Climate Aspects of the Company’s Activities

As a socially and environmentally responsible business, Fix Price recognises the importance of the climate agenda and aligns its efforts with the expectations of its customers, investors and other stakeholders. For this reason, the Company promptly takes steps to improve its business transparency and the quality of disclosures on climate change in accordance with the best industry practice and trends. In 2021, we published our first Sustainability Report, disclosing data on our Scope 1, 2 and 3 greenhouse gas (GHG) emissions. In 2022, Fix Price decided to start adopting TCFD[1] recommendations when addressing climate-related matters, and now the Company is gradually incorporating these principles into its business processes.

Climate Management at the Company

Fix Price’s efficient and continuously evolving corporate governance system provides opportunities to discuss and manage ESG issues, including those related to climate change.

Managing Climate-Related Issues at the Board Level

As part of its sustainability efforts and in order to develop effective responses to climate-related challenges, Fix Price has set up an ESG Committee, which assists the Board of Directors in addressing the ESG agenda on a strategic level. The committee supervises the agenda’s implementation and integration into the Company’s business processes.

Managing Climate-Related Issues at the Management Level

The Company’s top management is responsible for decision-making regarding the ESG agenda as well as implementation oversight. The decisions are further translated into tasks which are consistently communicated to contributors in relevant units depending on the type of activities.

Fix Price’s current Environmental, Health and Safety (EHS) Policy sets our course and aspirations in advancing our ESG agenda and adhering to sustainability practices. The policy outlines the following principles and rules of responsible business conduct, which enable the Company to manage its environmental and social impacts:

- ensuring compliance with applicable environmental and health and safety laws and regulations;
- communicating our commitments to employees, customers, investors, suppliers and other stakeholders;
- pursuing where practicable, energy-efficiency initiatives, as well as measures aimed at reducing carbon emissions and promoting waste recycling;
- regularly monitoring our performance in addressing and resolving EHS issues in our internal operations and supply chain.

When planning operational changes, our teams consider the Company’s environmental and climate footprint. In 2021, we ran a comprehensive review of the Company’s business processes through an ESG lens. Based on the results of the analysis we identified four strategic ESG priorities (the 4Ps[2]), including Planet, covering climate and other environmental aspects. The Company uses these priorities to develop a roadmap aimed at further advancing the ESG agenda. Fix Price is now assessing which roadmap activities can be implemented in the current environment.

Our business model is unique in that the Company’s distribution centres and vehicles have no refrigeration, while our stores keep the amount of refrigeration equipment to a minimum, leading to considerable energy savings and lower GHG emissions.

As part of our commitment to reduce our environmental impact,[3] we:

- have adopted energy-efficient LED lighting in most of our existing stores, with LED lighting installed across all new stores as standard;
- strive to choose the most energy-efficient premises and premises with heat-loss reducing air-lock entries when opening new stores;
- streamline delivery routes and optimise vehicle loads to reduce fuel consumption;
- minimise the packaging size for our products, where applicable;
- regularly calculate our direct, energy indirect and other indirect GHG emissions to understand the scale of our carbon footprint and to lay the groundwork for planning emission reduction measures.

For emissions calculations, see page 83

[1] In 2017, the Task Force on Climate-related Financial Disclosures (TCFD) published recommendations for companies and other organisations to disclose their financial risks related to global climate change as part of their voluntary reporting. In its recommendations, the TCFD underlined the importance for companies to establish a practice of analysing long-term climate-related risks and opportunities and gradually embed it into risk management, strategic planning and decision-making processes
[2] Product, People, Partners, and Planet
[3] For more details on the Company’s waste management processes see page 77

Climate Risks and Strategy

Current ESG and Climate Risk Assessment

Fix Price's risk management system (RMS) is governed by the Risk Management Policy. The policy and other internal risk management documents are guided by international standards on risk management, such as ISO 31000, FERMA and COSO ERM. Our risk management system not only aids in decision making, but also supports effective business development and helps achieve the Group's goals in the context of ongoing uncertainty.

Currently, we do not assess ESG and climate risks on a regular basis but recognising the mounting importance of the climate agenda the Company is laying the foundation for a future qualitative assessment of climate risks and a scenario analysis of them. Additionally, we are planning to incorporate the climate risk assessment into our overall risk management system, so as to account for climate aspect in our risk assessments and thus contribute to a more comprehensive approach to risk monitoring and management at the Group.

For more details on the current risk management system, see page 90

In its future climate risk assessments, Fix Price plans to follow TCFD recommendations and consider the following climate scenarios highlighted in the IPCC Sixth Assessment Report (AR6) and the International Energy Agency's (IEA) annual World Energy Outlooks:

- **1.5°C Scenario (SSP1–2.6)**

A scenario that assumes a 1.5°C rise in the global average temperature by 2100, with GHG emissions peaking in 2020 and halved by 2050. Under this scenario, the world will follow an accelerated low-carbon development path, with a significant decline in the resource and energy intensity of the global economy across all sectors and industries. The share of fossil energy sources in the global energy mix falls, reaching its all-time high by 2030.

- **2.0°C Scenario (SSP2–4.5)**

This scenario is based on the assumption that GHG emissions will peak in 2040–2050, declining afterwards. In this scenario, the global average temperature rises by 2°C by 2100. This is the most balanced scenario: economic growth is maintained while material consumption growth rates decline, but this process is less intense than under the 1.5°C scenario. The global energy mix is assumed to avoid any major changes, but the Paris Agreement goals to limit the global average temperature increase within 2°C will be achieved.

- **4.0°C Scenario (SSP5–8.5)**

This scenario assumes a global average temperature increase by more than 4°C by 2100 due to a steady growth in GHG emissions at the business-as-usual rates through 2100. The world follows a traditional development trend: resource-intensive growth with elevated material consumption. GHG emissions continue to rise until 2100, with the share of fossil fuels in the global energy mix remaining high.

Fix Price is planning to conduct a qualitative scenario analysis of climate risks: short-term (to 2025), medium-term (to 2030) and long-term (to 2050), in line with international frameworks with a particular focus on the Company's climate impact under the 2.0°C Scenario (SSP2–4.5).

Drawing on its review of international and national practices, Fix Price has identified a preliminary list of transition and physical risks in line with TCFD requirements, which will be analysed in detail in the future due to their potential impact on the Company's operations. An indicative list of climate risks relevant to Fix Price is presented below.

Transition Risks

Under TCFD recommendations, transition risks include risks related to the transition to a low-carbon economy, which may entail extensive changes in international and national policies, as well as technology and market changes to address mitigation and adaptation requirements related to global climate change. A preliminary high-level analysis of climate risks found that transition risks represent the most material risks for the Company.

Regulatory Risks

1. **The Federal Law on Limiting Greenhouse Gas Emissions and the Risk of Direct GHG Emission Charges**

The Federal Law No. 296FZ On Limiting Greenhouse Gas Emissions published in 2021 requires mandatory disclosure of GHG emissions: for companies whose direct emissions are equivalent or exceed 150,000 tonnes of carbon dioxide per year — starting 1 January 2023, and those with emissions of 50,000 tonnes or more — starting 1 January 2024. This is a framework law, which implies that it may be followed by multiple regulations, clarifications and more stringent requirements. For example, there is currently a draft Federal Law On Amendments to the Code of Administrative Offences of the Russian Federation which introduces a fine for non-disclosure of GHG emissions.

Therefore, while the new law on limiting GHG emissions does not currently apply to Fix Price — since the Company's direct emissions are well below the threshold set by the law — we recognise that national regulation in this area will see further updates in the future. The Company is taking steps to prepare for these changes in advance as they may require extra costs, and therefore intends to account for these risks as part of its planning and budgeting processes, as well as to improve its data collection and management system so as to adapt to potential legislative changes as quickly as possible.

The Company also recognises the importance of annual emissions monitoring and plans to assess the feasibility of other activities to be carried out to further reduce emissions from its operations.

2. **Prohibition on the Use of Refrigerants with a High Global Warming Potential (GWP)**

By adopting the Kigali Amendment to the Montreal Protocol, the Russian Federation has committed itself to contributing to the climate change mitigation by gradually curtailing the production, import and consumption of hydrofluorocarbons (HFCs) contained in certain mixed refrigerants, such as R404A. Fix Price's current business model does not envisage an extensive use of refrigeration equipment due to the specifics of its product mix. However, the Company's analysis of data collected for emissions calculations purposes revealed that Fix Price uses HFC refrigerants which have a high global warming potential. The Company is therefore aware that, going forward, it must evaluate the feasibility of using in its operations more refrigerants with a low global warming potential.

3. **FCA's Rules on Climate-Related Financial Disclosures**

In 2021, the Financial Conduct Authority (FCA), the UK's financial market regulator, introduced requirements for issuers to disclose climate-related information in accordance with TCFD recommendations or to explain why they do not disclose such information. The introduction of these requirements by the UK market regulator highlights the risk of international and national stock exchange regulators introducing and tightening requirements around the mandatory climate-related disclosures and the quality of their content, which may entail additional costs associated with the preparation and improvement of published information.

Changes in Stakeholder Behaviour

Changes in consumer preferences, such as increased demand for low-carbon-footprint products and consumers becoming more environmentally conscious in general, may require us to adjust our product range, which will drive the associated costs up. The Company regularly monitors consumer preferences, which allows us to promptly take appropriate measures should the likelihood of this risk increase significantly.

In addition, as the climate agenda progresses, investors pay more attention to ESG and climate-related disclosures. The low level of transparency in the Company's public non-financial data may not align with investor preferences. Given the current macroeconomic situation, the likelihood of this risk occurring is limited. However, the Company continues to focus on improving the quality of its disclosures and promoting the sustainability agenda in general, as well as to monitor the level of this risk.

Physical Risks

The TCFD framework also identifies a separate category of physical risks associated with climate change. These risks can be caused both by one-off unpredictable weather and climate-related events and by long-term shifts in basic climate patterns.

Changes in Extreme High Temperatures

The peak summertime temperatures across the Company's operating regions are trending upwards. As the number of extreme weather events in Russia increases, extraordinarily hot days (with temperatures above +35 °C) and heat waves (prolonged periods of high temperatures) are expected to become more frequent. Fix Price is aware of the need to take this risk into account in the long term due to the potential increase in spending on climatic equipment (air conditioners and refrigerators), so the Company intends to pay extra attention to monitoring and improving the resource efficiency of its cooling systems. Conscious of the Kigali Amendment, Fix Price is evaluating the possibility of increasing the share of low-GWP equipment. In addition, with extreme temperatures rising and lasting longer, the risks of adverse impact on employee health increase. Fix Price recognises the need for more accurate risk assessment to enable better budgeting of spending on workplace climate control and protection of employee health, should this risk be deemed material.

Changes in Precipitation Regime

This risk lies in changes in the precipitation regime typical for each region: deviations from climatic norms in the volume and intensity of precipitation. The risk is associated with an increase in wintertime precipitation and the subsequent melting of snow accumulated during this season, which can cause more pronounced spring flood peaks.

Increased precipitation during the cold season can cause supply chain disruptions due to the limited availability of transport routes. Fix Price understands the importance of addressing this risk, so in the future we will conduct a qualitative assessment of the impact of this risk on the business to develop strategies to monitor and manage it.

Risk of Extreme Weather Events

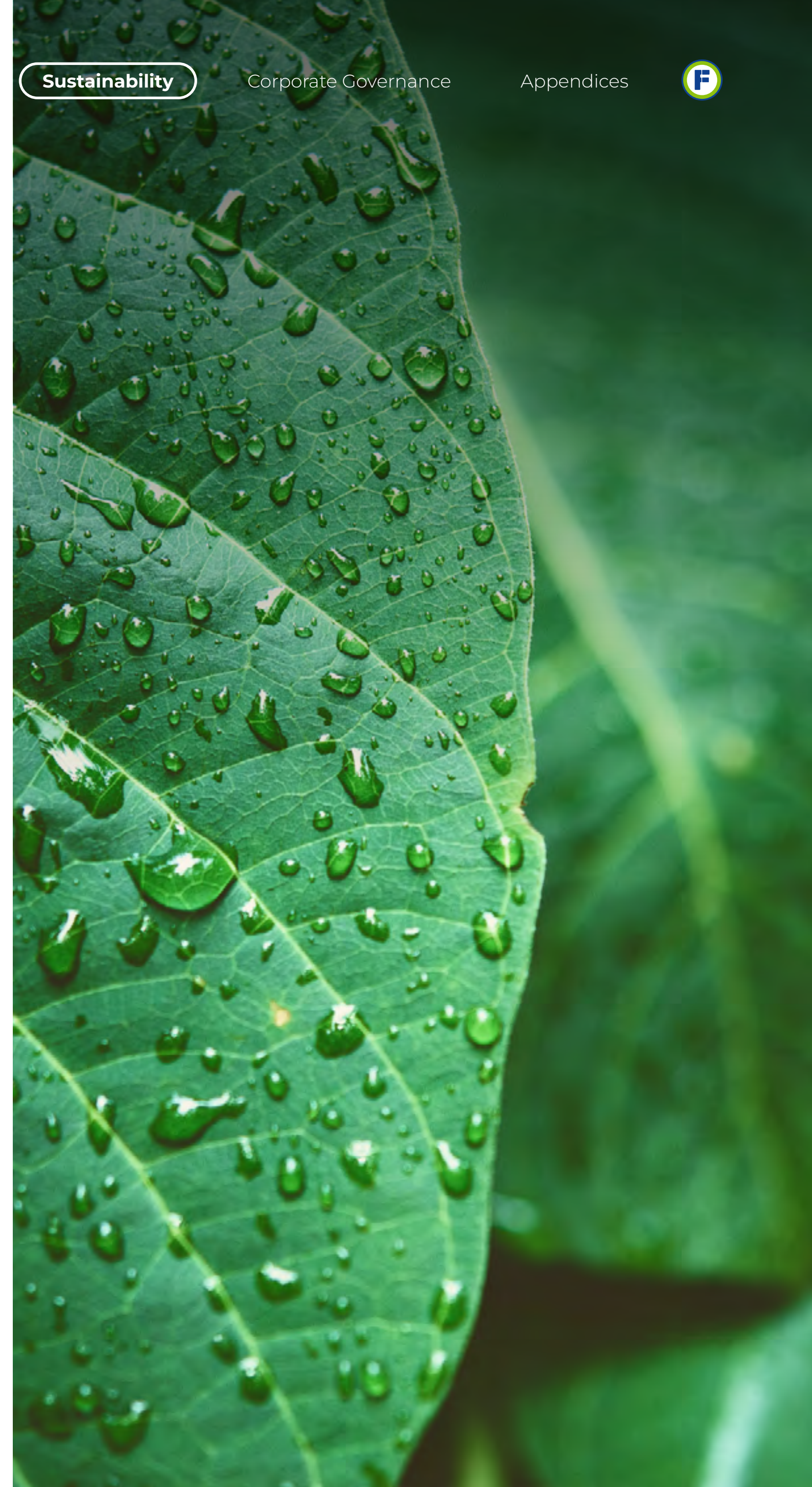
Climate change can also drive an increase in the number of extreme and particularly dangerous weather and climate events, such as fires, floods, hurricanes, etc. The increased frequency of such events can also have a negative impact on supply chain stability and asset integrity.

Metrics

The Company is strongly focused on improving its processes for collecting and recording data to measure GHG emissions and energy efficiency, as these metrics unlock a better understanding of the extent and nature of the Company's climate impact, as well as a clear vision of further steps towards developing an effective and actionable strategy.

In 2021, the Company measured its GHG emissions for 2020 and 2021 for the first time in line with the GHG Protocol Corporate Accounting and Reporting Standard (Revised Edition).

The Company continued and enhanced its efforts to measure its GHG emissions in 2022, thus, building up the amount of historical data to assess changes and strengthening the foundation for forecasting and goal setting in terms of managing its climate impact going forward. The calculation included emissions from the Company's facilities (stores, DCs, warehouse for our online store, and offices) located in the Russian Federation, excluding franchise stores.



Energy Consumption and Efficiency

We recognise the need to improve energy efficiency, as these measures are essential to mitigating climate change.

The Company consistently improves its energy efficiency and optimises its resource consumption by installing energy-saving equipment at new facilities and carrying out scheduled equipment upgrades at the existing ones.

Electricity consumption,[1] kWh

	2020	2021	2022
Purchased electricity	105,012,744	121,492,384	132,971,001
Generated electricity[2]	0	48,138	102,655

Heat consumption, GCal

	2020	2021	2022
Purchased heat	145,526	179,462	212,451
Generated heat	789	1,220	1,589

Scope 1, 2 and 3 GHG Emissions

The Company continued to measure its GHG emissions in 2022, thus expanding the amount of historical data, which allows us to assess changes in emissions and strengthen the foundation for expanding and enhancing our climate impact management efforts going forward.

GHG emissions (Scope 1, 2 and 3),[3] tCO_2-eq.

	2020	2021	2022
Total GHG emissions (Scope 1 and 2)	**91,841**	**109,907**	**121,007**
Total GHG emissions (Scope 1, 2 and 3)	**2,183,473**	**2,523,197**	**2,880,643**
Direct GHG emissions (Scope 1)	3,080	3,299	2,606
Energy indirect GHG emissions (Scope 2)	88,761	106,608	118,401
Other indirect GHG emissions (Scope 3)	2,091,632	2,413,290	2,759,636

1 Here and below, purchased and generated electricity and heat
2 In 2020, the Company did not generate any electricity
3 GHG emissions for 2020-2021 were recalculated following the refinement of the data collection and calculation methodology. In 2022, the calculation methodology was also refined due to the unavailability of previously used coefficients

GHG emissions (Scope 3) by category,[1] tCO2-eq.

	2020	2021	2022
GHG emissions (Scope 3)	**2,091,632**	**2,413,290**	**2,759,636**
Category 1: Purchased Goods and Services	1,067,685	1,255,548	1,628,588
Category 2: Capital Goods	27,040	35,948	42,758
Category 3: Fuel- and Energy-Related Activities	15,232	23,605	25,947
Category 4: Upstream Transportation and Distribution	63,797	68,165	61,626
Category 5: Waste Generated in Operations	65,030	57,648	66,043
Category 6: Business Travel	469	936	998
Category 7: Employee Commuting	13,164	13,711	17,946
Category 9: Downstream Transportation and Distribution	90	199	606
Category 11: Use of Sold Products	738,904	848,733	792,851
Category 12: End-of-Life Treatment of Sold Products	100,222	108,798	122,274

In 2022, total GHG emissions (Scope 1 and 2) increased by 10% driven by higher indirect emissions amid business expansion and a comparable increase in energy consumption. That said, the volume of direct emissions decreased by 21% after the calculation methodology was refined. In addition, Fix Price's vehicle fleet was disbanded in August 2022 and the transportation services became fully outsourced.

Other indirect emissions (Scope 3) increased by 14% on the back of growth in the volume of goods purchased for sale in stores, as well as the refinement of the calculation methodology and improvements in the data collection and processing, which enabled the expansion of the list of categories included in the calculation.

The Company continues to consistently improve its climate-related data collection and processing amid robust business growth and works continuously to enhance energy efficiency through appropriate energy-saving measures and regular analyses of opportunities to further optimise resource intensity at new and existing facilities.

1 The breakdown only covers Scope 3 categories included in the calculation. Other categories were excluded from the calculation as irrelevant for the Company