

Focus on sustainability

Sustainable development

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~RUB 600 mln
committed for charitable
efforts



18%
reduction in specific
energy consumption
vs the 2019 base year

81%
employee
satisfaction rate



Our earnest priority is to provide customers with accessible and quality foods and essential goods.

Magnit supports local suppliers helping them enter new markets, cares about its employees, contributes to the social and economic development wherever it operates, and seeks to minimise its environmental footprint.



Sustainability management

Over the years, we have made significant progress in embedding sustainable business principles into all aspects of our operations thanks to an effective sustainability management structure and clearly defined strategic areas and goals.

High-level management of sustainability issues is the responsibility of the Board of Directors, which defines strategic areas and approves the Company's key sustainable development goals.

In 2023, Magnit's sustainability activities were coordinated by the Management Board. Key goals and areas were set by the Board of Directors in 2020 as part of the Sustainability Strategy approval and cascaded down to the operational level. In 2023, the Management Board was focused on implementing all planned activities and achieving the goals.

The central element of the sustainability management structure is the Sustainability Steering Committee, which reports to the Board of Directors,

is chaired by the Company's CEO and has all heads of key business departments represented on it. This Committee leads working groups supporting a sustainable business model in all areas of our operations – retail, own production, supply chain, logistics, and personnel management. The Committee coordinates interaction with stakeholders and makes recommendations on improving long-term business sustainability in response to the social, environmental, resource and energy challenges. In addition, the Sustainability Steering Committee reports on the progress and the status of projects and initiatives under the Sustainability Strategy 2025.

Our sustainability approach

Magnit is a signatory of the UN Global Compact and the Social Charter of the Russian Business. Our sustainability approach is based on the 10 principles of the UN Global Compact and the 17 UN Sustainable Development Goals (SDGs), which we make a strong contribution to thanks to the scale of our operations. Magnit chose eight priority SDGs to focus on.



Currently, no other Russian retailer has more stores across as many locations as Magnit. As industry leaders, we are committed to not only improving our financial and operational results but enhancing the sustainability of both our business and the industry at large.

As Russia's largest retail chain, a significant portion of the country's population comes through Magnit's doors. We sell society's most vital goods, such as food and FMCG. The Company operates in different formats and price segments. Thus, our absolute priority and important social function is to provide customers with accessible, high-quality food and non-food staples.

Magnit continues to make every effort to be a socially and environmentally responsible business, which we believe is an essential component of our growth and development. Our core governing document is the Sustainability Strategy and 2025 Goals developed and approved by the Board of Directors. The document defines the Company's priority areas and sets out

quantitative and qualitative indicators linked to SDGs. The Company has adopted a number of policies regulating its sustainable development and formalising its commitments in priority areas.



Stakeholder engagement

Magnit is constantly finessing its sustainability management and reporting. We listen to and speak openly with all stakeholder groups, identifying the most relevant topics to enhance our communication. Our stakeholder engagement is underpinned by open dialogue, partnership and respect for human rights.

Stakeholder	Purpose of engagement	Sustainability expectations	Communication channels
<p>Communities</p>	<p>Meeting expectations of local communities and supporting residents in the regions of our operations</p>	<ul style="list-style-type: none"> Ensuring food security Promoting healthy lifestyles Ensuring decent working conditions and fair wages Supporting development in the regions of operation Positive impact on the environment and society in the regions of operation. 	<ul style="list-style-type: none"> Interviews and surveys Mobile app Social and environmental initiatives, charity Hotline Public financial and non-financial reporting The Company's official websites Social media and messengers Mass media.
<p>Employees</p>	<p>Creating efficient and safe work environment, improving employee engagement</p>	<ul style="list-style-type: none"> Fair remuneration Safe working environment Opportunities for professional growth and career development Diversity and inclusion. 	<ul style="list-style-type: none"> Personal meetings Corporate events Corporate portal Mobile app for employees Newsletters Information boards Interviews and surveys Hotline The Company's official websites.
<p>Suppliers and contractors</p>	<p>Building responsible and reliable supply chains. Implementing joint projects to reduce the environmental impact and promote sustainable development principles</p>	<ul style="list-style-type: none"> Prospects for collaboration Clear payment procedures Transparent supplier selection Fair terms of engagement. 	<ul style="list-style-type: none"> Procurement sessions Technical audits and inspections Events for suppliers Industry events Personal meetings RS.Magnit Analytical Supplier Portal Supplier relationship management (SRM) portal Hotline Public financial and non-financial reporting The Company's official websites Social media and messengers Mass media.
<p>Customers</p>	<p>Improving loyalty and retaining customers</p>	<ul style="list-style-type: none"> Offering a wide range of quality products High service standards Affordability of goods Promotion of healthy lifestyles. 	<ul style="list-style-type: none"> Interviews and surveys Marketing activities Mobile app Information screens and other in-store communications Hotline Public financial and non-financial reporting The Company's official websites Social media and messengers Mass media.

Stakeholder	Purpose of engagement	Sustainability expectations	Communication channels
<p>Shareholders and investors</p>	<p>Creating value for shareholders and maintaining the Company's investment profile</p>	<ul style="list-style-type: none"> Business sustainability and profitability Dividend payments Strategy execution and achievement of targets Business development and transformation Good corporate governance Transparent disclosures. 	<ul style="list-style-type: none"> General meetings of shareholders Conferences, forums, and other events for shareholders and investors Personal meetings Roadshows Hotline Public financial and non-financial reporting The Company's official websites Social media and messengers Mass media.
<p>Non-profit organisations</p>	<p>Achieving common goals to support local communities and improve living standards in the regions of operation</p>	<ul style="list-style-type: none"> Prospects for collaboration Provision of resources for increasing the social value created Supporting development in regions of operation. 	<ul style="list-style-type: none"> Conferences, forums and other events Personal meetings Hotline Public financial and non-financial reporting The Company's official websites Social media and messengers Mass media.
<p>Government authorities</p>	<p>Ensuring compliance and the Company's sustainability in the long term</p>	<ul style="list-style-type: none"> Compliance Social and environmental activities Contributing to national projects Ensuring food security. 	<ul style="list-style-type: none"> Governmental reporting Socioeconomic partnership agreements Social programmes and charity Conferences, forums and other events Interaction within expert and public councils Hotline Public financial and non-financial reporting The Company's official websites Social media and messengers Mass media.
<p>Professional associations and industry organisations</p>	<p>Maintaining partnerships and developing expertise</p>	<ul style="list-style-type: none"> Prospects for collaboration Industry development. 	<ul style="list-style-type: none"> Conferences, forums and other events Joint programmes Personal meetings Hotline Public financial and non-financial reporting The Company's official websites Social media and messengers Mass media.

2023 performance

Magnit was able to quickly adjust to the new market environment without compromising the resilience of its supplies. We transformed part of our international logistics chains, started focusing on multimodal shipments, improved the efficiency of in-house distribution, excelled in import substitution for goods that were no longer imported into Russia, and maximised the utilisation of in-house manufacturing capacity. Together these efforts saw us continue to provide our customers with quality and affordable products seamlessly every day.

Magnit's Sustainability Strategy 2025 identifies the following five focus areas: environment, sustainable sourcing, employees,

local communities, health and well-being. It responds to people's most pressing needs in terms of transformation of the food retail industry and its sustainability. We aim to become the industry leader in terms of environmental impact reduction, create a 100% responsible supply chain, continue delivering positive changes to every citizen's quality of life, and become the retail industry's number one employer.

Achievements and awards

Sustainable sourcing

- Magnit expanded the pool of suppliers involved in the efforts to streamline the joint supply chain as part of the E2E¹ approach.
- Magnit held its first forum for agricultural producers titled "Magnit and Agricultural Business: Partnership for the Benefit of Customers".
- In 2023, **25 farmers** began cooperating with Magnit in a pilot project to launch a farm products aggregator in the Tula region.
- In 2023, Magnit's own facilities made 300,000² tonnes of products, including **109,000 tonnes** of agricultural products, a **17% increase vs 2022**.
- Magnit and partners established a green packaging standard for e-commerce.
- The Company made great progress in its own production, obtained the first certificate of compliance with organic production requirements, launched a project to create Zelen Yuga, a leaf vegetable growing centre in the Krasnodar Industrial Park, expanded the cultivated land area on the Moskva Na Donu farm in the Lipetsk region, etc.

>2,500
local suppliers

49%
share of local suppliers

9%
increase in Magnit's turnover with local suppliers

411 thous. tonnes
of products supplied under agricultural contracts

300 thous. tonnes²
of products made by Magnit's own production facilities



Responsible business

- In 2023, Magnit started working in such areas as quality assurance of its Magnit Pharmacy private label products, the private label items of the First Choice discounters, and assistance in quality control for farmers.
- In 2023, Magnit implemented a procedure to recognise the results of the Russian Quality System's audit of production conditions.
- Magnit carried out a number of initiatives to promote healthy lifestyle: conducted the Consumer 2050 study jointly with a leading centre for the research in food systems and compiled a future customer profile, continued the implementation of Health Islands, Pro.Healthy Habits, Magnit of Habits, and Raising Responsible Consumers Together programmes.

18,854
lab tests

633
supplier audits

648
schools take part in the Good Nutrition Talk educational programme

in 60
Russian regions

+25%
increase in the number of pro.healthy habits club members in the loyalty programme



Environmental stewardship

- Magnit and its partners developed Russia's first voluntary standard for recyclable eco-friendly pre-packs. The project was highly appreciated by the public: the Company won the first place in the Visionaries award.
- Magnit was the runner-up in the Russian national contest It's All about People: Companies Investing in the Future with its project Reducing Climate Risks through the Prism of Food Waste.
- In Karelia, Magnit launched a project to turn food waste into fertilisers, with **95 tonnes** of food waste recycled this way in 2023.
- Magnit won the first place among retailers in BoomBattle, a Russian project to collect wastepaper, with **50,000 tonnes** of paper and cardboard collected.
- Magnit successfully passed certification for compliance with the Green Office requirements according to GOST R 54954-2012, GOST R ISO 14004-2017, and EcoGreenOffice voluntary certification system.
- Energy efficiency improvement projects were successfully implemented: **115 sites** replaced lamp lighting systems with LED ones at the parking lots and around stores, more than 5,000 sites installed a power supply control system for store equipment, while the Company continued to introduce a dispatching system for engineering equipment.

31%
reduction in specific GHG emissions (Scopes 1 and 2) vs the 2019 base year

18%
reduction in specific energy consumption vs the 2019 base year

100%
of plastic waste recycled

58%
reduction in specific water consumption vs the 2019 base year



¹ End-to-end supply chain.
² Net of contract manufacturing.

Engaging with local communities

- The Company has successfully rolled out a number of projects to support socially disadvantaged groups, provide assistance in emergency situations, develop an inclusive environment and contribute to building an inclusive society, promote culture and preserve cultural heritage sites, as well as implementing social marketing.
- As a pioneer of food sharing in Russia, Magnit continued its projects in this area. In 2023, the Company shared **300 tonnes** of food.
- Magnit made it to the final of #WEARETOGETHER international award and took the second place in the Leader of Social Change nomination with its Inclusion Is Here project.
- Magnit became a 3rd degree winner at the ESG Excellence Award 2022 in the Best Project/Programme for Involvement of Youth in Positive Change nomination with Magnit Life, a project of training in social skills and work experience for children from orphanages, including those with disabilities.
- In 2022, Magnit received the Stork's Wings award from the city of Moscow.
- DIXY launched a project to collect clothes in its stores.

~RUB 600 mln

committed for charitable efforts

>400 thous.

direct beneficiaries received support from Magnit

>1.5 thous. tonnes

of food donated by Magnit as part of charitable projects

300 tonnes

of food donated to those in need as part of a food sharing programme

~RUB 7 bln

in discounts offered to pensioners in 2023



Personnel

- Magnit's work with personnel was highly appreciated by the public, including awards and prizes in specialised competitions such as HR IMPACT, Bema!, Inter Comm, Recruitment Awards, Crystal Pyramid, Smart Pyramid and the Moscow Mayor's Grant Competition.
- The Company updated its competence model with a strong contribution from the top management and heads of key business functions. New assessment tools were developed and implemented: a 360 degree competence survey for the top management, competence assessment via an internal IT platform for the Company's employees, and a mobile application for Group managers to assess and build a talent pool.
- Magnit improved the recruitment process: automated the onboarding procedure for store managers and part-time workers, launched the ProfProdenka project and conducted two internship programmes, successfully continued the implementation of the Work for Young People over 60 Years Old project.
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- In the area of staff incentives, Magnit launched a process to revise the grading system, held professional skills contests for new categories of employees, such as cashiers, cooks, etc., as well as a number of projects for employees with children.
- Magnit conducted **1.9 million** training hours, **175** professional conferences and more than **190** professional workshops attended by **24,600** and **6,000** employees respectively.
- As for personnel training, the Company completed automation of the mentoring management programme and continued the implementation of a number of programmes, including the Power of Leadership and more.
- In 2023, there were over **30 thous.** volunteering events uniting **21 thous.** Magnit's unique volunteers.

>360 thous.¹

employees work for the Company

81%

employee satisfaction rate

86%

employee engagement rate

0.3 p.p.

increase in the employer brand loyalty index in the media

21 thous.

unique volunteers in Magnit

0.41²

LTIFR (0.5 in 2022)



¹ As at December 2023.





² Starting from 2022 Magnit Group operates LTIFR indicators – lost time injury frequency rate.



Magnit's contribution to UN SDGs in 2023

The UN SDGs provide a common reference point for governments, civil society and businesses to address pressing global challenges. We have prioritised eight SDGs to which Magnit can make the greatest contribution due to its vast geography and the nature of its operations.

The SDGs and related sustainability targets are aligned with the focuses of our Sustainability Strategy and are integral to our Company-wide planning.

UN SDGs	Targets	Action taken by Magnit	Our contribution to the UN SDGs in 2023
 <p>SDG 2: Zero Hunger</p>	<p>Target 2.1. By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round.</p> <p>Target 2.4. By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.</p> <p>Target 2.5(c). Adopt measures to ensure the proper functioning of food commodity markets and their derivatives and facilitate timely access to market information, including on food reserves, in order to help limit extreme food price volatility.</p>	<ul style="list-style-type: none"> • Offering our customers affordable and quality foods. • Using our own production facilities, including in agriculture. • Developing initiatives to increase the affordability of our own and third-party products for all Russians. • Taking all possible steps to curb excessive food price volatility, particularly for socially important product categories. • Implementing agricultural practices that increase yields while preserving ecosystems. 	<ul style="list-style-type: none"> • 300 tonnes of food donated to those in need as part of a food sharing programme. • More than 42 thous. food kits transferred by Magnit in 15 Russian regions to lonely elderly people ahead of the New Year, Day of Older Persons, and Victory Day. • 300 thous. tonnes¹ of products made by Magnit's own production facilities. • >1.5 thous. tonnes of food donated by Magnit as part of charitable projects.
 <p>SDG 3: Good Health and Well-being</p>	<p>Target 3.9(d). Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks.</p>	<ul style="list-style-type: none"> • Promoting healthy eating to the nation by raising awareness of healthy lifestyles and supplying healthy foods. 	<ul style="list-style-type: none"> • Over 200 employees approaching retirement age provided with resort treatment. • 45 thous. children received online training on healthy eating principles as part of Magnit's Raising Responsible Consumers Together programme. • 693 Health Islands of Magnit offer alternatives to food staples on the shelves.
 <p>SDG 6: Clean Water and Sanitation</p>	<p>Target 6.5. By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate.</p>	<ul style="list-style-type: none"> • Implementing initiatives to cut water consumption and apply higher treatment standards. 	<ul style="list-style-type: none"> • 58% reduction in specific water consumption vs the 2019 base year.
 <p>SDG 7: Affordable and Clean Energy</p>	<p>Target 7.3. By 2030, double the global rate of improvement in energy efficiency.</p>	<ul style="list-style-type: none"> • Saving energy. • Developing energy efficiency projects. 	<ul style="list-style-type: none"> • 18% reduction in specific electricity consumption vs the 2019 base year.

¹ Net of contract manufacturing.





UN SDGs



SDG 8: Decent Work and Economic Growth



SDG 12: Responsible Consumption and Production



SDG 13: Climate Action



SDG 17: Partnerships for the Goals

Targets

Target 8.2. Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.

Target 8.3. Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

Target 8.8. Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.

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 multistakeholder 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

- Creating new jobs.
- Providing decent and safe working conditions.
- Offering our employees opportunities for training and professional development.

- 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

- **Less than 1%** of the total number of workplaces are workplaces with harmful labour conditions (class 3.1).
- **0** cases of health impairment in performing hazardous work.
- **81%** employee satisfaction rate.

- Magnit developed Russia's first voluntary standard for recyclable pre-packs.
- **68%** of Magnit's private label and own production packaging is sent to recycling or potentially recyclable.
- **59%** less food waste compared to the basic 2019.

- **31%** reduction in specific GHG emissions vs the 2019 base year.

- **134 agricultural partners** in **39 regions**.
- **411 thous. tonnes** of products supplied under agricultural contracts.
- Magnit cooperates with regional authorities and industry organisations to develop the retail sector and legislation.
- Magnit takes part in the Open to All, an inclusive initiative for the development of partnership projects and exchange of best practices in corporate inclusivity programmes.



2024 targets



Sustainable sourcing

- **Promote cooperation with our suppliers** and propose new collaboration formats.
- **Improve IT systems** for suppliers.
- **Make procurement process more competitive.**
- **Expand the assortment of products supplied under agricultural contracts** and develop the format of farm aggregators.
- **Increase sustainable packaging use** in the production of our own products.
- **Cooperate with suppliers** on matters related to the use of more environmentally friendly packaging.



Employees

- **Automate processes and workflow** to centralise occupational health and safety procedures, improve data handling.
- **Update** the Regulations on Special Assessment of Working Conditions.
- **Promote health and safety information** among the Company's personnel.
- **Promote programmes** to improve working conditions and increase staff loyalty.
- **Promote** financial incentives.
- **Strengthen the focus** on talent development programmes, introduce new training formats and foster a mentoring system.



Ecology

Environment

- **Expand food waste recycling practices** for fertiliser production.
- **Implement recommendations** for the procurement of sustainable promotional materials.
- **Promote the retail food sharing project.**
- **Organise environmental awareness events.**
- **Reproduce bioresources**, including planting green spaces and releasing juvenile fish.
- **Explore opportunities** for industry and cross-industry environmental partnerships.

Climate

- **Review and update climate change targets.**
- **Update documents** for effective climate change management and energy efficiency.
- **Continue implementation of energy efficiency projects.**



Communities

- **Establish a platform** to transparently present Magnit's social initiatives and collect feedback.
- **Develop a training course** on inclusivity and communication with disabled people for customers.
- **Roll guidelines for the Relay for Success** social programme.



Health and well-being

- **Continue supporting sports events** to promote active lifestyles.
- **Continue supporting football and other sports projects** to promote active community lifestyles.