

• CHAPTER 6 •

Sustainable sourcing

Sustainable sourcing

Sustainable supply chain

Material topics

Sustainable supply chain

Priority SDGs

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

17 PARTNERSHIPS FOR THE GOALS

2021 highlights

— **Pilot project** for ESG certification of suppliers developed.

— **Cooperation** with local suppliers and farmers extended.

— In 2021, we held about **50 procurement sessions** with suppliers from various regions.

— In 2021, we started testing a **vendor-managed inventory system** providing large suppliers with information on the current inventory.

Key documents

Magnit's policies and documents

— Responsible Supply Chain Policy

— Procedure for Selecting Suppliers through the System of Interaction with External Partners

— Procedure for Selecting Suppliers of Fresh Vegetables, Fresh Fruits and Berries, Fresh Mushrooms, and Herbs through the System of Interaction with External Partners

External documents

— Code of Good Practice of Relations between the Retail Chains and Suppliers of Consumer Goods



Governance structure

Sustainability Steering Committee

Corporate Relations and Sustainability Department

Long Shelf-Life Category Management Department

Fresh Category Management Department




Logistics Department

Commercial purchases and category management support

→ Administrative subordination

→ Coordination within the framework of the Sustainability Strategy and advisory support

Progress towards our goals

Strategic goal to 2025	2021 performance
<div><div>100% responsible sourcing for socially important categories</div></div>	<div>— Development of a pilot project for ESG certification of socially important goods suppliers, which will be further rolled out across all Magnit suppliers</div>
<div><div>Responsible sourcing for commercial and non-commercial purchases</div></div>	<div>— The Company received certificates of compliance with the international Food Safety Management System (FSSC 22000-2018)</div> <div>— We launched an initiative to use sustainable packaging for private labels</div> <div>— Magnit piloted a vertical greenhouse</div> <div>— In 2021, the Company's own products received over 100 quality awards</div>
<div><div>Partnership in the development programme for local suppliers and farmers</div></div>	<div>— Total purchases of locally produced goods increased by 16%</div>

Sustainable supply chain

(continued)

GRI 2-6

Approach to management

Magnit's supply chain consists of over 6,000 suppliers in Russia and abroad. We build honest and open relations with suppliers and contractors, which helps us effectively manage environmental, social and economic risks across our supply chain.

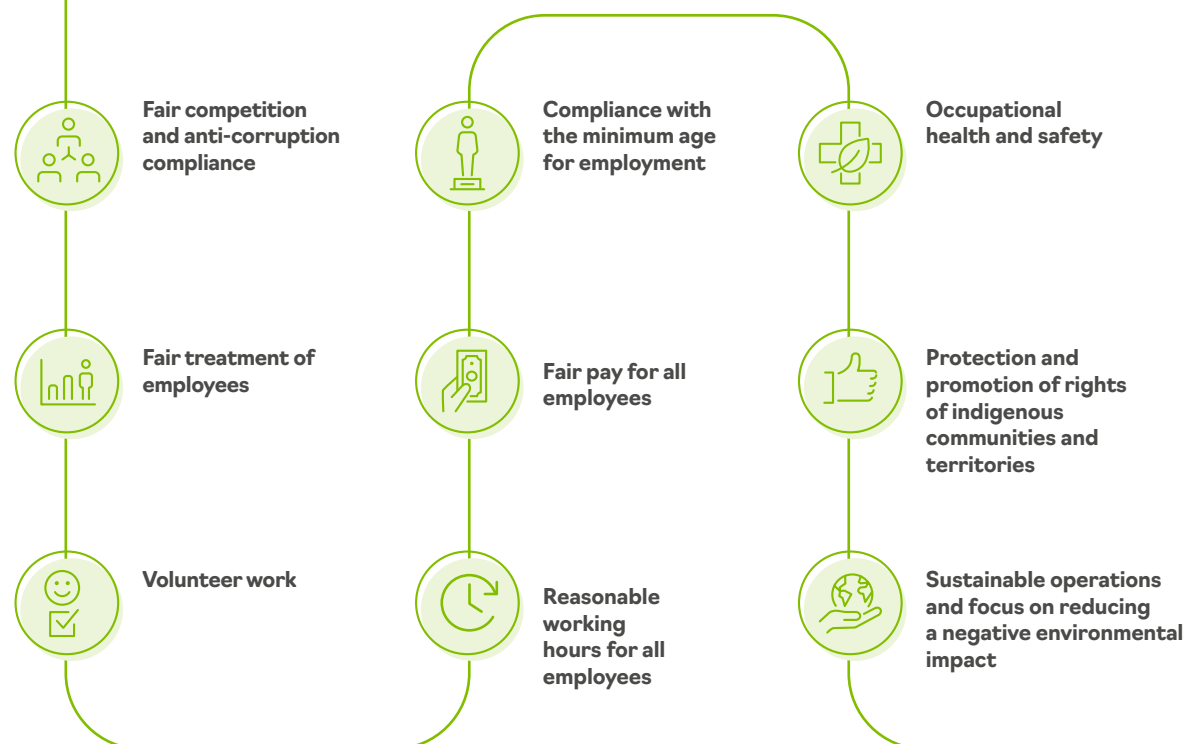
We rely on partners sharing our commitment to high standards and thus maintain cooperation with a view to feeding the nation together.

> 6,000 suppliers
in Russia and abroad

We focus on

- **Sourcing products** and raw materials responsibly
- **Reaching the highest standards** in our own agriculture and production
- **Evolving and optimising our logistics** and delivery infrastructure to improve efficiency
- **Supporting** smaller scale and local producers

Magnit's activities in this area are governed by its Responsible Supply Chain Policy, which includes the list of criteria we expect our suppliers to meet.



Magnit's key suppliers in 2021

Over 50% of the items we procure are sourced from major Russian and international FMCG companies, which have sustainability practices well integrated into their operations, and also are certified by independent entities. Most of our suppliers publish non-financial reports and disclose information on sustainable development on their official websites.



A key aspect of our supplier management rests on open and ongoing dialogue. Magnit builds relationships with suppliers through:

- joint projects to develop and manufacture new products, including eco-friendly and private label products
- developing and supporting local suppliers and farmers
- offering training to suppliers so that they have a better understanding of Magnit's requirements and expectations
- joint social charity campaigns, and
- regular procurement sessions

In recent years, Magnit has been digitalising its day-to-day communications with suppliers, accelerating the speed of information transfer and decision-making. Our dedicated analytical portal RetailService. Magnit, which is aimed at our largest suppliers, supports nation-wide product tracking and analytics. Suppliers working with Magnit on deferred payment terms can access fast finance from major banks and factoring companies. The automated interaction between our procurement experts, suppliers and factoring companies help minimise paper document flow and ensure quick access to information, data and tools.

In 2021, we carried out a pilot for a vendor-managed Inventory system that shares current inventory data with large suppliers. This system will allow large suppliers to take responsibility to restock shelves themselves, ensuring the availability of their goods.

Striving for 100% responsible sourcing for socially important categories, which is one of our goals in developing a sustainable supply chain, in 2021 we launched a project for independent ESG assessment and certification of our suppliers. Our pilot will be focused on assessment of suppliers of socially important goods.

In the reporting year, we had meetings with 15 suppliers of Magnit, including representatives of both big businesses and smaller local producers. As part of joint initiatives, we developed an approach to assess suppliers against sustainability criteria. We are now looking for a partner to carry out independent assessment, and we intend to go on with the project in 2022.

Socially important goods

According to the Russian law, the list of socially important goods includes cereals, meat, milk, eggs, bread, some vegetables and fruits, i.e. the food people need on a daily basis. The prices for these categories of goods are controlled by the government.

Sustainable supply chain

(continued)

GRI 204-1, 205-1

Supporting local suppliers

The Company strives to support smaller and local producers so that they can increase their presence on our shelves. Working with local producers helps Magnit to expand its product range, encourage entrepreneurship and support the development of local economies. Adding local products to our shelves lets us reduce the travel footprint of essential goods and offer the freshest products to our customers.

Local products are offered in two ways – Farmer's Yard, where the store displays locally sourced farm products on its shelves, and Farmer's Shop, where Magnit leases space in its stores to local producers for them to sell their products independently.

To support cooperation with local producers, we have developed a simplified standard supply contract for smaller farmers that find it difficult to meet all the requirements that we larger suppliers to meet. The new contract is aimed at producers with an annual income of less than RUB 150 mln, and those engaged in production and processing of certain types of agricultural products such as milk, meat, eggs or fish. We encourage small farms by taking first shipments of as little as 500 – 1,000 kg of goods in order to work out the supply process with them before they make any larger commitments.

In order to optimise and facilitate cooperation with small producers, we have introduced such measures as simplifying contracts, reducing paperwork and delays by going digital, and introducing shorter payment terms for goods supplied. At the same time, we monitor compliance and ensure availability of high quality farm products on our shelves.

Magnit cooperates with more than 6,000 partners, of which about half are regional. As compared to 2020, the Company increased the number of domestic suppliers by 19%. The shares of Russian-made products in socially important categories were as follows: bread and baked goods – 95%, dairy products – 59%, poultry – 59%. Magnit keeps expanding the sales geography for Russian producers. In 2021, about 250 of our partners started offering their goods beyond their home regions and were able to boost their sales.

The share of purchases from local suppliers in the total procurement amounted to about 14%, remaining flat YoY. In money terms, local procurement rose by 16%. Over the years of partnership with local producers, Magnit helped their businesses grow, supported job creation and enabled some producers to offer their products beyond the regional level and across the nation.

The shares of Russian-made products in socially important categories were as follows:



14% share of purchases from local suppliers in the total procurement

250 of our partners started offering their goods beyond their home regions

Product quality and safety

Material topics

Product quality and safety

Priority SDGs

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

3 GOOD HEALTH AND WELL-BEING

2021 highlights

- **We carried out** more than 32,000 laboratory tests of product samples provided by suppliers and our own products, as well as more than 1,500 sample tests for products made by industrial production complexes.
- **In 2021, we run a large-scale review** of the quality standards and regulations for goods sold in Magnit stores.

Governance structure



Key documents

Magnit's policies and documents

- Quality Food & Non-Food Safety Policy

External documents

- Government product quality assurance and product labelling requirements (GOST)

GRI 416-1

Our approach to management

Ensuring quality and safety of products is a top priority for Magnit. We daily serve over 15 million customers in 3,898 localities across Russia.

> 15 mln customers daily

in 3,898 localities across Russia

All-in store products must meet the statutory requirements of the Eurasian Economic Union and Russia, corporate standards, technical specifications and the terms agreed with suppliers. Magnit has a dedicated Quality Management System Department (DSMK), which is responsible for quality and safety management systems for goods sold in its stores. Product quality and safety is assured through clear standards for Magnit's own and supplier products, regular sample testing, harnessing technology and big data, staff training and regular audits.

Throughout 2021, the department continued to make improvements to quality and safety controls to maintain the high standards that our customers expect.

102

2021

magnit.com

103

Product quality and safety

(continued)

Quality and safety standards

During the year, we continued to update existing and develop new standards of product quality and safety across our retail network, improve and expand the relevant internal regulations, including documents on acceptance, transportation and storage of goods of various categories. Supplier quality requirements were also updated and communicated to our partners.

Each of our stores has an appointed Quality Controller who is tasked with running daily quality control checks making sure that stores are kept clean, and that all products meet quality standards, are properly displayed and correctly labelled and tagged.

We regularly test product samples engaging external accredited providers. In 2021, we carried out more than 32,000 laboratory tests of product samples provided by suppliers and our own products, as well as more than 1,500 sample tests for products made by integrated facilities.

more than **32,000** laboratory tests in 2021

GRI 417-1

Product labelling

For more confidence in the products we offer to consumers, we have joined the national track and trace digital system Chestny ZNAK. A digital code put on the product's label guarantees its authenticity and quality, and the marking meets the requirements of the applicable Russian law.

In 2020, Magnit launched its own tracking platform that will contain marking codes for products delivered to distribution centres and sold via its retail chain.



Integrating DIXY: product quality assurance

DIXY carries out regular quality assurance procedures which consist of several stages, including packaging and labelling control when the products arrive at stores, and control of products laid out onto the shelves. On top of that, the company practises random inspections of suppliers' production process parameters.

DIXY assesses the impact of products on health and safety through laboratory tests for compliance with regulatory requirements. Laboratory control covers all categories of goods.

Training

In the reporting year, we continued to provide training to our staff, focusing on communicating the updated standards and requirements to employees of Magnit Family, Magnit Cosmetics and convenience stores, as well as training employees of large and convenience formats in food safety, sanitation and hygiene.

Our training programmes are delivered in a variety of ways to increase engagement, including documents, presentations, cheat sheets, e-courses and videos and are aimed at all positions from floor staff to senior management.

400 audits of production facilities in 2021

Audits

Audits are a regular feature of quality and safety control. DSMK conducts audits at all stages: from the production process of suppliers to stores. In 2021, the Quality Management System Department arranged for about 400 audits of production facilities of suppliers and about 18,000 remote and on-site audits of our stores. The findings of these audits ensure that facilities are maintained at the expected standards, and help inform policies and training programmes.

To increase understanding amongst our staff on the importance and role audits have in our operations, we filmed training videos, carried out trainings and organized webinars on such main topics as: "Personal hygiene", "Quality control", "Sanitary requirements for the premises of retail facilities", "Keeping own production logs", "Shell processing rules", "Production technologies".

Together with the Department for the Import of Goods, we have been conducting a pilot project on using external providers to audits suppliers' production facilities in order to obtain reliable information on their condition and prevent the risk of Magnit accepting low-quality and unsafe products.

Product quality and safety

(continued)

Quality matters and customer communication

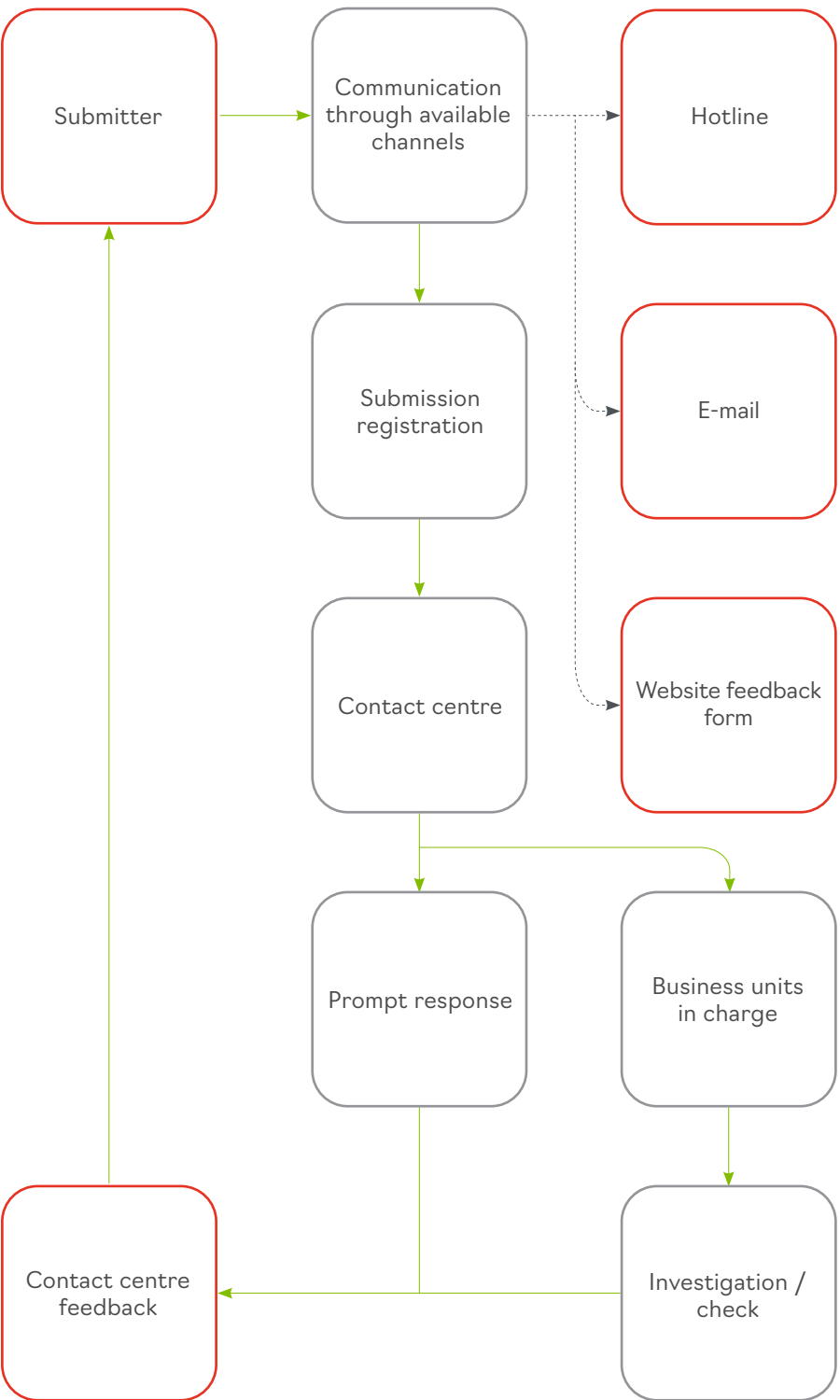
The Company has a contact centre that records all submissions using an automated system, including those on product quality, labelling and packaging. All submissions are thoroughly analysed by Magnit employees with a view to providing feedback to our customers. We pay close attention to customer comments, look into particular situations, conduct investigation and take corrective action addressing all the submissions received.

In 2021, Magnit received about 335,600 submissions from customers. The number of submissions has been growing since 2019, which is due to new openings and also to better work of employees with our automated submission handling system. We look into each of the submissions and provide feedback according to our submission handling process. The rate of the customer satisfaction with our responses went up to reach 80% in 2021 versus 75% in 2020.

Where a product does not meet the required standards and is flawed, we discuss it with the relevant supplier and make sure they correct the situation. The product items already sold are recalled, and the remaining ones are not offered in our stores any more. In addition, Magnit and its suppliers jointly work on improving the product quality and preventing low-quality goods from getting to our shelves.

about **335,600** submissions from customers in 2021

Handling Magnit customers' submissions



Customer surveys

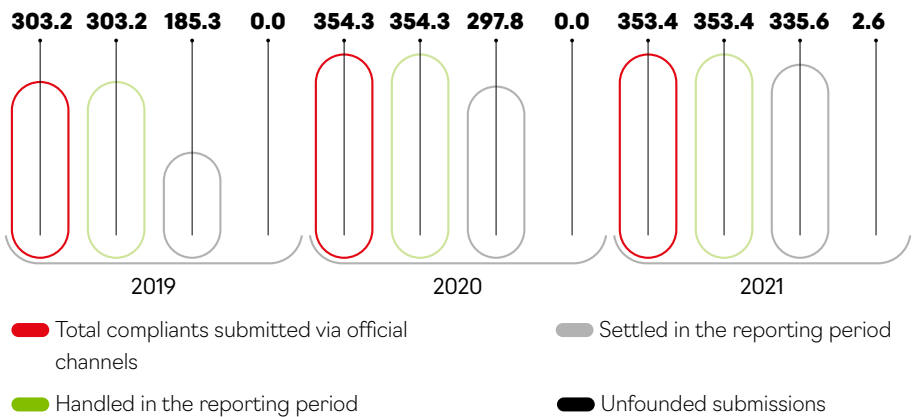
It is essential that we take customer opinions into account when selecting products for our stores, designing advertising campaigns, setting prices and planning promos. We regularly do customer satisfaction research, both online and through interviews to get NPS results. In 2021, our NPS showed positive dynamics across all formats. In 2022, we are planning to launch a project to assess satisfaction with visits to our stores.

We hold annual customer satisfaction surveys, including with regard to the Company's sustainability progress. The 2021 survey results confirmed that our customers are keen to learn more about sustainable development. The survey findings showed that

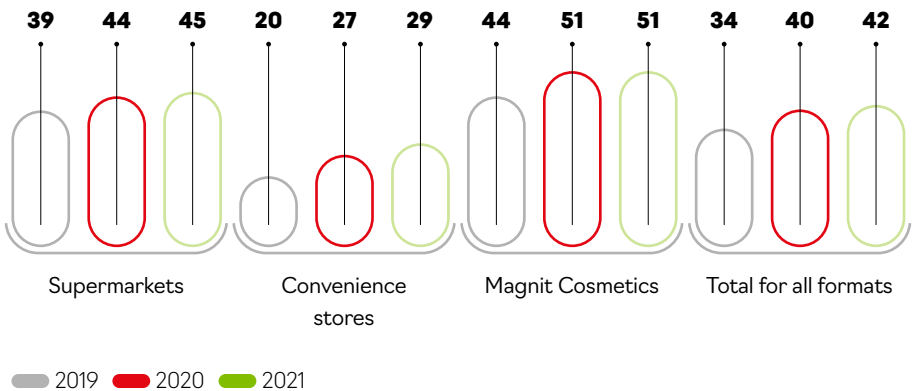
— A vast majority of the recipients (96%) agreed that Magnit thoroughly controls the quality of products it sells

- Most of the recipients (90%) pointed out the Company's responsible approach to its own agricultural and food production
- 88% agreed that we work with companies operating in compliance with labour, environmental, ethical and social standards
- On average 75% agreed that we keep accurate records of our food and plastic waste which is sent to landfill
- Only 64% agreed that we keep accurate records of our water and energy consumption
- Just over half (57%) believe that we keeping accurate records of our GHG emissions

Customer submissions



NPS by Magnit formats



Whilst the results show a positive response to the quality of our products and our approach to production, the survey also prompts that we could be doing more around climate related topics, and promote a greater understanding of the work we are already doing to our customers

Own production

Material topics

Product quality and safety

Environmental stewardship

Priority SDGs

2 ZERO HUNGER

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

2021 highlights

Magnit's own production

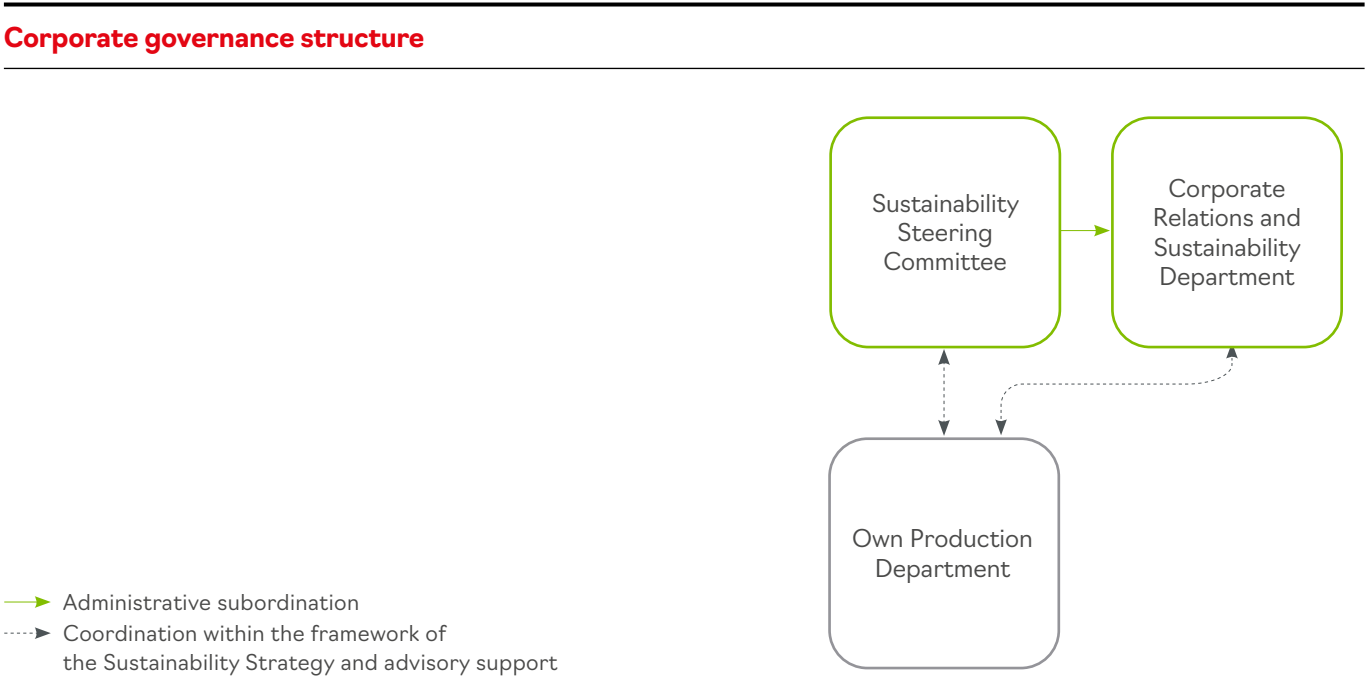
totalled 362,000 tonnes, up 17% YoY.

An initiative was launched to use **sustainable packaging** for private labels.

We **piloted a vertical greenhouse** next to the superstore in Krasnodar in partnership with the Israeli company Vertical Field.

Magnit was **certified for compliance** with the international Food Safety Management System (FSSC 22000-2018).

Company's own products received 22 gold and 15 silver medals, as well as 63 diplomas following participation in various quality assessment competitions in 2021.



Key documents


Magnit's policies and documents

- Own Brand Packaging Policy
- Quality Food & Non-Food Safety Policy

External documents

- Russian Federation Food Safety Doctrine
- National and international standards, guidelines and recommendations for sustainable production, food systems, and agriculture

Progress towards our goals

Strategic goal to 2025	2021 highlights
<div><div>100% responsible own production and agriculture</div></div>	<ul style="list-style-type: none">Magnit checks both its own packaging materials and those of its suppliers to ensure that the packaging is as sustainable as possible.Magnit assessed the feasibility of using green packaging for its private labels. As at the end of 2021, 38.5% of SKUs were ready to be promptly transitioned to sustainable packaging, 24.5% could be transitioned after investing into raw materials for packaging, and 37.0% were not ready for the transition due to the current lack of optimal solutions.

Our approach to management

We offer our customers the best quality to price ratio thanks to our own production that enables us to monitor quality at all stages of the production cycle and avoid extra mark-ups on goods.

Magnit is the only food retailer in Russia with its own food production facilities. Magnit's production assets are spread across 7 regions of Russia and include 13 industrial production and 4 agricultural complexes that supply our shelves with confectionery, pasta, pastry, and frozen ready-to-cook products, as well as fresh vegetables, herbs and mushrooms all year round. Combined, Magnit's in-house production facilities deliver more than 360,000 tonnes of goods every year.

Own production

(continued)

The Company's own products are manufactured under its private labels – My Price, Magnit, and Magnit Freshness. In total, industrial production complexes supply the chain with around 760 SKUs.

Magnit's largest facilities are located in the Krasnodar Territory. One of them is the Green Line greenhouse complex, which covers over 86 ha and grows organic vegetables and herbs. Magnit's industrial park in Krasnodar is home to Kuban Baked Goods Factory and Konditer Kubani, two of the Company's largest food production assets for manufacturing pastry, pasta and confectionery products. These facilities are equipped with modern production lines and meet high quality assurance standards. Magnit also owns one of Russia's largest mushroom growing facilities which almost completely satisfies its need in fresh champignons.

In late 2020, we launched the Tikhoretsk greenhouse complex, which reached its design capacity in 2021 and became the Company's largest greenhouse facility spanning 247 ha. In 2022, we plan to begin the construction of a berry production facility, which will enable Magnit to substitute a significant portion of imported berries with domestic ones, especially out of season. The facility is scheduled for launch in 2023.

Magnit's own production

totalled over **360,000** tonnes

industrial production complexes supply the chain with

around **760** SKUs

Greenhouse production

Magnit owns two greenhouse complexes for growing vegetables, as well as one of the largest mushroom growing facilities in the country.

The greenhouse complexes use hydroponics to produce a stable yield, maximise output, whilst reducing the consumption of water and fertilizers, and preserving large areas of land from intensive use. This highly efficient production method ensures we can make available all year round this otherwise seasonal produce, thus reducing the carbon footprint of imports.

The mushroom growing facility has a reservoir to collect rainwater which is later used for making compost. This approach reduces the intake of water from the nearby artesian wells, as well as the production process costs. This technology helped save 4.2 thous. cbm and 4.5 thous. cbm of drinking water in 2021 and 2020, respectively; in total, this volume is comparable to the area of 3–4 Olympic-size swimming pools.

We continually explore new technologies that would unlock more sustainable and organic solutions for growing agricultural products. For example, we actively leverage entomophagy (insect predators), which is an eco-friendly and highly effective way of combating pests. We are also looking into robotics to minimise human interaction with crops.

Grain crops and vegetables span 3,566 ha of our arable lands, where we have adopted deep tillage technology to reduce soil erosion. We take every effort to minimise chemical load on plants and land and use alternatives wherever we can.

Year after year, Magnit has been implementing an initiative to reduce its environmental footprint by using CO₂ exhausted from boilers for additional fertilizing. Not only does this help reduce our carbon footprint, but also boosts the vegetable yield by up to 15%. The use of the system resulted in reduction of CO₂ emissions at Plastunovskaya Greenhouse and Tikhoretsk Greenhouse complex by 15% and 18%, respectively. The initiative is equivalent to planting more than 165,000 trees a year in terms of CO₂ reduction.

Vertical greenhouse

In autumn 2021, we opened our first vertical greenhouse in partnership with the Israeli company Vertical Field. The greenhouse, located next to the superstore in Krasnodar, has begun growing four types of herbs. Having an urban farm like this gives us confidence in our ability to provide a stable year-round supply of fresh produce to stores without any seasonal restrictions. Thanks to this herbs growing technology we are able to save on logistics costs associated with delivering produce to stores. Besides, the technology needs approximately 90% less water as compared to conventional greenhouses.



The reduction of GHG emissions from refrigeration equipment used in own production is a major focus for Magnit. To this end, the Company is reducing its consumption of Freon (R22), replacing it with an eco-friendly, bio-degradable refrigerant for air conditioning and process needs of in-house production.

In 2018, two refrigerator plants fitted with ammonia refrigeration units were constructed and commissioned at Kuban Factory of Bakery Products and Kuban Confectioner located in the Krasnodar industrial park. They are used for maintaining climate control and for process operations.

In its responsible production, Magnit exercises a proactive approach to mitigate its potential environmental impact and reduces its GHG emissions in line with the applicable ESG requirements.

Quality of products

Magnit's own production facilities have implemented the Food Safety Management System based on HACCP¹ principles and are certified in accordance with GOST R ISO 22000-2007 and the international Food Safety System Certification (FSSC 22000 v.5).

In 2021, two of Magnit's largest production facilities, Kuban Factory of Bakery Products and Kuban Confectioner, as well as Tverskoye, a subsidiary of TD-Holding, received certificates of compliance with the international Food Safety Management System (FSSC 22000-2018).

Case: Lean production

The Company's Own Production Department has a Lean Production Unit that has been continuously operating since 2019.

Lean production is a management approach based on improving product quality while reducing all types of losses with an aim to optimise the production process and thus reduce customers' costs.

Our own facilities employ various tools and techniques of lean production, including 5C, a rationalisation and continuous improvement system, SMED, and elements of TPM.

This area is inextricably linked to the economy, employee development, environmental protection and energy efficiency.

Our lean production efforts have earned national recognition: in 2021, the team of Kuban Confectioner secured second place in the first Rationalisation and Productivity Cup – Process Factory competition run by a non-profit organisation Skills Development Agency (Worldskills Russia).

In the Krasnodar Territory, TD-Holding earned a silver medal in the Path to Perfection contest, a lean production technology competition.

¹ HACCP (HAZARD ANALYSIS AND CRITICAL CONTROL POINTS) IS A SYSTEM FOR IDENTIFYING, ANALYSING, CONTROLLING AND MANAGING FOOD PRODUCTION RISKS.

Own production

(continued)

Using green packaging

Every year, we seek to increase the share of green packaging used for private label SKUs and our own products. Concurrently, we are exploring innovations for reducing the total amount of packaging and are looking for ways to increase the share of bio-degradable materials that we use.

We assess packaging materials of our suppliers to ensure that our packaging is as sustainable as possible.

Our counterparties that deliver plastic packaging for Magnit's production needs have switched to shrink wrap made of recycled plastic and are supplying the Company with thermoplastics for the bulk of our recyclable plastic packaging.

Since 2019, we have reduced our packaging material thickness by 9.5% and continue our optimisation efforts. This approach helps reduce the amount of total packaging waste without sacrificing productivity.

In 2021, Magnit launched an initiative to use green packaging for private labels. Green packaging is recyclable and contains no components harmful to people, such as phosphates, phthalates, active chlorine, heavy metals or other hazardous substances. The materials are dye and fragrance free and are not toxic to aquatic life.

As part of this project, we check packaging of all private labels and own products. So far, we have assessed nearly 2,000 SKUs, taking into account the following characteristics of each product:

- sustainability of the current packaging,
- timing and cost of transition to green packaging,
- readiness of suppliers to transition to green packaging.

Currently, 38.5% of Magnit's SKUs are ready for an immediate transition, while the packaging of 24.5%, although can be replaced, will require further work to find better solutions. 37% of SKUs will require a more innovative approach, as introduction of eco-packaging for those goods would significantly affect the cost of production, thus making them less marketable.

We are currently in the process of converting the entire private label product range to eco-packaging, which would enable us to track progress as regards the share of green packaging versus conventional packaging used for private labels. In addition, we are on a working group on the ECR platform designed to exchange experiences between manufacturers and retailers to improve the quality of products and customer service. As part of the working group, Magnit engages in discussions on an industry standard for green packaging with suppliers and retailers from 20 European countries.

In June 2021, we launched Gardenica, our private label for eco-friendly household cleaning products. Gardenica products are safe for humans and the environment, with all packaging made from recyclable materials. The development of this product range reaffirms Magnit's commitment to provide affordable, reliable and eco-friendly products and encourages our suppliers to follow suit..

 (For details on our Gardenica brand, see Responsible marketing).

Our accolades

In 2021, Magnit's responsible own products and private labels were featured in a number of quality awards, yielding the Company 22 gold and 15 silver medals, as well as 62 diplomas.

For the third year running, we successfully participated in the international Quality Assurance awards. In the reporting year, 19 SKUs garnered gold medals, which is the highest possible award, while 10 SKUs brought home silver medals and another two were awarded with diplomas.

Our facilities were also featured in the 100 Best Goods of Russia nationwide competition for the second year in a row. Following the regional and federal stages of the contest, 9 SKUs were awarded prizes, with another 15 receiving diplomas. Besides, this year's competition was a major milestone for our production facilities, which, for the first time ever, received the Taste of Quality award.

22 gold medals

15 silver medals

were awarded to Company's own products in various quality assessment competitions in 2021

Responsible marketing practices

Material topics

Responsible marketing

Priority SDGs

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

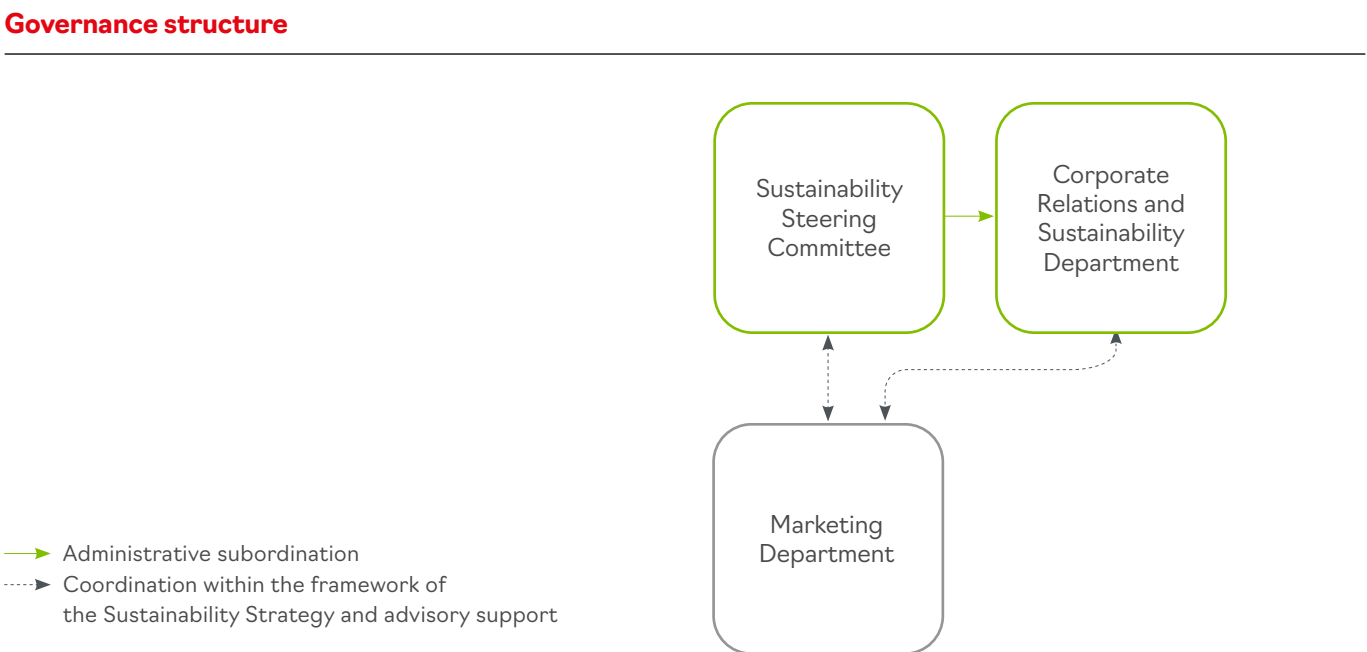
17 PARTNERSHIPS FOR THE GOALS

2021 highlights

– Opening of three new playgrounds built entirely from recycled plastic as part of the Give Plastic a Second Life initiative launched jointly with Procter & Gamble.

– Launch of Gardenica, Magnit’s own brand of eco-friendly household cleaning products.

– 17 joint partnership projects aimed at raising customer awareness of sustainability, environmental protection and charity.



Key documents

Magnit's policies and documents

– Charity, Sponsorship and Volunteer Policy

– Code of Business Ethics

– Regulation on the Information Policy

– Health and Wellness Policy

– Quality, Food & Non-Food Safety Policy

External documents

– Federal Law No. 38-FZ “On advertising”

Our approach to management

We deeply value the trust of our customers, suppliers and partners. When developing marketing initiatives, we recognise the impact of advertising on the society and take a responsible approach to communicating reliable information. Our marketing initiatives, including advertising, promotional campaigns and social projects, always fully comply with legal regulations, ethical standards and voluntary commitments.

Magnit recognises the importance of ensuring that the food and non-food products we manufacture and sell boast the highest degree of quality and safety. We also seek to ensure transparency as regards our products and communicate information on the safety and quality of our food and non-food goods to our employees, customers and other stakeholders.

As one of the nation's largest retailers, we have the power to influence the habits of a wide range of customers and thus aim to promote the principles of sustainability both through our private labels as well as through partnerships with major brands whose products are sold by Magnit.

We aspire to improve the quality of life of our customers all across Russia. Our marketing tools are aimed at promoting healthy lifestyles and products for a well-rounded diet. We place a particular focus on monitoring marketing communications relating to alcohol and tobacco products. Safeguarding our customers' personal data that can be used for marketing purposes is an overriding priority for Magnit.

(For details on personal data protection, see Information security).

Responsible marketing practices

(continued)

Green marketing: Gardenica, a brand of eco-friendly household chemicals

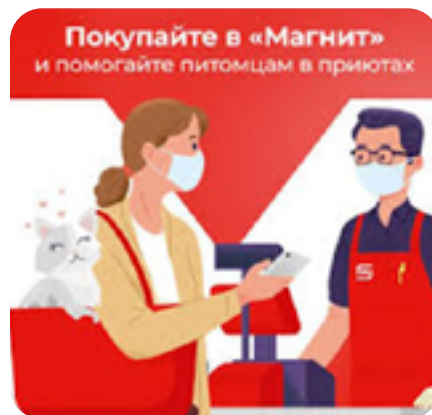
In June 2021, we launched Gardenica, our private label for eco-friendly household cleaning products. The development of this product range reaffirms Magnit's commitment to provide affordable, reliable and eco-friendly products and encourages our suppliers to follow suit.

Gardenica products are safe for humans and the environment, with all packaging made from recyclable materials. Gardenica is the first private label of consumer goods in Russia to be certified under the international Vitality Leaf standard.

Gardenica's assortment comprises 19 SKUs; among them are laundry, household cleaning, dishwashing and baby care goods. These products are stocked on special 'eco-shelves' in Magnit Family and Magnit Cosmetics outlets.

Partnership projects

We actively promote sustainability initiatives by cooperating with our partners, major producers of food and non-food goods. In 2021, we implemented 17 joint partnership projects aimed at raising customer awareness of sustainability, environmental protection and charity.



Animal care

Magnit launched a charity campaign as part of its mutual loyalty programme with the pet food manufacturer Pedigree. Following the two-month project, the dog food manufacturer Mars donated 5% of sales revenue received as part of the campaign to homeless animals foundations.



Environmental protection

In 2020, Magnit partnered with Procter & Gamble to foster sustainable development in Russia. One of the bigger sustainability initiatives launched via this partnership was the social and environmental campaign named Give Plastic a Second Life. Through this initiative, we have launched 73 reverse vending machines for collecting household plastic in Moscow, Krasnodar, Adler, St Petersburg, Nizhny Novgorod and Sochi. In 2021, the recycled plastic was used to build five playgrounds.



Social initiatives

In April 2021, we supported an initiative launched by the baby food manufacturer Agusha, under which Wimm-Bill-Dann donated RUB 1 to the Naked Heart Foundation from each own-brand cream yoghurt with the #RightToBeHappy label sold. For Agusha products bought in our stores, the amount donated to the fund would double.



Educational projects

Magnit seeks to instil respect for the environment into the nation by organising and participating in public educational campaigns. The Eco Curious Academy was one of the initiatives launched jointly with Henkel Rus in 2021. Customers who met the conditions of the promotional campaign were given access to online classes on ecology and responsible consumption.

We also took part in a women's health project launched jointly with Kotex, a manufacturer of feminine hygiene products, and organised giveaways for customers with a guaranteed prize of an online course on women's health.

17 joint partnership projects were implemented in 2021