

# Minutes

of the

Annual General Meeting of Shareholders (the "AGM") of

**X5 Retail Group N.V.**  
(hereinafter: the "Company")

held on

12 May 2020 at Zuidplein 196, 1077 XV Amsterdam, The Netherlands

## 1. Opening and announcements

Mr. Stephan DuCharme, chairman of the Supervisory Board of the Company and chairman of the AGM (the "Chairman") in accordance with article 36.1 of the Articles of Association (hereinafter: the "Articles of Association" or the "Articles") of the Company, opens the AGM at 11.00 a.m. CET and welcomes (the representatives of) the shareholders present, the Management Board of the Company, as well as the Company's external auditor, at the AGM.

It is recorded that the AGM was convened with due observance of all provisions set out by law and the Articles. In the convocation letter to the shareholders was stated the place, the date, the starting time and the agenda (including the explanatory notes to the agenda) of the AGM (the "Agenda").

Pursuant to the power of attorney (including the list of attendance and voting instructions) as provided by BNY Mellon (the Depository) to the Secretary (as defined below) (the "Proxy"), a total number of 67.877.184 shares were being represented at the AGM, from the total number of outstanding shares of the Company which is 67.893.218. In accordance with the Proxy, the total number of shares represented at the AGM includes 16.761.827 shares (24.69%) that can be voted at the discretion of the Company.

As the AGM has been convened in accordance with the Articles, and the quorum as mentioned in Article 39.1 of the Articles is represented, valid resolutions can be passed by the general meeting of shareholders (the "General Meeting").

Mr. Frank Lhoëst is appointed secretary at this AGM (the "Secretary") and represents the Management Board holding the Proxy to vote on behalf of the shareholders in accordance with the voting instructions received from BNY Mellon.

## 2. Report of the Management Board for the financial year 2019

The Chief Executive Officer provides the General Meeting with an overview of the activities and of the performance of the Company during the financial year 2019.

## 3A. Remuneration Report (voting item)

The Chairman reported that the Remuneration Report has been prepared in accordance with the requirements of the revised EU Shareholders Directive, as implemented in Dutch legislation on 1 December 2019. Under this new legislation, the General Meeting has an advisory vote on the

Remuneration Report. This agenda item is therefore a voting item. The General Meeting is asked to vote as to whether the Remuneration Report is clear and understandable.

The Secretary states that 51.591.758 votes (76.36%) are in favour of this proposal, 15.970.251 votes (23.64%) are against and 315.175 votes abstained. The Chairman states that the vote of this item is an advisory vote and that, in the remuneration report of the financial year 2020, the Company will explain how the result of this advisory vote has been taken into account.

### **3B. Explanation of the Dividend Policy**

In accordance with the dividend policy approved in 2017, the Company's dividend policy is to target a payout ratio of at least 25% of the full year consolidated net profit in accordance with IFRS, provided its financial position allows for it. When considering a proposal to pay dividends, the Supervisory Board shall be guided by a target consolidated net debt / EBITDA ratio of below 2.0x as at the end of the year for which the dividend is being proposed. The dividend for the financial year 2019, in line with this policy, shall be discussed under agenda item 3D.

### **3C. Adoption of 2019 Financial Statements (voting item)**

The Financial Statements for the financial year 2019 (the "Financial Statements"), as included in the 2019 Annual Report (the "Annual Report"), were presented to the General Meeting by the Management Board, in accordance with clause 27.2 of the Articles of the Company. It is proposed to the General Meeting to adopt the Financial Statements.

Mr. Gerard Arnold, attending the AGM on behalf of the external auditor Ernst & Young Accountants LLP for the year 2019, is available to answer questions in relation to the auditor's report on the fairness of the Financial Statements.

The Secretary states that 67.829.694 votes (99,98%) are in favour of this proposal, 16.564 votes (0.02%) are against and 30.926 votes abstained. The Chairman establishes that the General Meeting does not require additional information and concludes that the Financial Statements are therefore adopted by the General Meeting.

### **3D. Determination of dividend for the financial year 2019 (voting item)**

Within the scope of the dividend policy of the Company as discussed under agenda item 3B, the following proposal is made for the determination and distribution of dividend on global depositary receipts (GDRs).

It is proposed to the General Meeting to determine the dividend for the financial year 2019 at RUB 110.47 per GDR<sup>1</sup>, representing 115,8% of consolidated net profit under IAS 17, or 153,8% under IFRS 16. The total dividend will amount to RUB 30,000 million, which includes an amount of RUB 10,493 million that will be paid from retained earnings under IFRS 16. The ex-dividend date is 28 May 2020; the record date is set at 29 May 2020. The dividend, if approved by the General Meeting, shall be paid to holders of GDRs by the Depositary in USD within 45 days from the date of the AGM in accordance with the dividend policy. The Depositary shall announce the final payment date for holders of GDRs upon the RUB/USD conversion date.

The Secretary states that all 67.807.870 votes (99.9%) are in favour of this proposal and 69.314 votes (0.1%) are against, whereupon the Chairman confirms that this proposal is approved by the General Meeting.

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<sup>1</sup> Gross amount subject to taxes and fees

#### **4A. Discharge from liability of the members of the Management Board (voting item)**

It is proposed to the General Meeting to discharge the Management Board members in office in 2019 from all liability in relation to the exercise of their duties in the financial year 2019, to the extent that such exercise is apparent from the Annual Report or has otherwise been disclosed to the General Meeting prior to the adoption of the Financial Statements.

The Secretary states that 67.835.405 votes (100%) are in favour of this proposal and 41.779 votes abstained. The Chairman confirms that the General Meeting resolves to grant discharge to the members of the Management Board from liability.

#### **4B. Discharge from liability of the members of the Supervisory Board (voting item)**

It is proposed to the General Meeting to discharge the Supervisory Board members in office in 2019 from all liability in relation to the exercise of their duties in the financial year 2019, to the extent that such exercise is apparent from the Annual Report or has otherwise been disclosed to the General Meeting prior to the adoption of the Financial Statements.

The Secretary states that 67.835.405 votes (100%) are in favour of this proposal and 41.779 votes abstained. The Chairman confirms that the General Meeting resolves to grant discharge to the members of the Supervisory Board from liability.

#### **5. Remuneration of the Management Board: Amendment of the remuneration policy for members of the Management Board (voting item)**

The most recent adjustments of the Remuneration Policy for members of the Management Board was adopted by the General Meeting in 2018. The Supervisory Board, upon recommendation of the Nomination and Remuneration Committee, proposes to make certain adjustments to the current Remuneration Policy for members of the Management Board, to align it with article 2:135a sub 2 of the Dutch Civil Code, codifying the requirements of the revised EU Shareholders Directive. If adopted, these adjustments will be effective as per 1 January 2020. In the proposed Remuneration Policy no substantive changes were made to the current remuneration structure and elements.

The Chairman puts this proposal into discussion and concludes that 53.958.648 votes (79.87%) have been issued in favour of the proposal, 13.603.361 votes (20.13%) are against and 315.175 votes abstained, so the proposal is adopted.

#### **6. Composition of the Supervisory Board: Appointment of Marat Atnashev as member of the Supervisory Board (voting item)**

The Supervisory Board proposes to appoint Marat Atnashev as member of the Supervisory Board for a term ending on the day of the annual general meeting of shareholders to be held in 2023, which is the third year after the year of the appointment.

Starting 2020 the Supervisory Board unanimously resolved to reduce the term of (re-)appointment for Supervisory Board members to a maximum of three years, to promote agility and diversity, and to create more flexibility in view of rapidly changing skill requirements at Supervisory Board level.

Marat Atnashev is currently the Director of Group Portfolio Management at CTF Consultancy Ltd. (“CTF”). Before that, from 2016 to 2019, Mr. Atnashev was Dean of the Moscow School of Management

SKOLKOVO. From 2011 to 2015, he worked at EVRAZ plc. as Vice President, Major Projects, Head of the Iron Ore Division. From 2010 to 2011, Mr. Atnashev held a position of a Director of the Directorate of Major Projects at JSC Garzpromneft. From 2000 to 2010, he worked at TNK (from 2003 - TNK-BP) at various positions in supply chain management, finance and major project management.

Mr. Atnashev graduated with honors from the Energy Department of the State University of Management (SUM), Moscow, in 1999; in 2003, he became a PhD (Candidate) in Economics. Furthermore, he also holds an MBA from INSEAD, France (2002). In 2008, he graduated from the BP Major Projects and Engineering academy, MIT (USA) and in 2016 received an MPA from Harvard Kennedy School (USA).

He is a member of the Board of Directors of Management Company "Rosvodokanal", a member of the Supervisory Board of A1 Investment Holding S.A., a member of the Board of Directors of ABH Holdings S.A., a member of the Board of Directors of Alfa Bank (Russia) and a member of "AlfaStrakhovanie" PLC.

Mr. Atnashev will be succeeding Mr. Elinson who will not be available for re-appointment by the AGM. Subject to his appointment, Mr. Atnashev will replace Mr. Elinson as member of the Audit and Risk Committee and Nomination and Remuneration Committee.

The Secretary states that 66.035.157 votes (97,29%) are in favour of this proposal, 1.841.418 votes (2.71%) are against and 609 votes abstained.

The General Meeting therefore adopts the appointment of Mr. Atnashev as member of the Supervisory Board with effect per the date of this meeting for a period of three years ending on the day of the Annual General Meeting in 2023.

#### **7A. Amendment of the remuneration policy for members of the Supervisory Board (voting item)**

The Supervisory Board, upon recommendation of the Nomination and Remuneration Committee, proposes to adopt the Remuneration Policy for members of the Supervisory Board to align it with article 2:135a sub 2 of the Dutch Civil Code, codifying the requirements of the revised EU Shareholders Directive. In the Remuneration Policy for members of the Supervisory Board no substantive changes were made to the current principles underlying the Supervisory Board remuneration as last adopted by the General Meeting in 2019.

The Chairman puts this proposal into discussion and concludes that 54.259.815 votes (80.39%) have been issued in favour of the proposal 13.236.352 votes (19.61%) are against and 381.017 votes abstained, so the proposal is adopted.

#### **7B. Annual award of Restricted Stock Units to members of the Supervisory Board (voting item)**

In accordance with the remuneration principles for the Supervisory Board it is proposed to the General Meeting that the Supervisory Directors Stephan DuCharme, Petr Demchenkov, Geoff King, Mikhail Kuchment, Karl-Heinz Holland, Nadia Shouraboura and Alexander Torbakhov shall be awarded a number of RSUs with award date 19 May 2020, equal to 100% of the gross annual remuneration of the relevant Supervisory Director in 2020, divided by the average market value of one GDR as of 19 May 2020. Under the rules of the RSU plan, the average market value is defined as the volume weighted average price of a GDR over the thirty calendar days immediately preceding 19 May 2019. The volume weighted average price is calculated using the closing price of a GDR taken from the Official List of the London Stock Exchange.

The awarded RSUs will vest on 19 May 2023, followed by a lock-in period ending on 19 May 2025. Each award is subject to forfeiture rules depending on the relevant Supervisory Director's term of office during the period until the date of vesting.

The Chairman puts this proposal into discussion and concludes that 54.469.539 votes (80.7%) have been issued in favour of the proposal, 13.026.628 votes (19.3%) are against and 381.017 votes abstained, so the proposal is adopted.

#### **8A. Authorisation to issue shares (voting item)**

It is proposed to the General Meeting to authorize the Management Board for a period of 18 months from the date of this AGM, i.e. until and including 12 November 2021, to issue shares or grant rights to subscribe for shares, subject to the approval of the Supervisory Board. The authority to issue shares or to grant rights to acquire shares is intended for the issue of shares or the granting of rights to subscribe for shares in respect of the Company's share-based compensation plans and to provide the possibility to react in a timely and flexible manner in respect of the financing of the Company. Resolutions to issue shares or grant rights to subscribe for shares are subject to Supervisory Board approval. This proposal is made in accordance with article 6 paragraph 1 of the Articles of Association and article 2:96 of the Dutch Civil Code. In accordance with current corporate governance practices the proposal is limited to a period of 18 months from the date of this AGM, i.e. until and including 12 November 2021, and to a maximum of 10% of the issued share capital. This authorisation also applies to the issue of new GDRs, or rights to subscribe for new GDRs. One GDR represents 0.25 share of the Company. When this authorization shall be approved, the current authorization shall no longer be utilized.

The Chairman puts the proposal into discussion and concludes that 66.520.295 votes (98.00%) have been issued in favour of the proposal, 1.356.279 votes (2.00%) are against and 609 votes abstained, so the proposal is adopted.

#### **8B. Authorisation to restrict or exclude pre-emptive rights upon issue of new shares (voting item)**

It is proposed to the General Meeting to authorize the Management Board for a period of 18 months from the date of this AGM, i.e. until and including 12 November 2021, to restrict or exclude, subject to the approval of the Supervisory Board, pre-emptive rights in relation to the issue of shares or the granting of rights to subscribe for shares. This proposal is made in accordance with article 7 paragraph 3 of the Articles of Association and article 2:96a of the Dutch Civil Code. In accordance with the proposal under agenda item 9, this proposal is limited to a period of 18 months from the date of this AGM and until and including 12 November 2021. Pursuant to the Articles of Association, if less than 50% of the issued and outstanding capital is represented, this proposal can only be adopted by a majority of at least two-thirds of the votes cast. If 50% or more of the issued and outstanding capital is represented, a simple majority is sufficient to adopt this proposal. When this authorization shall be approved, the current authorization shall no longer be utilized.

The Chairman puts the proposal into discussion and concludes that 66.241.777 votes (97.59%) have been issued in favour of the proposal, 1.634.797 votes (2.41%) are against and 609 votes abstained, so the proposal is adopted.

#### **8C. Authorisation to acquire shares (voting item)**

The General Meeting is requested, in accordance with article 9 paragraph 3 of the Articles of Association, to authorise the Management Board for a period of 18 months as of the date of the AGM, i.e. until and including 12 November 2021, to cause the Company to purchase, for general corporate purposes and/or to cover obligations under the Company's restricted stock unit plan, shares or GDRs in the Company's own

capital, representing up to 10% of the issued share capital of the Company as at the date of the AGM (for the avoidance of doubt, the 'issued share capital of the Company' includes issued shares and/or GDRs yet owned by the Company (directly or indirectly) in its own capital). GDRs may be acquired at the stock exchange or otherwise, at a price between par value and 110% of the opening price at the London Stock Exchange at the date of the acquisition.

The Supervisory Board has resolved, in accordance with article 17 paragraph 3 of the Articles of Association and subject to the above authorisation by the General Meeting to the Management Board, that in case the amount of Company's own issued share capital or GDRs being purchased reaches a level of more than 5% of the Company's own issued share capital as at the date of the AGM (for the avoidance of doubt, the 'issued share capital of the Company' includes issued shares and/or GDRs yet owned by the Company (directly or indirectly) in its own capital), the Management Board shall obtain Supervisory Board approval before proceeding with such purchase.

The Company may only acquire its own fully paid up shares or GDRs, provided that the part of the Company's net assets which exceeds the aggregate of the issued share capital and the reserves which must be maintained by virtue of the law, is at least equal to the purchase price for the Company's own shares.

The Chairman puts the proposal into discussion and concludes that 67.257.053 votes (99.49%) have been issued in favour of the proposal, 344.473 votes (0.51%) are against and 275.657 votes abstained. The Chairman subsequently confirms that the General Meeting resolves to authorize the Management Board to have the Company acquire shares or GDRs in its own capital in accordance with and subject to the above proposal.

#### **9. Appointment of the external auditor for the financial year 2020 (voting item)**

The Supervisory Board proposes to re-appoint Ernst & Young Accountants LLP as the Company's external auditor for the financial year 2020.

The Chairman puts the proposal into discussion and concludes that 66.348.505 votes (98.14%) have been issued in favour of the proposal, 1.255.846 votes (1.86%) are against and 272.833 votes abstained., so the proposal is adopted.

#### **10. Any other business and conclusion**

No other items were brought to the attention of the General Meeting.

As the Agenda contained no further issues to be deliberated, the AGM was closed.

Signed:

Stephan DuCharme  
Chairman of the AGM

Frank Lhoëst  
Secretary of the AGM

*In accordance with provision 4.1.10 of the Dutch Corporate Governance Code, shareholders and depositary receipt holders have the right to provide their comment to these minutes within three months after their release, i.e. until 12 August 2020. Following this, the minutes shall be adopted and signed by the Chairman and the Secretary.*