

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

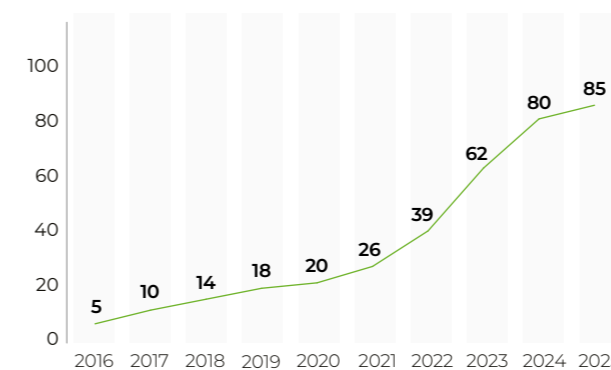
>50 SKUs

+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.