



## 2024 Annual General Meeting of Shareholders of X5 Retail Group N.V.

The Supervisory Board and the Management Board of X5 Retail Group N.V. (the "Company" or "X5") invite the Company's shareholders (the "General Meeting") and holders of global depository receipts ("GDRs") to the Company's annual general meeting of shareholders to be held at Zuidplein 196, 1077 XV Amsterdam, The Netherlands at 11.00 am CET on 8 May 2024 (the "AGM").

### Agenda

1. Opening
2. Report of the Management Board for the financial year 2023
3. Financial Statements for the financial year 2023
  - A. Remuneration Report (**advisory vote**)
  - B. Governance: implementation of the 2022 Dutch Corporate Governance Code
  - C. Explanation of the status of the independent auditor's report
  - D. Proposal to adopt the 2023 Financial Statements without the independent auditor's report (**voting item**)
  - E. Result allocation
    1. Dividend policy
    2. Allocation of profits over the financial year 2023 to the retained earnings (**voting item**)
4. Discharge
  - A. Proposal to discharge the members of the Management Board (**voting item**)
  - B. Proposal to discharge the members of the Supervisory Board (**voting item**)
5. Amendment of the remuneration policy for members of the Supervisory Board (**voting item**)
6. Appointment of the external auditor for the financial year 2024 and delegation of authority to the Supervisory Board (**voting items**)
7. Any other business and conclusion



Record date

Persons with the right to vote and/or the right to attend the AGM are considered to be those persons who on **10 April 2024** after processing of all debit and credit entries up to and including that day (the "**Record Date**") are registered as holders of global depositary receipts ("**GDRs**") in the register of GDR holders maintained by The Bank of New York Mellon (the "**Depositary**").

The Company's annual report for the financial year 2023 (the "**2023 Annual Report**"), which includes the Company's balance sheet and profit and loss account with the explanatory notes (the "**2023 Financial Statements**"), are available on the Company's website [www.x5.ru](http://www.x5.ru) and will also be deposited for inspection by the shareholders and other persons entitled to attend the AGM at the Company's offices in Amsterdam, The Netherlands and are available free of charge.

The register of GDR holders maintained by the Depositary indicates the persons entitled to GDRs on the Record Date and entitled to give voting instructions to the Depositary pursuant to the GDR Terms and Conditions. GDR holders may instruct the Depositary with regard to the exercise of voting rights with respect to Deposited Shares (as defined in the GDR Terms and Conditions) by completing, signing and returning to the Depositary the relevant voting documentation forwarded by the Depositary to the GDR holders. The deadline for providing instructions to the Depositary will be specified by the Depositary in the information provided to GDR holders. The Depositary will procure the exercise of voting instructions received from GDR holders by the relevant deadline in accordance with the GDR Terms and Conditions and the normal processes of the Depositary.

Amsterdam, 25 March 2024

Peter Demchenkov  
Chairman of the Supervisory Board

Igor Shekhterman  
Chief Executive Officer



## **Explanatory Notes to the Agenda**

### **2. Report of the Management Board for the financial year 2023**

This agenda item includes an account of the financial year 2023, including the report of the Supervisory Board.

### **3. Financial Statements for the financial year 2023**

#### **A. Remuneration Report (advisory vote)**

This item concerns an advisory vote on the remuneration report for the financial year 2023 (Remuneration Report), which is set out on pages 124-134 of the 2023 Annual Report and also available as a stand-alone document on the Company's website. The Remuneration Report describes the 2023 implementation of the remuneration policies for each of the Management Board and the Supervisory Board. At the 2023 annual general meeting of Shareholders a positive advisory vote was cast for the Remuneration Report 2022.

#### **B. Governance: implementation of the 2022 Dutch Corporate Governance Code**

Following the Monitoring Committee Corporate Governance Code's recommendation, the implementation and compliance with the revised Dutch Corporate Governance Code, effective January 1, 2023 (referred to as the "Code"), will be explained. At X5, we welcomed the modification of the Code, as they signify a commitment to enhanced corporate governance practices. This Corporate Governance report details how these changes have been adopted, underscoring our dedication to upholding the highest standards of governance and transparency.

#### **C. Explanation of the status of the independent auditor's report**

On 22 March 2024 the Company released its 2023 Financial Statements, as part of the 2023 Annual Report, as follows:

1. Consolidated financial statements prepared in accordance with IFRS, audited by TSATR – Audit Services LLC ('B1'), and;
2. Consolidated and company financial statements prepared in accordance with IFRS and Part 9 Book 2 of the Dutch Civil Code, unaudited.

The auditor's report as required for the adoption of the company financial statements under article 393 Book 2 of the Dutch Civil Code is absent pending completion of the work that is yet to be conducted on the audit of the Company's 2023 Financial Statements by Reanda Audit & Assurance B.V., and their subsequent potential re-appointment as the Company's auditor for the 2023 Financial Statements.

Pursuant to Article 5n of Council Regulation (EU) 833/2014, as amended on 18 December 2023, the provision of statutory audit services to legal entities established in Russia qualify as restricted services that are allowed if provided to Russian subsidiaries of EU legal entities until 20 June 2024. Once this deadline has been reached, service providers must obtain a license before providing restricted services to X5's Russian subsidiaries. This creates uncertainty as to the timing and completion of the audit by a Dutch auditor. Therefore, pending the issue of an audit opinion by a Dutch auditor, and in view of the Company being of the opinion that the 2023 Financial Statements give a true and fair view of the financial position and results of X5 Group, the Company has decided, for transparency purposes, to submit its 2023 Annual Report to the



Company's Annual General Meeting of Shareholders without auditor's report. The Company will submit its 2023 Financial Statements with the Dutch auditor's report if and when such report will be issued.

**D. Proposal to adopt the 2023 Financial Statements without the independent auditor's report (voting item)**

It is proposed to the General Meeting to adopt the 2023 Financial Statements, unaudited as explained above under item 3C. The 2023 Financial Statements are included in the 2023 Annual Report which is deposited for inspection by the shareholders and other persons entitled to attend the AGM at the Company's offices in Amsterdam, the Netherlands. Copies of the 2023 Annual Report are available online on the Company's website, and will also be available for inspection at the AGM.

**E. Result Allocation**

1. Dividend Policy

Under its 2020 dividend policy, the Company intends to pay a full year dividend per share that will be stable or growing over time, provided the Company's 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 per the end of the year for which the dividend is being proposed, taking into account considerations including but not limited to the Company's growth profile, capital requirements and return on capital. In March 2022, the Supervisory Board decided to temporarily deviate from the dividend policy as a result of the prevailing geopolitical and market situation and uncertainty, and ongoing regulatory constraints. While the Company remains committed to its long-term goal of returning company profits to shareholders, the Supervisory Board believes it is in the Company's best interest to temporarily deviate from its dividend policy as long as current uncertainties and regulatory conditions prevail.

2. Allocation of profits over the financial year 2023 to the retained earnings (**voting item**)

In view of the current market conditions, ongoing regulatory constraints, and consistent with last year's profit allocation, the Supervisory Board does not declare a dividend and recommends to the General Meeting to add 100% of net profit in the amount of RUB 45,188 million to the Company's retained earnings. This proposal is based on various factors, including the need to strengthen the Company's focus on supporting customers and suppliers to maintain a stable supply chain and keep store shelves sufficiently stocked. The Supervisory Board believes that meeting these priorities will require financial resources, and that all Company stakeholders will benefit in the long term from X5 strengthening its reputation as a reliable partner for both customers and suppliers.

**4. Discharge**

**A. Proposal to discharge the members of the Management Board (voting item)**

It is proposed to the General Meeting to discharge each of the members of the Management Board in office in 2023 from all liability in relation to the exercise of their duties in the financial year 2023, to the extent that such exercise is apparent from the 2023 Financial Statements or other public disclosures prior to the adoption of the 2023 Financial Statements.



## **B. Proposal to discharge the members of the Supervisory Board (voting item)**

It is proposed to the General Meeting to discharge each of the members of the Supervisory Board in office in 2023 from all liability in relation to the exercise of their duties in the financial year 2023, to the extent that such exercise is apparent from the 2023 Financial Statements or other public disclosures prior to the adoption of the 2023 Financial Statements.

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

It is proposed to the General Meeting of Shareholders to adopt the amended remuneration policy for the Supervisory Board.

The current policy, approved by the General Meeting in November 2022, includes both cash and equity-based remuneration components. To better align the remuneration of Supervisory Board members with non-executive pay structures and levels in X5's geographic operating area, it is proposed to amend the remuneration policy to allow for cash-only compensation. The cash compensation will be set at competitive levels benchmarked within a relevant reference market of Russian companies with similar size and complexity. By removing the equity-based component, the Supervisory Board believes it enhances its independence, as remuneration will no longer be tied to the Company's performance.

If adopted, the amended remuneration policy for the Supervisory Board shall take effect as of 1 May 2024, and will apply to all payments made after that date. It will replace the existing policy in its entirety. Meanwhile, equity-based awards granted to members of the Supervisory Board since 2022 under the Company's Phantom Stock Plan will continue to vest in respectively 2025 and 2026 in accordance with the plan rules.

This proposal includes the proposal to grant remuneration to the Supervisory Board members as further set out in the proposed policy and in the table below which outlines the proposed remuneration for the Supervisory Board under the new policy. In addition to a base fee, Supervisory Board members are offered committee fees and additional compensation contingent upon their activities and responsibilities. Remuneration to EU-based Supervisory Board members is denominated and paid in Euro, remuneration to Russia-based Supervisory Board members is denominated and paid in Russian Ruble.

Annual fees are as follows, in each currency of denomination:

### **Base fees**

| <b>Role</b>              | <b>Fee (EUR)</b> | <b>Fee (RUB)</b> |
|--------------------------|------------------|------------------|
| Supervisory Board Chair  | 300,000          | 30,000,000       |
| Supervisory Board Member | 120,000          | 12,000,000       |

### **Supplementary fees**

| <b>Role</b>      | <b>Fee (EUR)</b> | <b>Fee (RUB)</b> |
|------------------|------------------|------------------|
| Committee Chair  | 90,000           | 9,000,000        |
| Committee Member | 25,000           | 2,500,000        |

The full text of the proposed Remuneration Policy for the Supervisory Board is available on our website ([www.x5.ru](http://www.x5.ru)) and forms an integral part of this agenda item.



**6. Appointment of the external auditor for the financial year 2023 and delegation of authority to the Supervisory Board (voting items)**

At the 2023 Annual General Meeting of Shareholders, the General Meeting appointed TSATR - Audit Services LLC ('B1') as the Group's external auditor of the 2023 consolidated financial statements and delegated the authority to appoint the Company's external auditor in the Netherlands to the Supervisory Board.

For the financial year 2024 it is again proposed, as per recommendation of the Audit & Risk Committee, to re-appoint TSATR - Audit Services LLC ('B1') as the Group's external auditor of the consolidated financial statements, and to delegate the authority to appoint the Company's external auditor in the Netherlands to the Supervisory Board.