

Magnit contributes to the overall efforts to combat climate change by controlling and minimising the climate risks in our operations, implementing energy-efficient solutions to reduce GHG emissions. To reduce the negative impact on the environment, we take measures to prevent waste generation and increase the share of waste disposal, use water resources rationally, and reduce air emissions.



Material topics

- Water resources
- Waste management
- Sustainable packaging
- Climate change and energy

Contribution to the UN SDGs



Contribution to the achievement of the national goals and projects of the Russian Federation

Goals

Comfortable and safe environment for living

Projects

Environment

Principles of the Social Charter of the Russian Business (Russian Union of Industrialists and Entrepreneurs, RSPP)

Conservation and climate agenda

We consider the preservation of the environment to be an important universal value, we proceed from the understanding that solving the problems, including those related to the climate change, ensuring the sustainability of ecosystems, is essential for the further development of business and society, maintaining peace and security.

1 As compared to 2019.
 2 Reduced by 6% as compared to 2022.
 3 Reduced by 4% as compared to 2022.
 4 Reduced by 8% as compared to 2022.
 5 Reduced by 3% as compared to 2022.

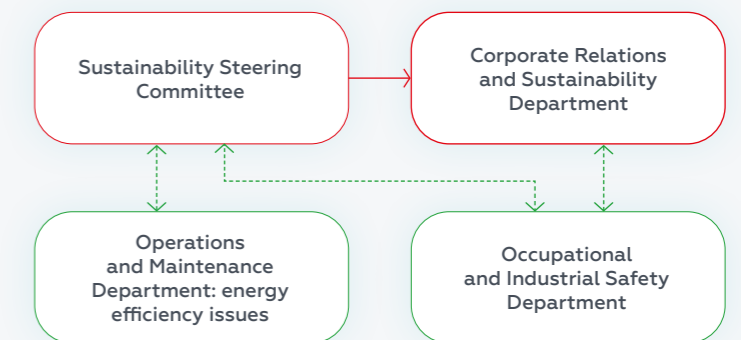
Management approach

GRI 3-3

Magnit takes a responsible approach to the conservation of the environment and climate change. The Company complies with the requirements of the effective legislation, takes measures for the rational use of natural resources, implements the environmental measures to minimise its current and potential negative environmental impact, and implements the projects to reduce GHG emissions.

The organisational structure of the climate change and environmental protection management implies the involvement of the authorities of various levels in the implementation of the strategic goals and objectives.

Organisational structure



○ Management level
 ○ Operational level
 → Administrative subordination
 --- Coordination in implementing the Sustainability Strategy, advisory support

The Sustainability Steering Committee reviews the environmental and climate projects and initiatives proposed by the Corporate Relations and Sustainability Department and decides on their subsequent support and implementation.

With regard to the energy efficiency issues, the Operations and Maintenance Department analyses the energy consumption and identifies deviations, searches for solutions to eliminate the deviations, monitors the market for energy efficiency proposals, and implements the energy efficiency projects. The Occupational and Industrial Safety Department is responsible for assessing the impact of the legislative and other environmental protection requirements on the Company's activities, monitors GHG emissions, develops measures, and assesses the possibility of using low-carbon technologies and materials, solutions, services, and scientific developments.

2023 results

31%

reduction in specific GHG emissions against 2019

18%

reduction in specific electricity consumption against 2019

58%

reduction in specific water consumption against 2019

30%

reduction in the amount of specific plastic waste generation YoY

Magnit strategic goals 2025

Goal	Result
50% of packaging for private labels and own production is recyclable, reusable or compostable	68% of the Company's private labels packaging is recyclable, reusable or compostable
100% collection and recycling of recyclable plastic for the purposes of own production	100% of plastic waste was recycled in 2023
reduce specific food waste generation by 50% ¹	in 2023 the amount of specific food waste generation was reduced ² by 59% as compared to the baseline level of 2019
reduce specific water consumption by 25% ¹	in 2023 specific water consumption was reduced ³ by 58% as compared to the baseline level of 2019
reduce specific GHG emissions by 30% ¹	31% reduction ⁴ in specific GHG emissions compared as to the baseline level of 2019
reduce electricity consumption by 25% ¹	18% reduction ⁵ in specific electricity consumption as compared to the baseline level of 2019

Magnit has created a database of internal regulatory documents that formalise the main approaches to managing the environmental and climate issues. In addition, Magnit takes into account the requirements of national and international climate change documents, such as:

- The Paris Agreement and national documents on its approval;
- 2050 Strategy of Social and Economic Development with Low Greenhouse Gas Emissions;
- Federal Law No. 296-FZ “On limiting greenhouse gas emissions” dated 2 July 2021;
- Decree of the President of the Russian Federation No. 812 “On Approving the Climate Doctrine of the Russian Federation” dated 26 October 2023;
- Greenhouse Gas Protocol standards.

Internal environmental and climate documents

- Environmental Protection Policy
- Packaging Waste Policy
- Own Brand Packaging Policy
- Recommendations for POSM equipment suppliers
- Climate Change Policy
- Energy efficiency programme

The Company actively interacts with the stakeholders on the issues related to the climate change and minimising the negative environmental impact of its own business, participates in the environmental initiatives and ecoawareness competitions. We cooperate with the state authorities and propose waste management legislation improvements, take part in forums, round tables and meetings on the environmental protection, and share experience in implementing the best practices with the colleagues, including expert councils.

We regularly improve the competencies of our environmental specialists. In 2023, the training covering numerous topics was conducted by both outside organisations and employees of the Environmental Protection Department. Participants learned about various aspects of environmental legislation on waste management, inventory of air emissions, development of a draft sanitary protection zone and organisation and implementation of control measures at the borders of the sanitary protection zone, and environmental payments. In addition, Magnit organised additional training on the collection and disposal of lamps for responsible employees based on the Company’s updated requirements on lamp handling. In total, 21 trainings were held in the reporting period.

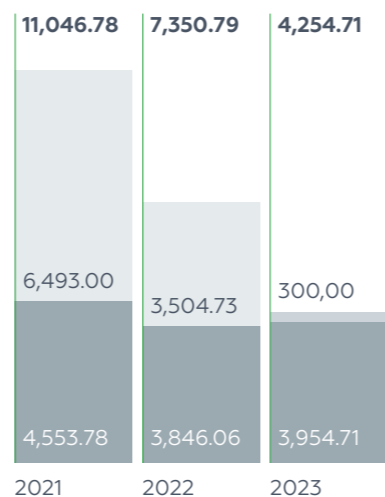
GRI 2-27

In 2023, 47 inspections by supervisory authorities were performed at the Company’s enterprises. Minor violations were identified related to the inadequate sanitary condition of the territory adjacent to the sites with waste containers. The total amount of fines paid by Magnit amounted to RUB 300 thousand. Measures were taken to clean up the territory in order to eliminate the violations. No incidents causing significant environmental damage were recorded in the reporting period.

In 2023, the amount of mandatory payments amounted to RUB 4.25 million, most of them – 93% – were payments charged for negative environmental impact in accordance with the established limits. The total amount of payments fell by 42% as compared to the previous year due to a reduction in the number of audits by the regulatory authorities.

Mandatory environmental payments, RUB ths¹

GRI 2-27



- Payment for excessive negative impact
- Payment for negative environmental impact within the established limits

In 2023, the environmental costs amounted to RUB 3,582.71 million. In the reporting period, the cost structure did not change significantly as compared to the previous year.

Structure of the environmental protection costs, RUB million

Activities	2021	2022	2023
Waste management	2,505.30	3,120.72	3,067.95
Collection and treatment of wastewater	361.17	424.52	433.67
Air protection	25.91	66.33	66.80
Protection and restoration of land and water resources	2.93	6.91	12.13
Biodiversity protection	0.00	0.00	2.17
Total	2,895.31	3,618.47	3,582.71

Waste management

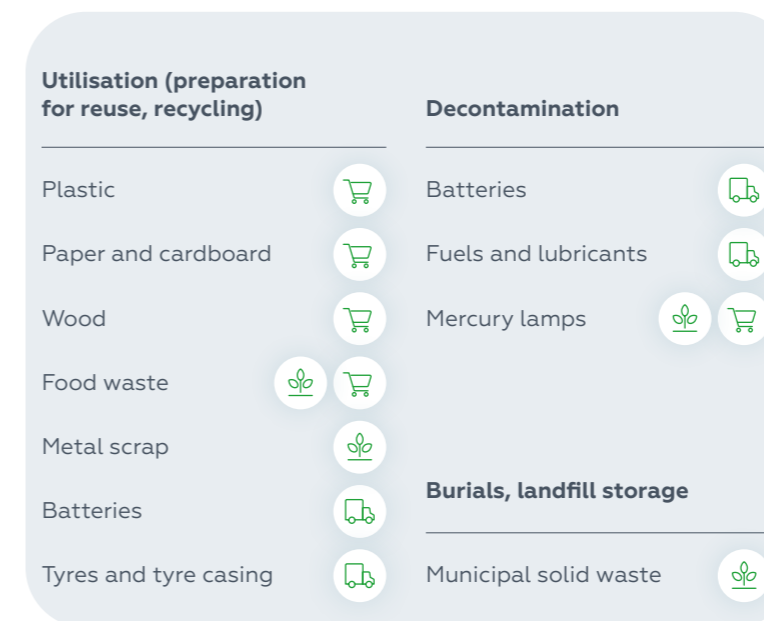
Management approach

GRI 3-3, 306-1, 306-2

One of the focuses of the Company’s Environmental Protection Policy is to improve the waste management efficiency. Magnit reduces the amount of waste generated and increases the share of waste reuse and recycling. Almost 100% of materials such as plastic, cardboard and paper are recycled. In addition, the Company improves packaging of its private labels and strives to use only materials that are safe for human health and the environment. These liabilities are specified in [Packaging Waste Policy](#) and [Own Brand Packaging Policy](#).

The main environmental impact is caused by waste generated during the sale of goods in retail outlets: food waste and packaging waste, including plastic waste. Significant amounts of waste are also generated in distribution centres.

The main types of waste generated and management methods



Sources of wastes

- Shops, logistic centres
- Own production and agricultural activity
- Logistics

¹ Hereinafter, the calculation includes DIXY indicators (unless stated otherwise).



Magnit stores consistently implement the initiatives to increase the share of waste recycling and reducing waste generation. In addition, the Company develops new standards and recommendations for the partners. The Company's projects also help store visitors to efficiently dispose of household waste.

Waste reduction initiatives of the Company's retail network

Green prepacks

In 2023, together with the partners, Magnit developed Russia's first **Voluntary standard of processed prepacks**. Prepacks are branded racks for goods that are delivered to stores with already stacked products. The racks are made mainly of cardboard, but a large number of additional metal, plastic, and sometimes concrete elements prevents their recycling. The suppliers are advised not to use metal and plastic elements and lamination in branded racks. It is proposed to label prepacks that meet the requirements of the standard. Magnit was the winner in the **Environmental and Business category of the Change Management. Visionaries award from Project +1, inter alia, for the development of the standard.**

No more paper receipts

In 2022, our customers can refuse from paper receipts by selecting the appropriate option in the Magnit application. This helps reduce paper waste and conserve the natural resources required for paper production. In the reporting period, we launched the process of testing products made from paper receipts (green fibre) for safety.

Collection of batteries

600 battery collection containers are installed in Magnit stores throughout the country. This initiative helps prevent hazardous chemicals from entering the environment and teach visitors a responsible attitude to waste management.

Sustainable packaging for online commerce

In the reporting period, the Company, in partnership with ECR Russia, took part in the development of a **voluntary standard for sustainable packaging**. The document invites online retail and transport companies to use the "set of lights" method for the assessment of materials: green – the best solution, yellow – acceptable materials, red – materials to be avoided. The standard **will help retail companies and manufacturers choose packaging** that has a minimum negative impact on the environment.



Opening used clothing collection point

The project was launched in DIXY in early 2023. Special containers are installed in shops for used clothing that shops visitors **may bring**. The clothing is sorted and, if in good condition, sent to those in need, otherwise – for recycling. During the project we will be able to **reduce the burden on landfills**: more than 13.3 tonnes of clothing have been collected over the year since the start of the project. DIXY plans to scale the project and install containers in other stores of the chain (19 stores in Moscow, Moscow Region and Vladimir have installed the containers).

Environmental care week

Together with the regional public organization Chistaya Sreda (Clean Environment) and the autonomous non-profit organisation Sobirator, Magnit held an environmental care week at the Company. As part of the event, Magnit conducted a campaign of separate waste collection, including rare types, and a waste sorting training.

Waste management indicators

GRI 306-3, 306-4, 306-5

In 2023, the Company generated 1.4 million tonnes of waste – a 3% decrease as compared to the previous year. The majority of generated waste (95%) is of hazard class V. At the same time, due to sludging in 2022 as a result of cleaning of fuel and lubricant storage tanks, the generation of wastes of hazard class III decreased by 95% in 2023.

by 10% due to the growth of the retail network. More than 1 million tonnes of waste were treated or disposed of, which is 8% higher than in 2022. This was also caused by the growth of the retail network.

401.8 thousand tonnes of waste were disposed of in the reporting period, all of which were delivered for recycling to the third parties. As compared to the previous reporting period, this figure increased

Volume of waste generated by hazard classes, tonnes

GRI 306-3

Hazard class	2021	2022	2023
Hazardous waste (category I–III) ¹	11,695.81	11,794.75	648.14
Non-hazardous waste (category IV–V) ²	1,187,368.90	1,442,552.26	1,408,802.67
Total	1,199,064.71	1,454,347.01	1,409,450.81

Waste disposal, tonnes

GRI 306-4

Treatment method	2021	2022	2023
Hazardous waste (category I–III)			
Recycled by the third parties	11,606.47	11,541.49	97.86
Non-hazardous waste (category IV–V)			
Recycled by the Company ³	303,296.67	303,676.12	0.00
Recycled by the third parties ³	27,431.00	49,983.04	401,738.84
Total	342,334.15	365,200.64	401,863.70

¹ The key hazardous wastes generated by the Company include mercury and fluorescent lamps and diesel fuel residues.

² The key non-hazardous wastes generated by the Company include glass and polyethylene containers and packaging cardboard.

³ Due to the change in the legislation on the extended producer responsibility the internal processes of the Company were adjusted. Waste that was previously recycled by the Company is transferred to third-party organizations for recycling.

Waste for neutralization, storage or disposal, tonnes

GRI 306-5

Treatment method	2021	2022	2023
Hazardous waste (category I–III)			
Delivered to the third parties for neutralization	86.56	143.34	515.06
Delivered to the third parties for disposal	1.35	5.69	12.41
Total	87.91	149.03	527.47
Non-hazardous waste (category IV–V)			
MSW transferred to a regional operator	800,847.13	890,334.66	957,845.68
Delivered to the third parties for treatment	416.41	0.00	898.21
Delivered to the third parties for neutralization	24,823.59	8,420.84	19,057.20
Delivered to the third parties for disposal	30,425.39	30,003.57	29,262.77
Total	856,512.52	928,759.07	1,007,063.86

Food waste

According to the results of the TIAR-Centre study, an average of 17.9 million tonnes of food waste is generated annually in Russia, about 29% of which is generated by the retail and catering sectors. However, a significant share of the disposed products is still usable. Once at landfills, such waste contaminates other materials (e. g. paper, cardboard, plastic) making their reuse difficult or impossible. Moreover, decomposition of food waste causes GHG emissions.

Understanding the importance of this problem, the Company focuses on preventing the generation of food waste, and, if impossible, on their recycling. The Company optimises warehousing stocks and implements up-to-date IT systems to improve the efficiency of procurement to prevent spoilage of products. In addition, Magnit holds educational activities to prevent food losses for the adults and children, since large volumes of food waste are generated in households.

In 2023, Magnit continued to implement a food sharing program launched in 2022 together with a non-profit partner to supply near-to-expire-date products to the population. The target audience of the project is single elderly people and poor large families. The programme is held in Moscow, Moscow Region, St. Petersburg, Krasnodar, Tula, Izhevsk, Rostov-on-Don and Yelets.

Food sharing in figures

220 thousand of beneficiaries

received products under the food sharing programme during the entire project

300 tonnes of food

provided in 2023

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250 volunteers

involved in the project

For details on the social aspect of the food sharing programme, see

➤ Local communities.

For details on the climate effect of the food sharing project, see

➤ Reduction of GHG emissions.



GRI 306-3

In the reporting period, Magnit generated 323 thousand tonnes of food waste – a 2% increase as compared to the last year due to greater sales of food products as a result of retail chain growth. The share of the Company's food waste in the total amount of waste generated is 25%. The Company's specific food waste generation rate fell by 14%.

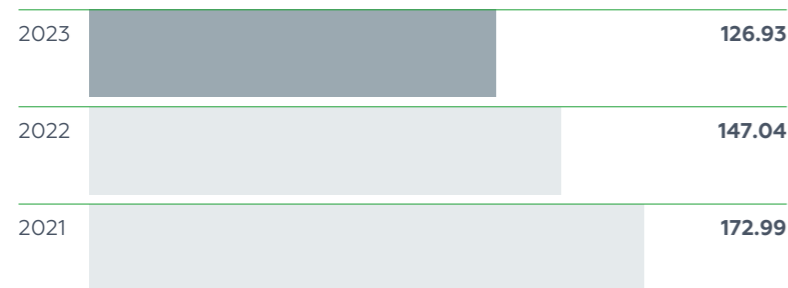
Processing of food waste into fertilisers

In 2023, the Company launched a project to process food waste using fly larvae. Vegetables, fruits and bakery products that have lost their consumer properties are sent to Karelskie Biotechnologii organisation. The specialists distribute and stack food waste into boxes, adding water and fly larvae. Insects consume waste, and the resulting zoohumus is dried and used as a fertiliser for plants. In 2023, 95 tonnes of food waste were processed.

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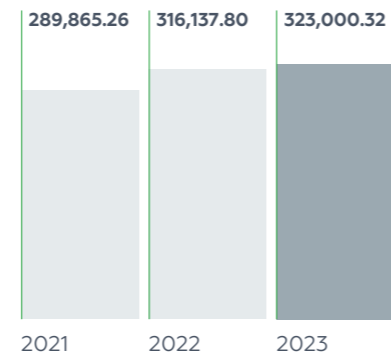
Fly larvae processing is not the only food waste disposal project launched by Magnit. In 2023, the Company continued the pilot programme launched in 2021 to convert expired food into fertilisers. As part of the programme, Magnit performs a thorough check of the counterparties for the availability of necessary processing equipment and that received food waste is not resold. In the reporting period, a pilot project was also launched to use expired products as feed for a special rabbit breed.

Specific generation of food waste, kg/RUB million



Food waste generation, tonnes

GRI 306-3, 306-4



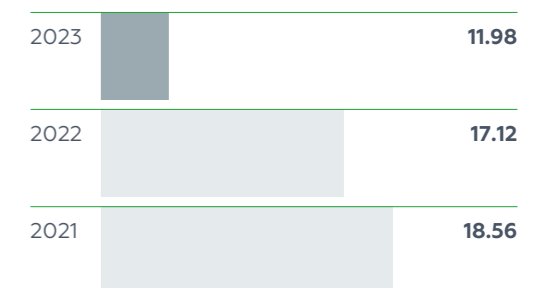
Generation and disposal of waste generation¹, tonnes

GRI 306-3, 306-4



- Generated
- Disposed within the Company²
- Sent to disposal by the third parties

Specific generation of plastic waste, kg/RUB million



Plastic waste

In 2023, the Company's packaging waste amounted to 2% of the total waste. Plastic makes up the bulk of the packaging waste. Magnit strives to recycle all generated plastic waste and organises measures to reduce the volume of plastic waste generation in the households.

Household plastic waste collection and recycling projects

Magnit implements environmental education measures. They allow consumers to learn more about the household waste management processes, including plastic waste, and also help collect them correctly for further disposal. As part of such projects, the Company explains to the public that plastic waste is a valuable resource that can be reused.

In 2023, Magnit opened an ecobeach in the village of Lermontovo, Krasnodar region with plastic collection containers and information stands installed to tell visitors about the plastic sorting rules. Special scales are also available on the beach for guests to weigh the plastic they have collected and set own environmental records. All collected plastic waste is recycled. In addition, the entire beach infrastructure is made of FSC-certified wood and recycled plastic.

The Company is also a participant of the Kind Caps plastic caps collection project. About 200 containers are installed in the stores of the retail chain. The collected caps are recycled, and the money received are transferred to the Charitable Foundation Volunteers to Help Orphans. As part of the Close People project, the fund helps families who take children with special needs into care.

GRI 306-3, 306-4

In 2023, the total volume of plastic waste generated amounted to 30.49 thousand tonnes – a 14% decrease as compared to the last year. 100% of plastic waste generated was recycled. At the same time, the specific indicator of plastic waste generation fell by 30%.

This resulted in a simultaneous reduction in the amount of generated plastic waste and an increase in revenue.

Water resources management

GRI 3-3, 303-1, 303-2

Magnit implements the initiatives to reduce water consumption, since its production activity is carried out, inter alia, in the areas exposed to water scarcity risk (Krasnodar region)³. Water resources are used both for production and household processes. Plant watering is the most water consuming process. Water is withdrawn mainly from the urban networks (56% in 2023). Magnit also consumes water from the wells (11%) and surface water bodies (33%). Cases of excessive water consumption are identified and analysed.

Wastewater is discharged mainly into sewage systems. A small amount of wastewater (11%) is discharged into natural water bodies. When discharging water, the Company is governed by such regulatory documents as the Water Code, the Federal Law of the Russian Federation "On Water Supply and Disposal", the Resolution of the Government of the Russian Federation "On Approving Cold Water Supply and Disposal Rules", and the SanPiN "Hygienic Requirements on Surface Water Protection". Production facilities that consume water from the surface water bodies and discharge wastewater into them install filters to ensure the standard quality of wastewater. Water treatment helps remove mainly suspended matter and oil products. The water supply services are responsible for treatment of water discharged into the municipal networks.

Quality control of treated wastewater is performed by specialists of an accredited laboratory, where the Company sends the samples on a quarterly basis. Groundwater quality is also monitored by instrumental control methods at the accredited laboratories. No incidents or major water discharge accidents were registered in 2023. The Company also did not receive the compliance orders from the supervisory authorities regarding non-compliance with the legal requirements.

To improve water management efficiency, the Company estimates the amount of water used for production purposes (water footprint).

¹ See the note 3 on page 43.

² Disposal within the Company is carried out by selling plastic waste as a GOST-compliant commodity.

³ The assessment was performed using the World Resources Institute (WRI) [Aqueduct Water Risk Atlas](#). Production facilities have the main impact on water resources, therefore, the Company does not take into account data on water consumption of stores, offices, distribution centres located in water-scarce areas.



Blue water footprint

Consumption of water from surface or underground resources used for irrigation of agricultural land or production or in logistics infrastructure; consumption of water from centralised water supply networks for production purposes

Grey water footprint

Pollution of water as a result of the Company's operations

To reduce water consumption, the Company reuses water for car wash purposes. In 2023, recycled water supply amounted to 4,189 m³. At the facilities located in water-scarce regions (greenhouse complexes), water is used mainly for irrigation, since the use of recycled water supply systems is difficult due to the use of fertilisers and the need for water treatment. Magnit endeavours to use the minimum required volume of water specified in the process chart for such enterprises.

GRI 303-3, 303-4, 303-5

Total water consumption¹ in the reporting period was 5.56 million m³ growing by 4% as compared to 2022 due to an increase in production. In comparison with 2022, specific water consumption decreased by 4% to RUB 2.17 m³/RUB million due to the activities undertaken and a significant increase in revenues.

In 2023, the water intake was mainly from the municipal water supply networks and reached 15.63 million m³, which is 3% more than in 2022 due to increased production. Enterprises located in areas with a high risk of water scarcity (Kuban Confectioner and Plastunovskaya Greenhouse Complex) withdrew 1.80 million m³ of water (13% of the Company's total water intake).

To save water resources, **aerator nozzles** are used for water taps in the offices, distribution centres and stores. In 2023, Magnit **saved 23.7 thousand m³ of water**.

10.10 million m³ of water was discharged, which is 2% more than in 2022 due to growing retail network. Water is discharged mainly into sewage network. Production facilities operating in the regions with a high risk of water scarcity discharged 799 m³ of water in the reporting period (7.91% of Magnit's total water discharge).

Water intake, consumption and discharge², m³

GRI 303-3, 303-4, 303-5

	2021	2022	2023
Water intake by types of sources			
Surface water bodies	4,267,100.00	4,424,000.00	4,534,500.00
Ground water	2,882,987.30	3,037,232.31	3,351,551.00
Centralised water supply systems	7,203,010.36	7,777,922.28	7,742,760.21
Total	14,353,097.66	15,239,154.59	15,628,811.21
Water discharge by receiving water bodies			
Surface water bodies	1,595,882.00	1,926,205.76	1,779,862.00
Centralised water disposal systems	7,931,715.48	8,006,412.43	8,323,109.73
Total	9,527,597.48	9,932,618.19	10,102,971.73
Water consumption			
Total	4,825,500.18	5,306,536.40	5,525,839.48

¹ Water consumption is calculated as the difference between water intake and water discharge. It should be noted that the Company also removes storm water without using it in production.

² Hereinafter in the chapter: volumes of water withdrawal and discharge are measured using special tools, the Company's specialists log and collect information as part of the statistical reporting form.

Specific water consumption, m³/RUB million

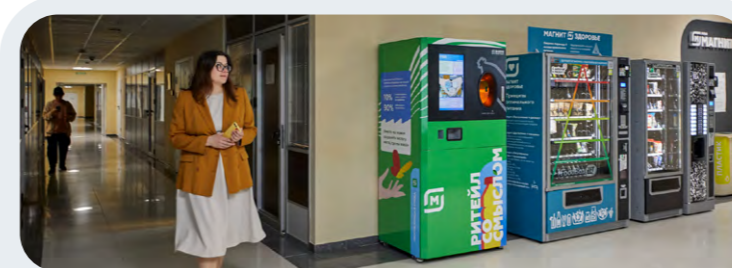
2023	2.17
2022	2.26
2021	2.60

Green office

The Company's head office in Krasnodar has launched the Green Office programme. Its goal is to introduce the principles of respect for natural resources and make the office as comfortable as possible for the employees. In the reporting period, Magnit was certified for compliance with the Green Office requirements by independent experts in accordance with the following standards:

- GOST R 54954-2012 Environmental Requirements on Real Estate;
- GOST R ISO 14004-2017 Environmental Management Systems. General guidelines on implementation;
- Green Office voluntary certification system. EcoGreenOffice.

As part of the Green Office programme, containers for separate collection of plastic, metal, glass, paper and cardboard were installed at the Magnit head office in Krasnodar. This measure helps prepare waste for recycling. In addition, the Company has its own workshop where all waste paper collected in the office is accumulated for further processing. In addition, a step-by-step transition to electronic document management allows Magnit reduce the amount of waste paper generated.



During the audit, the following criteria were used to check compliance with the Green Office requirements:

- energy efficiency;
- rational water consumption;
- waste management;
- minimization of environmental impact;
- environmentally friendly printing;
- green living;
- reduced carbon dioxide emissions;
- developed corporate environmental policy;
- environmental awareness campaigns for the employees.



In 2023, Magnit won **the PaperBattle (BoomBattle) Russian waste paper collection campaign** among the retailers. As the result, the Company collected **50,000 tonnes of paper and cardboard**.



Biodiversity conservation

GRI 304-1

Magnit’s activities have no significant impact on the biodiversity. When establishing sanitary protection zones of enterprises, it was confirmed that the Company’s production assets and distribution centres are located outside protected areas and habitats of species from the Red Book of Russia or IUCN Red List¹. Notwithstanding the above, Magnit takes care

of the biodiversity of the regions of presence. In 2023, the Company’s specialists released 3.5 tonnes of carp fry and 62 grown grass carps into the waters of Krasnodar region.

Protection of bison population

In 2023, Magnit organised the transportation and release of eight young bisons into the natural habitat together with GRASS, an automotive chemistry manufacturer. Magnit was the first Russian company to take such initiative in the country. The animals were delivered from the Prioksko-Terrasny Nature Reserve in Moscow Region to the Turmonskey Reserve in North Ossetia. In the last century, the bison population in the Caucasus was destroyed, and now the animals are bred in captivity. A year earlier, Magnit planted trees in the reserve to provide a feed base for bisons.



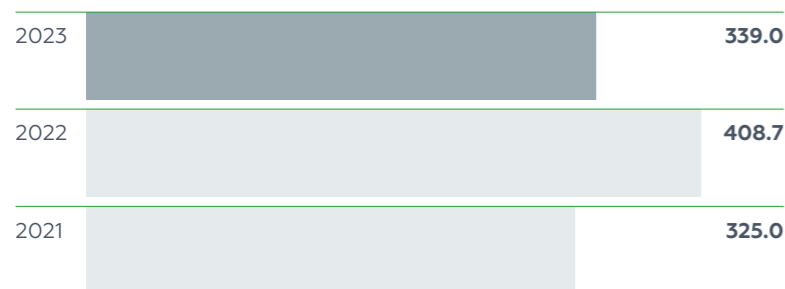
Reducing pollutant emissions

Reducing air pollutant emissions is an important part of the Magnit’s environmental protection activity. Magnit monitors the emissions from its own stationary sources and compliance with the established hygienic standards for pollutants at the border of sanitary protection zones in accordance with the developed schedule. The Company has more than 150 different emission sources, the main of which are boiler houses and exhausts. Air emissions are generated during transportation, processing of products at the production facilities, and heat generation in boiler houses. The most toxic substances emitted into the atmosphere by the Company’s production assets and capable of having a negative impact on soil and vegetation are manganese and benzo(a)pyrene. Special attention is paid to monitoring the content of these substances in the air and soil.

In 2023, gross emissions of nitrogen oxides, sulphur and other pollutants amounted to 3.70 thousand tonnes – a 9% increase as compared to the previous reporting period due to the retail network growth. In 2023, emissions of ozone-depleting substances decreased by 17% as compared to 2022 due to a consistent reduction in the use of freons.

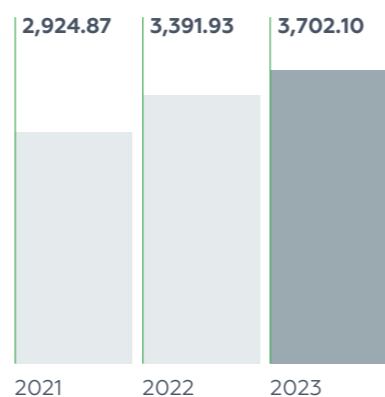
Emissions of ozone-depleting substances, tonnes

GRI 305-6



Emissions of pollutants, tonnes

GRI 305-7



¹ Due to the lack of vulnerable species, they are not monitored.

Climate impact reduction and energy efficiency

Magnit recognises the importance of the climate agenda and increases business sustainability to the most serious impacts of climate change. Magnit management takes into account low-carbon development trends of strategic and operational governance.

We are making efforts to achieve our goals of reducing the carbon footprint and electricity consumption set out in the 2025 Sustainability Strategy.

Climate risks

GRI 201-2

Magnit takes into account climate risks and takes measures to improve the climate risk management performance. Both management and employees of the Company are involved in these processes at various levels.

The plans for 2024 include reviewing the assessment of climate risks and performance of financial assessment to determine their impact on the Company’s performance and business strategy in the long term.

Climate risks are managed based on a qualitative risk assessment performed prior up to 2100. Climate risks are integrated into the management system and included in the Company’s Main Risk Map. Every year, Magnit monitors the impact of climate risks on the Company in the short term and adjusts the measures developed to minimise these risks as part of the overall risk management system.

Physical risks

- Temperature change
- Drought
- Hurricanes
- Sea level rise

The risks depend on the geographical location of the facilities

Transition risks

- Charging for carbon dioxide emissions and increasing waste management costs
- Regulatory risks

Climate risk management actions



Implementation of the projects to achieve carbon neutrality



Improving the energy efficiency and exploring RES utilization opportunities



Monitoring changes in the regulatory requirements for climate-related disclosures



Improving building designs



Expanding the requirements for construction of facilities



Application of new agricultural technologies

Reduction of GHG emissions

GRI 305-1, 305-2, 305-4, 305-5 FB-FR-110b.1

Reducing GHG emissions is a strategic goal of Magnit. To achieve this goal, the Company assesses and monitors GHG emissions and take measures to reduce climate impact.

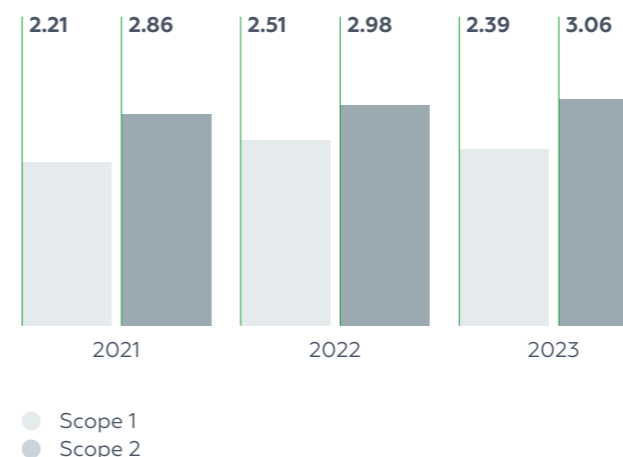
Magnit performs quantitative assessment of GHG emissions Scope 1 and Scope 2 in accordance with the GHG Protocol standards, Order of the Ministry of Natural Resources and Environment of the Russia Federation "On Approval of Quantification Methods for GHG Emissions and Removals" No. 371 dated 27 May 2022, Order of the Ministry of Natural Resources and Environment of the Russia Federation "On Approval of the Guidance for Quantification of Energy Indirect Emissions of Greenhouse Gases" No. 330 dated 29 June 2017, as well as methodological guidelines of the Intergovernmental Panel on Climate Change (IPCC).

In 2023, GHG emissions (Scope 1 and Scope 2) remained approximately at the level of last year, reduced by 0.7%. Specific GHG emissions decreased by 8% as compared to 2022 and by 31% to the 2019 baseline (3.11 tonnes of CO₂-eq/RUB million).

A significant share of GHG emissions are refrigerant emissions (26%). To reduce such emissions Magnit cuts the use of R22 freon switching to environmentally friendly refrigerants for the refrigeration supply of air conditioning systems and for the process purposes of its own production facilities.

GHG emissions (Scope 1 and Scope 2), million tonnes of CO₂-eq

GRI 305-1, 305-2





Reducing climate impact through the food waste management

The carbon footprint of Russia's food waste is up to 64 million tonnes of CO₂ per year (3% of total GHG emissions¹). About 17 million tonnes of food waste go to landfills and emit 2.4 million tonnes of methane², becoming a source of greenhouse gas.

Magnit recognises that the majority of GHG emissions are released by food waste and aims to reduce them by 50% by 2025 as compared to 2019. To achieve this goal, we are implementing the projects in the following areas: waste prevention through the business process optimisation, food sharing, larvae-based food waste recycling and fertiliser production.

Our retail food sharing service allows us to distribute small regular amounts of food from the shops among socially vulnerable groups one or two days before the expiry date. Currently, the Company is implementing a pilot food sharing project and will develop it through the successive testing of different formats. If the feasibility study is successful, the project will be considered for scaling up with possible expansion of the food group.

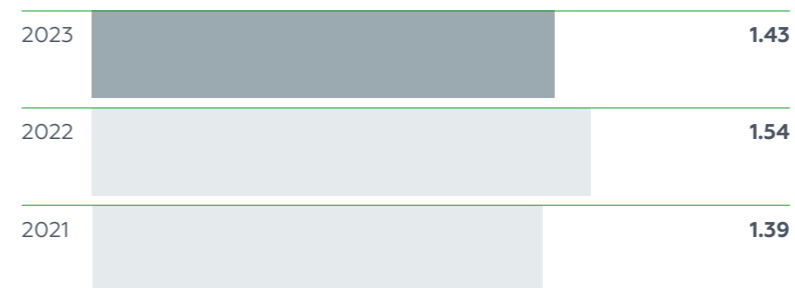
Another important initiative focuses on food waste recycling by supplying expired food to fertiliser production. In 2023, a project was launched to recycle food waste by black soldier fly larvae. The final deliverables can be used in various areas: as protein feed additives for fish and animals or fertiliser.

Project goal	Reducing climate impact through the food waste management from the Company's operations
Project objectives	<ul style="list-style-type: none"> reduction of GHG emissions prevention of waste generation food waste processing
Target audience	<p>Food sharing project:</p> <ul style="list-style-type: none"> lonely elderly people; large families with low income. <p>Fly larva recycling project:</p> <ul style="list-style-type: none"> agricultural enterprises; fish farms.
2023 results	<ul style="list-style-type: none"> 886 thousand tonnes of CO₂-eq of GHG emissions was prevented in 2023 as a result of comprehensive actions to reduce food losses³ 52% – reduction in food waste generation as compared to 2019 300 tonnes of food were saved due to the launch of the food sharing project in Magnit dark stores in 2023 up to 1,000 kg per week are allocated
Project awards	<ul style="list-style-type: none"> 2nd place in the "Environmental Efficiency" nomination of the "It's About People" competition 1st place in the "Ecology. Large Business" nomination of the "Visionaries. Change Management" award
Goal support	<p>National goals: Comfortable and safe environment for living</p> <p>National project: Ecology</p>  

¹ According to the Federal State Statistics Service.
² According to TIAR Centre.
³ The value is calculated based on the UNEP data on the carbon footprint of food losses.

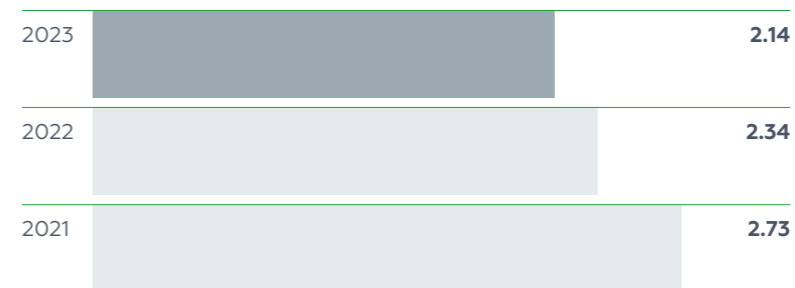
Direct GHG emissions from refrigerants, million tonnes of CO₂-eq

FB-FR-110b.1



Specific GHG emissions (Scope 1 and Scope 2), tonnes of CO₂-eq/RUB million

GRI 305-4



Efficient transport project

Magnit's fleet of over 5,000 vehicles confirms the Company's leadership among the largest logistics operators in Russia. Our strategy focuses on reducing GHG emissions by switching to environmentally friendly fuels and optimising the logistics. In the reporting year, the Company operated 254 gas-diesel vehicles.

Magnit performed the analysis that confirmed the efficiency of this transport. A further 417 vehicles are planned to be converted to gas-diesel mode in 2024. The Company also plans to conduct pilot testing of pure gas vehicles on long-haul routes with possible subsequent scaling up.





Energy efficiency

GRI 302-1, 302-3, 302-4

FB-FR-130a.1

Implementation of the energy-efficient practices becomes an integral part of the Sustainability Strategy. Optimisation of energy consumption and reduction of environmental impact are performed in accordance with our energy efficiency program.

The key target of the Energy Efficiency Service of the Operations Department, chief energy engineers of the districts and energy engineers of the branches is to promptly identify the unsustainable use of energy resources of the Company's facilities and take the necessary energy saving measures.

The main energy efficiency measures include:

- regular analysis of the consumption of electricity, heat, gas and water of each facility, as well as their utility costs;
- operational and seasonal measures to eliminate excessive energy consumption;
- measures to reduce the cost of energy, such as selecting the optimal price category for each facility, ensuring compliance of the tariff voltage level, managing the demand for capacity, bringing facilities to the wholesale electricity market, etc.;
- the design of automated energy metering systems that allow us to accurately measure hourly energy consumption and assess consumption changes at our facilities over time;
- implementation of the energy-efficient programmes such as installation of energy-efficient equipment (LED lamps, refrigerators with doors), automatic disconnection of unused equipment, dispatching of refrigeration and climate equipment, heat recovery from the internal generation facilities.

31.9 GW per hour per year

total energy savings from energy efficiency improvement projects implemented in 2023

Transition to energy-saving lighting

We continue to upgrade lighting equipment switching to the energy-efficient LED technologies. LED lamps in accent lightning have been introduced in our stores. We also switch to energy-saving equipment on facades, in street lighting, parking lots, in retail facilities and logistics centres. In 2023, 115 facilities replaced conventional lamps with LED lamps in parking and perimeter lighting systems in the Magnit Family stores. In 2024, the implementation effect will be 619.6 MW per hour per year.

In addition, our distribution and administrative centres of large format stores have a lighting control system equipped with motion sensors. In 2023, lighting management was automated at 29 large format facilities. The implementation effect in 2024 will reach 1,946.5 MW per hour per year.



Managing energy consumption at the shop

In the reporting year, we continued to improve the energy management process at our facilities. An astronomical time relay-based power supply control system for shop equipment was installed at more than 5,000 facilities. This solution allows automatic turn off and turn on of light, ventilation, air conditioners, heat curtains of stores at night resulting in a noticeable reduction in energy consumption at night and energy supply costs.



Upgrade of refrigeration equipment

We continue the glazing of refrigerating furniture to reduce energy losses and consumption. The open windows of 589 Magnit stores were equipped with the glazing units that limit the penetration of cooled air and increase energy efficiency. According to our estimate, about 19.7 GW per hour per year will be saved by the end of 2024.

Magnit is working in the following areas to improve the efficiency of heat energy use:

Optimisation of energy efficiency of facilities

Existing facilities undergo redesign to improve the efficiency of buildings. Projects of new facilities already provide for energy efficient solutions

Heat utilization

The Company has implemented heat recovery systems in 20 energy centres to capture heat losses for further use. Each power centre is a complex of natural gas plants

Condensate recovery

The use of the technology to return condensate to boilers for reuse helps reduce energy losses

Engineering equipment dispatching system

In 2021, we initiated the implementation of an engineering equipment dispatch system, which was successfully continued in 2023. The pilot project was implemented in 262 small format stores. A precise algorithm of modes and settings control allows modern equipment to achieve its efficiency. The key goal of the project is to monitor the state of systems in real time and save on equipment repair work through quick response and instant registration of accidents.

The control panel receives data on the temperature in shop, the lighting system, the status of the heating system and other key indicators. These data are forwarded to the automated maintenance and repair system (IC: Maintenance and Repairs Management) for analysis and processing. The results are displayed on dashboards to track the current state of the system and make decisions on eliminating the identified malfunctions.

Implementation of a remote control system with active changes in parameters helps reduce energy consumption. Maintaining the operating mode of refrigeration equipment in accordance with approved standards also reduces the volume of written off goods.

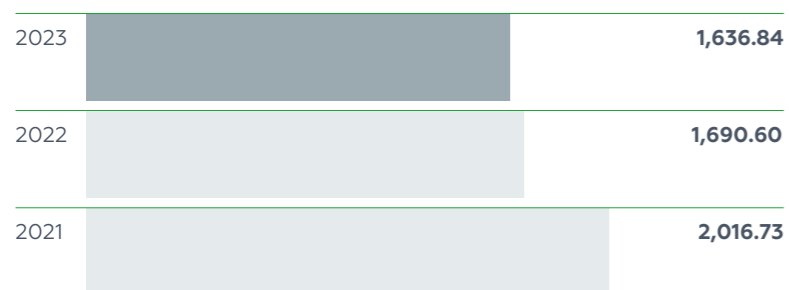
The project results show savings of at least 42.6 kW per hour per month in each store, which is confirmed by testing.

Studying dispatching effects and their digital processing are technically sophisticated tasks. Therefore, under the project we continue to monitor the facilities and analyse opportunities for further development.

In 2023, electricity consumption increased by 5%, while the share of electricity consumption in the structure of total energy consumption grew by 11 p. p. reaching 56% YoY due to increased number of retail facilities.

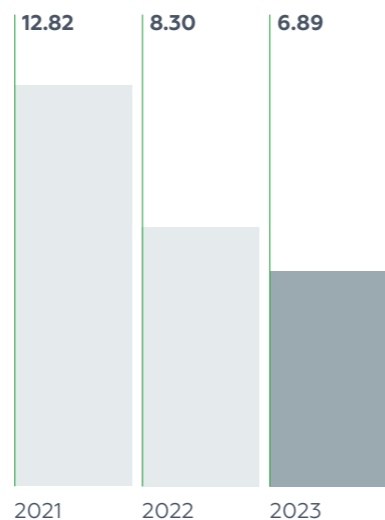
Specific electricity consumption, kW per hour/RUB million

GRI 302-3



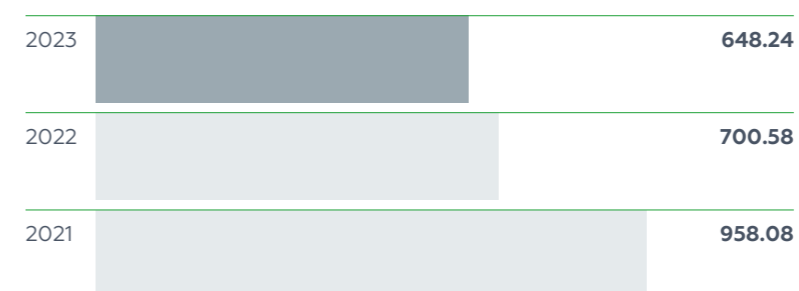
Specific petrol and diesel fuel consumption¹, litre/RUB million

GRI 302-3



Specific heat consumption, thousand Kcal/RUB million

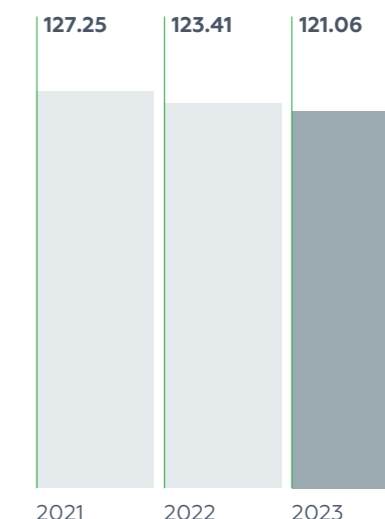
GRI 302-3



The reduction in specific fuel consumption was 17% as compared to 2022. We also reduced specific gas consumption by 2% during the year and by 39% as compared to the 2019 baseline (197.63 m³/RUB million).

Specific gas consumption¹, m³/RUB million

GRI 302-3



Plans for 2024 and the medium term

In 2024 and the medium term, the Company plans to implement the following environmental protection measures:

- expand the practices of providing food waste for fertiliser production;
- implement the recommendations for purchasing sustainable advertising materials;
- develop a retail food sharing project;
- hold the environmental awareness measures;
- reproduce biological resources (plant trees with the participation of partner companies, release young fish as part of the projects to assess the biodiversity damage from the Company's production activities);
- explore opportunities for sectoral and cross-industrial environmental partnerships.

Our climate agenda priorities:

- revising and updating the climate change goals;
- updating or drafting documents necessary for effective management of climate change and energy efficiency;
- implementation of accounting for other Scope 3 indirect emissions;
- continue implementation of energy efficiency improvement projects.

¹ Values for previous periods have been recalculated in the process of improving approaches to collecting and consolidating information.

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