

2022 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 sets out five key areas:



Environmental stewardship



Sustainable sourcing



Employees

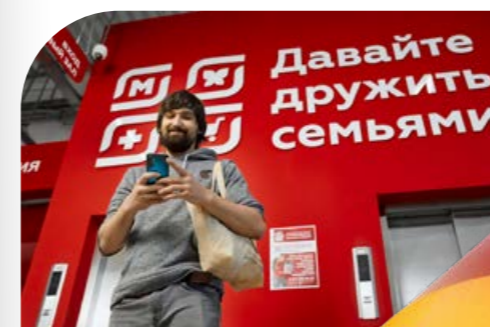


Communities



Health and well-being

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 Russian citizen's quality of life, and become the retail industry's number one employer.



2022 performance (continued)

UN SDG and its targets



SDG 2: Zero Hunger

- ▶ 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.
- ▶ 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.
- ▶ 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.

Why do we prioritise it?

Magnit is one of the largest retail chains that supplies goods and groceries across Russia. We do our utmost to offer our customers affordable and quality foods. We are the only retailer with our own production facilities, including in agriculture. We seek to maintain high quality standards, while also developing initiatives to increase the affordability of our own and third-party products for all Russians. We contribute to the creation of sustainable food production systems and provide tangible support to food and processed food markets. We ensure timely access to information about our food reserves in our regions of operation and take all possible steps to curb excessive food price volatility, particularly for socially important product categories. Additionally, we implement agricultural practices that increase yields while preserving ecosystems.

Our strategic goals

Sustainable sourcing

- ▶ Development and partnership programmes for local suppliers and farmers
- ▶ 100% responsible approach to our own production and agriculture – a target under Magnit’s Sustainability Strategy
- ▶ 100% responsible sourcing for socially important categories – a target under Magnit’s Sustainability Strategy.

Health and well-being

- ▶ Healthy products available to all customers.



SDG 3: Good Health and Well-being

- ▶ 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.

As one of Russia’s largest retailers, we have a unique opportunity to promote healthy eating throughout the nation. In our Sustainability Strategy, we have set the goal of raising awareness of healthy lifestyles and supplying healthy foods. We are actively working towards this goal, with some good progress already achieved.

Health and well-being

- ▶ Healthy products available to all customers
- ▶ Information about healthy lifestyles and nutrition available to all customers.



SDG 6: Clean Water and Sanitation

- ▶ 6.5. By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate.

As one of Russia’s largest retailers with our own production assets, we consume a lot of water to ensure quality and effective operations. Aware of the vital need for properly managed water resources throughout the entire value chain, we run several initiatives to cut water consumption and apply higher treatment standards.

Environmental stewardship

- ▶ Reducing specific water and energy consumption by 25%.



SDG 7: Affordable and Clean Energy

- ▶ 7.3. By 2030, double the global rate of improvement in energy efficiency.

Having studied our key GHG emission sources, we singled out indirect emissions from energy sources as the main contributors to our environmental footprint. We intend to save energy and develop energy efficiency projects to consume less and minimise our carbon footprint.

Environmental stewardship

- ▶ Reducing specific water and energy consumption by 25%
- ▶ Reducing specific GHG emissions by 30%.



SDG 8: Decent Work and Economic Growth

- ▶ 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.
- ▶ 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.
- ▶ 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.

We are responsible for a lot of employees. Our business keeps growing, which creates more jobs. We take responsibility for providing decent and safe working conditions along with opportunities for training and professional development.

Employees

- ▶ Ensuring employee satisfaction of at least 70%
- ▶ Reducing lost time injuries by 50%, with zero occupational fatalities
- ▶ Maximum turnover rate of 40%.

2022 performance (continued)

UN SDG and its targets



SDG 12: Responsible Consumption and Production

- ▶ 12.2. By 2030, achieve the sustainable management and efficient use of natural resources.
- ▶ 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.
- ▶ 12.5. By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.
- ▶ 12.6. Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.
- ▶ 12.8. By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.



SDG 13: Climate Action

- ▶ 13.2. Integrate climate change measures into national policies, strategies and planning.
- ▶ 13.3. Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.



SDG 17: Partnership for Sustainable Development

- ▶ 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.
- ▶ 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.

Why do we prioritise it?

We seek to introduce sustainability principles along our entire value chain. Aware of our environmental footprint, we are working hard to reduce it. Packaging and waste are our key focus areas. We also strive to build a sustainable supply chain by introducing supplier assessment tools and continuously monitoring best practices and their applicability to our business processes.

Confronting the climate crisis is pivotal for all industries across the globe. We understand the importance of monitoring climate risks and their impact on our strategy. To that effect, we have taken several steps to reduce our impact on the climate in terms of both direct and indirect GHG emissions.

As one of Russia's largest retailers, we have a lot of business partners, including large international companies. By joining forces we boost our contribution to the above SDGs and implement important social and environmental projects.

Our strategic goals

Environmental stewardship

- ▶ 50% of private labels and own production packaging recyclable, reusable or compostable
- ▶ 100% recyclable plastics in own operations recovered and recycled
- ▶ Halving food waste.

Sustainable sourcing

- ▶ 100% responsible sourcing for socially important categories
- ▶ 100% responsible own production and agriculture
- ▶ Increasing the share of environmentally friendly packaging
- ▶ Responsible sourcing for commercial and non-commercial purchases.

Environmental stewardship

- ▶ Reducing specific water and energy consumption by 25% – a target until 2025
- ▶ Reduction of specific GHG emissions by 30% – a target until 2025
- ▶ Halving food waste – a target until 2025.

Communities

- ▶ Community programmes throughout all our regions of operation.

Sustainable sourcing

- ▶ Responsible sourcing for commercial and non-commercial purchases.