

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.

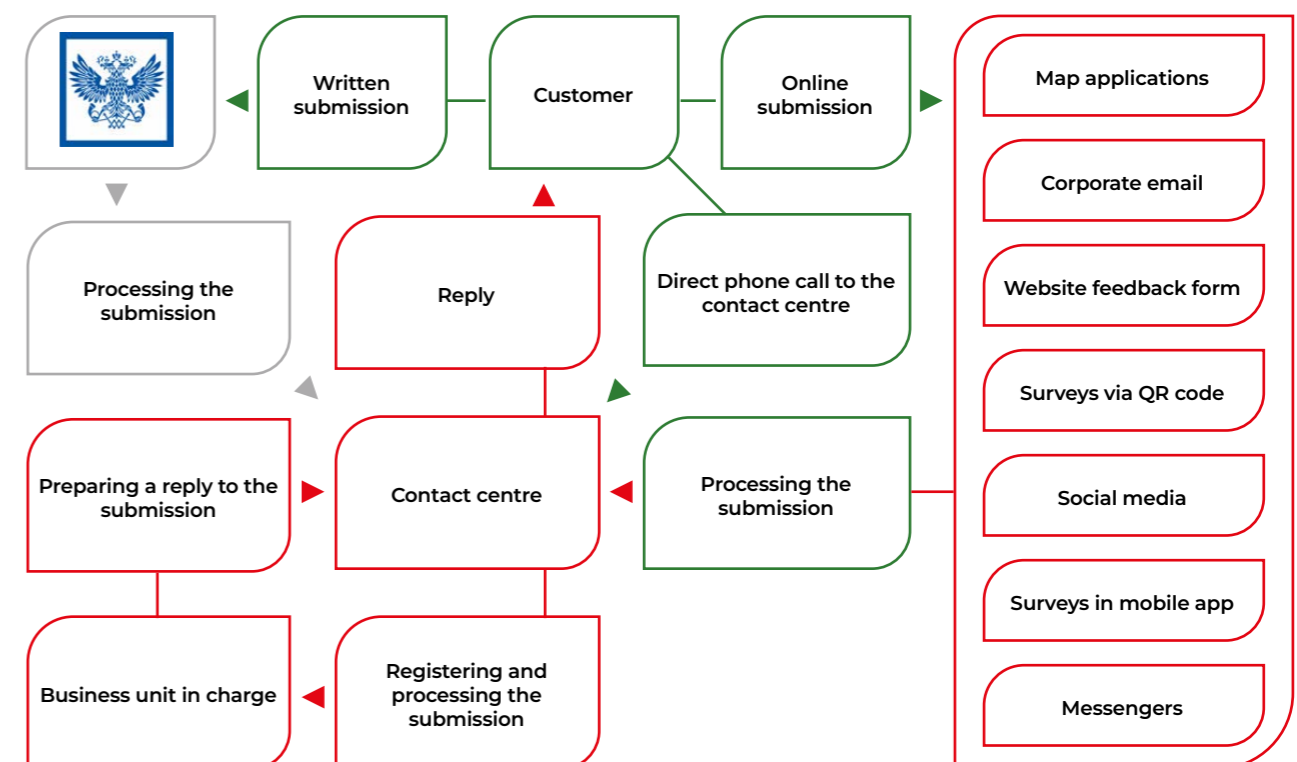
The Company received 4,618,092 customer submissions in 2022, up 16% compared to 2021. The increase reflects improved communication with customers through the use of new communication channels, including map applications. In addition, the opening of new stores and development of a delivery service also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

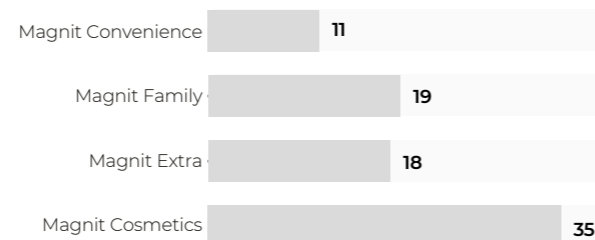
In early June 2022, we launched a pilot project to handle feedback submitted via the Google, Yandex and 2GIS map applications. The project improves the store's online ranking, influences customer loyalty and trust, as well as local search rankings. Customers' feedback is registered by in-house contact 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.

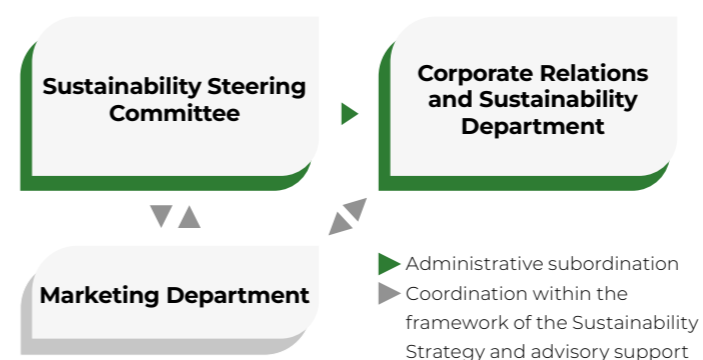
Our approach to developing marketing initiatives

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

