



CARE  
RESPONSIBILITY

About the Company

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RETAIL WITH PURPOSE  
COMMUNITY RESPONSIBILITY  
CARE ECOLOGY  
ECOLOGY HEALTH RESPONSIBILITY  
CARE COMMUNITY  
RESPONSIBILITY  
RETAIL WITH PURPOSE  
HEALTH  
ECOLOGY  
CARE



# About the Company

The Magnit Group<sup>1</sup> (hereinafter, “Magnit” or the “Company”) is Russia’s top food retailer by store count and geographical coverage. Our mission is to become the store of choice for every Russian family.

### Magnit at a glance

- **The top food retailer** in Russia by store count and geographical coverage

— **The largest food importer** in Russia
- **A multi-format retail chain** with a unique cross-format loyalty program

— **The only vertically-integrated retailer**, operating 17 agricultural and food production units across Russia
- **A reliable and stable partner** for both local producers and foreign companies

— **A major logistics operator** in Russia with a nationwide supply chain
- **The largest private employer** in Russia (Forbes rating)<sup>2</sup>

— **The store of choice** for millions of customers

### Key figures

	2018	2019	2020
Store count	18,399	20,725	<b>21,564</b>
Number of localities served	2,976	3,742	<b>3,752</b>
Tickets, mln	4,370	4,690	<b>4,641</b>
Headcount	295,882	308,432	<b>316,001</b>
Revenue, RUB bln	1,237	1,369	<b>1,554</b>
Revenue growth, %	8.2	10.6	<b>13.5</b>
Gross margin, %	23.9	22.8	<b>23.5</b>
EBITDA margin (IAS 17), %	7.2	6.1	<b>7.0</b>
Net income margin (IAS 17), %	2.7	1.2	<b>2.4</b>
CAPEX (IAS 17), RUB bln	54	59	<b>32</b>
Net debt/EBITDA (IAS 17)	1.5	2.1	<b>1.1</b>
Total dividends announced, RUB bln <sup>3</sup>	31.0	31.0	<b>25.0<sup>4</sup></b>

<sup>1</sup> For the purpose of this Report, the Magnit Group includes companies listed in the Scope of this Report section below. The information herein is based on the reporting perimeter established therein.

<sup>2</sup> <https://www.forbes.ru/biznes-photogallery/409109-krupneyshie-chastnye-rabotodateli-rossii-2020>

<sup>3</sup> The amounts of dividends declared by PJSC "Magnit" are indicated

<sup>4</sup> Dividends announced for 9 months of 2020



Magnit.Care program with **350,000** charity food parcels for vulnerable families, **150,000** loyalty cards with extra bonuses for medical staff, the 1st food charity cart in Russian



Increase of recycled plastic in bags from zero to **30%**, using own recycled plastic saving **4,000** tons of virgin plastic annually



**First company** wide Employee Satisfaction Survey completed with engagement rate **84.2%**, figures are higher than average for retail industry



**Pilots with natural gas trucks (250) and first electric truck**  
Testing of the first Russian large-capacity electric truck MOSKVA



**'Second Life of Plastic' joint program** resulting in installation of largest fandomat network in Russia and **3 playgrounds** made of recycled plastic



**Green Office project** completed at HQ, successful certification

	2018	2019	2020	Change
Amount of recyclable materials sent for recycling, thousand tons	442	432	<b>451</b>	4.4%
GHG emissions (scope 1 and 2), kg of CO <sub>2</sub> equivalent per square meter of total area	274.88	263.30	<b>245.23</b>	−6.9%
Direct GHG emissions (scope 1), kg of CO <sub>2</sub> equivalent per square meter of total area	84.79	83.40	<b>69.12</b>	−17.1%
Indirect GHG emissions (scope 2), kg of CO <sub>2</sub> equivalent per square meter of total area	190.10	179.90	<b>176.1</b>	−2.1%
Total volume of food waste generated, kg per 1 m <sup>2</sup> of retail space	38.25	58.59	<b>38.18</b>	−34.8%
Total volume of waste generated, million tons	1.1	1.7	<b>1.2</b>	−29.4%
Specific electricity consumption (excluding own power generated) by retail, logistics, own production facilities in 2018–2020, kWh per square meter	312.49	300.22	<b>291.63</b>	−2.9%
Specific heat consumption by retail, logistics, own production facilities in 2018–2020, 000 Kcal per square meter	152.89	150.86	<b>138.46</b>	−8.2%
Specific water consumption by retail, logistics, own production facilities in 2018–2020, m <sup>3</sup> per square meter	0.84	0.79	<b>0.72</b>	−9%
Staff turnover, %	54	64.6	<b>49</b>	−15.6 p.p.
Injury frequency rate	0.68	0.76	<b>0.86</b>	13.2%
Number of volunteer employees, number of people	—	—	<b>3,500</b>	—
Employee satisfaction rate, %	—	—	<b>72.6</b>	—
% of the regions of the company’s presence where Magnit implements social / charitable programs	—	—	<b>100</b>	—

# Key business segments

and size

Magnit does business in three key areas. Apart from being a retailer, it is a major logistics operator in Russia and runs food processing and agricultural units.

Magnit operates a multi-format retail chain comprising convenience stores, supermarkets, pharmacies and drogeries.

## Business model

**Supreme Quality**

~6 thous. suppliers

Best local product range

52% local SKUs

Vertical integration

17 own production facilities

>310 thous. tonnes of products per year

>2.5 thous. private label SKUs

10% share of PL

7% direct import supplies

Quality control "from field to plate"

12 laboratories

3.5 thous. daily tests

**Multi-format & omni-channel under single brand**

14,911 convenience stores

470 supermarkets

6,183 drogeries

1,165 pharmacies

3,752 Cities & townships

**Online across all segments and missions:**

- regular delivery (stock-up)
- express
- E-pharma

Covers >1 thous. stores in 47 regions of Russia

**Largest supply chain network in Russia**

38 distribution centres in 7 federal districts

>4.3thous. trucks

91% centralisation ratio

**Logistics** transformation

**Best customer experience**

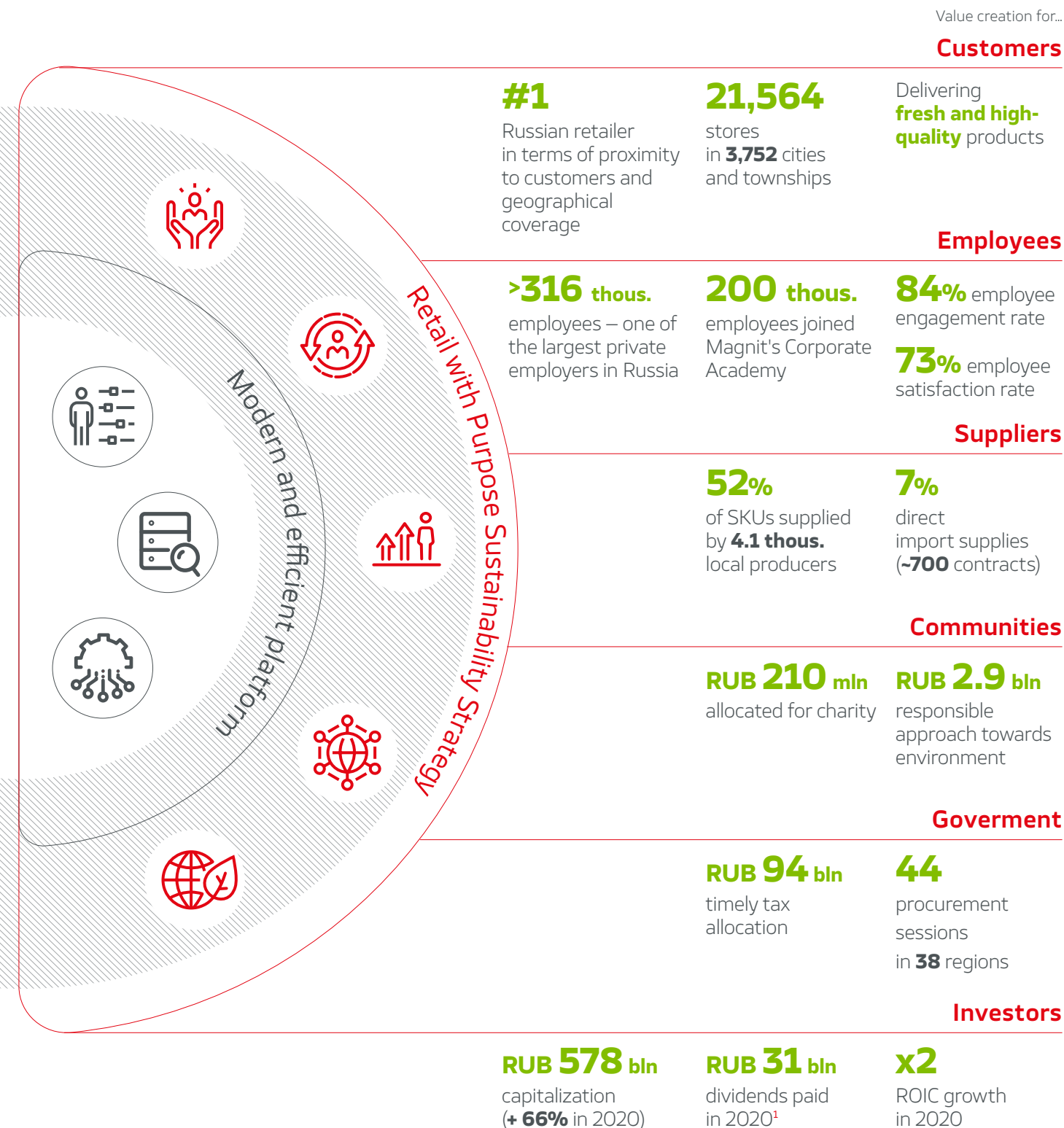
**Unique cross-format brand**

- Enhanced CVP & clustering
- New retail technologies
- Eco-Initiatives
- 13 mln customers daily
- 14,354 new concept stores

**Cross-format loyalty program**

>43 mln active users of loyalty cards

70% penetration in sales

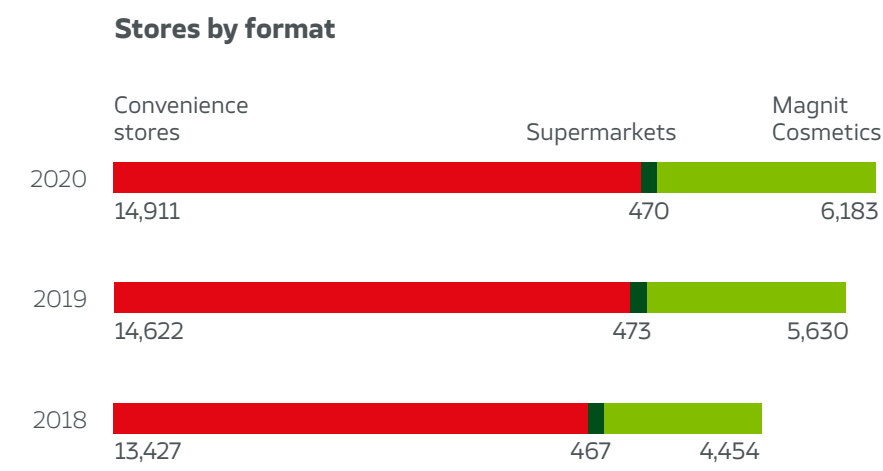
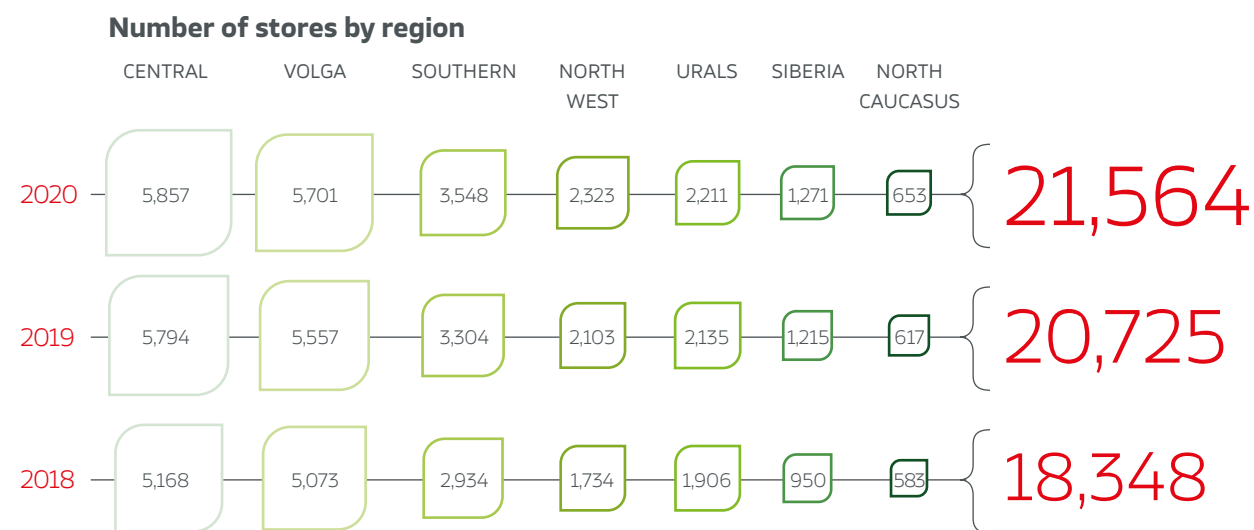
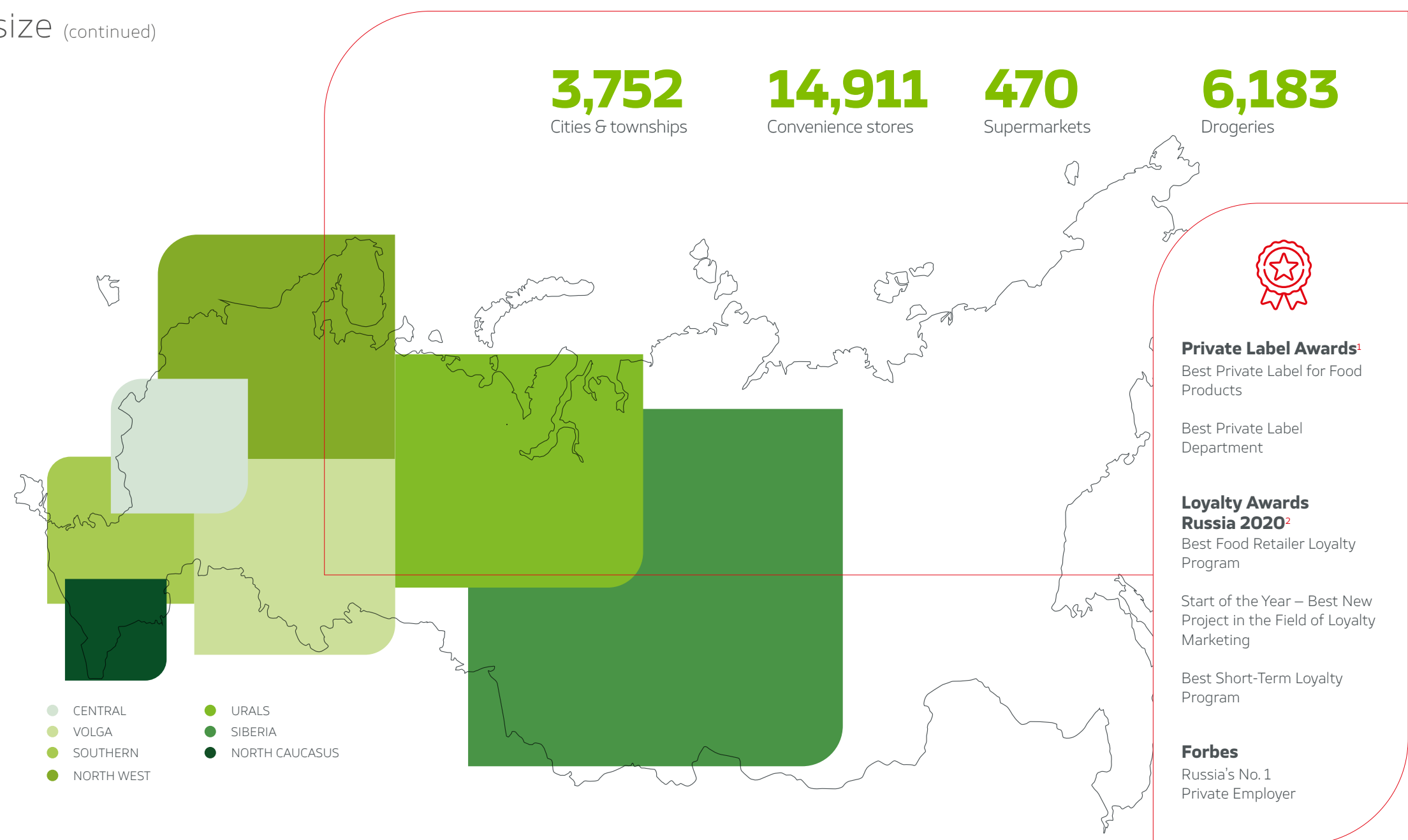


<sup>1</sup> Dividends played based on 2019 results

# Key business segments and size (continued)

Magnit offers its own range of private label (PL) products along with other brands. The Company's production assets consist of 13 food processing enterprises (groceries, confectionery, tinned products, snacks, tea, beverages, etc.), and 4 agricultural complexes growing vegetables and herbs. The Company also operates one of Russia's largest mushroom growing facilities. Magnit enterprises produce frozen ready meals, fish, snacks, pasta, dry bakery products, baked products, tea, confectionaries and groceries.

Magnit is not only a food producer and retailer running a multi-format chain of stores and pharmacies, but also a major national logistics operator with 38 distribution centers, 35 transportation companies and a fleet of 4,355 trucks.



<sup>1</sup> A Reed Exhibitions national award for private labels based on opinions of customers and a council of experts. It is presented at IPLS exhibitions.

<sup>2</sup> An annual national award for best loyalty marketing professionals in Russia and the CIS. This sectoral award for top managers in the industry was established by RuMarTech, a community of marketing, information technology and innovation professionals, in strategic partnership with Forrester Research Russia.



# Our approach

## to sustainable development

The customer is always at the center of our focus, and our processes are designed around this approach as we work to enhance our competitive edge and explore new growth areas.

Being a socially responsible business that delivers value to all stakeholders is at the heart of our sustainability agenda. We create business opportunities for our partners and suppliers, provide a safe and rewarding workplace to our employees, and develop local communities. We provide our customers with access to quality and affordable food as well as to other goods and services.

Sustainable business practice goes hand in hand with the creation and distribution of economic value. We use retained economic value as a source for growing and cementing our position in the market. Magnit is committed to making a bigger social impact by increasing the economic value it generates and distributes in a more sustainable way.

Direct economic value generated and distributed, RUB thous.

Stakeholder		2020
Direct economic value generated		1,574,504,265
Revenue	A wide variety of stakeholders	1,553,777,351
Lease & sublease income		3,153,243
Investment income		504,476
Other income		17,069,195
Economic value distributed		297,101,893
Operating costs	Suppliers and contractors	64,100,690
Employee wages and benefits	Employees	109,078,575
Dividends paid	Shareholders and investors	29,871,472
Timely tax allocation	Government authorities	93,841,524
Community investments	Communities	209,632
Economic value retained: 'direct economic value generated' less 'economic value distributed'		1,277,402,373



Revenue

RUB **1,554** bln

Employee wages and benefits

RUB **109** bln

Community investments

RUB **209** mln

Timely tax allocation

RUB **94** bln

# Our sustainable

## development goals and priorities

The Company has developed a Sustainability Strategy 2025 designed to streamline its sustainability activities.

The strategy is based on the 10 principles of the UN Global Compact and their 17 Sustainable Development Goals as well as stakeholder expectations.

- Magnit has set the following five ambitious goals aligned with its Sustainability Strategy:
- Become the leader in environmental impact reduction in the industry
  - Have a positive impact on the quality of life of all people in Russia
  - Become Employer No. 1 in the industry
  - Create a 100% responsible supply chain
  - Build the best in class corporate governance in the industry.

- Our key sustainability focus areas:
- Environment
  - Sustainable sourcing
  - Employees
  - Communities
  - Health & wellness.

### Key areas



#### Environment

**50%**

Private labels and own production packaging be recyclable, reusable or compostable<sup>1</sup>

**100%**

Recyclable plastics in own operations are recovered and recycled

**50%**<sup>1</sup>

Food waste reduction

**30%**

Greenhouse gas emissions reduction<sup>1</sup>

**25%**

Water and energy consumption reduction



#### Sustainable Sourcing

**100%**

Responsible sourcing for socially important categories

**100%**

Responsible own production and agriculture

**Increase**  
of green packaging

**Responsibility**  
Sourcing for commercial and non-commercial purchases

**Partnership**  
Programs for local suppliers & farmers



#### Employees

**70%**

Rate of employee satisfactions

**50%**

Lost time incidents rate reduction and zero fatalities

**40%**

Max turnover rate



#### Communities

**10%**

Employee volunteers

**Community**  
Programs for all the regions of the Company's presence



#### Health & Wellness

**Healthy lifestyle**  
Information about and nutrition is available to all of consumers

**Healthy food**  
Related products are available to all of consumers

### Priority SDGs selected by Magnit



Throughout this Report, we use the following graphics to illustrate progress made towards our sustainability targets



<sup>1</sup> All quantitative targets are indicated per square meter of total area

# Risk management

Magnit has an established system for managing financial and non-financial risks that forms part of an organization-wide internal control and risk management framework. Risk management is an ongoing and cyclical process. Non-financial risks are assessed by the Board of Directors.

## Risk management consists of the following key elements:

- Risk identification
- Risk assessment
- Defining and implementing risk response mechanisms
- Ongoing risk monitoring

For Magnit, key risks are those that could have a material adverse effect on its operations, prospects or reputation.

## The Company identifies the following key sustainability risks:

### Regulatory risk

Potential changes in environmental, talent management, health and safety regulations may have a negative impact on business. Experts closely monitor regulatory changes to mitigate regulatory risk.

### Corruption and fraud risks

These risks are managed by adopting a Code of Business Ethics and an Anti-Corruption Policy, maintaining a whistleblower hotline and analyzing its performance, participating in the UN Global Compact, and providing ethics and corporate conduct training to employees.

### Epidemiological risks

Magnit closely monitors the spread of COVID-19, strictly follows all recommendations from national public health agencies (Rospotrebnadzor and the Health Ministry) and the WHO, performs regular disinfection of premises, and allows employees to work remotely.

### HSE risks

Health, safety and environment (HSE) risks include disregard for occupational health requirements and fire safety rules, failure of contractors to comply with HSE requirements, etc.

Magnit provides HSE training to employees (with post-knowledge tests conducted by in-house HSE teams), participates in the UN Global Compact, performs regular checks of fire safety systems, ensures that employees have required competencies, has managers responsible for maintaining these competencies, performs workplace assessments, and observes the Environmental Protection and Occupational Health and Safety Policy and the Fire Safety Policy.

### Talent risk

Talent risk is the risk that the Company will face difficulties in retaining, sourcing or attracting qualified staff.

This risk is managed by adopting comprehensive long-term incentive schemes and unique corporate training and adaptation programs, providing social and networking opportunities, teaming up with universities to attract top talent, and building a strong talent pool.

### Reputational risk

This risk includes the risk that the Company will not be able to maintain its reputation as a socially responsible business.

Magnit has adopted a Sustainability Strategy, provides ethics and sustainability training to employees, and maintains an ongoing dialogue with all stakeholders.

### Climate risk

In 2020, Magnit conducted its first climate-related risk assessment using the "business as usual" (RCP 8.5) scenario whereby temperatures will rise by around 4 degrees Celsius by 2100. We analyzed the impact to Magnit until the year 2050.

## The following four types of possible climate risks were identified:

**1) Physical risks** arising from phenomena such as rising temperatures, drought, storm intensity and rising sea levels.

### Rising temperatures

Net increase in days requiring heating or cooling of facilities. Mitigating actions include energy efficiency efforts and looking at renewable energy sources.

### Drought

Reductions in crop yields. Mitigating actions include more sustainable agricultural practices and technology and seed innovation.

### Storm intensity

Damage to the Company's facilities. Mitigating actions include improved construction specifications, especially for distribution centers.

### Rising sea level

Mitigating actions include facilities siting and construction specifications that take into account the likelihood of a rising sea level.

**2) Regulatory risks** such as introduction of carbon pricing and increased costs related to waste disposal. Mitigating actions include progress towards carbon neutrality and reducing GHG emissions and waste.

**3) Reputation risks** that could arise from consumer or community actions. Mitigating actions include our community and consumer outreach programs to work together in addressing any arising issues.

**4) Litigation risks** resulting in any offenses committed by the Company. Mitigating actions include having relevant policies and processes in place to avoid any offenses occurring and constant employee training on these matters..



Detailed information on managing other key risks is provided in the Annual Report.



# Sustainability

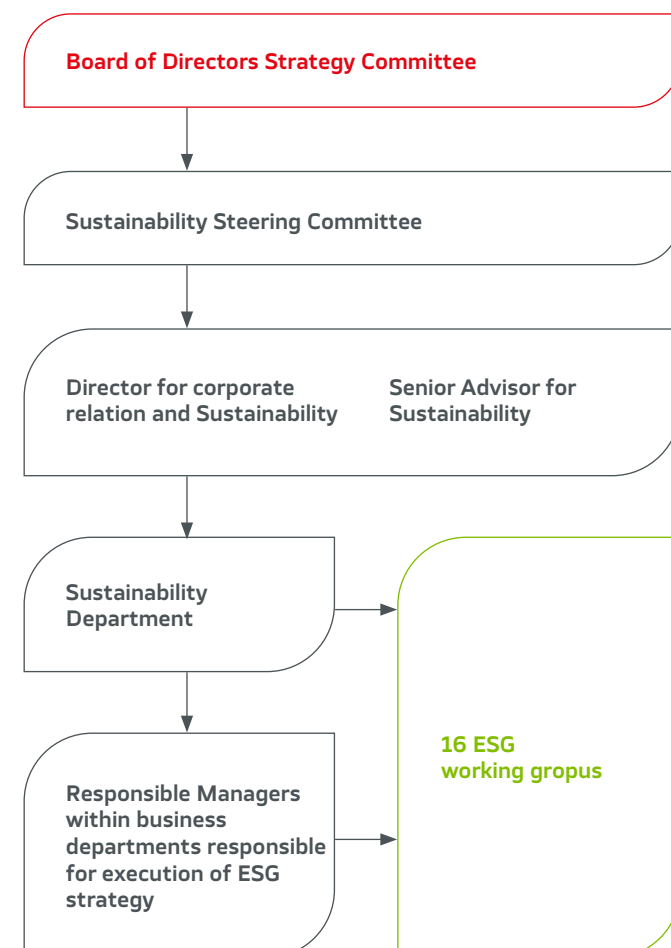
## management

Sustainability management is a top-down process that starts at the level of the Board of Directors. In 2019, at the initiative of the Management Board, the Company set up a Sustainability Steering Committee (the "Committee"), a dedicated body tasked with coordinating sustainability activities, including communications with stakeholders. The Committee also makes recommendations on strategic initiatives aimed at achieving greater long-term resilience to social, environmental, resource and energy challenges. The Committee reports to the Board of Directors and manages the activities of 16 working groups that work together to build resilience across the Company's entire ecosystem, from retail to production, supply chain, logistics and talent management.

The Committee met twice in 2020 to discuss the establishment of new working groups (food waste, and health & wellness), the progress of the Green Office program, an approach to building infrastructure for collecting consumer packaging waste in collaboration with suppliers, and other matters. The Committee also supported a proposal to encourage corporate functions to expand their sustainability initiatives and embed them into their current practices and strategies, and to launch an organization-wide program to support effective sustainability communication among employees.

Internal communications include emailed weekly and monthly digests, social media posts, workshops and events for employees.

### Sustainability management structure



19

Digests

1

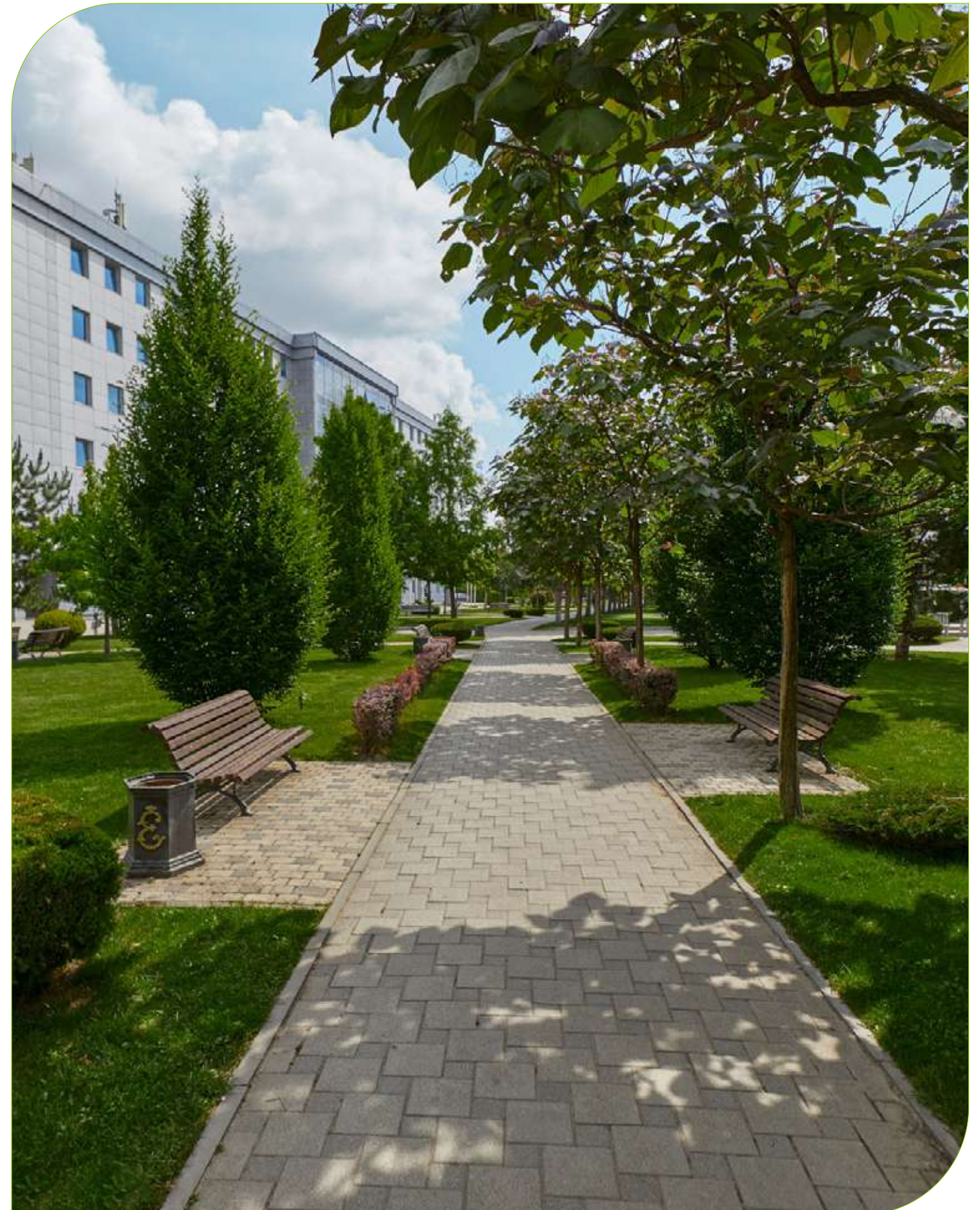
Workshop

22,136

Social media subscribers

Magnit has also adopted corporate policies to regulate its sustainability efforts (a full list is provided in Annex 3).

In 2020, Magnit joined the UN Global Compact that comprises more than 13,000 participants from 160 countries determined to align their operations with sustainability principles. By joining this initiative Magnit affirmed its commitment to implement and promote the UN GC framework, and the ten principles concerning human and labor rights, the environment and the fight against corruption..





# Stakeholder

## engagement



Magnit maintains a regular and open dialogue with all stakeholders, guided by the principles of mutual respect, transparency, ongoing communication and accountability. Magnit remains in permanent contact with its key stakeholders on all issues that arise.

Below are the key stakeholder groups whose interests are closely tied to the Company's activities:

- Government bodies
- Customers
- Suppliers
- Employees
- Local communities and the general public
- Investors
- Shareholders
- Non-governmental organizations (NGOs)
- Media

Magnit leverages various communication channels to engage with each of the above stakeholder groups with due regard to their relevant needs, interests and characteristics.

### Magnit's engagement activities in 2020 by stakeholder group

Stakeholder	Communication channels and engagement outcomes	
 <b>Government bodies</b>	<b>Key communication channels</b> <ul style="list-style-type: none"> <li>— Meetings, roundtables, seminars, public events with public authorities (forums, conferences)</li> <li>— Public hearings, participation in the assessment of the regulatory impact and the assessment of the actual impact of regulatory legal acts</li> <li>— Reports, monitoring, surveys</li> <li>— working groups, including within the framework of the regulatory guillotine</li> </ul>	<b>Engagement outcomes in 2020</b> <ul style="list-style-type: none"> <li>— No legislative initiatives to change the Law on Trade that hinder business</li> <li>— Profit tax rate for sales of mushrooms – 0%</li> <li>— Participation in state projects ("Million Prizes" with the Government of Moscow, "Digital Grandmother" with the Ministry of Industry and Trade of the Russian Federation, federal celebrations: May 9, Russia Day, etc.)</li> <li>— Channels of interaction with federal and regional government bodies have been expanded.</li> </ul>
 <b>Customers</b>	<b>Key communication channels</b> <ul style="list-style-type: none"> <li>— Hotline</li> <li>— Social media</li> <li>— Opinion polls</li> <li>— Satisfaction surveys</li> <li>— Loyalty programs</li> <li>— Meetings and workshops</li> </ul>	<b>Engagement outcomes in 2020</b> <ul style="list-style-type: none"> <li>— Store count rose by 839</li> <li>— A change in the range of goods</li> <li>— 52 "Healthy lifestyle" cubes;</li> <li>— Sales of eco-friendly household chemicals increased by 37%.</li> </ul>
 <b>Suppliers</b>	<b>Key communication channels</b> <ul style="list-style-type: none"> <li>— Hotline</li> <li>— Procurement sessions involving local government authorities</li> <li>— Conferences</li> <li>— Magnit Service information portal</li> <li>— Supplier relationship management portal</li> </ul>	<b>Engagement outcomes in 2020</b> <ul style="list-style-type: none"> <li>— 44 procurement sessions held</li> <li>— "On the Same Wavelength" conference with suppliers</li> <li>— Agreement with PJSC "Rosselkhozbank" aimed at supporting and promoting farm products</li> <li>— 2,422 local suppliers</li> </ul>
 <b>Employees</b>	<b>Key communication channels</b> <ul style="list-style-type: none"> <li>— Hotline</li> <li>— Social media</li> <li>— Corporate magazines</li> <li>— Satisfaction surveys</li> <li>— Loyalty programs</li> <li>— Corporate events</li> </ul>	<b>Engagement outcomes in 2020</b> <ul style="list-style-type: none"> <li>— Ranked by Forbes as Russia's largest private employer</li> <li>— Ranked by HeadHunter among the top 50 employers</li> <li>— 224,000 unique users of training programs</li> <li>— Total spending on employee and other benefits 994.5 mln RUB</li> </ul>

Stakeholder	Communication channels and engagement outcomes	
 <b>Local communities and the general public</b>	<b>Key communication channels</b> <ul style="list-style-type: none"> <li>— Press releases</li> <li>— Reports</li> <li>— Popular opinion surveys</li> </ul>	<b>Engagement outcomes in 2020</b> <ul style="list-style-type: none"> <li>— Company's presence in 3,572 cities in Russia</li> <li>— 6,054 new jobs</li> <li>— 888 employees with disabilities work for the Company</li> <li>— Sustainable approach to environmental management</li> <li>— Magnit Care program</li> <li>— Sports sponsorship</li> </ul>
 <b>Investors</b>	<b>Key communication channels</b> <ul style="list-style-type: none"> <li>— Presentations for professional communities and investors</li> <li>— Membership of expert groups and public associations</li> <li>— Conferences, forums and roundtables</li> <li>— Investor meetings</li> </ul>	<b>Engagement outcomes in 2020</b> <ul style="list-style-type: none"> <li>— 9 road shows</li> <li>— 120 events</li> <li>— Meetings with 218 institutional investors</li> </ul>
 <b>Shareholders</b>	<b>Key communication channels</b> <ul style="list-style-type: none"> <li>— Reports</li> <li>— Shareholders' meetings</li> </ul>	<b>Engagement outcomes in 2020</b> <ul style="list-style-type: none"> <li>— 2 general meetings of shareholders</li> <li>— 20 reports</li> </ul>
 <b>NGOs</b>	<b>Key communication channels</b> <ul style="list-style-type: none"> <li>— Meetings, roundtables, workshops, etc.</li> </ul>	<b>Engagement outcomes in 2020</b> <ul style="list-style-type: none"> <li>— Joint projects (plastic packaging collection and reuse, collection of used batteries)</li> <li>— Magnit Care program</li> <li>— Accession to the UN Global Compact</li> <li>— Joined Healthier Living Coalition and Food Waste Coalition of Consumer Goods Forum</li> <li>— Seminars with the WWF</li> </ul>
 <b>Media</b>	<b>Key communication channels</b> <ul style="list-style-type: none"> <li>— Press releases</li> <li>— Meetings and workshops</li> <li>— Conferences</li> </ul>	Magnit's key events in 2020 received media coverage.

# Business ethics

## and human rights

Magnit conducts business in an ethical manner. It is committed to high legal, ethical and moral standards and observes international standards of business ethics.

The Company's Code of Business Ethics contains a set of rules and key principles of corporate behavior.

Respect for human rights and zero tolerance for corruption and fraud are at the heart of Magnit's corporate ethics.

A corporate Human Rights Policy, adopted in 2020, sets out the core values relating to the observance of, and respect for, human rights. The Company does not tolerate child labor or forced labor in any form, condemns any form of discrimination and prejudice, and is committed to creating a diverse and inclusive workspace.

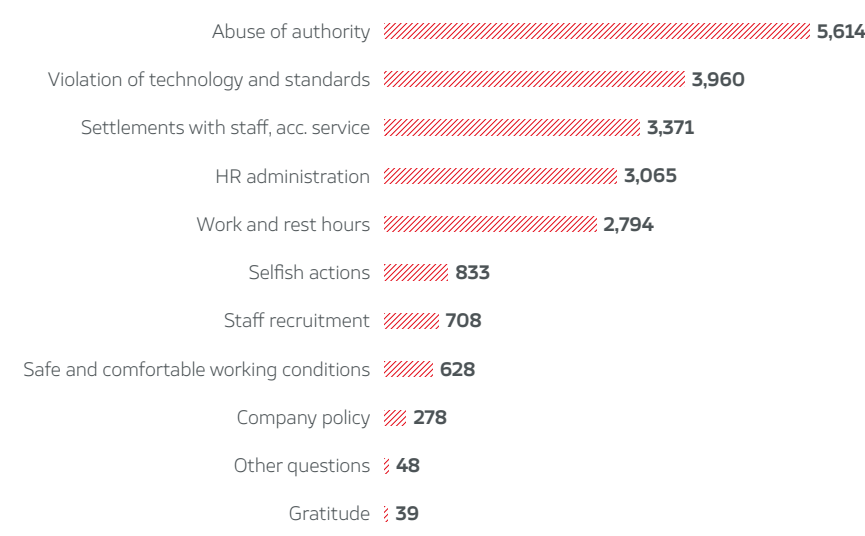
The Company also follows an Anti-Corruption Policy that proclaims a zero tolerance approach to corruption in any form or manner.

Measures to prevent corruption risks include mandatory anti-corruption training, with 1,227 employees taking this training in 2020.

The Company has all the required mechanisms in place for collecting and handling complaints and reports on alleged violations of human rights and instances of corporate fraud and corruption. Any Company employee or person who has knowledge of actual or suspected violations of business ethics, instances of corruption or fraud, conflicts of interest, theft, abuse of power or violations of human rights may report these via an ethics hotline. Magnit keeps such information safe and confidential.

All reported cases are investigated by the Economic Security Department and, if confirmed, appropriate corrective action is taken, with findings communicated to the Company's management. A total of 21,297 reports were made via the hotline in 2020, and wrongdoings were found in 3,121 of the reported cases.

### Subjects of reports made via the hotline



Confidential hotline for employees, customers, suppliers and partners:

Tel: 8 (800) 6000477

Email: [ethics@magnit.ru](mailto:ethics@magnit.ru);

Contact form on the corporate website: <https://www.magnit.com/ru/anti-corruption/>

# Data privacy

The COVID-19 pandemic has accelerated the transition of all services and work processes to online, thus increasing the risk of confidentiality breaches.

Magnit takes good care to ensure that the personal data of its clients, employees and partners is kept confidential. The Company has developed a Personal Data Processing Policy that is designed to protect the human and civil rights and freedoms of data subjects when their personal data is processed.

All personal data available to Magnit is received from data subjects directly or from their legal representatives. Magnit relies on consent as the lawful basis for processing personal data, as provided by current Russian law, except for instances specified by Federal Law No. 152-FZ, and takes all necessary measures to maintain confidentiality.

Data subjects or their legal representatives may access their personal data or withdraw their consent to data processing having made a request to that effect.

No data privacy complaints were received in 2020.

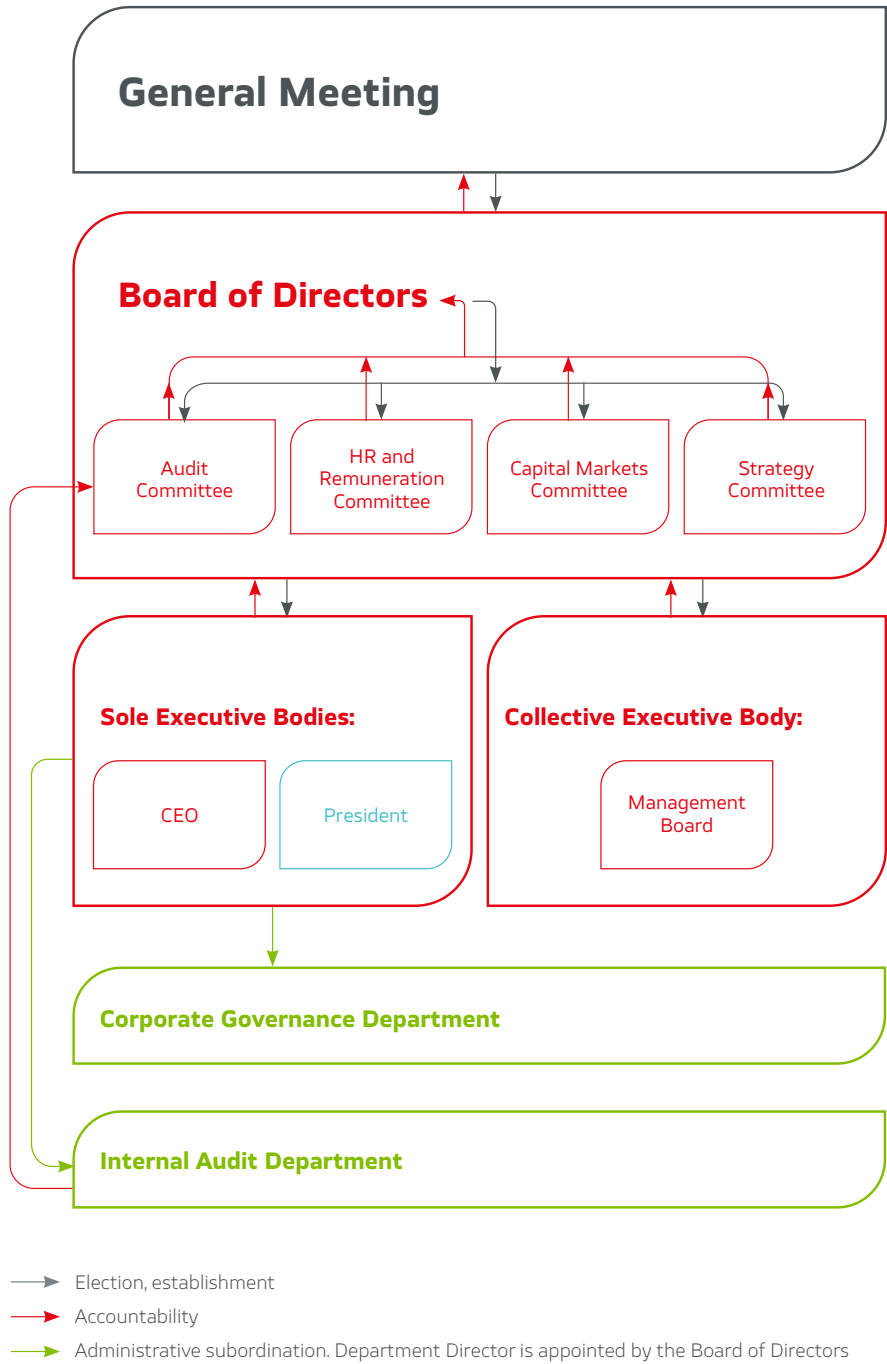


# Corporate governance

Magnit has an efficient corporate governance framework that complies with Russian laws, the Rules of the Moscow Exchange and the London Stock Exchange rules. The Company continuously enhances its corporate governance focusing on Russian and international best practices and ensures the protection of shareholders and other stakeholder rights.

Governance, management and control at the Company are divided between the shareholders (via 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 and Great Britain corporate laws, Magnit's Articles of Association and internal policies.

Magnit continues to steadily develop its corporate governance system focusing on implacable best practices. By improving its corporate governance system Magnit aims to reassure its shareholders and investors that the Company scrupulously implements its strategy and management decisions.



In 2020, the Company further improved its corporate governance system. The main changes and innovations are listed below.

- An independent consultant was hired to assess the work of the Board of Directors.
- The Sustainable Development Strategy was adopted.
- Sustainable development committee headed by CEO has been established. It prepares recommendations on strategic improvements the long-term sustainability of the business. The committee's recommendations serve as the basis for updating the Sustainable Development Strategy.
- The Annual General Meeting of Shareholders in June 2020 made adjustments to the Articles of Association to update it in relation to the amended legislation on joint stock companies and securities markets. An extraordinary general meeting of shareholders made a decision to elect approve the Articles of Association in a new edition, taking into account all previously approved adopted amendments.
- Development of information policy and interaction with investors and shareholders continued.
- A new website <https://www.magnit.com/en/> with a user-friendly interface and navigation was launched.
- The composition of the Management Board and the Board of Directors has been strengthened.
- The first Magnit Sustainability Report was released.
- Procedures have been standardised in relation to identifying transactions carried out by companies of the Magnit Group, which require consent to their execution in accordance with the requirements of the law and / or the constituent documents of such companies.
- The practice of liability insurance of members of the Board of Directors was continued.
- A number of policies developed earlier have been approved.

### Composition of the Board of Directors

	Diversity	
	Nationality	Tenure, years
Charles Ryan	USA	3
James Simmons	USA	3
Alexander Vinokurov	Russia	2
Tim Demchenko	UK	3
Jan Dunning	Netherlands	2
Walter Koch	Germany	2
Evgeny Kuznetsov	Russia	2
Alexey Makhnev	Russia	3 <sup>1</sup>
Gregor Mowat	UK	1 <sup>2</sup>

<sup>1</sup> Prior to that, he was a member of the Board of Directors from 25 June 2009 to 5 June 2015.  
<sup>2</sup> Prior to that, he was a member of the Board of Directors from 19 April 2018 to 30 May 2019.