

• CHAPTER 2 •

Sustainability management

Sustainability

management

Q&A with Nadezhda Galaktionova,
Head of the Sustainable Development Unit



Q: What is the role of sustainability in Magnit's operations?

A: Sustainability has become an integral part of our business model. We are among Russia's largest employers with a headcount of 360,000 people. Every day, our stores attract 15 million customers. Given this scale of business, we strive to be both an economically efficient and socially responsible company.

In 2020, Magnit approved a Sustainability Strategy focusing on five key areas: reducing environmental impact, creating a responsible supply chain, taking care of employees, supporting local communities and promoting healthy lifestyles. For each of these areas, we set quantitative goals to 2025.

In the reporting year, Magnit has made notable progress towards those goals. We kept improving energy efficiency and reducing specific GHG emissions. We checked the packaging for all private label SKUs and own production for compliance with green standards while also continuing with our efforts to introduce and enhance sustainability practices in packaging. We have not put in place packaging requirements for our suppliers, nor do we plan to do so in the short term. We worked to better employment terms for our people and extended support to local communities.

Q: Which of your 2021 sustainability projects made you especially proud and why?

A: Noteworthy is the Kind Bunny project to create an inclusive environment for people with disabilities (wheelchair users, those with hearing impairments, and others). There are more than 12 million such people in Russia, and for many of them doing their shopping is a real challenge. In 2021, we trained over 4,000 employees in the Northwestern Federal District in dealing with such people to improve their customer experience. In the near future, we plan to roll out this project across our footprint and integrate the training course into our employee onboarding programme.

I would also like to praise the efforts of Magnit's team in promoting healthy lifestyles. In 2021, we made outstanding progress in this strategic domain by leveraging all resources and opportunities available to raise customer awareness and offer them healthy foods. We scrutinised all private label products for compliance with healthy lifestyle principles, identifying a target category for potential improvement of ingredients. On top of that, our Magnit Family supermarkets increased the number of Health Islands offering natural, sports and diet foods as well as sugar- and gluten-free products to 228. In 2022, we plan to continue opening such sections in Magnit convenience stores.

15 mln
customers daily

The number of Health Islands in our supermarkets increased

to 228

In the reporting year, we launched the United for Healthier Future initiative aimed at improving the quality of life for consumers and local communities across our footprint in Russia. The project united eight largest FMCG producers which signed a Code of Participants in United for Healthier Future Initiative. What's more, we were developing communication channels to promote healthy lifestyles among our employees, customers and the wider public, and foster a culture of sustainable consumption.

Q: In 2021, Magnit acquired DIXY, a large retail chain. What challenges in sustainable development and corporate governance did you face while integrating the two companies?

A: There were no changes in the management, with all DIXY executives remaining in office. At the same time, we improved a number of indicators after consolidating corporate functions. By leveraging the expertise of Magnit's HR function, we revised salaries at DIXY and reduced staff turnover as a result. Magnit's purchasing power helped DIXY obtain better procurement terms from suppliers.

Despite the lack of its own sustainability strategy, the chain ran a number of projects aiming, among other things, at support of local communities and transition to greener vehicles. Following its integration with Magnit, the company adopted our Sustainability Strategy, which we plan to update across the board to reflect DIXY's existing practices and quantitative indicators.

Q: What are Magnit's other focus areas for 2022, apart from integrating with DIXY and promoting healthy lifestyles?

A: Across the world, a key sustainability challenge is climate change. As part of the efforts to combat global warming and limit the increase in the global average temperature to 1.5°C by 2050, most countries have agreed to phase out GHG emissions. As a large business, we recognise our responsibility and take steps to reduce our carbon footprint.

We have already started to calculate direct (Scope 1) emissions as well as indirect ones related to energy and heat consumption for our own needs (Scope 2). We also plan to introduce accounting for product life cycle emissions (Scope 3). It is important to inventory emissions across all the three scopes throughout the entire value chain, from production to consumption, as we need to measure the environmental footprint of Magnit as a distribution network and contribute to combating global warming by reducing our GHG emissions.

Our approach

to management

GRI 2-12, 2-13, 2-22, 2-23, 2-24

The Company established a Sustainability Steering Committee (SSC), which is chaired by CEO, and has all heads of key business departments represented on it.

Reporting to the Board of Directors' Strategy Committee, the SSC coordinates Magnit's sustainability activities, including stakeholder engagement, and issues recommendations on strategic improvements of long-term business sustainability in response to social, environmental, resource and energy challenges. This Committee leads 16 working groups building a sustainable business model in all areas of our operations – retail, own production, supply chain, logistics, and personnel management.

Every quarter, it prepares a report on its progress and the status of Sustainability Strategy projects and initiatives, which is then presented to Magnit's 150 key managers.

The reporting year saw two SSC quarterly meetings and two Board of Directors meetings where the SSC reported on the status of sustainability projects and initiatives. The agenda of the meetings included the following key items:

- progress against all strategic sustainability targets;
- results of preparing the Sustainability Report for 2020;
- climate risks;
- promotion of healthy lifestyles;
- a sustainable supply chain.

Our core governing document is the Sustainability Strategy and 2025 goals approved by the Board of Directors. It defines the Company's priority areas and sets out quantitative and qualitative indicators linked to UN Sustainable Development Goals.

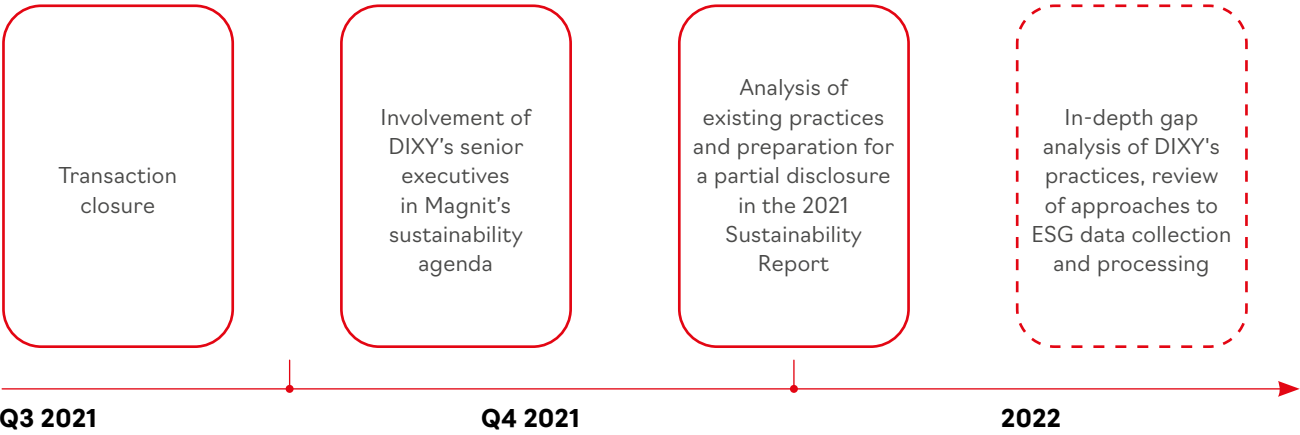
The Company has adopted a number of policies regulating its sustainable development and stakeholder engagement and formalising its commitments in priority areas. These policies are subject to regular revision and update to reflect changes in best practices and legislation. Each chapter of the Report provides references to relevant internal documents.



Integrating DIXY: sustainability management

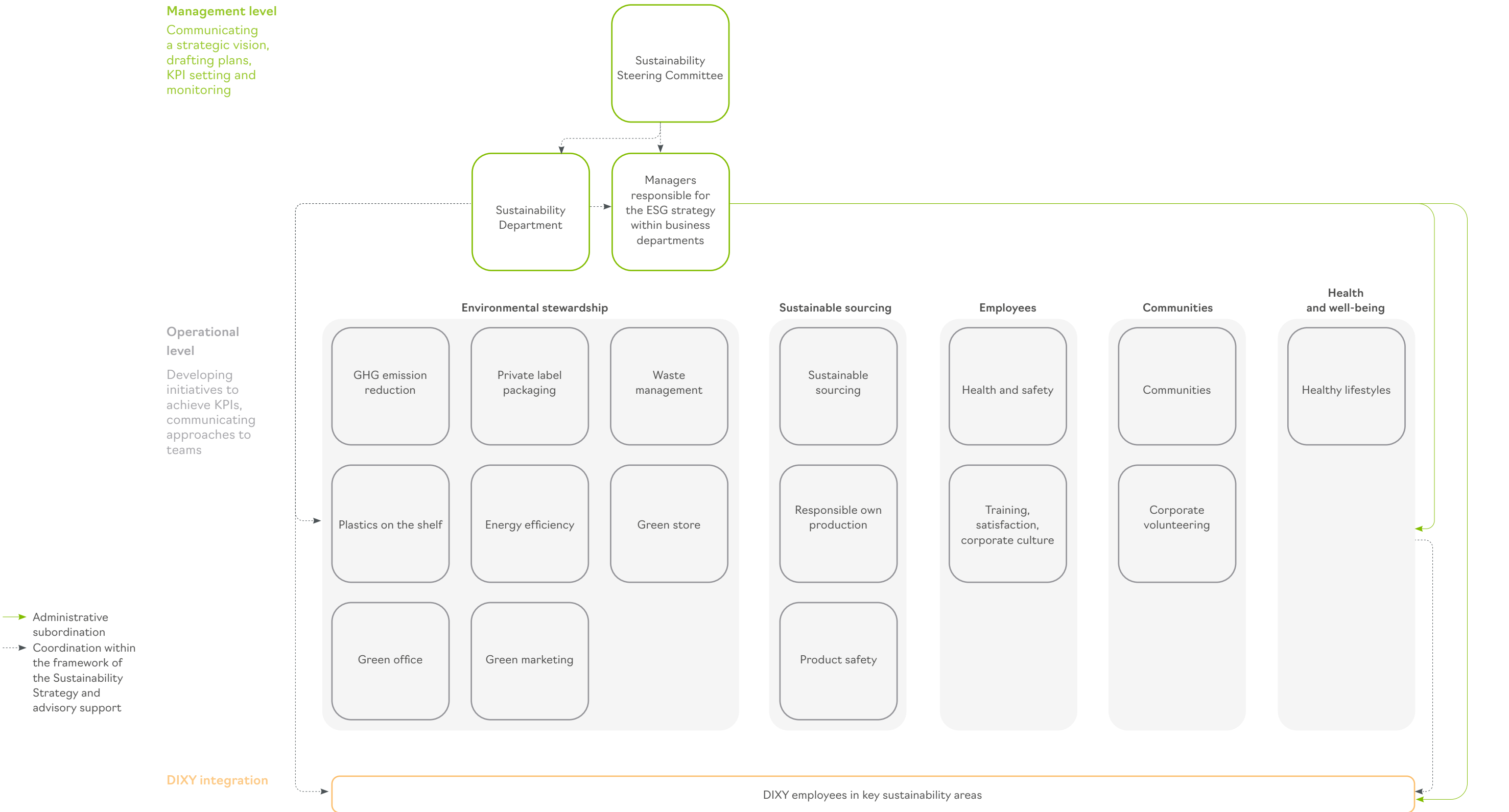
In Q4 2021 DIXY, one of the largest retail chains in the Central Federal District, became part of Magnit. From the sustainability perspective, the integration sought to involve DIXY's key managers in Magnit's ESG activities in the fastest and most efficient way.

Senior executives and key employees of functional units participated in all the 16 of Magnit's sustainability working groups. Beside engaging our colleagues in Magnit's current initiatives and projects, the integration aims at sharing the experience as DIXY had been working hard to improve labour conditions, safety and supply chain performance despite the lack of formalised practices.



Our approach to management

(continued)



UN Global Compact

GRI 2-28

Aware of global environmental and social problems caused by climate change, we strive to be an ESG leader among Russia's largest retailers by continuously strengthening and perfecting our practices. In 2020, Magnit joined the UN Global Compact focusing on integrating environmental protection, social responsibility and best corporate governance practices across its business domains.

In the reporting year, we made significant progress towards qualitative and quantitative goals set out in our Sustainability Strategy. In particular, we reduced GHG emissions and specific energy consumption.


We are open for cooperation with UN Global Compact signatories and are confident that our joint efforts and shared experience will make our businesses more sustainable for all stakeholders.

UN Global Compact principles		Chapter of the Report
1	Businesses should support and respect the protection of internationally proclaimed human rights.	Human rights
2	Businesses should make sure that they are not complicit in human rights abuses.	
3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	
4	Businesses should uphold the elimination of all forms of forced and compulsory labour.	
5	Businesses should uphold the effective abolition of child labour.	
6	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	
7	Businesses should support a precautionary approach to environmental challenges.	Environmental stewardship
8	Businesses should undertake initiatives to promote greater environmental responsibility.	
9	Businesses should encourage the development and diffusion of environmentally friendly technologies.	
10	Businesses should work against corruption in all its forms, including extortion and bribery.	Business ethics and anti-corruption

Contribution to the Sustainable Development Goals

We are aware that the scale of our business and our resources enable us to make a sizeable contribution towards UN Sustainable Development Goals (SDGs) up to 2030 adopted by the UN in 2015. As we were working hard to improve our ESG practices, we benchmarked our achievements against UN SDGs and factored in our potential contribution towards them in our plans.

In 2021, we fine-tuned our approach following a detailed analysis of each SDG in terms of their targets. We made a list of priority SDGs, formalised our actions to support them in our Sustainability Strategy and provided information on how we help achieve other SDGs and their targets.

UN SDG and its targets	Why do we prioritise it?	Our strategic goals to 2025
<div><div><div>2</div><div>ZERO HUNGER</div><div></div></div><div><div>SDG 2:</div><div>Zero Hunger</div></div><div><div><div><div>— 2.1</div><div>By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round.</div></div><div><div>— 2.4</div><div>By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality.</div></div><div><div>— 2.5(c)</div><div>Adopt measures to ensure the proper functioning of food commodity markets and their derivatives and facilitate timely access to market information, including on food reserves, in order to help limit extreme food price volatility.</div></div></div></div></div>	<p>Magnit is one of the largest retail chains that supplies goods and groceries across Russia. We do our best to offer our customers affordable and quality foods. We are the only retailer with our own production facilities, including in agriculture. We seek to maintain high quality standards, while also developing initiatives to increase the affordability of our own and third-party products for all Russians. 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.</p>	<div><div>Sustainable sourcing:</div><div><div>— development and partnership programmes for local suppliers and farmers</div><div>— responsible approach to own production and agriculture</div></div></div> <div><div>Health and well-being:</div><div><div>— healthy products available to all customers</div></div></div>

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Sustainable sourcing:

—

development and partnership programmes for local suppliers and farmers

—



responsible approach to own production and agriculture



Health and well-being:

—

healthy products available to all customers

Contribution to the Sustainable Development Goals (continued)

UN SDG and its targets	Why do we prioritise it?	Our strategic goals to 2025
<div> SDG 3: Good Health and Well-being</div> <div><ul style="list-style-type: none">3.7 By 2030, ensure universal access to sexual and reproductive health-care services, including for family planning, information and education, and the integration of reproductive health into national strategies and programmes.3.9 (d) Strengthen the capacity of all countries, in particular developing countries, for early warning, risk reduction and management of national and global health risks.</div>	As one of Russia's largest retailers, we have a unique opportunity to promote healthy eating to the nation. In our Sustainability Strategy, we have set the goal of raising awareness of healthy lifestyles and supplying healthy foods. We are actively working towards this goal, with some good progress already achieved.	Health and well-being: <ul style="list-style-type: none">healthy products available to all customersinformation about healthy lifestyles and nutrition available to all customers
<div> SDG 6: Clean Water and Sanitation</div> <div><ul style="list-style-type: none">6.5 By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate.</div>	As one of Russia's largest retailers with our own production assets, we consume a lot of water to ensure quality and effective operations. Aware of the vital need for properly managing water resources throughout the entire value chain, we run a number of initiatives to cut water consumption and apply higher treatment standards.	Environmental stewardship: <ul style="list-style-type: none">reducing specific water and energy consumption by 25%
<div> SDG 7: Affordable and Clean Energy</div> <div><ul style="list-style-type: none">7.3 By 2030, double the global rate of improvement in energy efficiency.</div>	Having studied our key GHG emission sources, we singled out indirect emissions from energy sources as main contributors to our environmental footprint. We intend to save energy and develop energy efficiency projects to consume less and minimise our carbon footprint.	Environmental stewardship: <ul style="list-style-type: none">reducing specific water and energy consumption by 25%reducing specific GHG emissions by 25%

UN SDG and its targets	Why do we prioritise it?	Our strategic goals to 2025
<div> SDG 8: Decent Work and Economic Growth</div> <div><ul style="list-style-type: none">8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training.8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.</div>	We are responsible for a lot of employees. Our business keeps growing, which creates more jobs. We take responsibility for providing decent and safe working conditions along with opportunities for training and professional development.	Employees: <ul style="list-style-type: none">ensuring employee satisfaction of at least 70%reducing lost time injuries by 50%, with zero occupational fatalitiesmaximum turnover rate of 40%
<div> SDG 12: Responsible Consumption and Production</div> <div><ul style="list-style-type: none">12.2 By 2030, achieve the sustainable management and efficient use of natural resources.12.3 By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses.12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment.12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.</div>	We seek to introduce sustainability principles along our entire value chain. Aware of our environmental footprint, we are working hard to reduce it. Packaging and waste are our key focus areas. We also strive to build a sustainable supply chain by introducing supplier assessment tools and continuously monitoring best practices and their applicability to our business processes.	Environmental stewardship: <ul style="list-style-type: none">50% private labels and own production packaging recyclable, reusable or compostable100% recyclable plastics in own operations recovered and recycledfood waste halved Sustainable sourcing: <ul style="list-style-type: none">100% responsible sourcing for socially important categories;100% responsible own production and agricultureshare of green shelf-ready packaging going upresponsible sourcing for commercial and non-commercial purchases

Contribution to the Sustainable Development Goals (continued)

UN SDG and its targets	Why do we prioritise it?	Our strategic goals to 2025
<div><div>13</div><div>CLIMATE ACTION</div></div> <div>SDG 13: Climate Action</div> <div><ul style="list-style-type: none">13.2 Integrate climate change measures into national policies, strategies and planning.13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.</div>	Confronting the climate crisis is pivotal for all industries across the globe. We understand the importance of monitoring climate risks and their impact on our strategy. To that effect, we have taken a number of steps to reduce our impact on the climate in terms of both direct and indirect GHG emissions.	<div>Environmental stewardship:</div> <div><ul style="list-style-type: none">reducing specific water and energy consumption by 25%reducing specific GHG emissions by 30%</div>
<div><div>17</div><div>PARTNERSHIPS FOR THE GOALS</div></div> <div>SDG 17: Partnership for Sustainable Development</div> <div><ul style="list-style-type: none">17.10 Promote a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organisation, including through the conclusion of negotiations under its Doha Development Agenda.17.16 Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilise and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries.</div>	As one of Russia's largest retailers we have a lot of business partners, including large international companies. By joining forces we boost our contribution to the above SDGs and implement important social and environmental projects.	<div>Communities:</div> <div><ul style="list-style-type: none">community programmes for all the regions of the Company's presence</div> <div>Sustainable sourcing:</div> <div><ul style="list-style-type: none">responsible sourcing for commercial and non-commercial purchases</div>

Overview of our overall contribution towards UN SDGs

We focus on priority SDGs, while also supporting other goals. According to our estimates, as at the end of 2021, our initiatives covered 15 out of 17 UN SDGs.

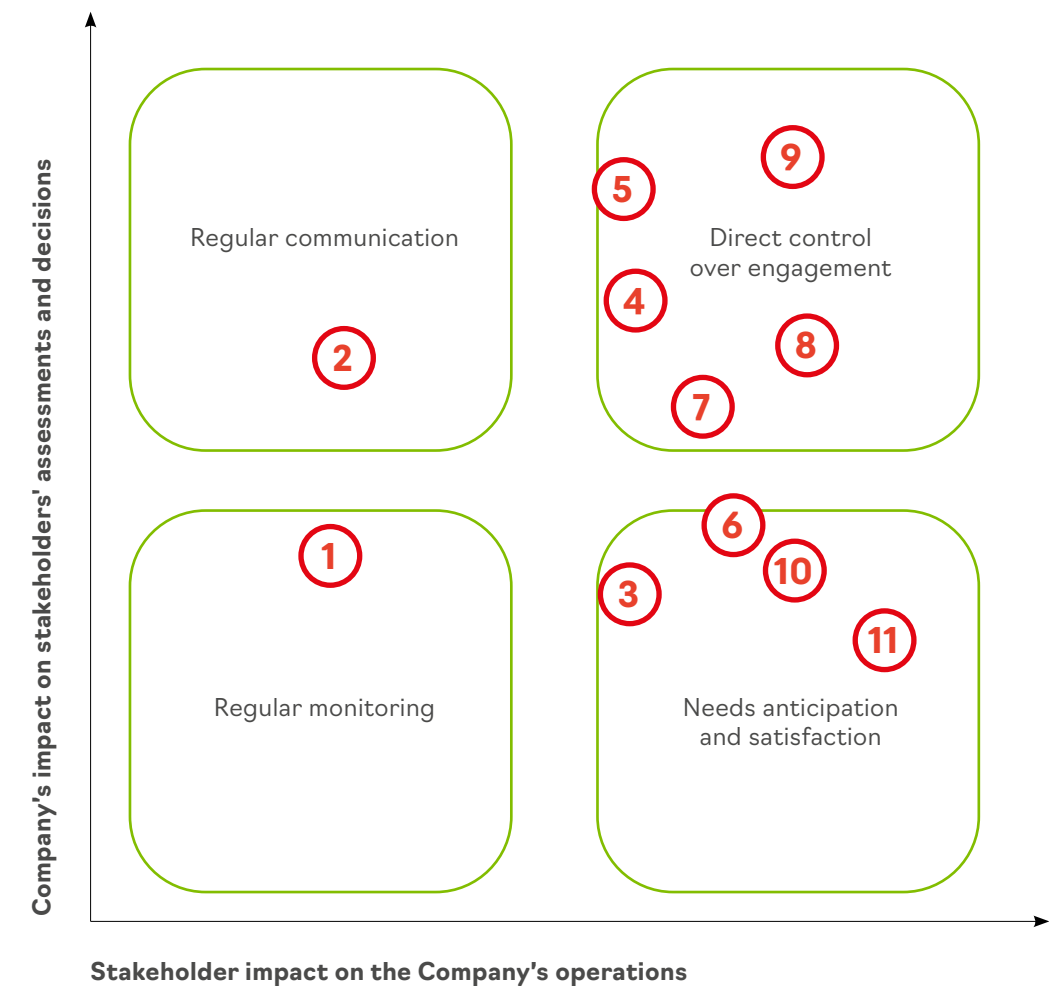
For details on our contribution towards the UN SDGs, see Appendix 2 "Overview of our contribution towards UN SDGs and related targets".

<div><div>1</div><div>NO POVERTY</div></div> <div>SDG 1: No Poverty</div>	<div><div>4</div><div>QUALITY EDUCATION</div></div> <div>SDG 4: Quality Education</div>	<div><div>5</div><div>GENDER EQUALITY</div></div> <div>SDG 5: Gender Equality</div>	<div><div>9</div><div>INDUSTRY INNOVATION AND INFRASTRUCTURE</div></div> <div>SDG 9: Industry, Innovation and Infrastructure</div>
<div><div>10</div><div>REDUCED INEQUALITIES</div></div> <div>SDG 10: Reduced Inequalities</div>	<div><div>11</div><div>SUSTAINABLE CITIES AND COMMUNITIES</div></div> <div>SDG 11: Sustainable Cities and Communities</div>	<div><div>16</div><div>PEACE, JUSTICE AND STRONG INSTITUTIONS</div></div> <div>SDG 16: Peace, Justice and Strong Institutions</div>	

Stakeholder engagement

GRI 2-29

To streamline Magnit's sustainability management and reporting, we take into account all stakeholder groups. We identify the most relevant topics to enhance communication and develop engagement with our stakeholders in those focus areas.



1. Local communities

2. Media

3. ESG ratings

4. Top management

5. Employees

6. Associations
7. Suppliers




8. Customers

9. Shareholders and investors

10. Non-profits




11. Government authorities




Our approach to engaging with different stakeholder groups

Stakeholder	Relevance for the Company	Key engagement areas	Key communication channels
 Customers	We prioritise customers in our efforts to improve the range, quality, and price of our products, as it is customers who guide us in decision-making.	<ul style="list-style-type: none">Product and service qualityChoice (assortment)Inflation (prices)Health and safety (including COVID-19 response)	<ul style="list-style-type: none">Our stores (checkout counters, information screens, price tags, in-store communications, advice from beauty experts at Magnit Cosmetics and pharmacists, etc.)Loyalty programme and the Magnit: Promos and Discounts mobile appDelivery app (number of online orders)Digital channels (social networks, etc.)Hotline
 Suppliers	Our suppliers play a leading role in providing product variety, quality, and value to our customers. We seek to build long-term win-win relationships based on trust and mutual respect to be able to develop them going forward.	<ul style="list-style-type: none">Sustained joint business developmentSales volumesCustomers assessing quality of supplier productsReduction of environmental impact	<ul style="list-style-type: none">Joint assortment planning and merchandising effortsJoint projects to reduce the environmental impact and promote sustainable development principlesIT communication platforms: supplier engagement portal, supplier relationship management (SRM) online portal and logistics softwareIndustry conferencesSupplier fairsProcurement sessions
 Employees	Our employees and their thinking are important to us as it is them who drive our business processes. We seek to be an attractive employer which keeps improving working conditions and provides opportunities for professional development and career progression.	<ul style="list-style-type: none">Fair wages and salaries;Decent working conditionsCompensation and benefitsTraining, skills coaching, and professional developmentEqual Opportunities Policy and inclusive environmentSafe working environmentMental health	<ul style="list-style-type: none">Corporate portal and mobile app for employeesCorporate UniversityProfessional knowledge assessmentAnnual engagement surveysHotline

Stakeholder engagement

(continued)



Stakeholder	Relevance for the Company	Key engagement areas	Key communication channels
 Management	At Magnit, key managers are responsible for communicating strategy to teams, target setting and follow-up. Building an effective long-term incentive system for our executives is important to us.	<ul style="list-style-type: none"> Support and involvement of highest governance body Competitive pay and employment terms Effective team 	<ul style="list-style-type: none"> Management Board meets on a weekly basis HR and Remuneration Committee together with the HR Director monitor the effectiveness of the remuneration system and assessment of key managers
 Local communities	<p>Magnit plays an important role in society, both directly and indirectly, through its supply chain, as it sells food and is one of the country's largest private employers.</p> <p>Our position enables us to address serious social challenges. We engage in combating food shortages, supporting health and well-being of the nation, promoting healthy lifestyles, responsible consumption, and education.</p>	<ul style="list-style-type: none"> Local employment opportunities Local charities and investment in social projects Contribution to the economy Environmental protection Food security 	<ul style="list-style-type: none"> Local jobs Support for charitable and social programmes Corporate volunteering programme Company promotion on social networks Education programmes for schoolchildren and students
 Investors and shareholders¹	The Company is keen to attract new investors and retain existing ones. We maintain an ongoing dialogue with the investment community, equally paying attention to all categories of investors.	<ul style="list-style-type: none"> Strategy execution and achievement of targets Changes in the strategy Dividends / capital gains Impact of the COVID-19 pandemic Macroeconomic situation, inflation, promo activity Status of business transformation Plans for retail chain expansion and M&A opportunities Business sustainability and profitability Improved working capital management Management KPIs and incentive schemes Changes in the management team Changes in the shareholding structure 	<ul style="list-style-type: none"> Press releases announcing operational and financial results Conference calls Offline and online meetings Road shows Site visits Participation in investment conferences and other events

Stakeholder	Relevance for the Company	Key engagement areas	Key communication channels
 Government authorities	Our business follows the rules established by government authorities.	<ul style="list-style-type: none"> National food security Regulation providing for access to quality products and food for all people irrespective of their income level Import substitution policy Access to the shelves for Russian manufacturers Combating and preventing the spread of COVID-19 	<ul style="list-style-type: none"> Meetings, round tables, workshops Public events with government authorities (forums, conferences) Public hearings, participation in regulatory impact assessment, and assessment of the actual impact of regulatory legal acts Working groups, including as part of the regulatory guillotine Regular reporting
 Non-profits	Partnerships with non-profits and charitable foundations are an essential tool for us to achieve our goals of supporting local communities and improving living standards in the regions where we operate.	<ul style="list-style-type: none"> Helping people in need, people with disabilities, vulnerable groups, etc. 	<ul style="list-style-type: none"> Regular organisation of events and volunteer activities involving charitable foundations Involvement of volunteers from non-profits to jointly work on social projects Provision of resources for increasing the social value created
 Media	It is important for us to provide the public with quality and reliable information, so we provide extensive coverage of our Company's operations in both the Russian and international media.	<ul style="list-style-type: none"> Providing regular, reliable information on our operations and performance across all our key focus areas Regular and open dialogue with the media 	<ul style="list-style-type: none"> Regular updates of the official website Sending the most relevant press releases to media outlets Maintaining social media accounts Arrangement of interviews with top executives Proprietary media platform "Shopper's" covering key business news from the retail sector

¹ FOR DETAILS, SEE MAGNIT'S ANNUAL REPORT ON PAGE 112.

Stakeholder engagement

(continued)



Stakeholder	Relevance for the Company	Key engagement areas	Key communication channels
 Rating agencies and other ESG score providers	For us, sustainability ratings are not only an independent assessment tool, but also a way to review our current approaches and to continuously improve our practices in both governance and non-financial disclosure. We also recognise the need of investors and analysts to obtain independent assessments of sustainability performance, which in turn depends on the quality of our non-financial reporting and the level of transparency in terms of sustainability.	<ul style="list-style-type: none">Provision of high quality and timely non-financial information in the public domainCompliance with international and Russian non-financial reporting standards and recommendations, as well as best practices in sustainabilityContinuous improvement of corporate governance in line with international best practices	<ul style="list-style-type: none">Non-financial reportingCompany's website and publicly available information on our sustainability performanceProvision of requested information to rating agencies, participation in the rating processParticipation in sustainability rankings and scorings
 Associations	We believe that by joining efforts and resources not only with businesses, but also with research institutions, government officials, and other stakeholders, we increase our contribution to achievement of the UN SDGs and facilitate the development of Russia's regions	<ul style="list-style-type: none">Promoting the sustainability principlesImplementing joint initiatives in environmental protection, responsible production and retail	<ul style="list-style-type: none">Meetings, round tables, and workshopsParticipation in working groups and joint projects

Human rights

Material topics

Human rights
Diversity and inclusion

Priority SDGs



UN Global Compact principles

№ 1-2

Key documents

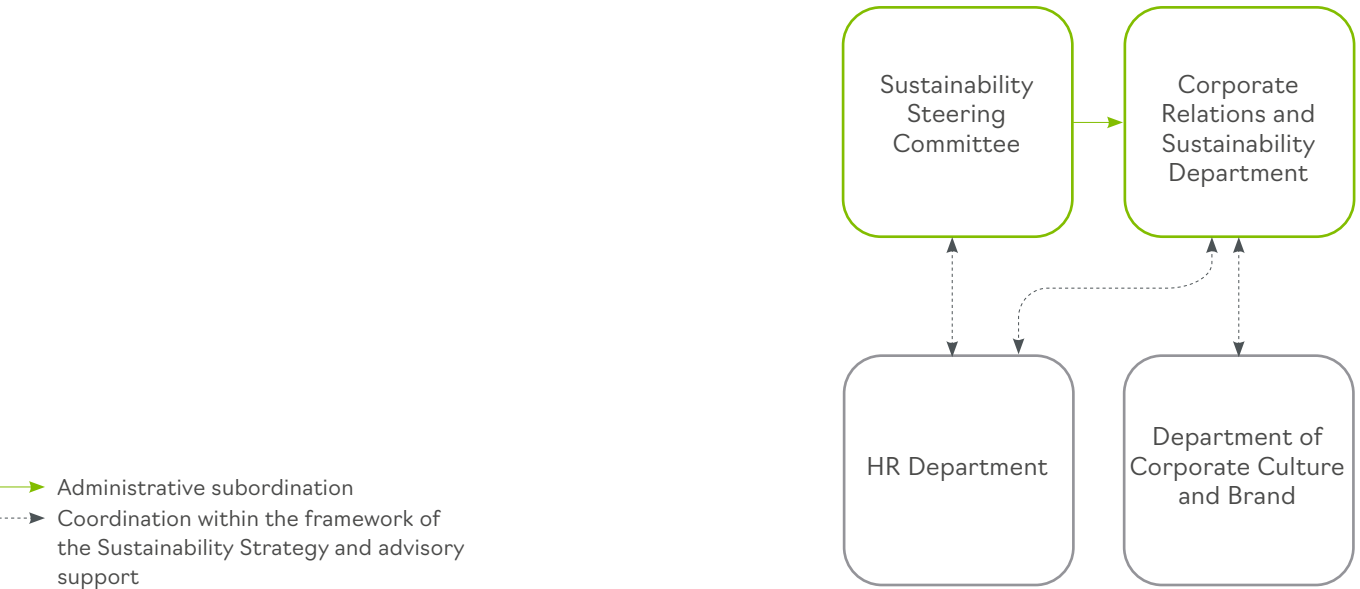
Magnit's policies and documents

- Human Rights Policy
- Code of Business Ethics

External documents

- International Bill of Human Rights
- ILO Declaration on Fundamental Principles and Rights at Work
- European Convention on Human Rights
- UN Convention on the Rights of the Child
- Guiding Principles on Business and Human Rights
- Convention on the Elimination of All Forms of Discrimination against Women
- Russian Labour Code

Governance structure



Our approach to management

Respect for human rights lies at the heart of our engagement with all internal and external stakeholders. We strictly adhere to the principles set out in our Human Rights Policy and communicate the importance of respecting human rights to our employees and contractors. We expect all of Magnit's business partners to respect human rights and are open to collaboration and joint initiatives in this area.

Our principles	Our responsibility
Non-discrimination in any form	We will not tolerate discrimination of any kind in any of our operations, including hiring practices. Our responsibility is stated in both our Human Rights Policy and Business Ethics Code (for details, see Our employees).
Creating an inclusive environment and supporting diversity	We create and maintain an inclusive environment as part of our corporate culture and share our approach with customers, local communities, and our other stakeholders (for details, see Our employees, Supporting local communities).
Zero tolerance of forced and child labour	We will not tolerate the use of child labour, forced labour, prison or military labour, slavery or human trafficking in our own operations and those of our suppliers and partners. All forms of employment at Magnit are voluntary (for details, see Sustainable supply chains, Our employees).
Zero tolerance of harassment in any form	We will not tolerate any form of harassment in the workplace. We operate an ethics hotline where every employee can find help and support from the Company (for details, see Our employees).
Freedom of associations and unions	We encourage the establishment of interest groups by employees and corporate volunteering (for details, see Our employees, Supporting local communities).
Fair and regular pay	We offer our employees stable and fair wages. All across our footprint, our salaries exceed the subsistence level set by the government (for details, see Our employees).
Holiday entitlement	All employees at Magnit are entitled to a leave, which is stipulated by the Russian Labour Code. All Magnit employees are entitled to maternity leave and we support everyone seeking to increase the employee retention rate when they return from maternity leave (for details, see Our employees).
Safe working environment	Providing a safe working environment for our employees and contractors is our absolute priority. Our primary goal is zero accidents and we do everything in our power to achieve it (for details, see Safe working environment). We are constantly improving our environmental management approaches to reduce our impact on the environment and the health of our stakeholders (for details, see Environmental stewardship).

A representative of any stakeholder group who possesses information on known or suspected human rights abuses can inform the relevant Company functions by means of any of our feedback channels:

Telephone: 8 (800) 6000-477
Email: ethics@magnit.ru
Website feedback form <https://www.magnit.com/ru/anti-corruption/>

Economic impact

Economic impact involves generation of direct and distributed economic value. These are crucial elements in promoting economic growth both at regional and nationwide levels (tax and other contributions to budgets) and for our most important stakeholder groups: customers, employees, partners, and local communities.

We provide customers with quality, affordable food and other goods and services. We create economic opportunities for partners and suppliers, offer a supportive and safe working environment for our employees, and develop local communities. We regularly pay taxes and invest in the environmental protection by devising and employing eco-efficient approaches.

We use economic value retained to further develop and strengthen our business. We seek to increase generated and distributed value by solidifying our contribution to society and enhancing our sustainability practices.

Magnit's generated and distributed economic value, RUB 'thous. *

	Stakeholder group	2019	2020	2021
Direct economic value generated		1,388,518,453	1,574,504,265	1,858,626,456
Retail revenue	Wide variety of stakeholders	1,332,928,824	1,510,070,771	1,807,751,911
Wholesale revenue		35,776,570	43,706,580	48,327,039
Lease and sublease income		3,143,997	3,153,243	4,110,784
Investment income		272,595	504,476	2,547,456
Other income		16,396,467	17,069,195	24,742,259
Economic value distributed		(1,296,163,266)	(1,458,606,203)	(1,751,226,250)
Operating costs	Suppliers and contractors	(1,096,486,409)	(1,232,478,847)	(1,469,940,898)
Employee wages and benefits	Employees	(121,677,286)	(138,639,949)	(166,606,430)
Payments to financial capital providers	Shareholders and investors	(77,774,656)	(74,643,746)	(97,240,701)
dividend paid		(29,993,007)	(29,871,472)	(48,115,232)
debt repaid		(47,781,649)	(44,772,274)	(49,125,469)
Taxes	Government bodies	224,915	(12,634,029)	(17,438,221)
including profit tax		3,015,250	(9,709,223)	(14,494,000)
Charity	Non-profits and local communities	(21,174)	(209,632)	(641,247)
Economic value retained		92,355,187	115,898,062	107,400,206

* IN ACCORDANCE WITH GRI GUIDELINES ON DISCLOSURE OF INDICATOR 201-1, WE USED DATA ONLY FROM INDEPENDENTLY AUDITED CONSOLIDATED IFRS FINANCIAL STATEMENTS.