



February 2022

ESG

HIGHLIGHTS

OVERVIEW

- We do everything to create an unprecedented customer experience offering **the most relevant assortment at outstanding value**
- We take our business **personally** and we are proud to be customers of our own stores. We **care about our products** and work hard **continuously to exceed our customers` expectations** with **high quality** goods at affordable prices
- Our **unique value proposition** and **treasure hunt** experience make us increasingly appealing to all customer target groups
- We **engage with our partners** across the whole value chain to ensure continued sustainable growth
- Our people make a difference knowing that **we value their efforts** to make Fix Price a better place to work, shop and grow



HIGHLIGHTS¹



93%



Estimated market share in Russia²

c. 5,000



Fix Price Stores³

79



Regions of presence in Russia⁴

33,044



Personnel⁵

1,000+ ths m²



Total selling space⁶

686



Suppliers

RUB 231 bn



2021 revenue

COMPANY OVERVIEW: TOP CROSS-BORDER RETAIL CHAIN

Fix Price has a broad geographical coverage. We offer customers quality goods even in the most remote regions, where we also bring new job opportunities. We have stores in 79 out of Russia's 85 regions and our prices and range are the same throughout the country²

4,445

Stores in Russia



Notes: 1. All figures as of FY 2021; 2. Except for certain remote locations (e.g. in the Russian Far East and other countries of the company's presence), where assortment and prices may differ); 3. FD – Federal District

OUR PATH TO SUSTAINABILITY

IPO

On 10 March 2021, Fix Price went public on the London and Moscow stock exchanges



ESG assessment

In 2021, Fix Price undertook a comprehensive assessment of all its business processes to measure its compliance with the best sustainability practices (quality control, social responsibility, corporate governance, environmental impact)



ESG Committee

In November 2021, Fix Price announced it was setting up an ESG Committee. The Committee consists only of independent directors and advises the Board on Fix Price's sustainability strategy, monitors its ESG performance and tracks the Company's progress in delivering on its ESG commitments



ESG strategy and commitments

In mid-2022, Fix Price plans to publish its first sustainability report, which will contain information about the Company's ESG strategy and key commitments



Non-financial metrics

In early 2022, Fix Price disclosed the first set of non-financial metrics in its ESG Databook and presentation



Our current position



ESG strategic priorities – the 4Ps

In 2021 we conducted an in-depth analysis of our ESG practices and identified the following strategic priorities. This 4P approach is helping us create a roadmap of metrics and activities to further embed ESG into our business and culture



PEOPLE: SAFETY AND MOTIVATION ARE CORNERSTONES TO SUSTAINABLE GROWTH

People are at the heart of our company - our personnel are key to making Fix Price business model efficient and customer-oriented. We strive to create a supportive environment for everyone and build a culture of learning and development. Our employees are also our customers, and, every day, they make changes that create unique customer value, effect positive changes in society, and contribute to local communities

Talent development



- We put a lot of emphasis on training store personnel and develop various courses based on competency matrix. We try to make the training process convenient and interesting for all personnel
- To ensure a safe work environment, all our new hires are trained in occupational safety standards and we require our DC¹ personnel to undergo introductory training before they start
- For office employees, we provide internal training in core competencies, as well as external training in specific areas. We have also launched a coaching and mentoring project that gives employees an opportunity to share their expertise and experience with colleagues
- We implemented a mentoring system for store and DC personnel to help them identify opportunities for professional and personal growth

Safe workplace



- We promote safe and healthy behaviour among all personnel
- We conduct regular assessments of working conditions
- We provide our office employees with opportunity to work from home to minimise risk of COVID-19 infection

Personnel management and motivation



- We provide our employees with a voluntary health insurance programme including dental care², loyalty cards and an opportunity for top performers to receive interest-free loans
- The company management welcomes personnel feedback via email, intranet and messengers, be it complaints, work issues or suggestions for improvements



HIGHLIGHTS ¹

83%



Women in total headcount

12,743



New hires

100%



Store and newly hired DC and office employees receive training

100%



Store managers participating in mentoring programme

0



Number of work-related fatalities for employees and contractors

28 cases



Total Lost time injury (LTI) for employees and contractors

PEOPLE: HELP THE VULNERABLE, HELP THE PLANET

“Good Deeds” Programme¹

Fix Price’s social programme ‘Good Deeds’ aims to encourage **environment-friendly** behavior, to **promote sports** and a **healthy lifestyle**, and support socially vulnerable groups

Customers can suggest a **social programme** and the city where the programmes will be implemented through the company's application form

57

Workshops conducted

148

Social institutions, families and shelters helped

55

Educational lectures held

1,408

Trees planted

3,410

Kg of waste collected and recycled



PRODUCT: QUALITY - TRUST BUILT ON RIGOROUS TESTING

Our main priority is to build trust with our customers and supply them with products of high quality at the lowest possible prices



High Quality Product

To ensure high quality of our products, we take various measures through a product's entire life cycle. We select quality control and inspection tools applying a risk-based approach associated with the product category and / or type of supplier. For instance, children's goods are among the categories subject to the most rigorous control

● Imported goods ● Private label ● Branded goods

Highlights¹

612



Fix Price in-house physical inspections of samples

147



Additional post-inspection laboratory tests

1,657



Laboratory tests to verify product specification

1,386



Rostest² laboratory tests

Before production

- Certification of sample products of certain categories by Rostest
- Tasting and instrumental inspection
- Laboratory tests to verify product specification

Production

- Remote inspection of samples
- Physical inspection of samples by category managers
- Additional post-inspection laboratory tests for further verification, if required

Shipment

- Visual inspection control conducted by our agents

Storage in DC

- Inspection on arrival at the Distribution Centre by an inspecting engineer

Distribution in stores

- Periodical inspection of goods in stores by Quality Control Centre (both visual and instrumental inspection, and laboratory tests)

PRODUCT: HIGH QUALITY + MIN PRICE = CUSTOMER LOYALTY

Customers' needs are a cornerstone of our operations. We strive to deliver the best service and thus provide our customers with a unique customer experience

Unique customer experience

- In our care for our customers, we tirelessly seek the **best quality** at **lowest prices**
- In our company, customer **feedback** is key to improving product quality and range
- We are constantly increasing the number of our **loyal customers** to over 17 mln active loyalty card holders as of FY 2021
- Our stores offer an average of **40-60** new products every week, which encourages our customers to **treasure hunt**

Privacy protection

- We protect our customers' **personal data** we receive as part of our loyalty programme
- Our customers' data are safe with us; **no security breach** has ever taken place



Highlights¹

63%



NPS (Net Promoter Score)²

>17 mln



Loyalty cardholders

0



Data breaches

0



Number of data breaches involving personally identifiable information

PARTNERS: BUILDING A RESPONSIBLE BUSINESS – TOGETHER

Building strong and transparent relationships with our partners across the whole supply chain is essential to our business

Responsible supply chain

- We are committed to creating a transparent and sustainable supply chain, and we require all our suppliers to enforce internal controls to eliminate corruption and forced labor
- We regularly remind our shipping agents of the need to follow safe driving practices

Suppliers audits

We employ a risk-based approach to audits of our suppliers in order to maximise the effectiveness of our inspections and minimise the risks to our stakeholders, including customers:

Import suppliers

- We work with third party sales agents who audit new suppliers



Private label suppliers

- We conduct audits of private label suppliers every 2-3 years
- Suppliers are checked according to a detailed checklist (with more than 110 data points) that assesses, inter alia, such ESG aspects as:
 - Product quality
 - Waste management procedures
 - Occupational health and safety controls
- In order to pass an audit, a supplier must comply with at least 90% of the checklist requirements
- We work together with our suppliers to implement corrective actions if they are needed to eliminate discrepancies

Highlights¹

over 686



Suppliers

min. 90%



Compliance with a checklist requirements in order to pass an audit

PLANET: AWARD-WINNING ENVIRONMENT PROTECTION

We recognise the importance of environmental initiatives, and we are proud to have implemented multiple sustainability practices, including waste management and energy saving technologies

Eco-focused approach

Distribution	No ripening chambers and refrigeration needed in DCs and trucks, leading to less energy consumption and CO2 emissions
	Rechargeable batteries are restored after 3-5 years of service, or handed over for specialist recycling
	Pallets withdrawn from circulation for restoration after 4-5 cycles
	Waste such as stretch film and cardboard compressed and collected from stores and distribution centres
Store	Instead of conventional lighting, we use LED lighting and motion sensors in our own and rented warehouses
	Store lighting is being transitioned to LED to save energy
Store	No high-performance refrigerators are used in stores to limit energy consumption
	Transition to electronic document flow for significant reduction in paper use
Product	We use Mobius loop marking ² to inform our customers about the possibility of package recycling
	Introduction of eco-friendly products, incl. eco washing powder, biodegradable rubbish bags, wooden care accessories (wooden hair combs) and paper bags



Our efforts recognised with
**Eco Best Award in 2019
and 2020**

Highlights¹

19 ths tonnes



waste at DCs that is sold
for recycling, incl.

91%



cardboard

9%



stretch film

Anti bribery and corruption

We have developed and maintain **procedures to mitigate bribery and corruption risks**

All our suppliers and agents sign an **anti-corruption additional agreement** to ensure lawful and transparent business practices in the supply chain

Our employees are **trained** in anti-corruption methods

We did not come up against any **violations** of the anti-corruption legislation in 2019–2021

Code of conduct and business ethics

We **support diversity** and welcome people of all backgrounds and identities

We are committed to acting in accordance with **international human and labour rights**

Our ethics committee ensures that every complaint is dealt with in a timely and most effective manner

We ensure that all **information** in public communications is complete, fair, accurate, timely and understandable

Supply chain and anti-slavery

We do not tolerate modern slavery⁽¹⁾ within our operations and supply chain

All our suppliers and contractors are required to comply with this Policy

Fix Price requires its suppliers not to engage in any manufacturing, marketing or selling of counterfeit goods

Environmental, health and safety

We **ensure the health and safety of employees and consumers** and seek opportunities to minimise the impact of our business on the environment

Commitment to, among others:

- **Initiatives for energy efficiency**, including reducing our carbon footprint, waste and recycling
- **Regular monitoring** of EHS performance

Information security policy

We adopted an information security policy to prevent breaches and ensure that **personal data of our employees and customers** are **handled as per** the applicable **data protection laws**

Anti money laundering

We have implemented systems and procedures to prevent money laundering

Commitment to, among others:

- **Raising awareness** internally by setting guidelines
- Implementing transaction monitoring programmes
- Culture of **zero tolerance** for illegal actions

We operate under a determined set of 6 Governance Policies developed in cooperation with an international law firm and envisaging regular monitoring to enhance ESG transparency

CORPORATE GOVERNANCE

Corporate governance is the backbone of our business so its maturity is fundamental to supporting the company's growth and development

Governance



We are strongly committed to protecting the rights of all our shareholders and pursue robust quality control, risk management and corporate policies:

- Our Board is **well-balanced**, ensuring that the company and the management are under high quality supervision:
 - **3 out of 7** (or **43%**) of board members are independent
 - **4** Board committees; all members of 2 committees are independent; all members of the other 2 committees are non-executive
- We strive to ensure gender equality among board members and senior executives:
 - **5** women, or 42%, of the top management team (C-level)
 - **1** woman on the Board of Directors (out of 7 members)
- Dividend policy: **at least 50%** of net income to be paid out as dividends

Risk Management & Internal Audit



We have developed a robust risk management framework for identifying, evaluating and responding to key business risks, including:

- System of internal controls over key business processes
- Risk identification and assessment as part of the annual budget planning / internal audit checks
- Annual risk review sessions with CEO
- The company has hired an internal auditor to provide independent and objective assurance in risk management and control processes, and reporting directly to the Audit Committee of the BoD

ESG Committee



- We are committed to long-term sustainable development – in 2021 we established a separate ESG committee in the Board of Directors

Political Contributions



- Fix Price has never made any political contributions

COVID-19

COVID-19 Response



We are committed to ensuring the safety of our personnel and customers and put our efforts into complying with sanitary and legal requirements

We have introduced enhanced sanitary measures in our shops and office since the onset of the pandemic

- We regularly disinfect sales floor and interior areas of stores
- We make sure that both our employees and customers maintain social distancing

Customers



- During the pandemic, we promptly introduced personal protection products, such as masks and antiseptics, and have kept their prices low
- We provide our customers with an opportunity to buy products online with delivery by our partners in order for them to stay at home and minimise the risk of COVID-19 infection
- In Q4 2021, a social campaign was implemented to support COVID-19 vaccination. All vaccinated customers received additional bonuses of RUB 1,000 to their loyalty cards

Personnel



- We encourage our office employees to work remotely
- In 2020, we provided our employees with COVID-19 insurance
- In 2021 and onwards, we replaced it with financial assistance to sick employees
- Thermal cameras are installed at the entrance of DCs to prevent entry by personnel with a high temperature
- We encourage our personnel to get vaccinated and track the level of vaccination amongst our employees to achieve our 80% vaccination goal
- During COVID-19, all company premises have been equipped in accordance with the health regulations
- We have provided our in-store and DC personnel with leaflets and instructions on anti-COVID-19 sanitary measures

Should you have any questions about Fix Price's sustainability initiatives, please do not hesitate to contact

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