

CHAPTER 5

Climate change and environmental stewardship



Climate change and environmental stewardship

Material topics

Climate change and energy efficiency

Waste management

Environmental stewardship

Resource use

2021 highlights

In 2021, Magnit assessed the amount of **refrigerant emissions** and included them in total direct emissions (Scope 1).

During the year, there were **improvements across all our strategic indicators**, including GHGs, use of energy and heat, water consumption, and waste management.

64% of all transportation was done using medium-duty trucks to reduce the environmental impact.

The start of the **Waste Morphology project** consisting in an environmental audit of waste accumulating in containers used by Magnit's stores.

Magnit's headquarters in Krasnodar levelled up its **Green Office certificate**, which confirms the Company's adherence to sustainable development principles.

Priority SDGs

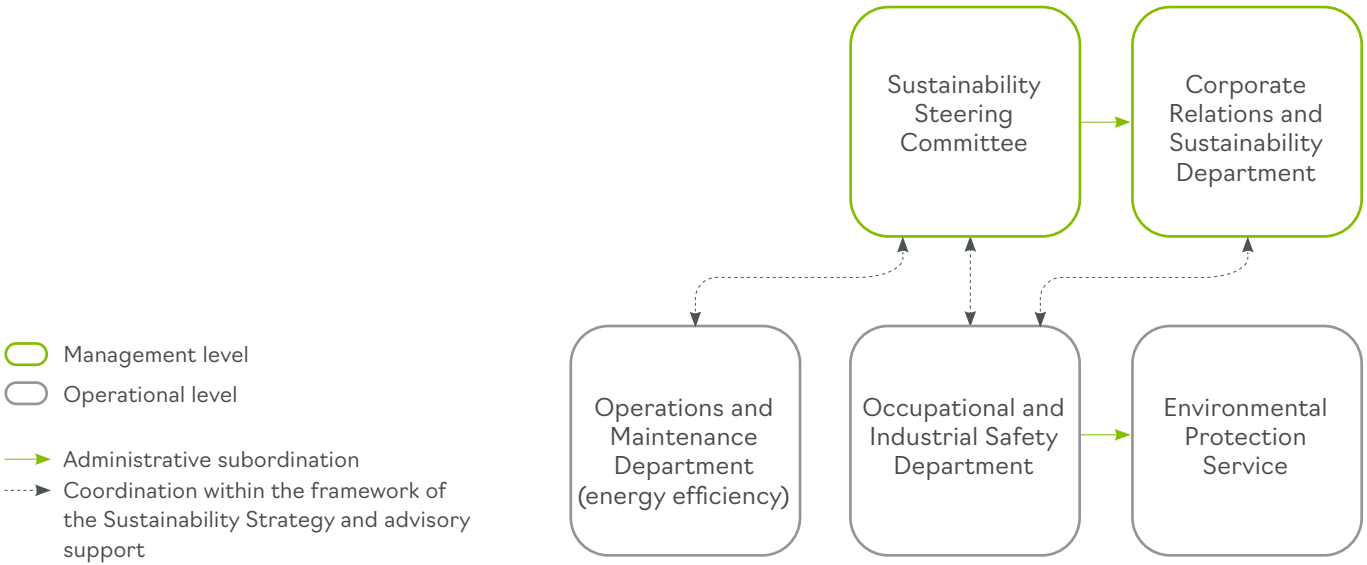
CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

Governance structure



Progress towards our goals

Strategic goal to 2025	2021 Performance
Reduce specific GHG emissions by 30%	Reduction of specific GHG emissions (scope 1 and 2) (t CO ₂ eq/ mln RUR) 2.92 2.52 2.37 -6% 19% 30% 2019 2025 2019 2020 2021
Reduce water and energy consumption by 25%	Reduction of specific water consumption (cbm / mln RUR) 2.72 2.28 2.25 -1.2% Water: 17% 25% 2019 2025 2019 2020 2021
	Specific electricity consumption (kWh per mln RUR) 1991.20 1827.40 1825.56 -0.1% Energy: 8% 25% 2019 2025 2019 2020 2021
Reduce food waste by 50%	Food waste generation (kg per mln RUR) 309.85 184.20 167.66 -9% 46% 50% 2019 2025 2019 2020 2021
Collect and recycle 100% of recyclable plastics generated in Magnit's stores and distribution centres	> 99% of total plastic packaging generated during transportation was sent for recycling in 2021

Key documents

Magnit's policies and documents

- Climate Change Policy*
- Packaging Waste Policy*
- Own Brand Packaging Policy *
- Environmental Protection and Safety Policy*

Regulations and international standards

- Greenhouse Gas Protocol
- 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

Approach




to management



GRI 2-28, 3-3

As our Company grows and ramps up its operations, we make a point of sticking to ecological norms and do our best to preserve a healthy and sustainable living environment. We aim to be the best in environmental protection, which we plan to achieve by combating climate change, reducing waste, and cutting any negative impact of our activities.

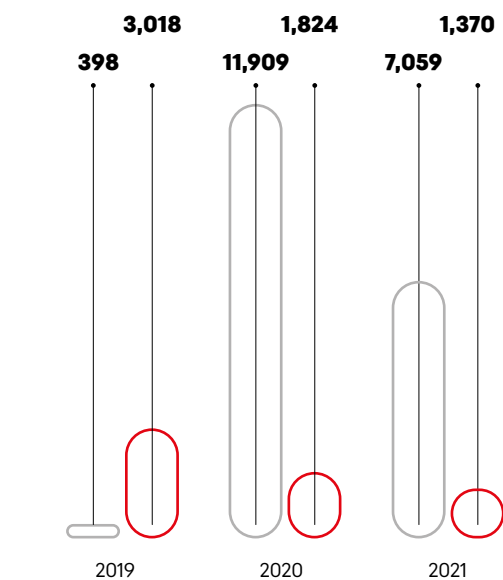
Our Sustainability Strategy 2025 defines the key priorities and strategic goals in environmental footprint reduction, which conform to the UN Global Compact principles and UN Sustainable Development Goals.

Stakeholder engagement on environment

Stakeholder category	Interaction	2021 case studies
 Customers	Education on waste sorting and green habits, environmental questionnaires.	<ul style="list-style-type: none">Together with regional municipal solid waste operators, Magnit opened two eco-points for the collection of recyclables (paper, cardboard, plastics, textiles, tin- and glassware) on its stores' parking lots in Izhevsk and SamaraBattery collection containers were installed at Krasnodar and Yaroslavl storesWaste sorting were points set up at own production facilities: the Green Line greenhouse complex, Mushroom Complex, Kuban Confectioner, and in the Volga Federal District
 Employees	We are actively promoting environmental protection both at the workplace and in personal life. Employees from different units take part in separate collection of recyclables generated in the course of the Company's operations.	<ul style="list-style-type: none">In 2021, we developed the Retail with Purpose training course, which offered a deep dive into Magnit's ESG practices while also instilling sustainable habits for bettering the environment in our employees (for details, see Our employees).
 Local communities	Park and square clean-up, tree planting in cities of the Company's operation timed to World Environment Day.	<ul style="list-style-type: none">10,000 apple tree seedlings planted on an area of 5 ha in Belgorodsky District's Novosadovy settlementGarbage removal across 7 ha of the Kudryashovskaya Zaimka woodland and also the horse shelter territory (with volunteers taking part)Clean-up and tree whitewashing in squares, plazas, parks, and along waterfronts in many cities, including Voronezh, Izhevsk, Murmansk, Kemerovo, Kirov, and Saratov.

 Government authorities	We participate in adjusting MSW regulations applicable in the regions of our operation both on the federal and regional level as part of round tables, meetings, and working sessions. Our representatives form part of the Expert Council for Sustainable Development of the Russian Environmental Operator public law company.	<ul style="list-style-type: none">We participated in the Reliable Partner – Environment national contest, and our project Green Construction at the Krasnodar Distribution Centre won in the Best Green Building Project (including low-rise) category.
 Non-profits and associations	Magnit is part of an ecology and waste working group under the Retail Companies Association (ACORT) and of a packaging and MSW working group under the Association of Internet Trading Companies (AKIT).	<ul style="list-style-type: none">We became an ambassador for sustainable development in the Saratov RegionIn 2021, we took part in ACORT's pilot project to collect consumer packaging in storesThe rate of waste accumulation at St Petersburg stores was reduced

Mandatory environmental payments, RUB thous.



Grey bar: Payments for surpluses, fines
Red bar: Payments for permissible impact

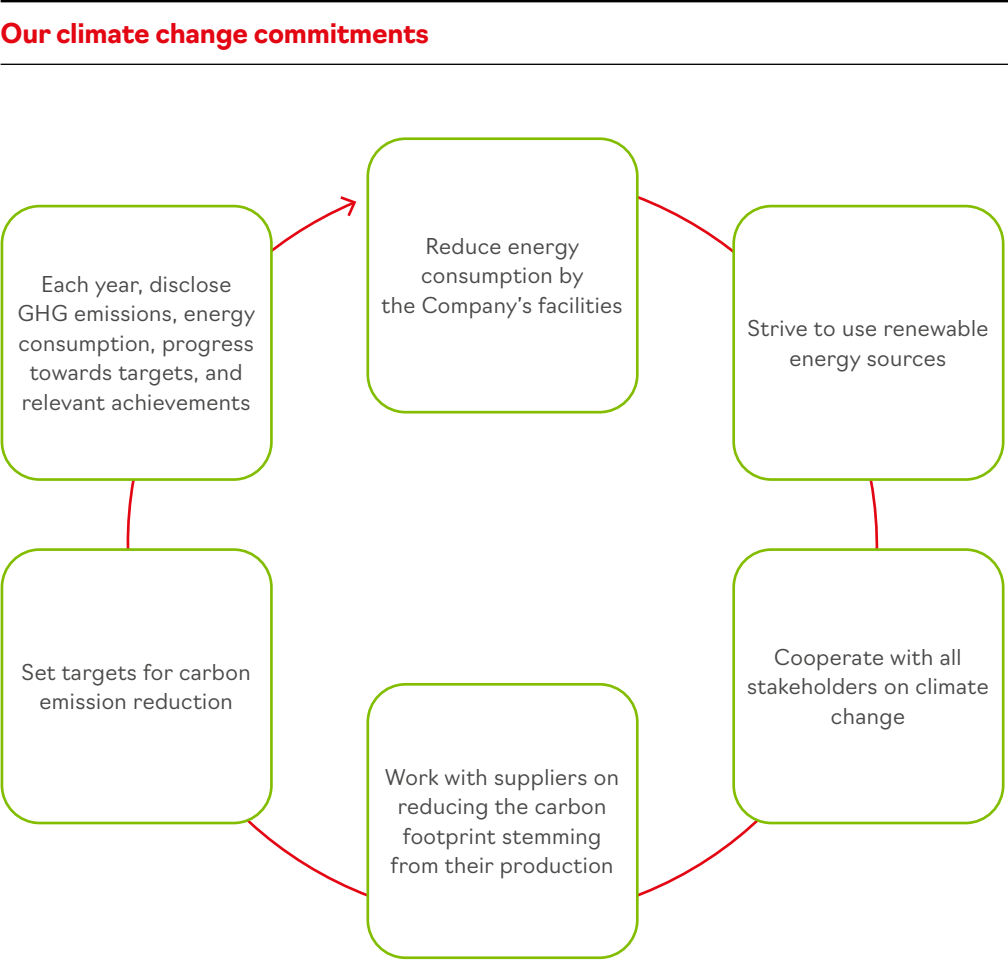
Environmental footprint reduction expenses, RUB thous.

Area	2019	2020	2021
Waste management	1,717,299	2,084,844	2,516,117
Air protection	21,036	17,874	25,913
Wastewater collection and treatment	347,669	757,910	361,165
Protection and rehabilitation of land and water resources	3,054	2,991	2,929

Climate change

and energy efficiency

We as a Company recognise our responsibility to take urgent measures against climate change and for the betterment of the environment globally. We have set ambitious targets to cut GHG emissions and electricity consumption, and formalised them in the Sustainability Strategy 2025.



Climate risk

In 2020, we did an internal climate risk analysis, which included assessment of such risks' potential impact on Magnit up to 2050; based on that, we determined mitigation measures. The analysis was done according to the "business as usual" scenario (RCP 8.5)¹, which describes a temperature rise of around 4 °C by 2100.

It is clear that the climate crisis is no longer a far-off threat, and decisive measures need to be taken as fast as possible to prepare for any and all vagaries. With that in mind, in 2021 we included climate risks in the Company's Key Risks Map so as to ensure year-round monitoring of their short-term impact on the Company and adjust the relevant mitigating measures as part of the general risk management system (for details, see Risk Management in Magnit's Annual Report).

Physical risks	Transitional risks
<p>Risks stemming from phenomena such as rising temperatures, drought, and storms, as well as rising sea levels.</p> <ul style="list-style-type: none">– Rising temperatures – net increase in days requiring heating or cooling of the Company's facilities. Mitigating actions include energy efficiency efforts and looking into renewable energy sources.– Drought – reductions in crop yields. Mitigating actions include more sustainable agricultural practices and technology and seed innovation.– Storm intensity – potential damage to the Company's facilities. Mitigating actions include improved construction specifications, especially for distribution centres.– Rising sea level – mitigating actions include facilities siting and construction specifications that take into account the likelihood of a rising sea level.	<p>Risks associated with the shift to a low-carbon economy.</p> <ul style="list-style-type: none">– Introduction of carbon pricing and increased costs related to waste disposal. Mitigating actions include progress towards carbon neutrality and reducing GHG emissions and waste.– Regulatory risks. We regularly monitor applicable requirements to climate risks and emissions reporting. Based on available information, we strive to improve the Company's approaches to reporting and stay one step ahead of new mandatory disclosure requirements..



We recognise the need to do a detailed financial assessment of identified climate risks in order to measure their impact on the Company's operational metrics and business strategy, and well as on our strategy of growth and long-term value creation for stakeholders.

In 2020, Magnit identified key climate change risks, assuming as the baseline the "business as usual" scenario (RCP 8.5)¹ that describes a temperature rise of around 4 °C by 2100.

¹ REPRESENTATIVE CONCENTRATION PATHWAYS (RCPs) ARE GREENHOUSE GAS CONCENTRATION TRAJECTORIES ADOPTED BY THE INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE (IPCC) AND SCIENTISTS THE WORLD OVER.

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Climate change and energy efficiency

(continued)

Integration of long-term financial assessment of climate risks into Magnit's overall risk management system

Operational level



Work scheduled to start

Control level



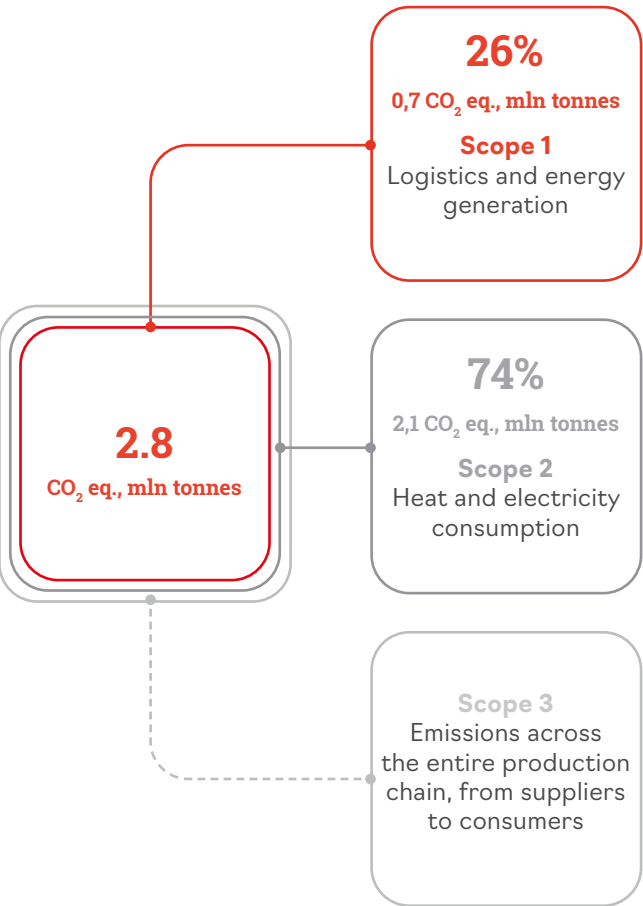
→ Administrative subordination
→ Functional subordination

Carbon footprint reduction

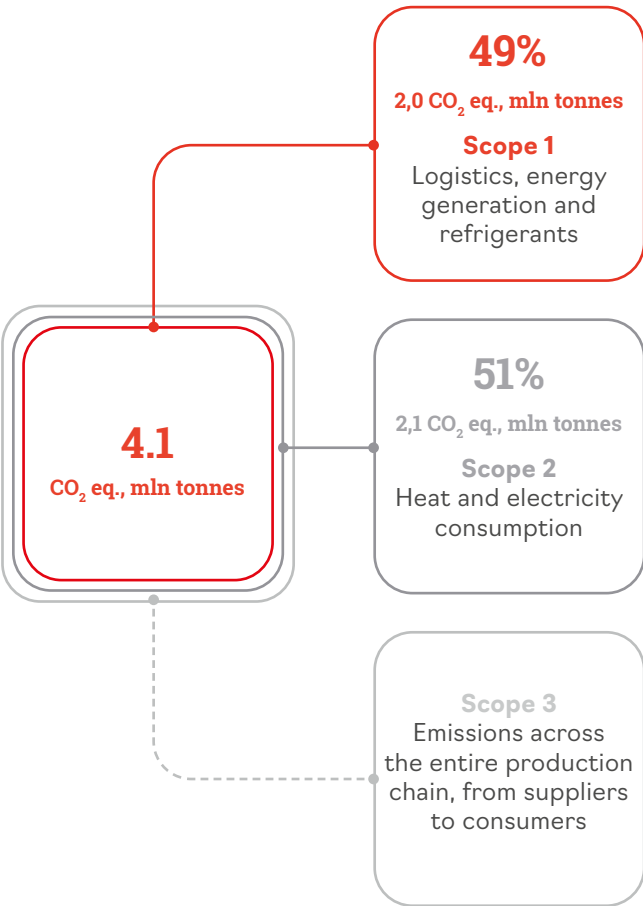
GRI 305-1, 305-2

Magnit has implemented a system for monitoring direct GHG emissions (Scope 1) as well as indirect emissions related to energy and heat consumption (Scope 2). Going forward, we plan to adopt an approach to accounting for refrigerant emissions (Scope 1) and for emissions in the supply chain (Scope 3).

GHG emissions without refrigerants



GHG emissions, including refrigerants



Fleet transformation

Our fleet comprises over 5,000 trucks delivering goods all across the country, which places us among the nation's largest logistics operators. Focused on reducing emissions, we are transitioning to a greener fleet while also working to increase its overall efficiency and streamline logistics using lighter trucks.

Seven steps to reduce direct GHG emissions

1.

Transitioning to more fuel-efficient medium-duty trucks for deliveries to stores. In 2021, medium-duty trucks made 64% of all trips compared to 34% a year earlier.
2.

Increase the share of electric and LNG-fuelled vehicles.
3.

Partially fuel the vehicle fleet with biogas and phase out fossil fuels.
4.

Enhanced vehicle aerodynamics to reduce fuel consumption by up to 4%.
5.

Improve driver behaviour with telematics and training to improve fuel efficiency.
6.

Increase in the number of Euro 5 vehicles that exhaust significantly less harmful emissions. The Company plans to fully switch to Euro 5 vehicles within the next five years.
7.

Use the AdBlue fuel additive to significantly reduce the content of harmful substances in exhaust gases.

In the reporting year, one of our major milestones was an increase in the share of more fuel-efficient medium-duty trucks in transportation (from 36% in 2019 to 64% in 2021). Moreover, 251 vehicles transitioned to gas-diesel, which is approximately 5% of Magnit's entire fleet. We plan to increase this figure to 20% by 2023.

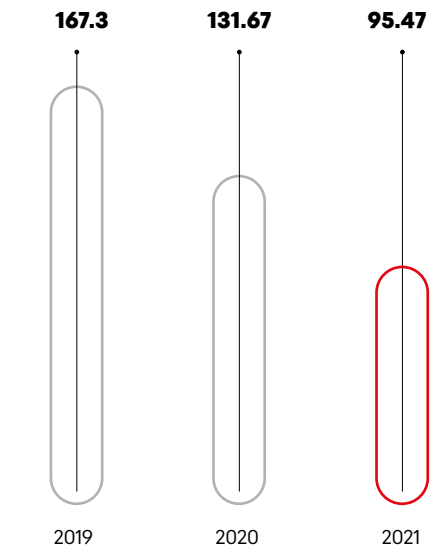
Electric trucks allow for reducing GHG emissions. The advance of this technology will help us ensure that the new vehicles are fit for their purpose as regards the number of daily trips and distances to be covered. We are currently testing different electric truck models to determine the number and range of trips they can make and select the best option based on the currently available technology. In 2021, Magnit's fleet saw an addition – fully electric MOSKVA truck (DE-truck 18IV) based on a two-axle KAMAZ truck. In 2022, we plan to test another Drive Electro's medium-duty truck based on the Japanese Isuzu Elf model.

Starting from 2021, we will introduce a unified SAP-based transportation management system to optimise our logistics. The unified system will replace more than

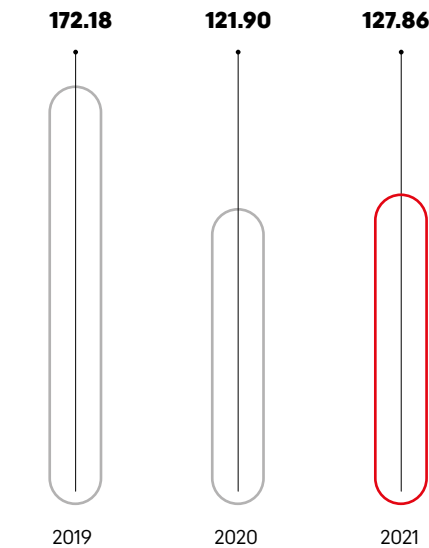
ten standalone IT systems and consolidate all logistics operations, which will significantly improve the quality and speed of processes and minimise downtime. On top of that, the system will use a single interface to interact with third-party carriers in real time. A fully integrated SAP platform will help reduce transportation costs, make our supply chain more transparent and optimise the fleet's mileage. We plan to disclose the outcomes of this initiative along with data on the resulting decrease in GHG emissions in the next reporting year.

In 2021, we piloted SOVA, an Excel-based driver assessment system used by all vehicles. As part of this project, we plan to develop a full-fledged programme with a user-friendly interface which will enable instructing engineers to remotely and automatically perform an in-depth analysis of the driver's actions, identify errors and correct their driving style, thus increasing safety and fuel efficiency. This comprehensive analysis is possible thanks to the control device installed on CAN tyres which monitors 42 parameters, such as vehicle speed, engine RPM, use of various braking systems, cruise control, speed limiter, gearbox, etc.

Specific fuel consumption, liter per mln RUR



Specific gas consumption, cbm per mln RUR



Integrating DIXY: fleet transformation

DIXY logistics projects to cut GHG emissions

- Partial transition of the vehicle fleet to gas-diesel – replacing up to 40% of diesel fuel with compressed natural gas; some 33 trucks (5% of the fleet) operate on a gas-diesel engine.
- Use of IT systems for dynamic route planning and reducing vehicle downtime with the engine running. Introducing MOPOD (Shipment Monitoring and Delivery Portal), a single automated transportation management system; use of a route planner.
- Enhanced vehicle aerodynamics to reduce fuel consumption by up to 4%. DIXY is currently testing the use of spoilers on freight trucks.
- Improving driver behaviour with telematics and additional training to enhance fuel efficiency.
- Increase in the number of Euro 5 vehicles that exhaust significantly less harmful emissions. DIXY plans to fully transition to Euro 5 vehicles within the next three years.

Energy generation

Magnit utilises natural gas in 19 power generation centres, selling some of its generated electricity in the open market. In late 2021, Magnit's own generation centres accounted for less than 5% of consumed energy. The Company plans to commission seven more such centres by 2025.

7 more power generation centres are planned to be put into service by 2025.

Power generation centres and their advantages

A power generation centre is a complex of gas-fired cogeneration units that simultaneously produce electricity and heat. They are connected to a centralised power supply system, but their main purpose is to ensure continuous power and heat generation for Magnit's distribution centres.

Key advantages of using power generation centres to complement centralised power supply:

- An uninterrupted supply of electricity and heat to Magnit's distribution centres: in case of an external power outage, the centre can switch to the island mode without disrupting the electricity supply.
- Simultaneous generation of heat and electricity significantly reduces the cost of supply to the Company's facilities.

Use of modern emission treatment units to minimise the environmental footprint; our state-of-the-art, highly shielded equipment reduces exposure to electromagnetic radiation.

Energy efficiency

GRI 302-1, 302-3, 302-4, 302-5, 305-4, 305-5

As we grow, we are continuously exploring new opportunities to improve our energy efficiency. Since 2019, we have reduced Magnit's electricity consumption by 8%. Efficient use of electricity also helps reduce overall costs.

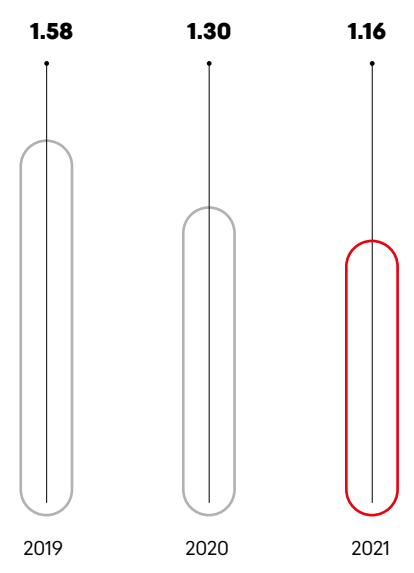
As part of our efforts to improve energy efficiency, we seek to optimise the power load of our facilities and diminish their energy consumption by partially shutting down electrical equipment in peak hours. This enables us to reduce the power load on our energy system and cut our own utility expenses by making the most out of cheap energy.

The share of electricity supply generated by renewable energy sources (RES) stood below 5%. Magnit is currently unable to directly source energy from renewables, as the Company does not control the wholesale electricity distribution in Russia.

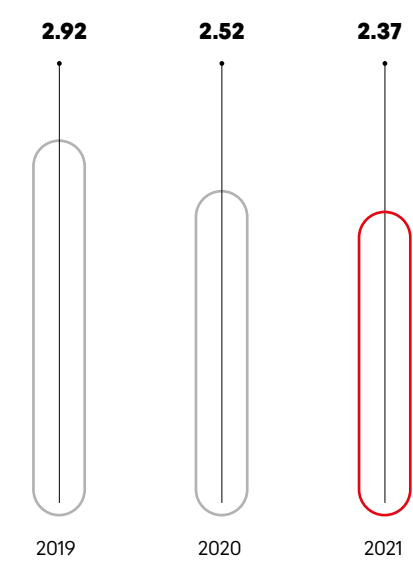
8% Reduction in specific electricity consumption from base year 2019



Specific GHG emissions (Scope 1), t CO₂ eq /mln RUR

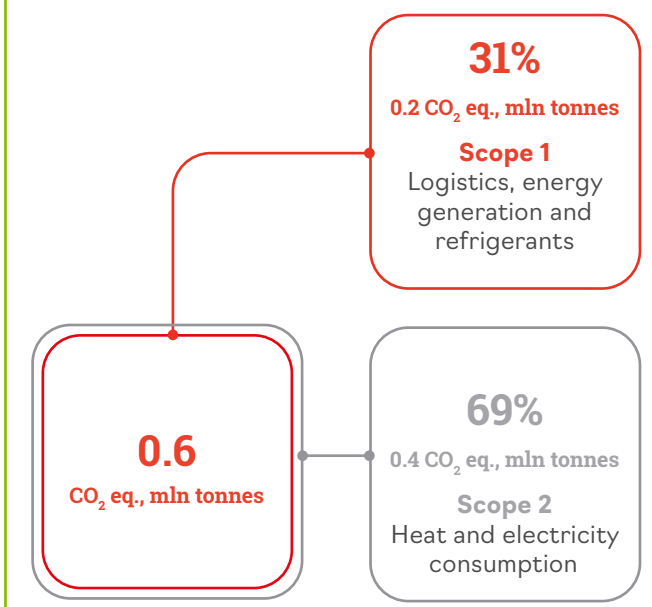


Specific GHG emissions (Scope 1 and 2), t CO₂ eq /mln RUR

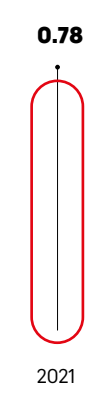


DIXY specific GHG emissions

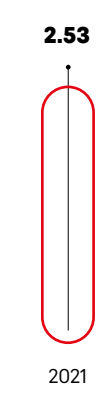
GHG emissions, including refrigerants



Specific GHG emissions, (Scope 1), t CO₂ eq /mln RUR¹



Specific GHG emissions, (Scope 1 and 2), t CO₂ eq /mln RUR¹



¹ DIXY's ANNUALIZED REVENUE SINCE THE COMPLETION OF THE ACQUISITION OF THE RETAIL BUSINESS BY MAGNIT

Energy consumption

GRI 302-3, 302-4

In 2021, Magnit saved a total of RUB 41.4 mln by reducing electricity consumption of operating logistics centres during peak hours. Launched in 2018, this initiative is gaining traction.

To monitor energy consumption by the Company's facilities, we introduced an automated commercial electricity metering system. The system provides hourly readings, enabling us to track changes in energy consumption at our facilities over different periods and accurately assess progress against energy efficiency targets set in our Sustainability Strategy.

Lighting

In 2013, we began installing energy-efficient LED lighting. The most recent initiative in this area was to equip our stores with LED accent fixtures, while maintaining the high quality of lighting (LUX level). Going forward, we plan to employ energy-efficient lighting equipment for building facades, street lighting, car parks and logistics centres.

After piloting a motion-activated lighting control system in the back offices of our large-format stores, we began rolling it out across our distribution centres. It is important for us to not overuse our lighting equipment and to have it turned on only when necessary. Similarly, we are introducing systems for the automatic and remote shutdown of non-essential equipment, such as interior lighting, refrigerated cabinets for non-perishable foods and exterior store lighting outside working hours.

Heat energy

Our heat energy strategy focuses on three areas:

- Improve the energy efficiency of buildings to reduce heat loss
- Capture heat losses to convert them into usable energy
- Return condensate to boiler stations for reuse

We regularly inspect electrical installations at all our facilities, using thermal imagers to detect overheating and minimise heat loss.

To reduce our heat losses, we use gas generator sets installed in power generation centres to capture heat energy and transmit it through the heating network to our facilities. In 2021, this enabled us to utilise 157,161 Gcal of heat produced by power generation centres in our logistics hubs, Group's office, and the greenhouse complex.

Refrigeration equipment

Similarly to heat insulation, we seek to reduce our energy consumption and loss in refrigeration units. We are currently replacing open-fronted refrigerated multidecks with doored cabinets in most of our stores. At present, 5,235 of our stores have such cabinets, which represents 32% of all Magnit convenience stores. By 2025, we plan to gradually install doored display cases in all our facilities.

In 2021, we began implementing a dispatching system for our in-store engineering equipment piloted in 300 convenience stores. As part of the project, the Company installed this system for refrigeration, air conditioning and retail equipment to monitor and adjust temperatures in refrigerators, eliminate equipment failures and ensure technical record-keeping of energy consumption. We plan to reduce the amount of write-offs and cut operating costs by minimising transportation trips and average repair costs. Based on the pilot results, we will make a decision on rolling it out across other formats.



DIXY integration: energy efficiency

Lower electricity consumption

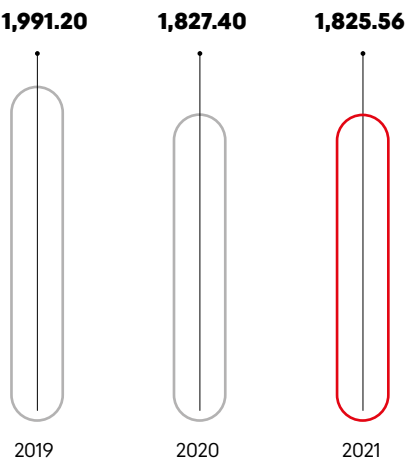
DIXY distribution centres are running a project to replace mercury light bulbs with LEDs, which will reduce energy consumption and eliminate the need to dispose of mercury

Emissions of air pollutants

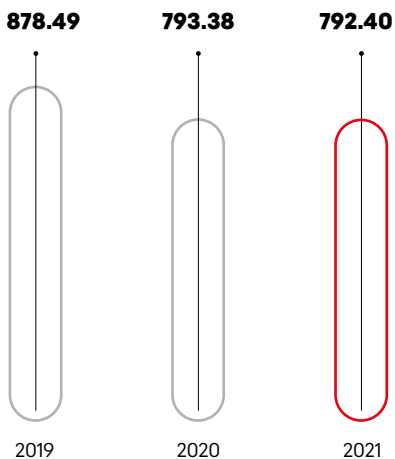
GRI 305-6, 305-7

We strive to cut air emissions from our operations, this is why we constantly monitor our emissions and conduct regular inventories of emission sources. Since 2019, we have made significant progress in the reduction of NOx, SOx and other major air pollutants.

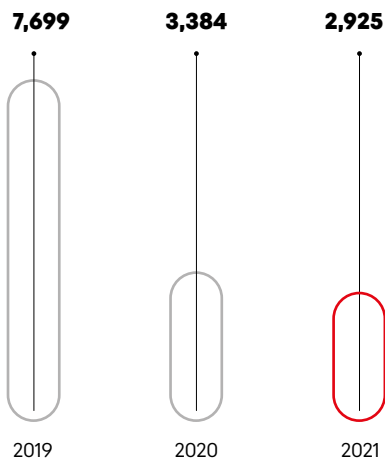
Specific electricity consumption, kWh per mln RUR



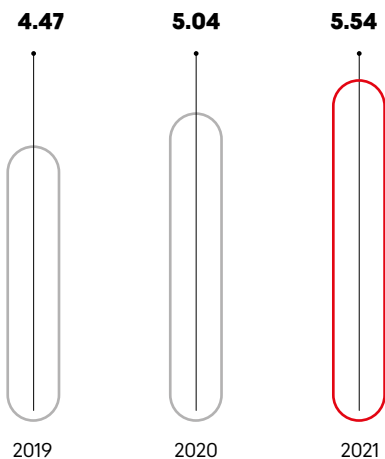
Specific heat consumption, thous. Kcal / mln RUR



Air emissions of NOx, SOx and other significant pollutants, tonnes



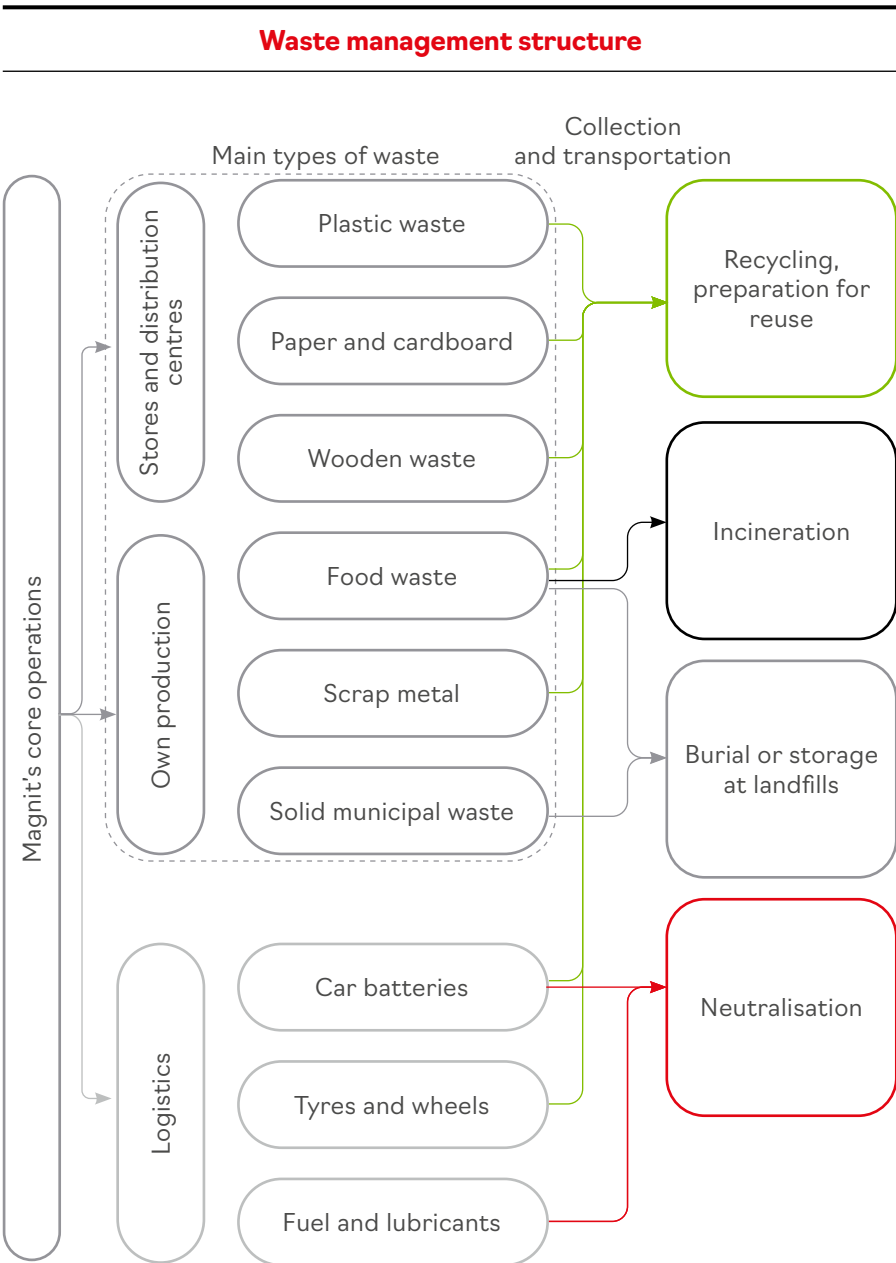
Emissions of ozone-depleting substances, tonnes



Waste management

GRI 306-1, 306-2, 306-3, 306-4, 306-5

Sustainable waste management is one of Magnit’s focus areas in environmental protection. As part of our consistent efforts to increase the share of reusable and recyclable waste, we are actively developing and implementing waste reduction initiatives.



Chain waste

Packaging is the key source of waste for a retail chain. Magnit recognises its responsibility to minimise this type of waste. We have ambitious targets and are constantly exploring and testing various initiatives to recycle waste generated by the Company’s trading activities.

The packaging waste from goods sold at Magnit is mostly cardboard, polyethylene film, plastic crates for fruit and vegetables, and wooden crates. The way we handle and dispose of each of these kinds of waste depends on the type and composition of their materials.

Last year, we made significant progress by recycling wooden waste, including scrap pallets and crates for fruit and vegetables, into wood chips at our Kolpino distribution centre. Wood chips are widely used in manufacturing construction materials, cardboard and paper. By selling them, we reduced the costs of household waste disposal by around RUB 1.2 mln in just six months.

Plastic waste

With plastics making up the majority of our packaging waste, we set clear targets to mitigate our environmental footprint through recycling and innovation. As part of our Give Plastics a Second Life initiative supported by Procter & Gamble, we engage our customers and local communities in collecting plastic waste for recycling. For details on Give Plastics a Second Life and our other projects, see Responsible Marketing and Communications.

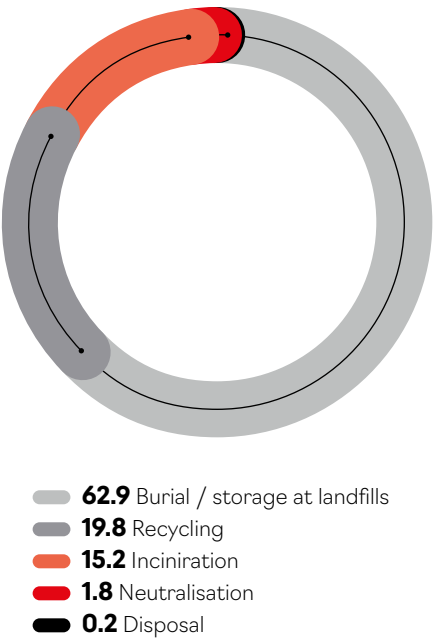
Magnit sends 100% of its plastic waste for recycling, and we aim to stick to this figure despite the expansion of our geographies.

Furthermore, we plan to lower the volume of plastic waste at all stages of goods use, among other things, by decreasing the amount of plastics from purchases in our stores and reducing the share of plastic in packaging. That said, we made great progress towards reducing plastic in packaging in our own production and private labels (for details, see Own Production).

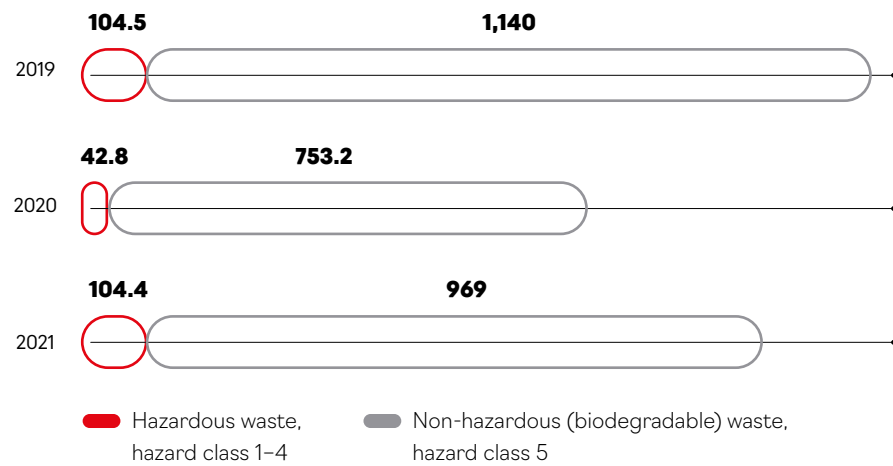
Having switched to plastic bags made of 30% recycled content, we keep exploring the options to increase this figure to 40%. This switch was more difficult than we had anticipated, as greater amounts of recycled material affect the bag’s durability. We remain committed to using 100% recyclable plastic bags and are looking at a wide range of technologies as they emerge.

One of our focus areas is to study the role of additives in plastic packaging to make it more biodegradable. So far, our tests have shown positive outcomes in terms of packaging characteristics, and we are now evaluating the costs and the environmental effect of such additives on packaging materials for fresh categories.

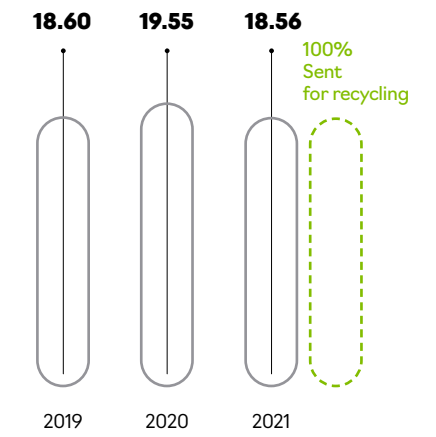
Waste broken down by type of handling, %



Waste generation, thous. tonnes



Plastic waste generation, kg per mln RUR



Waste management

(continued)



Integrating DIXY: waste management

Tyre recycling. Landfilled rubber products emit harmful chemicals, including carcinogenic benzopyrene and more than 15 other compounds recognised as highly toxic by the International Union for Conservation of Nature. Industrial rubber waste leaves a greater environmental footprint than vehicle exhaust emissions. In 2020, DIXY-Yug launched a project to recycle used tyres. In 2021, the company sent over 100 tonnes of tyres for recycling, up 52% YoY.

Car batteries. Battery recycling creates new production materials, neutralises hazardous substances and protects the environment. DIXY-Yug actively cooperates with licensed companies equipped to recycle and dispose of car batteries. According to our data, some eight tonnes of batteries were shipped for recycling and disposal in 2021.

Used petroleum products. Fuel and lubricants cannot be reused, as they no longer provide proper lubrication due to the formation of sludge. Dumping them is also dangerous due to their toxicity. DIXY-Yug ships used fuel and lubricants to dedicated recycling companies. In 2021, the company sent over 8 thous. liters of waste oil for recycling and disposal.

Waste recycling. For many years, DIXY-Yug has been partnering with companies that recycle cardboard, polypropylene boxes, LDPE and stretch films, scrap metal, etc. Each year, DIXY-Yug enters into more agreements with suppliers to return reusable packaging as the company aims to limit the waste from wooden pallets.

Plastics. DIXY uses plastic shopping baskets, stretch films and price tag holders made from secondary and recyclable materials.

Food waste

Magnit is committed to reducing the amount of food waste sent to landfills. The Company aims to halve its food waste by 2025 by minimising waste generation through streamlined procurement and by implementing food waste recycling initiatives. Apart from being the right thing to do in terms of ethics, the reduction of waste sent to landfills will help us cut expenses.

Our food waste reduction strategy has three dimensions:

- Streamlining procurement to reduce food waste generation
- Increasing the amount of waste sent for recycling
- Handing over expired food products to third parties

In 2021, Magnit collected and sent for recycling 4,800 tonnes of food waste. The Company keeps a strong focus on waste collection and recycling and closely monitors the performance of its waste recycling service providers to ensure the best results.

As part of our efforts to dispose of discarded food items, we selected potential buyers, with contact execution currently underway. In addition, a system of writing off and registering expired but still valuable products has been developed.

There is more work to be done, but we believe that the measures taken today will bring us closer to achieving a 50% reduction in food waste by 2025.

Waste Morphology

In the summer of 2021, we launched an environmental audit of waste accumulating in containers used by Magnit's stores. Rolled out in 36 stores across four regions of our operation, the project is set to last through 2022, covering each of the year's seasons.

It will help us identify patterns of municipal solid waste generation and work out plans to reduce the amount of waste getting to garbage containers used by Magnit's stores. As its key outcome, the project will make it possible to precisely measure the amount of generated food waste as well as reusable and recyclable waste that is sent to landfill sites and that we intend to reduce.

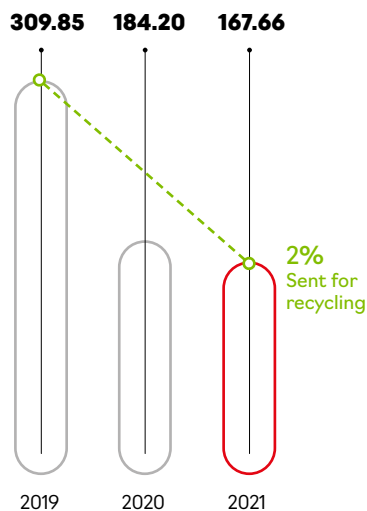
Aside from that, Magnit will focus on:

- Identifying anomalies in food waste generation and structure by waste category, waste accumulation rates per sq. m of selling space, extreme values for stores and regions, as well as correlation between write-offs and their share in garbage containers. Upon analysing the identified extreme values by season, we will be able to set up a relevant season-based plan of action for handling food waste as part of municipal solid waste management;
- Measuring the amount of recyclable content in municipal solid waste to assess the efficiency of recyclable waste collection in stores;
- Leveraging the conducted research to substantiate optimal municipal waste generation standards in potential disputes with regional operators and for challenging such standards.

The project is being conducted in the regions where Magnit has the densest concentration of stores or issues with regional waste handling operators, including Tatarstan, the Krasnodar region, Moscow and the Moscow region, St Petersburg and the Leningrad region.

In each region, nine facilities were selected among the Company's hypermarkets and convenience stores across a range of cities and towns. Such broad geography makes it possible to use the project results in discussions with regional operators if disputes over municipal solid waste generation standards arise.

Food waste generation (kg per mln RUR)



Integrating DIXY: Food waste

In 2020, DIXY-Yug developed and launched a project to hand over substandard vegetables and fruits to farmers and agricultural companies for using as animal feed and for making compost to support farmers and improve environmental locally. Since the project commenced, more than 22 tonnes of substandard products have been distributed. DIXY-Yug keeps a close eye on this project, continuously searching for new partners and signing more contracts.

Water resources

GRI 303-1, 303-2, 303-3, 303-4

For the most part, Magnit operates in water-sufficient regions. At the same time, we are aware that, as a highly valuable commodity, fresh water must be preserved and protected. Besides, responsible water use helps cut expenses and reduce pressure on sewage systems.

Water consumptions spreads across the whole chain of the Company's operations, including farms and production facilities, stores, drainage units, and vehicles. Most of our sites have water supply networks in place connected to centralised sewage systems. The rest rely on their own sources of water and wastewater treatment facilities.

Before remote logistics hubs and production assets occupying large plots of land are equipped with water supply and disposal systems, we assess a number of solutions to select the best-fitting one.

19 out of Magnit's 39 logistics hubs, and the Company's own production and agricultural facilities, use their own wells. 12 logistics hubs have their own utility wastewater treatment units installed.

We measure the following types of our water footprint:

1. Blue water footprint
- consumption of fresh water either from surface resources used for irrigation of agricultural land or from underground resources used in the Company's logistics infrastructure, greenhouses, mushroom complexes, as well as food and confectionery production;
 - consumption of water from centralised water supply networks at the Company's sites.

Integrating DIXY: water resources

Use of recycled water

At DIXY, a water treatment system is applied in vehicle washing. As a result, about 75% of the water is continuously recycled.

Modernisation of treatment units

DIXY implemented a project to replace wastewater treatment equipment and launch a multi-stage wastewater treatment system, upgrading treated wastewater to the fishery category.



2. Grey water footprint

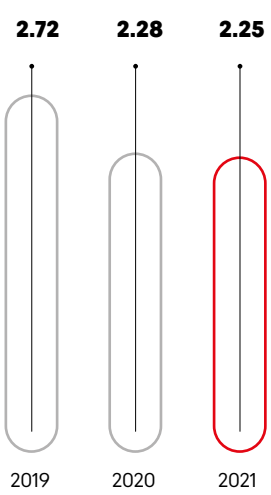
- pollution of water as a result of the Company's operations.

Magnit monitors the state of water supply resources, with a water withdrawal meter system installed, and quality control tools for underground and treated water applied. Each case of excessive water use is examined to remedy the situation.

Once a month, we have wastewater from our treatment units tested for pollutant concentrations by accredited laboratories to make sure it meets the safety requirements, releasing no pollutants into water bodies when disposed.

We minimise water use by installing tap flow regulators in stores, as well as by using water recycling systems for on-road car washing and treated wastewater for in-house processes at biological treatment stations (utility wastewater and stormwater). In addition, we put water saving nozzles on single and mixer taps across convenience stores, Magnit Family and Magnit Cosmetics chains, and our distribution centres.

Specific water consumption, cbm per mln RUR



Green Office

GRI 301-2

In 2021, Magnit's head office in Krasnodar upgraded its Eco Green Office certificate awarded a year earlier from Basic (20%) to Standard (40%), not only confirming the Company's compliance with sustainable development requirements, but also illustrating the amount of progress made towards the ecologisation of sites and operations within a limited time span.

Our head office's heating system operates on recuperation from

the Company's own power unit, which contributes to lower CO2 emissions. The building boasts a heating and conditioning system that automatically adjusts to the weather, as well as other energy efficient equipment, such as LED lighting or water saving tap nozzles to reduce water consumption.

Magnit pays special attention to waste recycling. In the office and outside, the Company placed trash containers for separate waste collection and reverse vending

machines for plastic bottles and aluminium cans. In working and printing areas, there are boxes for paper waste for collection and further recycling. In addition, there are battery collection containers.

Magnit equally cares about its employees' health. The head office is equipped with rooms for men/women group training and cardio practice, and a workout zone. Adjacent to the main building is a green territory with rest benches, while inside the office there are vending machines with healthy snacks, including vegetables and fresh and dried fruits. Employees receive free medical help and vaccination.

Magnit's head office accommodates around 8,000 people. In the office, our staff get used to sorting waste, saving water, paper and energy, keeping fit, and healthy eating, and each of them brings these ideas to wider attention, sharing them with families and friends. As a result, the eco principles adopted by our employees expand into the society. We are planning to roll out the Green Office initiative to new offices in other regions besides Krasnodar.

Having analysed our previous experience, we developed a comprehensive programme with environmental protection and employee care at its core. Step by step, it will be implemented over the next few years, with new openings across the country adopting its values.

Starting 2015, Magnit has been gradually transitioning to the electronic document management system. In 2021, Magnit recorded a total of 191.9 mln electronic documents (5.9x increase YoY). Most of those are used when transporting products from suppliers to distribution centres and then to stores. After the official transition to the electronic document management system in 2018, we have been able to save 9.052 tonnes of paper and substantially minimise document transportation, both via the Company's own fleet and courier services, thus reducing the environmental footprint in terms of GHG emissions.

Total impact of implementing the electronic document exchange system by Magnit in 2018–2021

