

Corporate Relations

and Sustainability Director's statement

Dear Reader,

I am pleased to present to you Magnit's Sustainability Report for 2021, which summarises the Company's performance and targets in ESG. In the reporting year, we concentrated on delivering against our Sustainability Strategy approved in 2020, and I am very pleased with the progress we have achieved. We have remained Russia's largest private employer and the only vertically integrated retailer operating food production assets, and one that has firmly integrated ESG practices into all of its business processes.

Magnit made a big leap forward in 2021, growing significantly through an acquisition of a major player, opening stores, launching new formats and building up the e-commerce business. At the heart of this is our strong commitment to sustainable development principles. In 2021, despite the persisting uncertainty around the COVID-19 pandemic, we made great headway and facilitated a return to normal for our customers and employees.

Halfway through the year, we completed the acquisition of the DIXY retail chain, adding 2,477 stores to the Magnit network (predominantly in the Moscow and St Petersburg areas). The purchase is strategically important,

strengthening our competitive position in the Russian market and increasing our footprint in important regions. It brings far-reaching synergies in the supply chain, procurement, category management and business processes, which will add value for our shareholders and offer new benefits to our customers and other stakeholders. For the purposes of this report, the non-financial data for DIXY and Magnit are disclosed separately while we are completing our work to align our respective sustainability strategies and data gathering methodologies. We will continue consolidating Magnit and DIXY sustainability data going forward.



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By approving the Sustainability Strategy in 2020, we prepared fertile ground for our sustainable development efforts, and are now taking a deep dive into each specific area.

We realise the importance of the climate change agenda and the role big businesses can play in minimising climate risks. That is why we continue working on a number of pilot projects aimed at finding ways of increasing energy efficiency and cutting down carbon emissions. Our goal is to reduce the direct carbon footprint of logistics and delivery through fleet renewal and gradual transition to hybrid engines and more eco-friendly fuels. We have been implementing measures to reduce energy consumption for refrigeration equipment and lighting devices and thus cut indirect GHG emissions. We have ambitious plans to measure indirect emissions throughout Magnit's entire value chain, develop a Climate Strategy, and perform a detailed financial assessment of climate risks.

Another important area of our focus is waste management. In 2021, we launched a big project to analyse the composition of municipal solid waste at stores and distribution centres. The project will let us sort out recyclable waste and identify patterns of food waste generation, affording us better control over its volumes.

As the largest retail chain in Russia, we recognise that we can do even more by working together with other companies to achieve our goals. In 2021, we joined forces with eight of the largest international FMCG producers in the United for a Healthier Future initiative. It aims to improve the quality of life for consumers and local communities by promoting healthy lifestyles and environmental care. We have committed to raising awareness of customers, making sustainable goods and services more available, cooperating with other organisations, and conducting relevant research. The first projects under the initiative are already underway, including a collaboration with Nestlé on an

education programme to instil the basic principles of sustainable consumption and healthy eating in schoolchildren.

We have received wide recognition for our sustainability efforts. In 2021 Russia's National Rating Agency (NRA) placed Magnit among the Top 3 Russian public companies in its ESG ranking and affirmed our leadership among Russian nonfinancial public companies in retail. The impressive progress in sustainable development that we have achieved would not have been possible without the hard work and engagement of Magnit employees. I would like to extend deep gratitude to the team for their ESG efforts, commitment to sustainable development, and help in driving the Company's initiatives forward.

Our goal now is to maintain the lead in sustainable development among Russian retailers for years to come, and we continue to look for meaningful ways to

promote healthy lifestyles, reduce carbon emissions and waste, and strengthen the sustainability of our supply chain.

Despite the heightened geopolitical and economic risks in early 2022, our top priority remains the same – to provide people with food and non-food essentials. We will do everything in our power to keep the supply chain resilient and support our suppliers, including a significant number of local producers. Our long track record in the market shows that we remain a reliable employer and business partner in the most challenging situations thanks to the existing infrastructure and resources, responsible business practices, and robust corporate governance..

Anna Meleshina

Corporate Relations and Sustainability Director