

# About the Company

GRI 2-1, 2-6

The Magnit Group<sup>1</sup> (hereinafter, “Magnit”, the “Company” or the “Group”) is one of the largest retail chains with a multiformat offering in Russia by number of stores and geographic coverage. Our goal is to become Russia’s No. 1 responsible retailer..

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We have stores in all densely populated Russian regions, with over 26,077 outlets nationwide. The Company operates a multiformat and omnichannel model that includes convenience and drogerie stores, as well as supermarkets and pharmacies under the Magnit and DIXY brands.

Magnit has three key business segments. In addition to its retail operations, the Company owns 13 food production sites and runs four agricultural facilities. Magnit’s extensive logistics infrastructure includes 45 distribution centres and more than 5,000 trucks, making it one of the largest logistics operators in Russia.

As Russia’s only vertically integrated federal chain with its own production facilities, 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 the 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.

## Key facts:

- **No. 1 food retail chain** by number of stores and geographic coverage
- **No. 1 food importer** in Russia
- **The only vertically integrated retailer** with own food production and agricultural facilities
- **A responsible partner** to local producers and foreign companies
- **A multiformat and omnichannel retail chain** with a cross-format loyalty programme
- **15 million** in daily footfall
- **One of the largest private employers** in Russia
- One of Russia’s **largest logistics operators**

## Our mission and values

#1

Our mission is to become the store of choice for every russian family

## Our values



### Everywhere for our customers

We build long-lasting connections with our customers. Our team members have a perfect understanding of customer needs because they also shop at Magnit.



### Stronger together

We achieve our goals through joint effort and consider our employees' input when making decisions.



### Achieving results

We always accomplish our goals and strive to do so in the most efficient manner.



### Taking responsibility

We know what we stand for and we take responsibility for our decisions.



ДИКСИ

## DIXY integration

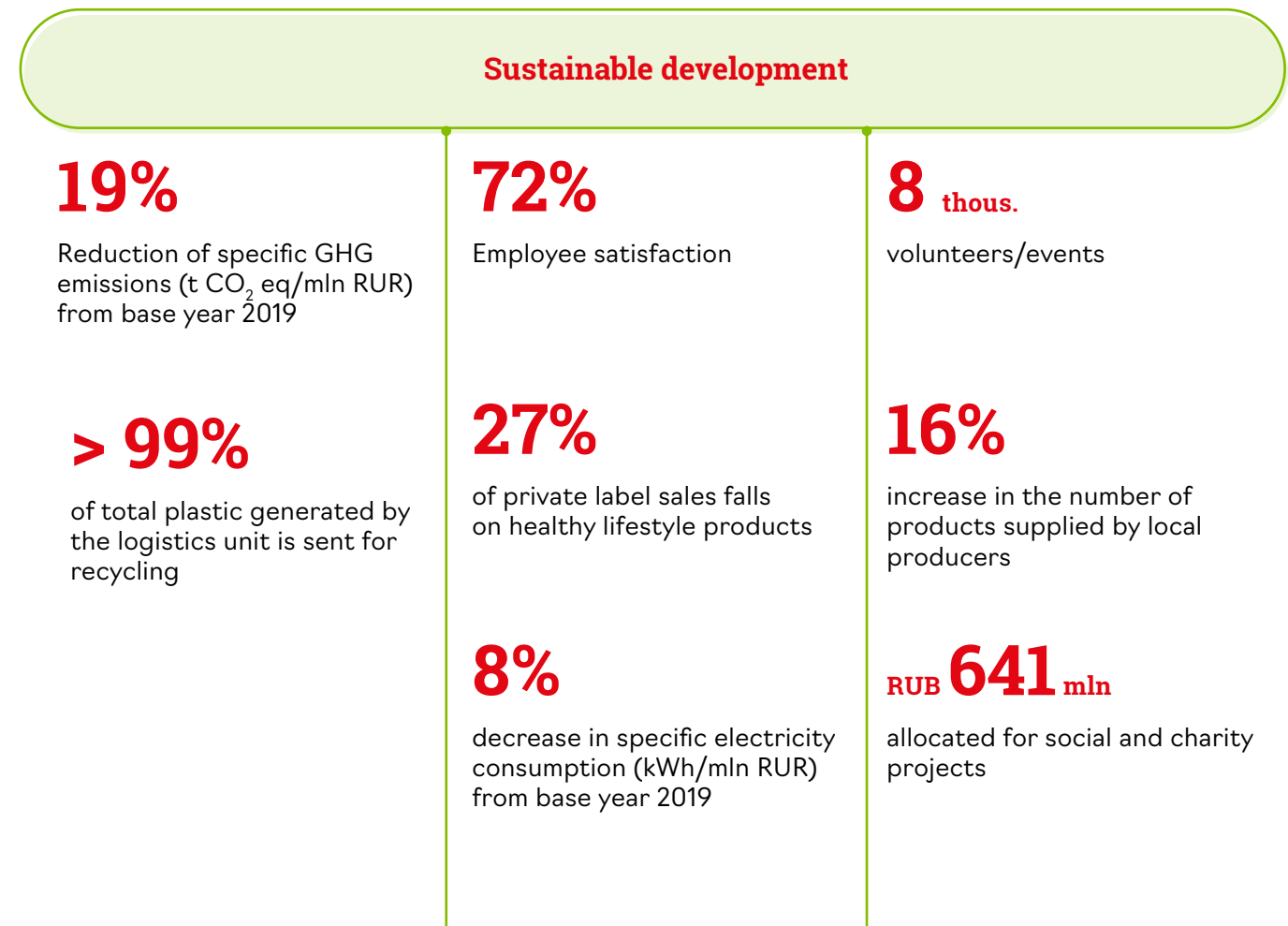
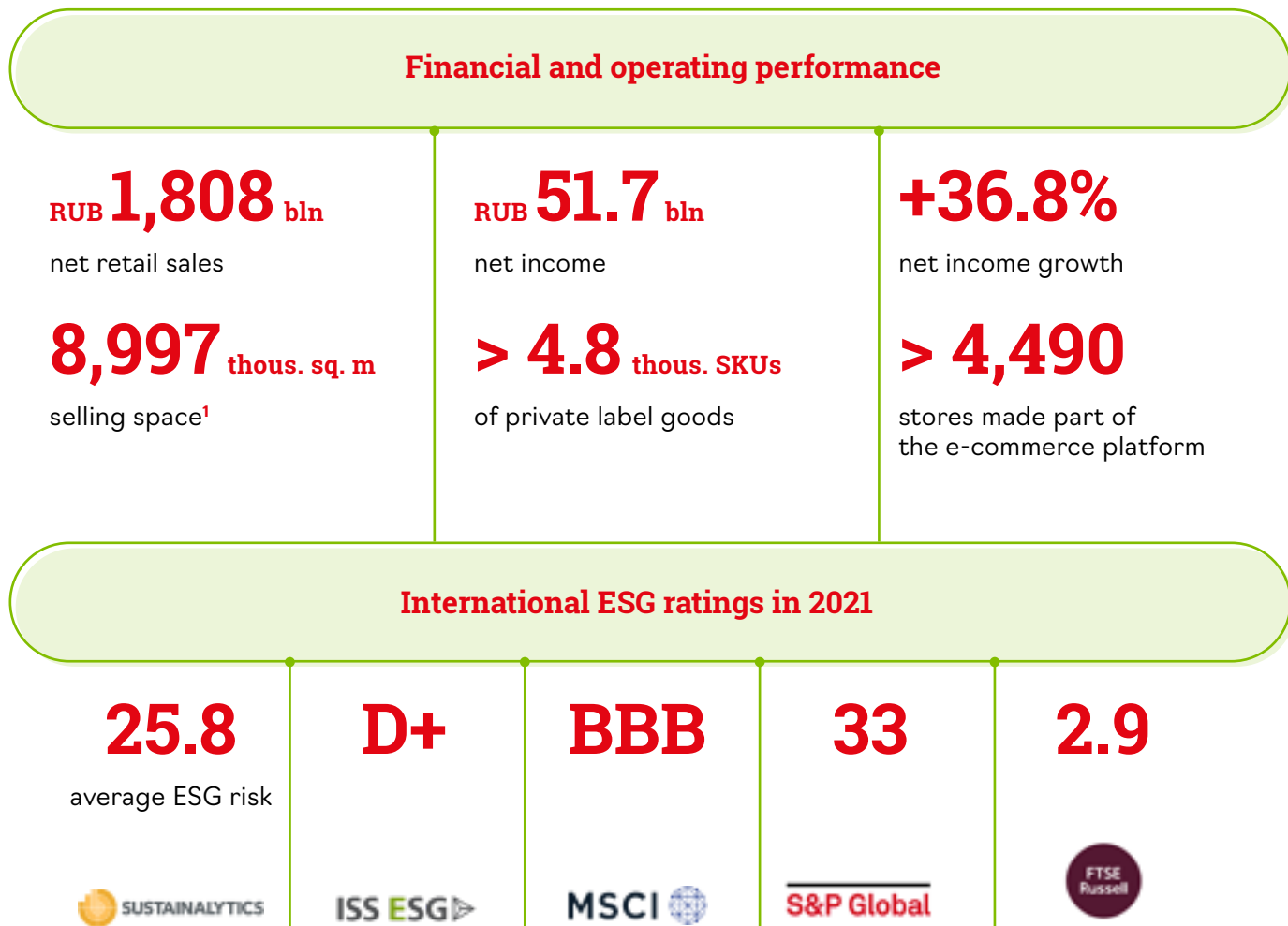
On 22 July 2021, Magnit completed the acquisition of the DIXY retail chain. The transaction covered 2,438 DIXY convenience stores, 39 Megamart and Minimart superstores, and five distribution centres.

The acquisition boosted our market share in Moscow and St Petersburg, where our penetration had historically been weak, bringing it to 8.2% in Moscow and the Moscow region and to 17.2% in St Petersburg and the Leningrad region. Magnit's enhanced standing in the two largest Russian cities also provides a shot in the arm for our e-commerce initiatives.

The Company managed to negotiate better pricing terms with suppliers for DIXY, which in turn increased the profitability of the acquired stores. We also revised DIXY's remuneration terms and significantly reduced staff turnover.

<sup>1</sup> FOR THE PURPOSE OF THIS REPORT, THE MAGNIT GROUP INCLUDES COMPANIES LISTED IN THE APPENDIX 3 BELOW. THE INFORMATION HEREIN IS BASED ON THE REPORTING PERIMETER ESTABLISHED THEREIN.

# 2021 highlights



<sup>1</sup> INCLUDING DIXI AND MEGAMART



# Business Model

## We are everywhere for our customers

The Company's retail chain comprises 26,077 stores, serving approximately 15 mln customers daily in 67 regions across Russia's seven federal districts. Residents of 3,898 cities and towns enjoy access not only to the chain's grocery stores, but also to drogeries, namely Magnit Cosmetics and Magnit Pharmacy.

### Inputs: resources and relationships

#### Our customers

**15 mln**

customers daily

#### Suppliers

**>6 thous.**

#### Government and regulators

Magnit has an efficient corporate governance framework

#### Employees

**~360 thous.**

one of the largest private employers in Russia

#### Shareholders

**>150 thous.**

According to EGM 2021

#### Environment and communities

Magnit's Sustainability Strategic Framework sets an ambitious goal for embedding sustainability in every aspect of the business

### How our business is different

#### Quality and range

**100** quality awards in 2021

**12** quality control laboratories conducting

**>2.8 thous.** daily tests

**>4 thous.** private label SKUs = **16%** share of PL

#### Largest supply chain network

**45** distribution centres in seven federal districts

**>5 thous.** trucks

**1.9 mln sq. m** of warehouse space

#### Multi-format and omni-channel

**>4,490** offline stores

and 20 dark stores in 64 regions of Russia

**8,997 thous. sq. m**

selling space

**3,898** cities & townships

#### Own production and private label

**4** agricultural complexes in seven federal districts

**13** industrial facilities

**168** production lines

### Outcomes for our stakeholders

#### Everywhere for our customers

#### Cooperating with our suppliers

#### Economic contribution

#### Rewarding our employees

#### Delivering returns to our shareholders

#### Protecting the environment and supporting communities



# Retail with purpose:

## Magnit Sustainability Strategy

Magnit's Sustainability Strategy defines five key areas and sets quantitative and qualitative targets for 2025.

Our sustainability strategy is based on the Ten Principles of the UN Global Compact and the 17 Sustainable Development Goals, as well as stakeholder expectations.

Priority SDGs					Our 2020–2025 goals and progress made in 2021 (from base year 2019)	
 Environmental stewardship	To become the industry leader in environmental impact reduction	<ul style="list-style-type: none"> <li>CO<sub>2</sub> emissions</li> <li>Packaging waste</li> <li>Food waste</li> <li>Energy and water use</li> </ul>			50% of private label and own production packaging to be recyclable, reusable or compostable	Private labels <sup>1</sup> : 25% of packaging is recyclable, 36% is partially recyclable Own production: 30% of packaging is recyclable, 44% is partially recyclable
					100% of recyclable plastic used in own operations to be collected and recycled	>99% of total plastic packaging generated during transportation was sent for recycling in 2021
 Sustainable sourcing	To strive towards a 100% responsible supply chain	<ul style="list-style-type: none"> <li>Products and raw materials from responsible sources</li> <li>Best in local</li> <li>Food and non-food safety</li> <li>Responsible approach to own agriculture and production</li> <li>Private labels</li> <li>Green marketing</li> </ul>			50% food waste reduction	Reduction by 46% of specific food waste generation (167.66 kg/mln RUR)
					30% GHG emissions reduction	Reduction by 19% (2.37 t CO2 eq/mln RUR) of specific greenhouse gas emissions (scope 1 and 2)
 Employees	To be the No. 1 employer in the industry	<ul style="list-style-type: none"> <li>Fair, safe and rewarding workplace</li> <li>Employee training and development</li> </ul>			25% reduction of water and energy consumption	Reduction by 17% (2.25 cbm/mln RUR) of specific water consumption 8% decrease in specific electricity consumption (1 825,6 kWh/mln RUR)
					100% responsible sourcing for socially important categories	Development of a pilot project for ESG certification of socially important goods suppliers
 Communities	To make a positive impact on the quality of life of all Russians	<ul style="list-style-type: none"> <li>Corporate volunteering</li> <li>Emergency help</li> <li>Charity</li> </ul>			100% responsibility for own production and agriculture	Magnit certified for compliance with the international Food Safety Management System (FSSC 22000-2018) Initiative launched to transition to sustainable packaging for private labels First vertical eco greenhouse put up Over 100 awards won for the quality of private labels at various quality competitions in 2021
					Partnership programmes for local suppliers & farmers	Total purchases of locally produced goods increased by 16% <sup>2</sup>
 Health & well-being	To improve the quality of life for consumers and local communities	<ul style="list-style-type: none"> <li>Promotion of healthy lifestyles: nutrition and sports</li> <li>Availability of health-related services and products</li> </ul>			70% employee satisfaction	72% Employee satisfaction
					50% reduction of lost time injury frequency rate, zero fatalities	0.91 Injury rate (per 1,000 Employees)
					40% maximum turnover rate	53% Turnover rate
					10% of employees to take part in volunteering initiatives	2.5% Employee volunteers
					Community programmes for all the regions of the Company's footprint	Social projects in 2021 covered all 67 regions where Magnit operates
					Information about healthy lifestyle and nutrition to be available to all customers	We increase our nationwide outreach by implementing new partner projects to educate people on healthy lifestyles while actively developing our own initiatives
					Healthy products to be available to all customers	<ul style="list-style-type: none"> <li>The number of Health Islands in our supermarkets increased to 228; the popularity of this product category grew by 9%.</li> <li>Sales of private label health products amounted to RUB 41,487 mln, which accounts for 27% of private label sales.</li> </ul>

<sup>1</sup> 24.5% OF THE TOTAL NUMBER OF SKU WAS CHECKED.

<sup>2</sup> COMPARED TO 2020.