

# Sustainable Development

## Overview

Magnit is one of Russia's leading retailers with over 21,000 stores in over 3,000 cities and towns across the country. Magnit's activities cover three key areas: we are a retail business, one of the largest logistics operators, as well as a food producer running our own agricultural facilities.

Magnit has millions of daily touchpoints with its stakeholders: customers, employees, shareholders and suppliers.

The customer is always the centre of our focus: all our activities are built around them, thus strengthening our competitive advantages and exploring new areas of development.

At the heart of Magnit's sustainable development is a commitment to the principles of responsible business aimed at creating value for all stakeholders. We create economic opportunities for our partners and suppliers, a collegiate and safe work environment for our employees, support our local communities, and provide our customers with high-quality products and services.

## Magnit's sustainability commitments for 2025



### Environment<sup>1</sup>

**50%**

packaging for PL and own production will become recyclable, reusable and compostable

**100%**

collection and processing of recyclable plastic in Magnit's own operations

**50%**

waste reduction

**30%**

GHG emissions reduction

**25%**

reduction in water and energy consumption



### Sustainable sourcing

**100%**

responsible sources of socially significant goods

**100%**

responsible approach in own production and agriculture

+

increase in the share of eco-friendly packaging on shelves

### Responsibility

Ensuring sustainable sourcing of services and suppliers

### Development

Programmes for the development of local suppliers and farmers



**82%**

of the world's largest companies published their commitments to achieve the SDGs<sup>2</sup> in annual reports

**79%**

of the world's largest companies conducted an analysis of the relevance of their activities to SDGs



### Employees

**70%**

employee engagement

**50%**

reduction of lost time incidents with zero fatalities

**40%**

maximum turnover rate

In 2020, with a view to channelling our sustainable development activities effectively, Magnit developed and implemented the Sustainability Strategy 2025.

## Sustainability Strategy

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

Magnit has set 5 ambitious goals in the field of sustainable development:

- we want to be the leader in environmental impact reduction in the Russian retail industry
- we want to make a positive impact on the quality of life of all Russian people
- we want to be the number one employer in the Russian retail industry
- we strive towards a 100% responsible supply chain
- we want to have best in class Corporate Governance in the Russian retail industry.

Our sustainable development focus areas are as follows:

- **environment**
- **sustainable sourcing**
- **employees**
- **local communities**
- **health and wellness of all stakeholders.**



### Local communities

**10%**

Company employees participating in volunteer programmes

### Communities

Programmes for the development of local communities in all regions where the Company operates



### Health and wellness

#### Healthy lifestyle

Healthy lifestyle and nutrition information is available to all customers

#### Healthy food

Healthy food is available to all customers

<sup>1</sup> All quantitative goals for reducing the indicators are calculated for 1 sq. m of total space.

<sup>2</sup> Sustainability development goals.

# Sustainable development (continued)

## Management of sustainable development issues

### Corporate initiatives

Overall responsibility for sustainable development lies with the Company's Board of Directors. In 2020 the Board established the Sustainability Steering Committee which has responsibility for the day to day coordination of the sustainable development programme. The Committee is responsible for providing recommendations on embedding sustainable practises throughout the business and targeting social, environmental, resource and energy issues. Under the supervision of this Committee, there are 16 working groups responsible for creating sustainable business models for all areas of our operations: retail, production, sourcing, logistics and human resources management. The Committee reports to the Board of Directors.

To drive the sustainability agenda forward, the Committee made a number of recommendations during 2020. These included a proposal for a more structured and formal programme for sustainability initiatives, inclusion of the sustainability agenda in the operational and strategic processes of each business unit and the launch of an internal communication campaign on sustainability for Company employees.

Communication within Company is carried out through weekly and monthly digest mailings, posts on social media, workshops and events organised for employees.

### Sustainability management system



Magnit has adopted policies regulating the Company's sustainability operations<sup>1</sup> and formally announced its Human Rights Policy, which defines the Company's key values in terms of respect for human rights. Magnit opposes child and forced labour in any form as well as discrimination on any ground and builds an inclusive and diverse working environment.

Magnit also launched an Anti-corruption Policy which is based on a zero-tolerance approach to corruption in any form. One of the measures to prevent corruption risk is compulsory anti-corruption training for employees.

**1,227**  
employees were trained  
in anti-corruption in 2020

### External initiatives

In 2020, Magnit joined the UN Global Compact. The initiative aims to encourage social responsibility amongst businesses and brings together more than 13,000 participants from 160 countries to promote sustainable business practices. Magnit will adopt the 10 principles of the Global Compact across its business, with particular focus on human and labour rights, environmental protection and anti-corruption.

Magnit seeks to contribute to achieving the UN's Sustainable Development Goals. The Company has chosen seven sustainable development goals as a priority based on the most relevant topics and focus areas identified under the Sustainability Strategy.

### Interaction with stakeholders

Magnit has several stakeholder groups and engages in an open dialogue with each of them on a regular basis. The Company's interaction with stakeholders is built on the principles of respect for stakeholders, transparency, regularity, and compliance with obligations.

The Company has identified a number of key stakeholder groups whose interests are most closely related to its activities:

### The UN's priority sustainable development goals of Magnit Group<sup>2</sup>



Each group has its own needs and interests. Therefore, Magnit uses various communication channels to effectively interact with them.

<sup>1</sup> See the full list of Sustainability documents: <https://www.magnit.com/en/sustainable-development/policy-and-documents/#accordion-policy>

<sup>2</sup> For more information on achieving the UN's Sustainable Development Goals, see Magnit's Sustainability Report.

## Sustainable development (continued)

### Fuel consumption by the Group's enterprises in 2018–2020<sup>1</sup>

Fuel types	2018		2019		2020	
	All companies of the Group	Magnit PJSC	All companies of the Group	Magnit PJSC	All companies of the Group	Magnit PJSC
Diesel fuel, l	199,843,095	-	207,407,521	-	<b>185,530,188</b>	-
Gasoline, l	12,645,506	-	12,576,782	-	<b>12,392,891</b>	-

### Fuel consumption by the Group's enterprises in 2018–2020, RUB mln

Fuel types	2018		2019		2020	
	All companies of the Group	Magnit PJSC	All companies of the Group	Magnit PJSC	All companies of the Group	Magnit PJSC
Diesel fuel	6,825.0	-	7,407.1	-	<b>6,435.9</b>	-
Gasoline	433.3	-	456.8	-	<b>433.4</b>	-

### Energy consumption by the Group's enterprises in 2018–2020<sup>1</sup>

Type of energy resource	2018		2019		2020	
	All companies of the Group	Magnit PJSC	All companies of the Group	Magnit PJSC	All companies of the Group	Magnit PJSC
Thermal energy, Gcal	1,246,351	516	1,356,426	494	<b>1,288,317</b>	<b>568</b>
Electricity, KW per hour	2,564,578,505	217,587	2,710,091,104	256,016	<b>2,811,828,550</b>	<b>266,685</b>
Natural gas, cbm	170,739,126	24,903	202,823,871	16,309	<b>164,558,615</b>	<b>27,110</b>

### Energy expenditures by the Group's enterprises in 2018–2020, RUB mln

Type of energy resource	2018		2019		2020	
	All companies of the Group	Magnit PJSC	All companies of the Group	Magnit PJSC	All companies of the Group	Magnit PJSC
Thermal energy	1,944.9	0.8	2,221.1	0.8	<b>2,258.7</b>	<b>1.0</b>
Electricity	13,762.9	1.1	15,696.3	1.4	<b>17,543.6</b>	<b>1.6</b>
Natural gas	1,067.8	0.2	1,395.0	0.1	<b>1,086.1</b>	<b>0.2</b>

PJSC Magnit did not use or consume other types of energy resources other than those indicated in the table in the reporting year.



Fuel consumption for transportation was reduced as a result of improved fuel efficiency and the optimisation of fuel consumption rates.

The decline in thermal energy consumption has been achieved through the implementation of various energy-efficiency measures.

### Sustainability Report 2020

Magnit's second Sustainability Report was published in 2021 in addition to standard Annual Report. It contains all relevant non-financial results for 2020, the baseline for all relevant KPIs, as well as setting out the measures we intend to take to achieve the commitments stated in our Sustainability Strategy.

We present below the sustainability data required by Russian legislation. The full data set are presented in our Sustainability Report.



Sustainable Development Report please see on our website  
<https://www.magnit.com/en/sustainable-development/non-financial-performance-indicators/>



<sup>1</sup> Data for 2018 and 2019 differ from the data in the 2019 Annual Report due to improved data collection.