

Environmental safety

Magnit's environmental policy is built on a balanced combination of economic growth and maintaining a favorable environment. The Company is committed to taking care of the environment, which offers significant opportunities to enhance the efficiency of its development, reduce costs, and, in some cases, generate additional profit.

The Company's environmental policy is based on the Constitution of the Russian Federation, federal laws and other regulatory legal acts of the Russian Federation, international regulatory and legal documents concerning environmental protection, and sustainable use of natural resources.

Magnit fulfills the following obligations and demands the same from its partners, contractors, and counterparties:

- guarantee compliance with environmental standards and requirements established by the legislation of the Russian Federation and international legal acts concerning environmental protection;
- ensure a reduction in any negative environmental impact and conserve resources;
- guarantee compensation for any possible environmental damage;
- take preventive measures to preclude any negative environmental impact, which takes priority over measures to mitigate the consequences of such an impact;
- improve the energy efficiency of production processes;
- ensure the Company's employees are involved in activities to reduce environmental risks and continuously improve the environmental management system and environmental protection indicators.
- raise the level of awareness and competence among the Company's employees when it comes to addressing environmental protection issues.

- take part in environmental programs and projects that aim to preserve a favorable environment in the regions where the Company operates.

Mechanisms for meeting environmental policy commitments

The main mechanisms used to meet the Company's environmental policy commitments are:

- carrying out industrial environmental control and monitoring and conducting an environmental impact assessment of the Company's operations;
- mandatory recording of environmental aspects and risk assessment when planning activities as well as developing and implementing projects;
- implementing innovative projects that aim to improve energy efficiency and utilizing renewable energy sources and unconventional energy resources;
- maximizing the use of waste as secondary raw materials and energy resources;
- utilizing the best available technologies during various stages of production activities, including the procurement of technologies, materials, and equipment;
- involving all the Company's employees in activities related to the environmental management system;
- improving the environmental education system for the Company's employees;
- collaborating with organizations and individuals that are interested in improving environmental safety at the Company;
- informing all persons who work for the Company or on its behalf, including contractors working at the Company's facilities, about its environmental policy commitments.
- taking part in environmental programs and projects that aim to preserve a favorable environment.

Energy conservation and efficiency¹

Magnit's Energy Conservation and Efficiency Enhancement Program (ECEEP)

Projects	Measures
Lean energy consumption at the Company's facilities	Automated shutdown of electrical loads in convenience stores at night; introduction of lighting control
	Switching to LEDs at all the Company's existing facilities by 2020
	Disconnection of unused/rarely used energy-consuming equipment at the Company's facilities; switching climate and refrigeration systems to energy saving mode
Work with tariffs	Improving the energy conservation culture among staff
	Selecting the best price category for the convenience store, "Magnit Cosmetic", "Magnit Family" supermarket, and Distribution Center formats
	Signing of direct contracts for heat and electricity
Reducing fuel consumption	Disconnecting refrigeration equipment during the most expensive tariff hours in the Distribution Center format
	Development of internal power generation: construction of energy centers
	Use of gas piston power units (GPPU) with a heat recovery system for heating needs
	Construction of gas boilers for the Company's facilities
Process automation	Converting solid fuel heating system to gas
	Introducing an automated information and measurement system for commercial electricity metering (AIMS CEM) and an automated information and measurement system for commercial heat and heat carrier metering (AIMS CHHCM)

The following energy conservation and efficiency projects were implemented in 2018:

- Introduction of new technologies

replacement of light fixtures with LED lights in the supermarket shopping area, administrative building, distribution centers, supermarket and "Magnit Cosmetic" utility rooms, and warehouses and shipping rooms of the distribution center

- Conversion and modernization of equipment

automatic control device for the curtain heater in the unloading area of the "Magnit" convenience store and "Magnit Cosmetic" formats

- Changes to the operating model

shutdown of certain retail equipment in the supermarket format to conserve energy;

switching energy-consuming equipment to energy-saving mode;

changes in the exterior lighting control circuits in the "Magnit" convenience store and "Magnit Cosmetic" formats;

increasing the temperature in refrigerating chambers and cooling rooms of the distribution center by 2°C

- Employee outreach

conducting training events at the Company's facilities.

1. All figures are for the group of companies

Changes in fuel consumption by the Group's enterprises

Fuel types	Total fuel consumption		
	2016	2017	2018
Diesel fuel, t	187,424,202	165,931,088	162,401,920
Gasoline, t	15,615,499	15,976,296	12,008,559
Natural gas, m ³	183,777,157	182,699,112	203,422,886

Fuel consumption for transportation was reduced as a result of improved fuel efficiency and the optimization of fuel consumption rates.

Indicators of the Group's Energy Conservation and Efficiency Enhancement Program

Energy intensity, gf/kWh	Measurement units	2016	2017	2018
Specific fuel consumption for power generation	grams of fuel/kW per hour	285	285	285
Specific fuel consumption for heat generation	grams of fuel/kW per hour	156	156	156
Energy consumption reduction				
Total reduction in fuel and energy consumption that was achieved as a direct result of energy conservation and energy efficiency initiatives	TOE			
	mln kWh	221.0	247.9	217.6
	Gcal	69,209	88,109	5,554

Energy expenditures by the Group's enterprises in 2016–2018, RUB mln

Type of energy resource	2016	2017	2018
Thermal energy	1,441.4	1,444.0	1,926.4
Electricity	11,357.2	12,878.1	11,935.7
Natural gas	1,042.6	1,088.3	1,272.3

Information about energy resources used by PJSC "Magnit" in 2018¹

Type of energy resource	Volume used in physical terms	Volume used in monetary terms, RUB thousand
Thermal energy	No quantitative accounting kept	724.3
Electricity	No quantitative accounting kept	1,121.8
Natural gas	No quantitative accounting kept	155.8

Efficient use of resourcesWater consumption (m³)

	2016	2017	2018
municipal and other water supply systems	7,169,473	7,080,007	5,770,296

the introduction of measures aiming at efficient use of resources (aeration caps on water supply taps) helped to reduce consumption.

The Company regularly carries out separate waste collection (waste paper, polyethylene, plastic, wooden containers, scrap metal, etc.) and recycles waste.

Magnit enterprises employ modern methods for the treatment of household and surface (rain and melt) wastewater. Wastewater is mechanically treated before being discharged into centralized networks. Domestic wastewater undergoes mechanical, physical, chemical, and biological treatment before being released into water bodies. Surface wastewater undergoes mechanical, physical, chemical, and sorption treatment.

1. PJSC "Magnit" did not use or consume other types of energy resources other than those indicated in the table in the reporting year.