

# X5 RETAIL GROUP N.V.

## RULES OF PROCEDURE OF THE SUPERVISORY BOARD

Adopted by the Supervisory Board  
by resolution dated December 14, 2006  
and amended from time to time.  
Current version dated 18 March, 2020

Contents

ARTICLE 1- INTRODUCTION .....

ARTICLE 2- RESPONSIBILITIES OF THE SUPERVISORY BOARD.....

ARTICLE 3 - COMPOSITION, EXPERTISE AND INDEPENDENCE OF THE SUPERVISORY BOARD .....

ARTICLE 4 - CHAIRMAN, VICE-CHAIRMAN AND COMPANY SECRETARY.....

ARTICLE 5 - (RE-)APPOINTMENT, TERM AND RESIGNATION.....

ARTICLE 6 - SUPERVISORY BOARD COMMITTEES.....

ARTICLE 7 - REMUNERATION.....

ARTICLE 8 - INDUCTION PROGRAM AND ONGOING TRAINING AND EDUCATION.....

ARTICLE 9 - SUPERVISORY BOARD MEETINGS AND RESOLUTIONS.....

ARTICLE 10 - CONFLICTS OF INTERESTS.....

ARTICLE 11 – MISCONDUCT, IRREGULARITIES AND WHISTLEBLOWER POLICY.....

ARTICLE 12 - RELATIONSHIP WITH THE MANAGEMENT BOARD.....

ARTICLE 13 - RELATIONSHIP WITH THE SHAREHOLDERS.....

ARTICLE 14 - (SELF-)EVALUATION.....

ARTICLE 15 - HOLDING AND TRADING SECURITIES .....

ARTICLE 16 - CONFIDENTIALITY .....

ARTICLE 17 – DEVIATION AND AMENDMENT.....

ARTICLE 18 - GOVERNING LAW.....

# 1. Introduction

- 1.1 X5 Retail Group N.V. (“**the Company**”) is a public company under Dutch law, with a two-tier board structure comprised of a Supervisory Board and Management Board that are accountable to the general meeting of shareholders of the Company (the “**General Meeting of Shareholders**”). The Management Board is the statutory executive body of the Company with collective responsibility for the overall management of the Company and its group entities (the “**Group**” or “**X5**”) and operates under the supervision of the Supervisory Board.
- 1.2 These Rules of Procedure for the Supervisory Board are established pursuant to article 24.13 of the Company’s Articles of Association (the “**Articles of Association**”), and complementary to the rules and regulations applicable to the Supervisory Board under Dutch Law and the Articles of Association.
- 1.3 The following annexes are attached to, and form an integral part of, these Rules of Procedure:  
Annex A - Profile of the Supervisory Board  
Annex B - Rotation schedule for members of the Supervisory Board  
Annex C - Charter of the Audit and Risk Committee  
Annex D - Charter of the Nomination and Remuneration Committee  
Annex E - Charter of the Innovation and Technology Committee
- 1.4 In its resolution adopted on 26 March 2018, the Supervisory Board unanimously declared that:  
(a) it will comply with and be bound by the obligations arising from these Rules of Procedure;  
(b) it will cause newly appointed members of the Supervisory Board to issue a declaration as referred to in subparagraph (a).
- 1.5 These Rules of Procedure are posted on the Company’s website [www.x5.ru](http://www.x5.ru)

# 2. Responsibilities of the Supervisory Board

- 2.1 The Supervisory Board is responsible for supervising the Company’s management, the general course of affairs of the Company and its affiliated enterprise, and for advising the Management Board. In performing its duties, the Supervisory Board shall be guided by the interests of the Company and the affiliated enterprise, and shall take into account the relevant interests of the Company’s stakeholders (including but not limited to its shareholders). The Supervisory Board shall also have due regard for corporate responsibility issues that are relevant to the enterprise. The Supervisory Board is responsible for the quality of its own performance.
- 2.2 The Supervisory Board supervises how the Management Board determines its position on the long-term value creation strategy and how the Management Board implements that strategy. The Supervisory Board regularly discusses the strategy, the implementation of the strategy and the principal risks associated with it. The Supervisory Board report accounts for its involvement herein and the way in which it monitors the strategy's implementation.
- 2.3 Together with the Management Board, the Supervisory Board is responsible for stimulating openness and accountability within the Group, based on values that contribute to a culture of integrity and long-term value creation.

## 2.4 The responsibilities of the Supervisory Board include:

### In the area of operations

- (a) supervising, monitoring, and advising the Management Board on:
  - (i) the Group's performance;
  - (ii) determining and pursuing operational and financial objectives;
  - (iii) the ICT systems of the Group, and the managing of the risks associated with cybersecurity;

### In the area of strategy and governance

- (b) supervising, monitoring, and advising the Management Board on:
  - (i) the Group's strategy, including the strategy for long term value creation, taking into account the risks connected to its business activities;
  - (ii) sustainability, social and employee matters;
  - (iii) the Group's digital business development strategy;
  - (iv) the Group's organization structure;
  - (v) ensuring compliance with the Company's corporate governance structure;
  - (vi) the relationship with shareholders;
- (c) approving the (updated version of) the Group's long-term plans and corporate strategy of the Company and its key businesses;
- (d) drawing up the Company's diversity policy for the composition of the Supervisory Board and the Management Board;

### In the area of financial planning, reporting and external audit

- (e) supervising, monitoring, and advising the Management Board on the integrity and quality of the financial reporting;
- (f) approving the Company's annual accounts, annual budget and major capital expenditures;
- (g) selecting, and recommending the appointment of, the Company's external auditor, and periodically providing the external auditor with feedback on their performance;
- (h) approving the financing strategy of the Company;
- (i) approving the dividend policy for the Company, and proposing to the General Meeting of Shareholders the allocation of profits and distribution of (interim) dividends;

### In the area of risk management and control, compliance and internal audit

- (j) supervising, monitoring, and advising the Management Board on:
  - (i) the design and effectiveness of the internal risk management and control systems;
  - (ii) compliance with legislation;
  - (iii) ensuring publication by the Company of any information required by applicable laws and regulations;
  - (iv) reporting actual or suspected misconduct or irregularities, and taking appropriate follow-up action on the basis of these reports;
  - (v) activities regarding the creation of a culture aimed at long-term value creation, and effectiveness of, and compliance with, the Company's Code of Business Conduct and Ethics.
- (k) supervising the internal audit function, and approving the appointment and dismissal of the internal auditor by the Management Board (along with the recommendation of the Audit and Risk Committee), as well as approving the annual internal audit plan;
- (l) discussing the items reported by the Audit and Risk Committee, including at least (i) the methods used to assess the effectiveness of the design and operation of the internal risk management and control systems, (ii) the methods used to assess the effectiveness of the internal and external audit processes, (iii) material considerations regarding financial

- reporting and (iv) the way material risks and uncertainties have been analysed and discussed, along with a description of the most important findings of the Audit and Risk Committee;
- (m) dealing with conflicts of interests within the meaning of article 9 between the Company on the one side and members of the Supervisory Board, Management Board and the major shareholder(s) on the other side; and handling, and deciding on, reported alleged irregularities that relate to the functioning of the Management Board within the meaning of article 10.

In the area of selection, appointment and remuneration

- (n) selecting and recommending the appointment of the members of the Supervisory Board and proposing the remuneration of its members;
- (o) selecting, and recommending the appointment of the members of the Management Board, proposing the remuneration policy for members of the Management Board (such policy to be adopted by the General Meeting of Shareholders) and fixing the remuneration and contractual terms and conditions of the members of the Management Board;
- (p) approving the key principles of short term and long term incentive plans, as well as the list of participants of long term incentive plans;
- (q) evaluating and assessing the functioning of the Management Board and their individual members, and approving rewards under the long term and short term incentive plans;
- (r) evaluating and assessing the functioning of the Supervisory Board, its committees and individual members (including the evaluation of the Supervisory Board's profile and the induction, education and training program).
- (s) reviewing succession planning for Supervisory Board and Management Board members

2.5 The Supervisory Board is furthermore responsible for reviewing and approving any resolution of the Management Board concerning the following matters that require prior approval of the Supervisory Board pursuant to article 17.2 of the Articles of Association:

- (a) decisions on the (strategic) priorities of the Company, confirmation of the strategy of the Company, deciding on the indication for the achievement of strategic priorities and the adoption of a finance and production plan for the Company and any changes thereto;
- (b) the establishment of branch offices and representative offices of the Company and the discontinuation of such activities;
- (c) any agreements between the Company on the one side and a member of the Management Board or his management company on the other side;
- (d) the entering into any transaction or a number of related transactions with a value in excess of EUR 125,000,000, which also includes undervalue transactions whereby the underlying value of the assets exceeds EUR 125,000,000, provided that no approval of the Supervisory Board shall be required in case (i) the Company enters into any transaction or a number of related transactions with any of its direct or indirect wholly owned subsidiaries, or (ii) in case of any transaction between two or more direct or indirect wholly owned subsidiaries of the Company, or (iii) as resolved by the Board on 9 July 2009, in case of ordinary commercial contracts with suppliers with a value in excess of EUR 125,000,000;
- (e) the approval of internal documents regulating the activities of the Company's organs;
- (f) the decision on the price (valuation) of assets and securities (other than shares in the capital of the Company) issued or acquired if such valuation is required by law;
- (g) decisions to grant share schemes or option schemes to persons other than the members of the Management Board.

2.6 In accordance with article 17.3 of the Articles of Association, the Supervisory Board is entitled to require additional resolutions of the Management Board to be subject to its approval. These resolutions shall be clearly specified and notified to the Management Board in writing.

- 2.7 The Supervisory Board may delegate any of above described duties to its committees; however, the responsibility for the proper performance of its duties is vested collectively in the Supervisory Board.
- 2.8 The Supervisory Board shall prepare and publish a report on its functioning and activities and of the committees during the preceding financial year.

### 3. Composition, expertise and independence of the Supervisory Board

- 3.1 The Supervisory Board consists of such number of members as fixed by the General Meeting of Shareholders in accordance with article 19 of the Articles of Association.
- 3.2 The Supervisory Board shall prepare a profile addressing (i) the desired expertise and background of the Supervisory Board members, (ii) the desired diverse composition of the Supervisory Board, (iii) the size of the Supervisory Board and (iv) the independence of the Supervisory Board members. The Supervisory Board shall evaluate the profile annually. The present profile of the Supervisory Board is attached as **Annex A** and is published on the Company's website.
- 3.3 The composition of the Supervisory Board shall be such that the combined experience, expertise and independence of its members meet the profile and enables the Supervisory Board to best carry out the variety of its responsibilities and duties to the Company and all others involved in the Company (including its shareholders), consistent with applicable law and regulations.
- 3.4 In composing the Supervisory Board, the following requirements must be observed:
- (a) all of its members must be capable of assessing the broad outline of the overall policy of the Company and its business;
  - (b) all of its members must be able to act critically and independently of one another, the Management Board, and any particular interest;
  - (c) at least one of the members of the Supervisory Board must have relevant expertise in financial reporting and reviewing of financial report;
  - (d) none of its members may be appointed after his/her twelfth year in office, with the exception of members with a direct or indirect strategic shareholding in the Company of at least ten percent;
  - (e) the other positions held by a member of the Supervisory Board should be such that they do not interfere with a proper exercise of the duties as a member of the Supervisory Board. A member of the Supervisory Board shall promptly notify the Supervisory Board of any other positions or any changes therein;
  - (f) the Chairman of the Supervisory Board may not be a former member of the Management Board.
- 3.5 All of the Supervisory Board members, with the exception of not more than one person, shall be independent unless the Supervisory Board occasionally resolves to deviate from this rule. In determining the independence of the Supervisory Board members, provisions 2.1.7 and 2.1.8 of the Dutch Corporate Governance Code (the "**Code**") will be taken into account. The Supervisory Board will disclose which of its members is not independent within the meaning of the Code.
- 3.6 In accordance with the Code, a member of the Supervisory Board will not be considered independent if he/she, or his/her spouse, registered partner or other life companion, foster child or relative by blood or marriage up to the second degree:

- (a) has been an employee or member of the Management Board of the Company in the five years prior to the appointment;
- (b) receives personal financial compensation from the Company, or a company associated with it, other than the compensation received for the work performed as Supervisory Board member and in so far as this is not in keeping with the normal course of business;
- (c) has had an important business relationship with the Company or a company associated with it in the year prior to the appointment. This includes in any event the case where the Supervisory Board member, or the firm of which he is a shareholder, partner, associate or adviser, has acted as adviser to the company (consultant, external auditor, civil notary or lawyer) and the case where the Supervisory Board member is a management board member or an employee of a bank with which the Company has a lasting and significant relationship;
- (d) is a member of the management board of a company in which a member of the Company's Management Board of the Company is a supervisory board member;
- (e) has temporarily performed management duties during the previous twelve months in the absence or incapacity of Management Board members;
- (f) has a shareholding in the Company of at least ten percent, taking into account the shareholding of natural persons or legal entities cooperating with him or her on the basis of an express or tacit, verbal or written agreement;
- (g) is a member of the management board or supervisory board – or is a representative in some other way – of a legal entity which holds at least ten percent of the shares in the Company, unless the entity is a group company.

3.7 Each member of the Supervisory Board shall provide such information to the Company as is necessary to enable the Company to comply with applicable laws and regulations (including the rules of any stock exchanges on which the Company is listed).

3.8 Each member of the Supervisory Board shall be required to submit to the Chairman such information as is necessary to record or update, his/her:

- (a) principal position;
- (b) other positions;
- (c) any other information that could impact the appearance of such member's independence.

The Chairman shall ensure that the information referred to under (a), (b) as far as relevant to the duties as a member of the Supervisory Board and (c), together with information on gender, age, nationality, date of initial appointment, and current term of office of each member, is published in the Supervisory Board's report.

## 4. Chairman, Vice-Chairman and Company Secretary

4.1 The Supervisory Board shall appoint one of its members as Chairman. The Chairman so appointed shall have the title of "**Chairman of the Supervisory Board**".

4.2 The Chairman shall ensure the proper functioning of the Supervisory Board and its committees, and shall act on behalf of the Supervisory Board as the main contact for the Management Board members and the Supervisory Board members.

4.3 The Chairman is primarily responsible for:

- (a) determining the agenda for the Supervisory Board meetings, and chairing those meetings;
- (b) ensuring that the Supervisory Board members receive all information that is necessary for the proper performance of their duties in a timely fashion;

- (c) coordinating the Supervisory Board's decision making process and ensuring that there is sufficient time for consultation, consideration and decision making;
- (d) ensuring that the Supervisory Board elects a Vice-Chairman (or Senior Independent Director);
- (e) acting on behalf of the Supervisory Board as main contact for the Management Board, ensuring that contact with the Management Board is proper and productive, and ensuring proper contacts between the Supervisory Board, the Management Board and the General Meeting of Shareholders;
- (f) initiating and ensuring the annual evaluation of the performance of the Supervisory Board, Management Board, and each of its individual members;
- (g) arranging for the induction and training program for members of the Supervisory Board and Management Board;
- (h) receiving and deciding on reported potential conflicts of interest within the meaning of article 10;
- (i) receiving and deciding on reported alleged irregularities relating to the functioning of the members of the Management Board within the meaning of article 11;
- (j) ensuring that the Management Board performs activities in respect of culture;
- (k) ensuring that the Supervisory Board recognises signs from the Company's business and ensuring that any material misconduct and irregularities, or suspicion thereof, are reported to the Supervisory Board without delay;
- (l) ensuring that the General Meeting proceeds in an orderly and efficient manner;
- (m) ensuring effective communication with shareholders; and
- (n) ensuring that the Supervisory Board is involved closely, and at an early stage, in any merger or takeover process.

4.4 The Supervisory Board shall appoint one of its members as Vice-Chairman.

4.5 The Vice-Chairman is primarily responsible for:

- (a) assisting the Chairman of the Supervisory Board in performing his duties and responsibilities;
- (b) performing the responsibilities of the Chairman of the Supervisory Board as described in article 4.3 during the Chairman's absence, or disability;
- (c) working with and assisting the CEO and/or CFO, as appropriate, in representing the Company to its shareholders, analysts, the media and public;
- (d) acting as contact for individual Supervisory Board members, Management Board members and Shareholders concerning the functioning of the Chairman of the Supervisory Board;
- (e) overseeing and participating in the induction of new Supervisory Board members, and the continuing education and training of current Supervisory Board members;
- (f) leading and conducting the annual evaluation of the Supervisory Board and its individual members, including the Chairman of the Supervisory Board;
- (g) monitoring the quality of the relationship between the Chairman of the Supervisory Board and the CEO;
- (h) dealing with conflicts of interest of the Chairman of the Supervisory Board;
- (i) ensuring Supervisory Board succession planning, taking into account the Supervisory Board profile and rotation plan.

4.6 The Supervisory Board shall be assisted by a Company Secretary to be appointed and dismissed by the Management Board with the approval of the Supervisory Board.

4.7 The responsibilities of the Company Secretary are to:

- (a) ensure compliance with Dutch and other applicable rules and regulations with respect to the functioning of the Supervisory Board, as well as with the Articles of Association and these Rules of Procedure;



- (b) assist the Chairman of the Supervisory Board in the logistics of the Supervisory Board meetings (convocation, agenda, minutes, information, evaluation, meeting schedule);
- (c) monitor the follow-up on action items resulting from the Supervisory Board meetings;
- (d) implement programs approved by the Supervisory Board, if any, for the introduction, education and training of Supervisory Board members;
- (e) inform and advise the Supervisory Board on regulatory issues;
- (f) facilitate the provision of information of the Management Board and the Supervisory Board.

## 5. (Re-)appointment, term and resignation

- 5.1 The members of the Supervisory Board shall be appointed in the manner as provided in the Articles of Association on the nomination of the Supervisory Board. The nomination for appointment shall state the reasons for it. On re-appointment, the manner in which the candidate fulfilled his/her duties as member of the Supervisory Board shall be taken into account. Members of the Supervisory Board shall hold office for a maximum period of four years and shall thereafter be eligible for reappointment, provided that no member shall hold office for more than twelve years, as the case may be. A Supervisory Board member who directly or indirectly holds at least 10% of the shares in the issued share capital of the Company may hold office for more than twelve years and is eligible for reappointment after that term.
- 5.2 The Supervisory Board shall prepare a rotation schedule to prevent, to the greatest extent possible, re-appointments occurring simultaneously. The present rotation schedule of the Supervisory Board is attached as **Annex B** and is published on the Company's website. Subject to article 4.3, members of the Supervisory Board shall resign in accordance with the rotation schedule.
- 5.3 Members of the Supervisory Board shall resign early in the event of inadequate performance, structural incompatibility of interests, and other instances where resignation is deemed necessary at the discretion of the Supervisory Board.
- 5.4 Members of the Supervisory Board who take on the management of the Company temporarily, where the Management Board members are absent or unable to discharge their duties, shall (temporarily) resign from the Supervisory Board in order to do so.

## 6. Supervisory Board committees

- 6.1 The Supervisory Board has at least three standing committees, i.e. the Audit and Risk Committee, the Nomination and Remuneration Committee and Innovation and Technology Committee. The members of such committees are appointed by the Supervisory Board from its own members. The Supervisory Board as a whole remains responsible for its decisions even if they were prepared by one of the committees.
- 6.2 The Supervisory Board shall prepare charters of each of the respective committees. The present charters of the committees mentioned in Article 5.1 are included in these Rules of Procedure as **Annex C through E**. Unless stated otherwise, the provisions of these Rules of Procedure shall accordingly apply to the committees.
- 6.3 The Supervisory Board may establish ad hoc committees. The duties and internal proceedings of ad hoc committees are set out in a charter included in these Rules of Procedure.

- 6.4 The composition of the committees, the number of committee meetings and the main items discussed therein shall be recorded in the Supervisory Board's report. The charters and the composition of the committees shall be placed on the Company's website.
- 6.5 The Supervisory Board shall receive from each committee a verbal report of its deliberations and findings, as soon as practically possible after each meeting of such committee. Such reports shall be reflected in the minutes of the relevant meeting of the Supervisory Board.

## 7. Remuneration

- 7.1 The Supervisory Board shall from time to time submit proposals to the General Meeting in respect of the remuneration to be paid to the Chairman and other members of the Supervisory Board. Remuneration for Supervisory Board members should reflect the time spent and responsibilities of their role and may not be made dependent on the results of the Company.
- 7.2 The remuneration of the members of the Supervisory Board shall be determined by the General Meeting. The management report shall contain full and detailed information on the amount and structure of the remuneration of Supervisory Board members.
- 7.3 The Supervisory Board may propose to the General Meeting of Shareholders:
- (a) additional compensation for time and expertise dedicated to specific strategic projects for X5, provided that such compensation (i) relates to work of a temporary, one-off nature, performed as an extension of the statutory non-executive duties of the relevant Supervisory Board member and (ii) is approved in advance by the Supervisory Board (upon recommendation of the Nomination and Remuneration Committee) which will ensure, on a case-by-case basis, that any such engagement shall under no circumstance compromise the independence of the relevant Supervisory Board member or the Supervisory Board collectively.
  - (b) Equity-based compensation, to allow members of the Supervisory Board to align their interests with those of shareholders and strengthen their commitment and confidence in the future of the Company.
- 7.4 Any member of the Supervisory Board who is a representative of a legal entity or person holding at least thirty per cent of the voting rights in the Company, shall waive his/her entitlement to remuneration for acting as a member of the Supervisory Board.
- 7.5 Members of the Supervisory Board shall be reimbursed for all reasonable costs incurred in connection with their attendance of meetings. Any other expenses shall only be reimbursed, either in whole or in part, if incurred with the prior consent of the Chairman; the Chairman will update the Supervisory Board periodically on the expense allowance policy.
- 7.6 The remuneration determined by the General Meeting shall be applicable to each individual member of the Supervisory Board. If the members of the Supervisory Board are required to charge VAT on their fees, the Company shall pay the amount of VAT.
- 7.7 The Company does not grant any personal loans or guarantees to members of the Supervisory Board.

## 8. Induction program and ongoing training and education

- 8.1 Once appointed, each member of the Supervisory Board shall follow an induction program, prepared and sponsored by the Company.
- 8.2 Each Supervisory Board member shall annually identify any specific aspects in respect of which he or she requires further training or education.

## 9. Supervisory Board meetings (agenda, attendance, minutes) and resolutions

- 9.1 The Supervisory Board shall hold at least four meetings per calendar year in accordance with an annual meeting schedule and whenever one or more of its members have requested a meeting. The majority of Supervisory Board meetings held during a calendar year shall be held at the seat of the Company in the Netherlands. In addition, meetings may be held by telephone or videoconference provided that all participants can hear each other simultaneously.
- 9.2 Each Supervisory Board member attends Supervisory Board meetings and the meetings of the committees that he or she is a member of. A Supervisory Board member may be represented at a meeting by another Supervisory Board member holding a written proxy.
- 9.3 Unless the Supervisory Board decides otherwise, meetings of the Supervisory Board shall be attended by one or more members of the Management Board, save for meetings concerning:
  - (a) the evaluation of the functioning of the Management Board and its individual members, and the conclusions to be drawn from that evaluation;
  - (b) the evaluation of the functioning of the Supervisory Board and its individual members, and the conclusions to be drawn from that evaluation;
  - (c) the desired profile, scope and composition of the Supervisory Board;
  - (d) potential conflicts of interests of members of the Management Board within the meaning of article 10; or
  - (e) reported actual or suspicion of misconduct or irregularities pertaining to the functioning of a Management Board member.
- 9.4 The Supervisory Board may require that certain officers of the Group and external advisors attend its meetings. Save for meetings concerning the items referred to in article 9.3, the chairman of the Management Board shall determine, in consultation with and subject to the approval of the Chairman, which other Group officers will attend a specific Supervisory Board meeting. The external auditor of the Company shall be requested to attend each Supervisory Board meeting at which the examination and approval of the annual accounts are discussed.
- 9.5 Meetings shall be convened by the Company Secretary on behalf of the Chairman of the Supervisory Board or on behalf of the member(s) requesting the meeting. Unless meetings must be convened at short notice for urgent matters, notices convening a meeting and the agenda of items to be considered and discussed therein shall be made available at least five working days before the meeting to each member of the Supervisory Board, the chairman of the Management Board, and other attendees invited in accordance with Article 9.4. Agendas and meeting materials shall be made available through a dedicated, secured online portal for the Supervisory Board.
- 9.6 Minutes of the meeting shall be prepared by the Company Secretary. They shall generally be adopted in the next meeting. If all members of the Supervisory Board agree on the contents of

the minutes, they may be adopted earlier. The minutes shall be signed for adoption by the Chairman and the Company Secretary and shall be distributed to all members of the Supervisory Board as soon as practically possible. A certificate signed by the Chairman and the Company Secretary confirming that the Supervisory Board had adopted a particular resolution, shall constitute evidence of such resolution vis-à-vis third parties. The Company Secretary may issue and sign extracts of the adopted minutes.

- 9.7 The Supervisory Board can only validly adopt resolutions at a meeting if:
- (a) a majority of the Supervisory Board members is present or represented at the meeting, or;
  - (b) in case of resolutions set out article 24.6 of the Articles of Association, seventy-five (75) percent of the Supervisory Board members are present or represented at the meeting.

Supervisory Board members who have a conflict of interest as referred to in article 10 shall not be taken into account when calculating the quorum.

- 9.8 Where possible, resolutions of the Supervisory Board are adopted by unanimous vote. Where this is not possible, resolutions of the Supervisory Board are adopted by an absolute majority of votes, with the provision that members who have a conflict of interest as referred to in article 10 shall not take part in the voting.

- 9.9 In addition to the meetings specified in article 9.1, the Supervisory Board may also adopt resolutions in writing without holding a meeting, provided that the resolutions are adopted in writing. Article 9.7 and 9.8 apply to adopting resolutions without holding a meeting.

## 10. Conflict of interests

- 10.1 The Supervisory Board is responsible for dealing with any conflicts of interest that Supervisory Board members, Management Board members and majority shareholders may have in relation to the Company. In the handling and deciding on reported (potential) conflicts of interest, the Supervisory Board shall be assisted by the Audit and Risk Committee.

- 10.2 A conflict of interest for the purpose of this clause 10 means:
- (a) a direct or indirect personal conflict of interest within the meaning of article 2:140(5) Dutch Civil Code; and
  - (b) any other situation which causes reasonable doubt about whether the Supervisory Board member concerned is primarily guided in the decision-making process by the interests of the Company and its business.
  - (c) A Supervisory Board member shall in any event have a potential conflict of interest if the Company intends to enter into a transaction with a legal entity:
    - (i) in which that Supervisory Board member has a material financial interest, being a direct or indirect shareholding of at least 10% of the share capital;
    - (ii) whose management or supervisory board includes a member who has a family law relationship with that Supervisory Board member; or
    - (iii) in which that Supervisory Board member has a management or supervisory position.

- 10.3 A Supervisory Board member should report any (potential) conflict of interest in a transaction that is of material significance, being a transaction that is expected to exceed EUR 500,000 in a calendar year ("**Material Significance**"), to the Company and/or to the Chairman of the Supervisory Board without delay and should provide all relevant information in that regard, including the relevant information pertaining to his spouse, registered partner or other life companion, foster child and relatives by blood or marriage up to the second degree. If the

Chairman of the Supervisory Board has a (potential) conflict of interest, he should report this to the Vice-Chairman of the Supervisory Board without delay.

- 10.4 The Supervisory Board, herein assisted by the Audit and Risk Committee, decides whether a Supervisory Board member has a conflict of interest, without such member being present.
- 10.5 In case a potential conflict of interest is reported in respect of any member of the Management Board, the Supervisory Board will determine whether a reported (potential) conflict of interest qualifies as a conflict of interest for which such member or members of the Management Board should not participate in the discussions and decision-taking process of the Management Board.
- 10.6 All transactions in which there are conflicts of interest with Management Board members or Supervisory Board members should be agreed on terms that are customary in the market. Decisions to enter into transactions in which there are conflicts of interest with Management Board members or Supervisory Board members that are of Material Significance require the approval of the Supervisory Board. Such transactions should be published in the Company's management report, together with a statement of the conflict of interest and a declaration that the Code's best practice provisions 2.7.3 and 2.7.4 have been complied with.
- 10.7 All transactions between the Company and legal or natural persons who hold at least ten percent of the shares in the Company should be agreed on terms that are customary in the market. Decisions to enter into transactions with such persons that are of Material Significance require the approval of the Supervisory Board. Such transactions should be published in the Company's management report, together with a declaration that the Code's best practice provision 2.7.5 has been complied with.

## 11. Misconduct, irregularities and whistleblower policy

- 11.1 The Supervisory Board, herein assisted by the Audit and Risk Committee, monitors the operation of the procedure for reporting actual or suspected misconduct or irregularities, appropriate and independent investigations into signs of misconduct or irregularities, and, if an instance of misconduct or irregularity has been discovered, an adequate follow-up of any recommendations for remedial actions.
- 11.2 The Management Board shall ensure that employees have the possibility, without jeopardizing their legal position, of reporting alleged irregularities of a general, operational and financial nature within the Company to the CEO or an officer or body designated by him for such purpose. Alleged irregularities concerning the functioning of Management Board members shall be reported to the Chairman of the Supervisory Board. The whistleblower policy is posted on the Company's website.
- 11.3 The Management Board informs the Chairman of the Supervisory Board without delay of any signs of actual or suspected material misconduct or irregularities within the Company and its businesses. If the actual or suspected misconduct or irregularity pertains to the functioning of a Managing Director, employees can report this directly to the Chairman.
- 11.4 The external auditor informs the chairman of the Audit and Risk Committee without delay if, during the performance of his duties, he or she discovers or suspect an instance of misconduct or irregularity. If the actual or suspected misconduct or irregularity pertains to the functioning of a Managing Director, the external auditor reports this directly to the Chairman of the supervisory Board.

## 12. Relationship with the Management Board

- 12.1 The Supervisory Board, and its individual members, is responsible for obtaining all information from the Management Board and the external auditor that the Supervisory Board requires for the proper performance of its duties. If the Supervisory Board deems necessary, it may obtain information from officers and external advisors of the Company. The Management Board shall provide the necessary means for this purpose. The Supervisory Board may require that certain officers and external advisors attend its meetings.
- 12.2 The Management Board shall timely provide the Supervisory Board with information (if possible, in writing) on all facts and developments concerning the Company which the Supervisory Board may need to function as required and to properly carry out its duties. The Management Board shall in any case provide the Supervisory Board with monthly and quarterly reports prepared in a format as agreed from time to time, with updated financial information and setting out detailed information on inter alia revenues, store openings and other relevant KPIs.
- 12.3 Each year, without prejudice to the above, the Management Board shall provide the Supervisory Board with a budget for the following year, an up-to-date version of its long-term plans, the main features of the strategic policy, the general and financial risks, and the management and control systems of the Company.
- 12.4 If a member of the Supervisory Board should receive information or indications relevant to the Supervisory Board in the proper performance of its supervisory and advisory tasks (from a source other than the Management Board or Supervisory Board), he shall make this information available to the Chairman as soon as possible. The Chairman of the Supervisory Board shall subsequently inform the entire Supervisory Board.
- 12.5 If a takeover bid for the Company's shares or depositary receipts of the Company's shares is in the process of being prepared, the Management Board shall ensure that the Supervisory Board is closely involved in the takeover process in a timely fashion. Furthermore, if the Management Board receives a request from a competing bidder to inspect the Company's records, the Management Board shall discuss this request with the Supervisory Board without delay.

## 13. Relationship with the shareholders

- 13.1 In accordance with the Articles of Association, a General Meeting may be convened at the request of the Supervisory Board. The person(s) convening the General Meeting shall ensure that it is held in due time and that the shareholders are informed by means of an agenda which shall list which items are for discussion and which items are to be voted upon. The Supervisory Board shall inform the shareholders by means of explanatory notes to the agenda of all facts and circumstances relevant to the matters included in the agenda. The notes to the agenda shall be placed on the website of the Company.
- 13.2 Members of the Management Board and Supervisory Board shall, as required and necessary, participate in a General Meeting unless the General Meeting has expressed the wish to meet without the presence of the Supervisory Board or Management Board or a specific member of the Supervisory or Management Board. In accordance with the Articles of Association, the Chairman shall, as a general rule, chair General Meetings, and shall decide on the contents of resolutions. The ruling pronounced by the Chairman in respect of the outcome of a vote in a General Meeting shall be decisive subject to the provisions of Article 2:13 of the Dutch Civil Code.

- 13.3 The Supervisory Board shall provide the General Meeting with any information it may require concerning an item on the agenda, unless overriding interests (zwaarwegende belangen) of the Company or any law, rules or regulations applicable to the Company prevent it from doing so. The Supervisory Board shall specify the reasons for invoking such overriding interests.

## 14. (Self-)evaluation

- 14.1 At least once a year, in a self-evaluation the Supervisory Board shall evaluate the functioning of the Supervisory Board, the separate committees, and its individual members, and discuss the conclusions to be drawn on the basis thereof. The Supervisory Board shall pay attention to:
- (a) substantive aspects, the mutual interaction and the interaction with the Management Board;
  - (b) events that occurred in practice from which lessons may be learned; and
  - (c) the desired profile, composition, competencies and expertise of the Supervisory Board.
- 14.2 At least once every three years the self-evaluation referred to in article 14.1 will be of a more in-depth nature.
- 14.3 At least once per year, the Supervisory Board shall evaluate the functioning of the Management Board as a whole and that of the individual Management Board members, and shall discuss the conclusions to be drawn on the basis thereof.
- 14.4 The report of the Supervisory Board shall state:
- (a) how the evaluation of the functioning of the Supervisory Board, the separate committees and the individual Supervisory Board members has been carried out;
  - (b) how the evaluation of the functioning of the Management Board and the individual Management Board members has been carried out; and
  - (c) what has been or will be done with the conclusions from the evaluation.

## 15. Holding and trading securities

- 15.1 Should any member of the Supervisory Board hold securities in the Company, this will be for the purpose of long-term investment; members of the Supervisory Board will refrain from short-term transactions in securities in the Company.
- 15.2 With respect to securities in the Company, members of Supervisory Board are bound to the X5 Inside Information and Dealing Code and must at all times comply with all Dutch and foreign statutory provisions and regulations, including applicable notification requirements, applicable to the ownership of and transactions related to securities in the Company.

## 16. Confidentiality

Members of the Supervisory Board shall treat all information and documentation acquired within the framework of their membership with the necessary discretion and, in the case of classified information, with the appropriate secrecy. Classified information shall not be disclosed outside the Supervisory Board or the Management Board, made public or otherwise made available to third parties, even after resignation from the Supervisory Board, unless it has been made public by the Company or it has been established that the information is already in the public domain.



## 17. Deviation and Amendment

- 17.1 The Supervisory Board may incidentally, at its sole discretion, decide to deviate from these Rules of Procedure, with due observance of applicable laws and regulations.
- 17.2 These Rules of Procedure, including the committee charters, may be amended by a resolution of the Supervisory Board. Such resolutions shall be referred to in the Supervisory Board's report in the annual report.

## 18. Governing law

These Rules of Procedure shall be governed by and construed in accordance with the law of the Netherlands.



# Annex A

## SUPERVISORY BOARD PROFILE

### **General**

The profile, size and composition of the Supervisory Board is structured to reflect the profile and activities of the Company and its subsidiaries (“X5”).

X5 is a leading food retailing group, operating in Russia with several retail formats under strong local brands. The Company is registered in the Netherlands as a public company under Dutch law, with global depositary receipts listed on the London and Moscow Stock Exchanges.

The Company has a two-tier board structure, whereby the duties of the Supervisory Board are to supervise the management and the general affairs of X5, as well as advising the Management Board. A detailed description of the duties and responsibilities of the Supervisory Board is provided in the Rules of Procedure of the Supervisory Board. In performing its duties, the Supervisory Board is guided by the interests of the Company and its business, and shall take into account the relevant interests of the Company’s stakeholders. The Supervisory Board shall also have due regard for corporate responsibility in particular relating to issues that are relevant to the Company.

### **Composition**

The number of members needed for the Supervisory Board depends upon the combined qualifications of the members in relation to those required for the Supervisory Board as a body. Currently the Supervisory Board consists of eight members. The composition of the Supervisory Board shall be such that:

- the combined knowledge, experience and expertise of its members, taken together, enables the Supervisory Board to fully carry out its duties, including positioning the Company for the future with a view to long-term sustainable value creation;
- the members are able to act critically and independently of one another and of the Management Board and the Executive Board and any particular interests;
- backgrounds, skills, approaches and personalities are complementary and diverse, resulting in a combined Supervisory Board that is more than the sum of its individual members.

Members of the Supervisory Board shall possess reputations of high professionalism and high integrity in their current and prior experience and business dealings.

Recognizing the value of leveraging different points of view from amongst its members, the Supervisory Board aims for a diverse composition in particular areas of relevance for X5. Supervisory Board candidates are evaluated against the Board’s profile, existing balance of skills, knowledge and experience, and the need for the Board to be prepared for disruption and change. Supervisory Board members are prompted to be mindful of diversity, inclusiveness and meritocracy considerations when examining and nominating Board candidates. This also includes diversity of gender and age so that when the final appointment is made the Supervisory Board can be confident that the most effective candidate has been selected.

### **Committees**

The performance of the Supervisory Board shall be supported by the active work of three standing committees: Audit and Risk Committee, Nomination & Remuneration Committee and Innovation and Technology Committee. The chairmen of the respective committees commit to driving the relevant agendas and issues of relevance to their committees and to keeping abreast of best practice for Board

committees. The members of the respective committees commit to actively participating in the resolution of issues of relevance to their committees, in support of the Supervisory Board.

Based on the coordination between the committees, each Supervisory Board member shall be capable of assessing the broad outline of the Supervisory Board's overall policy objectives. Each Supervisory Board member assigned to a committee shall have the specific expertise required for the fulfillment of such duties.

#### **Qualifications of the Supervisory Board**

The Supervisory Board as a body aims to have the following qualifications:

- (board level) leadership experience with large -listed- companies, in Russia and abroad;
- understanding of the (online) retail industry, in particular the food retail industry in Russia and abroad;
- national and international business experience;
- expertise in financial management, administration, accounting and reporting of a listed company, including insight in administrative processes and internal control systems and knowledge of stock and financial markets;
- knowledge of corporate governance and understanding of legal and tax matters, both national and international;
- knowledge of human resources, organization and management development;
- experience / knowledge in the area of remuneration and incentives;
- affinity with, and knowledge of technological innovations and new business models;
- understanding of sustainability, social and employment matters in the markets in Russia and internationally;
- understanding of disclosure, communication and marketing matters relating to a listed company.

#### **Personal qualities of the individual Supervisory Board members**

Individual members of the Supervisory Board should possess the following qualities:

- professionalism and integrity;
- independence, and ability to constructively challenge other's views and open to being challenged on own views;
- relevant experience in strategic leadership and board service;
- team player with a well-developed aptitude for collaboration and communication;
- senior managerial experience with ability to contribute to the shaping and evolution of the Company's strategy;
- breadth of experience that enables proper understanding of and contribution to the Company;
- sound critical judgment, commercial common sense and decisiveness;
- results & performance focus;
- appropriate time commitment and scheduling flexibility (to allow proper preparation, occasional travel and attendance of meetings);
- willingness and openness to continue learning about best practice for the Board and external trends that may impact the Company (learning and horizon scanning).

Following completion of his/her mandate, a Supervisory Board member shall be nominated for re-appointment only after careful consideration. This profile shall also be applied in the case of re-appointment of a Supervisory Board member.

#### **Profile amendments**

This profile may be amended and adjusted from time to time, as deemed necessary by the Supervisory Board. The present version was adopted by the Supervisory Board on 19 March 2019.

This profile will be published on the Company's website.

Annex B  
**ROTATION SCHEDULE OF THE SUPERVISORY BOARD  
 PER JULY 2020**

<b>Name</b>	<b>Appointed</b>	<b>Reappointed</b>	<b>Current term (years)</b>	<b>End of current term</b>
<b>M. Fridman*</b>	<b>2006</b>	<b>2009, 2013, 2017</b>	<b>4</b>	<b>2021</b>
<b>S. DuCharme**</b>	<b>2008</b>	<b>2012, 2015, 2019</b>	<b>2</b>	<b>2021</b>
<b>G. King</b>	<b>2015</b>	<b>2019</b>	<b>4</b>	<b>2023</b>
<b>P. Demchenkov</b>	<b>2015</b>	<b>2019</b>	<b>4</b>	<b>2023</b>
<b>M. Kuchment</b>	<b>2015</b>	<b>2019</b>	<b>3</b>	<b>2022</b>
<b>K-H. Holland</b>	<b>2018</b>		<b>4</b>	<b>2022</b>
<b>N. Shouraboura</b>	<b>2018</b>		<b>4</b>	<b>2022</b>
<b>M. Atnashev</b>	<b>2020</b>		<b>3</b>	<b>2023</b>

\*In accordance with article 5.1 of the Supervisory Board's Rules of Procedure a Supervisory Board member who directly or indirectly holds at least 10% of the shares in the issued share capital of the Company may hold office for more than twelve years and is eligible for reappointment after that term.

\*\* Mr. DuCharme was appointed as CEO in 2013, having assumed the CEO's responsibilities in a delegated capacity since July 2012.

## Annex C

# AUDIT AND RISK COMMITTEE CHARTER

## 1. Responsibilities

- 1.1 The Audit and Risk Committee (hereinafter also “**the Committee**”) advises the Supervisory Board in relation to its responsibilities as listed below, and shall prepare resolutions of the Supervisory Board in relation thereto. The Supervisory Board may delegate its authority to make decisions in relation to the Audit and Risk Committee’s responsibilities. However, the full Supervisory Board remains responsible for all decisions taken, even if prepared and resolved by the Audit and Risk Committee.
- 1.2 The Audit and Risk Committee is established by and amongst the Supervisory Board for the primary purpose of monitoring the Management Board with regard to:
- (a) the integrity of the Company's financial statements and related non-financial disclosures and drawing up proposals to safeguard the integrity;
  - (b) the financial reporting process of the Company;
  - (c) the effectiveness of the system of internal controls and risk management of the Company;
  - (d) the internal and external audit process of the Company;
  - (e) relations with, and compliance with recommendations and following up of comments by, the internal and external auditor of the Company;
  - (f) the Company's internal and external auditor's qualifications, independence and performance;
  - (g) the Company's process for monitoring compliance with laws and regulations and any code applicable to the Company;
  - (h) the Company’s process by which significant enterprise risks are identified, assessed, and incorporated into the company’s business plans;
  - (i) the financing of the Company,
  - (j) the Company’s tax policy and
  - (k) the application of the Company’s information- and communication technology, including risks relating to cyber security.
- 1.3 Consistent with its role and function, the Audit and Risk Committee shall encourage continuous improvement of, and should foster adherence to, the Company’s policies, procedures and practices. The Audit and Risk Committee should also provide an open avenue of communication with the external auditor, senior finance management and control and the Management Board.
- 1.4 With regard to financial reporting and publications of the Company, the Audit and Risk Committee shall:
- (a) review the Company's financial information to be disclosed (annual, consolidated and interim financial statements and management report, related press releases and trading updates) and discuss with management and the external auditor significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including the quality of earnings, significant deviations between planned and actual performance, any significant changes in the Company’s selection and or application of

accounting principles, any issues as to the adequacy of the Company's internal controls and any special steps adopted in light of control deficiencies.

- (b) review other relevant reports, or financial and non-financial information to be provided in the annual, consolidated and interim financial statements and management report, and consider the accuracy and completeness of the information in consultation with the Company's external auditor and advisors.
- (c) review and discuss reports of the external auditor on:
  - (i) all major elements of the accounting policies and the methods used;
  - (ii) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with the Management Board or any member thereof, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditor; and
  - (iii) other important written communications between the external auditor and the Management Board or one of its members, e.g. management letters.

1.5 With regard to internal audit of the Company, the Audit and Risk Committee shall:

- (a) review quarterly the findings and considerations of the internal audit function;
- (b) review annually the internal audit charter, audit plan, audit scope and its coverage in relation to the scope of the external audit, staffing, independence and organizational structure of the internal audit function;
- (c) review and approve any significant subsequent changes in the audit plan;
- (d) ensure there are no unjustified restrictions or limitations on, and review and concur in the appointment, replacement or dismissal of, the internal auditor;
- (e) review annually the effectiveness of the internal audit function;
- (f) discuss with the internal auditor his year-end report and report on internal control and report to the Supervisory Board thereon;
- (g) approve, in conjunction with the CEO, the appointment (including recommend persons for appointment), removal, target setting, performance evaluation and remuneration of the internal auditor.

1.6 The internal auditor shall have direct access to the external auditor of the Company and to - the Chairman of- the Audit and Risk Committee.

1.7 With regard to the external audit of the Company the Audit and Risk Committee shall:

- (a) review annually the external auditors' proposed audit plan, including scope, approach and identified risks, fees, and co-ordination efforts with the internal audit;
- (b) formally evaluate, on at least an annual basis, the external auditor's independence. The Audit and Risk Committee will annually obtain and review a substantiated report from the external auditor confirming its independence in writing;
- (c) pre-approve all audit and permitted non-audit services provided by the external auditor in accordance with the Company's Rules on External Auditor Independence and Selection and pursuant to applicable law;
- (d) submit a proposal to the Supervisory Board for the external auditor's engagement to audit the financial statements;
- (e) assess the performance of the external auditor against measurable criteria and annually report on the functioning of, and the developments in, the relationship with the external auditor and advise the Supervisory Board on the (re)appointment of the external auditor and the rotation of the lead audit partner;
- (f) approve amendments of the Company's Rules on External Auditor Independence and Selection;
- (g) discuss with the external auditor its year-end report and report on internal control and advise the Supervisory Board thereon;

- (h) discuss with the external auditor all critical accounting policies, all alternative treatments of financial information discussed with management, and resolve disagreements between management and the external auditor regarding financial reporting;
  - (i) take note of irregularities in respect of the content of the financial reporting as may be reported by the external auditor;
  - (j) review all matters required to be communicated to the Supervisory Board and the Management Board by the external auditor under generally accepted auditing standards;
  - (k) take all other actions with respect to the Company's relationship with its external auditors that may be required by applicable law;
  - (l) act as the primary point of contact for the external auditors, in the event the external auditors find any irregularities in the financial reporting by the Company.
  - (m) determine whether and, if so, how the external auditor is involved in the content and publication of financial reports of the Company other than the financial statements.
- 1.8 The External Auditor is ultimately accountable to the Audit and Risk Committee and the Supervisory Board of the Company.
- 1.9 With regard to risk management, internal controls and compliance the Audit and Risk Committee shall:
- (a) supervise, monitor and advise the Management Board on the effectiveness of risk management and control systems;
  - (b) periodically review the effectiveness and the results of the Management Board's procedures regarding investigation and follow-up (including disciplinary action of any instances of non-compliance).
  - (c) obtain regular updates from the Risk & Compliance Director regarding compliance matters and the effectiveness of the compliance programs and policies, including the Company's Code on Business Conduct and Ethics.
- 1.10 With regard to misconduct and irregularities within the Company the Audit and Risk Committee shall:
- (a) monitor the operation of the procedure for reporting actual or suspected misconduct or irregularities ("whistleblower procedures"), appropriate and independent investigations into signs of misconduct or irregularities, and, if an instance of misconduct or irregularity has been discovered, an adequate follow-up of any recommendations for remedial actions;
  - (b) establish and maintain procedures for the receipt, retention, and treatment of complaints or concerns regarding accounting, internal accounting controls, or auditing matters;
  - (c) review and recommend for approval the Company's "whistleblower policy" referred to in Article 11 of the Supervisory Board Rules.
- 1.11 The Audit and Risk Committee may in its sole discretion, and after having informed the Chairman of the Supervisory Board and the CEO, appoint independent counsel and other advisors, as it determines necessary to carry out its duties.
- 1.12 The Audit and Risk Committee may in its sole discretion carry out any investigation which it determines to be necessary or desirable to carry out its duties and may inspect or cause to be inspected any books and records (whether in written or electronic form) of the Company.
- 1.13 The Audit and Risk Committee is a committee of the members of the Supervisory Board who have specific tasks and powers with the duties of the Supervisory Board as a whole under Netherlands law. This charter is not intended to increase the liability or responsibility of the Company's Supervisory Board or any of its members. Neither this charter nor any activity of the Audit and Risk Committee shall release the Management Board and the external auditors from their duties

and responsibilities. In carrying out its function, the Audit and Risk Committee is not providing any expert or special assurance as to the Company's financial statements or compliance with laws and regulations, or any professional certification as to the external auditors work.

## 2. Conflicts of Interest

- 2.1 In addition to the responsibilities described in Article 1 hereof, the Audit and Risk Committee shall advise the Supervisory Board on the handling, and deciding on, reported (potential) conflicts of interests and/or related party transactions which are contemplated between the Company on the one hand and any conflicted persons or entities on the other hand, including but not limited to its shareholders, members of the Supervisory Board, Management Board and other Related Parties as defined in the Company's Related Party Transaction Policy.
- 2.2 In the event of a (potential) conflict of interest with a member of the Supervisory Board, the relevant provisions in Article 10 of the Supervisory Board's Rules of Procedure apply, and in any event the Supervisory Board member concerned shall not participate in the discussion or decision making of the Audit and Risk Committee and/or Supervisory Board regarding the (potential) conflict of interest concerned.

## 3. Composition, expertise and independence

- 2.1 The Audit and Risk Committee shall consist of at least three members, appointed by the Supervisory Board from among its members.
- 2.2 Without prejudice to article 3.4 of the Rules of Procedure of the Supervisory Board, the following requirements must be observed in composing the Audit and Risk Committee of the Company:
- (a) at least one member of the Audit and Risk Committee shall be an "Audit and Risk Committee financial expert", i.e. a person with relevant expertise in financial administration and accounting for listed companies or other large companies, who has all of the following attributes:
    - an understanding of financial statements and IFRS;
    - an ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;
    - experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more persons engaged in such activities;
    - an understanding of internal controls and procedures for financial reporting; and
    - an understanding of Audit and Risk Committee functions.
  - (b) each member must be able to read and understand fundamental financial statements, including a company's balance sheet, income statement, and cash flow statement;
  - (c) more than half of its members and the Chairman of the Audit and Risk Committee must be independent within the meaning of article 3.6 of the Supervisory Board's Rules of Procedure;
  - (d) neither the Chairman of the Supervisory Board nor any of the Company's former members of the Management Board, may (simultaneously) serve as Chairman of the Audit and Risk Committee.

## 4. Chairman

The Supervisory Board shall appoint one of the members of the Audit and Risk Committee as chairman. The chairman shall be primarily responsible for the proper functioning of the Audit and Risk Committee. He/she shall act as the spokesman of the Audit and Risk Committee and shall be the main contact for the Supervisory Board.

## 5. Meetings

- 4.1 The Audit and Risk Committee will hold at least four meetings per year in accordance with an annual schedule. Other meetings may be convened by the Chairman of the Audit and Risk Committee, any of its other members, or the Management Board. Audit and Risk Committee meetings are generally held at the office of the Company, but may also take place elsewhere. The External Auditor may, under special circumstances, request a meeting of the Audit and Risk Committee to be held without representatives of the Management Board being present.
- 4.2 The Company's CFO, the internal auditor and the external auditor will attend the meetings of the Audit and Risk Committee unless the Audit and Risk Committee decides otherwise. The Audit and Risk Committee may decide that, and if so when, the CEO attends its meetings.
- 4.3 The Audit and Risk Committee will at least once a year hold a meeting with the external auditor of the Company without any member of the Management Board or the internal auditor being present.
- 4.4 Audit and Risk Committee meetings shall be convened by the Company Secretary on behalf of the chairman of the Audit and Risk Committee, or on behalf of any other person requesting the meeting. Unless meetings must be convened at short notice for urgent matters, notices convening a meeting and the agenda of items to be considered and discussed therein shall be made available at least five working days before the meeting to each member of the Audit and Risk Committee and other attendees invited in accordance with Article 4.2. Agendas and meeting materials shall be made available through a dedicated, secured online portal for the Supervisory Board.
- 4.5 The minutes of the meetings shall be prepared by the Company Secretary. They shall generally be adopted in the next meeting. If all members of the Audit and Risk Committee agree on the contents of the minutes they may be adopted earlier. The minutes shall be signed by the Chairman and the Company Secretary and shall be distributed to all members of the Supervisory Board as soon as practically possible.
- 4.6 The Audit and Risk Committee is authorized by the Supervisory Board to exercise all powers of the Supervisory Board needed to discharge itself of its assignment vis-à-vis the Supervisory Board and may consequently inspect all relevant corporate records, interview all officers and employees of the Company in so far as necessary to fulfill its assignment.

## 6. Report to the Supervisory Board

- 5.1 The Audit and Risk Committee reports to the Supervisory Board on its deliberations and findings. This report includes, *inter alia*, the following information:
  - (a) the methods used to assess the effectiveness of the design and operation of the internal risk management and control systems;
  - (b) the methods used to assess the effectiveness of the internal and external audit processes;



- (c) material considerations regarding financial reporting; and
- (d) the way material risks and uncertainties have been analysed and discussed, along with a description of the most important findings of the Audit and Risk Committee.

5.2 The Audit and Risk Committee reports on the results of the annual statutory audit to the Supervisory Board. This report includes information on how the audit has contributed to the integrity of the financial reporting, and also addresses the role of the Audit and Risk Committee in the audit.

## 7. Applicable rules of the Supervisory Board

Articles 9.6, 9.7, 9.8, 17 and 18 of the Supervisory Board's Rules of Procedure shall apply *mutatis mutandis* to these rules.

## Annex D

# NOMINATION AND REMUNERATION COMMITTEE CHARTER

## 1. Responsibilities

- 1.1 The Nomination and Remuneration Committee (hereinafter also “the Committee”) shall be responsible for advising the Supervisory Board in relation to any of the responsibilities and proposed resolutions as referred to in articles 1.2 and 1.3.
- 1.2 In the area of selection and appointment, the responsibilities of the Nomination and Remuneration Committee shall include:
- (a) preparing the selection criteria and appointment procedures for members of the Company's Supervisory Board and Management Board;
  - (b) periodically evaluating the size and composition of the Management and Supervisory Board, and proposing the profile of the Supervisory Board in relation thereto;
  - (c) periodically assessing the performance of individual members of the Management Board and Supervisory Board and reporting the results thereof to the Supervisory Board;
  - (d) drawing up a plan for the succession of the Management Board and Supervisory Board members, and reporting on this to the Supervisory Board;
  - (e) proposing (re-)appointments of members of the Management Board and Supervisory Board;
  - (f) periodically evaluating the Company's corporate governance and reporting the results thereof to the Supervisory Board;
  - (g) drawing up the Company's diversity policy for the composition of the Management Board and the Supervisory Board.
- 1.3 In the area of remuneration the responsibilities of the Nomination and Remuneration Committee shall include:
- (a) analyzing the possible outcomes of the variable remuneration components and how they may affect the remuneration of the Management Board;
  - (b) preparing proposals for the Supervisory Board concerning the remuneration of the Supervisory Board and the remuneration policy for the Management Board to be adopted by the General Meeting;
  - (c) preparing proposals for the Supervisory Board concerning the remuneration of each individual member of the Management Board, which proposal will in any event address:
    - (i) the link between remuneration and the Company's strategy of long-term value creation;
    - (ii) the remuneration structure;
    - (iii) the scenario analyses carried out in advance;
    - (iv) the pay ratios within the Company;
    - (v) the amount of, and ratio between, variable and fixed remuneration components, and; (vi) pension rights, severance pay and other forms of compensation to be awarded.
  - (d) preparing proposals for the Supervisory Board concerning the performance criteria and the application thereof for the individual members of the Management Board;
  - (e) preparing proposals for the Supervisory Board concerning the approval of short term and long term incentive plans;
  - (f) ensuring that the structure of X5 compensation programs are in line with the X5's long-term strategy and support the growth and defined objectives;

- (g) ensuring that the approved remuneration philosophy and programs are applied in a consistent way throughout the organization;
- (h) overseeing the total cost of the approved compensation programs;
- (i) preparing and publishing on an annual basis a report of its deliberations and findings;
- (j) appointing any consultant in respect of executive remuneration;
- (k) preparing the Supervisory Board's remuneration report on the remuneration policies conducted by the Supervisory Board.

## 2. Composition, expertise and independence

- 2.1 The Nomination and Remuneration Committee shall consist of at least three members, appointed by the Supervisory Board from among its members.
- 2.3 Without prejudice to article 3.4 of the Rules of Procedure of the Supervisory Board, the following requirements must be observed in composing the Nomination and Remuneration Committee:
  - (a) all of its members must be independent within the meaning of article 3.4 of the Rules of Procedure, with the exception of no more than one member, provided such member shall not chair the Nomination and Remuneration Committee;
  - (b) neither the Chairman of the Supervisory Board nor any of the Company's former members of the Management Board nor any member of the management board of any listed company other than the Company, may (simultaneously) be chairman of the Nomination and Remuneration Committee.

## 3. Chairman

The Supervisory Board shall appoint one of the Committee members as chairman, who shall be primarily responsible for the proper functioning of the Nomination and Remuneration Committee. He/she shall act as the spokesperson of the Nomination and Remuneration Committee and shall be the main contact for the Supervisory Board.

## 4. Meetings

- 4.1 The Nomination and Remuneration Committee will hold at least four meetings per year in accordance with an annual schedule, and whenever one or more of its members request a meeting. Each member is entitled to put a topic on the agenda. Nomination and Remuneration Committee meetings are generally held at the office of the Company, but may also take place elsewhere.
- 4.2 The Company's CEO and Head of Organizational Development will attend the Nomination and Remuneration Committee meetings unless the Committee decides otherwise. Other Company officers may be invited as necessary;
- 4.3 Nomination and Remuneration Committee meetings shall be convened by the Company Secretary on behalf of the Chairman of the Committee, or on behalf of any other person requesting the meeting. Unless meetings must be convened at short notice for urgent matters, notices convening a meeting and the agenda of items to be considered and discussed therein shall be made available at least five working days before the meeting to each member of the Nomination and Remuneration Committee and other attendees invited in accordance with Article 4.2. Agendas and meeting materials shall be made available through a dedicated, secured online portal for the Supervisory Board.

- 4.4 The minutes of the meetings shall be prepared by the Company Secretary. They shall generally be adopted in the next meeting. If all members of the Audit and Risk Committee agree on the contents of the minutes they may be adopted earlier. The minutes shall be signed by the Chairman and the Company Secretary and shall be distributed to all members of the Supervisory Board as soon as practically possible.

## 5. Report to the Supervisory Board

- 5.1 The Nomination and Remuneration Committee reports on its deliberations and findings to the Supervisory Board. This report includes information on how the duties of the Committee were carried out in the financial year, and also reports on the composition of the Committee, the number of meetings of the Committee and the main items discussed at those meetings.
- 5.2 With respect to remuneration, the Nomination and Remuneration Committee describes, in a transparent manner, in addition to the matters required by law:
- (a) how the remuneration policy has been implemented in the past financial year;
  - (b) how the implementation of the remuneration policy contributes to long-term value creation;
  - (c) that scenario analyses have been taken into consideration;
  - (d) the pay ratios within the Company and, if applicable, any changes in these ratios in comparison with the previous financial year;
  - (e) in the event that a Managing Director receives variable remuneration, how this remuneration contributes to long-term value creation, the measurable performance criteria determined in advance and on which the variable remuneration depends, and the relationship between the remuneration and performance; and
  - (f) in the event that a current or former member of the Managing Board receives a severance payment, the reason for this payment.

## 8. Applicable rules of the Supervisory Board

Articles 9.6, 9.7, 9.8, 17 and 18 of the Supervisory Board's Rules of Procedure shall apply *mutatis mutandis* to these rules.

## Annex E

# INNOVATION AND TECHNOLOGY COMMITTEE CHARTER

## 1. Responsibilities

- 1.1 The Innovation and Technology Committee (hereinafter also “the Committee”) shall be responsible for advising the Supervisory Board in relation to any of the responsibilities and proposed resolutions as referred to in article 1.2.
- 1.2 The Innovation and Technology Committee is established by and amongst the Supervisory Board for the primary purpose to review and make recommendations to the Board on subjects relating to the Company’s:
  - digital strategy including business process automation, big data and artificial intelligence, e-commerce, omnichannel platforms and ecosystem, aimed to enhance end-to-end customer experience, optimize business cost structure, and ensure competitive pricing;
  - approach to, and governance of, innovations across various business disciplines (commercial, technical, etc.);
  - innovation and technology related partnerships and/or acquisitions to support ongoing business growth and the Company’s digital transformation;
  - measurement and tracking systems important for successful innovation;
  - performance in digital transformation, e-commerce, innovations and automation versus the Company’s objectives and KPI’s in these areas.

## 2. Composition and expertise

- 2.1 The Innovation and Technology Committee shall consist of at least two members, appointed by the Supervisory Board from among its members.
- 2.2 Without prejudice to article 3.4 of the Rules of Procedure of the Supervisory Board, each member of the Innovation and Technology Committee shall have, or obtain within a reasonable period of time after his/her appointment, familiarity with the key issues relevant to the work of the Committee.

## 3. Chairman

The Supervisory Board shall appoint one of the members of the Innovation and Technology Committee as chairman. The chairman shall be primarily responsible for the proper functioning of the Committee. He/she shall act as the spokesman of the Committee and shall be the main contact for the Supervisory Board.

## 4. Meetings

- 4.1 The Innovation and Technology Committee will hold at least three meetings per year in accordance with an annual schedule. Other meetings may be convened by the Chairman of the Committee, any of its other members, or the Management Board. Innovation and Technology

- Committee meetings are generally held at the office of the Company, but may also take place elsewhere.
- 4.2 The Company's CEO will attend the Innovation and Technology Committee meetings unless the Committee decides otherwise. Other Company officers may be invited as necessary.
- 4.3 Innovation and Technology Committee meetings shall be convened by the Company Secretary on behalf of the chairman of the Innovation and Technology Committee, or on behalf of any other person requesting the meeting. Unless meetings must be convened at short notice for urgent matters, notices convening a meeting and the agenda of items to be considered and discussed therein shall be made available at least five working days before the meeting to each member of the Innovation and Technology Committee and other attendees invited in accordance with Article 4.2. Agendas and meeting materials shall be made available through a dedicated, secured online portal for the Supervisory Board.
- 4.4 The minutes of the meetings shall be prepared by the Company Secretary. They shall generally be adopted in the next meeting. If all members of the Innovation and Technology Committee agree on the contents of the minutes they may be adopted earlier. The minutes shall be signed by the Chairman and the Company Secretary and shall be distributed to all members of the Supervisory Board as soon as practically possible.

## 5. Report to the Supervisory Board

- 5.1 The Innovation and Technology Committee reports to the Supervisory Board on its deliberations and findings. This report includes information on how the duties of the Committee were carried out in the financial year, and also reports on the composition of the Committee, the number of meetings of the Committee and the main items discussed at those meetings.

## 6. Applicable rules of the Supervisory Board

Articles 9.6, 9.7, 9.8, 17 and 18 of the Supervisory Board's Rules of Procedure shall apply *mutatis mutandis* to these rules.