




Stakeholder Management

Magnit engages in an open dialogue with each of its stakeholders 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.





Key stakeholder groups

Stakeholder	Why they are important	How we engage	Key concerns	How we respond
<div><div>Customers</div></div>	<p>Our customers are our number one priority as we drive improvement in our value proposition. We have a customer-centric approach to our decision-making.</p>	<p>Engagement is achieved via customer purchases both offline and online.</p> <p>We have plenty of physical touch points with customers:</p> <ul style="list-style-type: none">— Offline business (cash desks, info screens, price tags, in-store communications, consultations by beauty experts at Magnit Cosmetic and pharmacists, etc.)— Loyalty programme and Loyalty App (MAU)— Delivery App (Number of online orders)— Digital (social media, etc.)— Call centre <p>We collect data and feedback from these touch points, which serve as a basis for personalisation and proposition improvement.</p> <p>We work to continuously improve our offering based on customer feedback and various surveys (GFK reports, focus groups on various topics, mystery customer). Based on the findings, we launch internal discussions and action plans.</p>	<ul style="list-style-type: none">— Quality of products and service— Choice (assortment)— Inflation (prices)— Health & Safety (including measures against COVID-19)	<p>We pay attention to all elements of CVP both online and offline and have various analytical tools to help category managers tailor our offering. We have a dedicated quality department which constantly monitors quality standards compliance and introduces improvements.</p> <p>We follow trends and work across four directions in our category management to provide and optimise choice, including rationalisation & harmonisation, clustering, best in local and personalisation enabled by the loyalty programme.</p> <p>We offer a value for money concept to our customers based on affordability, price monitoring, promos, personalisation and through the development of the discounter concept.</p> <p>The Company undertakes additional measures to protect customers and employees in the pandemic environment. Magnit follows hygiene programmes and cleaning procedures developed as a response to the COVID-19 pandemic.</p>
<div><div>Suppliers</div></div>	<p>Our suppliers are key to helping us deliver variety, value and quality to our customers. We aim to build long-term mutually beneficial relationships that are based on trust and mutual respect to help them grow.</p>	<p>Interaction with partners is of daily, but we also identify and develop separate formats: regional procurement conferences, an annual conference of partners, strategic sessions, JBP (joint business planning) and JVC (joint value creation) programmes.</p> <p>We invest in communication platforms with partners: supplier portal, SRM system and logistics programmes.</p>	<p>Our partners are primarily concerned with the sustainable development of joint business – from sales volumes to the assessment of the quality of their products by consumers and the impact on the environment.</p>	<p>At the centre of interaction is our category management team, which engages other specialised services to address the issues facing us and our partners.</p> <p>We integrate our suppliers into Magnit's internal business processes to improve interaction and sales performance, and exchange logistics data through the 'Magnit Service' portal.</p> <p>In 2021, we introduced digital supplier contracts, significantly reducing the time for document verification.</p> <p>We require our suppliers to adhere to our Code of Business Conduct which sets out the standards for interaction. Food suppliers are required to adhere to the Code of Good Practice which sets out the principles of mutual respect and good faith among market participants.</p>
<div><div>Employees</div></div>	<p>The Company's employees are our main asset, ensuring the execution of all business processes.</p>	<p>We strive to be the employer of choice, to attract and retain talent.</p> <p>Each year, we aim to increase our employer Net Promoter Score (eNPS) and measure Magnit's 'Brand Health' on a quarterly basis by monitoring social media.</p> <p>We engage directly with employees through dedicated employee social platforms, internal email newsletter, and our dedicated employer website.</p> <p>Business information and broader information sessions are made available online for employees on non-work and social issues.</p>	<ul style="list-style-type: none">— Fair pay— Working conditions— Rewards and benefits— Training, skills and development— Diversity and inclusion— Health and safety— Mental health	<p>We engage with our employees to understand their concerns using both research and analytics.</p> <p>In 2021, we evolved our EVP to attract and retain staff. Our focus has been to promote a culture of a work family and develop a strong eco-system around employees both in work and outside.</p> <p>Magnit offers employees a broad system of benefits, including, amongst others, voluntary health insurance, accident insurance, partial compensation for meals.</p> <p>We look to increase the number of survey participants each year and gather comments and suggestions, conduct workshops to develop solutions.</p> <p>We motivate staff through a wide range of opportunities for professional development, including competitions, rewards, individual and departmental awards and education.</p> <p>We offer regular and ongoing training and development.</p>

Stakeholder Management

(continued)

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 Society and local community	<p>Magnit plays an essential role in society by feeding the nation and being one of the largest private employers in the country either directly or indirectly through its supply chain.</p> <p>Our position enables us to address wider societal issues such as food poverty, health and wellbeing, healthy living, responsible consumption and education.</p>	<p>We aim to responsibly engage with our communities and many of our community initiatives are carried out at the local level through our store presence.</p> <p>We use a variety of mediums and formats to engage with communities, either through on-the-ground presence, via the media, social media, video, and our website.</p> <p>We carry out educational programmes aimed at children of school age, provide direct investment into community projects (such as building playgrounds) and volunteering.</p>	<ul style="list-style-type: none"> Local employment opportunities Local charitable causes and investment in national social projects Economic contribution Environmental factors Food security 	<p>We respond to needs both on a pre-planned basis through engagement with communities and also take action on immediate needs when required. Local and regional managers coordinate local activities, while our central marketing teams manage activities on the national level.</p> <p>The Company supports many local and national charity campaigns such as the "United for a Healthier Future" campaign, which encompasses educational programmes, research, partnerships, and making healthier products available. Amongst others, Magnit local charitable campaigns support blood donor programmes, orphanages, charitable clothing and food collections, voluntary environmental working days, tree planting and promoting the benefits of volunteering.</p> <p>In 2021, our emergency response focused on fulfilling basic human needs where vulnerable groups required food, clothing, environmental, infrastructure or emergency assistance.</p>
 Investors and shareholders <p> More information can be found on p. 130.</p>	<p>The Company is interested in attracting new and retaining existing investors and maintains a constant dialogue with the investment community, while treating all the investment categories with special attention.</p>	<p>The Company uses various formats of interaction, including distributing press releases announcing operational and financial results, organising conference calls, face-to-face and virtual meetings; conducting road shows and site visits; and participating in investment conferences and other events.</p>	<ul style="list-style-type: none"> Performance against set strategy and targets Changes in strategy Dividends / capital growth COVID-19 pandemic impact Macro-economic environment, inflation and promo activity Status of business transformation Expansion plans and M&A opportunities Sustainability of margins Working capital improvements Management KPIs and incentive schemes Management team changes Changes in shareholder structure 	<p>On 18 February 2021, Magnit held its Capital Markets Day and presented its 2025 Strategy. This event covered about 300 institutional and individual investors as well as media representatives.</p> <p>In addition, in 2021 we:</p> <ul style="list-style-type: none"> created a corporate video aimed at investors, hosted seven conferences with individual investors, expanded content and improved structure of press releases, presentations and documents with reference information, introduced an up-to-date consensus of key financial indicators based on analysts' forecasts.
 Governments (authorities)	<p>Public authorities set many business regulations according to which we build and develop our business.</p>	<p>We strive to become the No. 1 expert for the Russian authorities in the field of trade by:</p> <ul style="list-style-type: none"> sharing our expertise at public events organised by the authorities (for instance, SPIEF, Russian Retail Week or Russian Agricultural Exhibition "Golden Autumn") membership in joint working groups ("regulatory guillotine"), public and expert council under the Ministry of Industry and Trade, Federal Service for Alcohol Market Regulation – Rospotrebnadzor amongst others preparing expert opinions on government initiatives in trade and food security using regulatory impact assessment (RIA) and ex post impact assessment tools heading Committees, commissions and working groups in business associations such as RUIE Commission on Trade and Consumer Markets, ACORT¹ Quality Committee, and working groups on regulation of excisable products by ACORT. 	<ul style="list-style-type: none"> Food security in the country Regulation that provides access to quality goods and food for all residents of the country regardless of income level Import substitution policy Access to the shelves for Russian manufacturers Spread and prevention of COVID-19 	<p>In 2021, the key issues related to regulatory restrictions as a result of the pandemic, including mandatory vaccination of employees, tougher preventative measures for COVID-19 in retail outlets, introduction of QR codes and bans on the utilisation of retail facilities in some regions and rising food prices.</p> <p>The state restrained the growth of prices for socially important products by reducing retail margin and price fixing, and by reducing the number of intermediaries in the supply chain.</p> <p>The industry had to look for compromises that would allow for fulfilling the state's social role, and would not be a burden for business.</p>

¹RUSSIA ASSOCIATION OF RETAILING COMPANIES