

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.

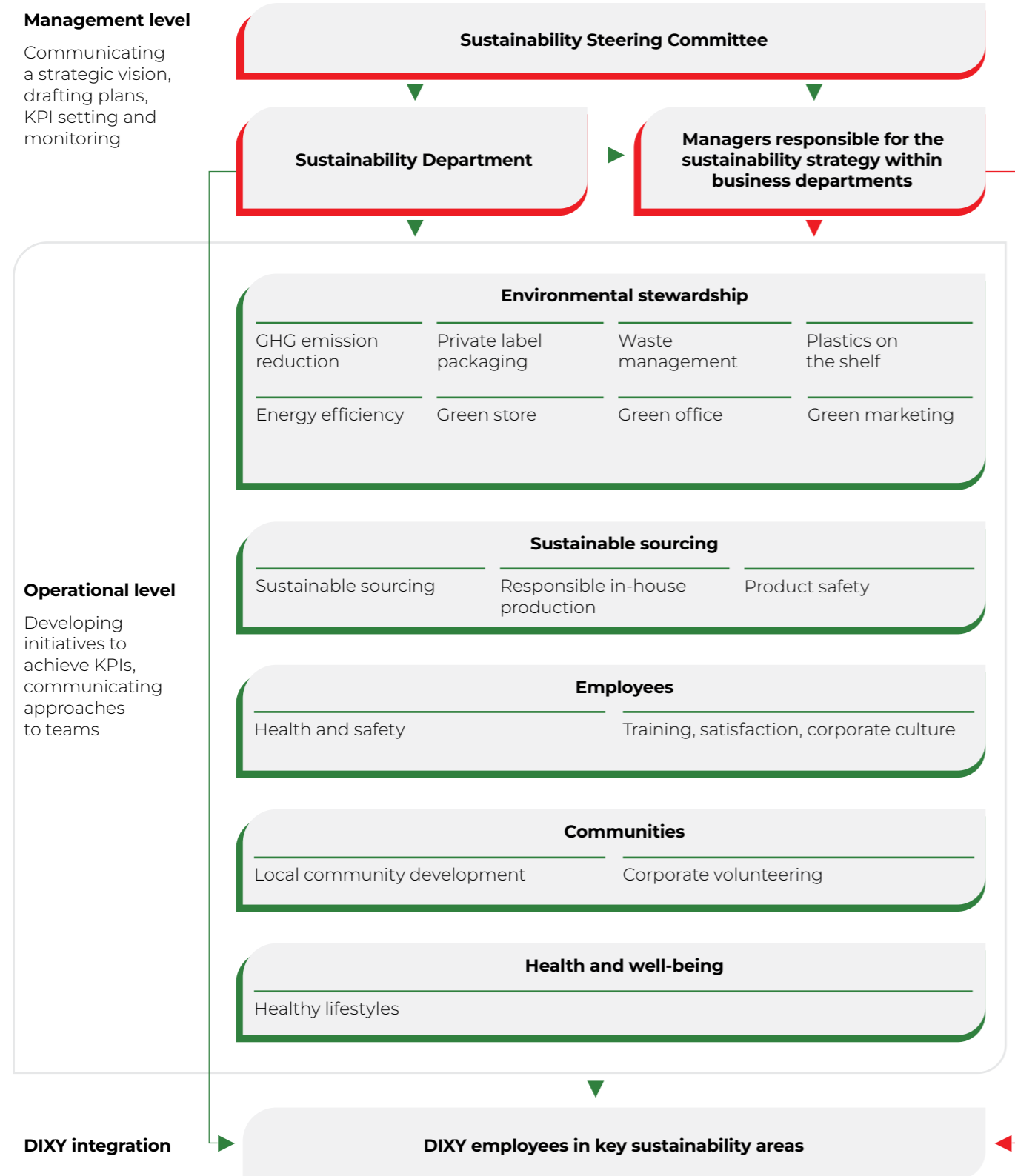
The Sustainability Steering Committee has the following functions:

- ▶ 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. 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. 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. The Company does not tolerate discrimination against any of its employees on the basis of: <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



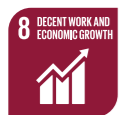
Target 7.3. By 2030, double the global rate of improvement in energy efficiency.

- ▶ 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.