

Overview

About this report

In this report, we aim to inform our readers about material issues that have the potential to impact our business and to explain how this influences our strategy, our operations, our financial performance, the long-term sustainability of our business and the value we seek to create for our stakeholders.

This report aims to answer key questions such as:

In the following sections of this report, we provide our insights towards answering the following core questions:

- What does X5 Retail Group do, and what are the circumstances under which it operates?
- How does X5 Retail Group's governance structure support its ability to create value for stakeholders in the short, medium and long term?
- What is X5 Retail Group's business model, why did we choose this model and what makes it unique?
- What are the specific risks and opportunities that affect the Company's ability to create value for stakeholders in the short, medium and long term?
- What are the Company's key strategic goals, and how does it intend to achieve them?
- To what extent did the Company achieve its strategic objectives for the reporting period, and what was the effect on the value of the Company for stakeholders?
- What are the key challenges and uncertainties that the organisation is likely to encounter in pursuing its strategy, and what are the potential implications for the business model and future performance?
- How does the Company determine which matters are worth including in the annual report, and how are such matters quantified or evaluated?

Corporate responsibility

In order to secure the long-term sustainability of our business model and our operations, we are constantly reviewing and monitoring our interaction with stakeholders and the material issues that could affect our business.

We discuss our investments in human capital, health and safety, reducing our impact on the environment, and the local communities where we operate. We provide details on how our governance systems have been adapted to the changing business environment, and how we maintain relationships with our key stakeholders.

For more details, please refer to pages 134-155

Corporate governance and risk management

X5 continues to implement robust corporate governance practices that meet or exceed the requirements of the UK, European and Russian regulations that govern our activities. As a large and rapidly expanding business that is at the forefront of innovation in its sector, the sustainability of our success is due, to a significant degree, to the proper and smooth functioning of our governance and risk management systems.

For more details, please refer to pages 156-191

Determining our material issues

We have determined the material issues to include in this report based on management's understanding of our business model, risks and opportunities, and stakeholder interests. Management uses a variety of tools to remain informed about the material issues facing the Company, including regular internal analysis and reporting mechanisms, market research, external polling and research products, as well as feedback received directly from key stakeholders. While no formalised polling of stakeholders has been conducted for the purpose of determining material issues, it is the belief of management that this report addresses how we interact with and create value for stakeholders in a comprehensive manner.