

Environmental protection

As one of Russia's major companies, Magnit realises the importance of preserving a favourable environment across its footprint. We work hard to reduce our negative environmental impact and ensure a better future for the people of our country.

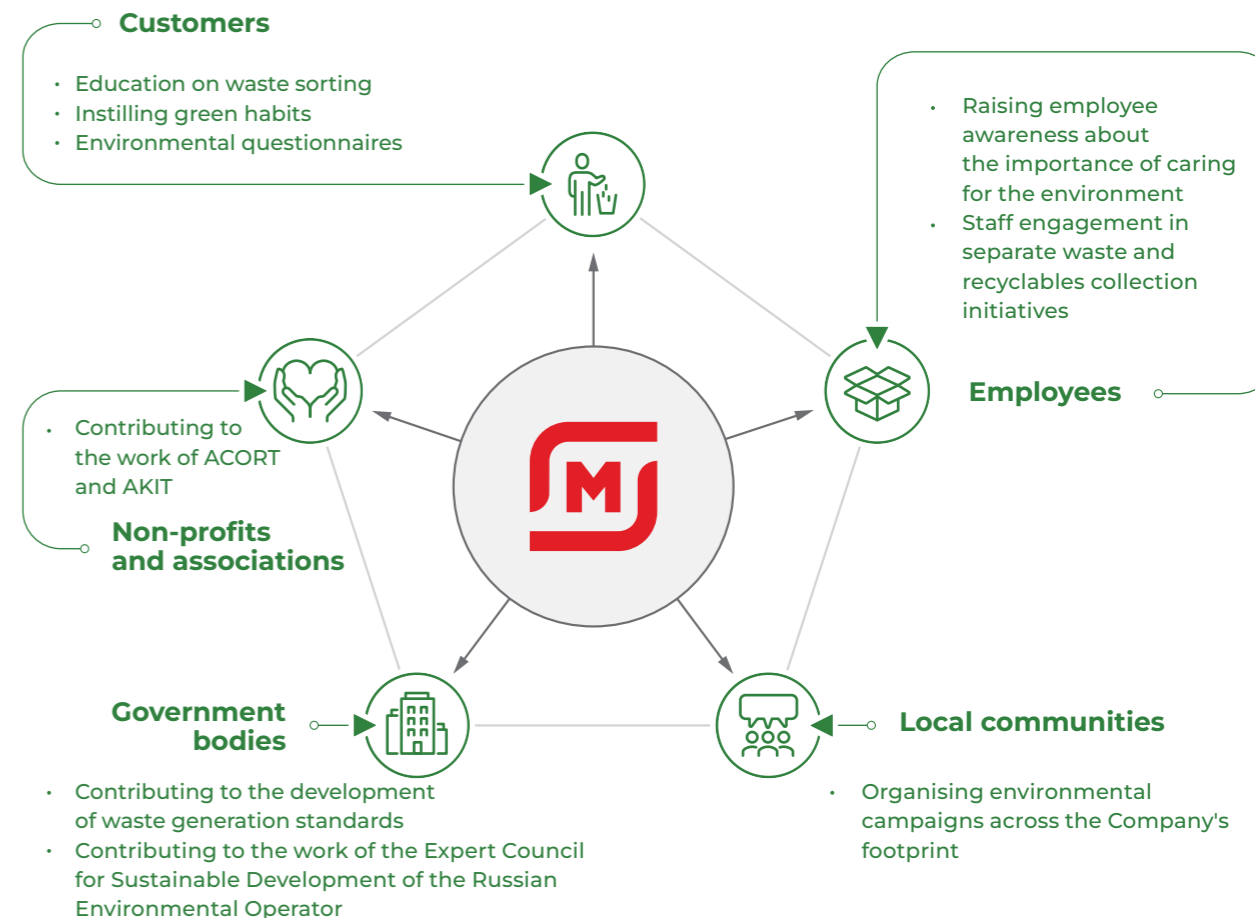
Approach to management

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



Material topics

- ▶ Increased use of environmentally friendly (recyclable) packaging for private labels and own production
- ▶ Reducing food waste
- ▶ Building sustainable food production chains
- ▶ Building long-term multi-stakeholder partnerships to support the sustainable development goals



2022 highlights

- ▶ Launching a food sharing project in Moscow, the Moscow region, and St Petersburg
- ▶ Joining the Towards Zero Loss! voluntary initiative of the Agency for Strategic Initiatives (ASI) to increase organic waste recycling in Russia and reduce food losses
- ▶ Phasing out paper checks in favour of digital ones
- ▶ Starting the work on the harmonisation of food waste management laws together with the Russian Environmental Operator (REO) to return valuable resources to the circular economy, cut food losses, reduce food waste landfilling and disposal
- ▶ Kicking off the development of a Voluntary Standard for Recyclable Pre-packs, which will apply to environmental promo materials, jointly with key suppliers
- ▶ Holding a series of online workshops for private label suppliers to raise awareness about the Voluntary Sustainable Packaging Standard and introducing a mandatory assessment of private label packaging for compliance with the said standard
- ▶ Inaugurating the first separate waste collection point in a hypermarket in Novosibirsk
- ▶ Landscaping activities: planting the Magnit Alley in the Otradnoye Park in Moscow, planting trees on the Gzen River embankment in Veliky Novgorod, planting linden and oak seedlings in Zablotsky Prioksko-Terrasny Reserve.

Priority UN SDGs



Russia's national projects

Environment

RSP Reference Performance Indicators



Key documents

Internal regulations

- ▶ Climate Change Policy
- ▶ Packaging Waste Policy
- ▶ Magnit's Own Brand Packaging Policy
- ▶ Health and Wellness Policy
- ▶ Environmental Protection and Safety Policy

External documents

- ▶ 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



Principles of the Social Charter of the Russian Business

Conservation and climate agenda

We believe that environmental conservation is a core human value and that addressing challenges, including those associated with climate change and ecosystem stability, is essential to the future development of business and society, maintaining peace and security



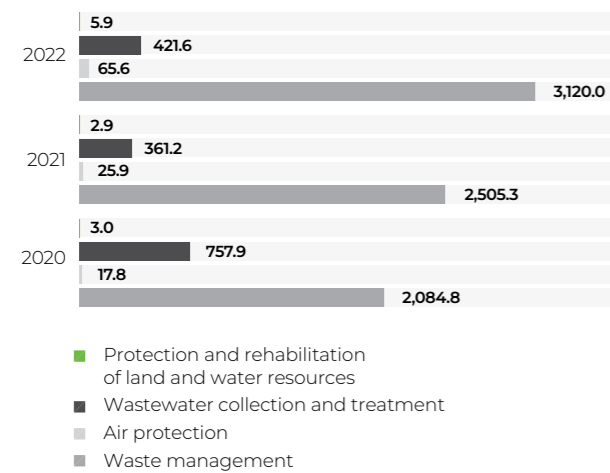
Environmental protection expenditure

Mandatory environmental payments, RUB thous.

Category of expenses	2020	2021	2022
Total payments for permissible impact (emissions, pollutant discharges, waste disposal)	3,633.21	3,850.00	3,393.65
Payments for surpluses, fines collected to compensate for damages caused by violation of environmental laws	11,909.00	6,493.00	3,489.00

Mandatory environmental payments totalled RUB 6,882.65 mln.

Magnit's environmental footprint reduction expenses, RUB mln



Magnit's air protection expenses increased by more than 2.5x due to the need to draft submissions for, and obtain, new permits. The cost of protection and rehabilitation of land and water resources doubled for the same reason. Waste management expenses grew by 96% due to higher recycling rates and the expansion of the Magnit retail chain. A slight increase in wastewater collection and treatment costs (+17%) is attributable to the need to conduct additional laboratory tests of wastewater under industrial control programmes at the inlet and outlet of treatment facilities, which helps assess the treatment effectiveness and fine tune the wastewater treatment equipment. Magnit's total spending on minimising its environmental impact in the reporting year was RUB 3,613.1 mln.

Climate change

We are fully aware of the importance of the climate agenda and seek to control the impact on climate change and reduce our carbon footprint.

Our climate position

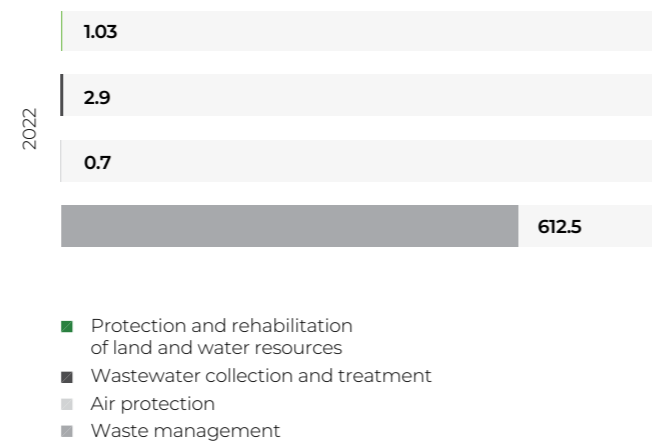
As Magnit grows and expands, so does its need for energy and natural resources. This comes with associated GHG emissions from electricity and heat consumption by its retail chains, distribution centres, industrial and agricultural facilities, offices, fleet and refrigerants.

DIXY

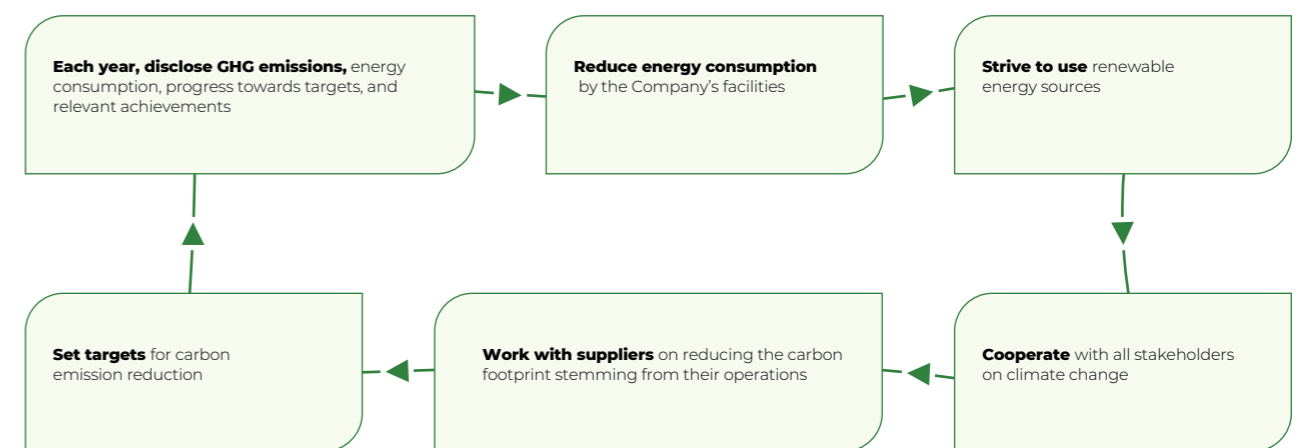
In 2022, Magnit's total environmental footprint reduction expenses (including DIXY's expenses) amounted to RUB 4,230.3 mln. The Group's mandatory environmental payments in the reporting year stood at RUB 6.9 mln.

DIXY's total expenditure on environmental protection in 2022 was RUB 5.33 mln.

DIXY's environmental footprint reduction expenses in 2022, RUB mln¹



Ways to reduce Magnit's impact on atmospheric air and climate in general



In 2020, we adopted a climate change policy that outlines climate change principles and responsibilities of Magnit and its controlled entities. Our Sustainability Strategy 2025 includes targets to reduce GHG emissions and energy consumption.

¹ DIXY's total waste management costs include fees to the regional operator for waste removal from stores to DCs and directly from DCs, costs for disposal of liquid household waste at treatment facilities and disposal of packaging waste to meet its extended producer responsibility obligations.