

X5 RETAIL GROUP PUBLISHES SUSTAINABLE PACKAGING RECOMMENDATIONS FOR SUPPLIERS

Moscow, 17 March 2021 – X5 Retail Group, a leading Russian food retailer, has developed and published comprehensive sustainable packaging recommendations on 13 product categories in consultation with manufacturers, suppliers, industry associations and the expert community. The recommendations rely on the barrier properties of materials and other product specifics.

When drafting its recommendations, the Company held discussions with the suppliers of all 13 product categories¹ and considered the opinions of the expert community, including industry non-profits, packaging manufacturers and waste management companies. In total, X5 received feedback from 23 suppliers and 16 experts. On 3 March, the Company held a public discussion attended by over 100 stakeholder representatives.

The document contains detailed recommendations covering three aspects of packaging – design, materials and information (including labelling, customer and employee education) – and takes into account existing legislation, as well as the technology and infrastructure available in Russia.

X5 has published the document on its website and will shortly inform partners and suppliers of the new recommendations, as well as update the training course for X5 suppliers and employees in the procurement function. The recommendations are not mandatory, but X5 will support and promote the technology and products of the vendors who choose to implement them. In 2020, X5 published general sustainability recommendations for suppliers.

Igor Shekhterman, CEO of X5 Retail Group, commented:

"Reducing the amount of packaging sent to landfills and promoting recycling are major environmental challenges faced by FMCG and retail companies. Our comprehensive packaging recommendations are the result of a collaborative effort that will support suppliers of our products, packaging and materials as they work to meet the growing consumer demand for responsible packaging. We are grateful to everyone who contributed to these guidelines. Following the principles of partnership and free information exchange for the sake of global sustainable development, X5 encourages suppliers, partners, NGOs, industry associations and other retailers to freely use the X5 Sustainable Packaging Recommendations in their packaging production and management, and invites all stakeholders to continue the dialogue to improve the Recommendations."

Ivan Kukhnin, Partner and Head of Sustainability Services at Deloitte CIS, noted:

"Supplier relations at X5 illustrate how large businesses involve their partners in the decision-making process and share the message that sustainable development is crucial along the entire supply chain. It is important that the recommendations are regularly updated to reflect changes in technology or infrastructure."

Maxim Remchukov, Sustainable Development Director at SIBUR, said:

"SIBUR approves of X5's initiative and recognises its potential to drive further change in the Russian retail market on its path to a sustainable future. Recommendations for suppliers should be an easily adaptable, flexible document, which is regularly updated

¹ Beverages, eggs, fruit and vegetables, grocery (excluding sauces, honey, jam and oil), grocery (sauces, honey, jam and oil), canned foods, non-food, dairy products, household chemicals and care products, frozen foods, pet foods, tobacco products and accessories, fresh meat, fish, and cheese.

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in response to the sustainability agenda and developments in waste management in Russia. We are happy to continue our cooperation with X5 and share our expertise."

Irina Zhukova, Director for Sustainable Development and Corporate Programmes at Philip Morris International, commented:

"Sustainable development goals cannot be achieved outside of an effective partnership. The initiative of X5 Retail Group to develop sustainable packaging recommendations for suppliers is a perfect example of meaningful collaboration, and we are thankful to the Company for the constructive and useful dialogue focused on the recommendations. We are confident that our joint efforts will make the world a better place."

Dmitry Nesterov, an expert with Zero Waste Project, said:

"For the first time in Russia, a large retailer has advised its suppliers against using disposable plastic packaging for their fruit, vegetables and other products and replace it with easily recyclable packaging. We hope these recommendations will become mandatory in the future. The next step might be a gradual transition to reusable packaging, where possible."

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Note to Editors:

X5 Retail Group N.V. (LSE and MOEX: FIVE, Fitch – 'BB+', Moody's – 'Ba1', S&P – 'BB+', RAEX – 'ruAA+') is a leading Russian food retailer. The Company operates proximity stores under the Pyaterochka brand, Perekrestok supermarkets and Karusel hypermarkets. X5 is also an e-commerce leader in Russia with digital businesses that include Perekrestok Vprok, 5Post, express delivery services, and the Okolo aggregator.

As of 31 December 2020, X5 had 17,707 Company-operated stores. It has the leading market position in both Moscow and St Petersburg and a significant presence in the European part of Russia. Its store base includes 16,709 Pyaterochka proximity stores, 933 Perekrestok supermarkets and 56 Karusel hypermarkets. The Company operates 45 DCs and 4,055 Company-owned trucks across the Russian Federation.

X5 is one of the largest employers in Russia. The Company employs over 339 thousand people.

For the full year 2019, revenue totalled RUB 1,734,347 mn (USD 26,791 mn), Adjusted EBITDA under IAS 17 reached RUB 127,380 mn (USD 1,968 mn), and net profit under IAS 17 for the period amounted to RUB 25,908 mn (USD 400 mn). In 9M 2020, revenue totalled RUB 1,449,266 mn (USD 20,476 mn), adjusted EBITDA reached RUB 114,044 mn (USD 1,611 mn), and net profit amounted to RUB 36,399 mn (USD 514 mn).

X5's Shareholder structure is as follows: CTF Holdings S.A. – 47.86%, Intertrust Trustees Ltd (Axon Trust) – 11.43%, X5 Directors – 0.09%, treasury shares – 0.01%, Shareholders with less than 3% – 40.61%.

Forward looking statements:

This announcement includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the fact that they do not only relate to historical or current events. Forward-looking statements often use words such as "anticipate", "target", "expect", "estimate", "intend", "expected", "plan", "goal", "believe", or other words of similar meaning.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, a number of which are beyond X5 Retail Group N.V.'s control. As a result, actual future results may differ materially from the plans, goals and expectations set out in these forward-looking statements.

Any forward-looking statements made by or on behalf of X5 Retail Group N.V. speak only as of the date of this announcement. Save as required by any applicable laws or regulations, X5 Retail Group N.V. undertakes no obligation publicly to release the results of any revisions to any forward-looking statements in this document that may occur due to any change in its expectations or to reflect events or circumstances after the date of this document.

Elements of this press release contain or may contain inside information about X5 Retail Group N.V. within the meaning of Article 7(1) of the Market Abuse Regulation (596/2014/EU).

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