

# Health and well-being

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As the largest retail chain, Magnit recognises its responsibility to preserve the health and well-being of its customers.

We strive to ensure a consistently high quality of products, expand the range of healthy products in our stores and promote a healthy lifestyle among our customers.



### Contribution to the UN SDGs



### Contribution to achievement of the national goals and projects of the Russian Federation

#### Goals

- Preservation of the population, health and well-being of people

#### Projects

- Demography

### Principles of the Social Charter of the Russian Business (Russian Union of Industrialists and Entrepreneurs, RSPP)

#### Business partnership and stakeholder engagement

The focus of our business is to deliver reliable and high quality products and services to meet the needs and expectations of consumers.

## Management approach

GRI 3-3, 13.6.1

With 17 million customers in 67 regions across Russia every day, ensuring high product quality is our key priority. The Company pays special attention to quality control and product safety at all stages of production. The product quality control system spans both the Company's own production facilities and products procured from suppliers.

The Company has created specialised structural units to manage product quality. They are responsible for quality control of products supplied from internal distribution centres, in-house production facilities and suppliers' warehouses.

### Quality management system



→ Administrative subordination  
 -.-> Coordination in implementing the Sustainability Strategy, advisory support

All products in Magnit stores are subject to regular internal quality control procedures and compliance checks against regulatory requirements of the Eurasian Economic Union, the Russian Federation, as well as technical specifications and terms agreed with the suppliers.

### 2023 results

**633** supplier audits

conducted by the Company

**18,854**

laboratory tests performed by the Company

**+25%**

membership growth of pro.healthy habits club within the loyalty programme

**648** schools joined

the Good Nutrition Talk educational programme in 60 regions of Russia

### Magnit strategic goals 2025

Goal	Result
information on healthy lifestyle and nutrition is available to all customers	monthly reach of publications on healthy lifestyle promoted through Magnit's own media is 11.5 million people
healthy lifestyle products are available to all customers	28% share of products that fulfil the criteria for healthy lifestyle among the Company's private labels

### Material topics

- Health and well-being
- Product quality and safety



In assessing product quality, we are also guided by internal regulatory documents and business process guidelines for quality inspections. The guidelines set out the quality requirements for procured and manufactured products, quality inspection procedures and their schedule, and describe product quality assessment procedures for each production stage.

**External documents**

- Government product quality assurance and labelling requirements (GOST)
- EAEU Technical Regulations

**Internal documents**

- Quality, food & non-food safety policy
- Regulations on the business process for planning the retail chain quality management system
- Regulations on the business process to ensure the quality of goods sold by suppliers and own products of retail facilities
- Regulations on the business process for validation of the retail chain quality management system
- Regulations on the business process on the analysis and improvement of the quality management system

In 2023, we continued to standardise the quality audits procedure. The Company has developed documents linking audit regulations and business processes at various stages of quality control. In the reporting period, we also updated a number of key documents defining approaches to performing product quality checks.

In the reporting year, the Company updated laboratory testing instructions and business process regulations. In addition, we updated the process of accepting requests to revise the quality control check procedure from all divisions of the Company. This will help improve our approach to product quality control and establish a process of checks at the production stages most exposed to the risk of low-quality products. Previously, only the Commercial department could initiate requests.

## Focus on product quality and safety

### Product labelling

GRI 417-1

To verify the authenticity and track the turnover of a number of product groups, the Company uses the Chestny Znak digital labelling system approved by law. The system is intended to guarantee consumers the authenticity and declared quality

of the products they purchase. The Company has implemented mandatory labelling requirements for 15 product groups.

#### Measures to comply with mandatory labelling requirements

- 1 Introduced incoming supply controls to verify the compliance with the law, from validation of incoming documents to physical inspection of delivered products
- 2 Automated reporting of labelling code movements in case of product write-offs in stock accounting
- 3 Updated POS software for correct recording of sales or returns by customers
- 4 Integrated a labelling tool for product groups that require marking of stock or remarking
- 5 Introduced a pilot shelf life verification for labelled products at the counter and integrated a labelling code validation tool for a number of product groups

Magnit shares its experience in implementing methods of control over the turnover of labelled products through a number of activities. The Company participates in all working groups, project and expert groups organised by the Centre for Development of Promising Technologies and the Ministry of Industry and Trade of Russia,

ACORT<sup>1</sup> to discuss the implementation of new legislative initiatives and state regulations proactively defending the interests of the Company.

## Quality assurance stages

GRI 13-10-1

We perform regular quality checks of products purchased from suppliers, as well as inspect goods manufactured at our own production facilities. The Company has implemented a multi-stage

system of quality checks at all stages of the product lifecycle – from production to delivery to the shelves of retail stores.

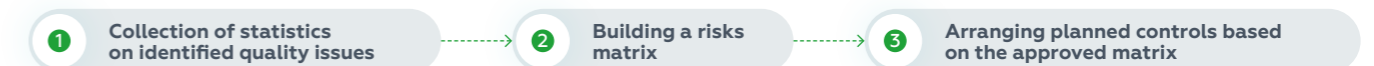
### Product quality control system



### Assessment the quality of products

To assess product quality, the Company has introduced a specialised algorithm for categorising product groups by their exposure to quality issues and determining further quality assessment steps.

#### Risk matrix algorithm



<sup>1</sup> ACORT – Retail Companies Association.

<sup>2</sup> Organoleptic properties – aspects that are perceived and assessed via the senses, including taste, smell, colour and others.

A comprehensive product control is based on the risk matrix, which is built according to product mix and product groups. The four main product mix areas are divided into three risk zones depending on the degree of impact of their factors:

- high: own brand and raw materials for own production in retail facilities;
- medium: own import;
- low: supplier brands.

All product groups are also divided into three risk zones: high (traditionally includes dairy products, fish products, meat and poultry), medium and low.

The risk zones by product mix areas and product groups are determined based on the analysis of the severity of consequences and probability of violations: more frequent quality issues and severe consequences have a higher risk zone.

### Handling quality non-conformities

GRI 13.10-5    FB-FR-250a.2

We promptly respond to any cases of product quality non-conformity. In case of complaints about non-conformity of product quality, the goods are checked for compliance with the declared organoleptic properties, microbiological and chemical composition.

The Company has established a product quality improvement procedure to identify and eliminate product quality non-conformity. We also organise preventive measures to minimise the risks of selling low-quality products.

#### Steps to improve product quality

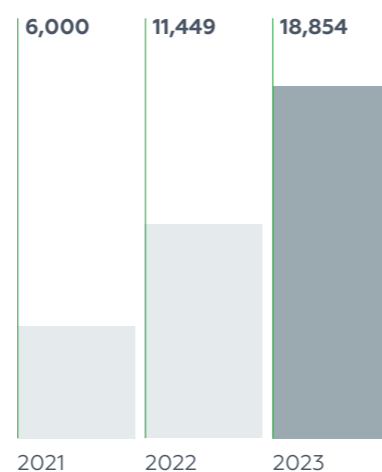


In the reporting period, we updated our approach to collecting data from respondents when conducting organoleptic product evaluation (quality assessments and taste tests). The updated approach involves the use of a new automated system to collect respondents' assessments. Previously, information was collected on relevant paper forms.

In 2023, 12% of product quality non-conformity were identified as part of laboratory quality control tests of suppliers' products.

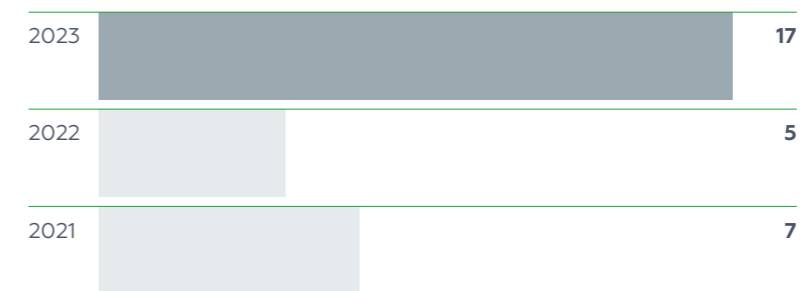
In the reporting year, Magnit recalled a total of 3,877 products for food safety issues, 346 of which were private labels. However, there were no cases of significant harm to health caused by the recalled products.

#### Number of lab tests of products from suppliers<sup>1</sup>



<sup>1</sup> Data for 2021-2022 are presented for Magnit retail chain. Data for 2023 include DIXY.

#### Share of substandard supplier products according to lab tests<sup>1</sup>, %



### Handling product quality reports

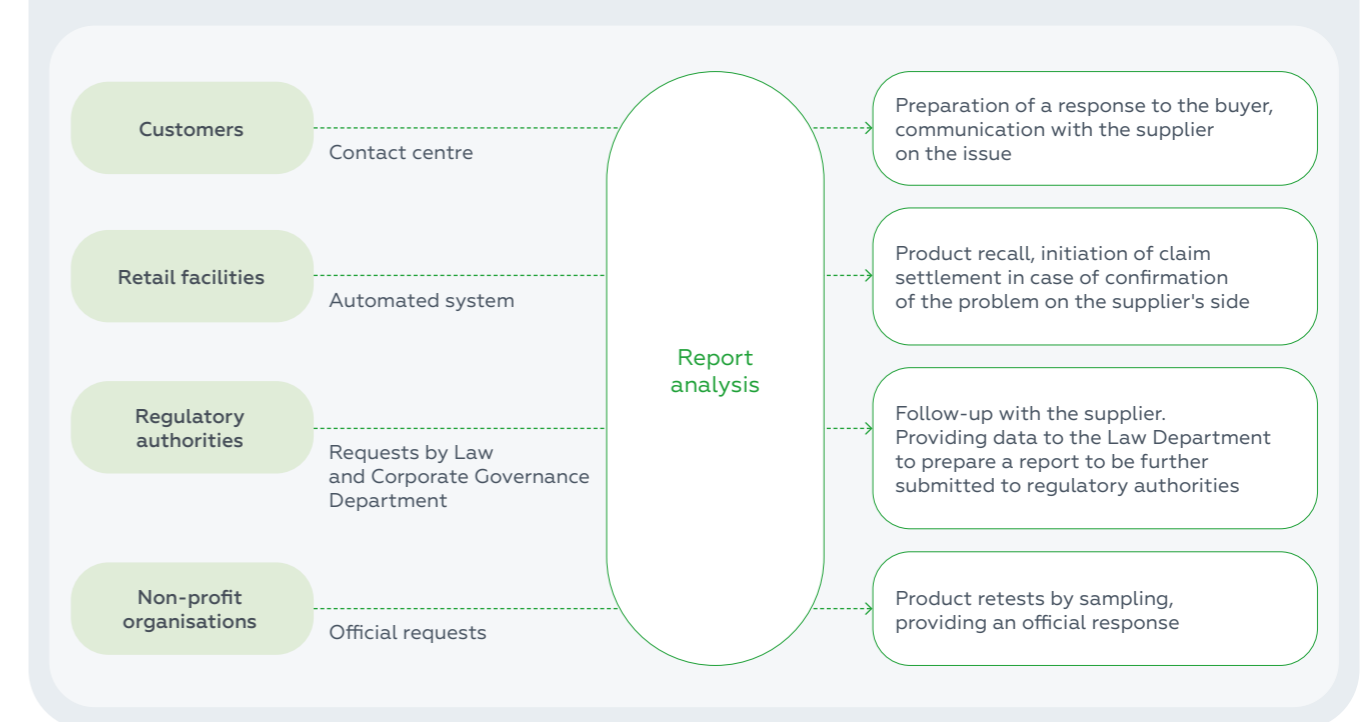
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We use various communication channels to receive information about improper product quality: a hotline, internal automated information systems, and official requests from regulatory authorities and non-profit organisations. We promptly respond to reports and complaints, providing a detailed response to each of them and taking measures to eliminate the identified non-conformity.

tools allow us to receive information about the improper quality of products, organise additional quality checks and prepare a detailed response to each request based on the results.

At the moment, the Company has built a system for processing product quality non-conformity reports for each type of request. The introduced system and established request handling

#### Product quality reports processing scheme



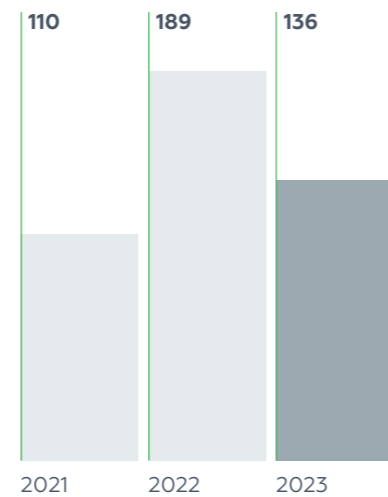
<sup>1</sup> Data for 2021-2022 are presented for Magnit retail chain. Data for 2023 include DIXY.



In 2023, the Company received 28 thousand reports related to the quality of suppliers' products and goods produced in-house. Quality checks revealed 2,773 violations. To improve customer preference, we review every complaint received by the contact centre from customers as part of our comprehensive quality control analysis of products sold in our chain. Quality managers analyse the reports for completeness and correctness, review the results of product quality checks in retail outlets and the product quality statistics, send the relevant request to the supplier and prepare a final answer to the customer for the contact centre personnel. If the problem is confirmed, an unscheduled quality check is conducted. If necessary, quality managers initiate a claim settlement with the supplier

### Number of incidents of non-compliance with regulations resulting in a fine or penalty

GRI 416-2, 13.10.3



### Quality control of private labels

GRI 13.10.4

As of the end of 2023, the Company's private label portfolio includes 1,230 products in 29 categories, produced at 20 Magnit facilities. In 2023, the share of Magnit's own products manufactured at industrial facilities certified in accordance with the international food safety standard FSSC 22000 v.5.1 reached 42.5% of the total volume of products produced at industrial facilities<sup>1</sup>.

We perform quality checks at all stages of production to comply with customers' requirements for the quality of Magnit private label products, and we are also interested in their opinion of the products we produce.

In 2023, we launched:

- Quality control of Magnit Pharmacy private label**  
 We have developed Quality Certificates for products manufactured under our Magnit Pharmacy private label, and have also established a quality control process for products in the retail chain. Currently, control is performed for private label drugs, pre-pharm products<sup>2</sup>, and dietary supplements. To ensure uninterrupted quality control of Magnit Pharmacy private labels, the Company additionally recruited two quality managers.

### Test studios for product evaluation

We have two test studios for evaluating our private labels in Krasnodar and Izhevsk. They assess consumer preferences and the quality of our products.

Based on the respondents' feedback, we make decisions on changing the organoleptic properties of our products and launching new ones.

In 2023, we conducted 1,135 tests, improved 78 products and launched 238 new private labels on the market.

- Quality control of hard discounters' private labels**  
 We developed an action plan for product quality control for private labels of hard discounters<sup>1</sup>, and calculated the number of personnel required to organise product quality checks. At the end of the reporting period, we helped to introduce private labels to store shelves and organised a quality control system at product introduction and labelling stages. The first deliveries of B1 private labels to stores started at the end of 2023.
- Assistance in organising quality control for farmers**  
 We support farmers and help them to organise quality control procedures. To do so, we conduct on-site visits to our suppliers'

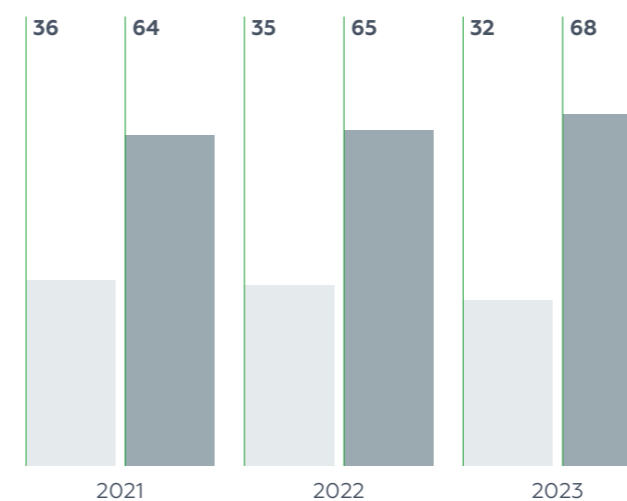
### Supplier quality audit

Conducting supplier audits is an important part of a comprehensive product quality assessment. Supplier audits are necessary to ensure stable quality and compliance of the products manufactured at our suppliers' facilities with the established requirements. We regularly conduct on-site audits at our suppliers' production facilities.

farms, perform laboratory tests of their products, and assist them in developing the necessary documents to ensure product quality. As a result, we identify problem areas and provide feedback on how to address quality issues.

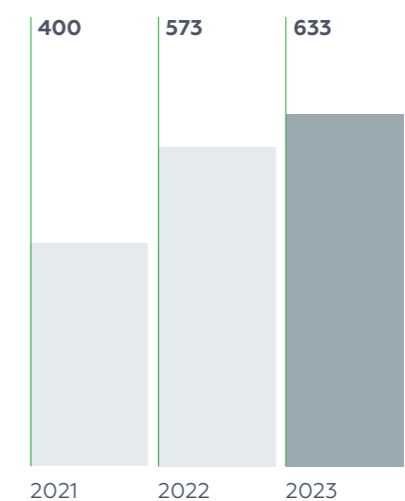
All suppliers are assessed for potential risks during the audits. We divide suppliers into four categories: A, B, C and D, where A and D are the suppliers with the lowest and highest expected risk respectively. Based on the results of our analysis, we work to improve product quality control with C and D suppliers.

### Supplier private label quality assessment<sup>2</sup>, % of total number of suppliers



● C+D suppliers (high risks)  
 ● A+B suppliers (low risks)

### Number of performed supplier audits<sup>2</sup>



The Company supports the development of initiatives to verify product manufacturing conditions. In 2023, Magnit introduced a procedure to recognise the results of audits of product manufacturing conditions of the Russian Quality System.

<sup>1</sup> Hard discounters – self-service stores with low prices and convenience goods.  
<sup>2</sup> Data for 2021-2022 are presented for Magnit retail chain. Data for 2023 include DIXY.

<sup>1</sup> The data are presented for two certified confectionery enterprises and a certified seafood products facility.  
<sup>2</sup> Pre-pharm – goods sold in the pharmacy chain but not related to pharmaceutical goods and medicines, e.g. biologically active supplements, medical devices.

## Educational projects

We have competences in product quality assurance and are open to share our expertise as part of educational events.

### Cooperation with the Moscow State Institute of International Relations

For the third year in a row, as part of our cooperation with the Moscow State Institute of International Relations (MGIMO), we organised educational events for students of the Department of Commerce and Trade Regulation as part of the Master's programme Ecosystem of International Trade in Digital Transformation of the Global System of Product Quality and Security. In 2023, Magnit organised a field visit to a retail outlet for students to familiarise them with the entire process of organoleptic assessment of product quality using an automated system for collecting respondents' assessments. In 2023, 53 students attended the educational event. In 2024, we plan to continue and, if possible, expand our cooperation.

### Supplier courses

In order to eliminate violations identified on a regular basis, we organise training workshops for product suppliers, where we explain the rules for checking the labelling for correctness and answer questions. The key topic of discussion at the workshops is the requirements of the Technical Regulations of the Customs Union for the labelling of certain types of products.

In 2024, we plan to continue our work in this area, if necessary.

Our goal is to make a healthy lifestyle available to all residents of the country. When implementing projects, we are guided by approved internal documents, as well as by regulatory standards and best practices in promoting healthy lifestyle.

Key areas of the Company's projects in the area of promoting a healthy lifestyle and influencing the well-being of the population:

- increasing the availability of a balanced food basket for everyone;
- promoting healthy lifestyle principles among the population;
- supporting an active lifestyle and sports.

As a major retailer, we closely monitor the changing preferences of our customers. It is important for us to understand whether the Company's activities to influence the population's well-being are relevant in the long term. To this end, we have conducted a research to analyse in detail the behavioural patterns of the customer of the future.

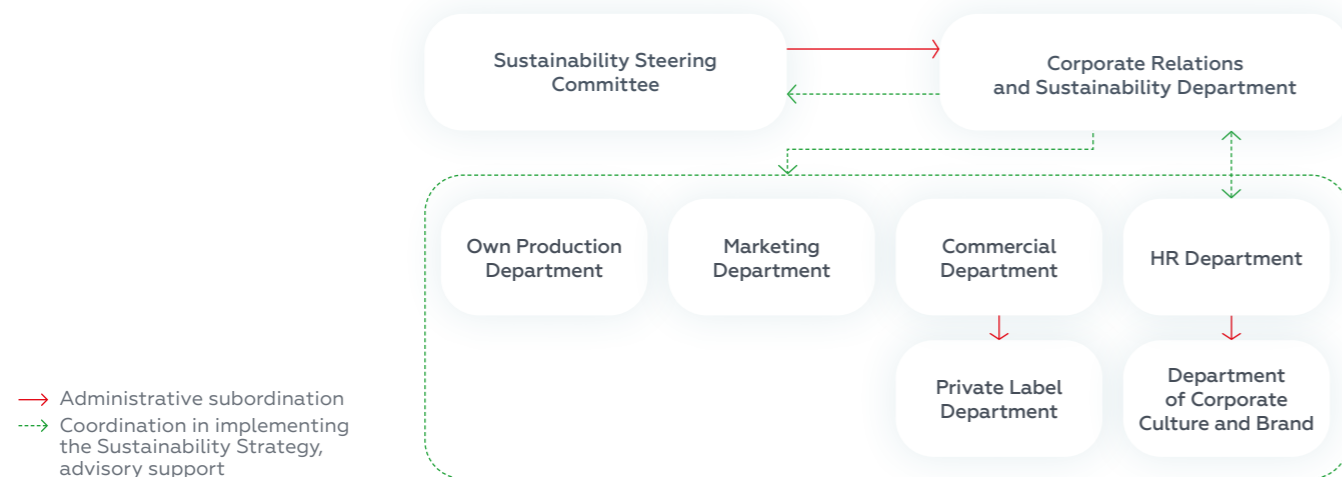
## Promoting healthy lifestyle

### Management approach

Magnit promotes the principles of a healthy lifestyle among the population and improves the availability of products that meet the concept of healthy food for customers with different levels of income. We are implementing projects to draw the attention of the population to a healthy lifestyle and raising their awareness

of the aspects of proper nutrition. Relevant departments of the Company coordinate the implementation of projects in this area.

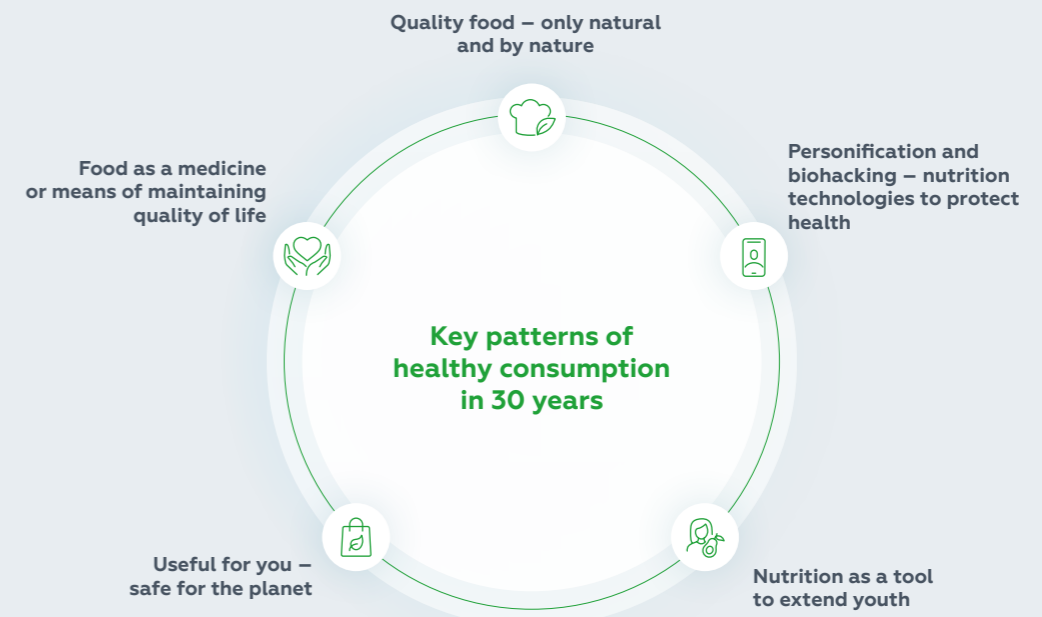
### Management system to promote a healthy lifestyle and improve the well-being of the population



### Consumer 2050 study

In 2023, we conducted a study in cooperation with a leading scientific centre for the study of food systems. Based on the obtained results, we drew a portrait of the customer of the future and analysed food products and technologies to be most in demand by 2050.

The research methods included desk and meta-analysis, expert surveys, and analyses of Russian and foreign scientific literature.



The results of the study showed that the impact on health will soon become the most important factor in choosing food products. The conclusions of the study will form the basis for the development of projects to encourage

healthy lifestyle in the future, and promoting the principles of proper nutrition will remain the Company's priorities.

## Developing a range of products for balanced nutrition

Magnit's priority is to offer its customers a wide choice of quality and healthy products. In our stores, we offer products that comply with the recommendations of the Ministry of Health, Rospotrebnadzor, World Health Organization (WHO) and leading scientific research centres. At the same time, we strive to give every customer the opportunity to create a balanced shopping basket.

According to the research<sup>1</sup>, more than 70% of customers are willing to support a healthy lifestyle, but only a small part of them follow a comprehensive approach when choosing healthy lifestyle products. The study also reveals that the majority of consumers do not have a full understanding of a balanced nutrition.

### Balanced food basket initiatives

- Ensuring the availability of healthy lifestyle food in all product categories
- Increasing the share of healthy products on the shelves
- Information support in Magnit's own media
- Allocation of separate shelves for healthy product mix
- Improving the recipe of M-kitchen ready-to-eat food

GRI 13.10.1

Magnit installed dedicated sections – Health Islands – in retail outlets to increase the selection and awareness of healthy lifestyle food. Health Islands offer products selected in accordance with the recommendations of the Ministry of Health, Rospotrebnadzor, WHO. Today, Health Islands are available in more than 100 hypermarkets and 550 convenience stores.

The Health Islands product mix is based on significant industry research and trends in consumer preferences. We also analyse the offerings of our competitors and study our own sales results to get an idea of the products most in demand among customers. Based on our findings, we update and customise product groups on the shelves to meet customer needs. Products in the dedicated sections include food of various health and wellness brands, as well as own products.

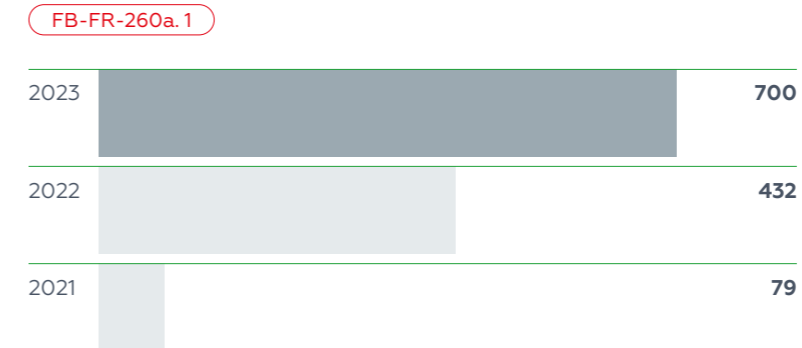
The Company's goal is to help customers build a comprehensive approach to creating a balanced food basket. We are developing initiatives that facilitate the choice of goods and form principles of a healthy lifestyle and balanced nutrition.



Health Islands offer an alternative to the products available on the main shelf, including superfood, plant milk, sugar-, gluten- or caffeine-free products.

To achieve Strategy 2025 goal of increasing the availability of healthy lifestyle products, we are consistently expanding the share of healthy lifestyle products in our own production. In 2023, the share of products that meet the principles of healthy food among private label reached 28%. In 2024, we plan to increase its share in private labels.

## Revenue of the Magnit retail chain from the sale of products labelled to promote a healthy lifestyle and nutrition<sup>1</sup>, RUB mln



GRI 416-1, 13.10.2

28%

share of products in the food basket that fulfil the criteria for healthy lifestyle

## Promoting healthy lifestyle principles

The Company holds healthy lifestyle educational initiatives. Their goal is to build a sustainable understanding of healthy lifestyle principles among consumers.

### Pro.healthy Habits club

Pro.healthy habits club is available for members of the loyalty programme through Magnit mobile app. The members of the club:

- learn new trends in healthy lifestyle;
- take part in initiatives dedicated to healthy lifestyle and proper nutrition;
- find recommendations and regular columns from experts on the principles of building a balanced diet.

Club members get to know popular topics on healthy food, as well as receive various benefits:

- increased bonuses for purchasing health and beauty products;
- personal offers;
- access to closed contests and drawings;
- signature menu for weight loss and maintenance.

In 2023, the Club expanded its range of healthy food comprising more than 100 products. In the reporting period, we also arranged for a series of marathons with a participation of a nutritionist-endocrinologist aimed at forming healthy eating habits. For example, a marathon was held to reduce sugar consumption.

According to the results of 2023, the number of club members increased by 25%. We plan to continue the project in 2024.

For details about the club, follow [the link](#).

<sup>1</sup> Study of the attitude of the Russian population to a healthy lifestyle. Romir research holding company, 2022.

<sup>1</sup> The data are presented for private label products.

### Information support in Magnit's media

In 2023, we continued to cover the topic of healthy lifestyle and proper nutrition in our media: the culinary media platform Gastronom and My Magnit magazine. The key topics covered in our own media were health care, positive thinking techniques, active lifestyle, proper nutrition and mindful consumption.

Media publications reach totalled 11.5 million people per month. In 2024, we plan to focus on Healthy Food and Balanced Nutrition sections.

For details about My Magnit, follow [the link](#).

For details on Gastronom media platform, follow [the link](#).

#### Key results

**11.5 million people**

per month reached via media publications



### Magnit of Habits project

In the reporting period, we continued to implement the Magnit of Habits project. The aim of the project is to introduce our customers to healthy lifestyle and help them form healthy habits without stress. The content on [gastronom.ru](#) is the communication core of the platform. In total, we covered six main aspects in our communications: home care, health care, environmental concern, pet care, family care and self-care. As part of the main aspects, we disclosed 48 topics during the year, for example: in home care we discussed eco-gifts, in health care we focused on the diet of young football players, in environmental concern we discussed conscious consumption activities, cleaning parks, eco-picnics. The articles arose a keen interest, as evidenced by the cumulative reads of around 500,000.

In July 2023, the Right Choice! giveaway was also held in the Magnit mobile app attracting more than 230,000 participants. The main prize was a spa trip for two and other useful and pleasant prizes. In 2024, we plan to revise our approach to the platform.

#### Key results

**~500,000**

cumulative reads on gastronom.ru

**230,000 participants**

took part in the Right Choice! giveaway



### Raising Responsible Consumers project

In 2023, we continued to implement the partner project Raising Responsible Consumers Together. The project is supported by regional education departments and the Federal Research Centre of Nutrition, Biotechnology and Food Safety. It has become part of the Good Nutrition Talk school educational programme which aims to foster a culture of nutrition in children aged 7–12. As part of the project, we organise visits to the Company's stores to tell and show how to behave in the store and choose proper products. We also talk about the arrangement of products on the shelves and rational consumption. In 2023, 648 schools in 60 regions across the country took part in the project. 45,000 children completed online training, 150 schoolchildren had tours to the Company's retail outlets, and 75 children became participants of cooking workshops and visited a shelter.

In 2023, we also launched an educational video dedicated to a balanced diet as part of our Good Nutrition Talk programme.

In 2024, we expect over 70,000 schoolchildren to join the project and plan to organise more than 500 visits to the Company's retail outlets.

In addition to schoolchildren, we engage the older generation, children with special needs and children from rehabilitation centres in practical lessons on healthy lifestyles at Magnit stores. In practical lessons, we talk about the principles of a proper and balanced nutrition, a healthy lifestyle, and even hold beauty workshops. In 2023, Magnit organised 12 events in five regions of the country. In total, more than 400 people took part in practical lessons.

#### Key results

**648 schools**

in 60 regions across the country took part in the project

**45,000 children**

completed online training

**150 schoolchildren**

had tours to Magnit retail outlets

For details on the Raising Responsible Consumers Together project, follow [the link](#).



### Training employees in healthy lifestyle principles

Implementation of educational projects for the Company's employees is a key to supporting a healthy lifestyle. Magnit's corporate programme includes educational webinars on the principles of healthy lifestyle and proper nutrition with the participation of expert nutritionists and consultants on eating behaviour. In total, more than 7,000 people joined the lectures in 2023; on average each lecture was viewed by 150 listeners.

#### Key results

**>7,000 people**

joined the lectures in 2023

**150 people**

viewed each lecture on average



## Supporting an active lifestyle and sports

Our Company strives to promote an active lifestyle among the population. We traditionally act as a partner of major sports events, provide targeted support for smaller tournaments and competitions, and organise sports events independently.

### Partnership with the Russian Football Union and the Russian national football team

We are an official partner of the Russian Football Union and the Russian national football team. Our cooperation aims to promote football and engage in a healthy lifestyle. In the reporting period, the Company was also a sponsor of a number of partner matches of the Russian Cup.

Magnit was a partner of the Football in School project in the festivals and implementation of the methodological programme of the Russian Football Union for teachers of physical education.

The goal of the project is to engage children in sports.

In total, three festivals were organised with the participation of famous Russian football players in Moscow, St. Petersburg and Krasnodar. Over 1 thousand children and 150 coaches took part in the festivals.

As part of the partnership, the Russian Football Union also organises additional weekly football lessons for schoolchildren. According to the results of 2023, the project covered 47 regions of the country and four thousand schools. In 2024, the Russian Football Union plans to expand the scale of the project involving more than 8,000 schools.

#### Key results

**>1,000 children** and 150 coaches took part in the festivals

**4,000 schools** and 47 regions of the country were covered by the project

The Company became a participant of the Russian Football Union grant competition for Russian physical education teachers. As part of the project, Magnit and the Russian Football Union organised a grant competition for physical education teachers in schools. Based on the results of the competition, 11 best physical education teachers attended a Russian national football team match in Moscow and received cash grants.

In 2023, we also initiated a cooperation with the Russian Football Union as part of the National Team Camp project. 40 children arrived at the Russian national football team's sports base in Novogorsk to participate in real professional training. They got a chance to live and train together with the national team members as real athletes.



### Support for football in Dagestan

In the reporting period, the Company became a partner of FC Dynamo Makhachkala, the oldest football club in Dagestan. The Company will cooperate with the main and youth team of FC Dynamo and the youth school at the football club. We will support the development of the club, as well as the creation and implementation of joint projects aimed at promoting football and a healthy lifestyle in Dagestan.



### Comprehensive support of sports events

In 2023, we sponsored the Irina Slutskaya Cup in Moscow and Vladimir aimed at developing children's figure skating.

The Company also became a general partner at races organised by the Top League. In total, we supported three mass races of different distances, two of which took place in Sochi and attracted 11,000 participants, and a traditional race in Krasnodar, which was attended by 4,000 people. We also supported separate races for children, including those with disabilities, organised at the events.

In the reporting period, Magnit was a partner of Iron Star triathlon events. The competition in Gelendzhik was a remarkable event attracting 180 employees of the Company, both as fans and competitors. The Company was also a partner of the Bronze Horseman triathlon competitions in St. Petersburg.

In 2023, we organised our first cycle festival in Tula. The event aimed to promote cycling and healthy lifestyle among the locals. In total, more than 1,000 residents of Tula took part in the event.

In 2024, we also plan to participate in events aimed at promoting healthy lifestyle and sports in many cities across Magnit's footprint. Sports events are very popular among employees and their families.

#### Key results

**11,000 participants**

attracted to join three mass races organised by the Top League

**180 employees**

took part in Iron Star triathlon events

**>1,000 residents**

of Tula took part in the cycle festival



### Plans for 2024 and the medium term

**In 2024, we will continue to closely monitor product quality and promote healthy lifestyle principles. The Company intends to:**

- continue to support sports events and contribute to the active lifestyle of the population;
- continue supporting football projects and other sports events that promote an active lifestyle.