

## **Sustainability – Recommendations for X5 Retail Group suppliers**

These recommendations are based on best practices in the food retail industry, follow international sustainable development guidelines and are tailored to the local business environment taking into account local expertise. X5 Retail Group may refine and update these recommendations as our sustainability practices evolve.

### **Who can use these recommendations?**

These recommendations are intended for X5 Retail Group suppliers and cover:

- commercial procurement of the core assortment products for our retail formats;
- manufacturing of our private label products;
- non-commercial procurement.

*We expect that X5 Retail Group suppliers will make all their employees who work with X5 Retail Group fully aware of these recommendations and also provide them to their own suppliers.*

### **What is the purpose of these recommendations?**

It is important that our suppliers share our commitment to sustainable development goals. Compliance with the recommendations will help us combine our efforts:

- to contribute to protecting people's health and well-being;
- to ensure decent work and economic growth;
- to promote responsible consumption and production.

## What principles do we follow?

1. Honest and ethical business practices and conduct in accordance with [X5 Retail Group's Code of Interaction with Business Partners](#)
2. Information transparency and accessibility throughout the supply chain
3. Reducing the environmental impact of our business
4. Respect for human rights and contributing to employee well-being
5. Community support and development

## Please also review:

- [X5 Retail Group's sustainable development strategy](#)
- [X5 Retail Group's Non-Commercial Procurement Policy \(in Russian\)](#)
- [X5 Retail Group's Supplier Policy \(in Russian\)](#)
- [X5 Retail Group's Policy on Countering Misconduct, Including Fraud and Corruption](#)

We expect our suppliers to adhere to the guidelines below, where applicable, making every effort to comply with these principles.

## Products and packaging:

- product traceability throughout the supply chain;
- voluntary product certification (see [Appendix 1](#));
- compliance with product quality legislation;
- use of labels that identify the GM content of the product;
- use of responsible marketing strategies and labelling to provide accurate and reliable nutritional information about the product;
- continuous product improvement to offer healthier, balanced and nutrient-rich alternatives;
- choice of packaging solutions in line with X5 Retail Group's guidelines (see [Appendix 2](#)).

## Please also review:

- [X5 Retail Group's Code of Interaction with Business Partners](#)

## Environmental responsibility:

- availability and improvement of an environmental management system;
- assessment of the potential environmental impact of products at all stages of their life cycle;
- availability of a waste management system, including food waste management;
- availability of initiatives to improve energy efficiency and reduce greenhouse gas emissions;
- availability of initiatives to reduce emissions and discharges into air, water bodies (both surface and underground) and land;
- availability of initiatives for sustainable use of water resources;
- availability of initiatives to combat deforestation, including that for cattle ranching or non-timber extraction;
- availability of initiatives to protect soil fertility and biodiversity;
- commitment to limiting the use of pesticides;
- availability of initiatives for the ethical treatment of animals.

## Labour practices and respect for human rights:

- no tolerance of any forms of discrimination; unconditional respect for and observance of human rights;
- providing and maintaining safe working conditions, educating employees on health and safety topics;
- no tolerance of any forms of forced labour;
- observing minimum working age requirements in full compliance with applicable laws;
- ensuring that all employees have the right to work in the country of operation and the country of employment;
- ensuring decent working conditions, including respect for workers' rights to rest and fair wages;

## Please also review:

- [X5 Retail Group's Declaration on Human Rights Protection.](#)

- respect for human rights in the regions of operation, including respect for the rights of indigenous minorities.

## **Appendix 1. Recommendations on voluntary product certification**

We expect that the products suppliers provide to X5 Retail Group will be certified to meet voluntary environmental and social standards. We do not advise any particular certification, giving our suppliers the right to choose any applicable standards, including those on the list of recommended options.

The list of recommended certification standards broken down by product category is available in *Appendix 1. List of voluntary certification schemes.*

## **Appendix 2. Packaging selection approach and recommendations on the use of materials**

X5 Retail Group's approach to selecting packaging draws on the three main aspects: materials, design and information.

### **Packaging materials**

We hope that packaging will be made of the materials listed below:

- renewable materials;
  - recycled materials;
  - materials that can be reused and recycled in Russia;
  - materials produced in a sustainable manner (that minimises harm to the environment, protects human rights and ensures decent working conditions);
  - mono-materials.
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We recommend that, when selecting packaging materials, our suppliers be guided by X5 Retail Group's classification of preferred materials based on the above criteria:

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## Most preferred packaging materials:

- Polymers:
  - polyethylene terephthalate (PET/01);
  - high density polyethylene (HDPE/02);
  - low density polyethylene (LDPE/04);
  - polypropylene (PP/05).
- Paper, cardboard, corrugated cardboard, wood from responsible sources:
  - paper (PAP/22);
  - cardboard (PAP/21);
  - corrugated cardboard (PAP/20);
  - wood (FOR/50).
- Glass and metals:
  - glass (GL/70–74);
  - aluminium (AL/41);
  - stainless steel (Fe/40).

## Less preferred packaging materials:

- Biodegradable materials:
  - from fossil raw materials (PBAT, PBS, PCL, PVAL, PGA);
  - from natural raw materials (PLA, PHA).
- Combined materials.

## Least preferred packaging materials:

- Polymers:
  - polyvinyl chloride (PVC/03);
  - polystyrene (PS/06);
  - Other types of plastics or combinations of several different types (OTHER/07).

## Design

We recommend that suppliers select and develop packaging design for products to be supplied to X5 Retail Group based on the following criteria:

- unified packaging design (aligned to the type of packaging and material for certain product categories);
  - reusability;
  - use of single-layer packaging;
  - optimised design (in terms of size, weight, number of layers and layer materials, absence of labels and other elements preventing easy collection and recycling).
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## Information

We believe it is essential to inform our end consumers of the ways packaging can be subsequently used. To this end, we recommend that suppliers be guided by the following criteria:

- packaging should be labelled with information about the origin and properties of the materials it is made of;
  - consumers should be informed and educated on ways to recycle the packaging;
  - the life cycle of the product should be evaluated and indicated on the packaging.
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