

# Community investment review

## Community strategy

X5 is Russia's leading food retailer, and we understand that our activities have a social impact. We strive to have a meaningful and positive impact on society through both our day-to-day business activities and through targeted charity and social work. An effective dialogue with the communities and the public authorities of all levels in the areas where we operate is key for us to build value for all of our stakeholders.

## Policy highlights

- X5 strives to comply with relevant local and national regulations, frameworks, guidelines, globally applicable standards and best practices at all times.
- The Company's senior management team and Board of Directors monitor and regularly review X5's community investment activity and its performance against set targets.
- X5's community investment activities are designed to be focused and targeted in three key areas: food aid, support for children's causes and helping those with disabilities.
- X5 implements its community investment activities in such a way as to facilitate the implementation of national development programmes, contribute to raising living standards and to provide support to vulnerable groups in society.
- We do not provide financial or other forms of support to non-charitable organisations or activities, nor do we provide financial assistance on an individual basis.
- X5 does not seek commercial or other benefits from its community investment activities, nor does it undertake such activities as a way of exerting influence over public authorities, political figures, or private companies.



## System highlights

- In 2017, a new corporate policy was adopted governing the Company’s charity activities. It establishes the key priorities, roles and responsibilities of Company departments and individual employees involved directly or indirectly in charity work.
- Responsibility for day-to-day implementation of our community investment activities lies with X5’s different business units, depending on the specific tasks and responsibilities required.
- The community investment activities of X5’s individual retail formats are determined jointly between the formats themselves and the Corporate Centre, which provides support and advice on best practices and ensures that all activities are coordinated to create value for all stakeholders.
- KPIs are determined in conjunction with experienced external consultants as part of the advancement of the Company’s sustainable development programme. The KPIs are primarily aimed at developing food aid on the federal level and are integrated in incentivisation programmes for the responsible X5 employees.
- We regularly monitor our community relationships and conduct periodic audits and assessments to ensure that our aims are being achieved while meeting the needs of local communities. We use surveys to receive feedback from all participants in our charity programmes, including partner non-governmental organisations, local authorities and aid recipients.
- X5 is committed to maintaining a regular dialogue with local communities and other stakeholders in our regions of presence, as well as with authorities at all levels, including the Ministry of Social Development to ensure our community investment activities dovetail with local, regional and national priorities.
- Oversight of X5’s community investment activities lies with the Company’s Corporate Communications Department.



## 2018 performance highlights

### Food aid

X5 carries out a number of food aid programmes for people in need.

Since 2015, the Company, together with the Rus Food Foundation, has been implementing a project called Basket of Kindness, where shoppers at X5 retail chains can purchase and donate groceries for those in need.

In 2018, X5 and the Rus Food Foundation held citywide food marathons in five metropolitan areas: Moscow, Yekaterinburg, Samara and Kazan, as well as an online marathon in Nizhny Novgorod.

The first event was held in Kazan on 3 March, collecting more than 12 tonnes of groceries. On 21 April, Yekaterinburg took over

the “baton of kindness”, with city residents donating about 11 tonnes of food. On 29 September, a food marathon was held in Samara, where more than 7 tonnes of food were collected. On 8 December, an event timed to coincide with New Year’s and Christmas celebrations took place in Moscow and brought in about 25 tonnes of food aid. In Nizhny Novgorod, the marathon was organised online on the official website of the Basket of Kindness project, корзинадоброты.рф. As a result of the event, which ran from 15 August to 15 October, pensioners in need of assistance received 1,400 grocery packages (8.7 tonnes of food).

In autumn, the Basket of Kindness project launched a new programme to collect groceries and pet food in dedicated boxes at Karusel hypermarkets.

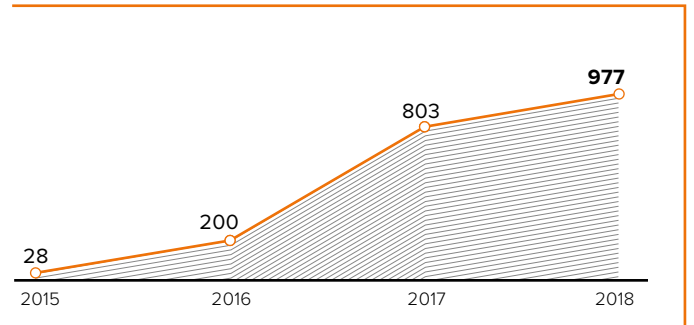
During events held in more than 900 stores in 2018, 100 tonnes of groceries were collected, which were then donated to more than 10,000 low-income families.



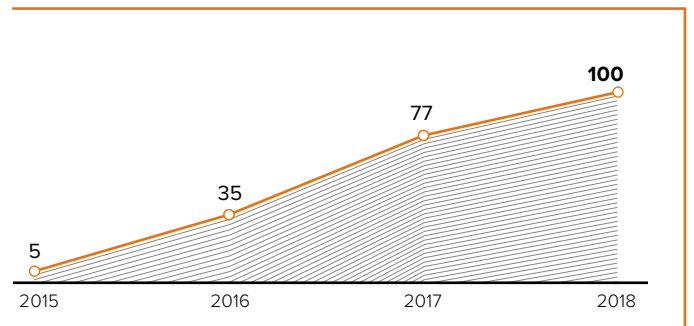


## Basket of Kindness results

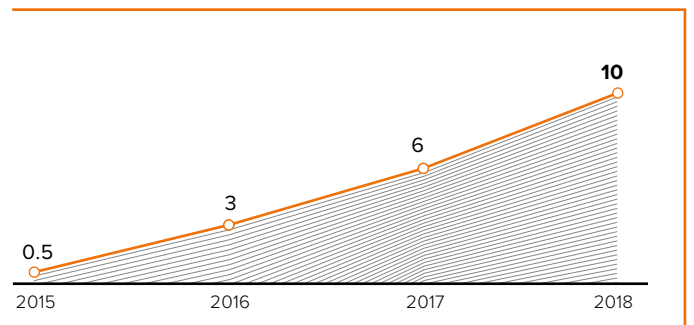
### Number of participating stores



### Amount of collected groceries, tonnes



### Number of families who received support, ths



## Support for children's causes

X5 works closely with the Life Line Foundation as part of initiatives to assist children in need throughout Russia. These projects include:

- Donation boxes placed in stores to help children with serious illnesses. In 2018, these boxes raised RUB 12.5 million compared to RUB 14 million in 2017.
- Shoppers at Pyaterochka stores can purchase so-called Candies of Kindness at checkout counters in order to donate RUB 5 to the Life Line Foundation. In 2018, this initiative collected RUB 8.5 million to help children with serious illnesses compared to RUB 7.8 million in 2017.
- Members of the Perekrestok Club loyalty programme can now help children with serious medical conditions by donating points accumulated on their bonus card to charity. Through this initiative, RUB 2.2 million was donated to the Life Line Foundation in 2018 compared to RUB 1.1 million in 2017.

- Since 2016, RUB 1 from the sale of every package of Bonte waffles at Perekrestok supermarkets has been donated to the Life Line Foundation. In 2018, this initiative raised more than RUB 1 million compared to around RUB 800,000 in 2017.
- Company employees regularly take part in the charity fairs that X5 organises together with its partners. In 2018, these fairs raised RUB 107,500 for the Life Line Foundation compared to RUB 300,000 in 2017.

X5 also works with the Connection Deaf-Blind Support Foundation, which provides assistance to people with hearing and visual impairments. In April 2017, the Company launched a new project called "Purchase a Bag, Help a Child", through which a portion of the proceeds from the sale of shopping bags at Pyaterochka, Perekrestok and Karusel stores will be used to treat and support children with vision and hearing impairments. In 2018, about RUB 50 million was collected through the project compared to RUB 28 million in 2017.

Since March 2018, X5, through its Pyaterochka store in Troitsk, has been delivering groceries to two so-called quiet homes, Russia's first specialised residential institutions for people with visual and hearing impairments.



## Support for vulnerable social groups

X5 provides assistance to vulnerable groups of citizens by offering basic grocery necessities at affordable prices. For several years now, stores have been offering discounts for senior citizens, and the Company plans to continue this practice in the future. Pyaterochka stores offer pensioners a 10% discount from 9 a.m. to 1 p.m. on Mondays and a 5% discount every other day of the week, including weekends. Perekrestok supermarkets offer a 10% discount from 9 a.m. to 1 p.m. on weekdays, while Karusel hypermarkets offer a 5% discount from opening until 1 p.m. In 2018, pensioners made over 447 million purchases at X5 stores, thereby saving RUB 11 billion through pensioner discounts.

In 2018, more than 535,000 people received benefits from the electronic social card programme developed by the Moscow City Council for shopping at Pyaterochka, Perekrestok and Karusel stores (compared to 208,000 people in 2017), which provides an additional discount to shoppers who are recipients of certain social benefits.

Since the end of 2017, as part of the Children's Club programme, Pyaterochka stores have been offering additional bonus

points on Pyaterochka loyalty cards to families with children for children's goods. The programme has more than 1.4 million members.

In August 2018, Perekrestok supermarkets launched a club for shoppers with children and parents-to-be. Members receive discounts of up to 40% on items produced by partner brands and special benefits on purchases in all categories of children's goods. On weekends, members also receive a discount on large family purchases of any items. The club has more than 93,000 active members.

## Volunteering

X5 encourages its employees to take part in socially beneficial projects. In 2018, 340 Company employees and their children took part in the Run for Life charity marathon organised by the Life Line Foundation, which raised RUB 2.8 million for charity projects. Sixty X5 employees took part in a charitable Nordic walk event organised by Life Line Foundation, which raised over RUB 475,000.

