

## **X5 DEVELOPS SUSTAINABILITY RECOMMENDATIONS FOR SUPPLIERS**

**Moscow, 23 June 2020** – X5 Retail Group (“X5” or the “Company”), a leading Russian food retailer that operates the Pyaterochka, Perekrestok and Karusel chains (LSE and MOEX ticker: “FIVE”), has developed sustainability recommendations for suppliers and will update its procurement policies accordingly. The documents are intended for X5 employees and suppliers and cover commercial procurement of core branded items, non-commercial procurement, and production of private label items.

The updated policies and recommendations have been introduced as part of X5’s goal to ensure sustainable consumption and production patterns, one of the four goals set out in the Company’s sustainable development strategy that was approved in 2019 by X5’s Supervisory Board. Following the adoption of its sustainability strategy, X5 has drafted a set of goals and internal process documents aimed at cutting greenhouse gas emissions and energy use, waste reduction, promoting healthy lifestyles, ensuring decent working conditions, and supporting communities through social initiatives. The recommendations for X5 Retail Group’s supply chain are based on the sustainability principles that govern the Company’s internal processes and business units.

The documents have been developed in line with best sustainability practices in the food retail sector and based on the results of a survey of X5’s 30 largest suppliers. In addition to reviewing the best practices in Russia’s FMCG industry, the Company used the latest scientific evidence and expert findings to underpin its recommendations and policy updates. X5 Retail Group is grateful to all those experts who contributed to the open discussion on sustainable packaging, one of the most challenging aspects of sustainability in food retail. We greatly appreciate the support of WWF Russia, the Ecological Union, Greenpeace, the Razdelny Sbor (Separate Collection) environmental movement, the Higher School of Economics, FSC, Deloitte, the CIS, and many others.

The sustainability recommendations for suppliers list specific types of voluntary environmental and social certifications for various product categories informing consumers of responsible production practices. The document also reflects X5’s vision for sustainable packaging, including the use of renewable packaging materials, its potential to be recycled in Russia, the use of mono-materials and recycled materials, reusable packaging and lean design. It specifies the most and least preferred raw materials for packaging.

X5 published the recommendations on its website and will shortly inform its partners and suppliers of relevant updates to procurement policies. The recommendations are not mandatory, but the Company will consider it a strong advantage if products or practices of potential suppliers meet them when a decision on partnership is made.

Igor Shekhterman, CEO of X5, said: *“Our sustainable development priorities have been fully integrated into day-to-day operations across the Company, and are given as much attention as financial and operational performance. Updating the procurement policies and developing recommendations for supply chain participants is an important step towards achieving our sustainability goals. We hope that our partners share our sustainability objectives, so that we can join effort in improving people's health and well-being, providing decent work conditions, ensuring economic growth, and promoting responsible consumption and production. Our certification recommendations are meant to increase the share of goods produced in accordance with best practices in social and environmental responsibility, while packaging guidelines will help drastically reduce the amount of waste sent to landfills in the coming years. X5 will continue developing its own internal sustainability framework and promoting sustainable practice among its suppliers.”*

**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 several retail formats: the chain of proximity stores under the Pyaterochka brand, the supermarket chain under the Perekrestok brand and the hypermarket chain under the Karusel brand.

As of 31 March 2020, X5 had 16,658 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 15,739 Pyaterochka proximity stores, 846 Perekrestok supermarkets and 73 Karusel hypermarkets. The Company operates 42 DCs and 4,098 Company-owned trucks across the Russian Federation.

For the full year 2019, revenue totalled RUB 1,734,347 mln (USD 26,791 mln), Adjusted EBITDA under IAS 17 reached RUB 127,380 mln (USD 1,968 mln), and net profit under IAS 17 for the period amounted to RUB 25,908 mln (USD 400 mln). In Q1 2020, revenue totalled RUB 468,994 mln (USD 7,065 mln), adjusted EBITDA reached RUB 32,980 mln (USD 497 mln), and net profit amounted to RUB 8,175 mln (USD 123 mln).

X5's Shareholder structure is as follows: CTF Holdings S.A. – 47.86%, Intertrust Trustees Ltd (Axon Trust) – 11.43%, X5 Directors – 0.08%, treasury shares – 0.02%, 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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