

Own production (continued)

Lean production

For three years now, Magnit has been implementing lean production techniques across its industrial facilities. Lean production is a management approach based on improving product quality while reducing all types of losses with an aim to optimise relevant production processes. This philosophy is inextricably linked to employee development, environmental protection and energy efficiency.

As part of the lean production programme, our employees come up with process improvement initiatives. In 2022, Magnit received 3,185 innovation proposals, 70% of which were approved for implementation. The proven economic savings achieved through these initiatives exceeded RUB 170 mln.

Our employees took part in the second Rationalisation and Productivity Cup, a competition sponsored by the Professional Skills Development Agency, Ministry of Economic Development, and the Federal Centre for Competences. The Kuban Factory of Bakery Products team, which represented Magnit, won a silver prize.

Seven Kuban facilities of Magnit participated in the Path to Perfection contest, which aims to identify best practices in lean

production. Kuban Factory of Bakery Products won the first place (gold in terms of lean technology implementation), with TD-Holding coming in as the runner-up. The silver went to Kuban Confectioner and Zelenaya Liniya.

We continue to provide lean production training for our employees. In 2022, 85% of Magnit's own production facilities completed relevant courses.



85%

of personnel at our own production sites underwent training in lean production principles