



# Sustainability Report for 2023



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This Sustainability Report should be read in its entirety, taking into account the content of all its sections, as well as the notes and explanations contained therein, including the information in the [About the Report](#).

# Managing Director statement

GRI 2-22



## Dear Reader,

We are pleased to present Magnit’s Sustainability Report 2023. The sustainability concept is at the heart of our Strategy, which allows us to stay confident even in highly uncertain times and quickly adapt to changes. ESG principles are integrated into all Magnit’s business processes. This year has shown that a focus on sustainability is of great value to the Company and its stakeholders. We are particularly pleased that our actions speak to the socially and environmentally responsible customers.

We are consistently implementing our Sustainability Strategy amid changing environment. The Strategy is built on Magnit’s competitive advantages including a multi-format offer and a wide range of products, own production facilities and the largest logistics network. These are what help us to strengthen our leadership. With a high share of our own products in the retailer product mix, we are increasing production volumes and product offerings while applying sustainability principles and environmentally friendly technologies in our own production. In 2023, we produced 300 thousand tonnes of our own products and were the first among Russian retailers to be certified for compliance with organic production.



**Anna Meleshina**  
Managing Director at Magnit

As part of our business we provide support to the public: customers, employees, local communities, our suppliers and partners. Over the past year, we have worked extensively on all ESG aspects: reducing our environmental impact, developing social programmes, supporting healthy lifestyles and building a sustainable supply chain.

**Magnit makes responsible use of the environment and strives to minimise its environmental impact.** In 2023, we actively worked to reduce waste generation and improve the sustainability of our packaging. 68% of our private label packaging is recyclable: we have successfully achieved our strategic target of 50% by 2025 and are now striving to lower the share of non-recyclable private label packaging. We are taking a holistic approach to making packaging more sustainable and engage other companies from the industry to work on these issues. In 2023, Magnit developed guidelines on green advertising materials and sustainable packaging for online retailers.

**We recognise the importance of climate change issue.** Magnit is committed to implementing comprehensive programmes to reduce its climate impact. In the reporting year, we achieved a 31% reduction in specific GHG emissions and a 18% reduction in specific electricity consumption as compared to the baseline level of 2019. In 2023, we intensified our focus on lowering GHG emissions from food waste by improving recycling and reducing its generation.

**300** thous. tonnes  
of our own products produced in 2023

**68%**  
of our private label packaging is recyclable

**31%**  
reduction in specific GHG emissions as compared to the baseline level of 2019

**18%**  
reduction in specific electricity consumption as compared to the baseline level of 2019



In the reporting year, Magnit also expanded its food sharing programme and donated 300 tonnes of near-to-expire-date food to people in need: both to support vulnerable groups and to prevent GHG emissions (886 thousand tonnes of CO<sub>2</sub> eq in 2023).

**Care for people and human centricity is at the core of Magnit's business.** As one of the largest companies in Russia, we strive to make a positive contribution to the well-being of our customers and employees. We ensure the high quality and availability of goods in our shops for all categories of customers, create jobs, support local communities, cooperate with local producers, and promote healthy lifestyle.

**Magnit organises comprehensive social programmes**

We help socially disadvantaged groups by providing food aid and implementing a social adaptation programme for the elderly, supporting foster families, and helping people in emergency situations. In 2023, we worked actively to promote inclusion and launched a comprehensive Inclusive Environment Here programme that brings together a number of our projects. Inclusion is not only about developing an accessible environment in our shops, but also about integrating people with disabilities into society. We have trained more than 175,000 employees to work with people with disabilities as part of the Kind Bunny programme. We also plan to create a training course for customers. Our projects are also aimed at the socialisation and adaptation of vulnerable groups of young people: as part of Magnit Life, orphans have an opportunity to get an internship at the retailer, while the Relay Race for Success lectures talk about the integration into society and employment of people with disabilities. In 2024, we plan to actively develop and scale up these and other social projects.

We value our employees, as they are the key to the Company's development and success. Magnit is one of the largest employers in Russia and we strive to be the leader.

We offer employees a decent remuneration, social support and an intensive system, create opportunities for training and growth at the Company, develop corporate culture and take care of comfort and safety at workplaces. In 2023, we updated our HR Strategy, focusing on increasing employee satisfaction, developing their potential in all positions and organising comfortable working conditions. Our HR management activities proved to be quite effective – in the reporting year, employee engagement increased by 1.2 p. p. to 86%.

**86%**

employee engagement in the reporting year

**Magnit sees a high level of customer service as its priority as well as care about the quality of life and well-being of its customers.** In 2023, we conducted a Consumer 2050 study revealing the growing importance of healthy food and healthy lifestyle for consumers in future. Therefore, it is important for us to offer our customers opportunities to build a balanced basket of products and maintain an active lifestyle from now on. In addition to establishing new Health Islands in shops and increased share of healthy food among private labels (reaching 28%), we promote healthy lifestyle principles through educational initiatives and information projects. For example, the number of participants in the pro.healthy habits club increased by 25% in the reporting year.

**We strictly control the quality of products sold in Magnit shops** and improve our quality management system to ensure that customers receive the best products. At the same time, we endeavour to offer products from local entrepreneurs. In the reporting year, the volume of products supplied under agricultural contracts increased by 22%. We will continue to develop the farmer aggregator we created and tested in the Tula region and intend to use this model in other regions in the future.

We are guided by the principles of responsible business conduct, building reliable and long-term relationships with our partners and suppliers.

**25%**

increase in the number of participants in the pro.healthy habits club in 2023

**In 2023, we confirmed the importance of our activities in all aspects of sustainable development.** In the coming year, Magnit will continue to implement the Strategy with due account of stakeholder needs and market trends in all priority areas. Inter alia, we intend to develop projects to reduce and recycle food waste, launch an inclusion course for customers, increase purchases from local agricultural producers and implement many other programmes. We believe in absolute value of sustainability principles and are committed to strengthening our leadership in this area with the support of our customers, employees and partners.

**Anna Meleshina**  
Managing Director at Magnit

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# Magnit today

GRI 2-1 FB-FR-000.A

Magnit is one of the Russia’s major retail chains. Today, our Company is the leader among domestic retailers by number of stores and geographical coverage and the largest private employer in Russia.

Our multi-format and multi-channel model includes convenience and drogerie store, supermarkets and pharmacies. Moreover, Magnit is the only vertically integrated retailer that produces food and agricultural products.

## Key facts

**29,165 stores**

in 67 Russian regions and Uzbekistan

**20**

production facilities

**357.2 thous.**

employees<sup>1</sup>

**10,053 thous. sq. m**

of retail space

**~17 million**

customers visit Magnit stores daily

**76.4 million**

customers use Magnit loyalty cards

**300 thous. tonnes**

of products were produced in 2023

<sup>1</sup> Without data on Magnit Market LLC (formerly KazanExpress LLC). For more information about the reporting boundaries, see the section "About the Report". With Magnit Market LLC, the number of employees is 361 thousand.

## Our mission, culture and values

We continuously improve our operations, follow a professional approach and strive to offer the highest quality and level of service to our customers.

Magnit adheres to the principles of effective teamwork and respect for each other and customers, welcomes an open and constructive dialogue and effective cross-functional cooperation.

We implement best practices and innovative technologies and strive to build a better future for all.

Our Sustainability Strategy to 2025, "Retail with Purpose", sets ambitious goals and encourages embedding sustainability principles into all aspects of our business.

### Our values

#### Customers at the heart of everything we do

##### Caring for our customers

We build long-lasting connections with our customers. Our team members can easily relate to customers because they also shop in Magnit.



##### Stronger together

We achieve success through teamwork, incorporating the views of our employees.



##### Focusing on results

We strive for efficiency and always accomplish our goals.



##### Taking responsibility

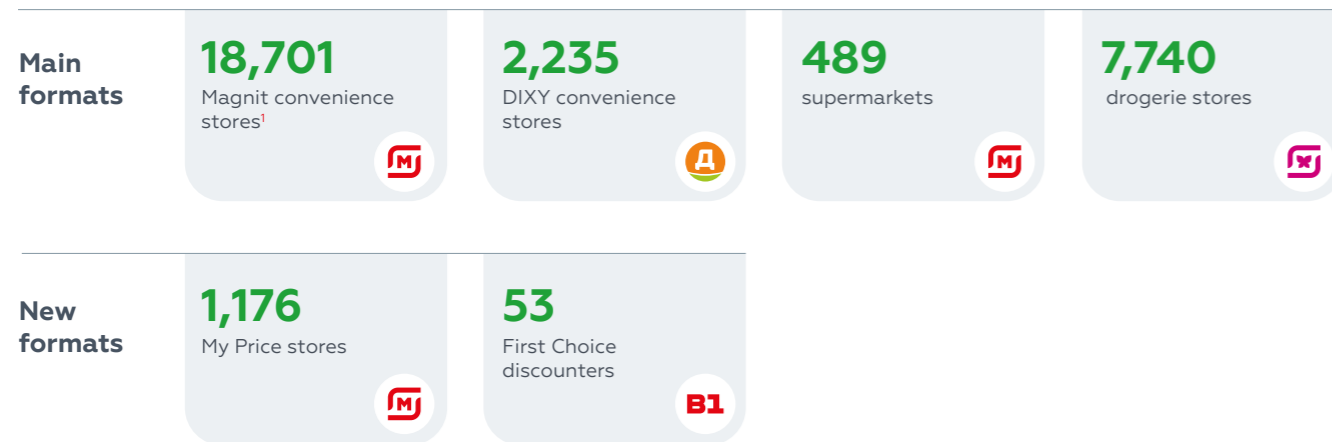
We scrupulously follow the Company's principles and we take responsibility for our decisions.



## Our shops

We are a multi-format brand. We offer our customers exactly what they need, maintain a wide product range and high quality of goods and ensure affordable prices and a single loyalty program.

Magnit comprises convenience stores and supermarkets, discounters, cosmetics stores, pharmacies, and e-commerce.



## Geography of presence

FB-FR-000.B

	Convenience stores <sup>2</sup>	Supermarkets <sup>3</sup>	Drogerie stores	Convenience stores	Distribution centres	Agricultural facilities	Production facilities
North Caucasian	603	19	272		1		
Southern	2,904	123	1,363		8	4	8
Central	4,921	83	1,988	1,770	15	2	2
Volga	4,885	123	1,928		10		4
Northwestern	2,170	35	749	465	4		
Urals	1,958	82	873		4		
Siberian	1,260	24	497		3		
<b>Total</b>	<b>18,701</b>	<b>489</b>	<b>7,740</b>	<b>2,235</b>	<b>45</b>	<b>6</b>	<b>14</b>
	<b>Magnit</b>			<b>DIXY</b>			

29,165 Magnit stores

4,287 localities

7 federal districts of Russia<sup>4</sup>

- <sup>1</sup> Including convenience stores, Magnit City stores, My Price soft discounters and First Choice hard discounters.
- <sup>2</sup> Magnit convenience stores include Magnit City, My Price, First Choice.
- <sup>3</sup> Magnit supermarkets include Magnit Family and superstores.
- <sup>4</sup> 70 drogerie stores operate in Uzbekistan.

## Investment case

### Market potential

We offer investors access to a sizeable retail market with potential for further organic expansion and consolidation.

**38%<sup>1</sup>**

share of top 5 retailers in Russia in 2023

### Leading player

Magnit is one of the largest food retailers in Russia with mature infrastructure, strong loyal customer base, recognisable brand, and growing market share.

**29,165 stores**

4,287 localities, 7 federal districts

**12.8%<sup>2</sup>**

market share in food retail

### Growth ambitions

We are accelerating the Company's growth with a focus on increasing profitability to further expand our market share.

**6.1%**

growth in retail space YoY in 2023

### Efficiency gains

We consistently achieve the Company's huge potential for business development and improve our customer value proposition (CVP) focusing on expanding the private label, farm and healthy lifestyle products.

### Financial value creation

We maintain strict discipline in capital management with a focus on profitability when making investment decisions.

**1.0x**

level of debt burden as at 31 December 2023

<sup>1</sup> Source: INFOLine, Company analysis.  
<sup>2</sup> Source: Company analysis.

# Business model

GRI 2-6    FB-FR-000.C

## Focus on caring for our customers

### Our stakeholders

<b>Customers</b> ~17 million customers daily	<b>Employees</b> 357.2 thous. employees <sup>1</sup>	<b>Suppliers</b> >5 thous. of suppliers	<b>Shareholders</b> ~300 thous. investors	<b>Government and regulators</b> The Company builds relations with executive and legislative authorities at the federal and regional level in accordance with the legislation requirements and as industry leading expert	<b>Local communities</b> Magnit strives to integrate sustainability principles into all aspects of its business
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Magnit's strategic sustainability framework establishes an ambitious goal to integrate sustainability principles into all aspects of the Company's operations and processes in five key areas.

Employer No. 1 in the industry	Leadership in reducing environmental impact	Building a completely responsible supply chain	Positive impact on the quality of life in the country	Improving the quality of life of consumers and local communities

## Our advantages

Multi-format and omni-channel retail chain

>29 thous.

stores, including convenience stores, supermarkets, drogeries, discounters and pharmacies

76.4 million

participants in the cross-format loyalty programme

42%

of customers visit stores of two or more formats

>12 million

MAU of the Magnit mobile application

Recognised for supreme quality and breadth of range

~5,5 thous.

private labels

20%

share in sales

175

quality control laboratories

3,590

laboratory tests per year



Own production capabilities and private labels

6

agricultural facilities

>50

private labels

One of Russia's largest logistics chains

1.9 million sq.m

of warehouse space

5.7 thous.

trucks

14

production facilities

45

distribution centres

in 7

federal districts

## Value for stakeholders

<b>Caring for our customers</b> <ul style="list-style-type: none"> <li>Adaptation and creation of store formats that meet the needs of customers in specific localities</li> <li>Implementation of CVM tools</li> <li>Development of online sales and delivery services</li> <li>Improving availability of goods by leveraging new technology and communications development</li> </ul>	<b>Rewarding our employees</b> <ul style="list-style-type: none"> <li>Stable wages</li> <li>A comprehensive system of benefits and social support</li> <li>Professional and career growth opportunities for employees at all levels</li> </ul>	<b>Supplier engagement</b> <ul style="list-style-type: none"> <li>Engaging local suppliers</li> <li>Work of supplier representatives at Magnit offices</li> <li>Special terms of cooperation for farms</li> </ul>	<b>Delivering returns to our shareholders</b> <ul style="list-style-type: none"> <li>Strict discipline in capital management with a focus on profitability when making investment decisions</li> </ul>	<b>Economic contribution</b> <ul style="list-style-type: none"> <li>Supporting social and economic development in the regions of operation</li> <li>Hosting regional procurement sessions</li> <li>Making timely tax payments</li> </ul>	<b>Supporting local communities</b> <ul style="list-style-type: none"> <li>New jobs</li> <li>Social and charitable programmes in the regions where we operate</li> <li>Mitigation of environmental impact</li> </ul>
<b>RUB 7 billion</b> as discounts received by senior people in 2023  <b>1,078 Magnit stores</b> were redesigned in 2023	<b>38 hours</b> of training at Magnit Corporate Academy per employee per year  <b>81%</b> employee satisfaction	<b>86</b> business events for suppliers  <b>&gt;2.5 thous.</b> local suppliers <b>&gt;170</b> partner farms	<b>42%</b> ROI  <b>RUB 42 billion</b> amount of dividends declared in 2023 and paid after the reporting date	<b>RUB 172 billion</b> taxes paid in 2023	<b>RUB 598.5 million</b> invested in social and charity projects  <b>1,530 tonnes</b> of products – volume of in-kind donations <b>31%</b> CO <sub>2</sub> emission reduction against 2019

<sup>1</sup> Without data on Magnit Market LLC (formerly KazanExpress LLC). For more information about the reporting boundaries, see the section "About the Report". With Magnit Market LLC, the number of employees is 361 thousand.



# 2023 highlights

## Financial and operating performance



**RUB 2,545 billion**  
Revenue

2,352 in 2022

**6.5%**  
EBITDA margin

6.8% in 2022

**2.7%**  
Net profit margin

1.4% in 2022

**6,190 million**  
Receipts

5,932 in 2022

**10,053 thous. sq. m**  
Retail space

9,472 in 2022

**76.4 million**  
Loyalty card holders

68 in 2022



## Mitigation of environmental impact



**2.1 tonnes of CO2-eq/RUB**  
Specific GHG emissions

2.3 in 2022  
-31% against 2019

**1,636.8 kW per hour/RUB**  
Specific electricity consumption

1 690.6 in 2022  
-18% against 2019

**by 7%**  
Specific heat consumption reduced YoY

27% in 2022

**126.9 kg/RUB million**  
Specific food waste generation

147.0 in 2022  
-59% against 2019

**100%**  
Plastic sent for processing

>99% in 2022

**2.2 m³/RUB million**  
Specific water consumption

2.3 in 2022  
-58% against 2019



## Supporting employees and local communities



**86%**  
Engagement rate

84.9% in 2022

**81,1%**  
Level of personnel satisfaction

79.8% in 2022

**RUB 598.5 million**  
Invested in social and charity projects

205.6 in 2022

**28%**  
Share of healthy products in private labels

27% in 2022



## Development of management practices



**>95%**  
Share of Russian food products in chain stores

95% in 2022

**9%**  
Increase in turnover for local suppliers

**22%**  
Increase in product supplies under agricultural contracts

**100%**  
of information security incidents were successfully resolved



% against 2019

Indicator of Sustainability Strategy to 2025



# Management approach

GRI 2-12, 2-13, 2-23

Magnit aims to integrate sustainability principles into all aspects and business processes and undertakes to minimise the Company's short- and long-term negative impact on the environment and local communities through responsible management. Over the years, we have made significant progress in integrating sustainability principles into all aspects of our operations. These results were achieved due to a well-established sustainability management system and well-defined strategic areas and goals.

Magnit has built a sustainability management system that enables an effective integration of ESG principles into the Company's operations.

The Board of Directors is responsible for high-level sustainability management. It determines strategic areas of sustainable development and approves the Company's key sustainability goals.

In the reporting period, a Management Board coordinated Magnit's sustainability activities. The Board of Directors determined the key goals and focus areas in 2020 as part of the approval of the Sustainability Strategy and cascaded them to the operational level. In 2023, the Management Board focused on the implementation of all planned activities and the achievement of the set goals.

## Sustainability management structure



----> Coordination in implementing the Sustainability Strategy, advisory support

The Sustainability Steering Committee led by the head of the Company is the core of the sustainability management system. The Committee includes key leaders of Magnit departments.

The functions of the Sustainability Steering Committee include:

- recommendations on improving business sustainability in the long term in response to social, environmental, resource and energy challenges;
- coordination of stakeholder engagement;
- management of the working groups responsible for implementing the Sustainability Strategy and creating a sustainable business model for Magnit;
- preparation of a report on the work performed and the progress status of projects and initiatives under Sustainability Strategy 2025.

In 2023, the Steering Committee considered interim sustainability results and discussed promising projects for further reporting periods.

The Sustainability Department is responsible for planning corporate ESG agenda, improving management practices and developing regulatory documents, preparing non-financial reporting and ensuring stakeholder engagement.

Working groups elaborate measures to achieve strategic goals, and collect information and prepare reports within the scope of their activities.

Magnit's sustainability activities are governed by corporate policies and standards and by external documents that the Company voluntarily complies with. Magnit monitors changes in the ESG agenda and constantly improves its regulatory framework. For example, in 2023 we started developing the Sustainability Policy that is to be approved and published in the next reporting period.

The Policy will formalise the general sustainability principles and a common approach to sustainability management.

### External documents

- The United Nations Global Compact
- Social Charter of the Russian Business, RSPP
- Recommendations for a Public Joint-stock Company to Disclose Nonfinancial Information Related to Its Operations, Bank of Russia Information Letter No. IN-06-28/49, dated 12 July 2021 Bank of Russia Information Letter No. IN-06-28/96, dated 16 December 2021, On Recommendations for the Board of Directors of a Public Joint-stock Company to Consider ESG Factors and Sustainable Development Issues

- Methodological recommendations of the Ministry of Economic Development of the Russian Federation on the preparation of sustainability reporting

### Internal documents

## E

- Climate Change Policy
- Packaging Waste Policy
- Own Brand Packaging Policy
- Environmental Protection Policy
- Quality, Food & Non-Food Safety Policy
- Voluntary standard of processed prepacks

## S

- Charity, Volunteer and Sponsorship Policy
- Health and Wellness Policy
- Human Rights Policy
- Anti-Alcohol and Anti-Drug Policy
- Occupational Health and Safety Policy
- Industrial Safety Policy
- Safe Vehicle Use Policy
- Fire Safety Policy

## G

- Policy on Responsible Supply Chain Management
- Anti-Corruption Policy
- Personal Data Processing Policy

Magnit regularly analyses its sustainability activities for compliance with leading relevant standards and documents, including GOST R ISO 26000-2012. In the reporting year, we continued to perform self-assessment for compliance with the principles of this standard. According to the results Magnit's operations are in line with the established principles.

### Assessment of compliance with ISO 26000:2012

Principle	Magnit documents	Chapter of the Report
<b>Principle 1.</b> The organisation should be accountable for its impact on society, the economy and the environment	<ul style="list-style-type: none"> <li>• Environmental Protection and Safety Policy</li> <li>• Climate Change Policy</li> <li>• Charity, Sponsorship and Volunteer Policy</li> </ul>	In each chapter of the Report
<b>Principle 2.</b> The organisation should be transparent in its decisions and activities that have an impact on society and the environment	<ul style="list-style-type: none"> <li>• Environmental Protection and Safety Policy</li> <li>• Climate Change Policy</li> <li>• Charity, Sponsorship and Volunteer Policy</li> </ul>	
<b>Principle 3.</b> Organisations should behave ethically	<ul style="list-style-type: none"> <li>• Business Ethics Code</li> </ul>	Responsible business practices <a href="#">p. 156</a>
<b>Principle 4.</b> The organisation should respect, take into account and respond to the interests of its stakeholders		Sustainability management <a href="#">p. 18</a>
<b>Principle 5.</b> The organisation should accept that compliance with the rule of law is mandatory		Responsible business practices <a href="#">p. 156</a>
<b>Principle 6.</b> The organisation should comply with international standards of conduct while adhering to the rule of law		
<b>Principle 7.</b> The organisation should respect human rights and recognise their importance and universality	<ul style="list-style-type: none"> <li>• Human Rights Policy</li> </ul>	

Magnit's operations are inextricably entwined with sustainability risks. Occurrence of these risks may have a negative effect both on the well-being of the society and the environment and on the Company's reputation. We regularly identify and assess sustainability risks and analyse the effectiveness of mitigation measures. Magnit's strategic planning is based on the analysis of identified risks.

Sustainability risks are managed under a single internal control and risk management system. For details on the internal control and risk management system, see the relevant section [p. 163](#)



# Sustainability Strategy 2025

GRI 2-22

Magnit has developed a comprehensive Sustainability Strategy that includes five areas identified based on industry specifics, stakeholder expectations, current and potential impacts on the society and the environment.

The Sustainability Strategy consolidates the Company's public commitments and sets quantitative and qualitative goals up to 2025. Despite external challenges, we steadily move towards achieving the set targets and strive to consistently improve our sustainability results. Taking into account the early achievement of certain targets and rapidly changing external environment, we plan to update the Strategy next year.

## Magnit's progress in implementing Sustainability Strategy 2025

### Strategy area

#### Leadership in reducing environmental impact

#### Building a completely responsible supply chain

#### Employer No. 1 in the industry

#### Positive impact on the quality of life in the country

#### Improving the quality of life of consumers and local communities

### Compliance with global and national objectives




**The Russia's 2030 National Development Goals:**

- Comfortable and safe environment for living

**National projects:<sup>1</sup>**

- Ecology



**The Russian Federation's 2030 National Development Goals:**

- Comfortable and safe environment for living
- Decent, efficient work and successful entrepreneurship

**National projects:**

- Ecology
- Small and Medium-Sized Businesses



**The Russian Federation's 2030 National Development Goals:**

- Decent, efficient work and successful entrepreneurship
- Opportunities for self-fulfilment and talent development

**National projects:**

- Education



**The Russia's 2030 National Development Goals:**

- Preservation of the population, health and well-being of people
- Comfortable and safe environment for living

**National projects:**

- Demography
- Healthcare
- Culture
- Education
- Housing and Urban Environment



**The Russia's 2030 National Development Goals:**

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

**National projects:**

- Demography
- Healthcare

### Goal 2025

- 50% of private label and own production packaging to be recyclable, reusable or compostable
- 100% collection and recycling of recyclable plastic for the purposes of own operations
- 50% reduction in specific food waste generation
- 30% reduction in specific GHG emissions
- 25% reduction in specific water and energy consumption

- 100% responsible purchases of socially important goods
- 100% responsible approach in own products and agriculture
- Partnership programmes for local suppliers and farmers

- 70% employee satisfaction
- 50% reduction in the number of lost time injuries and zero fatalities
- 40% – maximum staff turnover rate

- Programmes to develop communities in all regions where the Company operates
- 10% of the Company's employees participate in volunteer programs

- Information on healthy lifestyle and nutrition is available to all customers
- Healthy lifestyle products are available to all customers

### 2023 performance

- 68% of private label packaging is recyclable
- 100% of plastic waste sent for recycling
- By 59% – the amount of specific food waste generation was reduced compared to the base year 2019
- By 31% – the amount of specific GHG emissions was reduced compared to the base year 2019
- By 58% – the amount of specific water consumption was reduced compared to the base year 2019

- 79.7% – share of domestic products of the total socially important goods
- 33% – share of private labels in the Company's socially important product mix<sup>2</sup>
- 76.4% – share of domestic agricultural raw materials used in own production
- 9% increase in turnover for local suppliers
- 22% increase in the volume of product supplies under agricultural contracts
- 849 Russian suppliers became new partners of Magnit
- Development of agricultural contracts and cooperation with farms

- 81.1% – level of employee satisfaction
- By 20% LTIFR decreased compared to 2022
- By 73% FAR decreased compared to 2022
- 0.95 – injury frequency rate
- 66.8% staff turnover rate<sup>3</sup>

- The programmes cover all regions where the Company operates
- 21 445 volunteers in the Company
- More than 30,000 volunteer events in 2023

- 11.5 million people a month are covered by publications on promoting healthy lifestyles in Magnit's media
- 28% – share of products that fulfil the criteria for healthy lifestyle among the Company's private labels
- By 61% Obraz Zhizny brand sales increased year-on-year reaching RUB 700 million
- 693 Health Islands (476 in 2022)

✓ Strategy goals achieved

<sup>1</sup> Hereinafter in the report the list of national projects is provided for 2019-2024.  
<sup>2</sup> In 2022, the share of private labels Company's socially important product mix amounted to 33%. The changes are due to the updating of the calculation methodology.  
<sup>3</sup> In 2023, the demographic situation became even more noticeable, the demand for personnel from Russia's booming business sector grew significantly and resulted in a significant shortage of employees in the market and their redistribution between industries. Magnit felt this, but the Company managed to cope with this challenge and maintain a high staffing level at 94.6%.





# Magnit's contribution to the UN Sustainable Development Goals

The UN Sustainable Development Goals (UN SDGs) are a single guideline for governments, civil society and business in addressing relevant global issues. We have identified eight priority SDGs to which Magnit can make the greatest contribution due to its extensive geography and specifics.

The SDGs and related sustainability objectives are consistent with the areas of our Sustainability Strategy and form part of corporate planning.

UN SDGs	Targets	Action taken by Magnit	Our contribution to the UN SDGs in 2023
 <p><b>SDG 2:</b> Zero hunger</p>	<p><b>Target 2.1.</b> 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</p> <p><b>Target 2.4.</b> By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, help maintain ecosystems, strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality</p> <p><b>Target 2.5 (c).</b> 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</p>	<ul style="list-style-type: none"> <li>Offering our customers affordable and quality foods</li> <li>Producing our own products, including agricultural products</li> <li>Developing initiatives to increase the affordability of our own and third-party products for the population of the whole country</li> <li>Curbing excessive food price volatility, especially for socially important product categories</li> <li>Implementing agricultural practices that increase yields while preserving ecosystems</li> </ul>	<ul style="list-style-type: none"> <li><b>300 tonnes</b> of food products delivered to those in need under the food sharing program</li> <li><b>more than 42 thous.</b> food packages delivered by Magnit to lonely elderly people to celebrate the New Year, the International Day of Older Persons and the Victory Day in 15 regions of the country</li> <li><b>300 thous. tonnes</b> produced by Magnit's own facilities</li> </ul>
 <p><b>SDG 3:</b> Good health and well-being</p>	<p><b>Target 3.9 (d).</b> Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks</p>	<ul style="list-style-type: none"> <li>Promoting healthy eating throughout Russia by raising awareness of healthy lifestyles and supplying healthy lifestyle foods</li> </ul>	<ul style="list-style-type: none"> <li><b>More than 200</b> employees of pre-retirement age were sent for health resort treatment</li> <li><b>45 thous.</b> children underwent online training on the principles of healthy eating as part of the Raising Responsible Consumer project</li> <li><b>693</b> Health Islands offer healthy alternatives to basic products available in shops</li> </ul>
 <p><b>SDG 6:</b> Clean water and sanitation</p>	<p><b>Target 6.5.</b> By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate</p>	<ul style="list-style-type: none"> <li>Implementing initiatives to cut water consumption and apply higher treatment standards</li> </ul>	<ul style="list-style-type: none"> <li><b>23.7 thous. cbm</b> of water was saved through the use of aerator nozzles on taps</li> </ul>
 <p><b>SDG 7:</b> Affordable and clean energy</p>	<p><b>Target 7.3.</b> By 2030, double the global rate of improvement in energy efficiency</p>	<ul style="list-style-type: none"> <li>Saving energy</li> <li>Developing energy efficiency projects</li> </ul>	<ul style="list-style-type: none"> <li><b>18%</b> – reduction of specific power consumption against 2019</li> </ul>
 <p><b>SDG 8:</b> Decent work and economic growth</p>	<p><b>Target 8.2.</b> Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors</p> <p><b>Target 8.3.</b> 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</p> <p><b>Target 8.8.</b> 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</p>	<ul style="list-style-type: none"> <li>Creating new jobs</li> <li>Providing decent and safe working conditions</li> <li>Offering our employees opportunities for training and professional development</li> </ul>	<ul style="list-style-type: none"> <li><b>Less than 1%</b> of the total number of jobs are jobs with harmful working conditions (class 3.1)</li> <li><b>0 cases</b> of deterioration of health during high-risk work</li> <li><b>81.1%</b> – level of employee satisfaction</li> </ul>



UN SDGs



**SDG 12: Responsible consumption and production**



**SDG 13: Climate action**



**SDG 17: Partnerships for the Goals**

**Targets**

**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

**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

**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

**Action taken by Magnit**

- Reducing waste generation
- Building a sustainable supply chain by introducing supplier assessment tools and embracing best practices for our business processes

- Reducing GHG emissions
- Reducing water and energy consumption
- Reducing food waste

- Taking a responsible approach to selecting our suppliers
- Developing local communities in the regions where we operate

**Our contribution to the UN SDGs in 2023**

- Magnit has developed Russia's first voluntary standard of processed prepacks
- **68%** of private label and own production packaging is recyclable, reusable or compostable
- **59%** reduction in specific food waste generation compared to the base year 2019

- **0.97 tonnes of CO<sub>2</sub> equivalent / RUB million** – specific GHG reduced against 2019

- **134 agricultural enterprises in 39 regions** of Russia cooperate with Magnit
- **411 thous. tonnes** – volume of deliveries under agricultural contracts
- Magnit cooperates with regional authorities and sectoral organizations to develop the retail sector and legislation
- Magnit is a member of the Open to All inclusive business to develop partner projects and share best practices in implementing corporate inclusion programs

## Principles of the UN Global Compact

GRI 2-23, 2-24, 2-28

Magnit has been a member of the UN Global Compact National Network since 2020. Participation in this international initiative allows us to develop our sustainability practices, monitor and take into account global ESG trends and share experience with business leaders. The UN Global Compact principles are integrated into Magnit's Sustainability Strategy and our internal policies and standards.

### Implementing the UN Global Compact principles

Area	Principle	Magnit documents	Chapter of the Report
<b>Human rights</b>	<b>Principle 1.</b> Businesses should support and respect the protection of internationally proclaimed human rights <b>Principle 2.</b> Businesses should make sure that they are not complicit in human rights abuses	Human Rights Policy	Responsible business practices <a href="#">p. 156</a>
<b>Labour</b>	<b>Principle 3.</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining <b>Principle 4.</b> Businesses should uphold the elimination of all forms of forced and compulsory labour <b>Principle 5.</b> Businesses should uphold the effective abolition of child labour <b>Principle 6.</b> Businesses should uphold the elimination of discrimination in respect of employment and occupation	Human Rights Policy	Personnel management <a href="#">p. 58</a>
<b>Environment</b>	<b>Principle 7.</b> Businesses should support a precautionary approach to environmental challenges <b>Principle 8.</b> Business should undertake initiatives to promote greater environmental responsibility <b>Principle 9.</b> Business should encourage the development and diffusion of environmentally friendly technologies	Climate Change Policy	Climate change and environmental responsibility <a href="#">p. 36</a>
<b>Anti-corruption</b>	<b>Principle 10.</b> Businesses should work against corruption in all its forms, including extortion and bribery	Anti-Corruption Policy	Responsible business practices <a href="#">p. 156</a>



# ESG compass

Aspec	Material topics	Principles of the UN GlobalCompact	UN SDGs	National development goals of the Russian Federation	National projects of the Russian Federation	GRI Standards	Principles of the RSPP Social Charter of the Russian Business	Chapter of the Report
E	Water resources	<ul style="list-style-type: none"> <li>Principle 7</li> <li>Principle 8</li> <li>Principle 9</li> </ul>		Comfortable and safe environment for living	<ul style="list-style-type: none"> <li>Ecology</li> </ul>	<ul style="list-style-type: none"> <li>GRI 303: Water and effluents</li> <li>GRI 306: Waste</li> <li>GRI 301: Materials</li> <li>GRI 302: Energy</li> <li>GRI 305: Emissions</li> </ul>	<ul style="list-style-type: none"> <li>4. Conservation and climate agenda</li> </ul>	Climate change and environmental responsibility <a href="#">↗</a> p. 36
	Waste management							
	Sustainable packaging							
	Climate change and energy							
S	Safe Workplace	<ul style="list-style-type: none"> <li>Principle 3</li> <li>Principle 6</li> </ul>		Decent, efficient work and successful entrepreneurship	<ul style="list-style-type: none"> <li>Labour productivity</li> </ul>	<ul style="list-style-type: none"> <li>GRI 403: Health and safety at work</li> </ul>	<ul style="list-style-type: none"> <li>2. Business partnership and stakeholder engagement</li> </ul>	Occupational health and safety management <a href="#">↗</a> p. 90
	Provision of employment and decent working conditions							
	Employee training and development							
	Diversity and inclusion							
	Human rights							
	Local communities							
	Health and well-being							
G	Responsible corporate governance	<ul style="list-style-type: none"> <li>Principle 10</li> </ul>		Decent, efficient work and successful entrepreneurship	<ul style="list-style-type: none"> <li>Small and Medium-Sized Businesses</li> <li>Demography</li> </ul>	<ul style="list-style-type: none"> <li>GRI 201: Economic performance</li> <li>GRI 202: Market presence</li> <li>GRI 401: Employment</li> <li>GRI 404: Training and development</li> <li>GRI 401: Employment</li> <li>GRI 405: Social and cultural diversity and equal opportunity</li> <li>GRI 406: Non-discrimination</li> <li>GRI 408: Child labour</li> <li>GRI 409: Forced or compulsory labour</li> <li>GRI 410: Security services</li> <li>GRI 203: Indirect economic impacts</li> <li>GRI 413: Local communities</li> <li>GRI 416: Customer health and safety</li> </ul>	<ul style="list-style-type: none"> <li>2. Business partnership and stakeholder engagement</li> <li>5. Participation in the development of communities and territories</li> </ul>	Responsible business practices <a href="#">↗</a> p. 156
	Business ethics and anti-corruption							
	Product quality and safety							
	Interaction with customers							
	Sustainable supply chain							
	Cybersecurity and data protection							





# Stakeholder engagement

GRI 2-29

Building trust-and collaboration-based relationships with stakeholders is one of Magnit's most important sustainability principles. We conduct a consistent and comprehensive dialogue with stakeholders, analyse their expectations and needs, agree interests and invite them to develop decisions together.

For effective interaction Magnit has developed various communication channels to inform stakeholders about our projects and collect feedback regarding the Company's activities.

## Stakeholder engagement

Stakeholder	Purpose of engagement	Sustainability expectations	Communication channels
 <b>Local communities</b>	<b>Meeting the expectations of local communities and supporting residents in the regions of presence</b>	<ul style="list-style-type: none"> <li>Ensuring food safety</li> <li>Promoting healthy lifestyle</li> <li>Creating decent working conditions and wages</li> <li>Supporting the development of the regions of presence</li> <li>Positive impact on the environment and society in the regions of presence</li> </ul>	<ul style="list-style-type: none"> <li>Surveys and research</li> <li>Mobile application</li> <li>Social and environmental events, charity</li> <li>Hotline</li> <li>Public financial and non-financial reporting</li> <li>Official websites of the Company</li> <li>Social networks and messengers</li> <li>Media</li> </ul>
 <b>Employees</b>	<b>Creating conditions for efficient and safe work, increasing employee engagement</b>	<ul style="list-style-type: none"> <li>Decent pay</li> <li>Safe workplace</li> <li>Opportunities for professional development and career growth</li> <li>Equal opportunities and inclusive environment</li> </ul>	<ul style="list-style-type: none"> <li>Face-to-face meetings</li> <li>Corporate events</li> <li>Corporate portal</li> <li>Mobile application for employees</li> <li>Newsletters</li> <li>Information stands</li> <li>Surveys and research</li> <li>Hotline</li> <li>Official websites of the Company</li> </ul>

Stakeholder	Purpose of engagement	Sustainability expectations	Communication channels
 <b>Suppliers and contractors</b>	<b>Building responsible and reliable supply chains. Joint projects to reduce environmental impact and promote sustainability principles</b>	<ul style="list-style-type: none"> <li>Cooperation prospects</li> <li>Unambiguous payment terms</li> <li>Transparent selection of suppliers</li> <li>Fair terms of interaction</li> </ul>	<ul style="list-style-type: none"> <li>Procurement sessions</li> <li>Technical audits and inspections</li> <li>Supplier activities</li> <li>Industry events</li> <li>Face-to-face meetings</li> <li>RS.Magnit supplier analytical portal</li> <li>Supplier relations management (SRM) portal</li> <li>Hotline</li> <li>Public financial and non-financial reporting</li> <li>Official websites of the Company</li> <li>Social networks and messengers</li> <li>Media</li> </ul>
 <b>Customers</b>	<b>Increasing customer loyalty and retention</b>	<ul style="list-style-type: none"> <li>Offering a wide range of quality products</li> <li>Compliance with high service standards</li> <li>Ensuring the affordability of goods</li> <li>Promoting healthy lifestyle</li> </ul>	<ul style="list-style-type: none"> <li>Surveys and research</li> <li>Marketing activities</li> <li>Mobile application</li> <li>Information screens and other communication tools in stores</li> <li>Hotline</li> <li>Public financial and non-financial reporting</li> <li>Official websites of the Company</li> <li>Social networks and messengers</li> <li>Media</li> </ul>
 <b>Shareholders and investors</b>	<b>Creating value for shareholders and maintaining the Company's investment appeal</b>	<ul style="list-style-type: none"> <li>Business sustainability and profitability</li> <li>Payment of dividends</li> <li>Strategy implementation and achievement of targets</li> <li>Business development and transformation</li> <li>Effective corporate governance</li> <li>Transparent information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>General meetings of shareholders</li> <li>Conferences, forums and other events for shareholders and investors</li> <li>Face-to-face meetings</li> <li>Road shows</li> <li>Hotline</li> <li>Public financial and non-financial reporting</li> <li>Official websites of the Company</li> <li>Social networks and messengers</li> <li>Media</li> </ul>



# Economic impact

GRI 201-1

Stakeholder	Purpose of engagement	Sustainability expectations	Communication channels
<p><b>Non-profit organisations</b></p>	<p><b>Achieving common goals to support the local community and improve living standards in the regions of presence</b></p>	<ul style="list-style-type: none"> <li>Cooperation prospects</li> <li>Providing resources to increase the social value created</li> <li>Supporting the development of the regions of presence</li> </ul>	<ul style="list-style-type: none"> <li>Conferences, forums and other events</li> <li>Face-to-face meetings</li> <li>Hotline</li> <li>Public financial and non-financial reporting</li> <li>Official websites of the Company</li> <li>Social networks and messengers</li> <li>Media</li> </ul>
<p><b>Government authorities</b></p>	<p><b>Compliance with legislative requirements and ensuring the Company's long-term sustainability</b></p>	<ul style="list-style-type: none"> <li>Compliance</li> <li>Social and environmental activities</li> <li>Participation in national projects</li> <li>Ensuring food safety</li> </ul>	<ul style="list-style-type: none"> <li>Statutory reporting</li> <li>Social and economic partnership agreements</li> <li>Social programmes and charity activities</li> <li>Conferences, forums and other events</li> <li>Interaction within expert and public councils</li> <li>Hotline</li> <li>Public financial and non-financial reporting</li> <li>Official websites of the Company</li> <li>Social networks and messengers</li> <li>Media</li> </ul>
<p><b>Professional associations and industry organisations</b></p>	<p><b>Maintaining partnerships and developing expertise</b></p>	<ul style="list-style-type: none"> <li>Cooperation prospects</li> <li>Industry development</li> </ul>	<ul style="list-style-type: none"> <li>Conferences, forums and other events</li> <li>Joint programmes</li> <li>Face-to-face meetings</li> <li>Hotline</li> <li>Public financial and non-financial reporting</li> <li>Official websites of the Company</li> <li>Social networks and messengers</li> <li>Media</li> </ul>

The economic value created and distributed reflect the level of economic impact of Magnit on the society. Each area of the Company's business strives to promote economic growth and development of the country. We provide our customers with quality products at affordable prices, offer comfortable and safe working conditions and competitive wages to employees, reduce our environmental impact and make tax contributions.

We strive to distribute the economic value created to stakeholders as efficiently as possible. We use retained value to develop our business in order to enhance our positive effect on the well-being of society in the long term.

Economic value generated and distributed, RUB thous.

Indicator	2021	2022	2023
<b>Direct generated economic value</b>	<b>1,884,589,627</b>	<b>2,395,657,705</b>	<b>2,603,214,155</b>
Retail revenue	1,807,751,911	2,299,712,248	2,509,307,579
Wholesale revenue	48,327,039	52,284,175	34,800,192
Rental and sublease income	4,110,784	4,674,825	5,027,525
Other revenue	0	0	581,003
Investment income	2,547,456	13,337,582	24,202,277
Other income	21,852,437	25,648,875	29,295,579
<b>Economic value distributed</b>	<b>1,752,695,487</b>	<b>2,203,920,768</b>	<b>2,375,311,929</b>
Operating costs	1,468,038,762	1,880,205,989	2,027,751,791
Salaries and other payments to employees	199,067,393	242,691,646	278,290,571
Payments of financial capital to providers	15,511,849	27,285,061	38,101,586
Dividends paid	48,115,232	28,829,503	0
Payments to creditors	0	0	0
Tax payments	21,319,989	24,702,954	30,569,471
Including income tax	18,375,768	21,536,230	27,104,896
Social investments, including charity and social activities	642,262	205,615	598,510
<b>Economic value retained</b>	<b>131,894,140</b>	<b>191,736,937</b>	<b>227,902,226</b>



# Climate change and environmental responsibility

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Magnit contributes to the overall efforts to combat climate change by controlling and minimising the climate risks in our operations, implementing energy-efficient solutions to reduce GHG emissions. To reduce the negative impact on the environment, we take measures to prevent waste generation and increase the share of waste disposal, use water resources rationally, and reduce air emissions.



### Material topics

- Water resources
- Waste management
- Sustainable packaging
- Climate change and energy

### Contribution to the UN SDGs



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

#### Goals

Comfortable and safe environment for living

#### Projects

Environment

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

#### Conservation and climate agenda

We consider the preservation of the environment to be an important universal value, we proceed from the understanding that solving the problems, including those related to the climate change, ensuring the sustainability of ecosystems, is essential for the further development of business and society, maintaining peace and security.

1 As compared to 2019.  
 2 Reduced by 6% as compared to 2022.  
 3 Reduced by 4% as compared to 2022.  
 4 Reduced by 8% as compared to 2022.  
 5 Reduced by 3% as compared to 2022.

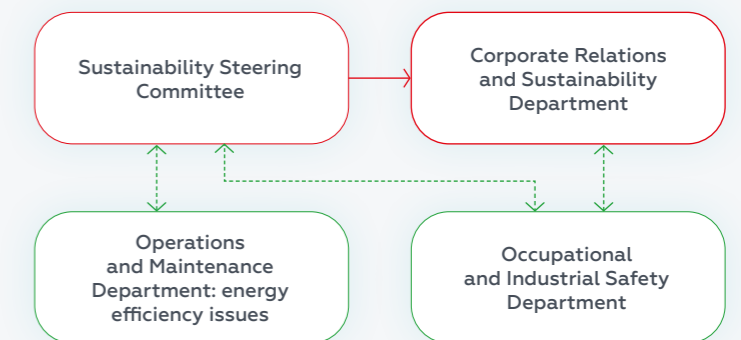
## Management approach

GRI 3-3

Magnit takes a responsible approach to the conservation of the environment and climate change. The Company complies with the requirements of the effective legislation, takes measures for the rational use of natural resources, implements the environmental measures to minimise its current and potential negative environmental impact, and implements the projects to reduce GHG emissions.

The organisational structure of the climate change and environmental protection management implies the involvement of the authorities of various levels in the implementation of the strategic goals and objectives.

### Organisational structure



○ Management level  
 ○ Operational level  
 → Administrative subordination  
 --- Coordination in implementing the Sustainability Strategy, advisory support

The Sustainability Steering Committee reviews the environmental and climate projects and initiatives proposed by the Corporate Relations and Sustainability Department and decides on their subsequent support and implementation.

With regard to the energy efficiency issues, the Operations and Maintenance Department analyses the energy consumption and identifies deviations, searches for solutions to eliminate the deviations, monitors the market for energy efficiency proposals, and implements the energy efficiency projects. The Occupational and Industrial Safety Department is responsible for assessing the impact of the legislative and other environmental protection requirements on the Company's activities, monitors GHG emissions, develops measures, and assesses the possibility of using low-carbon technologies and materials, solutions, services, and scientific developments.

### 2023 results

31%

reduction in specific GHG emissions against 2019

18%

reduction in specific electricity consumption against 2019

58%

reduction in specific water consumption against 2019

30%

reduction in the amount of specific plastic waste generation YoY

### Magnit strategic goals 2025

Goal	Result
50% of packaging for private labels and own production is recyclable, reusable or compostable	68% of the Company's private labels packaging is recyclable, reusable or compostable
100% collection and recycling of recyclable plastic for the purposes of own production	100% of plastic waste was recycled in 2023
reduce specific food waste generation by 50% <sup>1</sup>	in 2023 the amount of specific food waste generation was reduced <sup>2</sup> by 59% as compared to the baseline level of 2019
reduce specific water consumption by 25% <sup>1</sup>	in 2023 specific water consumption was reduced <sup>3</sup> by 58% as compared to the baseline level of 2019
reduce specific GHG emissions by 30% <sup>1</sup>	31% reduction <sup>4</sup> in specific GHG emissions compared as to the baseline level of 2019
reduce electricity consumption by 25% <sup>1</sup>	18% reduction <sup>5</sup> in specific electricity consumption as compared to the baseline level of 2019



Magnit has created a database of internal regulatory documents that formalise the main approaches to managing the environmental and climate issues. In addition, Magnit takes into account the requirements of national and international climate change documents, such as:

- The Paris Agreement and national documents on its approval;
- 2050 Strategy of Social and Economic Development with Low Greenhouse Gas Emissions;
- Federal Law No. 296-FZ “On limiting greenhouse gas emissions” dated 2 July 2021;
- Decree of the President of the Russian Federation No. 812 “On Approving the Climate Doctrine of the Russian Federation” dated 26 October 2023;
- Greenhouse Gas Protocol standards.

**Internal environmental and climate documents**

- Environmental Protection Policy
- Packaging Waste Policy
- Own Brand Packaging Policy
- Recommendations for POSM equipment suppliers
- Climate Change Policy
- Energy efficiency programme



The Company actively interacts with the stakeholders on the issues related to the climate change and minimising the negative environmental impact of its own business, participates in the environmental initiatives and ecoawareness competitions. We cooperate with the state authorities and propose waste management legislation improvements, take part in forums, round tables and meetings on the environmental protection, and share experience in implementing the best practices with the colleagues, including expert councils.

We regularly improve the competencies of our environmental specialists. In 2023, the training covering numerous topics was conducted by both outside organisations and employees of the Environmental Protection Department. Participants learned about various aspects of environmental legislation on waste management, inventory of air emissions, development of a draft sanitary protection zone and organisation and implementation of control measures at the borders of the sanitary protection zone, and environmental payments. In addition, Magnit organised additional training on the collection and disposal of lamps for responsible employees based on the Company’s updated requirements on lamp handling. In total, 21 trainings were held in the reporting period.

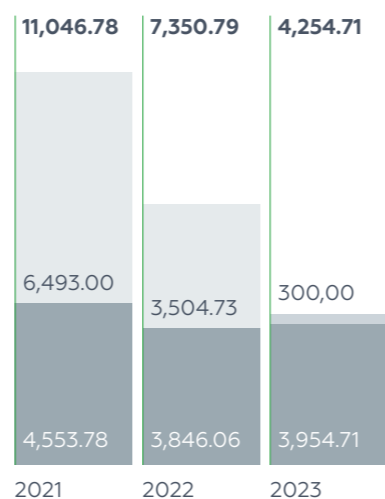
**GRI 2-27**

In 2023, 47 inspections by supervisory authorities were performed at the Company’s enterprises. Minor violations were identified related to the inadequate sanitary condition of the territory adjacent to the sites with waste containers. The total amount of fines paid by Magnit amounted to RUB 300 thousand. Measures were taken to clean up the territory in order to eliminate the violations. No incidents causing significant environmental damage were recorded in the reporting period.

In 2023, the amount of mandatory payments amounted to RUB 4.25 million, most of them – 93% – were payments charged for negative environmental impact in accordance with the established limits. The total amount of payments fell by 42% as compared to the previous year due to a reduction in the number of audits by the regulatory authorities.

**Mandatory environmental payments, RUB ths<sup>1</sup>**

**GRI 2-27**



- Payment for excessive negative impact
- Payment for negative environmental impact within the established limits

In 2023, the environmental costs amounted to RUB 3,582.71 million. In the reporting period, the cost structure did not change significantly as compared to the previous year.

**Structure of the environmental protection costs, RUB million**

Activities	2021	2022	2023
Waste management	2,505.30	3,120.72	3,067.95
Collection and treatment of wastewater	361.17	424.52	433.67
Air protection	25.91	66.33	66.80
Protection and restoration of land and water resources	2.93	6.91	12.13
Biodiversity protection	0.00	0.00	2.17
<b>Total</b>	<b>2,895.31</b>	<b>3,618.47</b>	<b>3,582.71</b>

**Waste management**

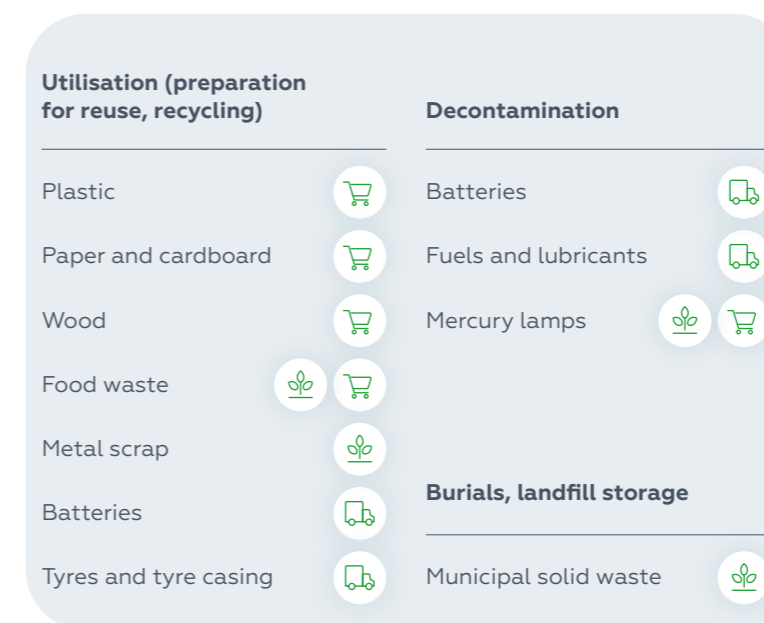
**Management approach**

**GRI 3-3, 306-1, 306-2**

One of the focuses of the Company’s Environmental Protection Policy is to improve the waste management efficiency. Magnit reduces the amount of waste generated and increases the share of waste reuse and recycling. Almost 100% of materials such as plastic, cardboard and paper are recycled. In addition, the Company improves packaging of its private labels and strives to use only materials that are safe for human health and the environment. These liabilities are specified in [Packaging Waste Policy](#) and [Own Brand Packaging Policy](#).

The main environmental impact is caused by waste generated during the sale of goods in retail outlets: food waste and packaging waste, including plastic waste. Significant amounts of waste are also generated in distribution centres.

**The main types of waste generated and management methods**



**Sources of wastes**

- Shops, logistic centres
- Own production and agricultural activity
- Logistics

<sup>1</sup> Hereinafter, the calculation includes DIXY indicators (unless stated otherwise).



Magnit stores consistently implement the initiatives to increase the share of waste recycling and reducing waste generation. In addition, the Company develops new standards and recommendations for the partners. The Company's projects also help store visitors to efficiently dispose of household waste.

### Waste reduction initiatives of the Company's retail network

#### Green prepacks

In 2023, together with the partners, Magnit developed Russia's first **Voluntary standard of processed prepacks**. Prepacks are branded racks for goods that are delivered to stores with already stacked products. The racks are made mainly of cardboard, but a large number of additional metal, plastic, and sometimes concrete elements prevents their recycling. The suppliers are advised not to use metal and plastic elements and lamination in branded racks. It is proposed to label prepacks that meet the requirements of the standard. Magnit was the winner in the **Environmental and Business category of the Change Management. Visionaries award from Project +1, inter alia, for the development of the standard.**

#### No more paper receipts

In 2022, our customers can refuse from paper receipts by selecting the appropriate option in the Magnit application. This helps reduce paper waste and conserve the natural resources required for paper production. In the reporting period, we launched the process of testing products made from paper receipts (green fibre) for safety.

#### Collection of batteries

**600 battery collection containers** are installed in Magnit stores throughout the country. This initiative helps prevent hazardous chemicals from entering the environment and teach visitors a responsible attitude to waste management.

#### Sustainable packaging for online commerce

In the reporting period, the Company, in partnership with ECR Russia, took part in the development of a **voluntary standard for sustainable packaging**. The document invites online retail and transport companies to use the "set of lights" method for the assessment of materials: green – the best solution, yellow – acceptable materials, red – materials to be avoided. The standard **will help retail companies and manufacturers choose packaging** that has a minimum negative impact on the environment.



#### Opening used clothing collection point

The project was launched in DIXY in early 2023. Special containers are installed in shops for used clothing that shops visitors **may bring**. The clothing is sorted and, if in good condition, sent to those in need, otherwise – for recycling. During the project we will be able **to reduce the burden on landfills**: more than 13.3 tonnes of clothing have been collected over the year since the start of the project. DIXY plans to scale the project and install containers in other stores of the chain (19 stores in Moscow, Moscow Region and Vladimir have installed the containers).

#### Environmental care week

Together with the regional public organization Chistaya Sreda (Clean Environment) and the autonomous non-profit organisation Sobirator, Magnit held an environmental care week at the Company. As part of the event, Magnit conducted a campaign of separate waste collection, including rare types, and a waste sorting training.

## Waste management indicators

GRI 306-3, 306-4, 306-5

In 2023, the Company generated 1.4 million tonnes of waste – a 3% decrease as compared to the previous year. The majority of generated waste (95%) is of hazard class V. At the same time, due to sludging in 2022 as a result of cleaning of fuel and lubricant storage tanks, the generation of wastes of hazard class III decreased by 95% in 2023.

by 10% due to the growth of the retail network. More than 1 million tonnes of waste were treated or disposed of, which is 8% higher than in 2022. This was also caused by the growth of the retail network.

401.8 thousand tonnes of waste were disposed of in the reporting period, all of which were delivered for recycling to the third parties. As compared to the previous reporting period, this figure increased

### Volume of waste generated by hazard classes, tonnes

GRI 306-3

Hazard class	2021	2022	2023
Hazardous waste (category I–III) <sup>1</sup>	11,695.81	11,794.75	648.14
Non-hazardous waste (category IV–V) <sup>2</sup>	1,187,368.90	1,442,552.26	1,408,802.67
<b>Total</b>	<b>1,199,064.71</b>	<b>1,454,347.01</b>	<b>1,409,450.81</b>

### Waste disposal, tonnes

GRI 306-4

Treatment method	2021	2022	2023
<b>Hazardous waste (category I–III)</b>			
Recycled by the third parties	11,606.47	11,541.49	97.86
<b>Non-hazardous waste (category IV–V)</b>			
Recycled by the Company <sup>3</sup>	303,296.67	303,676.12	0.00
Recycled by the third parties <sup>3</sup>	27,431.00	49,983.04	401,738.84
<b>Total</b>	<b>342,334.15</b>	<b>365,200.64</b>	<b>401,863.70</b>

<sup>1</sup> The key hazardous wastes generated by the Company include mercury and fluorescent lamps and diesel fuel residues.  
<sup>2</sup> The key non-hazardous wastes generated by the Company include glass and polyethylene containers and packaging cardboard.  
<sup>3</sup> Due to the change in the legislation on the extended producer responsibility the internal processes of the Company were adjusted. Waste that was previously recycled by the Company is transferred to third-party organizations for recycling.

### Waste for neutralization, storage or disposal, tonnes

GRI 306-5

Treatment method	2021	2022	2023
<b>Hazardous waste (category I–III)</b>			
Delivered to the third parties for neutralization	86.56	143.34	515.06
Delivered to the third parties for disposal	1.35	5.69	12.41
<b>Total</b>	<b>87.91</b>	<b>149.03</b>	<b>527.47</b>
<b>Non-hazardous waste (category IV–V)</b>			
MSW transferred to a regional operator	800,847.13	890,334.66	957,845.68
Delivered to the third parties for treatment	416.41	0.00	898.21
Delivered to the third parties for neutralization	24,823.59	8,420.84	19,057.20
Delivered to the third parties for disposal	30,425.39	30,003.57	29,262.77
<b>Total</b>	<b>856,512.52</b>	<b>928,759.07</b>	<b>1,007,063.86</b>

### Food waste

According to the results of the TIAR-Centre study, an average of 17.9 million tonnes of food waste is generated annually in Russia, about 29% of which is generated by the retail and catering sectors. However, a significant share of the disposed products is still usable. Once at landfills, such waste contaminates other materials (e. g. paper, cardboard, plastic) making their reuse difficult or impossible. Moreover, decomposition of food waste causes GHG emissions.

Understanding the importance of this problem, the Company focuses on preventing the generation of food waste, and, if impossible, on their recycling. The Company optimises warehousing stocks and implements up-to-date IT systems to improve the efficiency of procurement to prevent spoilage of products. In addition, Magnit holds educational activities to prevent food losses for the adults and children, since large volumes of food waste are generated in households.

In 2023, Magnit continued to implement a food sharing program launched in 2022 together with a non-profit partner to supply near-to-expire-date products to the population. The target audience of the project is single elderly people and poor large families. The programme is held in Moscow, Moscow Region, St. Petersburg, Krasnodar, Tula, Izhevsk, Rostov-on-Don and Yelets.

### Food sharing in figures

**220 thousand of beneficiaries**

received products under the food sharing programme during the entire project

**300 tonnes of food**

provided in 2023

FB-FR-150a.1

**250 volunteers**

involved in the project

For details on the social aspect of the food sharing programme, see

➤ Local communities.

For details on the climate effect of the food sharing project, see

➤ Reduction of GHG emissions.



GRI 306-3

In the reporting period, Magnit generated 323 thousand tonnes of food waste – a 2% increase as compared to the last year due to greater sales of food products as a result of retail chain growth. The share of the Company's food waste in the total amount of waste generated is 25%. The Company's specific food waste generation rate fell by 14%.

### Processing of food waste into fertilisers

In 2023, the Company launched a project to process food waste using fly larvae. Vegetables, fruits and bakery products that have lost their consumer properties are sent to Karelskie Biotechnologii organisation. The specialists distribute and stack food waste into boxes, adding water and fly larvae. Insects consume waste, and the resulting zoohumus is dried and used as a fertiliser for plants. In 2023, 95 tonnes of food waste were processed.

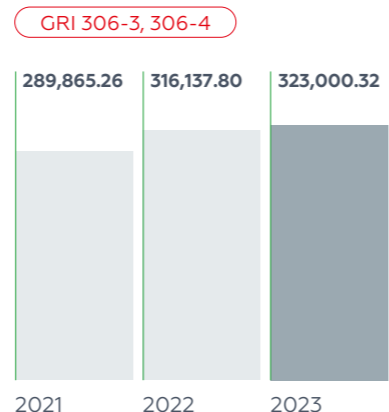
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Fly larvae processing is not the only food waste disposal project launched by Magnit. In 2023, the Company continued the pilot programme launched in 2021 to convert expired food into fertilisers. As part of the programme, Magnit performs a thorough check of the counterparties for the availability of necessary processing equipment and that received food waste is not resold. In the reporting period, a pilot project was also launched to use expired products as feed for a special rabbit breed.

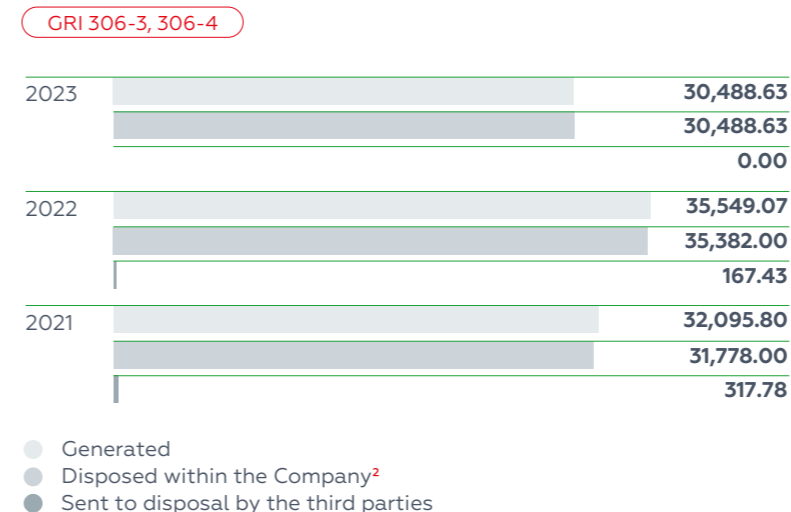
### Specific generation of food waste, kg/RUB million



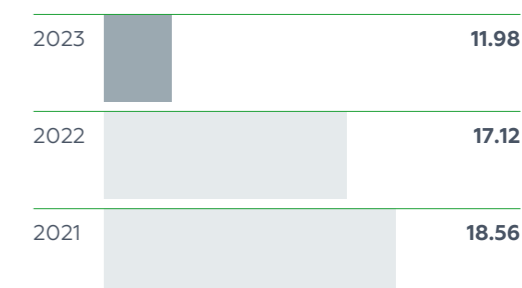
### Food waste generation, tonnes



### Generation and disposal of waste generation<sup>1</sup>, tonnes



### Specific generation of plastic waste, kg/RUB million



## Plastic waste

In 2023, the Company's packaging waste amounted to 2% of the total waste. Plastic makes up the bulk of the packaging waste. Magnit strives to recycle all generated plastic waste and organises measures to reduce the volume of plastic waste generation in the households.

### Household plastic waste collection and recycling projects

Magnit implements environmental education measures. They allow consumers to learn more about the household waste management processes, including plastic waste, and also help collect them correctly for further disposal. As part of such projects, the Company explains to the public that plastic waste is a valuable resource that can be reused.

In 2023, Magnit opened an ecobeach in the village of Lermontovo, Krasnodar region with plastic collection containers and information stands installed to tell visitors about the plastic sorting rules. Special scales are also available on the beach for guests to weigh the plastic they have collected and set own environmental records. All collected plastic waste is recycled. In addition, the entire beach infrastructure is made of FSC-certified wood and recycled plastic.

The Company is also a participant of the Kind Caps plastic caps collection project. About 200 containers are installed in the stores of the retail chain. The collected caps are recycled, and the money received are transferred to the Charitable Foundation Volunteers to Help Orphans. As part of the Close People project, the fund helps families who take children with special needs into care.

GRI 306-3, 306-4

In 2023, the total volume of plastic waste generated amounted to 30.49 thousand tonnes – a 14% decrease as compared to the last year. 100% of plastic waste generated was recycled. At the same time, the specific indicator of plastic waste generation fell by 30%.

This resulted in a simultaneous reduction in the amount of generated plastic waste and an increase in revenue.

## Water resources management

GRI 3-3, 303-1, 303-2

Magnit implements the initiatives to reduce water consumption, since its production activity is carried out, inter alia, in the areas exposed to water scarcity risk (Krasnodar region)<sup>3</sup>. Water resources are used both for production and household processes. Plant watering is the most water consuming process. Water is withdrawn mainly from the urban networks (56% in 2023). Magnit also consumes water from the wells (11%) and surface water bodies (33%). Cases of excessive water consumption are identified and analysed.

Wastewater is discharged mainly into sewage systems. A small amount of wastewater (11%) is discharged into natural water bodies. When discharging water, the Company is governed by such regulatory documents as the Water Code, the Federal Law of the Russian Federation "On Water Supply and Disposal", the Resolution of the Government of the Russian Federation "On Approving Cold Water Supply and Disposal Rules", and the SanPiN "Hygienic Requirements on Surface Water Protection". Production facilities that consume water from the surface water bodies and discharge wastewater into them install filters to ensure the standard quality of wastewater. Water treatment helps remove mainly suspended matter and oil products. The water supply services are responsible for treatment of water discharged into the municipal networks.

Quality control of treated wastewater is performed by specialists of an accredited laboratory, where the Company sends the samples on a quarterly basis. Groundwater quality is also monitored by instrumental control methods at the accredited laboratories. No incidents or major water discharge accidents were registered in 2023. The Company also did not receive the compliance orders from the supervisory authorities regarding non-compliance with the legal requirements.

To improve water management efficiency, the Company estimates the amount of water used for production purposes (water footprint).

<sup>1</sup> See the note 3 on page 43.  
<sup>2</sup> Disposal within the Company is carried out by selling plastic waste as a GOST-compliant commodity.  
<sup>3</sup> The assessment was performed using the World Resources Institute (WRI) [Aqueduct Water Risk Atlas](#). Production facilities have the main impact on water resources, therefore, the Company does not take into account data on water consumption of stores, offices, distribution centres located in water-scarce areas.





### Blue water footprint

Consumption of water from surface or underground resources used for irrigation of agricultural land or production or in logistics infrastructure; consumption of water from centralised water supply networks for production purposes

### Grey water footprint

Pollution of water as a result of the Company's operations

To reduce water consumption, the Company reuses water for car wash purposes. In 2023, recycled water supply amounted to 4,189 m<sup>3</sup>. At the facilities located in water-scarce regions (greenhouse complexes), water is used mainly for irrigation, since the use of recycled water supply systems is difficult due to the use of fertilisers and the need for water treatment. Magnit endeavours to use the minimum required volume of water specified in the process chart for such enterprises.

GRI 303-3, 303-4, 303-5

Total water consumption<sup>1</sup> in the reporting period was 5.56 million m<sup>3</sup> growing by 4% as compared to 2022 due to an increase in production. In comparison with 2022, specific water consumption decreased by 4% to RUB 2.17 m<sup>3</sup>/RUB million due to the activities undertaken and a significant increase in revenues.

In 2023, the water intake was mainly from the municipal water supply networks and reached 15.63 million m<sup>3</sup>, which is 3% more than in 2022 due to increased production. Enterprises located in areas with a high risk of water scarcity (Kuban Confectioner and Plastunovskaya Greenhouse Complex) withdrew 1.80 million m<sup>3</sup> of water (13% of the Company's total water intake).

To save water resources, **aerator nozzles** are used for water taps in the offices, distribution centres and stores. In 2023, Magnit **saved 23.7 thousand m<sup>3</sup> of water**.

10.10 million m<sup>3</sup> of water was discharged, which is 2% more than in 2022 due to growing retail network. Water is discharged mainly into sewage network. Production facilities operating in the regions with a high risk of water scarcity discharged 799 m<sup>3</sup> of water in the reporting period (7.91% of Magnit's total water discharge).

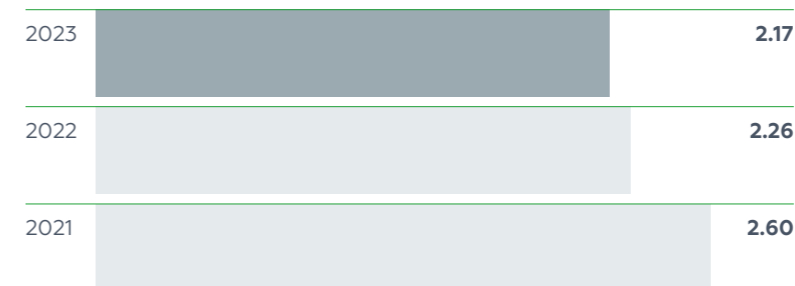
### Water intake, consumption and discharge<sup>2</sup>, m<sup>3</sup>

GRI 303-3, 303-4, 303-5

	2021	2022	2023
<b>Water intake by types of sources</b>			
Surface water bodies	4,267,100.00	4,424,000.00	4,534,500.00
Ground water	2,882,987.30	3,037,232.31	3,351,551.00
Centralised water supply systems	7,203,010.36	7,777,922.28	7,742,760.21
<b>Total</b>	<b>14,353,097.66</b>	<b>15,239,154.59</b>	<b>15,628,811.21</b>
<b>Water discharge by receiving water bodies</b>			
Surface water bodies	1,595,882.00	1,926,205.76	1,779,862.00
Centralised water disposal systems	7,931,715.48	8,006,412.43	8,323,109.73
<b>Total</b>	<b>9,527,597.48</b>	<b>9,932,618.19</b>	<b>10,102,971.73</b>
<b>Water consumption</b>			
<b>Total</b>	<b>4,825,500.18</b>	<b>5,306,536.40</b>	<b>5,525,839.48</b>

<sup>1</sup> Water consumption is calculated as the difference between water intake and water discharge. It should be noted that the Company also removes storm water without using it in production.  
<sup>2</sup> Hereinafter in the chapter: volumes of water withdrawal and discharge are measured using special tools, the Company's specialists log and collect information as part of the statistical reporting form.

### Specific water consumption, m<sup>3</sup>/RUB million

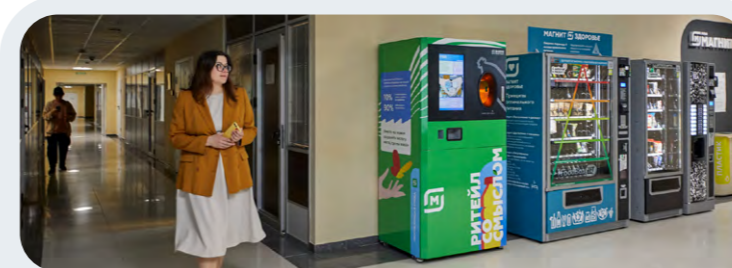


## Green office

The Company's head office in Krasnodar has launched the Green Office programme. Its goal is to introduce the principles of respect for natural resources and make the office as comfortable as possible for the employees. In the reporting period, Magnit was certified for compliance with the Green Office requirements by independent experts in accordance with the following standards:

- GOST R 54954-2012 Environmental Requirements on Real Estate;
- GOST R ISO 14004-2017 Environmental Management Systems. General guidelines on implementation;
- Green Office voluntary certification system. EcoGreenOffice.

As part of the Green Office programme, containers for separate collection of plastic, metal, glass, paper and cardboard were installed at the Magnit head office in Krasnodar. This measure helps prepare waste for recycling. In addition, the Company has its own workshop where all waste paper collected in the office is accumulated for further processing. In addition, a step-by-step transition to electronic document management allows Magnit reduce the amount of waste paper generated.



### During the audit, the following criteria were used to check compliance with the Green Office requirements:

- energy efficiency;
- rational water consumption;
- waste management;
- minimization of environmental impact;
- environmentally friendly printing;
- green living;
- reduced carbon dioxide emissions;
- developed corporate environmental policy;
- environmental awareness campaigns for the employees.



In 2023, Magnit won **the PaperBattle (BoomBattle) Russian waste paper collection campaign** among the retailers. As the result, the Company collected **50,000 tonnes of paper and cardboard**.



# Biodiversity conservation

GRI 304-1

Magnit’s activities have no significant impact on the biodiversity. When establishing sanitary protection zones of enterprises, it was confirmed that the Company’s production assets and distribution centres are located outside protected areas and habitats of species from the Red Book of Russia or IUCN Red List<sup>1</sup>. Notwithstanding the above, Magnit takes care

of the biodiversity of the regions of presence. In 2023, the Company’s specialists released 3.5 tonnes of carp fry and 62 grown grass carps into the waters of Krasnodar region.

## Protection of bison population

In 2023, Magnit organised the transportation and release of eight young bisons into the natural habitat together with GRASS, an automotive chemistry manufacturer. Magnit was the first Russian company to take such initiative in the country. The animals were delivered from the Prioksko-Terrasny Nature Reserve in Moscow Region to the Turmonsny Reserve in North Ossetia. In the last century, the bison population in the Caucasus was destroyed, and now the animals are bred in captivity. A year earlier, Magnit planted trees in the reserve to provide a feed base for bisons.



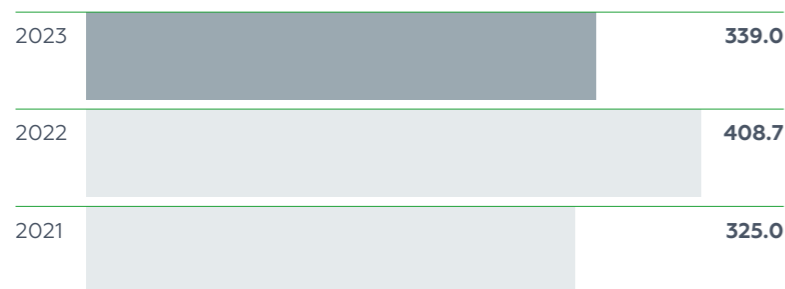
# Reducing pollutant emissions

Reducing air pollutant emissions is an important part of the Magnit’s environmental protection activity. Magnit monitors the emissions from its own stationary sources and compliance with the established hygienic standards for pollutants at the border of sanitary protection zones in accordance with the developed schedule. The Company has more than 150 different emission sources, the main of which are boiler houses and exhausts. Air emissions are generated during transportation, processing of products at the production facilities, and heat generation in boiler houses. The most toxic substances emitted into the atmosphere by the Company’s production assets and capable of having a negative impact on soil and vegetation are manganese and benzo(a)pyrene. Special attention is paid to monitoring the content of these substances in the air and soil.

In 2023, gross emissions of nitrogen oxides, sulphur and other pollutants amounted to 3.70 thousand tonnes – a 9% increase as compared to the previous reporting period due to the retail network growth. In 2023, emissions of ozone-depleting substances decreased by 17% as compared to 2022 due to a consistent reduction in the use of freons.

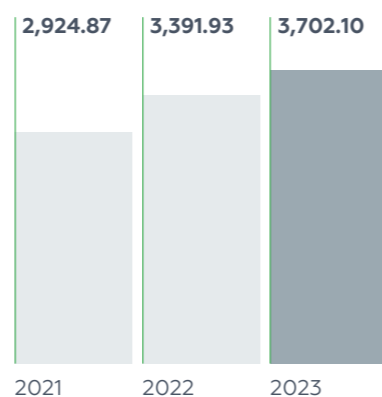
## Emissions of ozone-depleting substances, tonnes

GRI 305-6



## Emissions of pollutants, tonnes

GRI 305-7



<sup>1</sup> Due to the lack of vulnerable species, they are not monitored.

# Climate impact reduction and energy efficiency

Magnit recognises the importance of the climate agenda and increases business sustainability to the most serious impacts of climate change. Magnit management takes into account low-carbon development trends of strategic and operational governance.

We are making efforts to achieve our goals of reducing the carbon footprint and electricity consumption set out in the 2025 Sustainability Strategy.

## Climate risks

GRI 201-2

Magnit takes into account climate risks and takes measures to improve the climate risk management performance. Both management and employees of the Company are involved in these processes at various levels.

The plans for 2024 include reviewing the assessment of climate risks and performance of financial assessment to determine their impact on the Company’s performance and business strategy in the long term.

Climate risks are managed based on a qualitative risk assessment performed prior up to 2100. Climate risks are integrated into the management system and included in the Company’s Main Risk Map. Every year, Magnit monitors the impact of climate risks on the Company in the short term and adjusts the measures developed to minimise these risks as part of the overall risk management system.

### Physical risks

- Temperature change
- Drought
- Hurricanes
- Sea level rise

The risks depend on the geographical location of the facilities

### Transition risks

- Charging for carbon dioxide emissions and increasing waste management costs
- Regulatory risks

### Climate risk management actions



Implementation of the projects to achieve carbon neutrality



Improving the energy efficiency and exploring RES utilization opportunities



Monitoring changes in the regulatory requirements for climate-related disclosures



Improving building designs



Expanding the requirements for construction of facilities



Application of new agricultural technologies

## Reduction of GHG emissions

GRI 305-1, 305-2, 305-4, 305-5

FB-FR-110b.1

Reducing GHG emissions is a strategic goal of Magnit. To achieve this goal, the Company assesses and monitors GHG emissions and take measures to reduce climate impact.

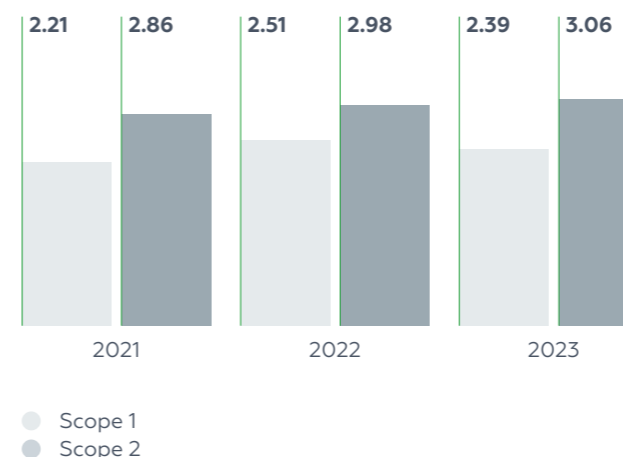
Magnit performs quantitative assessment of GHG emissions Scope 1 and Scope 2 in accordance with the GHG Protocol standards, Order of the Ministry of Natural Resources and Environment of the Russia Federation "On Approval of Quantification Methods for GHG Emissions and Removals" No. 371 dated 27 May 2022, Order of the Ministry of Natural Resources and Environment of the Russia Federation "On Approval of the Guidance for Quantification of Energy Indirect Emissions of Greenhouse Gases" No. 330 dated 29 June 2017, as well as methodological guidelines of the Intergovernmental Panel on Climate Change (IPCC).

In 2023, GHG emissions (Scope 1 and Scope 2) remained approximately at the level of last year, reduced by 0.7%. Specific GHG emissions decreased by 8% as compared to 2022 and by 31% to the 2019 baseline (3.11 tonnes of CO<sub>2</sub>-eq/RUB million).

A significant share of GHG emissions are refrigerant emissions (26%). To reduce such emissions Magnit cuts the use of R22 freon switching to environmentally friendly refrigerants for the refrigeration supply of air conditioning systems and for the process purposes of its own production facilities.

### GHG emissions (Scope 1 and Scope 2), million tonnes of CO<sub>2</sub>-eq

GRI 305-1, 305-2





## Reducing climate impact through the food waste management

The carbon footprint of Russia's food waste is up to 64 million tonnes of CO<sub>2</sub> per year (3% of total GHG emissions<sup>1</sup>). About 17 million tonnes of food waste go to landfills and emit 2.4 million tonnes of methane<sup>2</sup>, becoming a source of greenhouse gas.

Magnit recognises that the majority of GHG emissions are released by food waste and aims to reduce them by 50% by 2025 as compared to 2019. To achieve this goal, we are implementing the projects in the following areas: waste prevention through the business process optimisation, food sharing, larvae-based food waste recycling and fertiliser production.

Our retail food sharing service allows us to distribute small regular amounts of food from the shops among socially vulnerable groups one or two days before the expiry date. Currently, the Company is implementing a pilot food sharing project and will develop it through the successive testing of different formats. If the feasibility study is successful, the project will be considered for scaling up with possible expansion of the food group.

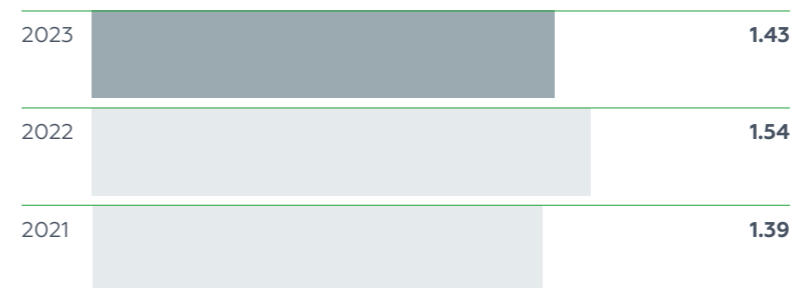
Another important initiative focuses on food waste recycling by supplying expired food to fertiliser production. In 2023, a project was launched to recycle food waste by black soldier fly larvae. The final deliverables can be used in various areas: as protein feed additives for fish and animals or fertiliser.

<b>Project goal</b>	Reducing climate impact through the food waste management from the Company's operations
<b>Project objectives</b>	<ul style="list-style-type: none"> <li>reduction of GHG emissions</li> <li>prevention of waste generation</li> <li>food waste processing</li> </ul>
<b>Target audience</b>	<p>Food sharing project:</p> <ul style="list-style-type: none"> <li>lonely elderly people;</li> <li>large families with low income.</li> </ul> <p>Fly larva recycling project:</p> <ul style="list-style-type: none"> <li>agricultural enterprises;</li> <li>fish farms.</li> </ul>
<b>2023 results</b>	<ul style="list-style-type: none"> <li><b>886 thousand tonnes of CO<sub>2</sub>-eq</b> of GHG emissions was prevented in 2023 as a result of comprehensive actions to reduce food losses<sup>3</sup></li> <li><b>52%</b> – reduction in food waste generation as compared to 2019</li> <li><b>300 tonnes of food</b> were saved due to the launch of the food sharing project in Magnit dark stores in 2023</li> <li><b>up to 1,000 kg</b> per week are allocated</li> </ul>
<b>Project awards</b>	<ul style="list-style-type: none"> <li><b>2nd place</b> in the "Environmental Efficiency" nomination of the "It's About People" competition</li> <li><b>1st place</b> in the "Ecology. Large Business" nomination of the "Visionaries. Change Management" award</li> </ul>
<b>Goal support</b>	<p><b>National goals:</b> Comfortable and safe environment for living</p> <p><b>National project:</b> Ecology</p>  

<sup>1</sup> According to the Federal State Statistics Service.  
<sup>2</sup> According to TIAR Centre.  
<sup>3</sup> The value is calculated based on the UNEP data on the carbon footprint of food losses.

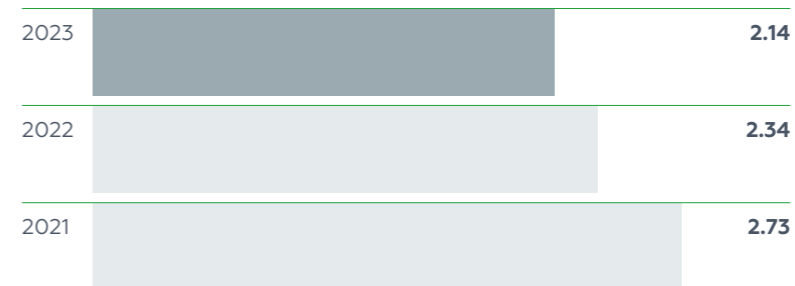
### Direct GHG emissions from refrigerants, million tonnes of CO<sub>2</sub>-eq

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### Specific GHG emissions (Scope 1 and Scope 2), tonnes of CO<sub>2</sub>-eq/RUB million

GRI 305-4



### Efficient transport project

Magnit's fleet of over 5,000 vehicles confirms the Company's leadership among the largest logistics operators in Russia. Our strategy focuses on reducing GHG emissions by switching to environmentally friendly fuels and optimising the logistics. In the reporting year, the Company operated 254 gas-diesel vehicles.

Magnit performed the analysis that confirmed the efficiency of this transport. A further 417 vehicles are planned to be converted to gas-diesel mode in 2024. The Company also plans to conduct pilot testing of pure gas vehicles on long-haul routes with possible subsequent scaling up.



## Energy efficiency

GRI 302-1, 302-3, 302-4

FB-FR-130a.1

Implementation of the energy-efficient practices becomes an integral part of the Sustainability Strategy. Optimisation of energy consumption and reduction of environmental impact are performed in accordance with our energy efficiency program.

The key target of the Energy Efficiency Service of the Operations Department, chief energy engineers of the districts and energy engineers of the branches is to promptly identify the unsustainable use of energy resources of the Company's facilities and take the necessary energy saving measures.

The main energy efficiency measures include:

- regular analysis of the consumption of electricity, heat, gas and water of each facility, as well as their utility costs;
- operational and seasonal measures to eliminate excessive energy consumption;
- measures to reduce the cost of energy, such as selecting the optimal price category for each facility, ensuring compliance of the tariff voltage level, managing the demand for capacity, bringing facilities to the wholesale electricity market, etc.;
- the design of automated energy metering systems that allow us to accurately measure hourly energy consumption and assess consumption changes at our facilities over time;
- implementation of the energy-efficient programmes such as installation of energy-efficient equipment (LED lamps, refrigerators with doors), automatic disconnection of unused equipment, dispatching of refrigeration and climate equipment, heat recovery from the internal generation facilities.

# 31.9 GW per hour per year

total energy savings from energy efficiency improvement projects implemented in 2023

### Transition to energy-saving lighting

We continue to upgrade lighting equipment switching to the energy-efficient LED technologies. LED lamps in accent lightning have been introduced in our stores. We also switch to energy-saving equipment on facades, in street lighting, parking lots, in retail facilities and logistics centres. In 2023, 115 facilities replaced conventional lamps with LED lamps in parking and perimeter lighting systems in the Magnit Family stores. In 2024, the implementation effect will be 619.6 MW per hour per year.

In addition, our distribution and administrative centres of large format stores have a lighting control system equipped with motion sensors. In 2023, lighting management was automated at 29 large format facilities. The implementation effect in 2024 will reach 1,946.5 MW per hour per year.



### Managing energy consumption at the shop

In the reporting year, we continued to improve the energy management process at our facilities. An astronomical time relay-based power supply control system for shop equipment was installed at more than 5,000 facilities. This solution allows automatic turn off and turn on of light, ventilation, air conditioners, heat curtains of stores at night resulting in a noticeable reduction in energy consumption at night and energy supply costs.



### Upgrade of refrigeration equipment

We continue the glazing of refrigerating furniture to reduce energy losses and consumption. The open windows of 589 Magnit stores were equipped with the glazing units that limit the penetration of cooled air and increase energy efficiency. According to our estimate, about 19.7 GW per hour per year will be saved by the end of 2024.

Magnit is working in the following areas to improve the efficiency of heat energy use:

#### Optimisation of energy efficiency of facilities

Existing facilities undergo redesign to improve the efficiency of buildings. Projects of new facilities already provide for energy efficient solutions

#### Heat utilization

The Company has implemented heat recovery systems in 20 energy centres to capture heat losses for further use. Each power centre is a complex of natural gas plants

#### Condensate recovery

The use of the technology to return condensate to boilers for reuse helps reduce energy losses

### Engineering equipment dispatching system

In 2021, we initiated the implementation of an engineering equipment dispatch system, which was successfully continued in 2023. The pilot project was implemented in 262 small format stores. A precise algorithm of modes and settings control allows modern equipment to achieve its efficiency. The key goal of the project is to monitor the state of systems in real time and save on equipment repair work through quick response and instant registration of accidents.

The control panel receives data on the temperature in shop, the lighting system, the status of the heating system and other key indicators. These data are forwarded to the automated maintenance and repair system (IC: Maintenance and Repairs Management) for analysis and processing. The results are displayed on dashboards to track the current state of the system and make decisions on eliminating the identified malfunctions.

Implementation of a remote control system with active changes in parameters helps reduce energy consumption. Maintaining the operating mode of refrigeration equipment in accordance with approved standards also reduces the volume of written off goods.

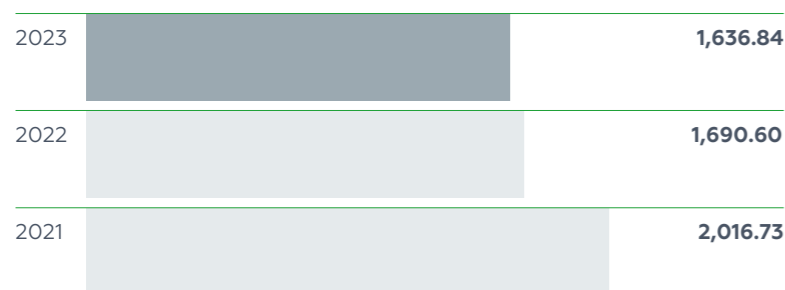
The project results show savings of at least 42.6 kW per hour per month in each store, which is confirmed by testing.

Studying dispatching effects and their digital processing are technically sophisticated tasks. Therefore, under the project we continue to monitor the facilities and analyse opportunities for further development.

In 2023, electricity consumption increased by 5%, while the share of electricity consumption in the structure of total energy consumption grew by 11 p. p. reaching 56% YoY due to increased number of retail facilities.

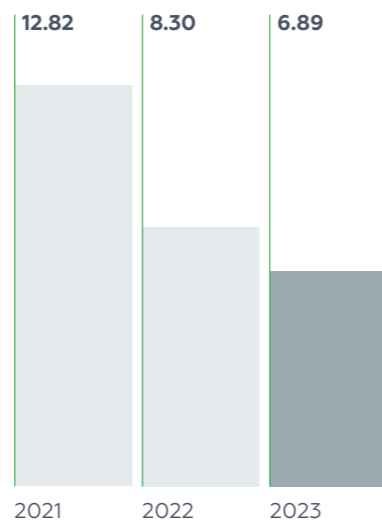
### Specific electricity consumption, kW per hour/RUB million

GRI 302-3



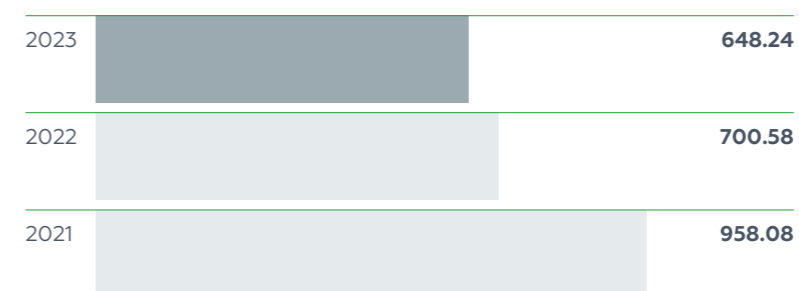
### Specific petrol and diesel fuel consumption<sup>1</sup>, litre/RUB million

GRI 302-3



### Specific heat consumption, thousand Kcal/RUB million

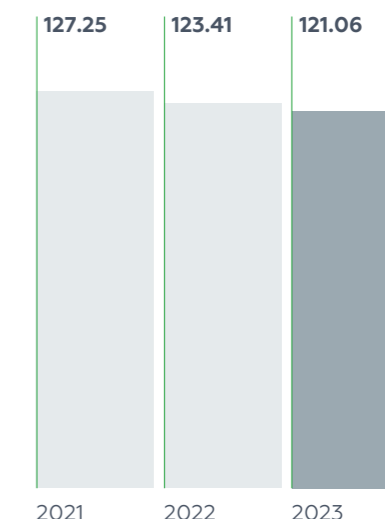
GRI 302-3



The reduction in specific fuel consumption was 17% as compared to 2022. We also reduced specific gas consumption by 2% during the year and by 39% as compared to the 2019 baseline (197.63 m<sup>3</sup>/RUB million).

### Specific gas consumption<sup>1</sup>, m<sup>3</sup>/RUB million

GRI 302-3



## Plans for 2024 and the medium term

### In 2024 and the medium term, the Company plans to implement the following environmental protection measures:

- expand the practices of providing food waste for fertiliser production;
- implement the recommendations for purchasing sustainable advertising materials;
- develop a retail food sharing project;
- hold the environmental awareness measures;
- reproduce biological resources (plant trees with the participation of partner companies, release young fish as part of the projects to assess the biodiversity damage from the Company's production activities);
- explore opportunities for sectoral and cross-industrial environmental partnerships.

### Our climate agenda priorities:

- revising and updating the climate change goals;
- updating or drafting documents necessary for effective management of climate change and energy efficiency;
- implementation of accounting for other Scope 3 indirect emissions;
- continue implementation of energy efficiency improvement projects.

<sup>1</sup> Values for previous periods have been recalculated in the process of improving approaches to collecting and consolidating information.

<sup>1</sup> Values for previous periods have been recalculated in the process of improving approaches to collecting and consolidating information.



## Magnit's team of professionals is the key asset of our Company.

We create a comfortable and safe working environment, offer competitive salaries and a wide range of financial and non-financial benefits. We provide opportunities for growth and self-fulfilment and take care of the well-being of our personnel, so that each employee is satisfied with the working conditions at the Company, feels respect and reliable support.



### Contribution to the UN SDGs



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

#### Goals

- Opportunities for self-fulfilment and talent development
- Decent, efficient work and successful entrepreneurship

#### Projects

- Personnel performance

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

#### Business partnership and stakeholder engagement

We recognise employees as the most important value of any company, contribute to the development of human potential. We treat human life as the highest value. For us there is no and cannot be a compromise between the health, safety of the employee and the receipt of profits.

## Management approach

GRI 3-3

The Magnit team is our core value. Our business performance depends on the level of professionalism of our team members, as well as social and physical well-being. We are building an efficient HR management system based on four key principles.

### Personnel management principles

#### Employee-focused culture

- We develop our business taking into account the opinion of employees
- We increase the level of engagement at all levels, develop the leadership qualities of employees

#### Proactive approach to changes in the labour market

- We apply modern and proactive approaches to attracting personnel
- We provide the option of part-time employment and flexible working arrangements

#### Emphasis on the development of in-house talents

- We prioritise talent development and professional growth of the employees
- We provide multifaceted training, engaging both managers, colleagues, Magnit's Corporate Academy team, and external resources

#### Smart approach to the employment management

- We make management decisions based on accurate data and economic efficiency
- We enhance the role of automation in internal processes

### 2023 results

**357.2 thous.**

people – headcount at the end of the year<sup>1</sup>

**+0.3 p. p.**

increase in the employer brand loyalty index in the external media environment

**86%**

+1.2% as compared to 2022

employee engagement rate

### Magnit strategic goals 2025

Goal	Result
70% – employee satisfaction	the level of personnel satisfaction in 2023 was 81.1% (+1.3 p. p. as compared to 2022)
maximum turnover rate of 40%	the turnover rate in 2023 was 66.8% <sup>2</sup>
10% of the Company employees participate in volunteer programmes	21,445 volunteers in the Company More than 30,000 volunteer events in 2023

### Material Topics

- Employment and decent working conditions
- Employee training and development
- Diversity and inclusion

<sup>1</sup> Without data on Magnit Market LLC (formerly KazanExpress LLC). For more information about the reporting boundaries, see the section "About the Report". With Magnit Market LLC, the number of employees is 361 thous. people.

<sup>2</sup> In 2023, the demographic situation became even more noticeable, the demand for personnel from Russia's booming business sector grew significantly and resulted in a significant shortage of employees in the market and their redistribution between industries. Magnit felt this, but the Company managed to cope with this challenge and maintain a high staffing level at 94.6%.

Responsibility for the personnel management lies with the managers at all levels and the HR Department. To achieve sustainability goals, the Department implements corporate programmes, provides managers with knowledge and tools to successfully manage the teams, and involves other divisions to implement cross-functional initiatives.

### Personnel management system in the company



---> Coordination in implementing the Sustainability Strategy, advisory support

Responsibility for various areas of HR management is allocated among the relevant subdivisions of the HR Department. This approach makes it possible to effectively manage each aspect and perform the assigned tasks efficiently. DIXY's HR management is integrated into the Magnit Group's overall management system. However, DIXY has a certain level of independence in decision-making. The Magnit Group has developed an operating model that implies redistribution of authorities between the corporate centre and business units. This will enable our Company to more effectively perform measures to improve the HR management system by implementing the measures and programmes that are better tailored to the specifics of employees' work in business units and in a shorter period of time.

Our Company is consistently improving its HR management approach. In 2023, we integrated the administrative function and development of the corporate culture and brand into the HR management function. This will make it possible to achieve better synergy and cross-functional interaction in the most important aspects of interaction with employees. In 2023, we also launched the Division for Management and Continuous Improvement of Employee Experience (EX) to implement a systematic approach to ensure that employees enjoy more working in our Company in all work aspects. This will affect HR processes, work processes of other functions and processes within the teams, which will allow us to better attract and retain employees, increase their engagement, and create and improve the experience of our customers. The most important step was also the creation of a strategically important area of attraction and centralised relocation of the employees from other countries to work for our Company, as well as their onboarding in Russia and the creation of the necessary infrastructure. To this end, we created a migration centre and entered into the cooperation agreements with several states at the level of their relevant ministries. The development of the centre will make it possible to eliminate the shortage of line employees of working age.

### Structure of the HR Department



→ Administrative subordination  
 - - - - - Changes in the function in 2023

HR management processes are reflected in the Company's internal documents. While continuously improving our policies, processes, approaches and methodologies, we monitor the relevance of the internal regulatory framework and regularly update the existing or create new documents. In 2023, new regulations on recruitment, bonuses and business trips were developed. In the reporting period, the methods of competency assessment, talent management, succession management and others were also updated.

Improving the performance of the Company's business processes is a prerequisite for the Company's stability and development. In 2023, we continued our transition to electronic HR document management and reduced the need for employees' personal presence when HR documents are prepared. At the end of the reporting period, 61% of employees were covered by digital HR document management<sup>1</sup>.

#### External documents

- Labour Code of the Russian Federation
- Other regulatory documents

#### Internal documents

- HR Strategy
- Internal Workplace Regulations
- Internal Regulations on:
  - remuneration; **developed in 2023**;
  - remote working;
  - recruitment **developed in 2023**;
  - business trips **developed in 2023**;
  - employee bonuses **developed in 2023**;
  - digitalisation of labour documents;
  - voluntary health insurance;
  - financial aid;
  - relocation;
  - social programmes of JSC Tander
- Regulations on Rewarding the Employees
- Internal regulatory documents governing the holding of competitions for the employees

<sup>1</sup> Data are provided for seven companies of the Group.



## HR Strategy

To achieve strategic goals, the Company follows the HR Strategy. The key objectives of the Strategy are:

- high level of staffing with line staff, managers and experts for stable functioning of the Company;
- fostering employee engagement, productivity, talent acquisition and development to ensure further growth of the Company;
- improving the efficiency of managing teams using convenient technological tools.

The Strategy provides for mechanisms to develop the employer's corporate culture and brand, improve the organisational structure and develop the value proposition for the employees. In the reporting period, we completed the implementation of the Strategy developed in 2020. We managed to implement the planned programmes and initiatives and achieve a qualitative leap in HR management.

Magnit does not stop there. At the beginning of the reporting period, we began to develop a new Strategy and conducted in-depth research to study global and Russian factors, changes

in human values and behaviour, current industry trends, and the best Russian and international HR practices. Based on the research results, we identified the goals and focus of our new HR Strategy up to 2028.

Our focus areas are as follows: improving employee experience and satisfaction with working at the Company, developing new flexible forms of employee engagement, and organisation of their work improving process efficiency and productivity through the introduction of modern technologies, attracting and developing competencies of the future and talents. Having implemented the new Strategy, we plan to achieve high results that will allow us to become a more attractive and reliable employer.

## Key areas of the HR Strategy

### Improvement of employee experience

- Focus on employee retention
- Active dialogue with the employees, receiving feedback and continuous improvements based on it
- Improving business processes and HR policies, methodologies and processes to create better experience and greater employee satisfaction

### Increased efficiency of working arrangements

- Reorganisation of processes, routine operations and organisational structures to improve efficiency and speed of decision-making, as well as to create more positive employee experience
- Search for optimal forms of organising the work of teams under different employment arrangements

### Creation of new flexible forms of personnel management

- Expansion of target audiences of candidates, forms of employment and working arrangements
- Creation of corporate tools and channels to attract employees
- Creation of a comfortable and accepting environment and infrastructure for each employee, regardless of employment arrangements and taking into account their specific characteristics

### Development of competencies and skills of the future

- Retention and creation of conditions for the development of highly qualified and talented employees
- Attracting competencies to digitalise and automate internal processes, create new digital products
- Strengthening employees' capabilities and simplifying their work through the use of the state-of-art technologies
- Development of HR competencies among managers of all levels

## Corporate culture and engagement

In order to maintain the Company's positive image on the market and a healthy atmosphere in the team, Magnit pays special attention to the development of corporate culture. We strive for such corporate culture in which employees feel safe, free from prejudice and confident that their opinions, needs and interests matter to the Company.

In the context of increased competition in the labour market, increasing loyalty and retention of employees have become the most important tasks for the Company and managers. Magnit annually conducts a study of the levels of employee engagement, satisfaction and loyalty. During the assessment, employees answer questions about their satisfaction with the working conditions at Magnit, assess

existing business processes and propose ideas for improvement. Based on the results of the survey, we identify priority areas for work in the next reporting period. In 2023, engagement and satisfaction indices showed the best values for the entire period of conducting the survey at the Company. A total of 245 thousand employees were surveyed. Based on the results of the 2023 assessment, the Company plans to focus on increasing employee loyalty in the next reporting period

## Results of employee engagement, satisfaction and loyalty survey

	2023 results	Change compared to 2022	Compared to the Industry
Employee engagement	86.0%	+1.2%	Among the best Industry values 80% Industry median 88.1% best Industry value
Employee satisfaction	81.1%	+1.3 p. p.	Among the best Industry values 77.9% Industry median 84.2% best Industry value
Employee loyalty	76.7%	-0.1%	Below the Industry average value 77.9% Industry median 85.3% best Industry value

In addition to the key indices, we analyse the eNPS<sup>1</sup> and the Happy Index<sup>2</sup>. In the reporting period, the eNPS index showed a value of +38.1%, which is 0.9 p. p. above the 2022 value. The eNPS of Magnit is above the sector average. The Happy Index was 75.1% at the end of 2023. This is 0.4 p. p. above last year's level and 1.8% above the sector average. The survey results demonstrate that employees remain loyal to our Company; Magnit is moving in the right direction and is implementing the effective measures to increase employee engagement, satisfaction and loyalty.

<sup>1</sup> The eNPS (employee Net Promoter Score) is the employee loyalty index that shows the level of readiness to recommend the Company as a good place to work for friends and acquaintances.  
<sup>2</sup> The Happy Index shows the share of employees who are loyal and involved in work at the same time.

+0.9 p. p. above the 2022 value

**+38.1%**  
eNPS in 2023

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+0.4 p. p. above the 2022 value

**75.1%**  
Happy Index at the end of 2023

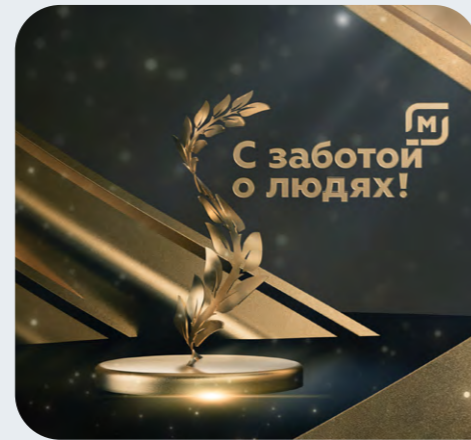
In the reporting year, we conducted a series of engagement assessment training events, so that the managers can better interpret the results of the survey and more effectively take measures to improve their employees' performance. Heads of the Company's functions and district managers took part in the training. Based on the results of last year's research, more than 600 managers were

trained in the methodology for processing and analysing priority indicators of the survey, methods for interpreting results and ways to increase the employee engagement.

### Caring for People competition

Magnit takes into account the opinion of its employees on efforts that can help increase their involvement in the Company's work. The Caring for People competition has been held for the third year in a row. During the competition we collect information on implemented projects aimed at increasing the involvement. Each employee can send a description of the efforts that made it possible to achieve positive dynamics based on the survey results. In total, about 100 initiatives were considered during the competition. 30 projects were selected for the final stage of the competition, among which 14 winners in six categories were determined.

For more details on the project, follow [the link](#).



## Employee communication channels

Magnit focuses on building open communication with the employees. For this purpose, the Company has created special communication channels. Through such channels, we broadcast the latest news from the Company's life, give answers to current questions and information about Magnit's performance.

Magnit uses various channels for communication:

- email newsletters;
- Your Magnit mobile app for the employees;
- an internal corporate portal for the employees;
- promo materials;
- monitors in distribution centres and transport units;
- quarterly information session;
- Magnit's corporate social media communities;
- Magnit's external media portal.

All channels are used to varying degrees, and an individual content plan has been prepared for each channel. In addition to informing the employees, external communication channels are aimed at attracting the applicants, since they communicate corporate values and work to improve the Company's appeal. The employees can receive up-to-date and reliable information on all changes in the Company through the electronic communications. Using this channel, we communicate the Company's general course, strategic goals and decisions, and launch non-financial incentive and activation

competitions to retain employees. Email newsletters cover more than 70 thousand employees of the Company. The Company has also created an internal portal through which the colleagues gain access to Magnit's main resources: standards, descriptions of business processes and other useful information. For even greater convenience, employees can use Your Magnit special app, where one can order a certificate online, read the news feed, and also get up-to-date information about the "shift exchange". Using the shift exchange, employees can choose the most suitable working hours by themselves in the online mode. The app is also convenient in that it can be accessed by the employees who have no accounts in the Magnit system or access to a computer.

As at the end of 2023, 87% of employees had access to the internal portal, and 69% of employees had installed the mobile app.

## Personnel assessment, talent pool creation and talent management

Magnit's priority is the employees' personal and professional development. For this purpose, the Company has developed a competency model that is a guideline for each employee in the area of target corporate behaviour and opens up the opportunities for the development and promotion within the Company. In 2023, we updated the corporate competency model with the active participation of top managers and key business function managers.

Magnit uses various competency assessment tools to identify the level of development of key competencies of the employees and to form long-term plans to develop future skills. The approach and methodology are determined depending on the employee's position, which makes it possible to apply the best approach and obtain a quality result.

For the top management level, we organised and conducted the 360-degree competency survey as a pilot launch. Based on the results of the assessment, each survey participant received an individual report and personal feedback. This format of performance review ensured a unique and personalised approach to each top manager. Based on the results of the 360-degree competency survey, feedback from the participants was collected, which made it possible to form a quality understanding of the benefits and effectiveness of the competency assessment format and take a decision to scale the project in 2024.

For the level of key managers and employees of the Company's business functions and areas, a competency assessment was organised and launched in 2023 through an internal IT platform. 3,291 employees took part in the procedure. The assessment involved individual meetings on the exchange of feedback between an employee and his/her immediate supervisor, discussion of the level of development of competencies and growth prospects at the Company. The data obtained as part of assessing competencies and KPIs made it possible to launch a career management programme in 2023 to identify talents and plan succession at the Company. The main talent management and succession planning tool is the potential matrix. It makes it possible to:

- assess the development potential of employees;
- identify the employees with the development potential and competencies valuable to the Company;
- ensure that critical positions are secured and internal candidates fill in new vacancies in connection with the business development.

Magnit systematically implements and develops tools to assess and create a talent pool for mass positions in the retail network, logistics and other business areas. To retain and develop the Company's highly qualified employees, we regularly perform assessment measures that make it possible to create a talent pool (mass staff) and a talent base (office staff) in a timely manner, and improve assessment tools and software products used

### Career management programme

**2,493 employees**

took part in the career management programme, 627 of whom were included in the Company's talent pool in 2023

- Each talent gets the opportunity to
- form an individual development plan taking into account the feedback from the managers and individual priorities and career development goals;
  - participate in unique comprehensive training programmes based on the employee's level;
  - priority consideration for target management positions at the Company.

in performing the assessment measures. This helps us prepare the employees with the necessary qualifications for future vacancies in advance and with minimum effort. The total coverage of the programme is 90% of the number of employees. A list of the assessment tools, performance and potential assessment standards, and frequency of assessment cycles has been determined for each position. In the area of assessment and talent pool of mass staff, 237 thousand retail, logistics and pharmacies employees were assessed in 2023. 44 thousand people were selected for the talent pool. Of the total talent pool, 26.5 thousand employees were promoted to higher positions.

In 2023, we developed a mobile application for the Company's managers to improve the assessment process and create a talent pool. The application allows assessing the subordinates and creating a talent pool in real time with minimum effort.

When managing the HR process, Magnit uses data for analysis, thanks to which the managers can easily determine the interdependence between different indicators, identify

trends and prevent potential problems. To effectively work with the talent pool, analytical dashboards have been created to monitor data on the employee assessment processes, create a talent pool, and fill in vacancies.

## Employer brand and recruitment practices

An important area of Magnit's work is to maintain a high level of attractiveness of the employer brand in the labour market. We carefully consider the information about our brand on social networks, read reviews on forums, study publications in Telegram channels and other media sources. We also monitor feedback on major Russian retailers. This helps us better understand current needs and identify the areas for the development.

In 2023, the loyalty index rose by 27% from 1.1 in 2022 to 1.4 in 2023, with an average market indicator of 0.9. The positive trend is due to the Company's communications strategy that forms positive mentions peaks, which is reflected in the predominance of the positive agenda over the negative one and in the loyalty index above one. This also leads to an increase in positive mentions

of the Company. As a result, unlike its competitors, for four consecutive quarters the number of positive mentions of the Company in social media prevails over negative comments, which is an anomaly for the food retail market.

The Company's success is confirmed by expert assessments: every year we become winners and recipients of major HR awards.

### Magnit HR Awards in 2023

<p><b>HR IMPACT 2023</b></p>	<p><b>1st place</b> in the category Best HR Digital Transformation Project with the Golden Store Gamification Platform project</p>
	<p><b>3rd place</b> in the category Best Corporate Culture Development Project with the Caring for People Internal Award project</p>
<p><b>Crystal pyramid 2023</b></p>	<p><b>2nd place</b> in the category Best Employee Incentive Product 2023 with the Golden Store Gamification Platform project</p>
	<p><b>3rd place</b> in the category Best Employee Incentive Product 2023 with the Caring for People Internal Award project</p>
	<p><b>Grand Prix</b> in the category Best Corporate Incentive System 2023 with the System of Professional Skills Competitions "You Have Talent for This" project</p>

<p><b>Bema! 2023</b></p>	<p><b>3rd place</b> in the category Corporate Communications B2I: best motivational/team-building project with the Final of the Professional Skills Competition for Employees of DC Magnit Vse Skladno (All Smooth) project</p>
<p><b>Inter Comm 2023</b></p>	<p><b>2nd place</b> in the Lifestyle category, Cycle of Video Podcasts on Conscious Parenthood project as part of the Beyond Work lecture series</p>
<p><b>Recruitment Awards 2023</b></p>	<p><b>Grand Prix</b> for the Best Mentoring System</p>
<p><b>Smart Pyramid Award 2023</b></p>	<p><b>Winner (third degree)</b> in the category Best Corporate Education Project, Mentoring project</p>
	<p><b>Winner (third degree)</b> in the category Best Corporate Training Programme, Knowledge of Retail Business training programme</p>
<p><b>Moscow Mayor's Grant 2023</b></p>	<p>Magnit retail chain was awarded the diploma in the 2nd competition The Most Friendly Institution for Customers with Disabilities for the best adapted stores for the customers with disabilities</p>

## Recruitment practices

GRI 202-2

Magnit aims to form a strong team of professionals and attract talented specialists. To meet the need for certain categories of personnel, we implement special employee recruitment programmes. Applications from the applicants are considered on the basis of the principles of transparency and objectivity. We have zero tolerance to discrimination on the basis of age, gender, nationality, religious and political beliefs and any other grounds and consider all applications with the same level of involvement.

Magnit's recruitment tools include:

- internal and external recruitment sites;
- targeted advertising;
- Magnit's social media;
- Bring a Friend referral programme;
- targeted recruitment campaigns: Live Anywhere You Want, Work for Magnit, Summer Season, Winter Season, 60+, 16+, Mothers, Students;
- internal retraining programmes;
- a unified automated recruitment system based on artificial intelligence;
- internal migration centre;
- digital channels (advertising in navigators, in mobile applications);
- employment centre portal Work in Russia;
- outdoor advertising;
- cooperation with higher education institutions and colleges;
- targeted employment of people with health limitations and disabilities.

In 2023, Magnit adjusted its approach to recruitment to attract more specialists. We expanded the target audience of potential applicants, revised the channels for attracting personnel and launched internal retraining programmes.

Continuous automation of the recruitment process and development of the in-house recruitment centre help improve the candidate selection path, enhance recruiters' performance and cover new business areas, which is extremely important in the context of toughening competition.



### Advantages of the in-house recruitment centre

#### Personnel performance

Ability to quickly process large candidate streams



#### Flexibility and adaptability

Ability to introduce changes to existing processes in a prompt and centralised manner



#### Transparency

Recording and audit of dialogues, availability of reporting, monitoring of SLA<sup>1</sup> compliance



#### Automated solutions

A reminder of the interview and registration, additional robotic calls to candidates, a task tracking system for specialists



#### Customer-centric service

Open hotline for candidates available from early morning to late evening every day



#### Rational approach

Efficient resource allocation and management



Magnit actively engages young specialists in the internship programmes at the Company with the prospect of subsequent employment. Based on 2023 results, 1,255 people completed an internship at Magnit. In 2023, we implemented two internship programmes:

**Magnetise Product** – paid 3-month internship-championship on the development of the brand and product line together with the experts and top managers of the Company

- **1,161 applications** for participation in the case championship were received
- **21 people** were officially employed during the programme
- **6 internship** participants continued their career at Magnit

**Office internships in various business areas** gives young specialists the opportunity to undergo training while performing real tasks at the Company

- **More than 4 thousand applications** for participation were received
- **185 people** were officially employed during the programme
- **42 interns** continued their career at Magnit

Centralised recruitment combined with targeted recruitment at the local level helps meet the main business need for working staff. The area of recruitment and onboarding of mass personnel acts as the centre of excellence to develop and support the automation of processes and analyse the competitive environment.

The Company uses modern automated HR tools that help simplify mass recruitment and increase the efficiency of recruitment.

The Magnit strong employer brand is an advantage that helps the applicants make a decision in our favour. It is important for the candidates to understand how a potential employer builds relations with the employees, what advantages it offers, how the culture of personnel training and development is formed. [The Magnit career site](#) provides this opportunity. It helps attract candidates by telling them about Magnit’s corporate culture, facilitates the formation of the employer brand and immerses applicants in the Company’s atmosphere. The applicants get the opportunity to study the site, assess whether they share corporate values and make a final decision on applying for a vacancy. The website also describes a detailed recruitment process, the selection stages to be completed by the applicant, the deadlines for completing the stages and receiving final feedback.

Automation of the process of commencing part-time employment was an important part of EXJ. The update of existing processes affected two large employee groups at once:

- administrators of retail facilities who, thanks to the new tool, were able not only to track their own staff, but also to place orders, receive responses and track part-time employees while using one tool;
- employees who were able to view and apply for interesting part-time jobs using their mobile phone through the special service My Part-Time Job in Your Magnit mobile app.

In 2023, the new tools became available to all employees of Magnit stores, Magnit Cosmetics and Magnit Pharmacy, and in the future the tools will be available to the employees of large-format stores.

In 2023, we also continued to implement the Dream Job project. As part of the project, children aged 16–17 get the opportunity to undergo training delivered by the Company specialists and take an internship at Magnit Cosmetics outlets.

In 2023, Magnit launched the ProfProdlenka (Professional After-school Club) project, which helps children find classes to their liking and decide on the choice of a future profession. As part of the project, children attend the excursions at production facilities, master classes and watch live broadcasts about modern professions. In 2023, six broadcasts, two excursions, three cooking master classes were held, and more than 22 thousand schoolchildren learned about the programme.

In the reporting period, the Department for Alternative Personnel Sources launched a programme to attract the employees from the foreign countries on the basis of the Company’s open migration centre. Its objectives include international cooperation with the representatives of state authorities of the foreign countries and targeted attraction of the applicants to Russia for temporary employment with the Company. Currently, foreign employees are hired to work in the Company’s warehouses and retail outlets. In the future, we plan to develop the employment of foreigners for mass recruitment positions.

Magnit actively supports inclusive recruitment practices. At the end of the reporting period, the Company employed 820 people with disabilities. We seek to create additional opportunities for recruiting people with health limitations and disabilities.

To this end, in 2023, we launched a special study on the Company’s inclusive recruitment opportunities. With the participation of external specialists, we plan to identify the categories of vacancies in which the applicants with disabilities will feel most efficient. Based on the results of the survey, the Company will create new jobs for people with health limitations and disabilities.

Magnit creates employment opportunities for various age groups. In the reporting year, we continued to implement the project Jobs for Young People Over 60. At the end of 2023, 3,352 people were employed by Magnit under the project.

Another recruitment priority of the Company is to support the local communities. The geographical coverage of the Company makes it possible to create jobs in the most remote parts of the country, thereby stimulating and supporting employment in the regions. At the end of the reporting year, 98% of the Company’s managers were recruited from the local population.

<sup>1</sup> SLA – Service Level Agreement..

# Personnel structure

GRI 2-7, 401-1, 405-1

Magnit is present in 67 regions of Russia and is one of the largest employers in the country.

At the end of 2023, the number of employees was 357.2 thousand<sup>1</sup>, which is 1% less than in 2022. Most of Magnit's employees (37.7%) are employed in Moscow District and Southern Federal District, where the majority of the Company's distribution, logistics and retail facilities are concentrated.

Magnit seeks to ensure the balance and diversity of its personnel. In 2023, the share of women in the personnel structure was 77%, which is due to the specifics of the Company's core activity, i.e. retail. The representation of women in senior management is 29%. Employees aged 30 to 50 years (61.1%) prevail at the Company.

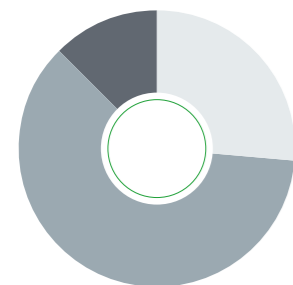
In 2023, voluntary staff turnover at Magnit amounted to 66.8%, which is 8.5 p. p. above 2022. The highest level of turnover was observed in distribution centres. At the same time, the Company maintains a high staffing level at 94.6%.

Magnit places special emphasis on reducing voluntary turnover at the Company. For this purpose, we review the recruitment approach and focus on creating the programmes to retain personnel, improve working conditions and increase employee motivation.

The efforts to reduce the turnover rate are made jointly by all business units: personnel, operations, logistics, office functions and in-house production facilities. Next year we plan to make even more efforts to reduce this indicator.

## Personnel structure of the Magnit Group broken down, % by age

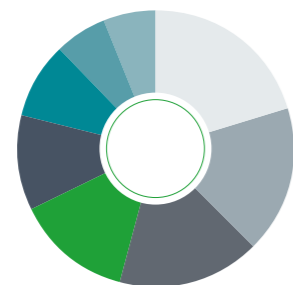
GRI 405-1



26.6 Under 30  
61.1 30-50  
12.3 Over 50

## by regions of presence<sup>2</sup>

GRI 2-7



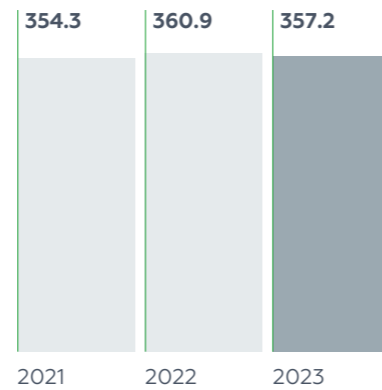
20.4 Moscow District  
17.3 Southern Federal District  
16.4 Urals Federal District  
13.7 Volga Federal District  
11.0 Central Federal District  
8.9 Northwestern Federal District  
6.2 North Caucasian Federal District  
5.9 Siberian Federal District

94.6%

staffing level in 2023

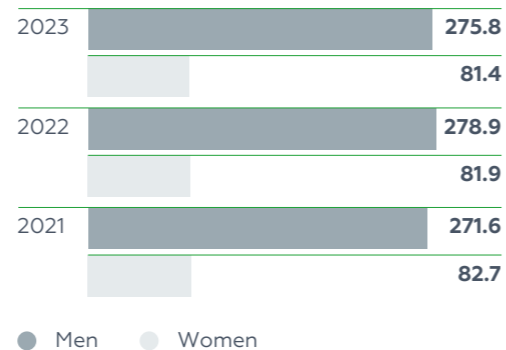
## Changes in the headcount, thousand people

GRI 2-7



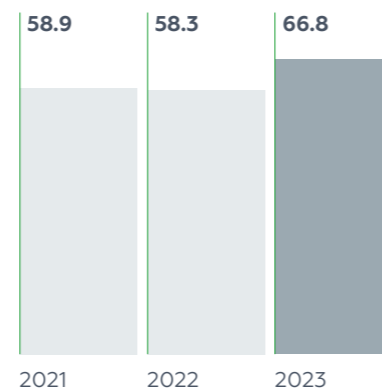
## The headcount broken down by gender, thousand people

GRI 405-1



## Change in the total staff turnover<sup>3</sup>, %

GRI 401-1



# Remuneration system

GRI 404-3

FB-FR-310a.1

An effective employee remuneration system is one of the key priorities for the Company's personnel management. We set up the remuneration system so that the employees are interested in achieving high results.

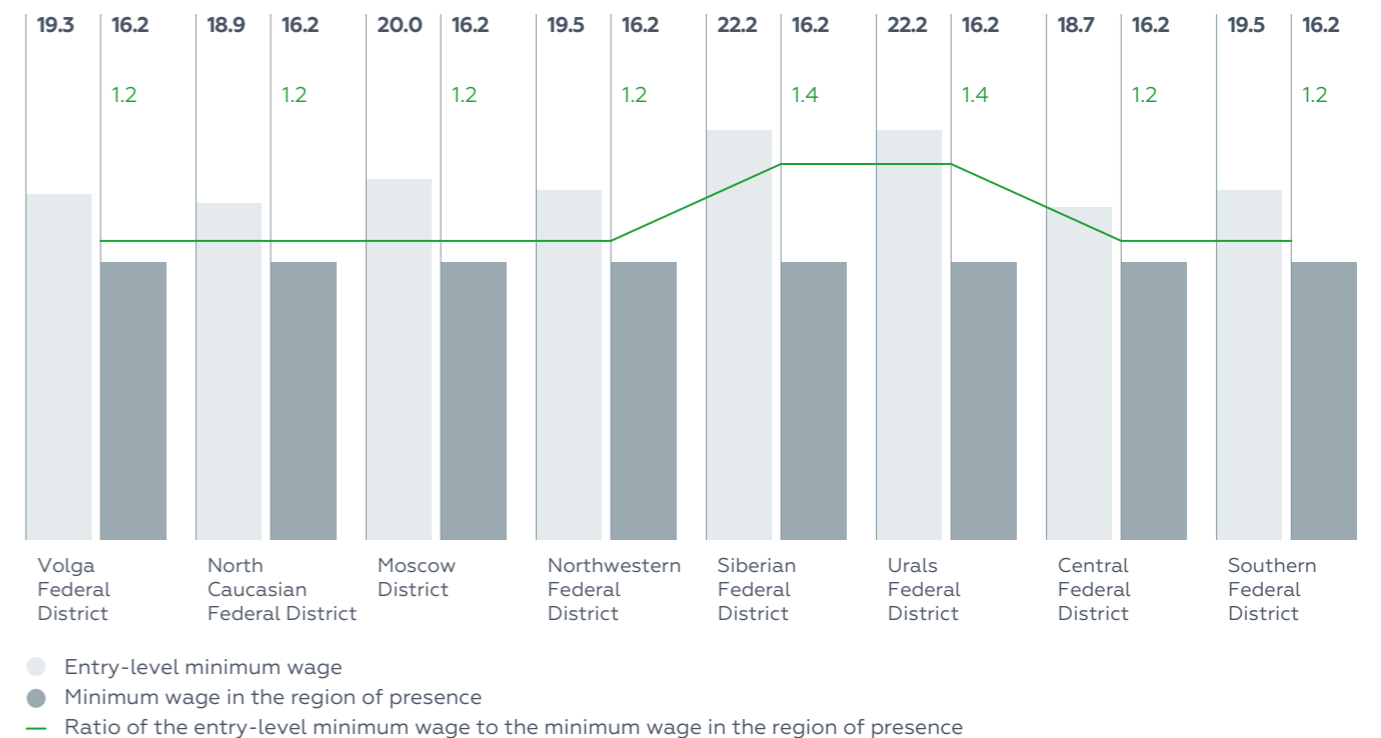
Magnit seeks to ensure a competitive level of salaries for all Company employees, regardless of the type of activity. Remuneration includes a fixed component and a variable component. The fixed component

includes salaries, allowances and additional payments. The variable component includes performance-based bonuses.

In 2023, the overall salary level at Magnit increased due to salary reviews at the Company, including to maintain the market level of remuneration.

## Ratio of the entry-level minimum wage to the established minimum wage in the regions of presence, RUB thousand

GRI 202-1



Magnit adheres to the principle of fairness when determining the level of remuneration. The Company has a grade-based system that makes it possible to systematise the remuneration system and the Company's approaches to career and development management. Based on the year-end results, each employee's performance and level of competencies were assessed. This approach helps employees and managers take a more comprehensive look at the efficiency, identify strengths and points of growth and outline a plan of development and goal setting for the next period.

In 2023, 8,990 employees underwent performance and competencies assessment. The assessment was performed based on a corporate platform, which was upgraded to improve the employee experience during the assessment process.

<sup>1</sup> Without data on Magnit Market LLC (formerly KazanExpress LLC). For more information about the reporting boundaries, see the section "About the Report". With Magnit Market LLC, the number of employees is 361 thousand.

<sup>2</sup> 0.1% of employees work in the Republic of Uzbekistan.

<sup>3</sup> In 2023, the demographic situation became even more noticeable, the demand for personnel from Russia's booming business sector grew significantly and resulted in a significant shortage of employees in the market and their redistribution between industries. Magnit felt this, but the Company managed to cope with this challenge and maintain a high staffing level at 94.6%.

## Non-financial incentives

Magnit appreciates employees' participation in the Company's life and creates opportunities to unlock their professional potential. We hold professional skills competitions, implement non-financial incentive projects, and support initiatives proposed by employees.

In 2023, Magnit continued to focus on the development of non-financial incentive programmes. We expanded the Voluntary Health Insurance (VHI) programme: now almost 16 thousand of the Company's employees are covered by the programme. In addition, Magnit continues to insure the life and health of employees working in hazardous production conditions. A loyalty programme, increased discounts in chain stores and special discounts from partners are also available for employees.

### Professional skills competition "Professional Season. You Have Talent for This"

Magnit holds an annual professional season of skills competitions among employees of various functions. Its goal is to increase the attractiveness of the employer brand and to enhance the loyalty of the best employees to the Company. Six skills competitions were held in the reporting year. At the regional stage of the competitions, 1,734 employees became winners, and 443 best employees were selected for the finals of the competitions. Based on the results of the competitions, employees reached the final and were awarded valuable prizes and memorable gifts.

#### The Best Cash Desk competition

In 2023, we held the first Best Cash Desk competition on the cashier seller's competence developed jointly with the agency Labour Evolution LLC (World Skills). The participants went through three stages of the competition:

- qualifying stage: 544 winners were selected based on the cashier rating;
- semi-final: 57 winners were determined based on the results of testing for knowledge of work technologies, work standards at the cash desk, rules for interacting with customers;
- final: six winners of the competition were determined based on the results of the tests. Each employee went through a block of competitions in three areas: work in stores, standards of interaction with customers, standards of work at the cash desk. Each stage was assessed by competent and accredited experts based on 92 aspects.

For more information on the Best Cash Desk competition, follow [the link](#).

#### Golden Store competition

In 2023, we held a professional skills competition among the Magnit Cosmetics employees. Throughout the year, participants strove to improve their performance in the professional rating and completed additional tasks. The rating was based on the performance indicators for each store. In total, all employees of the Magnit Cosmetics format took part in the 2023 competition, and 121 participants were selected for the final. Based on the results of the competition, 44 participants were among the winners and received diplomas, memorable prizes and gifts.

For more details on the Golden Store competition, follow [the link](#).

#### Battle of Cooks competition

Magnit held a competition to identify the best cooks in the Company's hypermarkets. The participants competed in three categories: cooking, baking and confectionery. The participants' task was to prepare three dishes in their category from a limited number of products. The winners were determined through a tasting by the jury: internal experts and international chefs. Based on the results of the competition, nine thousand employees passed three stages of competition: ranking, semi-final, and final. 209 employees were selected for the semi-final of the competition, 27 people from each district. 72 employees made it to the final stage, and nine of them were declared winners.

For more details on the Battle of Cooks competition, follow [the link](#).

#### Fantastichesky Uchet (Fantastic Accounting) competition

In 2023, the professional skills competition Fantastichesky Uchet (Fantastic Accounting) was held among employees of the Magnit's Shared Services Centre. During the competition, employees passed team and individual tests. The individual competition was held in the form of an online quiz and was divided into two stages:

- at the first stage, participants scored points for correct answers in an online quiz that tested knowledge of work and accounting technologies. Based on the results of the stage, 110 rating leaders were selected for the final;
- at the second stage (team stage), teams were formed that took part in the quiz, the questions of which were based on knowledge of work technologies; the team's task was to score points for the correctness and speed of decisions.

At the end of the second stage, the winning team was determined based on the number of points scored. In the individual competition, the heads of divisions determined the winners in special individual categories. In addition, 11 winners were determined based on the results of voting by employees of the divisions.



For more details on the Fantastichesky Uchet (Fantastic Accounting) competition, follow [the link](#).

### Non-financial incentive competitions

In 2023, we organised competitions to provide non-financial incentives to employees. Participants were tested for professional knowledge and skills. In the reporting year, seven projects with about 261 thousand participants were completed.

#### Best Auditor competition

The competition was held for the employees and heads of the audit department. The participants competed in skills according to five indicators: reporting, quality of the accounting event, workload, employee activity level, efficiency. Based on these indicators, an individual rating was formed to determine the winners. An individual rating was used to determine the competition winners. Based on the results of the competition, 24 auditors and one department head were awarded.

#### Best in Quality competition

The purpose of the competition is to reduce cases of expired products on store shelves. The heads of the Company's retail outlets where the lowest number of expired products was discovered were awarded with memorable plaques. The winners were determined through a rating based on the following main indicators: the quality rating of audits, the number of products identified with an expired shelf life, and the number of customer calls to the Company's hotline regarding product quality. In total, 34 managers were awarded as part of the competition.

#### Best in Magnit Cosmetics competition

The employees of Magnit Cosmetics chain competed in operating efficiency indicators. Based on the results of the competition, the final rating of employees was compiled and 5,831 winners were determined.

#### Club of the Strongest competition

The competition was held among Magnit Cosmetics chain employees who showed the best results in meeting the set of indicators during the year. During the last week of December 2023, participants competed in the day-to-day sales growth. In total, 990 employees took part in the competition, 486 of them became winners.

#### Sell More! Sell better! competition

The participants from among the Magnit stores employees competed in retail turnover in the high season. The winners were determined based on the maximum percentage increase in revenue in December compared to November 2023. In total, 190 thousand employees took part in the competition, and 27 thousand received the awards.

#### Best Traffic Safety Specialist competition

Professional skills competition among health workers and traffic safety specialists. The three best health workers of the Company are determined based on the indicators of passing training tests and checks for technology violations in the course of their activity. To determine the first best traffic safety specialist of the Company, the accident rating of the transport unit for the year is added.

## Projects for the employees with children

A special area of increasing employee loyalty is the implementation of projects for the employees with children. In the reporting year, we implemented three major projects in this area.

### Summer with Magnit Cat project

As part of the project, we created a game advent calendar with daily educational tasks and master classes for children for each day of summer. In total, children could participate in 92 tasks. As a result of the project, more than three thousand children of employees completed the tasks in the advent calendar, 100 children received gifts and memorable prizes for winning in various competitions as part of the project.

### Joint project with Moscow State University "Conscious Parenthood. Fathers and Children"

To maintain a family spirit and a positive atmosphere, as well as to involve and retain employees, we developed the Conscious Parenthood communication platform. On the platform, employees can view training videos and broadcasts on conscious parenthood. In total, two seasons of special issues were released on the platform. They were recorded by the Faculty of Psychology of Moscow State University and the Psychology Institute of the Russian Academy of Education (professors, associate professors and candidates of sciences, fellows). They shared valuable knowledge and practical solutions to problems of interacting with children. As part of the second season of the project, we released ten video and audio podcasts

### Beyond Work project

As part of the Beyond Work project, with the support of the Children's Safety School "Stop Threat", we continued the cycle of online lectures on children's safety launched in 2021. In particular, the following topics were covered in video podcasts:

- how to protect oneself in emergency situations;
- how to protect oneself from bullying.

### Ice Cream Allowed project

In connection with the child protection day, the Ice Cream Allowed project was held in 12 cities. On 1 June, children of the Company's employees had the opportunity to:

- visit the workplaces of their mothers and fathers;
- listen to useful training sessions;
- enjoy delicious ice cream.

In total, more than five thousand children of employees visited the Company as part of the project.



For more details on the project, follow [the link](#).

## Social support for the employees

GRI 401-2

Magnit provides extensive social support for our employees. The key areas of the Company's support are the provision of a comprehensive social package, including the provision of financial and non-financial aid, various types of insurance,

hot meals for certain categories of employees, comprehensive discount programmes and other types of social support.

### Employee support system

#### Social support for employees

##### Pay

- Remuneration in cash
- Reimbursement of the business-related expenses
- Employee relocation support
- Additional support for the employees working in regions with special climatic conditions

##### Benefits and guarantees

- Financial assistance programme for employees in difficult life situations
- Employee and Family Health Assistance programme
- Voluntary health insurance, psychological support and telemedicine
- Life and accident insurance for special job categories
- Gifts for employees' children
- Loyalty programme for the employees
- Increased discounts for the employees in chain stores
- Special discounts from the partners

##### Social programmes

- Active lifestyle support
- Volunteering

##### Competitions

- Professional skills competitions among the employees
- Programmes to honour the best employees and mentors
- Gamification of the business processes

In 2023, we significantly increased the amount of funding for social support for employees. A total of RUB 1,145.6 million was allocated. A significant increase in financing was due to the expanded coverage by various types of insurance, higher amount of financial support for the employees, extended coverage of meals provision for the employees at logistics facilities at the Company's expense, a higher number of target audiences for professional skills competitions, social and award programmes, recipients of New Year gifts, etc.

### Targeted support for the employees

Each employee can seek material support in the event of a difficult life situation. The approach to managing targeted support is set forth in the Regulations on Financial Assistance for Employees. The Company has various communication channels through which employees can seek support:

- hotline of the Company's call centre;
- your immediate supervisor and HR specialists;
- corporate email on financial support to employees.

Requests received are processed on a case-to-case basis and the support process is launched based on the communication results. In critical situations, the Company makes emergency financial payments.

### Non-financial support for the employees

In 2023, 797 employees received departmental awards, 21 of them were given for the first time to our volunteers from the Environmental Chamber.

In addition, 9,740 badges of distinction were given for the length of service at the Company, which is 4,240 more than in 2022. In 2023, two new types of awards for the length of service were added – for 15 and 20 years of service.

Monthly Active Users of the Golden Store gamification platform for MC stores accounted for about 92.78%, and Favourite Store of the smaller format (Magnit convenience store) – 83%. 12,130 outlets of both formats received prizes for high performance thanks to this platform. NPS of the smaller format (Magnit

Every year we review the methods of social support and, based on the feedback from the employees and external challenges, adapt the system to current needs. To this end, we perform additional analytics of employee satisfaction and loyalty, study their needs, and monitor current trends in social support. Based on the analysis results, Magnit introduces new areas of social support.

As part of social programmes, 209 thousand sweet New Year gifts were traditionally given to the employees' children in 2023. In 2023, the age range became wider than in the past. Now gifts are given to children not only from two to 10 years old, but also 11 and 12 years old. The Net Promoter Score of the gift among employees' children was +39.72%, among their parents it was +56.92%.

**797 employees**  
received departmental awards in 2023

convenience stores) was +68.6% and NPS of Magnit Cosmetics was +84.1%. In 2024, it is planned to launch a similar platform for employees of large-format stores.

## Training and development

GRI 3-3, 404-1, 404-2

Magnit places special emphasis on training employees and developing their professional competencies. We consistently deliver educational projects and events, develop tools to support and improve the skills of our employees. This helps us maintain the necessary level of competence and form a strong talent pool.

Today, the Company organises more than 36 professional development and professional retraining programmes, more than two thousand online and offline educational courses, and has an internal Corporate Academy. In 2023, the Company held 1.9 million training hours and 175 professional conferences attended by 24.6 thousand employees. The average number of training hours per employee was 36 hours. More than 190 professional workshops were held with the involvement of experts. They were attended by more than six thousand employees. The NPS of the Corporate Academy programmes in 2023 was 85%.

**36**

the average number of training hours per employee in 2023

**1.9 million**

training hours the Company held in 2023

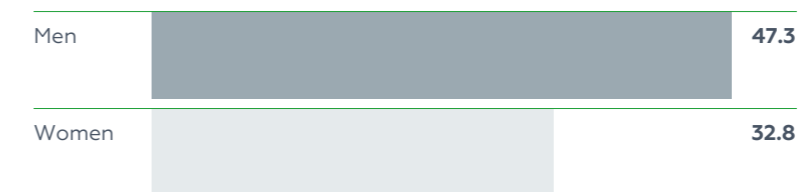
**85%**

NPS of the Corporate Academy programmes in 2023

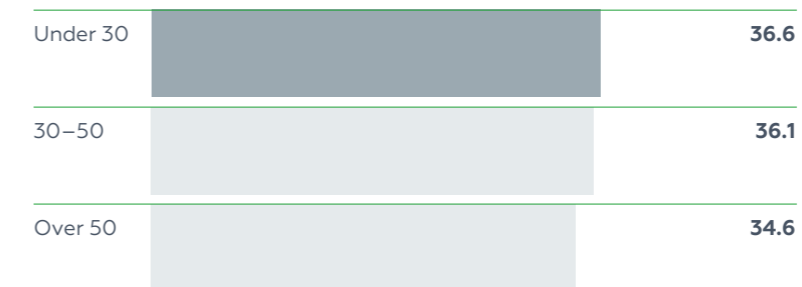
### Average number of training hours per employee in 2023

GRI 404-1

#### by gender



#### by age



The Regulations on Employee Training is the key training and development document at the Company. The document sets out the training procedure for employees and describes training mechanisms involving external resources. The Company also has special training regulations for each division and business function taking into account their specifics and the need for additional professional development. In 2023, the average number of training hours under professional development and retraining programmes per employee was 0.03 hours.



## Corporate Academy

The Corporate Academy plays a key role in organising training for the Company's employees. It is in charge of training employees from various divisions of Magnit. The Corporate Academy launches special educational projects for various divisions of the Company and provides educational support in organising internal events.

In total, the Academy has eight faculties, on the basis of which educational projects are implemented to form sector skills among employees, and the talent pool undergoes training.



In 2023, the following projects were in the spotlight:

- adaptation of employees to working conditions;
- development of the mentoring culture and mentoring programmes;
- implementation of level talent development programmes;
- organisation of educational training courses among the Company's managers in the areas of change management, optimisation and re-engineering of business processes;
- development of social education courses;
- creation of a favourable digital environment in training, seamless connection from various devices and learning management options in a digital environment.

**Faculties of the Company's Corporate Academy**

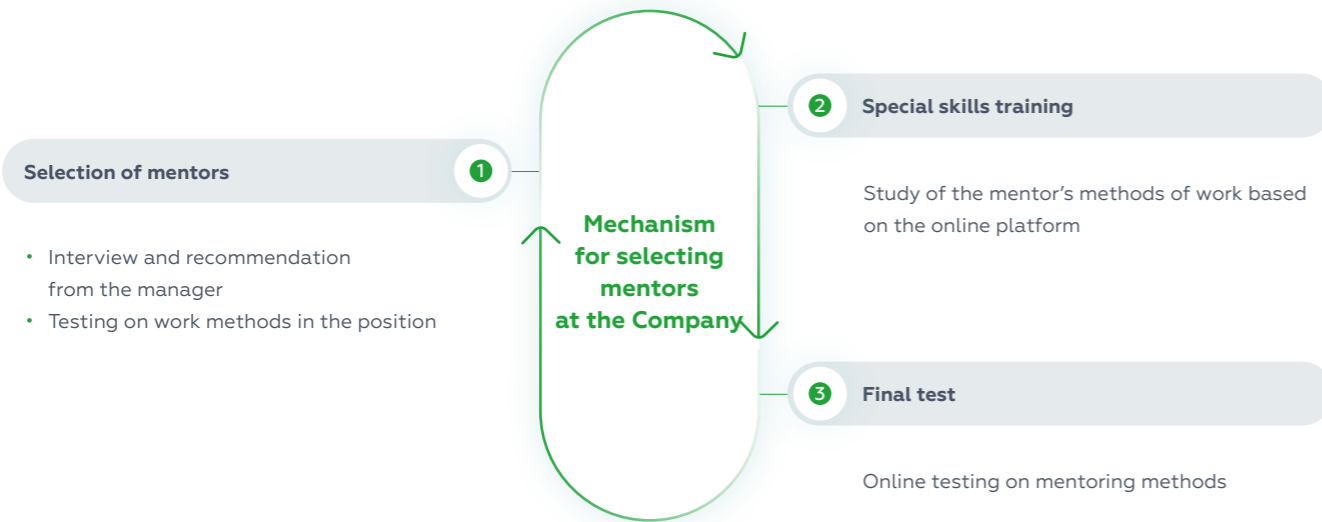
- Retail Faculty**
  - Retail technology training
  - Organisation of training courses on management competencies in retail for managers
- BPM<sup>1</sup> Faculty**
  - Training in business process analysis, monitoring, modeling and optimisation competencies
- Supply Chain Faculty**
  - Training in supply chain technology, operational logistics, transport management
  - Improvement of management competencies in logistics
- IT Faculty**
  - Training in management competencies for IT specialists
  - Engagement of external specialists for training in IT technical competencies
- Own Production Faculty**
  - Development of a training programme on agricultural facilities and production technologies
  - Launch of a mentoring programme at production facilities
- Category Management Faculty**
  - Training under the special category review programme
  - Training in effective communication and negotiations for category management specialists
- HR Faculty**
  - Training in the main areas of HR: organisational design, performance management, recruitment and talent management
  - Training in business process re-engineering in HR
- Agile Faculty**
  - Training in Agile methodologies and skills in comprehensive implementation of the business tasks

## Mentoring support

To develop a culture of mentoring and transfer of knowledge by employees within the Company, the Mentoring World programme was launched. The main task of mentors is to introduce the new employee to the Company's processes and show the methods of performing work tasks. The mentor helps new employees establish internal communication with other team members.

The employees from retail, logistics and own production units can participate in the mentoring programme. To become a mentor, an employee should undergo selection and special training.

<sup>1</sup> BPM – Business Process Management.



### Mentoring World programme

In 2023, the 2023 Best Mentor competition was held based on the results of the programme and in order to recognise and reward the professional skills of mentors. The main indicators of determining the winners are the number of trained new hires, the results of their training, the term of work with the Company after training with a mentor. The results were formed in three stages:

- at the level of the Company's branches/groups/facilities;
- at the level of federal districts;
- at the level of the entire Company.

Based on the results of the competition, formal online conferences were held during which winners among mentors of various business units were awarded. 1,454 winners were awarded as part of the 2023 Best Mentor competition in three areas:

- Best Retail Mentor – 1,137 mentors were awarded in the smaller format stores (Magnit convenience stores), Magnit Cosmetics, larger format stores;
- Best Logistics Mentor – 274 mentors were awarded in transport units/distribution centres;
- Best Own Production Mentor is a competition among own production units, 43 mentors were awarded.

In 2023, 16 thousand employees took part in the Mentoring World programme, one thousand of whom joined it for the first time.

For more information on the Mentoring World project, follow [the link](#).

#### Key results

**16 thousand**

employees took part in the Mentoring World programme in 2023

**1,454 winners**

were awarded as part of the 2023 Best Mentor competition



## Key projects in 2023

Magnit strives to organise employee training based on current requests and needs within the Company. To do this, we launch various educational projects that help acquire or develop the necessary level of competence.

### Digital learning environment for employees

Magnit focuses on the development of the digital environment and digital opportunities for employee training and development. The Company is developing the Magnum LMS (learning management system) platform. Using this platform, an employee can manage his/her training, train his/her team, assign the necessary courses, see progress in training.

In 2023, the automation of mentoring management was completed, and managers can 24/7 manage the processes of assigning mentors to new hires, see the progress of a new hire, the mentor also sees with what speed and quality the new hire receives theoretical knowledge. At the right time, the system notifies the mentor of the need to provide support and assistance to the new hire, submits status reports to the manager. The system monitors the receipt of up-to-date information by a mentor, assigns training to active mentors on a quarterly basis, and does not make it possible to assign a mentor if he/she has not received training in the mentoring techniques and has not passed professional testing.

Magnum has an automated system of assigning induction training and briefings with notification systems. Each employee of the Company has free access to the training system from various devices through password confirmation by phone number, which significantly facilitates access to content.

Convenient navigation, catalogue search, the ability to choose the courses that are needed today enable employees to independently develop at a time convenient for them. Managers regularly receive training analytics with the necessary metrics. Magnum can be accessed either directly or through Your Magnit mobile app. A digital library based on Alpina Digital is available to employees. Training Space and other e-platforms are used to deliver skills training. Ahaslides and other digital tools are available for various interactive training events for managers. In 2023, chatbot training for employees and partners was introduced. Magnit has a stationary Idesk interactive video studio for independent production of video content by the employees and a mobile video studio that makes it possible to quickly create video lessons using various interactive technologies and instant editing.

### Leaders Teach Leaders programme

Magnit is actively developing the Leaders Teach Leaders system whereby managers participate in content creation and in training courses as trainers. The programme allows you to get the maximum effect from the training and create an environment of transferring knowledge to the practical plane. In 2023, more than 2.5 thousand managers participated in training courses and other employee training formats.

To support such managers, the Corporate Academy provides training on how to be a trainer and how to train adults. In 2023, more than ten groups were held, and more than 150 managers participated in them.

### Training of foreign employees

As part of targeted recruitment of employees from foreign countries, in 2023 we launched a special educational website for new employees. The website contains detailed information on the Company's work:

- specifics of work in distribution centres;
- description of the employee's work tasks;
- description of the standard working day of the storekeeper-sorter;
- frequently asked questions.

The website also contains real feedback from the employees and video introductory materials from the distribution centre.

For more information on the website for the employees from the foreign countries, follow [the link](#).

### Training of employees over 16

In 2023, we continued the project to hire employees over the age of 16 for entry-level positions in the Company. Vacancies are available at Magnit Convenience stores, Company supermarkets and Magnit Cosmetics stores. For positions in the Magnit Cosmetics network, we also consider applicants from 14 years old.

In order for the young people to quickly adapt to the new role, a special site was launched. The website describes the following key details to be considered before starting work:

- appearance rules;
- questions to ask the manager on the first day of work;
- rules for communicating with customers;
- description of work technologies and future job duties.

The website also contains answers to the most frequently asked questions, for example, how the work schedule is formed or when salaries are paid.



For more information on the employment of individuals over 16 years of age, follow [the link](#).

### “Leadership Energy” Career Development Programme

Talent support and development is one of the key priorities for our Company. In order to better develop management competencies among managers, we launched a level career development programme “Leadership Energy.” The programme is divided into the levels depending on the employee grades:

- Impulse – for junior managers;
- Compass – for middle managers;
- Gravity – for senior managers.

Based on the training results, employees develop leadership skills that correspond to the current internal needs of the Company.

As part of the leadership training, the Company also runs the Leadership Workshops programme. The programme is attended by leaders who are preparing to take leadership positions. The completion of the “workshops” is a prerequisite for managers for moving to the next grade. Enrolment in the development programmes is initiated by managers based on the results of the annual performance assessment of employees. In 2023, 125 employees took part in the programme.

#### Impulse programme

##### Goal

Development of management experience

##### Objectives

- Mastering tools to solve business problems and make decisions
- Development of negotiation skills
- Training in the principles of building an efficient team
- Study of the methodology for building processes according to the principle “from the customer”

##### Programme plan

- Five training modules in the company's corporate academy
- Two online master classes
- Presentation of the final project

##### Results

- **60 employees** completed the programme in 2023

#### Compass programme

##### Goal

Development of strategic thinking

##### Objectives

- Study of the best russian and international leadership practices in team management
- Training in cooperation and cross-functional interaction skills
- Training in the skills of organising conditions for the development of sector competencies
- Development of customer focus competencies

##### Programme plan

- Four training modules organised jointly with one of the country's leading universities
- Three online master classes
- Presentation of the final project

##### Results

- **43 employees** completed the programme in 2023

#### Gravity programme

##### Goal

Development of the leadership potential, strategic vision and business thinking

##### Objectives

- Strengthening leadership and effective communication skills at various organisational levels
- Development of skills in finding new solutions and creating innovative products based on market trends
- Development of thinking flexibility, openness and readiness for change
- Supporting the corporate culture and values, strengthening leadership positions in the sector

##### Programme plan

- Three three-day training modules organised jointly with the russia's leading innovation centre
- Three online master classes
- Presentation of the final project
- Wellbeing events<sup>1</sup> and meetings with guest speakers

##### Results

- **22 employees** completed the programme in 2023

## Corporate volunteering

The most important area of the Company's social activity is the organisation of volunteer initiatives. The Company has a corporate volunteer movement – Kindness in the District. Employees organise and take part in volunteer events in three key areas:

- caring for people;
- caring for nature;
- caring for animals.

Volunteers visit social institutions and shelters, organise entertainment events for socially vulnerable categories, participate in eco-initiatives, and independently initiate volunteer initiatives.



<sup>1</sup> Wellbeing events – wellbeing support events.



## Key volunteer projects

### Caring for people

Project	Project description	2023 results
<b>DOBROzhdenie project</b>	<p>In 2023, we launched the DOBROzhdenie charity volunteer project for the Company's birthday.</p> <p>As part of the project, employees organised entertainment quests in social institutions, sports tournaments for children, concerts in nursing homes, and much more. Volunteers also helped animal shelters: organised the collection of necessary products and medicines, played and spent time with the wards of the shelters.</p> <p>For more details on the project, follow <a href="#">the link</a>.</p>	<ul style="list-style-type: none"> <li>• <b>870 volunteers</b> took part in the project</li> <li>• Charity events were held in <b>25 cities</b> of the country</li> <li>• A total of <b>32 social institutions</b> and shelters received support from Magnit</li> </ul>
<b>Day of Older Persons</b>	<p>In support of the Day of Older Persons, Magnit employees held master classes on makeup for the elderly, and organised tours at the Company's own production facilities.</p>	<ul style="list-style-type: none"> <li>• <b>25 people</b> participated in master classes held by the Company</li> <li>• <b>Four tours</b> were conducted as part of the project</li> </ul>
<b>Day of support for children with cerebral palsy</b>	<p>Together with the Font of Kindness project, in 2023 the Company's volunteers launched the project on social networks, on career websites and information stands in the Company's workspaces in support of children with cerebral palsy.</p> <p>We also provided information support to the project and posted Font of Kindness banners on the Company's website.</p>	<ul style="list-style-type: none"> <li>• <b>20 Company</b> volunteers</li> <li>• The total project coverage in social media is <b>more than 80 thousand</b> views</li> </ul>
<b>Donor Day at the Company</b>	<p>The Company held a voluntary blood donation campaign among employees. Employees also attended a series of lectures on blood donation rules. In 2023, employees of Magnit Srednyaya Aziya joined donor activations.</p>	<ul style="list-style-type: none"> <li>• Voluntary blood donation events were carried out in <b>eight regions</b></li> <li>• <b>11,839 employees</b> became donors in 2023</li> </ul>
<b>Kind Fairs project</b>	<p>In 2023, the Company launched a pilot project to hold charity fairs in the offices of the parent company, the Urals Federal District and Northwestern Federal District. The event was attended by charitable organisations working with people with disabilities. Employees had an opportunity to learn more about charitable organisations and current needs of their beneficiaries. The fairs were organised at the event where the representatives of charitable organisations presented handmade products of their beneficiaries. All proceeds from the sale of souvenirs were transferred to the accounts of charitable foundations.</p>	<ul style="list-style-type: none"> <li>• <b>Three charity fairs</b> were held at the Company's offices</li> </ul>

### Caring for nature

Project	Project description	2023 results
<b>Organisation of clean-up days</b>	<p>As part of the project, a series of educational events were held for the Company employees. At the lectures, employees learned about:</p> <ul style="list-style-type: none"> <li>• waste sorting rules;</li> <li>• principles of separate waste sorting in offices;</li> <li>• methods of handling rare types of waste such as batteries, various types of plastics, teflon, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>About 6.5 thousand employees</b> took part in clean-up days</li> <li>• <b>122 clean-up days</b> in 113 cities were held with the support of the Company volunteers</li> </ul>
<b>Environmental Care Week project</b>	<p>As part of the project, a series of educational events were held for the Company employees. At the lectures, employees learned about:</p> <ul style="list-style-type: none"> <li>• waste sorting rules;</li> <li>• principles of separate waste sorting in offices;</li> <li>• methods of handling rare types of waste such as batteries, various types of plastics, teflon, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Three lectures</b> at the Company's <b>three offices</b> were held as part of the Environmental Care Week</li> <li>• <b>120 employees</b> participated in educational events during the Environmental Care Week</li> </ul>
<b>Eco-lessons for schoolchildren</b>	<p>In 2023, the Company volunteers organised educational eco-lessons for children in schools. The project included a series of lessons on environmental protection. At the lessons, children learned about the rules for separate waste collection and waste management and an environmentally friendly lifestyle.</p>	<ul style="list-style-type: none"> <li>• <b>22 eco-lessons</b> were organised as part of the project</li> <li>• <b>Five employees</b> participated in the organisation of eco-lessons</li> </ul>

### Caring for animals

Project	Project description	2023 results
<b>Organisation of visits to animal shelters</b>	<p>The Company volunteers regularly arrange visits to various animal shelters. As part of the visits, employees bring animal food, medicines and household supplies, equip shelters and walk the pets.</p>	<ul style="list-style-type: none"> <li>• <b>3,911 volunteers</b> took part in visits to shelters and animal care activities</li> <li>• <b>59 visits</b> to shelters were carried out by our volunteers</li> </ul>

Magnit supports the Company’s volunteering culture. For this purpose, we hold events to promote this area and organise general meetings of the Company’s best volunteers.



### Grant competition for employees

Our Company supports the employee volunteer initiatives. In 2023, the Company held a grant competition among the Magnit employees for the third time. To participate in the competition, each employee could tell about his/her volunteer project by completing a special questionnaire on the Company’s internal website. In total, employees proposed 73 projects. Among all applications, the expert jury selected nine best projects, and the tenth winner was selected through employee voting on Magnit’s internal website. Each winner received a grant to develop his/her volunteer project.



### Meeting of volunteers

In 2023, to form a sustainable volunteer community, the Company hosted the third annual meeting of the best volunteers – ambassadors of the Kindness in the District volunteer movement. The meeting was held offline in St. Petersburg. At the meeting, volunteers:

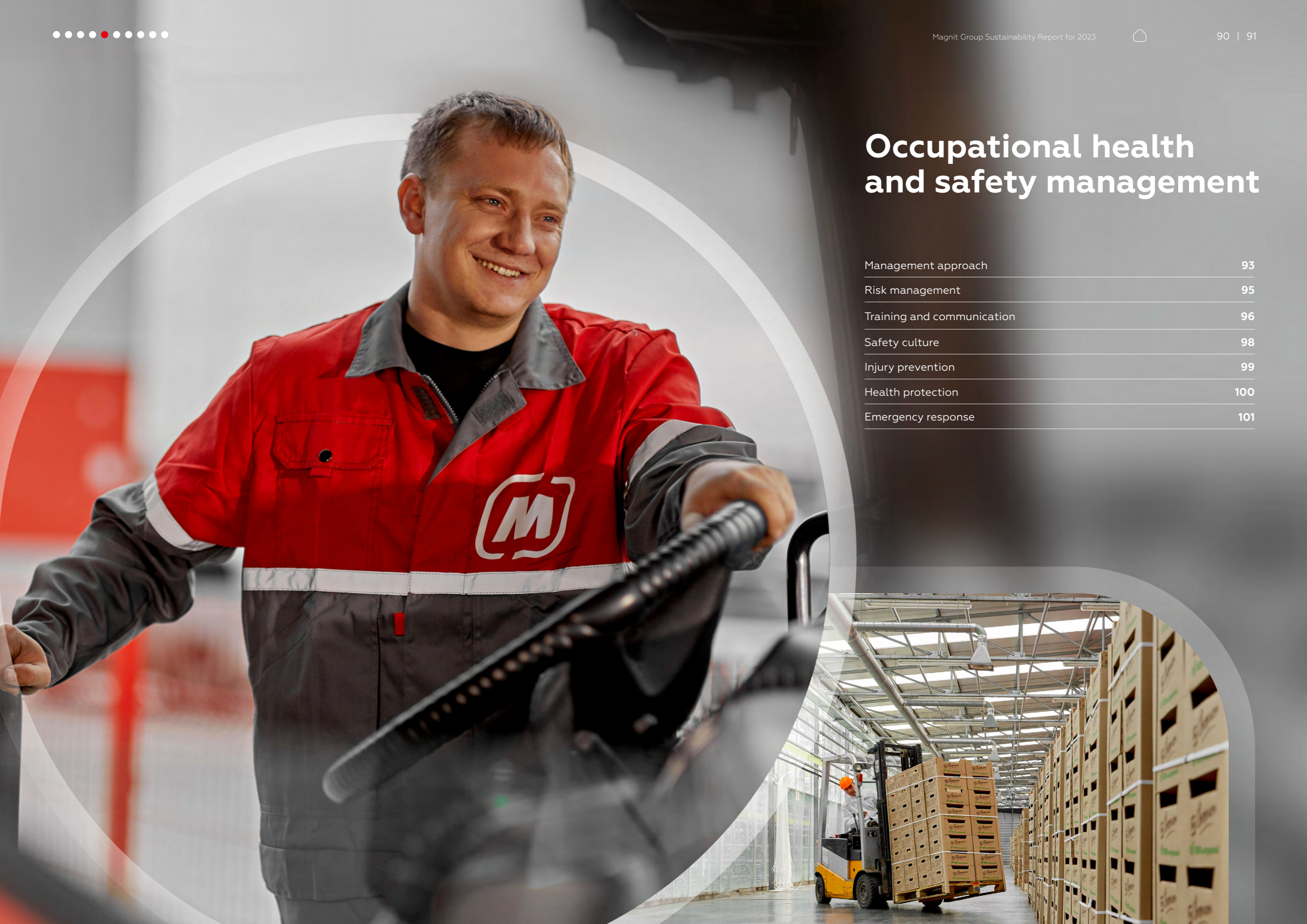
- attended speeches by representatives of the organisers of leading volunteer projects in Russia;
- discussed the best volunteer initiatives of the Company employees;
- considered key areas of development of the Company’s volunteer work;
- participated in a city volunteer quest.

The best volunteers of the Kindness in the District project were awarded special diplomas in 2023.

## Plans for 2024 and the medium term

### In 2024, we plan to focus on the following HR development areas:

- development of programmes to improve working conditions;
- completion of the process of transition to electronic document management;
- improvement of employee loyalty;
- development of inclusive recruitment practices;
- increased flexibility in forming the work schedule by rank-and-file employees, creation of an internal “shift exchange”;
- development of the financial employee incentive programmes;
- increased focus on talent development programmes;
- development of the mentoring system;
- introduction of new employee training formats;
- development of the Leaders Teach Leaders training system;
- development of professional communities as an important element of sharing best practices and peer-to-peer training;
- development of the digital learning environment;
- development of the AI use in the creation of training content;
- scaling up social projects to provide training and vocational guidance to children under the state’s care with paid internships.



# Occupational health and safety management

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## One of the priorities of Magnit's production activity is to preserve occupational health and safety of its employees.

The Company is improving tools and processes to raise the level of occupational safety, safety culture and to reduce the number of occupational health and safety accidents.



### Material Topics

Safe workplace

### 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
- Decent, efficient work and successful entrepreneurship

#### Projects

- Demography
- Healthcare

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

#### Business partnership and stakeholder engagement

We recognise employees as the most important asset of a company and contribute to the development of human potential. We treat human life as the highest value. We do not believe in any compromise between the occupational health, safety of the employee and the receipt of profits.

## Management approach

GRI 3-3, 403-1, 403-3, 403-7, 403-8

The occupational health and safety management system covers all Magnit employees and contractors/subcontractors. Local regulations, orders of the CEO and job descriptions determine the responsibility and functions of employees at various management levels.

#### External documents

- Labour Code of the Russian Federation
- GOST R ISO 45001-2020 Occupational Health and Safety Management Systems
- Federal Law No. 116-FZ On Industrial Safety of Hazardous Production Facilities dated 21 July 1997

#### Internal documents

- Occupational Health and Safety Policy
- Industrial Safety Policy
- Fire Safety Policy
- Safe Vehicle Use Policy
- Anti-alcohol/Anti-drug Policy
- Regulations on Occupational Health and Safety Management System **updated in 2023**
- Regulations on Industrial Safety Management System
- Regulations on Employee Training **updated in 2023**
- Regulations on Organisation and Accounting of Medical **updated in 2023**
- Methodology for Assessing Risks at Work **updated in 2023**
- Regulations on Accident Investigation **updated in 2023**
- Regulations on Special Assessment of Working – update is scheduled for 2024

### 2023 results

**RUB 1,061 million**

OHS costs

**12%**

reduction in the total number of lost time injuries YoY<sup>1</sup>

**0.41**

LTIFR<sup>2</sup>

0.51 in 2022

**0.45**

TRIFR<sup>3</sup>

0.71 in 2022

### Magnit strategic goals 2025



#### Goal

50% reduction in the lost time injuries and zero fatalities by 2025



#### Result

LTIFR decreased by 20%, TRIFR by 37%, FAR by 74% compared to 2022

The injury frequency rate<sup>4</sup> is 0.95

<sup>1</sup> Among employees. The discrepancy in quantitative data in relation to Sustainability Report 2022 is due to the completion and reclassification of a number of accidents related and not related to work, identification of hidden accidents, and also a change in the calculation method (the current Report shows only work-related cases).

<sup>2</sup> Lost time injury frequency rate among employees. Calculated per 1 million hours worked. Only lost time injuries are taken into account.

<sup>3</sup> Total recordable injury frequency rate among employees. Calculated per 1 million hours worked. All cases of medical care, including micro-injuries without loss of time (i.e. excluding micro-injuries without loss of time requiring first aid only), are taken into account: 317 in 2023, 462 in 2022, 324 in 2021.

<sup>4</sup> Per 1 thous. employees.

Occupational health and safety management at the Company is performed centrally with cascading of goals and tasks from senior management to heads of structural units and line managers.

Employees of the Technical and Industrial Safety Department coordinate all OHS management system processes and provide methodological support, information and advice to senior management of the Company, heads of structural units, line managers and employees, including through the Corporate Documentation Portal, Magnum system, email and information boards.

### Occupational health and safety management structure



→ Administrative subordination  
 ⇄ Coordination in implementing the Sustainability Strategy, advisory support

As part of the three-stage control, we perform a regular internal assessment of the occupational health and safety management system at the Company's facilities. Such monitoring is performed by OHS specialists, regional managers and representatives of the Technical and Industrial Safety Department. Monitoring is performed in all business units of the Company based on the risk-oriented approach. In 2023, we increased the number of OHS specialists in distribution centres where the employees are most exposed to the risk of injury. It helped us increase the effectiveness of preventive measures and perform regular monitoring directly at the facilities.

The Company performs video monitoring of compliance with OHS requirements. In case of violations, unscheduled training and knowledge testing are held both for the persons in fault and their managers.

The Company conducts comprehensive audits with the participation of department directors and heads of occupational health and safety services. At each subsequent control stage the implementation of the previous monitoring stages is verified. After each audit a plan of comprehensive measures to eliminate the identified inconsistencies is prepared. The main inconsistencies identified during comprehensive audits in 2023 are related to keeping OHS documentation and the issue of the relevant industrial safety permits. To prevent such inconsistencies we inform employees on a quarterly basis about the document management rules; we developed special memoranda and updated the training programme for responsible persons.

Magnit assesses production safety efficiency based on the results of implementing measures to prevent occupational injuries. Measures are developed based on a risk-focused approach with due account of existing risk maps, statistics and accident investigation results. If the measures have failed to provide the expected reduction in the injury rate, we perform repeated analytics, identify the causes and update our target measures.

We developed a rating to compare the performance of managers against various safety indicators. For example, distribution centres and transport units conduct assessment and prepare ranking of directors based on technical and industrial safety indicators taking into account the information received from the OHS, fire, environmental and industrial safety services.

## Contractor safety management

Contractors are integral participants of Magnit operating processes, therefore we include mandatory clauses on compliance with OHS requirements in contracting agreements. In future, we plan to consolidate information on contractors' safety obligations in a separate appendix to the contracting agreement.

Before the contractors are admitted to work, we inform them of the risks to life and health during mandatory briefings and prepare administrative documents stipulated by the work process.

We monitor the occupational health and safety of contractors' employees at work and suspend work if violations of safety requirements are identified until they are eliminated.

## Risk management

GRI 403-2, 403-7

Magnit performs an ongoing process of assessing and adjusting professional risks. The Methodology for Assessing Risks at Work is at the core of the process. As part of the assessment, we analyse risk occurrences over the past three years and prioritise mitigation measures. To assess professional risks Magnit creates working groups with the participation of managers, employees and specialists of the Technical and Industrial Safety Department, who assess risks by type of work taking into account the results of special assessment of working conditions and analysis of occupational injuries.

The most severe risks to the life and health of employees arise during high-risk work that involves about 1,500 of our employees. The list of such operations is determined by the Company's departments based on the requirements of national legislation. It is important to note that the risk management measures taken helped prevent cases of health deterioration when performing such work during 2023.

The main risks at all facilities are the risks of employees falling and being injured by a moving transport trolley or thermal box. Employees of the Company's retail sites, distribution centres and transport logistics facilities are most exposed to the risk of injury. Special attention is paid to the risk of conflict situations at retail sites, to the risk of industrial vehicle collisions and road accident injuries – at distribution centres, and to the risk of falling or collapsing goods/items and road accident injuries – at transport logistics facilities.



In determining risk management measures, Magnit is guided by the generally accepted structure of control measures, where the elimination and replacement of hazards are the most effective measures, while the use of personal protective equipment is the least effective measures.

**RUB 1,061 million**  
 total expenses for OHS measures in 2023





Occupational Health and Safety Policy defines the principle of prioritising the life and health of employees over the operational performance. Each employee must immediately stop work where there is a risk of harm to life and health, notify his/her supervisor and not resume work until the danger is eliminated. In his/her turn the supervisor organises the elimination of the hazard. At the same time, work technology is adjusted by supervisors and persons doing the work to ensure safe performance of work in the future. Requests for elimination of operational hazards or equipment breakdowns are submitted through the Help internal corporate system.

## Training and communication

GRI 403-2, 403-4, 403-5, 403-7

As we strive to build a strong safety culture among our employees, Magnit has developed a system to train and inform personnel about occupational health and safety requirements. We provide both mandatory and additional training in occupational health, industrial, fire and electrical safety.

In 2023, the process of mandatory OHS training was updated in line with changes in national legislation. Compared to previous periods, each employee now undergo training on several programmes:

- general occupational health and safety issues;
- safe work methods and techniques in case of exposure to harmful and hazardous production factors and danger;
- hazardous work (about 25 specialised sub-programmes);
- use of personal protective equipment;
- first aid to the injured.

Information on OHS training and knowledge testing is uploaded into the Federal State Information System of the Ministry of Labour and Social Protection of the Russian Federation.

Training is conducted on a face-to-face basis and remotely both at an external training centre and the Company's structural divisions.

In 2023, Magnit focused on transitioning from a combined training (external and internal) in mandatory occupational health and safety requirements to training at external centres only. This process was launched in H2 2023 at the same time as the creation of the Training Organisation Service. During this period, about 40,000 employees received training in occupational health and safety at external training centres.

We conduct annual special assessments of working conditions. Work places with hazardous working conditions (class 3.1<sup>1</sup>) account for less than 1% of the total number of work places and relate to working in cold spaces (freezers) in the distribution centres. At the same time, the introduction of preventive measures does not reduce the level of hazard due to the specifics of technical processes.

Taking care about the safety of remote and hybrid work of employees, the Company developed and launched a special occupational health and safety course covering the specifics of safety compliance for remote work.

Automated tools of standard office programmes, an annual training schedule and a training matrix defining the categories of employees and the types of training they need to undergo are used to track training needs and monitor the timeliness of training. External training is supervised by the Corporate Academy, while internal training is controlled by the Technical and Industrial Safety Department.

The Company has an internal system of additional training programmes for personnel. The OHS Service has trainers who conduct various trainings both for the employees of the service to improve their competencies and for managers to involve them in OHS issues.

In 2023, we held additional webinars with our employees as part of changes in OHS legislative requirements.

### Raising interest in training

Visualisation of occupational health and safety training programmes and the introduction of interactive mechanics increase staff engagement and make training materials simpler and easier to understand.

We convert various programmes and instructions into video simulator format, comics and memos. For example, in 2023, we developed and launched a video simulator for retail facilities on the main causes of employee injuries and converted 15 health and safety instructions into comic books.

The video simulator includes an interactive course with game mechanics where the correctness of the employee's answers determines the next steps of the course. All cases are based on real events and accidents.



To increase employee engagement in occupational health and safety issues we have established and hold regular meetings of the Occupational Health and Safety Committee that includes both managers and average executive. Obligatory participants of the Committee meetings are employees whose action or failure to act resulted in a breach of legal requirements, local regulations in the field of occupational health and fire safety, as well as the employee's immediate supervisor. The Committee is headed by the Director of the Technical and Industrial Safety Department. Committee meetings are held monthly in distribution centres and transport unit, and from time to time – in retail units. Any employee can apply for participation by email. Colleagues share experiences, cases and activities, discuss important issues and jointly find solutions.

Employees can report identified risks, hazards, injuries through the following channels:

- email;
- telephone;
- messengers;
- hotline.

Each driver has a pad to report a problem or receive a reply even while on a trip.

Since 2015, Magnit has had a Control Centre which works together with the Company's departments and services to ensure stable, safe operation of employees and shops. The Centre is responsible for five main areas of activity:

- support of operational processes;
- operational management of all emergency situations of the Company;
- monitoring and management of systems;
- dealing with civil defence and emergency situations;
- the Company's risks including those related to COVID-19.

For more details on the Control Centre, see [Emergency response](#).

<sup>1</sup> Pursuant to Federal Law of the Russian Federation No. 426 On Special Assessment of Working Conditions dated 28 December 2013.

# Safety culture

GRI 403-4

We recognise the correlation between the level of safety culture and injury rates: the higher the safety culture, the fewer the preconditions for safety accidents, including human factors-related injuries.

## Magnit's six safety rules

- 1 I am always responsible for my safety and the safety of my colleagues
- 2 I always hold colleagues back in dangerous situations
- 3 I always keep my workplace clean and tidy
- 4 I always use personal protective equipment
- 5 I always follow traffic rules while driving
- 6 I always report accidents and risks that may lead to accidents

Magnit conducts comprehensive awareness raising events for employees at all levels. We distribute newsletters, memos, instructions, and hold meetings with employees. Email is the main communication channel. Employees who do not have access to email receive information from their managers. We also display useful information on monitors and information boards located in public areas.

# Safe driving culture

As one of the largest fleet owners in the industry, Magnit acknowledges its responsibility for ensuring road safety and takes consistent steps to foster safety culture among drivers.

## Number of road traffic accidents<sup>1</sup>

Number of road traffic accidents	2021	2022	2023
Caused by employees	1,002	1,262	1,629
Caused by third parties	917	882	1,070

<sup>1</sup> The discrepancy in quantitative data in relation to the Sustainability Report 2022 is due to the completion of the investigation and the identification of hidden road traffic accidents.

Magnit publishes a monthly Safety Digest to improve the safety culture of its employees. In each issue, we publish relevant articles and interviews in a clear and easy to understand form, covering different areas of occupational health and safety and highlighting organisational processes, challenges and solutions.

We hold roundtables with employees in OHS dedicated months. In 2023, we launched a competition for the best and most effective completion of induction training in the Magnum system. Magnit induction training is held in a video format with various cases and a test to check knowledge.

At the end of 2023, we implemented an audio broadcast project to inform employees during service breaks. The project allows employees to listen to various OHS notifications without suspending their work processes.

- The main causes of road traffic accidents in 2023:
- insufficient qualifications of newly hired drivers;
  - low coverage of drivers with preventive work;
  - insufficient amount of specialised training on road traffic safety;
  - overestimation of own skills and capabilities by drivers.

In 2023, as part of additional driver training we introduced a mandatory defensive driving course to prevent road accidents. Employees undergo the defensive driving course during their internship when hired and annually thereafter.

# Injury prevention

GRI 403-2, 403-9

We strive to reduce injury rates, assess risks and endeavour to prevent injuries, accidents. We investigate all cases of injuries and accidents, identify their causes and determine corrective measures. Magnit investigates all injuries in accordance with the Regulations on Accident Investigation that are based on the requirements of national legislation and specifics of the Company's internal processes.

To collect, process and analyse injury data, Magnit developed and implemented an automated information platform for visualisation of the injury rate.

In addition to recording lost time injuries, since 2022 we have kept records of micro-injuries, analysed the causes and implemented preventive measures to avoid their recurrence, but with loss of time.

Contractors' injuries are recorded partially, in case of a notification from the contractor or the Control Centre, and are not accounted for the injury rate calculation purposes.

In 2023, Magnit recorded 293 lost time injuries including two fatalities.

The most high-consequence injuries resulted from:

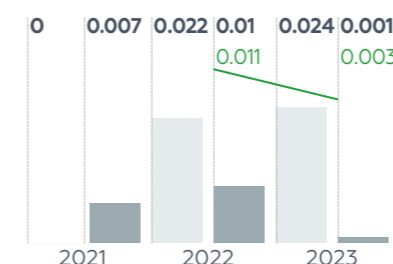
- road traffic accidents caused by a third-party driver;
- bodily harm by third parties in a conflict situation;
- deterioration of health resulting in head injury.

In order to prevent similar situations in the future, we carried out additional preventive measures on road safety, developed memos and videos on the use of the alarm button to call the security, prepared memos and held unscheduled briefings on immediate assistance in case of deterioration of health, including those to prevent falls and high-consequence injuries.

## Dynamics of metrics<sup>1</sup>

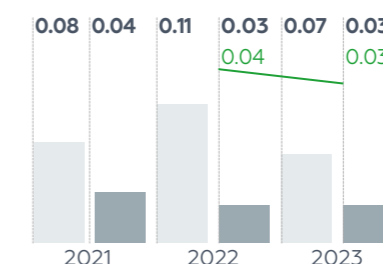
### FAR

GRI 403-9



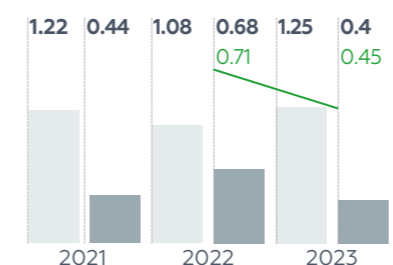
### High-consequence work-related injuries (excluding fatalities) rate

GRI 403-9



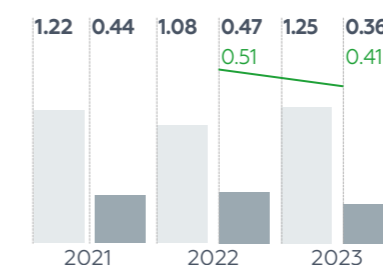
### TRIFR

GRI 403-9



### LTIFR

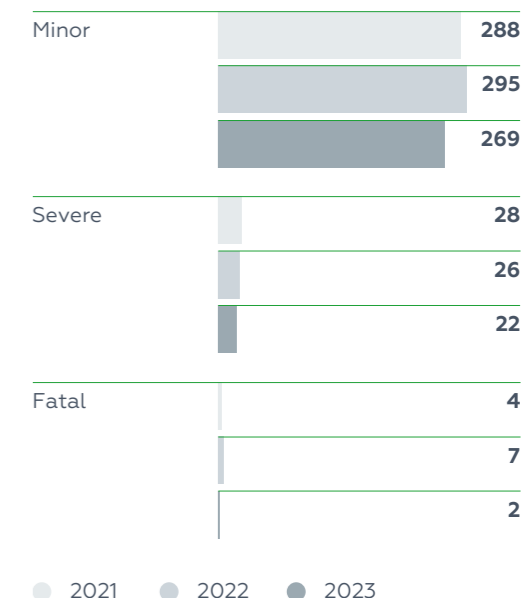
GRI 403-9



Legend: DIXY retail chain (light grey), Magnit retail chain (dark grey), Group (green line)

## Number of work-related lost time injuries across the Company

GRI 403-9



<sup>1</sup> DIXY merged into the Company in mid-2021. The data are broken down to ensure traceability; additionally, due to the completion of the consolidation of DIXY, consolidated data for 2022–2023 is presented. The discrepancy in quantitative data in relation to Sustainability Report 2022 is due to the completion and reclassification of a number of accidents related and not related to work, identification of hidden accidents, and also a change in the calculation method (the current Report shows only work-related cases).



The implementation of preventive measures (for example, update of induction training, development of additional memos, news sheet and unscheduled briefings) contributed to the positive trends in injury rates.

In 2023, the injury frequency rate (TRIFR) is 0.45, the lost time injury frequency rate (LTIFR) is 0.41, the fatal accident rate (FAR) is 0.003, and the heavy injury rate is 0.03.

### Number of employees injured and died in work-related lost time injuries, by gender<sup>1</sup>, persons

	2021		2022		2023	
	Men	Women	Men	Women	Men	Women
Number of injured	164	160	179	155	136	157
including fatalities	4	0	6	1	1	1

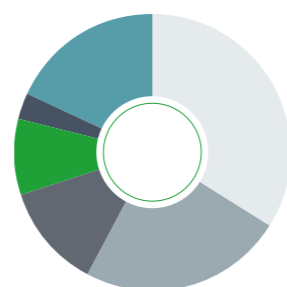
Men Women

Main causes of high-consequence injuries and fatalities:

- road traffic accidents;
- infliction of bodily injury by third persons;
- deterioration of health resulting in additional injuries;
- fall due to difference in height;
- fall of a transport trolley or goods from it on an employee.

### Main causes of injuries in 2023, %

GRI 403-9



- 34 Injuries resulting from work with large machinery and equipment
- 24 Employee fall
- 12 Fall of heavy items
- 9 Conflict situations and disputes
- 3 Road traffic injuries
- 18 Other

## Health protection

GRI 403-3, 403-6, 403-10

Magnit takes care of the health and well-being of its employees. We monitor the dynamics of employee occupational health and conduct mandatory preliminary and regular medical examinations. At least once in five years the employees with hazardous working conditions undergo medical check-up in the Centre of Occupational Pathology to detect symptoms of occupational diseases at early stages. In addition, drivers of transport unit have pre-trip and post-trip medical check-up.

We provide employees with the opportunity to undergo health resort treatment. For example, in 2023, as part of cooperation with the Social Fund of the Russian Federation, more than 200 employees of pre-retirement age had access to health resort treatment.

Magnit's current operations are not characterised by occupational diseases.

At the same time, the Company implements programmes to promote physical and mental health and well-being, and provides voluntary medical insurance for employees.

For more details on measures to maintain and promote health see [Personnel management](#).

## Emergency response

GRI 403-2

The Company's Control Centre solves various tasks related to forecasting and preventing emergency and abnormal situations, minimising material and reputational risks of the Company. Dispatchers working in shifts 24/7 record and process incoming information received via hotline, email, self-service portal, chat rooms and messengers.

Response process is governed by the Regulations on Critical Accidents, Critical Risks and Emergencies. A specific action algorithm has been developed for each critical emergency situation. The implementation of a specific action plan for each individual emergency is based on the collection, classification and analysis of information received both from the Company's employees and external sources.

Algorithms have been developed for each format of Magnit's facilities specifying the procedure to be followed in an emergency situation.

The Control Centre follows and supervises the implementation of measures to eliminate emergency situations, analyses the causes, and organises the development of applied measures to prevent their recurrence.

Critical Accidents include, among others, fires. To prevent fire, each Magnit facility implements and monitors fire safety measures. Fire safety management in the Company is governed by the Fire Safety Policy approved by the order of the President of PJSC Magnit. Prevention of violations of fire safety requirements and fires is organised and carried out on an ongoing basis. Each case of fire is promptly investigated, followed by the development and implementation of measures to prevent similar situations. The Company's compliance with fire safety requirements is achieved through the availability and maintenance of fire protection systems and equipment at the Company's facilities, as well as through the timely elimination of fire safety violations identified during internal and external control.

The Company operates hazardous production facilities, such as gas consuming networks (boiler houses and power centres) and lifting facilities used for lifting people to heights exceeding 6 m (scissor lifts) where accidents have significant negative consequences for both employees and equipment. To minimise the risk of accidents at the Company's hazardous production facilities Magnit has developed Emergency Localisation and Response Action Plans. Investigation and accounting of accidents at hazardous production facilities are performed in accordance with the procedure established by the legislation of the Russian Federation.

In 2023, the Company organised and implemented briefings and training of the Company's employees on civil defence and emergency situations based on the Magnum system.

To prevent negative accidents and improve the level of personnel readiness Magnit conducts an industrial safety expertise<sup>1</sup> of structures and technical equipments at hazardous production facilities, enters into agreements with professional emergency rescue services, creates reserves of financial and material resources for localisation and elimination of the consequences of accidents, maintains the operability of surveillance, notification, communication and actions support systems, as well as conducts training for the personnel of hazardous production facilities.

### Plans for 2024 and the medium term

#### In 2024, the Company plans to:

- automate the processes and document management to centralise all OHS procedures, improve the efficiency of process analytics and data handling;
- update the Regulations on Special Assessment of Working Conditions;
- update the OHS content on the Magnum educational platform.

<sup>1</sup> The discrepancy in quantitative data in relation to Sustainability Report 2022 is due to the completion and reclassification of a number of accidents related and not related to production, identification of hidden accidents, and also a change in the calculation method (the current Report shows only work-related cases).

<sup>1</sup> In accordance with the Federal Law of the Russian Federation No. 116 On Industrial Safety of Hazardous Production Facilities dated 21 July 1997.

# Local communities

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### Magnit supports and develops communities by implementing comprehensive social projects.

We collect and analyse feedback from stakeholders to provide comprehensive assistance. At the end of 2023, we were able to meet our targets and support a wide range of beneficiaries.



## Management approach

GRI 3-3, 413-2

Care for people is at the heart of all Magnit decisions and business processes. One of our goals is to make a positive contribution to the lives of our customers, employees and local communities.

As Magnit stores are visited by over 17 million customers in 67 regions of Russia, meeting the demand for fast-moving consumer goods and providing high-quality products to the population are our key priorities. At the same time, we support communities in social issues and fulfil our commitments to support the population in the regions of presence.

The Company has built a community engagement management system to improve the efficiency of our projects and develop a constructive dialogue with local communities.

The Sustainability Steering Committee monitors the work of relevant community engagement departments. The Corporate Relations and Sustainability Department is responsible for implementing community support initiatives. The Marketing Department is in charge of social marketing activities that involve customers in solving social problems.

For details on the Company's marketing management approach, see chapter [Responsible marketing practices](#).

For many years, Magnit has been providing comprehensive support to the community and striving to increase the positive effect of its social programmes. The Company's Sustainability Strategy 2025 sets the goal of implementing community development programmes in all 67 regions where the Company operates. In the reporting period, we focused on improving the management of our community engagement activities, as well as increasing the positive impact of our projects.

#### 2023 results

**RUB 598.5 million**  
invested in social and charitable projects

**408,934**  
direct beneficiaries received support from Magnit

**1,530 tonnes**  
of in-kind donations within social and charitable projects

#### Material topics

- Community support

#### Contribution to the UN SDGs



#### Magnit strategic goals 2025

Goal	Result
Programmes to develop communities in all regions where the Company operates	the programmes cover all regions where the Company operates

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

- Goals**
- Preservation of the population, health and well-being of people
  - Comfortable and safe environment for living
  - Opportunities for self-fulfilment and talent development

- Projects**
- Education
  - Demography

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

- Participation in the development of communities and territories**
- We understand that the Company and its employees are an integral part of the society and adhere to the principles of corporate citizenship

- Government authorities**
- Constructive dialogue, openness and transparency of procedures are the key principles of interaction with public authorities

#### Community engagement management system



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

### Our impact on local communities

#### Ensuring access to products

We provide people with quality and affordable food in major cities and smaller towns alike

#### Economic growth

As one of the largest employers, we regularly pay taxes in regions where we operate and engage with local suppliers

#### Environmental care

We strive to ensure a favourable environment in the regions where we operate and improve the quality of life of people. We consistently optimise our consumption of resources and implement environmental projects

#### Social support

We implement social projects in various areas to support local communities

#### Healthy lifestyle support

We implement projects to promote healthy lifestyle among the general public and ensure access to quality everyday products

In its activities to develop and support communities, the Company is guided by recognised standards and internal documents. The target is to formalise the processes of implementing projects for the benefit of local communities. For example, in 2023, a number of new regulations governing charitable support, in-kind donations, transfer of funds to charitable organisations and documentation of related business processes have come into effect.

#### External documents

- The United Nations Global Compact
- Social Charter of Russian Business, RSPP
- Guidance on social responsibility GOST R ISO 26000–2012

#### Internal documents

- Charity, Volunteer and Sponsorship Policy of Magnit
- Magnit's Corporate Volunteering Programme
- Business process regulations for the implementation of charitable projects

## Local community engagement

GRI 413-1

We support local communities through social and charitable projects. We take into account the needs and expectations of local communities to ensure that our projects are relevant and in demand. Magnit coordinates its efforts with representatives of regional and local authorities, which helps to better understand the current needs of local communities. The Company actively co-operates with relevant charitable foundations and non-profit organisations. In the reporting year, we received 114 requests from non-profit organisations to provide food aid to socially vulnerable categories of citizens and people in emergency situations.

We measure the effectiveness of our projects to support local communities. Based on the analysis of project results and feedback from beneficiaries, we assess and adjust the project and decide whether to continue it in the future. In 2023, we conducted focus groups in the different regions where the Company operates to identify relevant issues in each of them. This helps Magnit to align its social projects with the interests of local communities. The survey findings formed the basis of plans and projects to support local communities in each region.

## Social and charity projects

GRI 203-2

The key goal of social and charitable projects is to have a positive impact on society. When developing the projects, we rely on the opinion of stakeholders, research data and trends in the society, and take into account the specifics of the company's business. Magnit identifies the following thematic areas for community support initiatives:

### Key areas for community support initiatives

#### Support for socially vulnerable groups

- Discounts in stores and targeted projects under the customer loyalty programme for socially vulnerable groups of people
- Development of food sharing projects and donation of food products under the project
- Distribution of free food kits to socially vulnerable groups of people
- Marketing campaigns and events to support vulnerable groups
- Cooperation with specialised non-profit organisations and foundations

#### Assistance in all types of emergencies

- Charitable donations of food kits and other essential supplies for people affected by emergency situations and those with limited access to food
- Cooperation with specialised non-profit organisations and foundations

#### Development of an inclusive environment and contribution to building an inclusive community

- Fostering an inclusive environment as part of corporate culture
- Creating an inclusive environment in chain stores
- Social skills trainings and adaptation to a work environment for orphanage graduates and children with disabilities
- Cooperation with specialised non-profit organisations and foundations

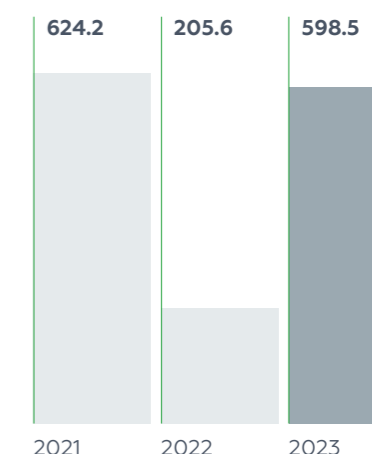
We also encourage open dialogue and exchange of experience with businesses. Since 2022, we have been a member of the inclusive business community Open for All under the Agency for Strategic Initiatives. Being part of the community is a way for us to share our experience and best practice in corporate inclusion programmes with market leaders.

RUB 7 billion

the total amount of discounts for senior people<sup>1</sup>

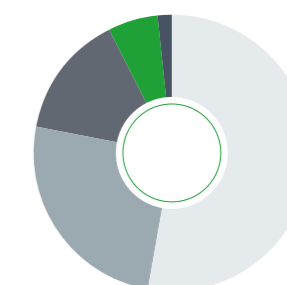
### Financing of social and charitable projects, RUB million

GRI 413-1



### Areas of social investments, %

GRI 203-1



- 53.01 Support for socially vulnerable groups
- 25.14 In-kind donations
- 14.54 Sports development
- 5.91 Support of culture
- 1.39 Support for inclusive projects

<sup>1</sup> The discount is provided at the cash desk to senior people, as well as social workers and volunteers who make purchases for senior people, upon providing a certificate.

## Projects to support socially vulnerable groups

GRI 203-2

Due to the wide geography of our chain, we are able to offer our support to a large number of people. Our mission is to help people who are least protected and most vulnerable at a given time.

### Food sharing

In 2022, together with Food Bank Rus we launched a project to distribute quality nearly expired food to vulnerable social groups. The project helps reduce food wastes and contributes to solving the problem of climate change.

Two to three days before the expiry date, the Company's responsible persons hand over products from darkstores and supermarkets to volunteers of Food Bank Rus. In order to comply with product quality control, the expiry dates and package integrity are checked by a store employee and a volunteer of the fund, and then a consignment note is issued to the volunteer. During the day, the volunteer delivers the products to families in need.

In 2023, the project was scaled up to include five hypermarkets in different regions across the Company's footprint. In 2024, Magnit will continue testing this initiative and make a decision whether to launch food sharing projects in new cities and add new categories of products.

For details on the Food Sharing project in the context of reducing environmental impact, see chapter [Climate impact reduction and energy efficiency](#).

#### Project goal

Provision of consumer goods to the socially vulnerable groups of people

#### Project objectives

- Support for people in need
- Responsible food consumption

#### Target audience

- Lonely elderly people
- Large families

#### 2023 results

- **300 tonnes** of products were distributed to beneficiaries as at the end of 2023
- **220 thousand people** from 7 regions became beneficiaries of the project
- **250 volunteers** from Food Bank Rus took part in the project

#### Project awards

- **1st place** in the nomination Ecology. Large Business in Visionaries. Change Management award
- **2nd place** in the Environmental Efficiency nomination in It's About People forum

#### Promoting goals



#### National goal

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

#### National project

- Demography



Magnit is one of the pioneers in food sharing in Russia. Our partnership will facilitate the development of an efficient food distribution chain, from a store to beneficiaries, provide insight into the principles of its design for all participants, and effectively scale up the food sharing technology. Launching a pilot project on free food sharing together with Magnit is an important step towards achieving Russia's national goals.

**Yulia Nazarova**  
President of Food Bank Rus

### Participation in projects to support foster families

Together with the Arithmetic of Kindness charitable foundation, we launched various projects to support foster families:

- information support of the foundation as part of cross-format marketing activities;
- participation of the Company and suppliers in activities to support foster families;
- product support for foundation's events;
- engaging Magnit's customers to participate in the Foundation's support programmes using an online application.

In 2024, we plan to continue supporting the foundation's initiatives by providing information support through the Company's communication channels, as well as through marketing campaigns to engage customers of our store chain to support the foundation's comprehensive projects.

## Comprehensive support programme for elderly people

We strive to provide comprehensive support to the elderly people.

The key areas of support are:

- provision of food kits;
- implementation of society engagement projects;
- training the elderly in healthy lifestyles.

Within the selected areas, the Company consistently implements charitable and social initiatives, closely interacting with relevant non-profit organisations.



### Project goal

Improving the quality of life of people of retirement and pre-retirement age

### Project objectives

- Food assistance to elderly people in difficult life situations
- Additional projects to promote social engagement of the older generation (communication with lonely elderly people, employment)
- Organization of educational events to raise awareness of healthy eating
- Information support of non-profit organisations

### Target audience

- Residents of nursing homes
- Lonely elderly people
- Elderly people with disabilities
- Wards of specialised non-profit organisations
- Non-profit organisations

### 2023 results

- **4,855 wards** of the Enjoyable Aging Foundation in **48 institutions** throughout the country became participants in the Grandson by Correspondence
- **5 educational** events and tours to supermarkets under the Active Longevity project
- **3,352 people** were employed as a result of the Jobs for Young People Over 60 project
- **12 recipes** from the older generation were published in Magnit magazines under the Grandmother's Recipes project

### Goal support



### National goal

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

### National project

- Demography

## Support for people in emergencies

GRI 203-2

As a socially responsible Company, we provide support to people in emergency situations. In emergency situations, Magnit stores are ready to provide prompt assistance at the request of local residents. In case of emergencies in the regions where the Company operates, we have developed a Regulation on Assistance.

In June 2023, we provided food kits and water to 2,400 people affected by traffic restrictions on federal highways. In the reporting period, Magnit also provided assistance to 840 victims of fires in the Kurgan, Tyumen, Omsk and Sverdlovsk regions.

## Comprehensive social engagement programme

### Grandson by Correspondence project

The goal of the project is to support the nursing home residents of the Enjoyable Aging Foundation through communication. After talking to the Foundation's beneficiaries and representatives of non-profit organisations, we understood that communication is often more important for lonely elderly people than material gifts. We made a decision to support the project, including by engaging internal volunteers. As part of the project, wards of social institutions receive birthday or holiday cards from the Company's volunteers. In total, in 2023, 4,855 elderly people in 48 institutions throughout the country received the mails as part of the project. We intend to continue the project in 2024.

### Jobs for Young People Over 60 project

The Company employs people over 60 under the project. The goal is to provide an opportunity to elderly people to realize their full potential and feel that they are needed at work. Positions from cashiers to commodity experts are vacant in retail stores. In 2023, 3,352 people were employed as part of the project.

### Active Longevity project

In 2023, the Company continued to support the Active Longevity project organised by regional governments throughout the country. The Company held five educational events and tours to supermarkets in three regions. The purpose of the events was to promote the principles of healthy lifestyle and proper nutrition among the older generation. The events were held in Veliky Novgorod, Novosibirsk and Orenburg regions, as well as in the Republic of Karelia. We intend to continue our educational activities in 2024.

### Granny's Recipes project

The Company implemented an information project together with the Enjoyable Aging Foundation. As part of the project, we published the most interesting recipes from the older generation in Magnit and Gastronom magazines throughout 2023. A total of 12 recipes were published in 2023. In addition, we have also shared information on how to support the Foundation.

"We greatly appreciate the warm relationship with the Magnit chain of stores, where truly caring people work. Our joint projects include sweet New Year's gifts, which many elderly people remember all year long, greetings cards sent to senior strangers by employees and customers of Magnit stores, and other good deeds. All this proves that interaction between business and non-profit organisations can be a true partnership to solve important social problems together."

**Elizaveta Oleskina**  
Director, Enjoyable Aging Foundation



## Inclusive environment development projects

GRI 203-2

Our Company supports the development of an inclusive environment in Russia. The Company's mission is to promote social change and create an environment where everyone would have equal opportunities, regardless of their health. To achieve this goal, we are working not only on the physical accessibility of our retail space, but also on training employees to work with people with disabilities and raising awareness of the general public of an inclusive environment.

Today, there are four million people with disabilities of working age in the country, while only 27.5% of them are employed<sup>1</sup>. We launched the Inclusive Environment Here programme to make a comprehensive contribution to building an inclusive community. The main goal of the programme is to create and develop an inclusive environment that promotes social engagement, adaptation and successful integration of different social groups into society. To date, the comprehensive programme that includes five of the Company's projects on inclusion development is implemented in all regions across the Company's geography.

### Inclusive Environment Here

#### Kind Bunny

Training of store staff in communication skills with people with disabilities

#### Magnit.Life

Training in social skills and professional experience for children from orphanages, including those with disabilities

#### Relay Race for Success

Project explaining the algorithm of integration into the profession and labour market for people with disabilities

#### Inclusive Volunteering

Development of social ties and support of an active lifestyle among residents from social care organisations

#### Campaigns for buyers

Holding campaigns to engage customers in projects to support people with disabilities

## Inclusive Environment for Customers – Kind Bunny project

Kind Bunny is an online educational programme to train customer-facing employees to interact with people with disabilities. Employees can take the course on the Company's Corporate Academy website, with the final test available based on the results of the course. Today, the course includes nine video lessons on the following topics:

- introduction to the project;
- legal framework;
- working with hearing impaired persons;
- working with visually impaired persons;
- working with people with speech disorders;
- working with people with musculoskeletal disorders;
- working with people with mental disabilities;
- emergency actions;
- preventing burnout.

A total of

**>175 thous. employees**

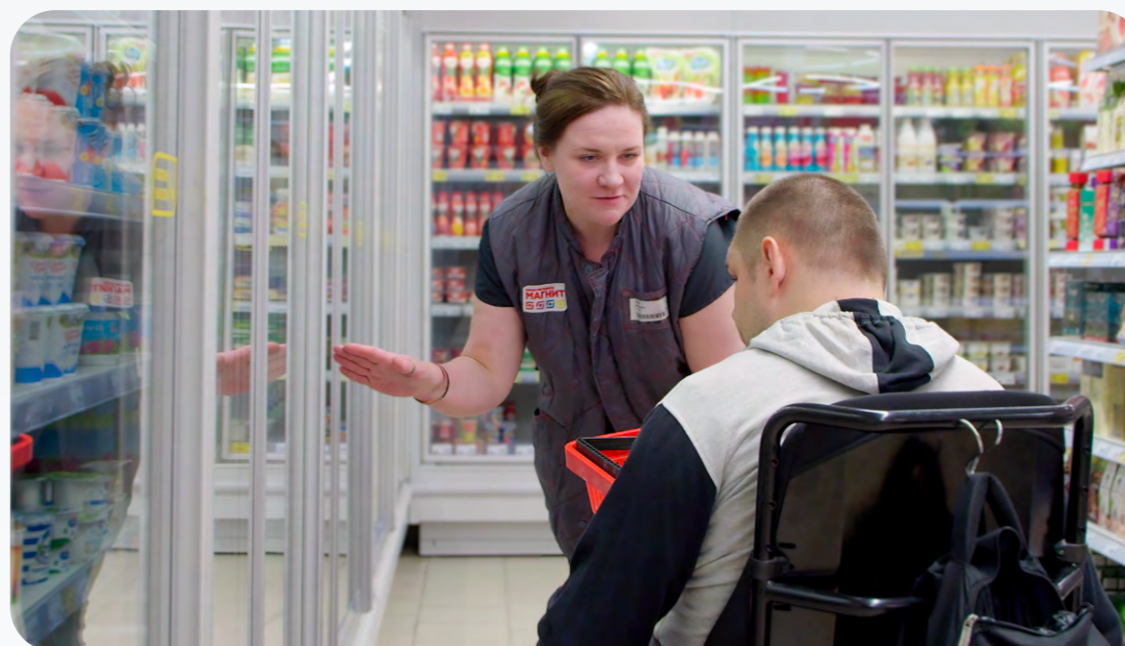
have completed the training in the reporting period

In the reporting period, the Company started updating the Kind Bunny course to add new topics: working with people with guide dogs and with people with posttraumatic syndrome. A cooperation agreement was signed with the Wise Dog non-profit organisation to develop a course on working with people with guide dogs. Cooperation under the agreement will make the course more insightful and practical.

In 2023, the Company decided to scale the Kind Bunny project and create a training course for retail chain customers. Various topics will be available for customers under the course:

- familiarisation with the definition of disabilities;
- communication with deaf, hearing-impaired people/children;
- communication with blind, visually impaired people/children;
- communication with people/children with severe speech disorders;
- communication with people/children with motor disorders;
- communication with people with developmental disorders and posttraumatic stress disorder.

The purpose of the course is to promote changes in society through the acceptance and adaptation of people with disabilities. The course will help a wide range of people learn more about inclusion and communication skills with people with disabilities. The launch of the course is scheduled for 2024.



### Project goal

Creation and development of an inclusive environment that promotes social engagement, adaptation and successful integration of people with disabilities into society

### Project objectives

- Develop skills of employees to interact with customers with disabilities
- Change the attitude of in-store employees towards people in difficult life situations, as well as each other (develop tolerance)
- Create a positive image of Magnit stores with equal attitude towards all groups of customers

### Target audience

- People with disabilities
- Magnit chain employees
- Magnit chain customers

### 2023 results

- Kind Bunny is included in the training programmes for all new hires
- **Over 175 thousand employees** completed the training

### Project awards

- **2nd place** in the track Business in #WEARETOGETHER 2021
- **2nd place** in the nomination Leader of Social Change in #WEARETOGETHER 2023

### Goal support



### National goals

- Preservation of the population, health and well-being of people
- Comfortable and safe environment for living

### National project

- Education

"The rights of people with disabilities must be protected to bring more joy and happiness in our world. We all are vulnerable: those who can help and those who need help."

**Svetlana Telitsyna**

Head of Moscow club of guide dog owners Wise Dog

<sup>1</sup> According to the Federal Register of Disabled Persons.

## Magnit Life orphans social engagement project

The project is aimed at social adaptation and career guidance of children. As part of the project, teenagers undergo a four-month training programme, which consists of:

- 1 offline gamified training sessions on soft skills by experienced trainers;
- 2 training using Magnit's Corporate Academy online platform with elements of gamification and non-material motivation. The training programme includes both a section on integration and building adaptability skills and a section on obtaining the first profession – a sales assistant in Magnit Cosmetics retail chain;
- 3 paid internship in Magnit stores under the supervision of store mentoring directors.

170 teenagers participated in the project. 127 people were employed during the programme, and 54 people extended the contract after the programme. The satisfaction level was 8.9. In 2023, Moscow, where the project was held for the second time, was joined by St. Petersburg, Yekaterinburg and Krasnodar. In 2024, Magnit plans to scale up the project to all regions across the Company's footprint.

### Project goal

Integration into society and adaptation of children to independent life

### Project objectives

- Develop basic skills of adaptability, teamwork, fulfilment of obligations and sustainable motivation for professional activity
- Share knowledge and skills sufficient for quality performance of Magnit sales assistant tasks and certification
- Build an inclusive environment in stores

### Target audience

- Children from orphanages, including children with disabilities
- Foster children
- Magnit chain employees

### 2023 results

- **170 children** were trained, **127 teenagers** with disabilities had internships in Magnit stores in Moscow, St. Petersburg, Yekaterinburg and Krasnodar

### Project awards

- **Moscow City Award 2022** Stork's Wings in the nomination Best Employer of the Year
- **Winner (III degree)** in the nomination Best project/ programme to engage young people in positive changes in ESG EXCELLENCE AWARD 2022
- **2nd place** in the nomination Leader of Social Change in #WEARETOGETHER 2023

### Goal support



#### National goals

- Opportunities for self-fulfilment and talent development

#### National project

- Education

## Inclusive Volunteering project

The joint project with the Enjoyable Aging Charity Foundation combined two important areas of social support: socialization of people with disabilities and volunteer assistance in neuropsychiatric boarding schools and general boarding schools. The project is based on an in-house volunteering, when participants are teams created from the residents of social service organisations. This approach helps to maintain and build social ties, develop communication skills and self-expression through participation in a volunteer team inside and outside the institution.

Volunteer tasks include:

- organisation of leisure activities at boarding schools;
- assistance in minor domestic matters;
- care for non-mobile and mobility-impaired people.

We support the project at the stage of creating volunteer groups and organising activities. Volunteers act on behalf of the Company and are ready to help with the arrangement of internal processes at the project launch. We also provide all volunteers with brightly coloured branded clothing and goods for creativity and leisure activities. Based on the results of the year, the pilot version of the project was launched in 15 institutions in the Krasnoyarsk, Ryazan and Tyumen regions. In 2024, Magnit aims to scale up the project to 100 institutions in regions across the Company's footprint.

### Project goal

Development of social ties and volunteer initiatives among residents from social care organisations. Supporting active lifestyles and improving the quality of life of elderly people and people with disabilities

### Project objectives

- Facilitate building of social ties in neuropsychiatric boarding schools and general boarding schools
- Help in social engagement of people living in residential social service organisations
- Support the development of a culture of mutual assistance and volunteering
- Promote extension of experience to other regions of the country based on the results of the project

### Target audience

- People living in residential social service organisations
- Magnit employees

### 2023 results

- Pilot project launched in **15 institutions** in **three regions**
- **160 wards** of neuropsychiatric boarding schools and general boarding schools were involved in volunteer groups
- **2,017 daytime leisure activities** were organised for **1,200 wards** of neuropsychiatric boarding schools and general boarding schools

### Goal support



#### National goals

- Comfortable and safe environment for living

#### National project

- Education



"The project offers a lot of opportunities to teenagers. They gained knowledge about consumer goods, skills of communicating with new people, onboarding, working schedule. These are basic skills that all people need, regardless of where and how they build their career. We hope that the project will become permanent, and many children will be able to gain knowledge and job experience."

**Evgeny Shapovalov**  
First Deputy Minister of Social Policy, Sverdlovsk Region



## Relay Race for Success project

The main goal of the project is to raise awareness among young people with disabilities about possible life paths. The project helps to find a suitable scenario for self-realization, integration into the profession, work and social life based on real cases. In total, the project consisted of 12 open-talk lectures, which were held both in person and online. More than 85 experts were speakers at the lectures: people with disabilities who have successfully integrated into society, parents of children with disabilities, employees of the Company, representatives of non-profit organisations and businesses.

The following topics were discussed during the project:

- independence and overcoming barriers from family and neighbourhood;
- education, self-realization and acceptance of children with disabilities;
- choosing a profession and building an independent adult life, as well as parental involvement in decision-making in favour of the child with disability;
- vocational guidance, peculiarities of career choice and job search for job seekers with disabilities;
- job search for people with disabilities without education;
- opportunities and ways to obtain assistance from the state for people with disabilities;
- employment opportunities for people with disabilities from regions, and the role of digital technologies in job search;
- organising leisure time and finding suitable and useful hobbies;
- building a personal life, self-perception and perception of one's partner, overcoming complexes related to disability;
- building communication with society.

The project was launched in 2023 attracting a lot of interest:

1,000,000 people – the total reach of the project's audience, with more than 700,000 people participating in face-to-face and online meetings.

The project provided 70 career counselling sessions. It also contributed to increasing employment opportunities: about 100 people with disabilities were employed in various formats as a result of the project.

The Company intends to continue the project in 2024, updates are available on the [website](#). We also plan to implement an initiative to employ people with disabilities in the Company. For this purpose, the Company has launched a special survey.

For details on the survey, see chapter [Personnel management](#).



### Project goal

Show parents of children with disabilities positive scenarios of integration into society, as well as algorithms of integration into the profession and employment market. Demonstrate successful cases of employment and discuss what depends on parents and children, and what support is available from non-profit organisations and the state

#### Project objectives

- Enhance the own potential of families with young people with disabilities

#### Target audience

- People with disabilities
- Parents of children with disabilities
- Educational institution
- Non-profit organisations

### 2023 results

- **1 million people** – total audience coverage
- **More than 700,000** offline and online participants
- **170 publications** in Relay Race telegram channel
- **68 consultations** with psychologists
- **About 100 people** with disabilities got a job

### Project awards

- **2nd place** in the nomination Leader of Social Change in #WEARETOGETHER 2023

### Goal support



#### National goals

- Preservation of the population, health and well-being of people
- Opportunities for self-fulfilment and talent development



#### National project

- Education

"Social sustainability of people with disabilities is not widely spoken about, people with disabilities are not always able to talk about the difficulties they face. Magnit supports open dialogue on the complex issues of inclusion, which is an important decision in the business environment. In 2023, together with our colleagues, we launched a crucial comprehensive social programme, Relay Race for Success, which enabled us to engage more than 700,000 people in content discussions in a short period of time. The programme has proven its effectiveness, including through feedback from participants."

#### Igor Novikov

Co-founder of Everland, director of the autonomous non-profit organisation "Space of Equal Opportunities"

## Culture supporting projects

Magnit contributes to the development of culture and preservation of cultural heritage. We support cultural events and cooperate with museums.

### Strategic partnership with The State Hermitage Museum

The main goal of cooperation is to make art accessible to everyone, uniting people across Russia through the appreciation of aesthetics.

In 2023, Magnit agreed on a long-term partnership with the State Hermitage Museum and the Hermitage XXI Century Foundation. The retail chain will support exhibition, restoration, theatre and publishing projects of the museum across Russia.

The exhibition Thinking of Time! Jan van den Hecke. Sumptuous Still Life was held at the White Hall of the Hermitage General Staff building as part of the agreement. One of the most prominent paintings by Flemish artist Jan van den Hecke was restored with the support of Magnit. Magnit also acted as a key partner for the exhibition.

In 2023, the Company supported a museum and theatre project called Wonderful Spring. Theatre-Laboratory in the Hermitage and even published special editions of the Hermitage magazine. In addition, Magnit provided gifts for participants at the inclusive festival called Art in the Senses. Empire.

In partnership with the State Hermitage Museum, Magnit issued an exclusive series of festive goods, decorated with images and descriptions of masterpieces of world painting from the museum's collection. The customers were able to purchase items from the retail stores.

### Project goal

Popularisation of art for mass audiences, increasing accessibility of world masterpieces

### Project objectives

- Support exhibition, restoration, theatre and publishing projects of the Hermitage across Russia
- Present masterpieces of world art to the audience through accessible communication channels with a focus on contemporary means

### Target audience

- Local communities

### 2023 results

- Signing of a strategic cooperation agreement with the Hermitage
- Opening of the exhibition Thinking of Time! Jan van den Hecke. Sumptuous Still Life
- Holding a museum and theatre project Wonderful Spring. Theatre-Laboratory in the Hermitage, publication of special editions of the Hermitage magazine
- Gifts for participants of the inclusive festival Art in the Senses. Empire by Magnit
- An exclusive series of festive goods with images and descriptions of masterpieces of world painting available to customers

### Goal support



#### National goals

- Opportunities for self-fulfilment and talent development

#### National project

- Culture

### Petrovsky Village Theatre project

In 2023, the Company supported the Big Village Day in Smolensk region. The project aims to support the development of theatre and promote culture and agriculture in villages. We provided food support for the event. More than 200 people from all the surrounding villages of Smolensk region attended the Big Village Day.

For details on supporting farming, see chapter

[Supporting local agricultural producers](#).

# Social marketing

Magnit organizes social marketing projects to support charitable foundations and organisations. Together with our partners, we implement various marketing projects aimed at engaging our customers in supporting those in need.

## Good Garland campaign

In 2023, together with the VK Dobro platform, the Company took part in the Good Garland campaign. The aim of the project is to provide financial support for comprehensive projects of inclusive charitable foundations. Participants voted for projects, submitted by 16 inclusive foundations, using a special platform. The Company donated 1 ruble for each project participant to the VK Dobro common bank. RUB 2.3 million collected as the result of the project were distributed among 16 inclusive foundations depending on the final vote of the campaign participants.

## A joint project with Con-nection charitable foundation

We have run a fundraising campaign to build inclusive children's playgrounds. At the end of 2023, a playground was opened in Stavropol. The project is scheduled to continue in 2024.

## Let's Help Children Hear the World campaign

In 2023, together with the Company's own brand, we launched a campaign Let's Help Children Hear the World campaign to raise funds to purchase hearing aids for children. As part of the campaign, 1 ruble from the purchase of products will be donated to the Con-nection charitable foundation for the purchase of hearing aids. The campaign will last until April 2024.

## Prize Territory campaign

Together with the Kvartal Lui Foundation, we raised RUB 1.7 million to purchase a bus for people with disabilities.

## Grill Games campaign

Together with the Arithmetic of Kindness Foundation, we held a picnic in Serebryany Bor, bringing together more than 100 people from 26 families of the Foundation, and information and communication support was provided to the Arithmetic of Kindness Foundation.

## Make Presents from the Bottom of Your Heart campaign

We provided Information and communication support to Enjoyable Aging Charity Foundation to draw public attention to socially significant problems and raise funds to help elderly people.

## Give Care to Children campaign

In 2023, together with a large cosmetics brand, we implemented a project to support the Con-nection charitable foundation. Every ruble from the purchase of the brand's goods was transferred to the Con-nection foundation. As a result of the project, the actual amount totalled RUB 1 million with the total number of participants exceeding 127 thousand people.

## Campaign with a large brand of oral hygiene products

In the reporting period, the Company implemented the project together with a major brand of oral hygiene products. When buying two branded goods, five rubles from each item sold was donated to the Life Foundation. The total number of participants was 2 thousand people.

## Clean is Easy campaign

As part of the project, five rubles from each purchase of the brand goods were donated to the Dobry-Yug charity organisation. In addition, retail stores set up automated postal boxes to collect stationery for families with schoolchildren in need and held educational workshops with parents of children with special development needs.

## Give a Smile to Children campaign

Together with a chewing gum brand, a project to support the Giving Culture charity fund was launched in the reporting period. One ruble from each sold item was transferred to the fund's account. The project will run until 2024.

### Project goal

Attracting customers' attention and involving them in social projects to support socially vulnerable categories of people

### Project objectives

- Provide information support as part of implementing social initiatives of partner companies
- Draw the attention of customers to participation in social events and campaigns
- Provide a communication channel to raise funds

### Target audience

- Customers of Magnit stores
- Wide range of internet users
- Non-profit organisations and funds

### 2023 results

- **More than 500,000 people** – monthly coverage of marketing activities in all communication channels
- **4 million rubles** raised to support social initiatives and projects

### Goal support



## Plans for 2024 and the medium term



- Develop current projects and expand areas of interaction with communities;
- develop a special platform joining all materials related to Magnit's participation in the social agenda to enable easy familiarisation of all stakeholders with Magnit's social initiatives and provide timely feedback on the Company's social activities;
- launch a training course on inclusion and communication with people with disabilities for the customers;
- as part of the development of the Relay Race for Success project, replicate methodological recommendations on the implementation of the social programme in conjunction with the Open for All project of the Agency for Strategic Initiatives;
- development of the Kind Bunny inclusion project and launch of an initiative to train buyers to interact with people with disabilities in public places.

# 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.

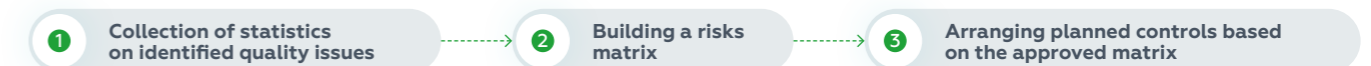
### Product quality control system



### 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

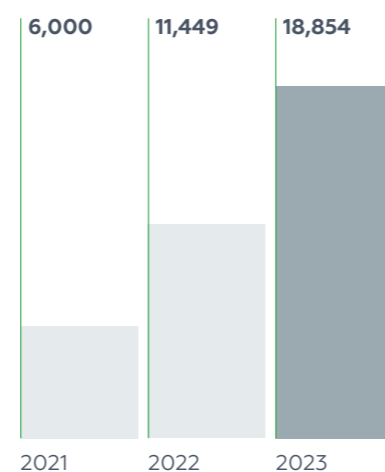


In the reporting period, we updated our approach to collecting data from respondents when conducting organoleptic product evaluation (quality assessments and taste tests). The updated approach involves the use of a new automated system to collect respondents' assessments. Previously, information was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

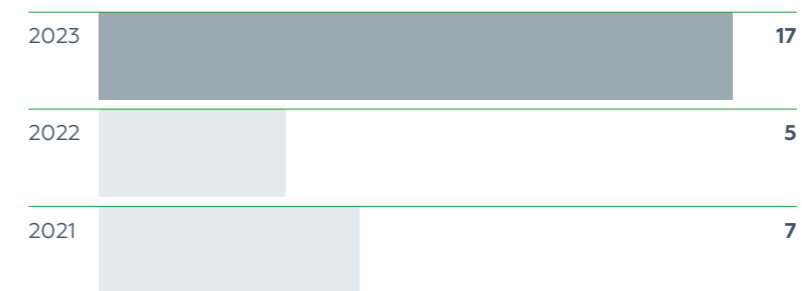
In the reporting year, Magnit recalled a total of 3,877 products for food safety issues, 346 of which were private labels. However, there were no cases of significant harm to health caused by the recalled products.

#### 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

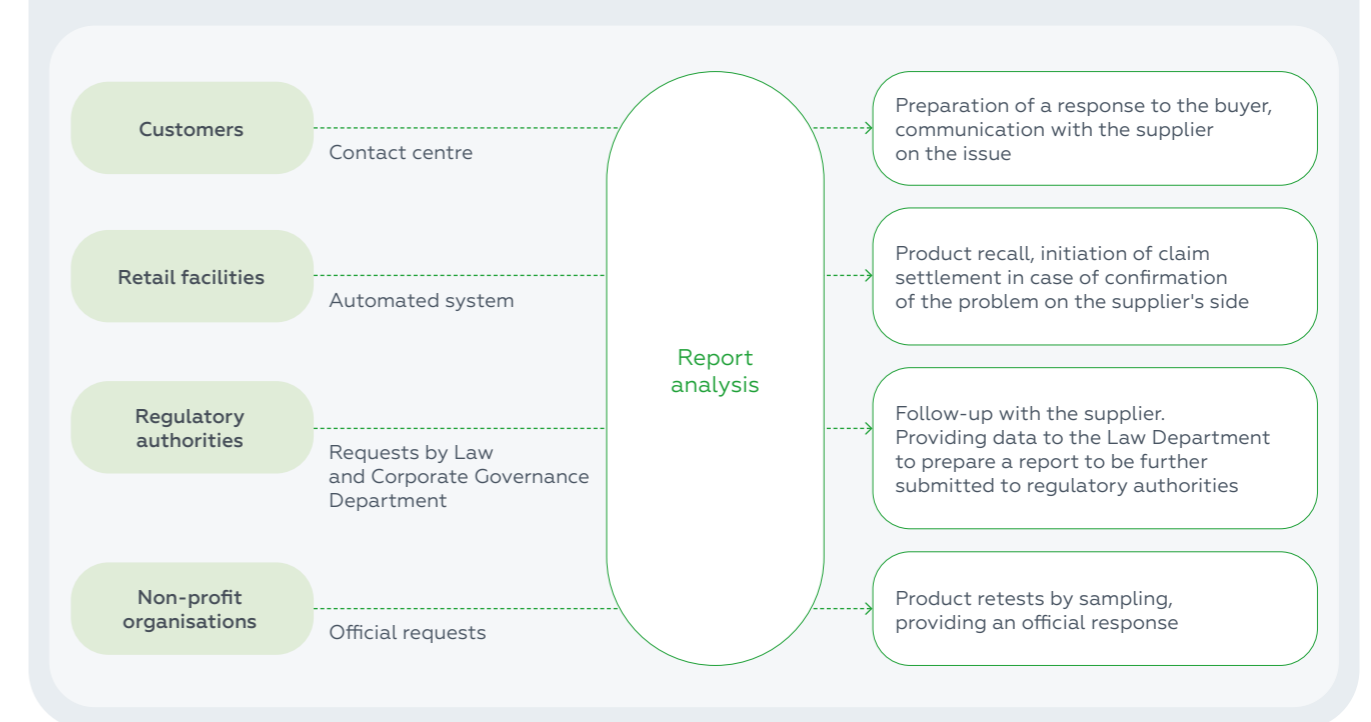
FB-FR-260a.2

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.

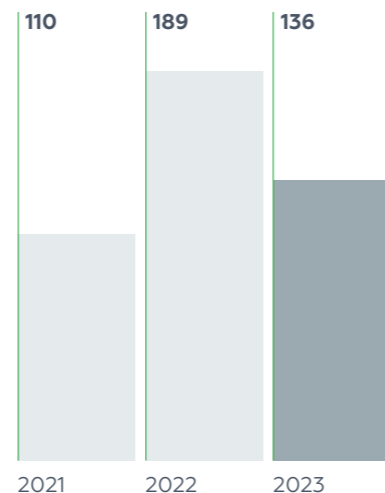




In 2023, the Company received 28 thousand reports related to the quality of suppliers' products and goods produced in-house. Quality checks revealed 2,773 violations. To improve customer preference, we review every complaint received by the contact centre from customers as part of our comprehensive quality 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'

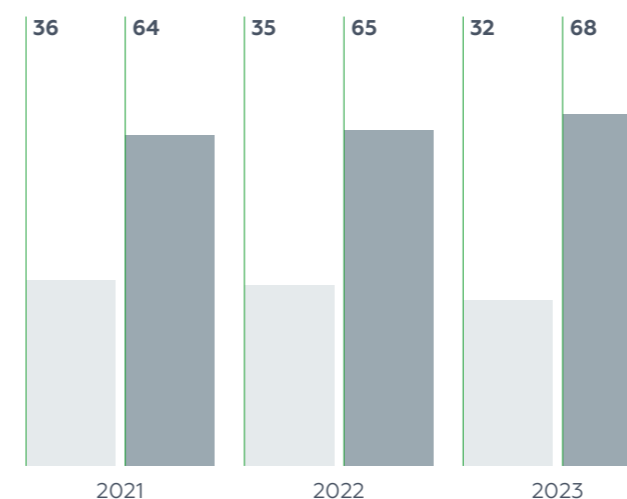
### Supplier quality audit

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.

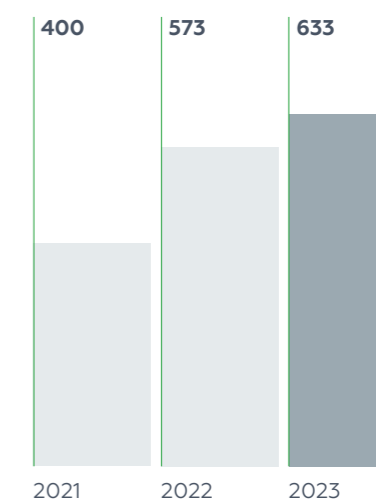
All suppliers are assessed for potential risks during the audits. We divide suppliers into four categories: A, B, C and D, where A and D are the suppliers with the lowest and highest expected risk respectively. Based on the results of our analysis, we work to improve product quality control with C and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

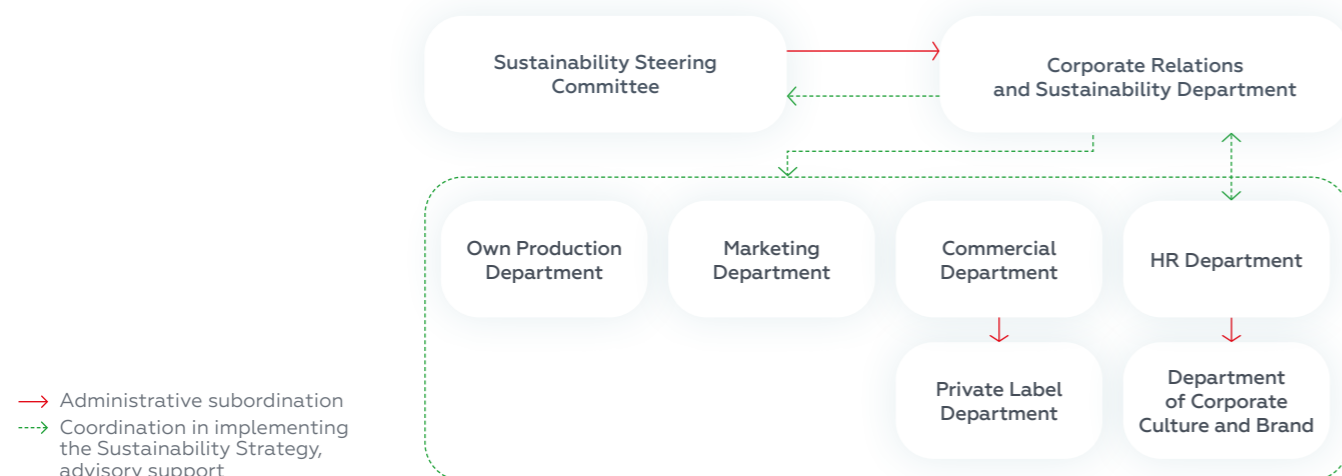
## Promoting healthy lifestyle

### 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.

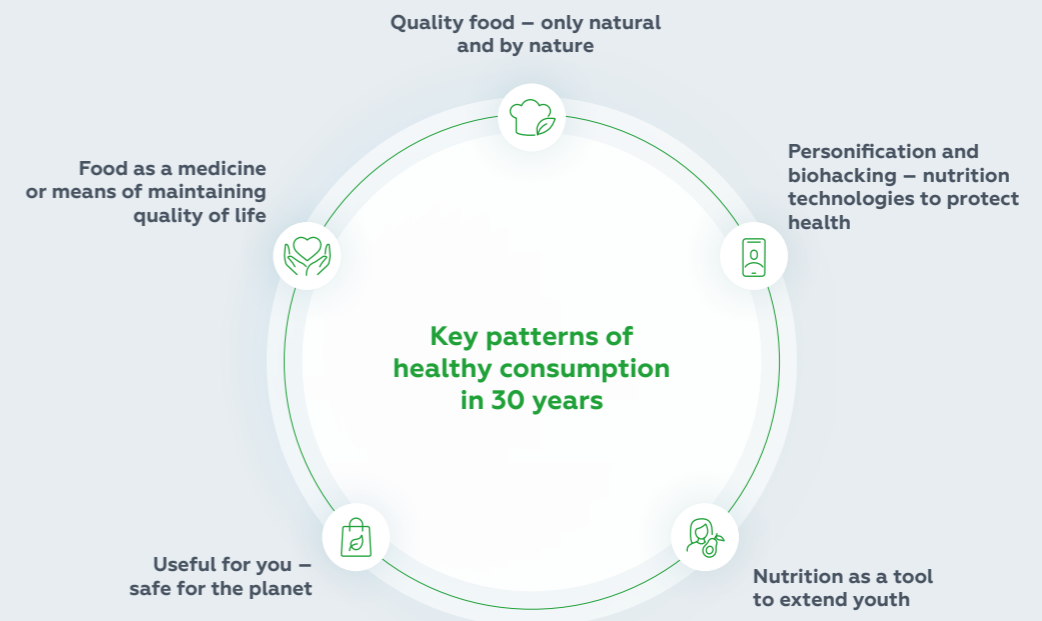
### Management system to promote a healthy lifestyle and improve the well-being of the population



### 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

FB-FR-260a.1



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.

# Sustainable sourcing

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## Magnit builds a sustainable supply chain to guarantee the transparency and reliability of product supplies.

Whether we manufacture our products or purchase them from external suppliers, we strive to ensure they are of the highest quality and availability. Magnit applies the criteria of environmental and social responsibility both in cooperation with suppliers and in our own production. We support local producers, develop food production, use organic production technologies, and reduce the environmental impact of our product packaging.



### Material topics

- Sustainable supply chain
- Product quality and safety

### Contribution to the UN SDGs



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

- Goal**
- Decent, efficient work and successful entrepreneurship
- Projects**
- Small and medium-sized enterprises
  - Personnel performance

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

**Business partners**  
Our relations with business partners are based on mutual respect.

<sup>1</sup> >90% – the share of domestic products of the total socially important goods in DIXY in 2023.  
<sup>2</sup> In 2022, the share of private labels in the socially important product mix amounted to 33%. The changes are due to the updating of the calculation methodology.  
<sup>3</sup> 309 new DIXY suppliers in 2023.  
<sup>4</sup> The Company identifies local suppliers depending on the geography of supply – municipality, / district, /subject of the Russian Federation.

## Management approach

GRI 2-6, 204-1, 3-3, 13.23.2

When interacting with suppliers, we adhere to the principles of openness and good faith, maintain long-term relationships, regularly optimise procurement and logistics processes, and improve technological solutions. Our supply chain includes 5,156 Russian suppliers, of which 2,513 are local suppliers<sup>4</sup>. We take a responsible approach to selecting suppliers of products and raw materials, tracing their path from the place of origin to the point of sale.

### External documents

- Code of Good Practice of Relations between the Retail Chains and Suppliers of Consumer Goods

### Internal documents

- Policy on Responsible Supply Chain Management
- Procedure for Selecting Suppliers through the System of Interaction with External Partners
- Procedure for Selecting Suppliers of Fresh Vegetables, Fresh Fruits and Berries, Fresh Mushrooms, and Herbs through the System of Interaction with External Partners

As part of building a sustainable supply chain, the Corporate Relations and Sustainability Department cooperates with the Category Management, Commercial Purchases and Logistics departments to implement joint projects.

### Supply chain management system



----> Coordination in implementing the Sustainability Strategy, advisory support

### 2023 results

**1.6 trillion**

Magnit purchases

**49%**

share of local suppliers

**411 tonnes**

volume of products under agricultural contracts

**300 thous. tonnes**

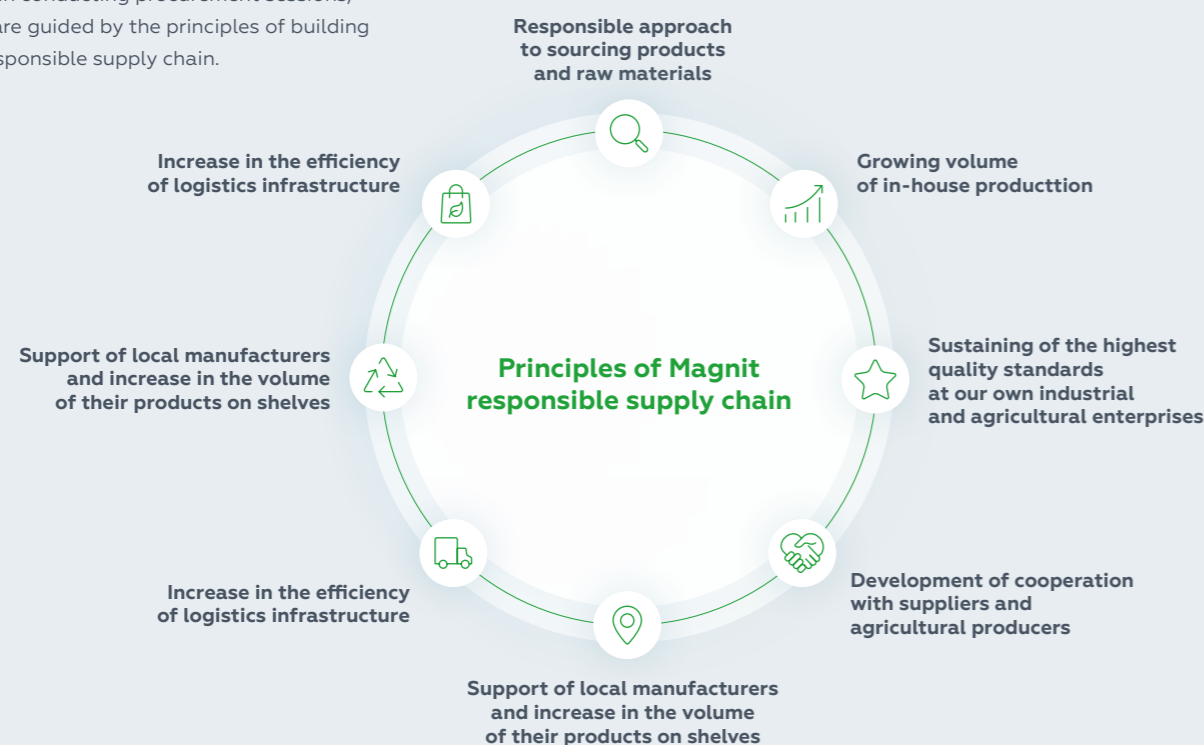
produced in total by Magnit

### Magnit strategic goals 2025

Goal	Result
50% of private label and own production packaging to be recyclable, reusable or compostable	68% of private label packaging is recyclable
100% responsible purchases of socially important goods	79.7% – share of domestic products of the total socially important goods <sup>1</sup> 33% – share of private labels in the Company's socially important product mix <sup>2</sup>
100% responsible approach in agriculture and in-house production	76.4% – share of domestic agricultural raw materials used in own production
Partnership programmes for local suppliers and farmers	9% increase in turnover for local suppliers 22% increase in the volume of product supplies under agricultural contracts 849 Russian suppliers became new partners of Magnit <sup>3</sup> Development of agricultural contracts and cooperation with farms



When conducting procurement sessions, we are guided by the principles of building a responsible supply chain.



## Policy on Responsible Supply Chain Management

The Company has the Policy on Responsible Supply Chain Management effective since 2020. It sets out the key sustainability criteria we expect our suppliers to meet. These criteria include

both business ethics and compliance with labour laws, human rights and environmental impact reduction.

### Principles of the Policy on Responsible Supply Chain Management

- Lawful and fair business conduct
- Fair competition and anti-corruption
- Proper treatment of employees
- Working willfully and voluntarily
- Compliance with the minimum age for employment
- Fair pay for all employees
- Reasonable working hours for all employees
- Right to trade unions
- Health and safety of employee at work
- Access of employees to fair procedures and remedies
- Protecting and defending the rights of regions, including indigenous peoples
- Operation based on the principles of sustainable development and environmental impact mitigation

## Supplier engagement

Developing strategic partnerships is our priority in supplier engagement. These partnerships allow us to offer a unique range of products to our customers, implement supply chain projects, improve forecast accuracy, optimise costs and delivery times, and use advanced data analytics.

We take part in specialised conferences and food exhibitions every year and hold a large number of events as part of strategic cooperation with partners:

- an annual negotiation campaign to agree targeted commercial and non-commercial terms of business for the following year;
- supplier events to update our strategy status and inform about the changes in commercial policy for the next year;
- trade and procurement sessions in all regions where the Company operates.

- The Company carries out its procurement process using **SRM 2.0 system**, which now comprises more than 12 thousand existing and potential registered partners. In the reporting year, we worked to develop the functionality of the system and:
- created the Supplier's Personal Account module, where we consolidated regulatory and reference documentation on procurement procedures to ensure easy access to the main documents and regulations;
  - added useful services for our partners to the portal such as connection to electronic document management (EDI and UZDO (legally significant electronic document management)), factoring, quick transfer to the RS.Magnit Analytical Supplier Portal and the possibility to submit an application to connect to the service;
  - introduced online mode for trading procedures for tender positions to make the offer preparation process more transparent, quick and convenient;
  - reduced the commercial proposals review period by 60% due to targeted communication between the counterparty and the responsible category manager and a system of internal notifications;
  - developed and implemented the functionality for approving complaints in the system;
  - added technical and operational support to suppliers in the system.

We are currently integrating the SRM 2.0 platform with the portal of MSP Corporation (small and medium-sized entrepreneurship). This will make it easier for small and medium-sized businesses to send commercial proposals to Magnit retail chain and provide the most necessary set of parameters for decision making. We are also developing trade procedures for the fruit and vegetables category and plan to start purchasing this category through the platform in 2024. In addition, in 2024, we intend to implement delivery schedules, promos, price alerts approval and payment details and launch them on the platform.

### Key figures 2023

**RUB 1.6 trillion**

Magnit purchases

**5,156**

Russian suppliers of Magnit<sup>1</sup>

**2,513**

local suppliers

**849**

Russian suppliers became new partners of Magnit

**361**

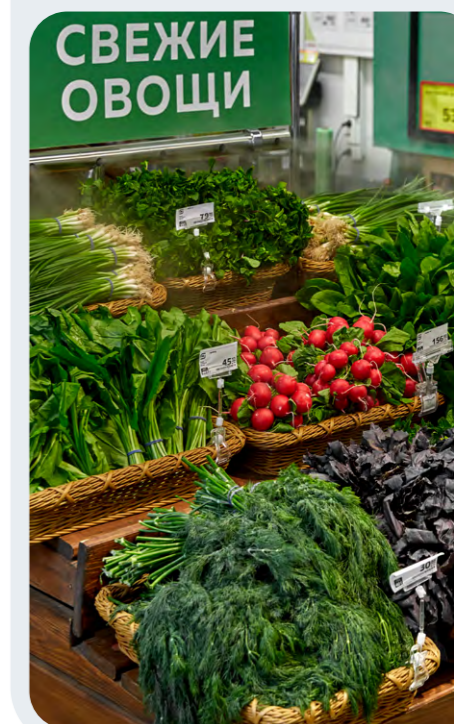
were local suppliers

**9%**

increase in turnover for local suppliers

**49%**

share of local suppliers of the total amount



<sup>1</sup> 1,369 – the total number of Russian suppliers of DIXY in 2023.



RS.Magnit Supplier Analytical Portal is an important element of supplier engagement process. At present it brings together over 100 partners that account for more than 30% of the retailer's turnover. We provide suppliers with the opportunity to track business indicators on commercial activity, logistics, marketing key performance indicators (KPIs) online. Advanced analytics allows partners to significantly improve product availability, profitability and forecast accuracy, as well as identify new consumer niches, adjust delivery frequency and promptly solve incidents together with Magnit. In 2024, we plan to expand the list of indicators and add new analytical dashboards, as well as implement the backlog of Magnit partners as a single online information space.

### Goods availability management system

In 2023, together with our suppliers, we continued to develop the OSA Magnit on-shelf availability management system. The system allows sharing information on availability of products on shelves. Using the system our suppliers' representatives will respond to the issues related to product display, price tag updates and product replenishment more quickly.

Before a visit to a shop, a merchandiser receives all relevant information from the system, which includes assortment, prices and stock levels, as well as alerts on challenging items. The merchandiser makes adjustments in the store and adds information to the application. After that Magnit responsible employees generate reports for manufacturers. Our joint work allows us to increase the availability of goods on shelves, and the customers get an opportunity to choose and buy all the products they need.



### Simplified logistics scheme

In the reporting year, Magnit expanded its work with suppliers using a simplified logistics scheme with an end-to-end supply chain. The suppliers can now ship products to the nearest Magnit warehouse hub<sup>1</sup>, from where we distribute goods to logistics centres and deliver them to stores on our own.

The simplified logistics scheme is used mainly by suppliers of cosmetics, household chemicals, grocery, canned products and confectionery. By implementing an end-to-end supply chain, we managed to halve the delivery time and significantly reduce logistics costs for partners.

## Supporting local agricultural producers

### Management approach

While striving to offer customers a wide range of local quality products, Magnit provides local manufacturers with a possibility of developing the production and sale of products according to a convenient and affordable scheme. We work directly with agricultural producers and farms across Russia, reducing the share of intermediaries in the supply chain.

Magnit supports small farms and producers in organising the storage, sorting, processing and delivery of products

to the retailer, as farmers often lack internal resources. We help agricultural enterprises to improve their logistics and sales efficiency through the retail chain. By cooperating with agricultural producers, we support small businesses, create new jobs and contribute to the regional economy.

## Agricultural contracting

Agricultural contracting is one of the mechanisms of cooperation between agricultural producers and retail chains, applied to both large agricultural enterprises and small farms. The development of agricultural contracting is one of Magnit's priorities. In 2023, the volume of deliveries under agricultural contracts reached 411,000 tonnes – a 22% increase compared to the previous year.

Agricultural contracts are long-term agreements with agricultural enterprises for the supply of future crops in fixed amounts with possible prepayment. By entering into such contracts, Magnit improves the efficiency of sales and increases the on-shelf availability of goods. For local producers, this cooperation ensures the availability of jobs and allows forecasting the volume of revenue from sales. Agricultural contracts cover vegetables, cucurbits, fruits, berries and nuts.

Under agricultural contracts, companies receive not only guaranteed sales channels for products at an agreed price, but also support at all stages of interaction with the retailer. Magnit provides agricultural producers with advance payments, which they can use to purchase seeds, fertilisers and machinery; organises independent inspections at the warehouses of enterprises to avoid returns; provides an opportunity to export products by transport of the store chain. Magnit's specialists also provide agricultural support by visiting enterprises

**411 thous. tonnes** +22% in 2022

the volume of deliveries under agricultural contracts in 2023



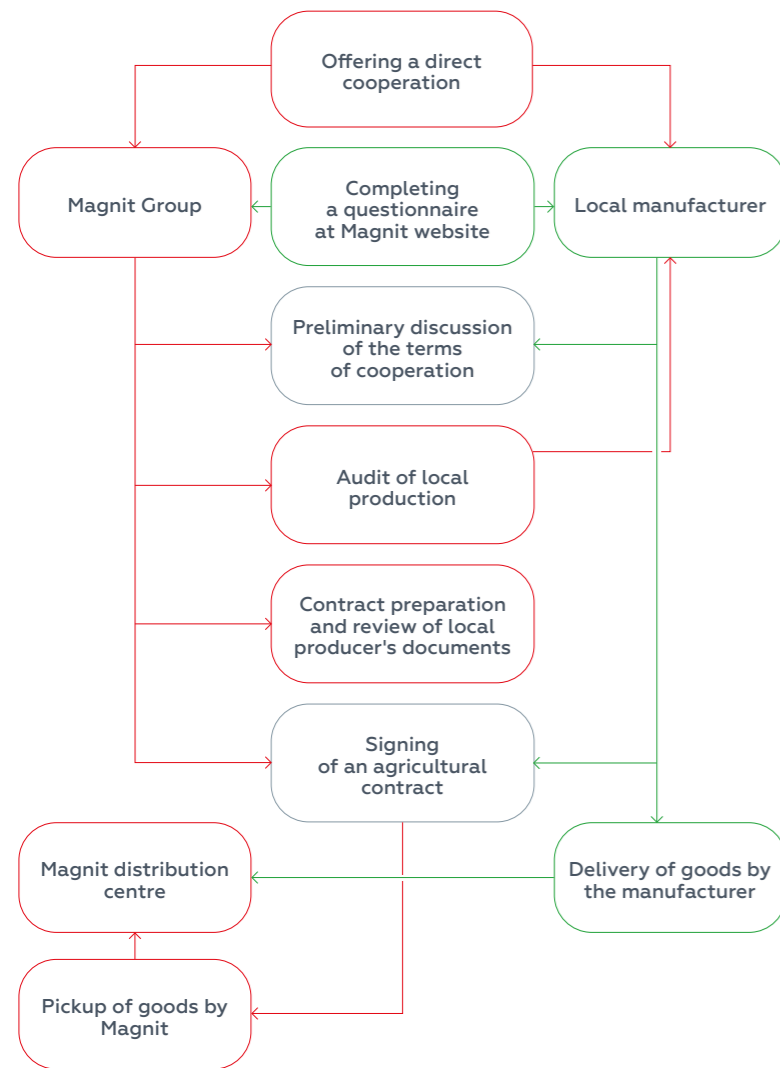
from the moment of preparation for the sowing to harvesting and shipment of products.

Magnit undertakes to provide full support under the agricultural contract.

 <p><b>Entering into a contract</b></p> <p>We independently prepare and send the contract to the manufacturer for signing after we have received the required set of documents from the manufacturer</p>	 <p><b>Help in drafting documents</b></p> <p>Before starting the deliveries, we provide information on supporting documents and check the correctness of their preparation</p>	 <p><b>Incident settlement support</b></p> <p>We work to resolve incidents related to the preparation of documents or supplies in order to avoid product return</p>	 <p><b>Logistics support</b></p> <p>We inform the manufacturer about the acceptance of goods in online mode and provide support in logistics operations</p>
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<sup>1</sup> Magnit warehouse hubs operate on the basis of distribution centres in the central, southern, northern and eastern parts of the country.

### Agricultural contracting mechanism



→ Actions of Magnit  
→ Actions of a local agricultural producer  
→ Joint actions

We currently cooperate with 134 agricultural producers in different regions of Russia – from Dagestan in the south to Pskov region in the north-west and Krasnoyarsk region in the east. Our partners are enterprises of different sizes: the smallest and the largest farms have 20 and 86,000 hectares of land, respectively. Partner farms can specialise in several or only one type of products, which is enough to sign a contract with Magnit.

Our goal is to reach one million tonnes of products under agricultural contracts and gradually increase the share of agricultural contracts in covering the retailer's needs. Magnit also aims to give suppliers the opportunity to sell goods in shops in the region they operate and to offer unique or niche product categories.

### Supplies under agricultural contracts in 2023

**411 thous. tonnes** +22% compared to 2022

volume of product supplies under agricultural contracts

**63%** +24 p.p. by 2022

of the retailer's needs for the main categories are covered by deliveries under agricultural contracts

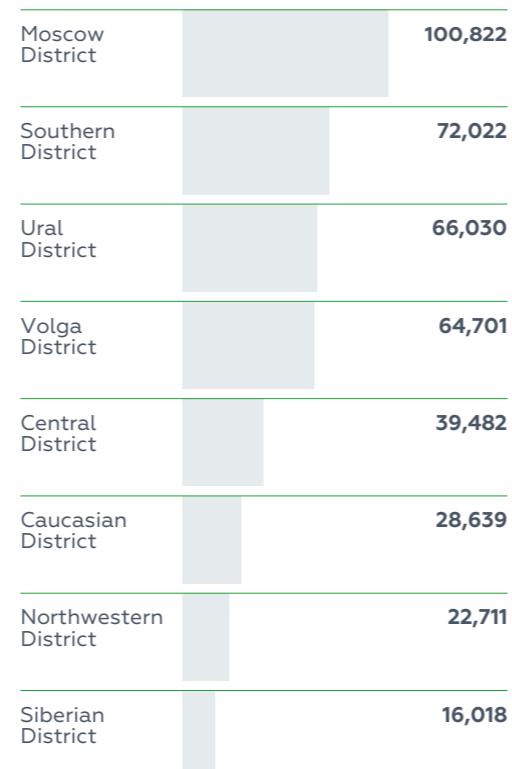
**134** in 39

agricultural partners regions

**134**

product items

### Geography of product supplies under agricultural contracts in 2023, tonnes



### Cases of successful cooperation

Magnit has been developing agricultural contracting since 2016 by offering favourable terms of cooperation to agricultural producers, as well as a wide range of services, such as quality audits, business development advisory services and support in resolving operational issues. In 2023, together with ATP LLC, we began providing services for the construction of vegetable storage facilities for our contractors and developed standard solutions of high quality. We implemented such a construction project for Granada LLC: two out of four storage facilities were built in 2023. They are scheduled to be put into operation in March 2024. As early as at the beginning of 2024, our partners under agricultural contracts received modern vegetable storage facilities, which allowed them to increase volumes and improve product quality. We plan to expand the scope of our activities.

Since 2020 Magnit has been cooperating with the peasant farm enterprise of V.N. Starostin in the Novgorod region. Due to the mutually beneficial and reliable partnership between the enterprise and the retail chain, the farm acquires equipment, increases production volumes and expands the range of products supplied. For example, in addition to its main product range, the farm started to supply yellow carrots, which are in demand among consumers when cooking pilaf. The enterprise has plans to develop further.

Soyuz Volgograd LLC is one of our partners that has grown significantly during its cooperation with Magnit. At the beginning of our joint work, five years ago, the farm had 30 hectares of available land, and it supplied only onions, while today the farm cultivates 800 hectares, 350 hectares of which are irrigated. The farm supplies about 35 items, some of which are exclusively for Magnit. Open dialogue, clear goal-setting, joint consultations helped the farm to grow into a large production facility, expand technical support and land reserves.

We are currently developing a loyalty programme for our regular and reliable suppliers and an electronic platform for centralised purchasing.

Interested agricultural enterprises can obtain all necessary information on agricultural contracts on our [Magnit Agricultural Contracting](#) website, where they can also learn about support options and receiving legal advice, and submit an application for signing a contract. We share information about agricultural contracts in various online channels: social networks,

messengers, search engines, so that as many farmers as possible could learn about opportunities for cooperation. In the future, we plan to transform the website into a farmer portal, which will provide a more detailed information on farmer grants and joint procurement, as well as tools useful for market participants.

## Cooperation with farms

Magnit actively develops cooperation with small farms. Our goal is to offer customers the freshest and most natural local products at affordable price and at the same time to give farmers the opportunity to sell their products in the most convenient way. The Company has established a separate division – the Farmer’s Products project, dedicated to farm products. At the same time, individual quality experts and technologists perform quality control of farm products.

Farm products are available in Magnit's convenience stores, as well as in supermarkets and hypermarkets. In large shops such products are sold in a special zone – Farmer's Basket. We also place Farmer's Shops in our stores if there is space behind the checkout area.

We take a special approach to cooperation with farmers by shifting our focus from legal details to building trusting relationships and effectively sharing knowledge and experience. In 2023, we amended the Farmers' Agreement to make it even simpler and easier to understand.

Partnerships and the creation of a stable sales channel for farmers, along with the quality and safety of products, are Magnit's priorities in its work with farms.

We provide assistance and advisory support to farmers in organising the production cycle and document management, and perform product quality assessments in independent laboratories. Magnit launches quality support even before signing a contract with a farmer to assess the most important processes that need to be improved to ensure a high level of quality and food safety. In 2023, we cooperated with more than 20 farmers on safe product release, helped them build the quality management workflow required by the law, provided product certification support, and explained how to comply with hygiene and sanitary requirements and its importance in food industry. Magnit undertook a significant part of control of farm products for compliance with the requirements of food legislation: in 2023, we held more than 900 product tests in independent accredited laboratories and testing centres.

Aggregation is one of Magnit areas of work with farmers.

- The aggregator target model includes:
- centralized purchases and supplies of farm products;
  - farm product storage and processing infrastructure (for example, washing and packing);
  - advice for farmers;
  - assistance in drafting documents and working with labelling systems;
  - data analysis;
  - training of farmers;
  - co-financing of purchases of raw and packaging materials;
  - agricultural insurance.

### Farmer's Shop

means that Magnit leases space in its stores to local producers for them to sell their products independently. As part of this, we cooperate with MSP Corporation that helps local producers start business on the leased site. In 2023, we launched two Farmer's Shop projects.



### Farmer's Basket

is a separate display window for local products in the shop, which is sold alongside usual Magnit products



### Cooperation with farmers in 2023

	Dairy products and cheese, meat, poultry and fish:	Fruit and vegetables:
Partner farms	>170	>58
Turnover of farm products in the retail chain	>RUB 2.5 billion	>RUB 5.5 billion
Items of farm products available in the shops	>1.7 thous.	>114

We regularly monitor consumer demand for farm products. Research results show that customers are interested in consuming such products. In our communications with customers, we emphasise that farm products are local products from our native land. Magnit also takes into account consumer expectations of the farm product quality and provides farmers with the necessary support. In order to familiarise customers with farm products in the reporting year, we organised events where the producers had an opportunity to tell about their products in shops.

Magnit is expanding the range of products purchased from farmers. In addition to vegetables and fruit, cheese and dairy products, we arranged for the supply of meat, poultry, sausages and eggs in 2023. Next year we plan to continue actively filling our shop shelves with farm dairy products, cheese, sausages, meat, poultry, adding sauces, herbal tea and honey.

### Farm products aggregator in Tula region

Launched at the end of 2022, the pilot project on aggregation of farm products in Tula region continues with success. Since the start of the project, we have worked with more than 150 farmers in Tula region, but only 25 of them have joined the aggregator – 21 farmers from Tula region and four from neighbouring Kaluga, Smolensk and Voronezh regions. To expand product range and increase project efficiency, we analyse possible inclusion of farmers from neighbouring regions in the Tula cluster, if they offer products not available from Tula farmers.

Farmers' products are supplied to 190 Magnit shops in eight product categories: frozen and dairy products, meat products, poultry, fresh fruit and vegetables, cheese and eggs. Product procurement amount in 2023 reached about RUB 300 million. Next year we plan to increase this value by 10%.

At the beginning of the project, we focused on improving product competitiveness. We have now also increased our focus on providing the necessary product range in all categories of farmer's products.

### Key indicators

- Creation of an alienable business model for an aggregator of farm products
- **25 farmers** farmers from Tula region and from neighbouring regions have join the aggregator
- **to 190 Magnit shops** are supplied with farmers' products
- **10%** plan to increase this value in 2024

In some regions of Russia, Magnit has entered into agreements of intent to cooperate with third-party aggregators, such as Eat Farm Products, which supplies products from the Tver, Yaroslavl, Lipetsk and Moscow regions, and Food Miles in the Leningrad region. In addition, we are working on organising cooperation with regional aggregators from the Volgograd region, the Chuvash and Udmurt Republics on a full packaged offer of farm products.

In 2024, we plan to develop aggregation of farm products in the regions, share experience with other aggregators and scale the aggregator model through cooperation with local partners. We also work on building an agricultural insurance mechanism.

We regularly hold trade and procurement sessions in Russian regions, where we tell farmers in detail about the opportunities

of working with Magnit. Farmers are notified of the sessions through the regional ministries of agriculture and industry and trade. At the sessions, our potential partners can learn about Magnit's requirements for suppliers and receive step-by-step instructions, for example, on the procedure for preparing a commercial proposal. In total, we organised 86 sessions, conferences and workshops for suppliers and farmers in 2023, which is 39% more than last year.

### Cooperation with the agribusiness cluster in Bashkiria

In May 2023, Magnit signed a cooperation agreement as part of an agribusiness cluster in the Republic of Bashkortostan. The cluster involves the development of a single supply chain: from the producing farmer to a shop. Magnit's cooperation with agricultural producers, including through the conclusion of long-term agricultural contracts on prepayment terms, will allow farmers to obtain a reliable sales channel, while the retailer will have an opportunity to buy vegetables and fruit directly from the producer, control the entire production chain, exchange information with farmers and increase the share of quality products on shop shelves.

### Order chatbot

To make communication with farmers as simple as possible, Magnit is developing a chatbot to notify farmers on the order status online. Currently, farmers receive notifications about purchase requests by email.

The chatbot will send orders to farmers and they will only have to accept or reject them.

### Competition of the best domestic brands

In 2023, Magnit became a partner in the Best Domestic Brands competition organised by the Agency for Strategic Initiatives and the Roscongress Foundation.

We developed our own "Farm Products" nomination and selected four winners who got an opportunity to sell products in Magnit, as well as the marketing support: the contracts have already been signed or are awaiting the signature. One of the companies has already started supplying its products to the retailer.

In 2024, we plan to establish a "Magnit's Choice – Best Farmer's Brand" nomination and expand support for the winners. We also intend to provide the top 100 contestants with the opportunity to participate in individual meetings and consultations with our representatives.

"Magnit helped us reach a new level by increasing our brand awareness and accessibility of our products to customers. As a start-up Russian brand, this is a significant step forward for us. Magnit was the first to give an opportunity for Myasnoi Gastronom, as a small business entity, to enter the federal chain on affordable terms. A large sales channel offering further development became a result of implementing our company's farming project through the retailer."

**Olga Tarakanova**  
Myasnoi Gastronom

# Responsible own production

## Management approach

Magnit is the only retailer in Russia producing food in its own industrial and agricultural facilities.

In-house production allows total control of the entire supply chain "from field to shelf" offering customers quality products at best price. Magnit has 14 industrial and six agricultural enterprises producing more than 450 product items or 48,000 tonnes of food products per month.

We are consistently expanding the range and volume of products manufactured by Magnit, thereby improving the sustainability of our supply chain. We are confident in the quality of products and compliance with all the requirements and standards of the production process. We can also determine the required volume and range of products and ensure the on-shelf availability of goods. Our production processes are built on the principles of environmental and social responsibility of business: lean production<sup>1</sup>, use of resource-saving technologies, making purchases from small producers.

In 2023, we adopted a seven-year Own Production Strategy which highlighted three strategic missions for the development of the Company's own production:

- providing Magnit with unique products;
- creating a sufficient volume and level of service for the category of products with low supply;
- improving the efficiency of the supply chain for all product categories.

In accordance with the aforementioned missions, three areas of development were formulated with a separate investment programme for each of them:

- contract manufacturing and agricultural contracts;
- production of ready-to-eat food;
- creation of unique products under private labels.

The structure of own production management has also been changed in accordance with the above three areas.

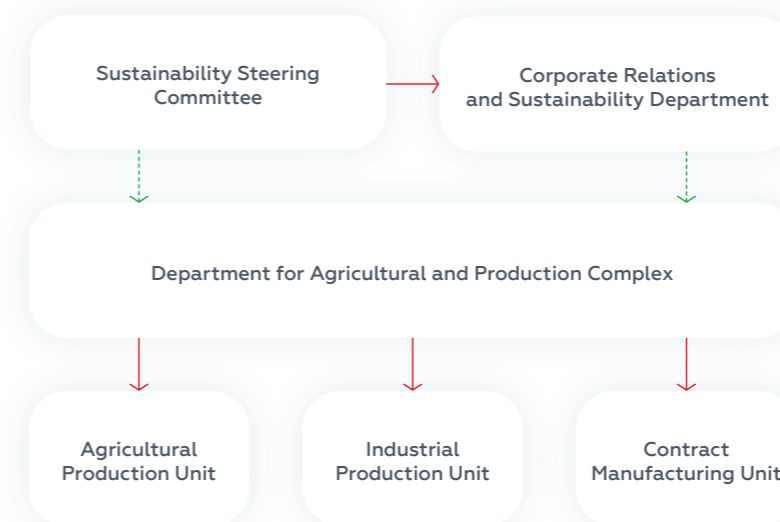
### External documents

- Russian Federation Food Safety Doctrine
- National and international standards, guidelines and recommendations for sustainable production, food systems, and agriculture

### Internal documents

- Own Production Strategy
- Own Brand Packaging Policy
- Quality Food & Non-Food Safety Policy

## Own production management structure



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

<sup>1</sup> Lean production is a management approach that involves optimising business processes and reducing losses to improve product quality.

## Own production facilities

The Company comprises 14 industrial and six agricultural enterprises located in the Krasnodar Krai, the Moscow, Saratov, Tver, Samara, Lipetsk, Belgorod, Penza and Orenburg regions, as well as in the Republic of Bashkortostan. Our products include groceries, coffee and tea, confectionery, pasta and pastry, fresh vegetables, greens and mushrooms. In 2023, we produced 300,000 tonnes of own goods.

In total, Magnit's private label portfolio comprises more than 5,000 items, including fruit and vegetables, bread, groceries, confectionery, cheese, milk and dairy products, meat, soft drinks and snacks, canned and frozen foods, cosmetics and household goods. Magnit's private labels are My Price, Magnit, and Magnit Freshness, etc.

### Krasnodar Industrial Park

Magnit is developing its own industrial park Krasnodar as part of its production complex. Currently, the industrial park is home to the Company's two largest production enterprises – Kubansky Kombinat Khleboproduktov (Kuban Cereal Products Plant) and Konditer Kubani (Kuban's Confectioner). In 2024, we plan to launch two new own facilities at the park – a leaf vegetable growing centre and the production of ready-to-eat food. Zelen Yuga (Southern Greens) will produce ten types of leaf vegetables: both traditional parsley, dill, scallion, and rare arugula and basil, etc. Kubansky Kulinar (Kuban's Cook) will produce ready-to-eat meals, cooked food and frozen products, which will enable us to offer our customers an even wider range of our high-quality products.

We also invite external residents to the industrial park, encouraging to share their experience and the use of new, resource-saving technologies.

Magnit's largest agricultural enterprise Green Line is a greenhouse complex in the Krasnodar region, where we grow cucumbers, tomatoes, herbs, aubergines, and mushrooms – not only champignons, but also oyster mushrooms, shiitake, and Armillaria. One of our most important tasks is to produce our own mycelium for growing mushrooms. This will enable Magnit both to satisfy own production needs and make supplies to the market. Mycelium-growing concept is developed together with the Faculty of Biology of Lomonosov Moscow State University. In 2024, we plan to start construction of a mycelium growing facility.

Magnit conducts research studies in various areas of activity. For example, we practice breeding and grow new potato varieties – red and purple – to offer our customers a diverse range

### Key indicators

**300 thous. tonnes**

produced in total by Magnit

**5.2 thous. employees**

at own production facilities

**>1.2 thous.**

of private label product items

**189.8 thous. tonnes per year**

production capacity of industrial enterprises

**108.9 thous. tonnes per year**

production capacity of agricultural enterprises

**76.4%**

share of domestic agricultural raw materials used in own production

of products. We cooperate with scientific institutions and the Ministry of Agriculture of the Russian Federation as part of the potato breeding development programme. In 2024, we will increase the areas under domestically-bred potatoes and continue to share our experience and research results with Magnit's partners and suppliers under agricultural contracts, promoting domestic potato varieties. Our R&D unit enables us to regularly launch new unique products, create goods with innovative formula, improve packaging and make it more environmentally friendly.

## Product quality

GRI 13.10.4

FB-FR-260a.2

Magnit's own production facilities have implemented the Food Safety Management System based on HACCP<sup>1</sup>. All the Company's own industrial enterprises are certified in accordance with GOST R ISO 22000-2019<sup>2</sup> and FSSC 22000<sup>3</sup> v.5.

The enterprises have 13 laboratory centres, where more than 3.5 thousand of quality and safety tests of raw materials and products are performed every day. Comprehensive audits of enterprises are carried out twice a year. In addition, we organise regular food safety trainings for employees.

In 2023, Magnit's largest production facilities – Kubansky Kombinat Khleboproduktov LLC (Kuban Cereal Products Plant) and Konditer Kubani LLC (Kuban's Confectioner) – confirmed compliance with FSSC 22000 standards for the third time, while Tverskoye, a subsidiary of TD-Holding LLC – for the fourth time.

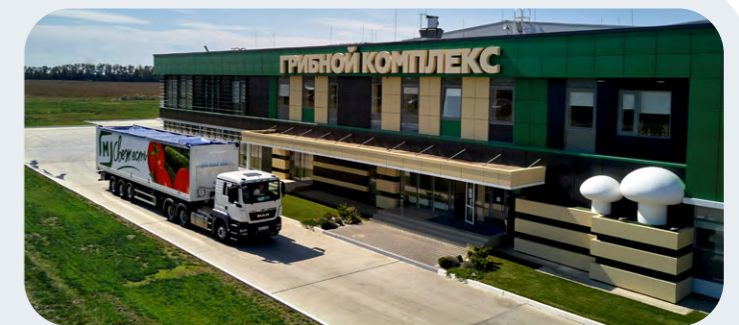
We care about consumer safety and the nutritional value of our products. At our own production facilities, we comply with all the requirements of food production standards: for example, according to HACCP, potentially allergenic foods are produced in a separate area, all ingredients are indicated on the product labels. Magnit is constantly analysing trends in consumer demand and offering new, healthier products – for example, our confectionery facilities produce sugar-free or reduced-sugar marmalade and truffles.

### Organic production of champignons

In early 2023, the mushroom farming facilities TK Zelenaya Liniya LLC (Green Line) greenhouse complex received a Roskachestvo certificate confirming compliance with organic production requirements and became the first retailer in Russia with its own organic production. The certificate confirms that the champignons are grown without the use of GMOs<sup>4</sup>, plant protection agents or soil improving substances.

During the certification process, all aspects of production were checked, including detergents used by employees.

Magnit can now place the unified state mark of organic products on the champignon packaging. Next year we plan to expand the production of organic mushrooms.



<sup>1</sup> HACCP or Hazard Analysis and Critical Control Points is a food quality system based on the analysis of risks and critical control points.

<sup>2</sup> GOST R ISO 22000-2019 Food Safety Management Systems.

<sup>3</sup> FSSC 22000, Food Safety System Certification 22000, is an audit and certification scheme for the food safety management system.

<sup>4</sup> GMO – genetically modified organisms.

## Lean production and green technologies

For several years, we have been applying lean production principles at our facilities to optimise processes, reduce losses, increase resource efficiency and improve product quality.

We implement the lean production programme by collecting work-improvement suggestions from employees. In total, we received around 800 suggestions in 2023, about 100 of them had an economic component. To date, 60% of these ideas have been implemented or are at the final stages of implementation. In 2023, we updated our methodology for the work-improvement suggestions by adding an equipment utilisation efficiency indicator, including loss tree, five whys, and the Ishikawa diagram tools.

Our production facilities constantly use such green and resource-saving technologies as

- rainwater collection and its utilisation for composting;
- use of entomophages<sup>1</sup> in agricultural facilities;
- feeding plants with carbon dioxide from boiler houses;
- robot automation of some processes to optimise the use of resources.



### Heat recovery in greenhouse complexes

In 2023, we implemented a project for heat recovery and heating of the greenhouse complex – a heat pipeline was installed from the generating unit to the greenhouse complex. In winter, it allows us to heat the greenhouses using own generation.

Thus, we were able to reduce CO<sub>2</sub> emissions by 4.4% and save RUB 5 million a year on utility bills for heating.

## Development of sustainable packaging

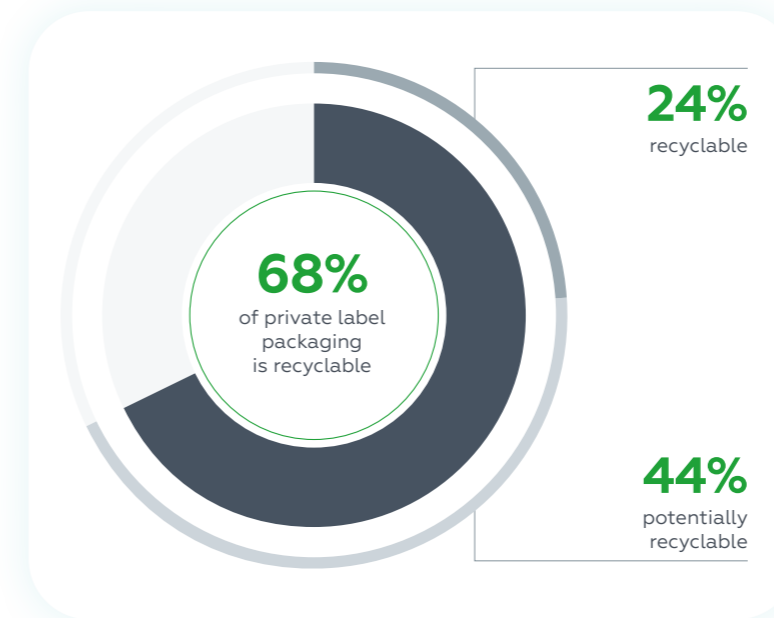
FB-FR-430a.4

We are constantly improving the environmental friendliness of the packaging of our goods and striving to make the packaging more sustainable. Our target to make 50% of private label and own production packaging to be recyclable, reusable or compostable has been almost achieved. In early 2023, we assessed the private label packaging based on the Sustainable Packaging Voluntary Industry Standard developed together with ECR Sustainability Russia<sup>2</sup> in 2022. Currently, 68% of private label packaging is recyclable: 24% is recyclable and 44% is potentially recyclable. Chilled and frozen products are the most challenging categories for sustainable packaging.

In the reporting year, we organised a series of training workshops for private label suppliers on the application of the Sustainable Packaging Voluntary Industry Standard, and participated in the development of recommendations

on sustainable packaging for distance selling services as part of the ECR Sustainability working group.

Magnit plans to reduce the share of non-recyclable private label packaging and identify possible alternatives to replace this packaging. For example, we introduced recyclable and potentially recyclable packaging for Skrepyshi confectioneries. For in-house products, we are implementing a project to transit from combined packaging made of paper, foil and plastic to packaging made of a single material, such as recyclable plastic.



One of the areas of our work in 2024 is the introduction of returnables in Magnit's domestic supplies. We plan to explore the possibility of replacing corrugated cardboard boxes, which need to be recycled, with plastic crates that can be collected and reused.

Next year we plan to develop green packaging for private label external suppliers. We are working on implementing a product lifecycle management system, which will include the assessment of the environmental friendliness of packaging of private label suppliers. One of the goals is to control the sustainability of packaging at the product development stage.

## Plans for 2024 and the medium term

**In 2024, we plan to continue projects aimed at improving the sustainability of the supply chain and our own production:**

- develop interaction with suppliers and offer new cooperation options;
- improve IT systems for suppliers and expand the categories of suppliers presented;
- increase the competitiveness of the procurement process;
- expand the range and increase the volume of products supplied under agricultural contracts;
- develop farm aggregators in the regions;
- increase the use of sustainable packaging in the own production and cooperate with suppliers on matters related to the use of more environmentally friendly packaging.

<sup>1</sup> Entomophages are insect predators used as plant protection agents instead of pesticides.  
<sup>2</sup> ECR Sustainability Russia – is a non-profit partnership for the exchange of sustainability practices and experience between FMCG manufacturers and retailers.



# Responsible business practices

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## Adherence to high standards of ethical business conduct is the key to success of Magnit's business.

We conduct our business in compliance with applicable legal requirements and best corporate governance practices and fulfil our commitments to responsible business conduct. This approach fosters trust-based relationships with stakeholders and guarantees stability for partners and customers.



### 2023 results

>7.3 thous.

employees received training in business ethics and anti-corruption policies

0

human rights violations

100%

of information security incidents were successfully resolved

### Material topics

- Responsible corporate governance
- Business ethics and anti-corruption
- Human rights
- Interaction with customers
- Cybersecurity and data protection

### Contribution to the UN SDGs



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

- Decent, efficient work and successful entrepreneurship

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

#### Economic freedom and responsibility, business ethics

Freedom of business, display of individuality of each company, fair competition are the strength and the main value of entrepreneurship that enable the growth of the country's welfare.

#### Respect for human rights

Recognising the inviolability of human rights, we do not allow them to be breached in the course of doing business, and build our decision-making system with respect for human rights.

#### Openness and transparency

We understand that increasing openness and transparency of companies' activity, provision of reliable information about the strategy, performance and contribution of business to the social and economic development of the country strengthen trust in business.

## Corporate governance

### Corporate governance framework

GRI 3-3



Magnit has in place an effective corporate governance framework that complies with the requirements of Russian laws. The Company is committed to advancing its corporate governance practices, taking into account the interests of shareholders and other stakeholders.

Governance, management and control responsibilities at the Company are vested in shareholders via the General Meeting of Shareholders, the Board of Directors, the collective executive body (the Management Board) and the sole executive bodies (the President and the Chief Executive Officer) pursuant to applicable Russian corporate laws, Magnit's Articles of Association and internal policies.

### Corporate governance bodies

GRI 2-9, 2-13

Magnit relies on a robust and effective corporate governance and internal control framework.

The Company's highest decision-making body is the General Meeting of Shareholders.

The Board of Directors is elected by shareholders and is accountable to them. It provides strategic oversight and monitors the activities of Magnit's executive bodies – the CEO (Chairman of the Management Board), President and Management Board.

The executive bodies are responsible for day-to-day management of the Company and perform tasks set by the shareholders and the Board of Directors.

In accordance with the Company's internal regulations, there are four committees under the Board of Directors:

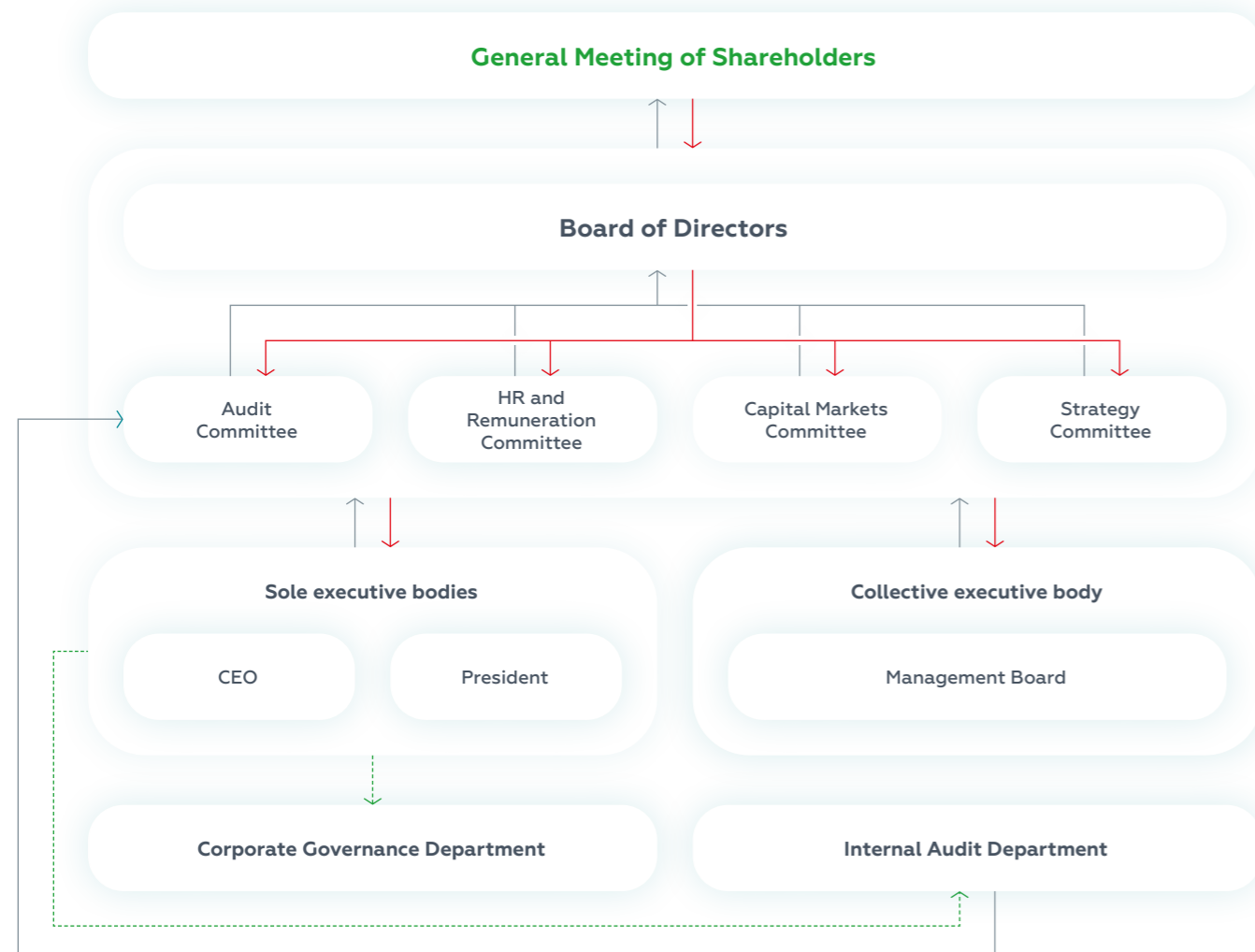
- Audit Committee;
- HR and Remuneration Committee;
- Strategy Committee;
- Capital Markets Committee.

The Internal Audit Department analyses and evaluates the risk management and internal control system, as well as corporate governance.

The Corporate Governance Department carries out the duties of the Corporate Secretary, ensuring efficient shareholder engagement, coordination of the Company's actions aimed at protection of shareholders' rights and interests, as well as support of the Board of Directors.



## Management and control structure



- Election, establishment
- Accountability
- > Administrative subordination. Department Director is appointed by the Board of Directors

## Regulations

In its corporate governance practices, Magnit adheres to the following regulations:

- Russian laws;
- Moscow Exchange listing rules;
- Corporate Governance Code recommended by the Bank of Russia.<sup>1</sup>

The Company's activities are governed by its Articles of Association<sup>2</sup> and internal regulations, which remained unaltered in 2023, with no new by-laws introduced.

The full list of Magnit's public internal documents can be viewed on the [Company's website](#).

<sup>1</sup> For the full Report on Compliance with the Principles and Recommendations of the Corporate Governance Code prepared according to the recommendation letter of the Bank of Russia dated 27 December 2021 No. IN-06-28/102, see Annual Report 2023.  
<sup>2</sup> Approved by the annual General Meeting of Shareholders of PJSC Magnit on 10 June 2021.

## General Meeting of Shareholders

The General Meeting of Shareholders is the highest decision-making body of the Company. Shareholders of PJSC Magnit can significantly impact the Company's business by participating in the General Meeting of Shareholders.

The key responsibilities of the General Meeting of Shareholders include:

- approval of the Company's annual report;
- approval of the Company's annual accounting (financial) statements;
- election of the Company's Board of Directors;
- distribution of profits, including dividend payments;
- approval of major and related-party transactions;
- appointment of the Company's auditor.

The procedure for the General Meeting of Shareholders aims to ensure the respect of shareholder rights and meets all the applicable laws and regulations of the Russian Federation.

Detailed information regarding the resolutions of the General Meeting of Shareholders is available on the [Company's website](#) (hereinafter referred to as official Company's website).

In 2023, the General Meeting of Shareholders of PJSC Magnit was held on 28 December through absentee voting, with the following resolutions passed:

- approval of the Company's Annual Report and annual accounting (financial) statements for 2021 and 2022;
- approval of the profit distribution for 2021 and 2022, including the payment of dividends on ordinary registered shares of PJSC Magnit in the amount of RUB 42.0 bln (RUB 412.13 per share);
- election of the Board of Directors;
- approval of the auditors for the Company's accounting (financial) statements prepared according to the Russian Accounting Standards (RAS)<sup>1</sup> and International Financial Reporting Standards (IFRS)<sup>2</sup>.

## Board of Directors

GRI 2-9, 2-10, 2-11

According to the Articles of Association of PJSC Magnit, the Company's Board of Directors shall consist of eleven members, with at least three of them independent directors. Magnit's Board of Directors is elected by the General Meeting of Shareholders.

The members of the collective executive body (Management Board) may not account for more than one-fourth of the members of the Company's Board of Directors. The sole executive bodies (President and Chief Executive Officer) may not simultaneously act as the Chairman of the Board of Directors.

The Board of Directors of PJSC Magnit steers the Company's operations, defines strategic goals and implements effective management practices, while also electing the Management Board, CEO and President. The main objective of the Board of Directors is to increase the value of the business. When making decisions, the Board of Directors takes into account the interests of all shareholders and other stakeholders.

The work of the Board of Directors goes beyond formal meetings. The Board regularly interacts with the management team to streamline cooperation between the executive bodies of the Company and the Board of Directors.

The make-up of the Board is governed by Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995 and also by the Articles of Association, Regulations on General Shareholders Meeting, Regulations on the Board of Directors, and Regulations on the Committees of the Board of Directors.

<sup>1</sup> Russian Accounting Standards (RAS) are a set of accounting rules stipulated by federal laws of the Russian Federation and Accounting Regulations issued by the Ministry of Finance of the Russian Federation.  
<sup>2</sup> International Financial Reporting Standards (IFRS) are a set of documents (standards and interpretations) for the preparation of financial statements enabling external users to make informed financial decisions.



## Induction and training of directors

Newly elected members of Magnit’s Board of Directors complete an induction programme, which includes:

- meetings with members of the Management Board and the Company’s senior executives;
- introduction to the Company’s history, strategy, corporate governance system, risk management and internal control system, the distribution of responsibilities among the Company’s executive bodies, and the procedures of the Board of Directors;

- familiarisation with the Company’s documents, including the latest annual reports, the minutes of annual and extraordinary General Meetings of Shareholders, the minutes of meetings of the Board of Directors, and other relevant information about the Company’s activities.

## Committees of the Board of Directors

GRI 2-10

In accordance with PJSC Magnit’s internal regulations, there are four committees under the Board of Directors:

- Audit Committee;
- HR and Remuneration Committee;
- Strategy Committee;
- Capital Markets Committee.

The committees are made up from members of the Board of Directors who are elected based on their relevant professional experience and knowledge. When electing members of the committees (including the chairs of the committees), the following aspects must be taken into consideration: the education and professional training of the candidates, their work experience in the Committee’s focus area, their document handling skills, as well as other necessary proficiencies and experience.

The Regulations on the Committees of the Board of Directors of PJSC Magnit govern the make-up and activities of the committees.

The work of the committees goes beyond formal meetings. The committees constantly interact with the management team in order to streamline cooperation between the executive bodies of the Company and the Board of Directors.

### Audit Committee



**Key responsibilities:**

- monitoring and verifying the integrity of financial statements;
- verifying the internal control and risk management system;
- monitoring the effectiveness of internal audits;
- monitoring relations with the external auditor.

### HR and Remuneration Committee



**Key responsibilities:**

- developing and monitoring the Remuneration Policy (including long and short-term incentives);
- endorsing and monitoring senior management appointments (CEO-1/CEO-2 levels);
- developing the talent management strategy;
- assessing the performance of the Board of Directors and management team on an annual basis.

### Strategy Committee



**Key responsibilities:**

- strategic and investment planning;
- identifying priority focus areas;
- endorsing and verifying the business plan and budget.

### Capital Markets Committee



**Key responsibilities:**

- developing and improving corporate governance systems;
- preparing, developing and implementing IR strategies;
- assessing the Dividend Policy and drafting relevant recommendations for the Board of Directors.

## Management Board

The Management Board is the collective executive body responsible for the day-to-day management of the Company within its remit as defined by the Articles of Association.

The Management Board shall be guided and bound by resolutions of the Company’s General Meeting of Shareholders and Board of Directors. The Management Board shall report to the Board of Directors and the General Meeting of Shareholders.

The Chief Executive Officer and the President of the Company shall be members of the Management Board by virtue of their office.

The Chief Executive Officer shall act as the Chairman of the Management Board by virtue of office.

Should the powers of the Chief Executive Officer be terminated, up to the moment when the Board of Directors elects a new Chief Executive Officer, the President shall act as the Chairman of the Company’s Management Board by virtue of office.

## Corporate Secretary

The Corporate Governance Department of PJSC Magnit discharges the responsibilities of the Corporate Secretary.

The main objective of the Department is to maintain effective communication with the shareholders, coordinate the Company’s actions to protect the rights and interests of the shareholders and ensure effective operation of the Board of Directors.

The main responsibilities of the Corporate Governance Department are as follows:

- to participate in improving the Company’s corporate governance system and practices;
- to participate in preparing for and holding of General Meetings of Shareholders;
- to support the work of the Board of Directors and its committees
- to participate in implementing the Company’s disclosure policy and ensure safekeeping of the Company’s documents;
- to ensure interaction between the Company and its shareholders and to participate in preventing corporate conflicts;
- to ensure interaction between the Company and regulatory authorities, organisers of trading activity, the registrar and other professional participants of the securities market within the remit of the Corporate Governance Department;

- to immediately inform the Board of Directors of any breaches of laws and the Company’s by-laws, where ensuring compliance with such laws and by-laws is the responsibility of the Corporate Governance Department;
- to ensure that the procedures established by laws and the Company’s by-laws to protect the shareholders’ rights and legitimate interests are put into practice and to oversee their implementation.

The Corporate Governance Department reports to the President and CEO and is accountable to the Board of Directors.

## Internal control and risk management system

GRI 2-25

The internal control and risk management system:

- provides reasonable assurance that Magnit achieves its mission and values, as well as business targets;
- gives accurate and clear representation of the Company’s current affairs and prospects;
- ensures the integrity and transparency of Magnit’s accounts and reports;
- ensures reasonable and acceptable levels of risks assumed by the Company.

The Company’s Board of Directors and Management Board ensure the effective operation and development of the internal control and risk management system. This helps control the Company’s strategic and operational goal achievement, the reliability of information disclosure, and compliance with external and internal requirements.

**Goals of the internal control and risk management system:**

- strategic goals ensuring the accomplishment of the Company's mission and efficient management of its operations
- operational goals related to the efficient and effective use of the Company's resources
- goals ensuring the accuracy of the Company's accounts and reports
- goals related to compliance with applicable laws and the Company's by-laws.

**Objectives of the internal control and risk management system:**

- reduce the number of unexpected events in the Company's operations
- define and manage Company risks to provide reasonable assurance that the Company will achieve its goals
- ensure the right balance between risk appetite and development strategy
- improve managerial decision-making, including risk response decisions
- develop a risk-oriented corporate culture with the corporate bodies and management disseminating knowledge and skills across the Company and engaging employees along the way.

**The control and risk management system is governed by the following internal regulations**

- Internal Control and Risk Management Policy of Magnit<sup>1</sup>;
- Regulations on Risk Management at Magnit Group Companies;
- Risk Register.

For more details on Magnit's policy, see our [website](#).

### Core principles

**Comprehensiveness and continuous operation**

Risk management and internal control are undertaken on a constant and cyclical basis and cover all areas of the Company's operations across the governance hierarchy

**Integration with governance**

Risk management is an integral part of the decision-making process. It supports sound management decisions and factors in the probability and consequences of risks

**Distinction of decision-making levels**

Risk management decisions shall be made at various governance levels subject to the significance of the risk and area of the Company's activities

**Responsibility**

All subjects of internal control are responsible for compliance with risk management and internal control standards and approaches within their respective remit

**Distribution of responsibilities and powers**

The responsibilities and powers of the internal control and risk management bodies are distributed to reduce the risk of error and/or fraud

**Balance**

Costs associated with control procedures shall be commensurate with the risk

**Risk-focused approach**

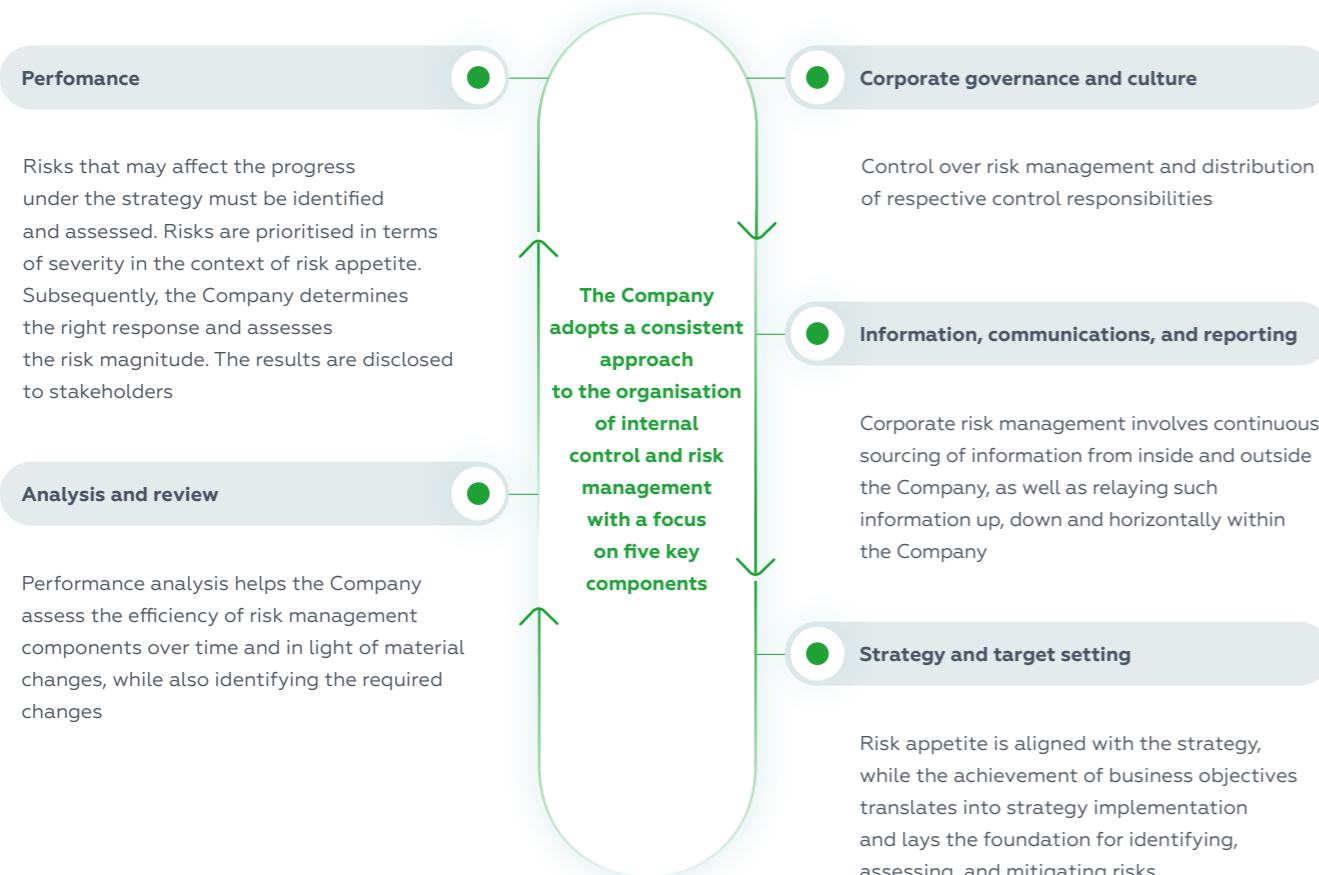
Control procedures shall be established for business lines based on their significance in terms of the Company's operational efficiency

**Reasonable assurance**

The implementation of risk management measures shall be deemed effective if it reduces the risk to an acceptable level

**Ongoing improvement**

The Company monitors its risk management system and engages in its constant development and improvement



<sup>1</sup> Approved by the Board of Directors on 12 December 2019 (Minutes w/o No. dated 13 December 2019).



The Company applies a three lines of defence model<sup>1</sup> to coordinate risk management and internal control processes by clearly defining and delimiting respective functions and responsibilities.

### Three lines model



In the first line of defence, risks are managed by business process and business unit owners. They are responsible for embedding risk controls into decision-making processes and key business operations. Business units are responsible for identifying, mitigating, managing, analysing and reporting on key risks. Heads of business units draft, implement, and ensure the operation of controls in business processes.

The second line of defence consists of the Risk Management Office, Economic Security Department, Department for Compliance and Antitrust Practices, Financial Control and Operational Controlling Office, etc. They draft and implement risk management and internal control methodologies,

set standards and coordinate the Company's activities related to risk management and internal control, ensure monitoring of the development and functioning of controls related to the first line of defence, and provide advice on risk management.

The third line of defence is operated by the Internal Audit Department, which provides independent performance assessment of internal controls and risk management and gives recommendations for their improvement.

## Internal control and risk management system improvement

In improving our internal control and risk management system throughout 2023, we aimed to reflect the scale of our business, retail focus, diversified lines of operations, and regulatory environment in which we operate.

In 2024, we plan to integrate risk management into our new subsidiaries, business areas and acquisitions, and will focus on further enhancing employee competences in internal control and risk management.

### The Company's key risks

The Company identifies the most significant risks, assesses them, and develops procedures to mitigate any negative impact. We then monitor the effectiveness of our risk impact procedures.

### Highlights in 2023

- Risk quantification rolled out to cover all of the Group's business processes;
- Risk registers of the Company and its subsidiaries updated;
- Internal control projects successfully implemented;
- Risks of key projects quantified;
- Risk management workshops held for senior executives and project managers;
- Risk management training course for the Corporate Academy developed and implemented.

## Risk management

No.	Risk description	Risk management	
1	Risk of changes in consumer preferences and demand	• Product mix adjustments	 Risk level
2	Higher prices of imported equipment and materials	• Search for alternative suppliers	
3	Understaffing as a result of reduced labour market capacity and increased payroll costs	• Expanded range of social benefits for rank-and-file employees; • Introduction of flexible working hours where possible; • Employee development, inclusion of employees in the talent pool, promotions in line with the career track; • Employer brand development; • Labour market monitoring and employee engagement surveys	
4	Risk of regulatory changes	• Monitoring of legislative changes	
5	Higher competition risks	• Ongoing monitoring of the competitive landscape	 Risk level
6	Disruptions in supplies of equipment, spare parts and materials	• Engagement of third-party transportation companies; • Search for alternative channels to secure deliveries of spare parts for vehicles; • Search for alternative suppliers; • Reliance on internal resources if counterparties fail to provide support under existing contracts; • Development of corporate procedures to procure spare parts and consumables	

<sup>1</sup> A control model developed and recommended by the Institute of Internal Auditors (IIA).



No.	Risk description	Risk management
7	Restrictions on settlements with counterparties	<ul style="list-style-type: none"> <li>Switching to alternative payment tools</li> </ul>
8	Information security risks	<ul style="list-style-type: none"> <li>Functioning of access control procedures and mechanisms, approved access matrices;</li> <li>Establishment of a software and infrastructure change management system;</li> <li>Data backup, duplication of key information systems;</li> <li>Functioning of a centralised monitoring system for information security events;</li> <li>Additional investments in the development of information technologies</li> </ul>
9	Risks related to availability of seed lots and supplements for the Company's Mushroom Complex, lack of fungal mycelium, availability of crop protection agents for greenhouses	<ul style="list-style-type: none"> <li>Development of alternative supply channels;</li> <li>Signing contracts with domestic producers of mycelium projects to produce and select mycelium;</li> <li>Development of crop protection agents and supplements together with producers</li> </ul>
10	Climate-related risks (physical and transitional)	<ul style="list-style-type: none"> <li>Establishment of a working group;</li> <li>Analysis and amendment (if necessary) of the Company's regulations with regard to climate-related risk management;</li> <li>Regular assessment of greenhouse gas emissions and other climate impacts;</li> <li>Elaboration of a plan of measures for the implementation and development of a system for identification, assessment, management and monitoring of climate-related risks;</li> <li>Analysis of the potential application of the results of the climate-related risk assessment and business opportunities;</li> <li>Development of an action plan to neutralise climate-related risks</li> </ul>



# Ethical business and anti-corruption

## Management approach

GRI 3-3

Magnit adheres to the principle of zero tolerance to corruption. We uphold high ethical standards and adopt the best Russian and international practices. The Company expects its employees and business partners to comply with applicable business ethics and anti-corruption standards and requirements.

The following sustainably interacting structural divisions of the Company are responsible for managing business ethics and anti-corruption issues:

- Department for Compliance and Antitrust Practices;
- Security Department (Economic Security Department, Format Security Department);
- Risk Management Department;
- Internal Audit Department.

Cooperation with the Security Department, as part of anti-corruption efforts, is carried out in order to:

- make conclusions on the identification of conflicts of interest in relation to the Company's employees and candidates for vacant positions;
- have official investigations by the Security Department of cases of corruption reported by the anti-corruption hotline specialist, as well as other cases.

Department for Compliance and Antitrust Practices regularly updates compliance risk data for the Risk Management Department's risk matrix.

Monthly reports on the anti-corruption hotline performance are submitted to the Internal Audit Department and the Format Security Department.

At the same time, the Company engages its HR Department to resolve conflicts of interest in relation to employees and candidates for vacant positions, as well as other operational issues.

Interaction with the Corporate Relations and Sustainable Business Development Department and the Marketing Department as part of the Company's charitable, volunteer and sponsorship activities includes checking counterparties for reliability and assessing activities for compliance risks.

## Business ethics and anti-corruption management structure



→ Cooperation and coordination as part of anti-corruption procedures, advisory support, training, risk assessment and controls

To effectively manage business ethics and anti-corruption issues, the Company has developed a system of corporate documents based on the requirements of the legislation of the Russian Federation and best practices. The key documents are the Anti-Corruption Policy and the Code of Business Ethics of Magnit, which establish the basic standards of business corporate behaviour for Magnit's employees.



**External documents**

- Criminal Code of the Russian Federation No. 63-FZ dated 13 June 1996
- Administrative Offence Code of the Russian Federation No. 195-FZ dated 30 December 2001
- Federal Law No. 273-FZ "On Combating Corruption" dated 25 December 2008
- Methodological recommendations on the development and adoption by organisations of measures to prevent and combat corruption (Decree of the President of the Russian Federation No. 309 "On Measures to Implement Certain Provisions of the Federal Law "On Combating Corruption" dated 02 April 2013)
- Federal Law No. 152-FZ "On Personal Data" dated 27 July 2006
- Federal Law No. 149-FZ "On Information, Information Technologies and Information Protection" dated 27 July 2006



**Internal documents**

- Code of Business Ethics of Magnit
- Anti-corruption Policy of Magnit
- Conflict of Interest Policy of Magnit
- Regulation on Business Gifts and Signs of Business Hospitality **new**
- Regulation on the Anti-Corruption Hotline of the Anti-Corruption Policy of Magnit
- Contractual Policy of Magnit
- Internal Control and Risk Management Policy of Magnit
- Anti-corruption clause of the Anti-Corruption Policy of Magnit
- Regulation on Trade Secret of Magnit
- Regulation on Internal Checks of Magnit
- Internal Workplace Regulations of Magnit
- Regulations on Non-Profit Procurement of Magnit and its Subsidiaries
- Regulation on Counterparty Due Diligence
- Charity, Volunteer and Sponsorship Policy of Magnit
- Regulation on the Information Policy of Magnit



In 2023, we undertook extensive work to automate our business ethics and anti-corruption processes. Firstly, we introduced an automated solution for making opinions on settlement of conflict of interest and maintaining an information base. This simplified the process of collecting and analysing information on the occurrence of conflicts of interest in the Company. We also launched electronic forms for conflict of interest declarations and gift giving and acceptance declarations, which allows our employees to complete the declaration on the internal portal in a quick and convenient way.

In 2022, Magnit held an external audit of the effectiveness of the Company's compliance system in three areas: anti-corruption compliance, personal data and trade secrets, and unauthorised use of insider information and/or market manipulation. A report was made based on the results of the audit with recommendations on improving the compliance system. In 2023, we continued to work in accordance with the identified areas.

## Assessment of business ethics and anti-corruption risks

GRI 205-1

Risk assessment in the area of business ethics and anti-corruption is performed as part of a single risk management system. The Company has developed a risk matrix that identifies two compliance risks: violation of anti-corruption laws and violation by the Company's charitable and sponsorship activities of applicable laws and regulations. These risks are reassessed twice a year and cover all Magnit companies.

To mitigate compliance risks, we improve existing and develop new regulations, train employees and inform counterparties about business ethics requirements. All risk management actions, as well as changes in results of assessments once performed, are recorded in a risk matrix.

## Training and raising awareness about business ethics and anti-corruption

GRI 205-2

Magnit has developed two interactive online courses to train employees on the provisions of the Company's key internal documents – the Code of Business Ethics and the Anti-Corruption Policy. Training is mandatory for all Magnit's employees. Repeated training courses are envisaged once every three years. The Company familiarised 100% of the new hires with the applicable business ethics and anti-corruption documents. In 2023, 7,349 people were trained.

Communication of corporate principles of business behaviour, mutual respect, honesty and transparency by our management is a crucial element of our compliance culture. Magnit's key managers regularly give speeches on the importance of compliance, demonstrate personal commitment to ethical values and zero tolerance to corruption, and inform employees about relevant internal standards.

### Internal compliance environment

In the reporting period, the Company developed a compliance environment for its employees, which includes the following sections:

**Declarations**

Employees can electronically fill in a conflict of interest declaration and gift giving and acceptance declaration

**Tone at the top**

Communication of corporate values and mission set forth in the Company's codes and policies by the Management Board

**Employee training**

Employees can take e-courses on Code of Business Ethics and the Anti-Corruption Policy

**Corporate standards**

A set of corporate documents mandatory for employees to familiarise and comply with as part of their daily work

**Anti-corruption hotline**

Information on the operation of the anti-corruption hotline and communication channels to submit a complaint or request



Building of the compliance portal allowed us to streamline information on business ethics and anti-corruption compliance, consolidate and make it available to employees in a convenient way. In addition, the portal allowed us to automate our internal processes and introduce electronic filing of declarations.

Magnit communicates its business ethics and anti-corruption requirements not only to its employees, but also to its business partners. All counterparties of the Company must familiarise with the Anti-Corruption Policy. Contracts should also contain an anti-corruption clause whereby the counterparty confirms compliance with the Policy in writing.

## Anti-corruption hotline

GRI 2-25, 2-26, 205-3

Management of external and internal reports on corruption offences and ethics issues, as well as control of the analysis of the described facts and circumstances are the responsibility of the Head of Ethics (the corporate role assigned to the Department for Compliance and Antitrust Practices).

The anti-corruption hotline is available through the following channels:

- Toll-free number: 8 (800) 600-04-77;
- Head of Ethics' email: [ethics@magnit.ru](mailto:ethics@magnit.ru);
- feedback form on the external website: <https://www.magnit.com/en/anti-corruption/>.

All channels are free and operate 24x7. Specialists of the anti-corruption hotline process all reports, including anonymous ones, and forward them to responsible relevant units of the Company for analysis and relevant management decisions.

We guarantee that persons reporting facts that they believe contain signs of corruption committed by the Company's employees will not be retaliated against. Magnit's guarantees apply to all persons who contacted the anti-corruption hotline, regardless of any conditions.

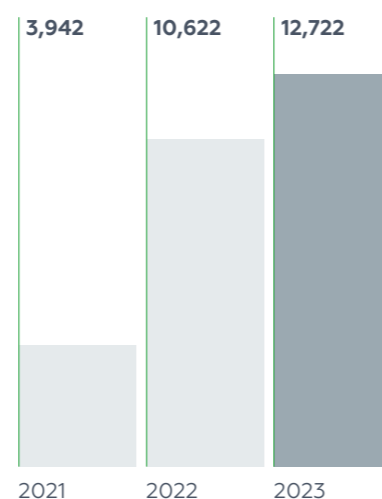
In 2023, the anti-corruption hotline received 12,722 reports, of which 501 were targeted reports. The main scenarios of targeted reports are any corruption actions, bribery, offer of bribery mediation, commercial bribery, embezzlement, forgery of documents and violation of recycled production technologies for personal gain, abuse of authority, conflict of interest, etc.

All reports on corruption are forwarded to the Security Department. If the information is sufficient and reliable, the Security Department initiates an internal audit and, if the facts are confirmed, informs the Head of Ethics to make an expert opinion.

Magnit plans a global automation of the anti-corruption hotline as early as next year.

The growing popularity of the Company's anti-corruption hotline has not only increased the number of reports, but also improved their quality. This is due to an increased awareness of the anti-corruption hotline mechanism among our internal and external stakeholders.

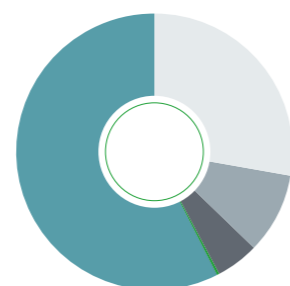
Anti-corruption hotline statistics,<sup>1</sup> number of reports



**12,722 reports**

the anti-corruption hotline received in 2023

Topics of reports submitted via anti-corruption hotline in 2023, number of reports



- 3,555 Customer requests
- 1,192 Business ethics and corruption
- 633 Working conditions
- 53 Requests of state authorities
- 1 Inclusion
- 7,288 Other<sup>2</sup>

<sup>1</sup> Data for 2021 relate to Magnit retail chain. Since 2022, the data includes DIXY.

<sup>2</sup> "Other" includes complaints received via social media, reports on fraud by the Company, as well as reports that do not require response (spam, repeated reports, or reports that are not in line with the established form).

## Compliance with antitrust law

GRI 206-1, 13.25

Magnit complies with all requirements of the Russian antitrust law: The Company holds regular trainings for employees and communicates on an ongoing basis with the commercial service to stay up to date with all relevant legislative changes. We recognise antitrust risks

as a separate group of risks and regularly assess their level. In 2023, one case of the Company's violation of antitrust legislation was identified.

### Plans for 2024 and the medium term

#### Magnit is committed to developing the business ethics and anti-corruption practices

In 2024, we intend to:

- update corporate standards – Code of Business Ethics, Anti-Corruption Policy, Regulation on the Anti-Corruption Hotline of the Anti-Corruption Policy of Magnit;
- develop a Compliance Policy and Anti-Corruption Policy for Magnit's counterparties;

- establish a permanent Ethics and Compliance Committee engaging managers of various functions to analyse business ethics and anti-corruption issues that require a collegial decision;
- automate the processing of anti-corruption hotline reports and the process of building an information database on its basis.

## Responsible marketing practices

GRI 3-3

Magnit takes a responsible approach to marketing initiatives. Our projects are in line with the established requirements of Russian legislation, corporate ethical values and voluntary sustainability obligations.

In its marketing activity, the Company is governed by the following principles:

- integrity;
- transparency;
- accuracy and reliability;
- partnership for sustainability.

### Marketing management structure



→ Administrative subordination  
 <-.-> Coordination within the framework of the Sustainability Strategy, advisory support

External documents	Internal documents
<ul style="list-style-type: none"> <li>Federal Law No. 38-FZ "On Advertising" dated 13 March 2006</li> </ul>	<ul style="list-style-type: none"> <li>Charity, Volunteer and Sponsorship Policy of Magnit</li> <li>Code of Business Ethics of Magnit</li> <li>Regulation on the Information Policy of Magnit</li> <li>Health and Wellness Policy of Magnit</li> <li>Quality Food and Non-Food Safety Policy of Magnit</li> </ul>

Our goal is to improve the quality of life for customers throughout the country. Accordingly, Magnit endeavours to disclose information about the products we sell and produce as transparently as possible. We also use various marketing tools to promote the principles of a healthy lifestyle and balanced nutrition.

For details on promoting healthy lifestyle, see chapter [Health and well-being](#).

In addition, our marketing communications are aimed at spreading information about current social issues and engaging our clients in solving them together.

For details on Magnit's marketing campaigns, see chapter [Local communities](#).

## Development of customer service

### Management approach

GRI 3-3

We care about our customers and strive to offer the most favourable shopping experience in Magnit stores. Customer centricity is at the heart of the Company's business model. All projects implemented by Magnit in the area of consumer engagement are based primarily on the analysis of feedback, consumer needs and expectations.

Management of customer engagement issues is the responsibility of the Customer Service Department. There are four divisions within the Customer Service Department: customer service development, retail communication, methodology and control, and cash discipline.

The customer service division is responsible for assessing the quality of service in stores, managing the customer service cycle, organising customer service trainings for employees, and promoting tools to build a customer-centric business model.

The retail communication division deals on a daily basis with Company feedback, root causes of customer complaints, and the development and adoption of new communication channels.

The methodology, standards and control division organises third-party agency audits of key operational processes, such as price tag correctness, product quality, customer interaction, etc., and is responsible for the development and update of internal customer service documentation for the retail chain.

The cash discipline division supervises the cash desk processes – regulatory documents, operational processes, cash discipline standards, employee training and development.

### Customer relationship governance structure



### Leadership in the high quality of goods and services, customer service

At the end of October, Magnit became the winner of the annual award Quality of Service and Consumer Rights in the nominations Chain Store of the Year and Consumer's Choice. In total, the award committee reviewed over 300 applications.

Such high results once again proved the professionalism of employees united by a common goal to increase customer satisfaction with the quality of goods and services, and to create an environment that encourages clients to return to stores.

In addition to the established customer relationship management system, Magnit has created an internal base of documents that set out the principles and approaches to customer relations. We constantly monitor changes in the external environment, take into account the needs of our customers, and make relevant updates of internal documents on a regular basis.

The Company has developed standards for the visual design of advertising and information materials to ensure their correct use by store employees. In 2023, we extended the standards to all Magnit stores as we planned. The Company maintains a consistent approach to the correct placement of advertising and information materials. We strive to respond quickly to changes in the needs of our customers and adapt standards where necessary.

We regularly assess the level of customer service using the Service Quality Rating tool, which takes into account more than 20 service quality metrics and helps us monitor store performance. In the reporting year, the Company provided extensive training to retail store and functional unit employees on the use of this rating, explaining its purpose and importance. All service improvement activities held helped improve the level of the customer service rating in 2023. The level of customer service rating grew by 11% compared to 2022.

### Customer request management

A wide range of feedback channels enables us to monitor customer perceptions of the quality of service in our stores on a daily basis.

Today, the Company offers a wide range of communication channels:

- **three contact centres** for customers to call or email;
- **official website** for customers to register a complaint;
- **messengers** with integrated chatbots to help customers find answers to the most frequently asked questions;
- **Magnit's mobile app**;
- **official groups in social media** and other online platforms.





Despite the development of digital channels, customers always have an option of giving feedback in the traditional way by making an entry in the customer feedback book or sending a letter by Russian Post. Magnit endeavours to ensure that all incoming feedback is reviewed.

In addition, the Company regularly implements projects to collect additional feedback from customers, such as Urgent Communication with the Director, Favourite Buyer, Best Employee. Under these projects, feedback is collected via special QR codes at cash registers and retail spaces.

In 2023, the Company received 8,154,072 customer feedback entries, which is 62% higher compared to 2022. This increase is attributed to the expansion of feedback channels, traffic growth and opening of new stores. At the same time, the number of positive feedback grew by 284%.

### Best positive trends in customer complaints in 2023

Indicator	Changes as compared to 2022
Mobile application functioning	-42%
Non-compliance/absence of advertising and informational materials	-38%
Marketing and promo	-23%
Operation of cash registers	-22%
Unfriendly service	-12%
Quality of goods	-3%

### Geoservices project

Magnit has been implementing the Geoservices project for the second year in a row. It implies that customer feedback published on various geoservices (Google, Yandex, 2GIS, Flamp) are consolidated within the Company. The received feedback is then forwarded to the responsible employees for processing. In the reporting year, the Geoservices project was continued and recognised as one of the main channels of communication with consumers.

In 2023, the number of feedback on our stores increased by 43% compared to the previous reporting period, while the number of positive feedback grew by 51%. The project results confirm that our customers openly share their opinions about Magnit's stores, and positive changes in the feedback shows that we are moving in the right direction in the development of customer service.

In the reporting year, we undertook the development of a unified feedback tool. It is designed to aggregate customer requests from different communication channels and forward them

to responsible departments for review. In addition, the tool will help building a detailed analysis to address root causes of requests in a correct way.

### Consumer survey

Quality improvement projects are impossible without studying the customer expectations and satisfaction level. We regularly assess the Net Promoter Score (NPS)<sup>1</sup> to understand our areas for improvement in the future.

In 2023, the NPS was 19.5 according to the results of the study.

We implement a number of initiatives to increase the level of loyalty. One of the projects is Everything for the Family, for Relatives. As part of the project, we conducted 1,650 interviews in branches of the Central District to identify customers' needs and areas for development. This was followed by a programme of activities – 5 Steps to NPS Growth. The project resulted in 16% NPS growth at the end of 2022. In the reporting year, the project was continued: we conducted a follow-up survey and measured key metrics after the programme

**19.5**

the NPS according to the results of the study in 2023

implementation. As a result, NPS grew by 3%. In 2023, this project received awards at Magnit's internal competition Caring for People.

<sup>1</sup> Net Promoter Score shows consumers' loyalty to a product or company. The score is based on whether the customer would recommend the company to his or her friends (from 0 to 10 points). NPS is used to assess customer readiness for repeated purchases.

### Service Marathon project

In 2023, we launched a new project for Magnit Cosmetics – Service Marathon. The main idea of the project is to complete special tasks in Telegram chats. Over 40 thous. employees from 7.4 thous. stores joined the project.

The aim of the initiative was to develop a service culture, change the behavioural service habits and behavioural models of employees and improve the atmosphere in the team. The project proved to be effective – after its launch, the Company managed to improve the level of employee engagement and customer service metrics.

In 2024, we plan scale up the project to Magnit stores of larger and smaller formats.

#### Key results

**54% and higher**

level of engagement

**by 7.3%**

the share of customer complaints decreased

**71%**

of participants report eagerness to improve the service and to experiment

**by 0.8%**

the secret buyer score grew

**44%**

of participants note an improved environment in the team

**51%**

of participants note an improvement in relations with customers

**30%**

of participants recommend participation in the Service Marathon

## Employee training and awareness raising

Sharing knowledge with our employees and assistance in developing their customer communication skills are the key to improving customer service and increasing customer loyalty. During the training, we focus on friendly and sincere communication, and work out complex engagement scenarios so that the customer is always satisfied with his or her journey at Magnit.

In addition to training programmes, we hold various competitions among our employees, during which we explain the principles of working with customers using simple mechanisms.

#### Training programme

#### Brief description

#### 2023 results

##### Friendly Service

The purpose of the training is to teach store employees various customer service techniques and work through difficulties in communicating with customers. In the reporting period, we focused on developing empathy among employees and prepared relevant training materials.

##### Active Sales

The programme aims at improving the quality of customer counselling at the counter area. This programme includes the training on following:

- key stages of sales;
- friendly communications;
- customer feedback.

Employees undergo the programme in two stages. At the first stage, during induction, employees are familiarised with informative articles and trained using a video simulator. Regional managers then teach them practical skills online or offline. The programme covers all employees of the Magnit chain.

**>400 trainings**

annually held by regional customer service managers



## Cash discipline standards

The level of service at cash desks is an important element of the quality of store operations and also affects customer loyalty. In 2023, we continued to work on maintaining our targets for compliance with legislative and internal standards of cash discipline. The measures taken allowed us to reduce the number of errors and violations by 54%.

The Company has developed a rating of cashiers to assess the speed and quality of their work in Magnit stores. In the reporting year, cashiers' performance, pursuant to the comprehensive assessment, grew by 6.7% on average across the chain compared to 2022 (Magnit convenience stores +9.78%, larger formats +3.71%). In 2023, we scaled this rating to Magnit convenience stores, discounters, and also created a similar rating at DIXY. Based on the rating, we held qualifications of the internal corporate championship Best Cash Desk in large and small formats, which was established in accordance with the developed competence of a sales cashier. Magnit was the first retail chain in Russia to develop a sales cashier competence together with Evolutsia Truda agency (World Skills) and defend it in an internal competition.

The qualifications result was +1.89% for larger formats and +1.25% for Magnit convenience stores. The Company also set a Russian record for the goods scanning speed – 48 scans per minute. The best result was recorded in the Russian Book of Records.

We continue using our new technology – Cashier Expert chatbot. It helps our employees find answers to all kinds of questions. We regularly analyse the questions sent to the chatbot, promptly process new requests and add them to the bank of answers. In the reporting year, the Company expanded the chatbot's coverage, making it available to sales cashiers.

### Customer service practices in DIXY

The NPS level of regular DIXY customers increased from 6% to 13% in 2023. In 2023, a system for evaluating NPS and customer experience factors was introduced in each store of the chain, which will allow for a more prompt and targeted response to customer feedback in the future. The number of complaints per 1,000 receipts decreased: for online delivery by 48%, for offline and non-online delivery services – by 3.6%. The perception of DIXY stores improved by 5–7 p. p. in a number of important characteristics. The perception of the price level, the cleanliness and technical equipment of the stores, as well as the profitability of the loyalty program conditions improved. In addition, the share of DIXY's turnover increased from 51% to 59%, which falls on members of the DIXY Friends Club loyalty program.



## Plans for 2024 and the medium term



### Customer centricity is our prime focus in customer relations.

Magnit intends to develop ongoing projects and introduce new ones, with due regard for the interests and needs of our customers. In particular, Magnit plans to:

- scale up the Service Marathon project to include large and small formats;
- implement a single feedback collection tool;

- improve the service quality rating: implement automated solutions, introduce new metrics, hold promotions for Magnit chain stores of all formats.

## Tax policy

### Management approach

GRI 3-3, 207-1, 207-2, 207-3

As a bona fide taxpayer, we realise that by paying taxes we indirectly contribute to the social and economic development of the regions. Therefore, we take a responsible and transparent approach to our tax obligations.

Key principles of Magnit Tax Policy:

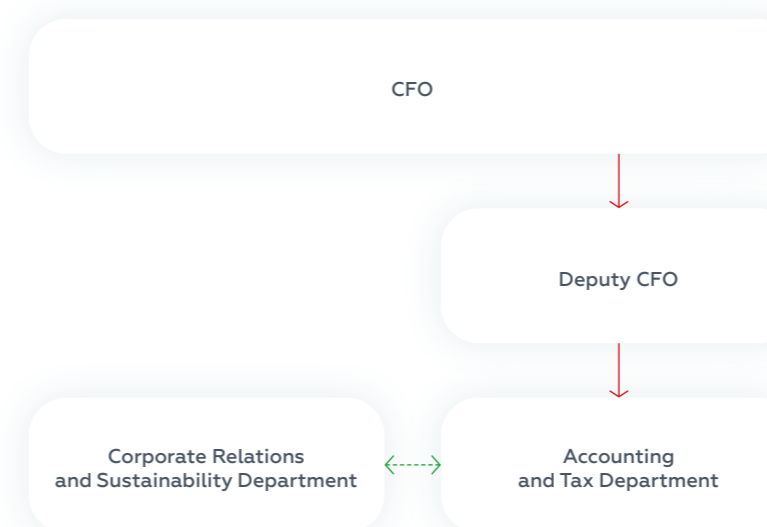
- integrity;
- transparency;
- reliability of counterparties;
- uniformity;
- effective dispute resolution;
- tax risks management.

The Company's tax policy sets out a number of important goals, such as:

- effective planning of tax liabilities and their scheduling in accordance with the applicable laws;
- monitoring and responding to changes in tax legislation and law enforcement practices;
- monitoring tax compliance to ensure high capital turnover;
- optimisation of tax costs.

The overall tax management falls within the remit of our Chief Financial Officer, while the Deputy CFO heads the Accounting and Tax Department and is directly responsible for the tax function. The Department maintains tax accounting, generates reports, cooperates with tax authorities during audits, verifies the amounts of accrued and paid taxes, identifies tax risks and determines mitigation measures. It is also in charge of analysing opportunities to reduce the tax burden, taking into account benefits and preferences, preparing legislative taxation initiatives, and developing internal documentation.

### Structure of tax policy management



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

Magnit fully complies with the tax legislation of the Russian Federation. Tax Policy is the key internal document of the Company.

### External documents

- Criminal Code of the Russian Federation No. 63-FZ dated 13 June 1996
- Administrative Offence Code of the Russian Federation No. 195-FZ dated 30 December 2001
- Russian Tax Code and federal laws adopted in accordance therewith, Russian regional laws, legal regulations of representative bodies of municipalities on taxes and duties, legal regulations adopted by executive authorities of various levels within their limits of powers on issues related to taxes and duties

### Internal documents

- Tax Policy of Magnit
- Accounting Policy of Magnit

Magnit engages with stakeholders on taxation matters. For example, we cooperate with the Retail Companies Association (ACORT) in developing new tax regulations. We assess tax legislation amendments proposed by government

authorities and elaborate a stance on relevant initiatives aimed at improving efficiency in the retail sector.

## Tax payments

GRI 207-4

Magnit makes regular and full tax payments to the federal and regional budgets. Information on tax payments is disclosed

annually in the Company's consolidated financial statements, and its reliability is confirmed by an independent auditor.

### Tax payments for 2023

Indicator	Amount paid, RUB bln
<b>Payments to federal budget:</b>	
• income tax	3.42
• value-added tax	50.51
• payroll contributions (personal income tax and contributions to pension and medical insurance funds)	96.07
<b>Payments to regional and local budgets:</b>	
• regional income tax	19.13
• property tax, land tax, transport tax and trade duty	3.66
<b>Total tax payments, insurance contributions and duties</b>	<b>172.21</b>

## Respect for human rights

### Management approach

GRI 3-3

Respect for human rights is a fundamental principle of Magnit's work underlying long-term mutually beneficial relationships with the Company's stakeholders. The human rights management falls within the remit of the Corporate Relations and Sustainability Department and the HR Department, which report the human rights compliance results to the Sustainability Steering Committee.

### Human rights management structure



→ Administrative subordination  
 ↔ Coordination in implementing the Sustainability Strategy, advisory support

The management of the human rights is in line with generally accepted international legal regulations, Russian legislation and the Company's internal documents. The Human Rights Policy is the key regulatory document in this area that sets out the principles of Magnit's labour relations. The Policy extends to all employees of the Company.

#### External documents

- 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
- Guiding Principles on Business and Human Rights
- Convention on the Elimination of All Forms of Discrimination against Women
- Russian Labour Code

#### Internal documents

- Human Rights Policy of Magnit
- Code of Business Ethics of Magnit

### Human rights responsibility

GRI 13.15, 13.16, 13.17, 13.18

Magnit ensures respect for human rights as part of its engagement with all stakeholder groups.

#### Employees

We guarantee decent and safe working conditions, value and support diversity among our employees. We are against any form of discrimination and harassment at work. The Company respects labour rights of its employees by offering stable and fair salaries, granting the right to a leave, respecting the freedom of professional associations and collective bargaining.

#### Business partners

We expect business partners to ensure that human rights are duly respected. Magnit is against child labour or any form of forced labour. The Company is open to cooperation and joint human rights initiatives.

#### Local communities

Magnit operates with a focus on the needs and expectations of local communities. Our projects respect their interests and strictly observe their rights and freedoms. The Company promotes an inclusive environment in society and helps vulnerable groups of the population.

#### Consumers

We adhere to all legal requirements in our relations with consumers and provide customers with transparent information about the Company's products. Magnit cares about the health of consumers, actively promoting the principles of a healthy lifestyle, offering a balanced food basket and supporting sports events.

In 2023, there were no reported cases of:

- GRI 406-1**  
discrimination
- GRI 408-1**  
use of child labour
- GRI 407-1**  
violations of the right to freedom of association and collective bargaining
- GRI 409-1**  
use of forced labour



## Plans for 2024 and the medium term

Improve the human rights management practices. In particular, we plan to assess human rights risks in the medium term.

# Information security and personal data protection

## Management approach

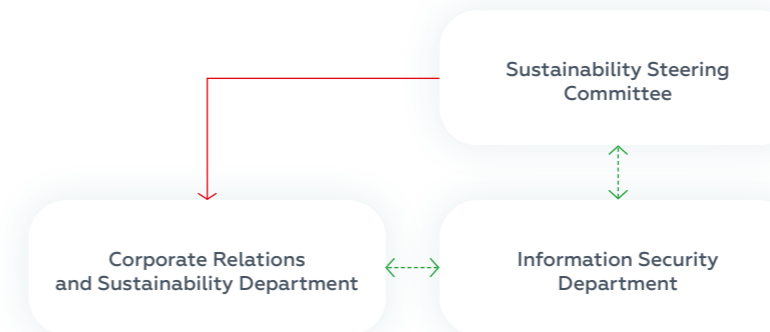
**GRI 3-3**

Protecting such a key asset as information is one of Magnit's priorities. We make every effort to ensure the reliability of our internal information systems and protect the personal data of our customers and employees. We successfully prevent cyberattacks and ensure continuity of our business through ongoing improvement of information security (IS) practices.

The Information Security Department is responsible for the overall information security management. In the reporting period, we strengthened our IS teams by hiring professionals, enhancing

competences and developing tools to be used by the department staff. In addition, in 2023 we unified standards and approaches to information security across all Magnit companies. Our goal is to build interaction between the Company's employees that would ensure a seamless and prompt response to information security incidents, including their elimination.

## Information security management structure



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

The Magnit's information security management as well as drafted internal regulations are in strict line with the requirements of the Russian legislation. We review corporate policies and regulations at least once a year and update them to reflect any external changes. In 2023, we drafted and adopted Personal Data Processing and Disclosure Guidelines, detailing the approach to personal data management.

The Company constantly assesses information security risks. Current information on risks is submitted to the Risk Management Department on a quarterly basis and recorded in the risk register. The risk management action plan records risk response measures, deadlines and responsible persons.

## Incident reduction measures

**FB-FR-230a.2**

We regularly undertake measures to reduce the number of information security incidents. Those include the introduction of new technological solutions, internal and external audits, process automation.

In 2023, we focused, inter alia, on import substitution of foreign technologies and we successfully completed the transition to two domestic products.

## External documents

- International information security standard ISO 27001
- Decree of the President of the Russian Federation No. 250 "On Additional Measures to Ensure Information Security of the Russian Federation" dated 01 May 2022
- Resolution of the Government of the Russian Federation No. 1272 "On Approving Standard Provision on the Deputy Head of an Authority (Organisation) Responsible for Ensuring Information Security in an Authority (Organisation) and the Standard Provision on a Structural Division of an Authority (Organisation) Ensuring Information Security in an Authority (Organisation)" dated 15 July 2022
- Federal Law No. 98-FZ "On Trade Secrets" dated 29 July 2004
- Federal Law No. 149-FZ "On Information, Information Technologies and Data Protection" dated 27 July 2006
- Federal Law No. 152-FZ "On Personal Data" dated 27 July 2006

## Internal documents

- Information Security Policy
- Information Security Management Systems (ISMS) Control Policy
- Employee Information Security Awareness Policy **updated**
- Password Policy
- Regulation on Managing User Credentials and Access
- Procedure for creating and amending firewall rules
- Standard of compliance with information security requirements for the creation of information systems and services
- Personal Data Processing Policy
- Personal Data Processing and Disclosure Guidelines **new**
- Regulation on Trade Secret **new**



### Key information security measures in 2023

Project	Project goal	2023 highlights
<b>Orchestration system</b>	Automation of the information security incident analysis process To automate the process, we developed the necessary incident management software	<b>Incident analysis time has been reduced from several hours to several minutes</b>
<b>Virtual data room from a Russian vendor</b>	Creating a secure environment to share confidential information with business partners	<b>Secure sensitive information exchange process has been introduced</b>
<b>DevSecOps, a code analyser</b>	Code verification in Magnit IT products The code analyser detects vulnerabilities and, if significant, returns the product to the development team for further improvement	<b>Over 2,000 critical vulnerabilities have been processed</b>
<b>Import substitution of the information security incident collection system</b>	Identification of information security alerts The system records all information system events, interrelates them and decides whether a particular event should be treated as an alert	<b>More than 800 alerts have been identified and eliminated</b>
<b>Connection to the Bug Bounty system</b>	Independent reliability check of the Company's information systems Anyone can test the system and, if a vulnerability is detected and confirmed in the relevant report, receive a cash reward from the Company The process stands out for its continuous nature and upon its completion it gives the Company a quality information about the reliability of its information systems from highly motivated testers.	<b>Four applications have been enabled</b>

To reduce the likelihood of information security incidents, we annually perform the following scheduled tests of IT security systems in several areas:

- internal audits (in-house) of threat protection and response mechanisms;
- external audits (by qualified companies) of security systems;
- checks during the configuration of new protection and response policies and rules.

In 2023, based on the results of the audits, IT security systems proved their effectiveness and demonstrated correct handling of major and critical attack vectors and malicious activity. Non-critical problems and deficiencies were promptly eliminated.

### Personal data protection

GRI 418-1

FB-FR-230a.1

Magnit consistently works to strengthen personal data protection. We monitor information systems to ensure the correct processing of personal data, train our employees, and maintain a log of network incidents.

In 2023, in the context of changing legislation, we implemented the Personal Data Protection project in all Group companies.

The project consists of five sections:

- analysis of internal documents pursuant to the Russian law in terms of their sufficiency and relevance;
- audit of the processes involving personal data processing;
- identification of critical information systems processing personal data, and analysis of their security;

- audit of the information systems development process;
- audit of the efficiency of the information protection solutions used to protect personal data.

In 2023, the Company identified 426 events qualified as unauthorised access to personal data. The information security team responded to 100% of the incidents in a timely manner and remedied the potential disclosure of personal data.

### Information security training for employees

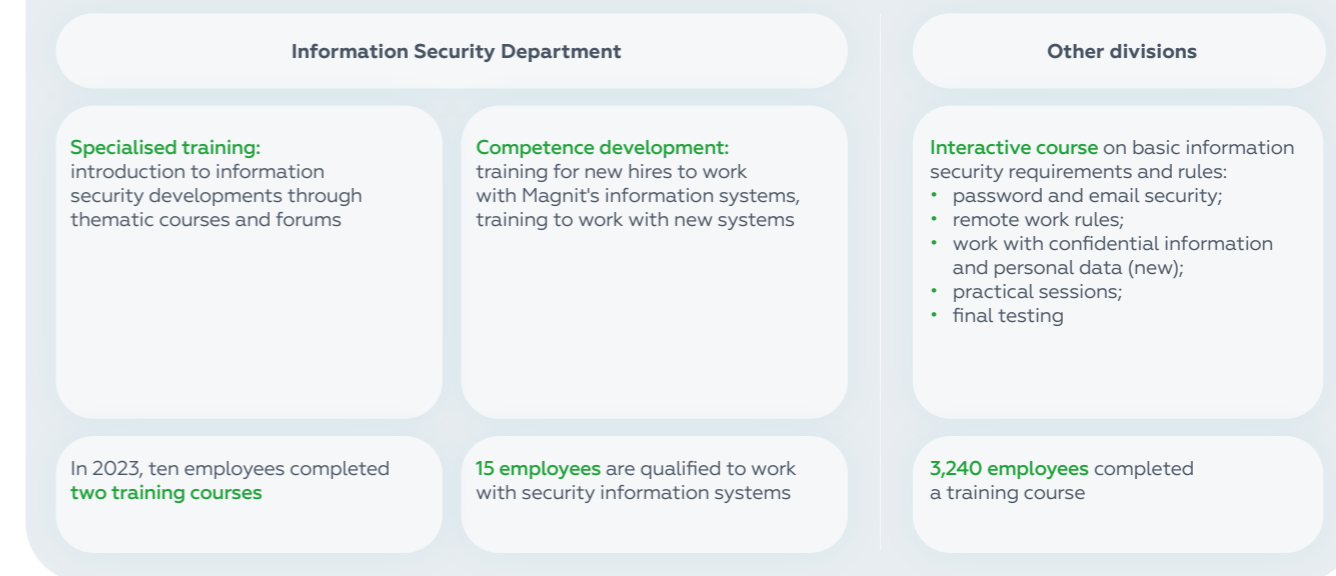
Magnit pays special attention to raising information security awareness among its employees. We fully realise that a high level of employee competence in this area directly contributes to the Company's ability to prevent and deter cyberattacks.

In 2023, the Company made efforts to implement an employee information security awareness system. We conduct regular technical audits to assess the employee's awareness of the Company's information handling policies. The new system tracks how an employee responds to a particular event. Then employees are rated based on how well they performed according to instructions. The company analyses the group of employees who failed to perform and then considers whether

to arrange a follow-up training or a meeting with the function leader. This approach ensures timely and targeted training of employees in areas where their awareness is low. The employee can also track his/her progress in information security, familiarise with the results of past and current audits.

Magnit provides employee training in two tracks – for Information Security Department and for other divisions.

#### Information security training tracks



### Plans for 2024 and the medium term

**We intend to further develop our information security practices.**

In 2024, the Company plans to:

- continue import substitution of foreign solutions;
- improve the maturity level of information security practices of Group companies;

- continue ongoing projects to ensure development security;
- improve cloud security;
- implement an automated personal data management solution.



Following the analysis, all 17 topics were deemed material since each topic is of direct relevance to Magnit. Compared to previous reporting periods, the list of material topics was expanded and certain wordings were clarified.

### Material topics

GRI 3-2

	E	S	G
<b>High priority</b>	<ul style="list-style-type: none"> <li>Waste management</li> </ul>	<ul style="list-style-type: none"> <li>Employment and decent working conditions</li> <li>Safe workplace</li> <li>Human rights</li> </ul>	<ul style="list-style-type: none"> <li>Product quality and safety</li> <li>Health and well-being</li> </ul>
<b>Medium priority</b>	<ul style="list-style-type: none"> <li>Sustainable packaging</li> </ul>	<ul style="list-style-type: none"> <li>Employee training and development</li> <li>Diversity and inclusion</li> <li>Local communities</li> </ul>	<ul style="list-style-type: none"> <li>Interaction with customers</li> <li>Sustainable supply chain</li> <li>Cybersecurity and data protection</li> <li>Business ethics and anti-corruption</li> </ul>
<b>Low priority</b>	<ul style="list-style-type: none"> <li>Climate change and energy</li> <li>Water resources</li> </ul>		<ul style="list-style-type: none"> <li>Responsible corporate governance</li> </ul>

## Reporting boundaries

GRI 2-2

The Report presents Magnit Group's non-financial results for the period from 1 January to 31 December 2023. The disclosure perimeter covers PJSC Magnit and its subsidiaries (also referred to as Magnit, the Company, the Group, Magnit Group). In certain cases, figures are presented separately for the Magnit retail chain and the DIXY retail chain.

The scope of disclosures in the Sustainability Report coincides with the scope of the IFRS consolidated financial statements published annually by the Company and certified by an independent

auditor. Information about Magnit Srednyaya Aziya is disclosed only in terms of HR management. In 2023, the online platform KazanExpress (Magnit Market) joined the Magnit Group. Non-financial indicators for this company are planned to be disclosed in subsequent reporting periods.

Material topics	GRI indicators	Magnit retail chain	DIXY retail chain	Logistics complex	Own production	Marketplace Magnit Market	M Cosmetics, Uzbekistan
Water resources	3-3, 303-1, 303-2, 303-3, 303-4, 303-5	●	●	●	●	●	●
Waste management	3-3, 306-1, 306-2, 306-3, 306-4, 306-5	●	●	●	●	●	●
Sustainable packaging	3-3, 301-1, 301-2, 301-3	●	●	●	●	●	●
Climate change and energy	302-1, 302-2, 302-3, 302-4, 302-5, 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7	●	●	●	●	●	●
Safe workplace	3-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10	●	●	●	●	●	●
Employment and decent working conditions	3-3, 201-3, 202-1, 202-2, 401-1, 401-2, 401-3, 402-1	●	●	●	●	●	●
Employee training and development	3-3, 404-1, 404-2, 404-3	●	●	●	●	●	●
Diversity and inclusion	3-3, 405-1	●	●	●	●	●	●
Human rights	3-3, 406-1, 407-1, 408-1, 409-1, 410-1, 411-1	●	●	●	●	●	●
Local communities	3-3, 203-1, 203-2, 413-1, 413-2	●	●	●	●	●	●
Health and well-being	3-3, 416-1, 416-2, 417-1, 417-2, 417-3	●	●	●	●	●	●
Responsible corporate governance	3-3, 206-1, 201-1, 207-1, 207-2, 207-3, 207-4	●	●	●	●	●	●
Business ethics and anti-corruption	3-3, 205-1, 205-2, 205-3	●	●	●	●	●	●
Product quality and safety	3-3, 13.6.1, 13.6.2, 13.9.1, 13.9.2, 13.10.2, 13.10.3, 13.10.4, 13.10.5	●	●	●	●	●	●
Interaction with customers	3-3	●	●	●	●	●	●
Sustainable supply chain	3-3, 204-1, 308-1, 308-2, 414-1, 414-2, 13.23.2, 13.23.3, 13.23.4	●	●	●	●	●	●
Cybersecurity and data protection	3-3, 418-1	●	●	●	●	●	●

Reporting boundaries: ● Included into the reporting boundaries ● Partially included into the reporting boundaries ● Not included into the reporting boundaries ● Not applicable







# Compliance with non-financial reporting standards and guidelines

## Compliance with GRI standards and national requirements for non-financial reporting

<b>Statement of use</b>	This Report is prepared by Magnit Group in accordance with GRI standards for the reporting period from 1 January to 31 December 2023
<b>GRI 1 Standard used</b>	GRI 1: Principles 2021
<b>Applicable GRI Standards</b>	GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022

Standard	Disclosure	Report section / Comment	Omission		GRI Sector Standard indicator code	Compliance with national standards
			Requirement	Reason / Explanatory note		
<b>General disclosures</b>						
<b>The organisation and its reporting practices</b>						
GRI 2: General Disclosures 2021	2-1 Organisational details	Company overview <a href="#">↗</a> p. 10				
	2-2 Entities included in the organisation's sustainability reporting	About the Report <a href="#">↗</a> p. 189				
	2-3 Reporting period, frequency and contact point	About the Report <a href="#">↗</a> p. 191				
	2-4 Restatements of information	About the Report <a href="#">↗</a> p. 190				
	2-5 External assurance	As of the publication date the Report was not subject to external assurance in 2023				
	2-6 Activities, value chain and other business relationships	Company overview <a href="#">↗</a> p. 14 Sustainable Sourcing <a href="#">↗</a> p. 141				
	2-7 Employees	Personnel management <a href="#">↗</a> p. 72				
	2-8 Workers who are not employees	In 2023, workers who are not employees worked 73 million hours. Contracts are concluded with companies that provide outsourced staff in retail and logistics.				
	2-9 Governance structure and composition	Responsible business practices <a href="#">↗</a> p. 158, 161  The Board of Directors is represented by six women and five men. Each of the Board's committees is composed of both men and women.  All Members of the Board of Directors: <ul style="list-style-type: none"> <li>• are elected as its members for the first time;</li> <li>• are executive directors;</li> <li>• are not independent directors and</li> <li>• have adequate competencies in the areas of the Company's economic, environmental and social impacts.</li> </ul> The composition of the Board of Directors elected by the Annual General Meeting of Shareholders of the Company on 28 December 2023 is available at <a href="#">our website</a> .				
	2-10 Nomination and selection of the highest governance body	Responsible business practices <a href="#">↗</a> p. 161, 162  In forming the Board of Directors, among other things, the following is considered and taken into account: <ul style="list-style-type: none"> <li>• shareholder proposals;</li> <li>• requirements to the composition of the Board of Directors stipulated by applicable laws and internal documents of the Company;</li> <li>• independence criteria stipulated by MOEX PJSC Listing Rules;</li> <li>• competencies and experience of candidates to the Board of Directors, including sustainability issues;</li> <li>• diversity principles.</li> </ul>				



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	2-11 Chair of the highest governance body	<p>Responsible business practices <a href="#">↗ p. 161</a></p> <p>The Chairman of the Board of Directors holds a part-time executive management position in the Group, which he held prior to his election to the Board of Directors. Such overlapping of positions does not lead to a conflict of interest, given the Company's internal documents regulating ethics and conflict of interest, which are binding on all employees (including members of the Board of Directors), and taking into account the professional experience and business reputation of the Chairman of the Board of Directors.</p>				
	2-12 Role of the highest governance body in overseeing the management of impacts	<p>Sustainability management <a href="#">↗ p. 20</a></p> <p>Committees of the Board of Directors regularly consider issues related to sustainable development within their functions. For more details on the functions of the Committees of the Board of Directors see <a href="#">↗ Regulations on the Committees of the Board of Directors of PJSC Magnit.</a></p>				
	2-13 Delegation of responsibility for managing impacts	<p>Sustainability management <a href="#">↗ p. 20</a></p>				
	2-14 Role of the highest governance body in sustainability reporting	<p>Responsible business practices <a href="#">↗ p. 159</a></p>				
	2-15 Conflicts of interest	<p>Sustainability management <a href="#">↗ p. 186</a></p> <p>The Company has in place the internal documents that regulate ethics and conflicts of interest issues and are mandatory for all employees, including members of the Board of Directors (see, in particular, the Regulations on the Board of Directors, the Code of Business Ethics and the Anti-Bribery and Corruption Policy at <a href="#">↗ our website</a>).</p> <p>Information on conflicts of interest that may arise for a member of the Board of Directors in the performance of his/her functions shall be communicated by the relevant member of the Board of Directors to the Chairman of the Board of Directors, and may also be disclosed in cases stipulated by applicable laws and requirements of MOEX PJSC.</p>				
	2-16 Communication of critical concerns	<p>No critical concerns were communicated to the Board of Directors in the reporting year.</p>				
	2-17 Collective knowledge of the highest governance body	<p>The Board of Directors has the competencies in the field of sustainable development and is well aware of the ESG agenda, including through regular interaction with the Sustainability Steering Committee and the Sustainability Office.</p>				
	2-18 Evaluation of the performance of the highest governance body	<p>The performance of the Board of Directors was not assessed in the reporting year.</p>				
	2-19 Remuneration policies	<p>For information on the remuneration and compensation policy of the Company's management bodies, please refer to the Report of the Equity Securities Issuer for the 12 months of 2023, as well as the Company's Annual Report for 2023, available (or will be available after disclosure in the manner required by the applicable law) at <a href="#">↗ our website</a>.</p>				
	2-20 Process to determine remuneration	<p>Remuneration of the members of the Company's Board of Directors is determined by the Regulations on the Board of Directors, which is approved by the General Meeting of Shareholders of the Company.</p> <p>The remuneration of the members of the Management Board and the Company's sole executive bodies, as well as remuneration of other key employees, is determined by respective employment contracts, the terms of which are discussed with the HR and Remuneration Committee of the Board of Directors and (if applicable) approved by a resolution of the Board of Directors.</p> <p>Independent members of the Board of Directors (if any) participate in consideration of these issues.</p> <p>The results of shareholder voting on the approval of the Regulations on the Board of Directors, the collegial executive body (Management Board) and the sole executive bodies (President and CEO) of the Company are available at <a href="#">↗ our website</a>.</p>				



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	2-21 Annual total compensation ratio			Information is not disclosed due to confidentiality.		
	2-22 Statement on sustainable development strategy	Managing Director's statement <a href="#">↗</a> p. 4				
	2-23 Policy commitments	Sustainability management <a href="#">↗</a> p. 24				RSPP: 1.1
	2-24 Embedding policy commitments	Sustainability management <a href="#">↗</a> p. 28				MED: 35
	2-25 Processes to remediate negative impacts	Responsible business practices <a href="#">↗</a> p. 163, 172				
	2-26 Mechanisms for seeking advice and raising concerns	Responsible business practices <a href="#">↗</a> p. 172				
	2-27 Compliance with laws and regulations	About the Report <a href="#">↗</a> p. 191 There were no significant instances of non-compliance with laws and regulations in 2023. The materiality threshold was set at RUB 1 mln.  14,224 fines in 2023 amounted to RUB 433 mln.  6,236 fines paid for cases of non-compliance with laws and regulations that occurred in the current reporting period amounted to RUB 70 mln.  7,988 fines paid for cases of non-compliance with laws and regulations that occurred in the previous reporting period amounted to RUB 363 mln.				RSPP: 2.10 MED: 43
	2-28 Membership associations	Magnit is a member of the following associations: <ul style="list-style-type: none"> <li>• the Retail Companies Association (ACORT)</li> <li>• the Association of Internet Trading Companies (AKIT)</li> <li>• Russian Union of Industrialists and Entrepreneurs (RSPP)</li> <li>• Russian Guild of Bakers and Confectioners (ROSPiK)</li> <li>• Moscow International Business Association (MIBA)</li> <li>• NPO National Union of Fruit and Vegetable Producers</li> <li>• Potato Union</li> <li>• Mushroom Growers Union</li> <li>• Association of Motor Carriers (ASMAP)</li> <li>• Russian Road Transport Union (RRTU)</li> <li>• Russian Association of Pharmacy Chains (RAPC)</li> </ul>				RSPP: 3.3.4
	2-29 Approach to stakeholder engagement	Sustainability management <a href="#">↗</a> p. 28				
	2-30 Collective bargaining agreements	Sustainability management <a href="#">↗</a> p. 32				
	2-30 Collective bargaining agreements	Magnit internal rules of business and corporate ethics enshrine the right of employees to freedom of association and collective bargaining.				RSPP: 3.1.4 MED 32
<b>Material topics</b>						
GRI 3: Material Topics 2021	3-1 Process to determine material topics	About the Report <a href="#">↗</a> p. 187				
	3-2 List of material topics	About the Report <a href="#">↗</a> p. 188				
<b>Water resources</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Climate change and environmental responsibility <a href="#">↗</a> p. 39				RSPP: 2.3, 2.3.1, 2.4, 2.7, 2.7.1, 2.7.2
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Climate change and environmental responsibility <a href="#">↗</a> p. 47				MED: 13, 21
	303-2 Management of water discharge-related impacts	Climate change and environmental responsibility <a href="#">↗</a> p. 47				
	303-3 Water withdrawal	Climate change and environmental responsibility <a href="#">↗</a> p. 48				



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			Requirement	Reason / Explanatory note		
	303-4 Water discharge	Climate change and environmental responsibility <a href="#">↗</a> p. 48				
	303-5 Water consumption	Climate change and environmental responsibility <a href="#">↗</a> p. 48				
<b>Waste management</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Climate change and environmental responsibility <a href="#">↗</a> p. 39				RSPP: 2.8, 2.8.1,
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Climate change and environmental responsibility <a href="#">↗</a> p. 41				MED: 17, 18, 21
	306-2 Management of significant waste-related impacts	Climate change and environmental responsibility <a href="#">↗</a> p. 41				
	306-3 Waste generated	Climate change and environmental responsibility <a href="#">↗</a> p. 43, 45, 46				
	306-4 Waste diverted from disposal (utilisation, reuse)	Climate change and environmental responsibility <a href="#">↗</a> p. 43, 46				
	306-5 Waste directed to disposal	Climate change and environmental responsibility <a href="#">↗</a> p. 43, 44				
<b>Sustainable packaging</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Climate change and environmental responsibility <a href="#">↗</a> p. 39				RSPP: 2.1
GRI 301: Materials 2016	301-1 Materials used by weight or volume			The Company does not keep records of the proportion of reused materials, goods and their packaging. The Company is currently seeking opportunities to gather relevant information.		MED: 21
	301-2 Recycled input materials used					
	301-3 Reclaimed products and their packaging materials					
<b>Climate change and energy efficiency</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Climate change and environmental responsibility <a href="#">↗</a> p. 39				RSPP 2.2, 2.2.1, 2.5
GRI 201: Economic performance	201-2 Financial implications and other risks and opportunities due to climate change	Climate change and environmental responsibility <a href="#">↗</a> p. 51				MED: 20, 21, 22, 23
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Climate change and environmental responsibility <a href="#">↗</a> p. 54				
	302-2 Energy consumption outside the organisation			Not applicable. The Company does not currently track the data, with plans to perform disclosure in the future.		
	302-3 Energy intensity	Climate change and environmental responsibility <a href="#">↗</a> p. 54, 56				
	302-4 Energy saved	Climate change and environmental responsibility <a href="#">↗</a> p. 54				
	302-5 Reductions in energy requirements of products and services	The Company has implemented process change initiatives that are based on annual energy efficiency projects rather than products and services.				
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Climate change and environmental responsibility <a href="#">↗</a> p. 52				
	305-2 Energy indirect (Scope 2) GHG emissions	Climate change and environmental responsibility <a href="#">↗</a> p. 52				
	305-3 Other indirect (Scope 3) GHG emissions			In the reporting year, there was no possibility to collect data for calculating Scope 3 GHG emissions. The Company intends to perform a quantitative assessment of Scope 3 GHG emissions to provide future disclosures for reporting purposes.		



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	305-4 GHG emissions intensity	Climate change and environmental responsibility <a href="#">p. 52</a>				
	305-5 Reduction of GHG emissions	Climate change and environmental responsibility <a href="#">p. 52</a>				
	305-6 Emissions of ozone-depleting substances (ODS)	Climate change and environmental responsibility <a href="#">p. 50</a>				
<b>Safe workplace</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Occupational health and safety management <a href="#">p. 93</a>			13.19.1	RSPP 3.1.6, 3.1.7
GRI 403: Occupational Health and Safety	403-1 Occupational health and safety management system	Occupational health and safety management <a href="#">p. 93</a>			13.19.2	IN-06-28/49-P4-1, IN-06-28/49-P4-2: Occupational health and safety management system
	403-2 Hazard identification, risk assessment, and incident investigation	Occupational health and safety management <a href="#">p. 95, 96, 99, 101</a>			13.19.3	IN-06-28/49-P4-1, IN-06-28/49-P4-2, IN-06-28/49-P4-3, IN-06-28/49-P4-4: Hazard identification, accident and incident risk assessment
	403-3 Occupational health services	Occupational health and safety management <a href="#">p. 93, 100</a>			13.19.4	IN-06-28/49-P4-1, IN-06-28/49-P4-2, IN-06-28/49-P4-3, IN-06-28/49-P4-4: Hazard identification, accident and incident risk assessment
	403-4 Worker participation, consultation, and communication on occupational health and safety	Occupational health and safety management <a href="#">p. 96, 98</a>			13.19.5	IN-06-28/49-P4-1: Labour Safety Service
	403-5 Worker training on occupational health and safety	Occupational health and safety management <a href="#">p. 96</a>			13.19.6	IN-06-28/49-P4-1, IN-06-28/49-P4-2: Employee participation, consultation, and communication on occupational health and safety
	403-6 Promotion of worker health	Occupational health and safety management <a href="#">p. 100</a>			13.19.7	IN-06-28/49-P4-1, IN-06-28/49-P4-2: Promoting better employee health
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational health and safety management <a href="#">p. 93, 95, 96</a>	Impact on the safety of third parties who are not employees or contractors.	The Company does not affect the safety of third parties, except for employees and contractors	13.19.8	IN-06-28/49-P4-1: Training of employees in occupational health and safety
	403-8 Workers covered by an occupational health and safety management system	Occupational health and safety management <a href="#">p. 93</a> Occupational health and safety management system covers 100% of employees and 100% of contractors.	Contractors covered by the occupational health and safety management system.	Accounting for contractors covered by the occupational health and safety management system.	13.19.9	IN-06-28/49-P4-1, IN-06-28/49-P4-2: Prevention and mitigation of health effects and measures to improve occupational safety directly related to working conditions
	403-9 Work-related injuries	Occupational health and safety management <a href="#">p. 99, 100</a> The work-related serious injury rate among employees for 2023 is 0.03 (2021–2022 – 0.04).	Injury rates among contractors	Contractor injury records are partially maintained, as they are not always reported by the contractor. No records of hours worked are maintained for contractors.	13.19.10	IN-06-28/49-P4-1, IN-06-28/49-P4-2, IN-06-28/49-P4-3: Workers covered by an occupational health and safety management system
	403-10 Work-related ill health	Occupational health and safety management <a href="#">p. 100</a> The Company's operations are not characterised by occupational diseases.	Occupational disease rates among contractors		13.19.11	IN-06-28/49-P4-1, IN-06-28/49-P4-2, IN-06-28/49-P4-3, IN-06-28/49-P4-4, IN-06-28/49-P4-5, IN-06-28/49-P4-6, IN-06-28/49-P4-7: Occupational accidents IN-06-28/49-P4-1, IN-06-28/49-P4-2, IN-06-28/49-P4-4, IN-06-28/49-P4-5: Occupational diseases and work associated with increased hazards



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<b>Provision of employment and decent working conditions</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Personnel management <a href="#">p. 61</a>				RSPP: 1.4, 1.8, 3.1.1, 3.1.2, 3.1.3
GRI 201: Economic performance	201-3 Defined benefit plan obligations and other retirement plans	The Company makes pension payments to the Social Fund of Russia in accordance with Russian legislation. The Company does not have any additional retirement plans.				MED: 6, 7, 25, 26, 28, 33 IN-06-28/49-P4-1, IN-06-28/49-P4-2, IN-06-28/49-P4-3, IN-06-28/49-P4-4: Employment
GRI 202: Market presence	202-1 Ratios of standard entry level wage by gender compared to local minimum wage 202-2 Proportion of senior management hired from the local community	Personnel management <a href="#">p. 73</a> Personnel management <a href="#">p. 69</a>				IN-06-28/49-P4-1, IN-06-28/49-P4-2: Labour and management relations
GRI 401: Employment	401-1 New employees hires and employee turnover	Personnel management <a href="#">p. 72</a> New employees hires: • 2021 – 195.2 thousand employees • 2022 – 212.1 thousand employees • 2023 – 209.8 thousand employees				IN-06-28/49-P4-1, IN-06-28/49-P4-2, IN-06-28/49-P4-3: Equal opportunities
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Personnel management <a href="#">p. 71</a>				IN-06-28/49-P4-1, IN-06-28/49-P4-2: Independence of trade unions and collective bargaining
	401-3 Parental leave	Total number of employees that were entitled to parental leave – 357,211 • women – 267,264 • men – 89,947  Total number of employees that took parental leave – 22,934 • women – 22,716 • men – 218  Total number of employees that returned to work in the reporting period after parental leave ended – 24,710 • women – 24,523 • men – 187  Total number of employees due to return to work after taking parental leave – 29,498 • women – 29,239 • men – 259  Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work – 21,674 • women – 21,568 • men – 106  Return to work rate – 84% • women – 84% • men – 72%  Retention rate – 76% • women – 76% • men – 51%				
GRI 402: Employee-Management Relations	402-1 Minimum notice periods regarding operational changes	The minimum notice period regarding the entity's operational changes is established in accordance with the Labour Code of the Russian Federation.				
<b>Employee training and development</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Personnel management <a href="#">p. 61</a>				RSPP: 3.1.10, 3.1.11
GRI 404: Training and Education	404-1 Average hours of training per year per employee	Personnel management <a href="#">p. 79</a>				MED: 30
	404-2 Programmes for upgrading employee skills and transition assistance programmes	Personnel management <a href="#">p. 79</a>				IN-06-28/49-P4-1, IN-06-28/49-P4-2, IN-06-28/49-P4-3, IN-06-28/49-P4-4: Training and education
	404-3 Percentage of employees receiving regular performance and career development reviews	Personnel management <a href="#">p. 73</a>				



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<b>Diversity and inclusion</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Personnel management <a href="#">↗</a> p. 61				RSPP: 3.1.12
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	Personnel management <a href="#">↗</a> p. 72				MED: 44
	405-2 Ratio of basic salary and remuneration of women to men			The Company does not keep records of the proportion of reused materials, goods and their packaging. The Company is currently seeking opportunities to gather relevant information.		
<b>Human Rights</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible business practices <a href="#">↗</a> p. 180				RSPP: 3.2.2, 3.2.3 MED: 40
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Responsible business practices <a href="#">↗</a> p. 182				
GRI 407: Freedom of association and collective bargaining	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Magnit internal rules of business and corporate ethics enshrine the right of the employees to freedom of association and collective bargaining. Responsible business practices <a href="#">↗</a> p. 182				
GRI 408: Child Labour (2016)	408-1 Business units and suppliers who run significant risk for incidents of child labour	Responsible business practices <a href="#">↗</a> p. 182				
GRI 409: Child Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	Responsible business practices <a href="#">↗</a> p. 182				RSPP: 3.2.2, 3.2.3 MED: 40
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	No training was conducted in 2023.				
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	No incidents of violations involving rights of indigenous peoples recorded in 2023.				
<b>Local communities</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Local communities <a href="#">↗</a> p. 105				RSPP: 1.7, 3.3.3 MED: 34
GRI 203: Indirect economic impacts	203-1 Infrastructure investments and services supported	Local communities <a href="#">↗</a> p. 107				
	203-2 Significant indirect economic impacts	Local communities <a href="#">↗</a> p. 107, 108, 111, 112				IN-06-28/49-P4-1, IN-06-28/49-P4-2: Local communities
GRI 413: Local communities	413-1 Operations with local community engagement, impact assessments, and development programmes	Local communities <a href="#">↗</a> p. 106				
	413-2 Operations with significant actual and potential negative impacts on local communities	Local communities <a href="#">↗</a> p. 105	413-2 a-ii Significant actual and potential negative impacts of operations	Magnit does not specifically assess potential negative impacts on local communities, nevertheless, all of the Company's facilities strive to increase positive impacts and minimise possible negative effects of their activities on local communities.		
<b>Health and well-being</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Health and well-being <a href="#">↗</a> p. 123				RSPP: 3.4.1
GRI 416: Customer Health and Safety 2016	416-1: Assessment of the health and safety impacts of product and service categories	Health and well-being <a href="#">↗</a> p. 133 Share of healthy lifestyle products in private labels of the Magnit retail chain: • Share of potential products to be included in the basket – 32% • Share of products in the food basket that fulfil the criteria for healthy lifestyle – 28% • Other categories – 40%				
	416-2: Incidents of non-compliance concerning the health and safety impacts of products and services	Health and well-being <a href="#">↗</a> p. 128	416-2 a-ii Number of instances of non-compliance resulting in preventive measures	No records kept.		



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			416-2 a-iii Number of instances of non-compliance with voluntary commitments undertaken	There are no additional liabilities in the Company.		
GRI 417: Marketing and labelling	417-1 Requirements for product and service information and labelling	The Company's labelling requirements fully comply with the Technical Regulations of the Customs Union TR TS 022/2011 The name, composition, quantity, date of manufacture, expiration date and storage conditions, name and location of the manufacturer of the food products, recommendations and/or restrictions on use shall be indicated on the goods. In addition, the products are labelled to indicate the presence of GMO-derived components in the food, as well as the presence of allergens and other substances that may have an impact on human health. The Company welcomes the indication of the nutrient content on the product packaging per standard serving. 100% of Magnit own brand products are covered by the requirements for disclosure of information on labelling in accordance with the recommendations of the Technical Regulations of the Customs Union TR TS 022/2011				
	417-2 Incidents of non-compliance concerning product and service information and labelling	In 2023, there were nine instances of non-compliance with labelling requirements that resulted in monetary recoveries. No instances of non-compliance that resulted in preventive measures and no instances of non-compliance with voluntary commitments recorded.				RSPP: 3.4.1
	417-3 Incidents of non-compliance concerning marketing communications	One instance of non-compliance with labelling requirements that resulted in monetary recoveries recorded in 2023. No instances of non-compliance that resulted in preventive measures and no instances of non-compliance with voluntary commitments recorded.				
<b>Responsible corporate governance</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible business practices <a href="#">↗</a> p. 159				RSPP: 1.3, 1.4, 1.6,
GRI 206: Anti-competitive Behaviour	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Responsible business practices <a href="#">↗</a> p. 173				MED: 6, 24
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	Sustainability management <a href="#">↗</a> p. 35				
GRI 207: Tax	207-1 Approach to tax	Responsible business practices <a href="#">↗</a> p. 179				
	207-2 Tax governance, control and risk management	Responsible business practices <a href="#">↗</a> p. 179				
	207-3 Stakeholder engagement and management of concerns related to tax	Responsible business practices <a href="#">↗</a> p. 179				
	207-4 Country-by-country reporting	Responsible business practices <a href="#">↗</a> p. 180				
<b>Business ethics and anti-corruption</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible business practices <a href="#">↗</a> p. 169				MED: 41
GRI 205: Anti-Corruption	205-1 Operations assessed for risks related to corruption	Responsible business practices <a href="#">↗</a> p. 170  The Company has developed and implemented control procedures aimed at minimising corruption risks, which include checking both current employees and candidates for a position. The list of positions containing possible corruption risks and requiring in-depth review includes positions involving: <ul style="list-style-type: none"> <li>• budget management;</li> <li>• involvement in the negotiation process with counterparties and other partners of the Company contracting;</li> <li>• Organising/conducting tenders and other procurement procedures (including tenders on electronic platforms);</li> <li>• procurement of goods, services, equipment, consumables, software, vehicles, real estate (including lease), etc.</li> </ul> Risk assessment (continuous and at all levels) covers 100% of the Company's divisions.				
	205-2 Communication and training about anti-corruption policies and procedures	Responsible business practices <a href="#">↗</a> p. 171				





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	205-3 Confirmed incidents of corruption and actions taken	22 violations of the Company's anti-corruption policy were identified in 2023 (40 violations in 2022). In 16 cases, legal proceedings were initiated against the Company's employees for corruption offences.				
<b>Product quality and safety</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Health and well-being <a href="#">p. 123</a>				RSPP: 3.4.2
GRI 13.6: Pesticides use	13.6.1 Management of material topics			No records kept.		IN-06-28/49-P4-1, IN-06-28/49-P4-2, IN-06-28/49-P4-3: Customer health and safety
	13.6.2 Volume and intensity of use of pesticides with different toxicity hazard levels					
GRI 13.9: Food security	13.9.1 Management of material topics			No records kept.		
	13.9.2 Amount of product loss					
GRI 13.10: Food safety	13.10.2 Assessment of the health and safety impacts of product and service categories	Health and well-being <a href="#">p. 133</a>				
	13.10.3 Incidents of non-compliance concerning the health and safety impacts of products and services	Health and well-being <a href="#">p. 128</a>				
	13.10.4 Production volume at enterprises certified according to international standards	Health and well-being <a href="#">p. 128</a>				
		Sustainable sourcing <a href="#">p. 152</a>				
	13.10.5 Products recalled for safety reasons	Health and well-being <a href="#">p. 126</a>				
<b>Interaction with customers</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible business practices <a href="#">p. 174</a>				
<b>Sustainable supply chain</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Sustainable sourcing <a href="#">p. 141</a>				RSPP
GRI 204: Procurement Practices	204-1 Proportion of spending on local suppliers	Sustainable sourcing <a href="#">p. 141</a>				MED: 8
GRI 308: Supplier environmental assessment	308-1 New suppliers that were screened using environmental criteria	Magnit performs supplier assessment to ensure their compliance with legislation, including environmental requirements. No additional review on environmental criteria performed.				IN-06-28/49-P4-1, IN-06-28/49-P4-2, IN-06-28/49-P4-3, IN-06-28/49-P4-4, IN-06-28/49-P4-5, IN-06-28/49-P4-6: Supplier social assessment
	308-2 Negative environmental impacts in the supply chain and actions taken					
GRI 414: Supplier social assessment	414-1 New suppliers that were screened using social criteria	Magnit performs supplier assessment to ensure their compliance with the labour law requirements. No additional review on social criteria performed.				
	414-2 Negative social impacts in the supply chain and actions taken					
GRI 13.23: Supply chain traceability	13.23.2 Supply chain traceability for each product	Sustainable sourcing <a href="#">p. 141</a>				
	13.23.3 Percentage of deliveries certified according to international standards	The Company does not track the proportion of product deliveries certified to international traceability standards.				
	13.23.4 Projects to promote international certification among suppliers	The Company does not implement projects to promote international traceability standards among suppliers.				
<b>Cybersecurity and data protection</b>						
GRI 3: Material Topics 2021	3-3 Management of material topics	Responsible business practices <a href="#">p. 182</a>				
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Responsible business practices <a href="#">p. 184</a>				



Topics defined as non-significant in the applicable GRI standards

Topic	Explanatory note
GRI 304: Biodiversity	Magnit enterprises are not located in (or near) protected areas/areas of high biodiversity value and do not have a significant impact on biodiversity.
GRI 305-7: Pollutant emissions	Magnit has no significant pollutant emissions. However, to improve transparency of disclosure, the indicator is included in Climate change and environmental responsibility <a href="#">p. 50</a>
GRI 415: Community Policy	Magnit does not support political activities.
GRI 13.4: Preserving natural ecosystems	Magnit operating activities do not lead to the transformation of natural ecosystems

Additional disclosure of national non-financial reporting standards

Indicator	Report section / Comment
<b>Basic indicators of Russian Union of Industrialists and Entrepreneurs (RSPP)</b>	
1.2 Company's turnover (net of VAT, excise duties and similar statutory payments) <sup>1</sup>	RUB 2,544,689 million
1.5 Asset investment (total) — cumulative total for the reporting period	RUB 66,704 million
2.6 Air pollutant emissions	Climate change and environmental responsibility <a href="#">p. 50</a>
2.9 Number of significant accidents in the reporting period where environmental damage was claimed by the court	No significant accidents in 2023.
2.11 General list describing the subject matter of initiatives to mitigate the environmental impact of products and services	Climate change and environmental responsibility <a href="#">p. 36</a>
2.12 Environmental protection facilities investments	No records kept.
2.6.1 Specific emissions of pollutants in physical terms	1.45 kg/RUB mln
3.1.5 Work-related injury rate <sup>2</sup>	0.95
3.1.8 Working time losses due to all causes of morbidity	No records kept.
3.1.9 Occupational safety expenses	RUB 1,061 million
<b>Baseline indicators of the Ministry of Economic Development of Russia (MED)</b>	
2. Value added <sup>3</sup>	RUB 2,544,689 million
3. Net value added <sup>4</sup>	RUB 337,785 million
4. General R&D expenses	RUB 2,396 million
5. Labour efficiency <sup>5</sup>	RUB 8,168 thousand/person
8. Share of purchases of Russian goods, works and services in total purchases of goods, works and services	Sustainable sourcing <a href="#">p. 143</a>

<sup>1</sup> The organisation's turnover is revenue according to IFRS consolidated financial statements (under IAS 17).  
<sup>2</sup> Calculated as the ratio of the number of victims of accidents at work with loss of working capacity for one working day or more (fatalities included) while performing their work duties on the territory of the enterprise, organisation, as well as while travelling to or from work on the transport provided by the enterprise for the reporting period to the average number of employees for the same period, multiplied by 1000.  
<sup>3</sup> The indicator is calculated as the difference between the revenue and the expenses recognized by the organization for raw materials, materials, and other stocks (works, services) purchased from suppliers.  
<sup>4</sup> The indicator is calculated by subtracting depreciation charges from the sum of the value added indicator.  
<sup>5</sup> To calculate the indicator, data on the turnover of the organization and the average number of employees were used.

Indicator	Report section / Comment
9. Share of purchases of goods, works and services from SMEs in total purchases from Russian entities	Sustainable sourcing <a href="#">p. 140</a>
10. Sustainable, including green, investments	According to the approach adopted by Magnit to disclose the information in the reporting period the indicator is not disclosed.
11. Investments in projects related to achieving technological sovereignty and structural adaptation of Russia's economy	RUB 147 million
12. Indicator of economic vulnerability of economic and other activity to climate risks	According to the approach adopted by Magnit to disclose the information in the reporting period the indicator is not disclosed.
14. Recycled and reused water supply	Climate change and environmental responsibility <a href="#">p. 48</a>
15. Water use efficiency (specific water consumption)	Climate change and environmental responsibility <a href="#">p. 49</a>
19. Air pollutant emissions from stationary sources	Climate change and environmental responsibility <a href="#">p. 50</a>
27. OHS costs, total • including average per employee	RUB 1,061 million RUB 2,970
28. Expenses on organising and holding social, fitness, recreational and medical events for employees and their family members	RUB 0.5 billion <sup>1</sup>
29. Number of occupational accident victims with disability for one or more working days and with fatal outcome, • including fatalities	Occupational health and safety management <a href="#">p. 99</a> The rate is the same as the number of fatal injuries.
36. Number of the Board of Directors meetings and attendance rate	In 2023, two meetings of the Board of Directors were held: five members of the Board of Directors participated in the meeting held on 22.11.2023; 11 members of the Board of Directors participated in the meeting held on 29.12.2023.
38. Number of the Audit Committee meetings and attendance rate	Meetings of the Audit Committee of the Board of Directors were not held in 2023.
39. Participation in ESG indices and ratings	The Company participates in national ESG-ratings and indices (RSPP, RAEX, Expert RA and others), as well as in international ratings and indices.
42. Average hours of anti-corruption training per employee	According to the approach adopted by Magnit to disclose the information in the reporting period the indicator is not disclosed.

Indicative list of material topics and indicators of the Central Bank of Russia

IN-06-28/49-P4-1: Occupational health and safety management system	Occupational health and safety management <a href="#">p. 93</a>
IN-06-28/49-P4-1: Hazard identification, accident and incident risk assessment	Occupational health and safety management <a href="#">p. 95</a>
IN-06-28/49-P4-1: Occupational accidents	Occupational health and safety management <a href="#">p. 99</a>
IN-06-28/49-P4-2: Occupational accidents	Occupational health and safety management <a href="#">p. 99</a> Ten victims of non-production fatal accidents (employees) in 2023 0.014 – the frequency of deaths as a result of non-production accidents (employees) in 2023 <sup>2</sup> Two victims of non-production accidents causing serious injury to health (employees) in 2023 0.003 – the frequency of causing serious harm to health as a result of accidents not related to production (employees) in 2023 <sup>3</sup>
IN-06-28/49-P4-3: Occupational diseases and work associated with increased hazards	Occupational health and safety management <a href="#">p. 100</a>
IN-06-28/49-P4-4: Human Rights	The Company does not keep records of the number and percentage of significant investment agreements and contracts that include human rights provisions or have undergone human rights screening.
IN-06-28/49-P4-5: Human Rights	The Company has not established an approach to determining the relevance of investment agreements and contracts that include human rights provisions or have undergone human rights screening.

<sup>1</sup> When calculating the indicators, the data of Form No. 1-Enterprise "Basic Information on the Activities of the Organisation" approved by Rosstat Order No. 533 of 29 July 2022 (hereinafter - Order No. 533) were used, in particular, the data in Section 7, line number 733.  
<sup>2</sup> It is calculated for 1 million hours worked (the ratio of the number of deaths to the hours worked).  
<sup>3</sup> It is calculated for 1 million hours worked (the ratio of the number of victims with severe injuries to the hours worked).



## Compliance with SASB standards

SASB indicator	Indicator description	Report section / Comment
<b>Air emissions from refrigeration</b>		
FB-FR-110b.1	Gross global Scope 1 emissions from refrigerants	Climate change and environmental responsibility <a href="#">p. 52</a>
<b>Energy management</b>		
FB-FR-130a.1	(1) Operational energy consumed (2) Percentage grid electricity (3) Percentage renewable	Climate change and environmental responsibility <a href="#">p. 54</a>  3) Renewable energy sources are not yet in use by Magnit. The Company is looking for opportunities to increase the share of renewable energy in the energy consumption balance.
<b>Food waste management</b>		
FB-FR-150a.1	Amount of food waste, percentage of recycled food waste	Climate change and environmental responsibility <a href="#">p. 45</a>
<b>Data security</b>		
FB-FR-230a.1	(1) Number of data breaches (2) Percentage involving personally identifiable information (PII) (3) Number of clients affected	Responsible business practices <a href="#">p. 184</a>
FB-FR-230a.2	Description of approach to identifying and addressing data security risks	Responsible business practices <a href="#">p. 183</a>
<b>Food safety</b>		
FB-FR-250a.1	High-risk food safety violation rate	An internal accounting system has been implemented in the Company, but the data for Magnit Group is not consolidated
FB-FR-250a.2	(1) Number of recalls (2) Number of units recalled (3) Percentage of units that are private-label products	Health and well-being <a href="#">p. 126</a>
<b>Product health and nutrition</b>		
FB-FR-250a.1	Revenue from products labelled and/or marketed to promote health and nutrition attributes	RUB 700 million in turnover from sales of Obraz Zhizni-labelled products in 2023.
FB-FR-250a.2	Discussion of the process to identify and management products and ingredients related to nutritional and health concerns among consumers	Magnit regularly discusses the process of identifying food products that may affect the health of consumers and seeks to expand its Obraz Zhizni product line, which includes products with reduced sugar, salt, gluten-free, healthy eating products.
<b>Product labelling and marketing</b>		
FB-FR-270a.1.	Number of incidents of non-compliance with industry or regulatory labelling and/or marketing codes	In 2023, there were nine instances of non-compliance with labelling requirements that resulted in monetary recoveries.
FB-FR-270a.2.	Total amount of monetary losses as a result of legal proceedings associated with marketing and/or labelling practices	The total amount of fines related to labelling amounted to RUB 25.4 thousand in 2023. In 2023, 1 case of non-compliance with requirements related to marketing communications was recorded, which resulted in monetary recovery.

SASB indicator	Indicator description	Report section / Comment
FB-FR-270a.3.	Revenue from products labelled as containing genetically modified organisms (GMOs) and GMO-free products	The Company does not sell products labelled as containing GMOs. No accounting for revenue from Magnit's own products with special labelling "GMO-free" implemented.
<b>Labour practices</b>		
FB-FR-310a.1	(1) Average hourly wage and share of employees receiving minimum wages	Personnel management <a href="#">p. 73</a>
<b>Management of environmental and social impacts in the supply chain</b>		
FB-FR-430a.4.	Discussion of strategies to reduce the environmental impact of packaging	Sustainable sourcing <a href="#">p. 154</a>
<b>Activity Metrics</b>		
FB-FR-000.A	Number of retail locations	Company overview <a href="#">p. 12</a>
FB-FR-000.A	Number of distribution centres	Company overview <a href="#">p. 12</a>
FB-FR-000.B	Total area of retail space	Company overview <a href="#">p. 10</a>
FB-FR-000.B	Total area of distribution centres	No records kept.
FB-FR-000.C	Number of vehicles in commercial fleet	Company overview <a href="#">p. 14</a>
FB-FR-000.D	Ton-kilometres travelled	The indicator is not disclosed due to the lack of accounting possibilities.

## Compliance with TCFD recommendations

Section	Recommendations	Report section / Comment
<b>Governance</b> The organisation's governance around climate-related risks and opportunities	a) Describe the board's oversight of climate-related risks and opportunities  b) Describe management's role in assessing and managing climate-related risks and opportunities	Climate change and environmental responsibility <a href="#">p. 51</a>
<b>Strategy</b> Actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term  b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning  c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Climate change and environmental responsibility <a href="#">p. 51</a>



# Glossary

Section	Recommendations	Report section / Comment
<p><b>Risk Management</b></p> <p>How the organisation identifies, assesses, and manages climate-related risks</p>	<p>a) Describe the organisation's processes for identifying and assessing climate-related risks</p> <p>b) Describe the organisation's processes for managing climate-related risks</p> <p>c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management</p>	<p>Climate change and environmental responsibility</p> <p><a href="#">p. 51</a></p>
<p><b>Metrics and Targets</b></p> <p>Metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material</p>	<p>a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process</p> <p>b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks</p> <p>c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets</p>	<p>Climate change and environmental responsibility</p> <p><a href="#">p. 51</a></p>

## List of terms

Term	Definition
Lean production	Management approach that involves optimising business processes and reducing losses to improve product quality
Dark store	Special warehouse where online orders are fulfilled for delivery
Surveys	Independent inspections of product quality, transport and storage conditions
Food sharing	The practice of distributing free food, usually expired (not expired), to community members in need
Hazard Analysis and Critical Control Points (HACCP)	A quality system for food production based on risk analysis and critical control points
Entomophages	Insect predators used as plant protection agents instead of pesticides
Business Process Management (BPM)	Business process risk management
ECR Sustainability Russia	Non-profit partnership for the exchange of sustainability practices and experience between FMCG manufacturers and retailers
ESG	Corporate development strategy that relies on environmental, social and governance aspects
Food Safety System Certification 22000 (FSSC 22000)	Audit and certification scheme for food safety management system

## List of abbreviations

Abbreviations	Breakdown
RTC	Road transport company
RES	Renewable energy sources
WHO	World Health Organisation
GMO	Genetically modified organisms
MVC	Motor vehicle collision
KPI	Key performance indicator
HL	Health limitations
HPF	Hazardous production facilities
OHS	Occupational health and safety
RFU	Russian Football Union
DC	Distribution Centre
OHSMS	Occupational Health and Safety Management System
ISMS	Industrial Safety Management System