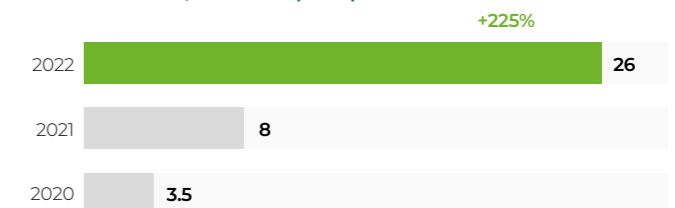
### Strategic goal to 2025

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"> <li>▶ The Company launched an initiative to cap markup on a number of socially important goods to ensure their affordability.</li> <li>▶ Magnit held 62 events to support local manufacturers and farmers, including 58 procurement sessions.</li> <li>▶ Magnit started working with over 360 new local suppliers.</li> <li>▶ Magnit grew its Development of the Agricultural Contract project, reaching a total of 92 partners.</li> <li>▶ The Company sold several cooperation agreements with local governments.</li> <li>▶ Magnit signed an Action Plan to develop farming in Russia's Republic of Karelia, with the region's head Arthur Parfenchikov.</li> </ul>
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"> <li>▶ Magnit organised a meeting with 50 farmers in the Leningrad region, which was attended by the regional government's agricultural committee.</li> <li>▶ Magnit organised meeting with 30 local food and non-food producers in the Tyumen region to discuss terms of partnership.</li> <li>▶ Magnit held a video conference with over 50 farmers from the Republic of Karelia.</li> <li>▶ Magnit held a conference with suppliers from Russia's Central Federal District supported by the Moscow Region's Ministry of Agriculture and Food.</li> <li>▶ 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</li> <li>▶ Magnit engaged in direct dialogues with food manufacturers in the Perm region</li> <li>▶ Magnit also met with local suppliers on the sidelines of conferences and exhibitions (AGRORUS, Seafood Expo Russia 2022, etc.).</li> <li>▶ Magnit arranged a meeting with business communities from Belarus organised by the Leningrad Region's Chamber of Commerce and Industry.</li> <li>▶ 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.</li> <li>▶ We organised environmental and charitable campaigns as part of the Good Deeds in the Neighbourhood project.</li> <li>▶ Magnit volunteers participated in social and environmental projects in the regions of the Company's operations.</li> <li>▶ We expanded our soft discounter chain and opening new stores in small towns to improve product accessibility for people in these regions.</li> <li>▶ Magnit arranged educational excursions as part of the Active Longevity Programme for pensioners in Veliky Novgorod and Petrozavodsk.</li> <li>▶ Magnit continued to develop customer experience and improving relationships with customers.</li> </ul>
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"> <li>▶ We launched a food-sharing project in collaboration with the Foodbank Rus charity foundation.</li> <li>▶ Magnit ran the Good Garland campaign to support young orphans in partnership with the Raoul Foundation.</li> <li>▶ Magnit provided comprehensive support to the elderly in cooperation with the Enjoyable Ageing Foundation.</li> <li>▶ We continue to provide food kits to beneficiaries of the Long Happy Life Foundation in St Petersburg.</li> <li>▶ We participated in the Kind Purchase project to collect food for low-income families in the Novgorod region.</li> <li>▶ Magnit provides ongoing support to the So-Edinenie Deaf-Blind Support Foundation</li> </ul>
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"> <li>▶ Magnit organised a Magnetic Code Hackathon for IT students in collaboration with Russian technology firm Yandex.</li> <li>▶ Magnit organised a competition for students of the Kuban State Agrarian University to provide scholarships and priority employment after graduation.</li> </ul>

# 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.