

# Remuneration Report

## Statement from the Chairman of the Nomination and Remuneration Committee

On behalf of the Nomination and Remuneration Committee I present to you the Remuneration Report for 2023 with a summary of the remuneration policies for the Management Board and the Supervisory Board and an account of how these policies were implemented in 2023.

Despite ongoing geopolitical turbulence and macroeconomic challenges in 2023, I am proud that our teams across all divisions were able to effectively navigate through the volatility and sustain a high level of service and provision of healthy and affordable groceries across each of our formats. At the same time, we continued to invest in our communities, employees, and key strategic priorities, all with a keen focus on long-term sustainable growth. By closing the year with strong results, we demonstrate that in preceding years the necessary adjustments were made, which were crucial for us to adapt to the changing landscapes of our industry and the new economic climate, and created a resilient framework that positions X5 Retail Group for sustainable growth and success.

During the year, we extensively reviewed our remuneration policy for the Executive Board, taking into account the new macroeconomic environment with its instability and unpredictability, which shortens planning horizons. The Nomination and Remuneration Committee particularly reviewed the ratio of the various remuneration components within the Executive Board's total direct compensation, as well as performance criteria and targets of the new three-year cycle of the long-term incentive programme for the period 2024–2026. The review resulted in a new remuneration policy that will be introduced at an extraordinary meeting of shareholders in early 2024.

Throughout the year, the Committee remained focused on stability within X5's leadership team, particularly in the face of fierce competition and an increased shortage of qualified executives. The Committee's annual remuneration benchmark review performed during the first half of the year was the basis for salary adjustments necessary to safeguard the continuity of the senior management team.

On top of this, with the reappointment of Igor Shekhterman as Chief Executive Officer for an additional two-year term at the 2023 Annual General Meeting of Shareholders, we are confident that the continuity of X5's leadership in the current volatile environment will be to the benefit of the Company and all its stakeholders.

The Supervisory Board has maintained a stable composition, despite only one change with Fedor Ovchinnikov stepping down in March 2023. We extend our deepest gratitude to Mr. Ovchinnikov for his invaluable contributions during his tenure. To fill the vacancy, and as part of our ongoing efforts to strengthen and diversify the Board's composition, I am proud to say that in early 2024 we will nominate and introduce three highly qualified individuals, bringing the total number of Board members to nine if and when the new nominees are appointed at the Extraordinary General Meeting of Shareholders to be held in early 2024.

The year 2024 will undoubtedly continue to be challenging and volatile on several fronts. While we anticipate the rate of inflation to rise, the overall cost of living is expected to remain higher and will continue to impact our customers, employees, and communities. We will continue to monitor business performance and internal and external conditions throughout the year and take appropriate action where and when we deem prudent and appropriate. Meanwhile, in our commitment to ensuring that executive remuneration aligns effectively with the Company's strategy for long-term sustainable value creation, I look forward to keeping an open dialogue with our shareholders and other stakeholders.

**Peter Demchenkov**  
Chair of the Nomination and Remuneration Committee

# Remuneration of the Management Board

The Supervisory Board resolved that the remuneration policy for the Management Board shall serve as the basis for the remuneration policy for the executive team. In view of the relative size and composition of both boards, this Remuneration Report refers to the executive team, unless specific provisions apply to members of the Management Board only, which in such case will be indicated.

## Objectives

The remuneration policy for members of the executive team is aligned with the Company’s strategy of sustainable long-term development and value creation, while aiming to be effective, transparent, and simple. The objective of the remuneration policy is twofold:

- To create a remuneration structure that supports a healthy corporate culture and allows the Company to attract, reward, and retain the best qualified talent to lead the Company towards its strategic objectives
- To provide for a balanced remuneration package that is focused on achieving sustainable financial results, aligned with the long-term strategy of the Company, and shall foster an alignment of interests between management and shareholders and other stakeholders, including customers, employees, and wider society

## Remuneration in context

The table below reflects the total remuneration of the Management Board and the average remuneration of all other X5 employees (on a full-time equivalent basis), set against the Company’s performance over the five most recent financial years.

	2019	2020	2021	2022	2023
<b>Company performance</b>					
Revenue, RUB bln	1,734	1,978	2,205	2,605	3,146
Selling space, ths sqm	7,239	7,840	8,410	9,107	10,206
Number of stores	16,297	17,707	19,121	21,323	24,472
Net profit (pre-IFRS 16), RUB bln	26	39	49	52	90
Share price, USD, eop	34.5	36.1	26.5	–	–
<b>Management Board remuneration, RUB mln</b>	<b>304</b>	<b>357</b>	<b>442</b>	<b>824</b>	<b>1,125</b>
Internal pay ratio (CEO vs employee remuneration) <sup>1</sup>	211	198	273	290	320

## Benchmarking

The basic components of the Total Direct Compensation provided to Executive Board members are benchmarked against the labour market peer group every year. As a company with operations mainly in Russia, the reference group created for the benchmarking is composed of Russian companies equivalent in terms of size of business and complexity of operations. To accommodate potential changes in the labour market peer group due to delistings, mergers, or other extraordinary circumstances, the Supervisory Board may exercise discretion to substitute comparable companies within the peer group.

While the basic components of the Total Direct Compensation provided to Executive Board members are benchmarked against the labour market peer group, the compensation of the operational staff in stores and warehouses is benchmarked locally to achieve a fair compensation throughout all layers of the Company and its affiliated enterprises, considering the geographic diversity across all federal districts in Russia where the Company carries out its operations. The Supervisory Board’s Nomination and Remuneration Committee closely monitors developments in the regional and local labour markets and takes these developments into account when making recommendations on Executive Board compensation to the Supervisory Board for consideration and approval. While developing the remuneration policy, the Nomination and Remuneration Committee carries out scenario analyses to determine the risks to which variable remuneration may expose the Company.

Although external market data provide useful context, it is ultimately the responsibility of the Supervisory Board to set remuneration packages at an appropriate level that reflect the skills, level of responsibility, and performance of each individual. As we aim to recruit and retain the most qualified talent available, the target Total Direct Compensation level is set between the 50th and the 75th percentile. For the current CEO, the Supervisory Board resolved to make an exception in recognition of the size and complexity of X5. The CEO’s total direct compensation is set, in the event of on-target performance, at the 90th percentile.

<sup>1</sup> The pay ratio is calculated by dividing the total remuneration of the CEO (base salary and short-term incentives) by the average remuneration of all X5 employees. Given the irregular nature of awards under the LTI programme and other one-off incentives, these awards are not included in the pay ratio for fair and consistent presentation purposes. The average remuneration per employee is calculated as the total labour costs derived from Note 28 on page 193 divided by the number of employees on an FTE basis.

## Internal pay ratio

As is commonly understood, pay ratios are specific to a company’s industry, geographic footprint, and organisational model. As a major food retail company, the relatively small number of executive staff vs operational staff in stores and warehouses across eight federal districts in Russia adds to the variety of pay within the Company and substantially differentiates the average employee’s compensation from the compensation levels of Management Board members. For companies in other industries, this will be different. Furthermore, pay ratios can be volatile over time, as they can be heavily dependent on the Company’s annual performance, since that performance impacts the remuneration of the Management Board (and Executive Board) much more than that of all other employees.

## Summary of remuneration elements and implementation in 2023

	Policy summary	Application in 2023 summary	
<b>Base salary</b>	<ul style="list-style-type: none"> <li>Base salaries are in line with compensation levels at peer group companies based on the salary benchmarking survey conducted annually</li> </ul>		
<b>Short-term incentive</b>	<ul style="list-style-type: none"> <li>Annual cash bonus</li> <li>Target payout for CEO and President: 100%</li> <li>Target payout for Management Board members based in the Netherlands: 80% (60% until 30 June 2023)</li> <li>Maximum amount: 150% of target payout per quantitative target and 120% of target payout per qualitative target</li> <li>The total STI payout may be adjusted up- or downwards by up to 20% of the target payout at the discretion of the Supervisory Board</li> </ul>	<b>Igor Shekhterman:</b> <ul style="list-style-type: none"> <li>Group targets: 100%</li> <li>Actual payout: 116.86% of base salary</li> </ul> <b>Frank Lhoëst:</b> <ul style="list-style-type: none"> <li>Group targets: 100%</li> <li>Actual payout: 83% of base salary</li> </ul>	<b>Ekaterina Lobacheva:</b> <ul style="list-style-type: none"> <li>Group targets: 100%</li> <li>Actual payout: 116.86% of base salary</li> </ul> <b>Quinten Peer:</b> <ul style="list-style-type: none"> <li>Group targets: 100%</li> <li>Actual payout: 82% of base salary</li> </ul>
<b>Long-term incentive</b>	<ul style="list-style-type: none"> <li>Cash incentive programme over a three-year period from 1 January 2021 until 31 December 2023</li> <li>Payout thresholds: EBITDA margin and net-debt-to-EBITDA ratio to ensure business efficiency and retain focus on prudent financial and balance sheet management</li> <li>In 2024, 50% of the total award will be paid subject to maintaining achieved targets through the end of 2023, while the other 50% is deferred to 2025 with a profitability threshold as a condition for deferred payout</li> <li>To ensure the stability of the corporate structure, the Supervisory Board approved the inclusion of the Dutch directors, Frank Lhoëst and Quinten Peer, to the LTI Plan in 2023</li> </ul>	<b>Igor Shekhterman and Ekaterina Lobacheva:</b> <ul style="list-style-type: none"> <li>Stage 1 targets (2021)                             <ul style="list-style-type: none"> <li>Enterprise value/EBITDA multiple: 50%</li> <li>Market share: 45%</li> <li>Sustainability targets: 5%</li> </ul> </li> <li>Stage 2 targets (2022–2023)                             <ul style="list-style-type: none"> <li>Free cash flow, % of revenue: 35%</li> <li>Market share: 60%</li> <li>Sustainability targets: 5%</li> </ul> </li> </ul>	<b>Frank Lhoëst and Quinten Peer:</b> <ul style="list-style-type: none"> <li>Stage 2 targets (2022–2023)                             <ul style="list-style-type: none"> <li>Free cash flow, % of revenue: 35%</li> <li>Market share: 60%</li> <li>Sustainability targets: 5%</li> </ul> </li> </ul>



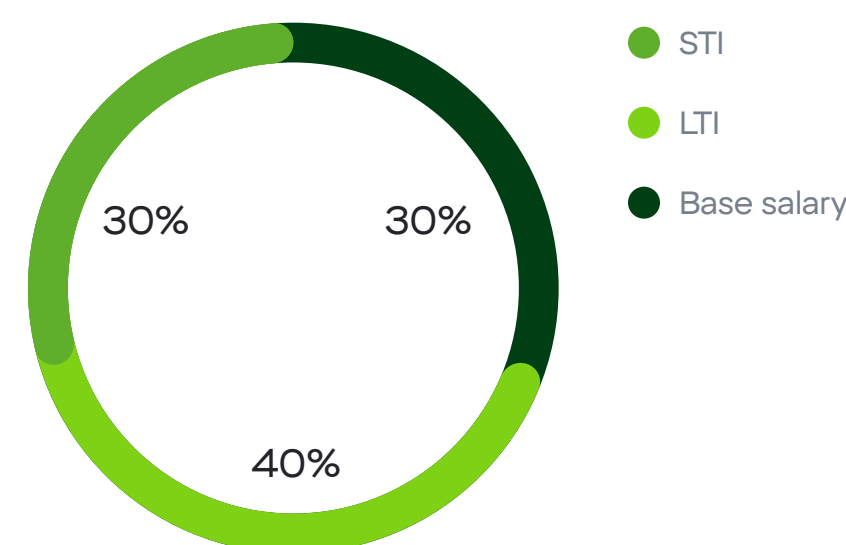
## Elements of remuneration

The remuneration provided to Executive Board members consists of the following fixed and variable components (Total Direct Compensation): a base salary, an annual or short-term cash incentive (STI), and a long-term cash incentive (LTI). Both STI and LTI are built around performance measures, both financial and non-financial, to support the Company's strategic objective to achieve long-term value creation through sustainable leadership in customer, employee, and shareholder recognition.

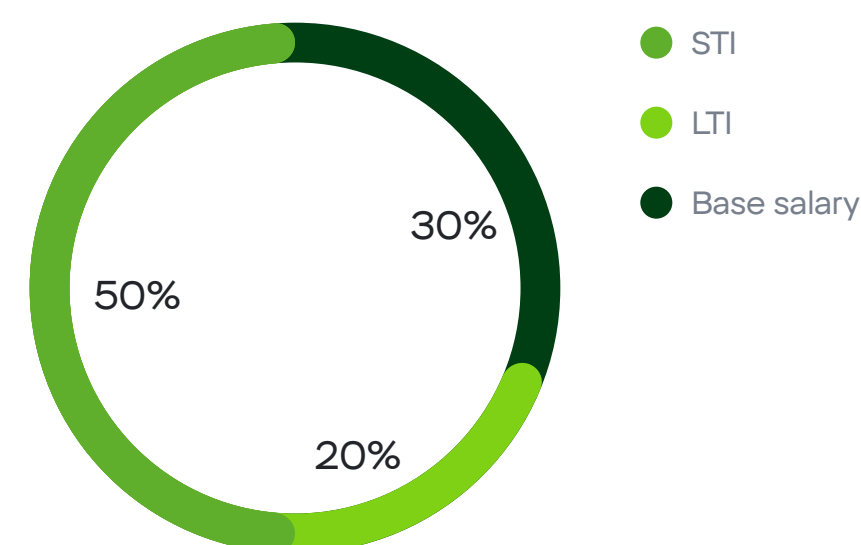
In 2023, the Executive Board's Total Direct Compensation was equally balanced between the fixed and annual variable remuneration components, and more heavily weighted towards the LTI to strengthen the focus on long-term goals. As reflected in the remuneration policy that will be submitted to the General Meeting of Shareholders in March 2024, it is proposed that the Executive Board's Total Direct Compensation shall be more heavily weighted towards the STI, with a 20% LTI component that may increase in weight over time in the event of outperformance of long-term targets. This is due to macroeconomic instability and unpredictability that shortens planning horizons, and falls in line with current industry standards in the market where the Company is predominantly active.

The ratio between fixed and variable pay components for members of the Executive Board is as follows in the event of on-target performance:

### Total Direct Compensation 2023



### Total Direct Compensation as of 2024



In addition to the Total Direct Compensation, members of the Executive Board are entitled to other benefits as described in "Other Remuneration Components" and "Contractual Arrangements" below.

## 2023 Management Board remuneration

The following table provides an overview of the Management Board's remuneration in 2023 (in millions of Russian roubles).

	Year	Base salary <sup>1</sup>	Short-term incentive <sup>2</sup>	Long-term incentive <sup>3</sup>	Social security cost <sup>4</sup>	Total
Total	2023	296	393	311	125	1,125

### Ad (1) Base salary

The base salary of the CEO and the other members of the Management Board is determined by the Supervisory Board and derived from compensation levels at peer group companies based on the salary benchmarking survey conducted annually.

For Igor Shekhterman and Ekaterina Lobacheva, the total remuneration in the table includes remuneration paid in the Netherlands and Russia: as Russia-based members of the Management Board, Igor Shekhterman and Ekaterina Lobacheva also have a contract of employment with an operational subsidiary in Russia. Under this contract, a percentage of their total base salary, as well as their variable remuneration components, are paid in Russia. Due to a shift in duties and responsibilities as a result of the current geopolitical situation and the split of responsibilities between Igor Shekhterman as CEO and Ekaterina Lobacheva as President, the base remuneration percentage payable under their Dutch services contracts was adjusted from 25% to 15% as of 1 July 2023. No other remuneration has been granted or allocated to members of the Management Board by subsidiaries or other companies whose financials are consolidated by the Company.

## Ad (2) Short-term incentive (STI)

The short-term incentive is an annual cash bonus that ensures that Executive Board members are focused on the delivery of performance targets over the financial year. It drives behaviour and reflects the key priorities for the year. At the beginning of each financial year, the Supervisory Board determines the performance measures and their relative weight, and the targets to be achieved for each performance measure, based on X5's business priorities for that year. For each measure, performance ranges are set, i.e. the value below which no payout will be made (the threshold), the on-target value, and the maximum payout level.

Performance measures are aligned with the Company's strategic objective to deliver sustainable value to shareholders and other stakeholders, and include:

- financial measures related to the Company's operational performance, consisting of key financial metrics that typically reflect X5's goal to expand market share while focusing on margins to increase profitability and prudently managing capital spending and expenses
- measures that reflect specific strategic and key business priorities of the Company.

Financial measures comprise components related to the Company's operational performance, such as sales growth, revenue, CAPEX, OPEX and profitability. These metrics typically reflect X5's goal to expand market share while focusing on margins to increase profitability and prudently managing capital spending and expenses. In addition to the financial metrics, the short-term incentive includes specific goals that are linked to the Company's strategic objectives for the long-term development of the business. These may include, at group and/or divisional level, market share, customer satisfaction, online performance, and sustainability targets. Furthermore, divisional and individual targets may be set for other members of the Management Board and Executive Board.

The Board strongly believes that these performance measures contribute to the Company's success in the short term, while also securing the long-term objectives of the Company.

The following table reflects the performance against STI targets and payouts for 2023 to the members of the Management Board.

Performance measure <sup>1</sup>	Weight	Realised performance	Resulting payout as % of target	Actual bonus (% of payout × weight)
Market share	20%	150.0%	150.0%	30.00%
X5 revenue	20%	102.7%	110.7%	22.14%
X5 EBITDA margin	20%	103.1%	120.0%	24.00%
X5 CAPEX, % of revenue	20%	100.9%	101.6%	20.32%
NPS	20%	102.0%	102.0%	20.40%
<b>Total</b>	<b>100%</b>			<b>116.86%</b>

The target payout as a percentage of base salary is 100% for members of the Executive Board and 80% for Management Board members based in the Netherlands, contingent on the targets being fully achieved. In the event of above-target performance, the maximum payout level is 150% of target payout per quantitative target (financial and non-financial) and 120% of target payout per qualitative target. The total STI payout may be adjusted up- or downwards up to 20% of target payout by discretion of the Supervisory Board.

Performance against the 2023 STI targets was assessed by the Supervisory Board. For each member of the Management Board, STI opportunities are weighted 100% based on the Group's financial and non-financial performance measures. For Igor Shekhterman and Ekaterina Lobacheva, this results in a total payout of 116.86% of their target payout (or base salary). For Quinten Peer and Frank Lhoëst, with 80% target payout, the STI payout is 82% and 83% of base salary.

<sup>1</sup> For each performance measure, a threshold, target, and maximum performance level is set with the following STI payout, as a percentage of target payout:

- Threshold performance: varies per performance measure, starting from 80% of target payout
- Target performance: 100% of target payout
- Maximum performance: 150% of target payout

For each measure, payout between performance levels is on a straight-line basis; payout is zero for below threshold performance, whereas payout for performance above maximum is capped at 150% of payout at target.

### Ad (3) Long-term incentive (LTI)

Members of the Executive Board participate in the Company’s long-term incentive programme. Under the LTI programme, performance is assessed and cash awards are paid after a revolving three-year performance period, with a 50% deferred payout subject to maintaining profitability threshold in the fourth year as a condition for deferred payout. This creates a focus on long-term goals throughout the programme and provides an effective mechanism for motivating and retaining members of management who are critical to the Company’s continued success.

The current 2021–2023 LTI programme was approved by the 2021 Annual General Meeting of Shareholders. Performance measures under the programme have a one- or three-year vesting period, with payouts in 2024 and 2025 as described above. Following the unexpected developments since February 2022 and their severe impact on the Company’s market capitalisation, the Company reviewed its strategic priorities and corresponding long-term performance measures and targets. As a result, the Board used its discretionary authority to deviate from the remuneration policy by adjusting LTI measures and their weights as of 2022, as described below.

Targets under the LTI reflect the overall strategy of the Company to achieve leadership in customer recognition by continuously transforming value propositions in the food market while setting the industry standard in digital transformation and omnichannel growth. Throughout the three-year cycle of the programme, the long-term performance measure to support this strategy is sustained leadership in terms of market share, with profitability and net debt/EBITDA thresholds to remain focused on margins, business efficiency, and prudent financial and balance sheet management. With the enterprise value multiple no longer being a meaningful leadership indicator for X5 as of 2022, it was replaced by free cash flow in Stage 2 of the programme and will serve as an indicator of the Company’s financial health and efficient financial management. In both stages of the programme, the LTI includes sustainability targets to support the Company’s ESG strategy.

The size of each individual cash award is based on the participant’s annual base salary and LTI scale reflecting his/her role and position, contribution towards the LTI targets at both the individual and team level, and a cap of 133% per year of the participant’s base salary during the three-year programme.

#### LTI STAGE 1 (January–December 2021)

Performance measure	Weight	Definition	Thresholds	Link to strategy	Payout
EV/EBITDA multiple	50%	EV/EBITDA multiple leadership, calculated and accrued on an annual basis	<ul style="list-style-type: none"> <li>Net debt to EBITDA</li> <li>EBITDA margin</li> </ul>	Long-term shareholder value creation through sustained leadership in the Russian food market, with a 15% share in grocery and a 20% share in e-grocery by 2023-end  Achieving the ESG targets in X5’s 30x30 Sustainability Plan	In 2024 (50%) and 2025 (50%, subject to EBITDA threshold)
Market share	45%	X5 market share relative to competition in the Russian food retail segment throughout the programme, with an annual revenue growth threshold. If the threshold is not achieved in a year, 1/3 of the target payout is not accrued. The minimum payout level is 60%, and the maximum is 140%, dependent on performance			
Sustainability	5%	2023 targets: <ol style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions by 10%</li> <li>Boost the share of recycled solid waste to 95%</li> <li>Achieve an over 50% share of private label goods sold in sustainable packaging</li> </ol>			

#### LTI STAGE 2 (January 2022–December 2023)

Performance measure	Weight	Definition	Thresholds	Link to strategy	Payout
Free cash flow (FCF), as % of revenue	35%	Value to reflect financial management performance	<ul style="list-style-type: none"> <li>Net debt to EBITDA</li> <li>EBITDA margin</li> </ul>	Long-term shareholder value creation through sustained leadership in the Russian food market, with a 15% share in grocery and a 20% share in e-grocery by 2023-end  Achieving the ESG targets in X5’s 30x30 Sustainability Plan	In 2024 (50%) and 2025 (50%, subject to EBITDA threshold)
Market share	60%	X5 market share growth relative to competition in the Russian food retail segment throughout the programme. The minimum payout level is 80%, and the maximum is 120%, dependent on performance			
Sustainability	5%	2023 targets: <ol style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions by 10%</li> <li>Boost the share of recycled solid waste to 95%</li> <li>Achieve an over 50% share of private label goods sold in sustainable packaging</li> </ol>			



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### Ad (3) Long-term incentive (LTI)

In 2023 the Nomination and Remuneration Committee extensively reviewed performance criteria and targets of the new three-year LTI cycle for the period 2024–2026, taking into account the constantly evolving retail industry landscape within a changed macroeconomic environment. The new LTI, which will continue to feature market share growth and free cash flow as main performance indicators, is described in more detail in the adjusted remuneration policy that will be submitted to the General Meeting of Shareholders in early 2024.

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### Ad (4) Social security cost

Starting from 1 January 2023 in the Russian Federation united social contributions replaced contributions to pension, social and medical funds. For the year ended 31 December 2023 amount of statutory pension contributions approximated RUB 81 (2022 pension contributions amounted to: RUB 62).

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## Other policy information and contract terms

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### Contractual arrangements

Members of the Management Board are engaged on the basis of a Management Services Agreement with a four-year term, to be extended upon reappointment by the General Meeting of Shareholders. The CEO and the President, as Russia-based members of the Management Board, also have a contract of employment with an operational subsidiary in Russia. The fixed and variable salary components stipulated in each contract reflect the relevant responsibilities of each member of the Management Board in the Netherlands and in Russia.

The severance payment is generally limited to one annual base salary plus on-target STI entitlement; however, the Supervisory Board may increase the severance if required under individual circumstances. For the CEO, severance pay is structured as a non-competition reward equal to one annual base salary payable in quarterly instalments following contract termination, subject to compliance with non-competition conditions. For other Executive Board members, severance pay may be structured as a non-competition reward payable six months after contract termination, subject to compliance with non-competition conditions. The non-competition period for the CEO is twelve months, and six months for other Executive Board members. The CEO's contract contains a penalty in the amount of one annual base salary should he/she breach non-competition obligations. No severance pay will be awarded if the agreement is terminated by a Management or Executive Board member, or in the event of seriously culpable or negligent behaviour on his/her part.

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### Other remuneration components

Members of the Executive Board may be offered a number of other arrangements, such as an expense allowance, medical insurance, accident insurance, and life insurance, in accordance with Company policy. This policy does not allow personal loans or guarantees to members of the Executive Board, nor does the Company provide pension arrangements for members of the Executive Board.

For Dutch members of the Management Board, the severance arrangement was adjusted in 2023 to one annual base salary plus on-target STI entitlement in case of termination by the Company or termination by either party in case of sanctions-related circumstances or developments.

Agreements with members of the Management Board may be terminated by either party with a notice period of two months or, in the case of the CEO, three months. For Management Board members serving under an employment agreement concluded prior to 1 January 2013, the statutory notice periods apply as per Dutch labour law.

## Other policy information and contract terms

### Clawback

The Supervisory Board may recover from the Management Board members all or part of a paid bonus derived from the STI or LTI if such bonus is based on incorrect information regarding the targets or conditions of the bonus. Furthermore, the Supervisory Board has the discretionary authority to adjust an unpaid bonus to an appropriate amount if the payment of the bonus is considered unreasonable or unfair.

### Insurance and indemnity arrangements

Members of the Management Board, as well as certain senior management members, are insured under X5's Directors and Officers Insurance Policy.

Although the insurance policy provides broad coverage, X5's directors and officers may incur uninsured liabilities. Under the Company's Articles of Association, members of the Management Board are indemnified by the Company against any claims arising out of, or in connection with, the general performance of their duties, provided that such claim is not attributable to gross negligence, wilful misconduct or intentional misrepresentation by the director or officer in question.

## Remuneration of the Supervisory Board

### Objectives and benchmarking

Supervisory Board fees are set at an appropriate level to attract individuals with the necessary experience, knowledge, and ability to make a significant contribution to the Company's strategy, long-term development, and sustainability. As such, the remuneration policy supports the long-term development of the Company, while aiming to meet all stakeholders' requirements.

The level and structure of remuneration for members of the Supervisory Board are periodically benchmarked against a reference group of Dutch and other European companies that are comparable in size and complexity, as well as leading Russian and international retailers. In order to attract the most talented individuals with the necessary experience, knowledge, and ability, the cash allowances for members of the Supervisory Board are set between the 50th and the 75th percentile.

The Company acknowledges that the awarding of shares to members of the Supervisory Board constitutes a deviation from the Dutch Corporate Governance Code. However, in addition to the cash allowance, X5 believes it is necessary to compensate members of the Supervisory Board in the form of equity to align the interests of Supervisory Board members with the long-term interests of shareholders and strengthen their commitment to the future of the Company. The equity-based awards paid to members of the Supervisory Board are calculated with respect to the fixed board fee of each member and are therefore not performance-based. While the total remuneration – including the equity component – may exceed the benchmark for the chairman and committee chairs, X5 believes that the level and structure of the remuneration of the Supervisory Board members safeguard their independence of thought and judgement and adequately reflect the time commitment and responsibilities of the role.



## 2023 Supervisory Board remuneration

In 2022, the General Meeting of Shareholders approved the updated remuneration policy for the Supervisory Board.

The following table provides an overview of the Supervisory Board's remuneration that became unconditional in 2023 or at year-end (in millions of Russian roubles).

	Position	(1) Base remuneration		(2) Equity-based compensation		(3) Total remuneration	
		2023	2022	2023	2022	2023	2022
Peter Demchenkov	Chair, Nomination and Remuneration Committee	34	26	42	29	76	55
Olga Vysotskaya	Chair, Audit and Risk Committee	19	8	11	2	30	10
Vadim Zingman <sup>1</sup>		-	-	-	-	-	-
Dmitry Alekseev		9	2	4	-	13	2
Vassilis Stavrou		10	2	5	-	15	2
Leonid Afendikov <sup>1</sup>		-	-	-	-	-	-
Geoff King <sup>2</sup>		-	6	-	(32)	-	(26)
Michael Kuchment <sup>2</sup>		-	3	-	(14)	-	(11)
Marat Atnashev <sup>1,2</sup>		-	-	-	-	-	-
Alexander Tynkovan <sup>2</sup>		-	3	-	(2)	-	1
Mikhail Fridman <sup>1,2</sup>		-	-	-	-	-	-
Stephan DuCharme <sup>2,4</sup>		-	1	-	21	-	112
Richard Brasher <sup>2</sup>		-	2	-	(2)	-	-
Nadia Shouraboura <sup>3</sup>		-	6	-	10	-	16
Fedor Ovchinnikov <sup>5</sup>		2	4	3	1	5	5

<sup>1</sup> In accordance with the remuneration policy and Rules of Procedure of the Supervisory Board, Vadim Zingman, Leonid Afendikov, Mikhail Fridman and Marat Atnashev, in their role as representatives of CTF Holdings S.A., have waived any entitlement to Supervisory Board remuneration.

<sup>2</sup> Stephan DuCharme and Mikhail Fridman stepped down as of 1 March 2022. Richard Brasher, Geoff King, Michael Kuchment, Alexander Tynkovan, and Marat Atnashev stepped down as of, respectively, 4 March, 11 March, 25 March, 25 May, and 22 July 2022.

<sup>3</sup> The term of Nadia Shouraboura expired in 2022.

<sup>4</sup> The General Meeting of Shareholders approved an extraordinary reward of USD 1,250,000 (RUB 90 mln) to Stephan DuCharme for his invaluable contribution to the Company since 2008, both as member and later Chairman of the Supervisory Board, and CEO from 2012 to 2015.

<sup>5</sup> Fedor Ovchinnikov stepped down as of 8 March 2023.

## Ad (1) Base remuneration

Annual fees are as follows:

Role	Fee (EUR)
Supervisory Board Chair	250,000
Supervisory Board Member	100,000
<b>Additional allowance for:</b>	
Supervisory Board Vice Chair	50,000
Committee Chair	100,000
Committee Member	16,000

## Ad (2) Equity-based compensation

In addition to their fixed base remuneration, members of the Supervisory Board are entitled to annual awards of phantom stock units (PSUs). The number of PSUs awarded annually equals 100% of a Supervisory Director's fixed base fee in the calendar year of the award, divided by the average market value<sup>6</sup> of a X5 GDR on the annual fixed award date. PSU awards are subject to a three-year vesting period. Upon vesting, the eligible Supervisory Board members are entitled to a cash payout based on the market value of the awarded PSUs on the vesting date. The Company may recover the payout during a three-year claw-back period after vesting in case of a material misstatement of the Company's financial results or any other condition deemed appropriate by the Supervisory Board. PSU awards to members of the Supervisory Board are not subject to performance criteria.

In 2023, Supervisory Board members Peter Demchenkov, Olga Vysotskaya, Dmitry Alekseev, and Vassilis Stavrou were each awarded a number of PSUs, calculated by dividing 100% of their fixed annual cash remuneration by the volume-weighted average closing market price of one GDR over the thirty immediate calendar days preceding 19 May 2023, i.e. RUB 1,482.41. The PSUs awarded in 2023 will vest on 19 May 2026. Upon vesting, the eligible Supervisory Board members are entitled to a cash payout based on the market value of the awarded PSUs on the vesting date. The number of PSUs awarded and outstanding to the members of the Supervisory Board is shown below.

<sup>6</sup> The average market value is defined as the volume-weighted average price of a GDR over the thirty calendar days immediately preceding the annual fixed grant date. The volume-weighted average price is calculated using the closing price of a GDR taken from the Official List of the Moscow Exchange.

## Phantom Stock Units awarded and outstanding to members of the Supervisory Board

	Tranche	PSUs awarded in 2022	PSUs awarded in 2023	Year of vesting	PSUs outstanding as at 31 December 2023	PSUs outstanding as at 31 December 2022
Peter Demchenkov	1	23,095	-	2025	23,095	23,095
	2	-	21,356	2026	21,356	-
Olga Vysotskaya	1	7,849	-	2025	7,849	7,849
	2	-	11,670	2026	11,670	-
Dmitry Alekseev	1	1,746	-	2025	1,746	1,746
	2	-	5,835	2026	5,835	-
Vassilis Stavrou	1	1,746	-	2025	1,746	1,746
	2	-	6,768	2026	6,768	-
Fedor Ovchinnikov <sup>7</sup>	1	4,489	-	2023	-	4,489
<b>Total</b>		<b>38,925</b>	<b>45,629</b>		<b>80,065</b>	<b>38,925</b>

<sup>7</sup> Fedor Ovchinnikov stepped down on 8 March 2023. The 2023 AGM approved the accelerated vesting of the first tranche of PSUs awarded to Fedor Ovchinnikov, whereby 2/3 (2,993) of the award was vested and 1/3 forfeited.



### Transition scheme for Peter Demchenkov

When approving the Phantom Stock Plan in 2022, the General Meeting of Shareholders approved a transition scheme for restricted stock units awarded to Peter Demchenkov under the preceding Restricted Stock Unit Plan, with the option to settle RSUs in cash upon vesting based on the X5 GDR value at the Moscow Exchange. The transition and payout scheme is as follows:

Tranche	RSUs awarded in 2020	RSUs awarded in 2021	Year of vesting	RSUs vested <sup>1</sup>	Value on vesting date <sup>2</sup>	RSUs outstanding as per 31 December 2023	RSUs outstanding as per 31 December 2022
11	9,800	–	2023	9,800	15	–	9,800
12	–	13,448	2024	–	–	13,448	13,448

### Ad (3) Total remuneration

No other remuneration has been granted or allocated by subsidiaries or other companies whose financials are consolidated by the Company to members of the Supervisory Board.

<sup>1</sup> Vested RSUs are settled for cash as per the GDR value on the Moscow Exchange on the vesting date of 19 May 2023 (RUB 1,482.41).

<sup>2</sup> In millions of Russian roubles.



## Other policy information and contract terms

Supervisory Board members benefit from liability insurance coverage and reimbursement of expenses. The Company does not grant variable remuneration to Supervisory Board members; they do not accrue any pension rights and are not eligible for personal loans or guarantees.

Supervisory Board members do not receive any other benefits or entitlements and are not entitled to any severance payment or benefits upon termination of their appointment. Supervisory Board members are appointed and reappointed based on the provisions of the law and the Company's Articles of Association.

The table below reflects the total remuneration of each member of the Supervisory Board in the five most recent financial years (in millions of Russian roubles).

	2019	2020	2021	2022	2023
Peter Demchenkov	31	35	52	55	76
Olga Vysotskaya (appointed on 30 June 2022)	–	–	–	10	30
Vadim Zingman <sup>3</sup> (appointed on 30 June 2022)	–	–	–	–	–
Dmitry Alekseev (appointed on 30 November 2022)	–	–	–	2	13
Vassilis Stavrou (appointed on 30 November 2022)	–	–	–	2	15
Leonid Afendikov <sup>3</sup> (appointed on 30 November 2022)	–	–	–	–	–
Fedor Ovchinnikov (resigned on 8 March 2023)	–	–	–	5	5
Geoff King (resigned on 11 March 2022)	36	34	43	(26)	–
Michael Kuchment (resigned on 25 March 2022)	15	16	20	(11)	–
Nadia Shouraboura (retired in 2022)	12	18	28	16	–
Marat Atnashev <sup>3</sup> (resigned on 22 July 2022)	–	–	–	–	–
Alexander Tynkovan (resigned on 25 May 2022)	–	–	10	1	–
Mikhail Fridman <sup>3</sup> (resigned on 1 March 2022)	–	–	–	–	–
Stephan DuCharme <sup>4</sup> (resigned on 1 March 2022)	40	41	31	112	–
Richard Brasher (resigned on 4 March 2022)	–	–	9	–	–
Karl-Heinz Holland (resigned on 12 May 2021)	11	13	5	–	–
Andrei Elinson <sup>3</sup> (retired on 12 May 2020)	–	–	–	–	–
Alexander Torbakhov (resigned on 3 July 2020)	17	5	–	–	–

<sup>3</sup> In accordance with the remuneration policy and Rules of Procedure of the Supervisory Board, Vadim Zingman, Leonid Afendikov, Mikhail Fridman, and Marat Atnashev, in their role as representatives of CTF Holdings S.A., have waived any entitlement to Supervisory Board remuneration.

<sup>4</sup> The General Meeting of Shareholders approved an extraordinary reward of USD 1,250,000 (RUB 90 mln) to Stephan DuCharme for his invaluable contribution to the Company since 2008, both as member and later Chairman of the Supervisory Board, and CEO from 2012 to 2015.

## Other information

### Total remuneration

The annual remuneration for Management Board and Supervisory Board members during 2023 amounted to RUB 1,264 million (2022: RUB 990 million).

### Other arrangements

No (personal) loans were granted to the members of the Management Board or of the Supervisory Board, and no guarantees or the like were granted in favour of any of the members of the Management Board or of the Supervisory Board. No severance payments were granted to members of the Management Board or of the Supervisory Board in 2023, and no variable remuneration was clawed back.

### Shareholder voting

This Remuneration Report will be submitted to the 2024 Annual General Meeting of Shareholders for an advisory vote.

The Supervisory Board  
21 March 2024

