

SUSTAINABILITY

79%
share of local
suppliers in
procurement

+23% y-o-y
increase in the amount
of waste sent for recycling

Fix Price offers customers quality products at affordable prices, initiates new partnerships, promotes favourable conditions for development in its regions of operation, and supports its employees

Our Approach to Sustainability Management

We understand the importance of the ESG agenda and continue to further raise awareness on the topic among our employees, partners, and other stakeholders.

We focus our sustainability efforts on the following four pillars (the 4Ps):

- Product
- People
- Partners
- Planet

Fix Price has the following corporate sustainability regulations:

Environmental, Health & Safety Policy

Business Ethics Policy (Code of Conduct)

Modern Anti-Slavery and Human Trafficking Policy

Quality Assurance Policy

Anti-Money Laundering Policy

Responsible Marketing Policy

Anti-Bribery and Corruption Policy

The ESG Committee of the Board of Directors provides strategic governance on the ESG agenda. The Company's top management makes all key decisions and oversees the integration of our sustainability agenda into the Company's business processes.

Our IR team oversees the generation and evolution of sustainability solutions and liaises between units to deliver on initiatives. In 2023, we set up a sustainability working group, made up of employees from various relevant units of the Company. The creation of the working group has simplified and enhanced collaboration among functions.



UN Sustainable Development Goals

UN SDGs

Primary ✓

SDG 8

Decent Work and Economic Growth

SDG 12

Responsible Consumption and Production

SDG 13

Climate Action

Secondary ✓

SDG 2

Zero Hunger

SDG 3

Good Health and Well-Being

SDG 5

Gender Equality

SDG 10

Reduced Inequalities

National development goals of Russia through 2030

In 2023, the Company aligned its priority SDGs with Russia's national development goals through 2030. In the medium term, we will focus on achieving the seven SDGs and four national development goals of Russia.

Opportunities for self-fulfilment and the unlocking of talent

Decent and productive work and successful businesses

Preservation of the population, health and well-being

Comfortable and safe living environment

+

The Company has selected seven UN SDGs where we can deliver the largest impact. In order to prioritise tasks, we have divided them into primary and secondary SDGs. Primary SDGs encompass the goals where we think Fix Price can make the biggest contribution.

The secondary SDGs comprise the goals where, due to the specifics of our business, we can only offer a more limited support.

Stakeholder Engagement

Fix Price is committed to ongoing open dialogue with all stakeholder groups. To enhance stakeholder engagement, we tailor our communication methods and formats to each specific group.

Stakeholders

Customers



Key engagement topics

- Product assortment, prices, and on-shelf availability
- Store working hours and convenience of location
- Product quality and safety
- Healthy lifestyle products
- Loyalty programme
- Data privacy

Engagement channels

- Offline communications (hand-out materials, price tags, direct in-store communications, etc.)
- Hotline
- Email
- Publications on the Company's website (including feedback forms)
- Social media
- Surveys
- Regular target audience marketing research
- Loyalty programme
- Mobile app

Engagement outcomes

- Fix Price invited customers to participate in selecting goods for the New Year's collection to be offered in Fix Price stores
- See the [Unique Customer Value Proposition](#) section
- See the [People](#) section
- See the [Product](#) section

Employees (full-time and contractors)



- Fair pay and incentives
- Safe working conditions and well-being
- Opportunities for professional and personal growth and education
- Diversity and inclusion
- Compliance, business ethics, and anti-corruption

- Direct communication with employees
- Intranet
- Email
- The Company's internal policies, instructions, and documents
- The Company's training portal and courses
- Hotline and the Ethics and Compliance Committee
- Social media

- The Ethics and Compliance Committee reviewed all queries received from employees and worked to resolve any issues or crisis situations
- See the [People](#) section

Investors and shareholders







- Company performance
- Strategic development and expansion plans
- Protection of shareholder rights
- Business redomiciliation
- Addressing the issue of resuming dividend payments
- Sustainability issues, including:
 - product quality and safety
 - motivation and employee incentives
 - climate impact
 - business ethics and compliance
 - corporate governance

- Direct communication with investors
- Regulatory disclosures and publications on the Company's website
- General Meetings of Shareholders

- Fix Price's Extraordinary General Meeting of Shareholders approved the decision to redomicile the Company from Cyprus to Kazakhstan
- See the [Corporate Governance](#) section

Stakeholder Engagement

	Key engagement topics	Engagement channels	Engagement outcomes
Suppliers 	<ul style="list-style-type: none"> Product development and supply Product quality and safety Business ethics and compliance Transparent and sustainable supply chain 	<ul style="list-style-type: none"> Direct communication with suppliers Audits and product testing Hotline Publications on the Company's website 	<ul style="list-style-type: none"> We search for new suppliers via an open platform for submitting commercial offers on the Fix Price website Our category management department negotiates packaging type, flavour, design, weight, and other individual parameters of products directly with suppliers See the Supporting the Supply Chain section See the Product section See the Partners section
Media 	<ul style="list-style-type: none"> Company performance and strategy Sustainability issues Business ethics and compliance 	<ul style="list-style-type: none"> Direct communication with the media Publications on the Company's website 	
Government authorities 	<ul style="list-style-type: none"> Business ethics and compliance Product quality and safety Applicable laws and regulations Opportunities for local suppliers Protection of shareholder rights 	<ul style="list-style-type: none"> Regulatory compliance Publications on the Company's website Industry associations and federal- and regional-level working groups 	
Local communities 	<ul style="list-style-type: none"> Economic contribution to the regions of operation Charitable and social programmes Affordable and high-quality products Local employment opportunities Promotion of sport 	<ul style="list-style-type: none"> Direct communication with customers and employees Publications on the Company's website Surveys Social media 	<ul style="list-style-type: none"> Fix Price engaged in the Direct Dialogue campaign run by the SOS Children's Villages charity Fix Price supported the Future Champions League charitable foundation See the Sustainability section

Delivering on our 4Ps strategic priorities

Product

In 2023, the Company received a number of prestigious awards confirming the high quality and uniqueness of our products.



2 gold medals Quality Guarantee competition



FRUTO BAR banana chips
Sour cream and onion flavour
Nachos corn chips

1st place Golden Bear Cub Award in the children's goods industry for the Best Stationery and Arts and Crafts Supplies and the Best Apparel and Accessories



Hupper Dupper

PART Awards – Packaging for Industrial Goods



Kid's Fantasy

1st place SobMaExpo exhibition – the Best Non-food Private Label



O'Kitchen

In 2023, we developed and approved the Responsible Marketing Policy and the Quality Assurance Policy



The Responsible Marketing Policy applies to all types of Fix Price's communications and promotes lawful and ethical conduct, respect for consumers, honest information about products, consumer health and safety, attention to environmental sustainability, tactful communications with children as well as confidentiality and personal data protection. Importantly, the Policy operates within the Company but also applies to external partners engaged in our communication and marketing activities.

The Quality Assurance Policy defines the Company's goals, tasks and responsibilities in terms of quality control. It also stipulates requirements the Company chooses to conform with in its quality control procedures, such as industry standards, regulatory or customer requirements.



Delivering on our 4Ps strategic priorities

Product

Our Approach to Pricing and Product Range

In 2023, we continued to maintain low prices for all product ranges while frequently refreshing our offering. This strategy helps our customers purchase quality products they need while keeping within their family budgets.

Our value proposition is designed to meet the needs and improve the lives of our customers by offering them savings on products they use every day without any compromise on product quality and diversity. Our stores always offer a wide selection of products at affordable prices. We make continuous efforts to improve the customer experience at our stores.

Fix Price's accessibility makes our stores stand out. We have stores even in the most remote of locations. We always conveniently place our stores near key traffic intersections, with easy access via public transportation and within highly populated residential areas. Fix Price products are offered across 81 regions of Russia and in neighbouring countries.



63%

Net Promoter Score
(NPS¹)

>27 million

registered loyalty
cardholders

>4,000

quality and safety tests²,
carried out including

~2,500

voluntary tests

We seek to provide equal opportunities to all our customers by offering low prices in all our locations despite specific regional profiles³. Over 77% of Russian households have a monthly income below RUB 60,000⁴. In this context, we are committed to offering access to the goods they need to the widest consumer audience possible, regardless of income or the broader economy.



- ¹ Average for 2023
- ² Includes laboratory tests to obtain certifications and declarations of conformity for imported products; tests conducted in external laboratories to confirm product composition, quality, and safety; inspections by our in-house Quality Control Centre; and additional tests performed in external laboratories after in-house inspections
- ³ With the exception of remote regions (e.g. Russia's Far East, etc.) and other countries where the assortment and / or prices may vary
- ⁴ Rosstat data

Healthy Lifestyle

In 2023, the Company determined the criteria for including SKUs into the healthy lifestyle product mix. We have added a dedicated information section to our website where customers can learn more about our healthy product offering and choose what they need.

We ran a customer survey to evaluate our audience's interest in healthy lifestyle. Over 3,000 customers between 20 and 54 took part in the survey. The results showed that 86% of them follow healthy lifestyle habits in one way or another. Key dietary restrictions cited by respondents include reducing consumption of sugar (59%) and fried and fatty foods (55%) as well as choosing natural foods (32%). The overwhelming majority of survey participants (64%) are interested in promotions and discounts on healthy products, while 63% showed interest in additional loyalty programme terms for these products.

Given the strong interest in this topic, we will continue monitoring our customers' expectations and manage our product range accordingly. We are also planning to intensify communications with customers in this area through social media and the Company's website.



Information section
on our [website](#) of products
for a healthy lifestyle

Delivering on our 4Ps strategic priorities

Product

Approaches to Product Quality Control

Our approach to quality control is centred around the continuous monitoring of our products throughout their life cycle. We also use a risk-based approach to mitigate the risk of emergencies.



Every stage of the product life cycle is supported by Fix Price's experts

Customer testing of our New Year collection

In late 2023, we held a unique customer loyalty activity inviting six loyal customers to take part in selecting the New Year's collection of goods for 2024. They tested 500 samples of products such as New Year decorations, tableware, lamps, and Christmas tree ornaments. The customers gave recommendations about what improvements to make in terms of colour, size, materials, and overall appearance. Following the customers' evaluation, 40 samples were selected and forwarded to suppliers for further development. Along with research and trend analysis, customer opinion has become another tool for assortment selection, which is being relied upon by the category management team.

Category Management Department

- procures goods in Russia and abroad
- monitors the entire supply chain, from product development to the store shelf



Logistics Department

- ensures goods are delivered safely and on time
- arranges certification, declaration of conformity, and other permits for imported goods
- facilitates the verification of documents and product condition upon delivery and warehousing



Quality Control Centre

- oversees product quality and inspects goods
- organises and performs periodic audits of private label suppliers



Delivering on our 4Ps strategic priorities

Product

- Imported goods
- Russian private labels
- Branded products

Inspecting quality at different stages of the product life cycle

Prior to manufacturing

- Accredited laboratories test samples of certain categories of goods to obtain certification, declarations of conformity, and other permits
- Tasting sessions for certain product samples
- Internal checks and laboratory testing of product samples, if necessary



After manufacture

- Remote inspections of samples after manufacture
- Physical inspections by category managers after manufacture
- Testing at external laboratories after manufacture to confirm product composition, quality, and safety



Transportation

- Visual inspection of goods by agents prior to shipping



Warehousing

- Inspecting goods and associated documentation upon acceptance at distribution centres
- Regular inspections for package integrity by quality controllers at warehouses



Distribution to stores

- Inspecting goods and associated documentation upon delivery to stores



Sale

- Periodic spot checks at stores by the Quality Control Centre and laboratory testing, if necessary
- Customer surveys and processing of customer queries received via various feedback channels



Delivering on our 4Ps strategic priorities

Product

Quality Control Centre

The Quality Control Centre, operating in line with our Quality Assurance Policy, helps maintain the Company's reputation as a trusted source for affordable high-quality products. The Centre's specialists are responsible for:

- vetting documents confirming the supplied products meet our quality and safety standards and comply with declared specifications
- product tasting sessions and internal inspections to evaluate samples from various private label producers
- conducting audits of private label producers
- inspecting goods on the shelves using a risk-based approach to identify the potential danger for customer health, the risk of non-compliance with safety rules, the severity of non-compliance implications, and the potential number of customers affected
- laboratory testing of goods

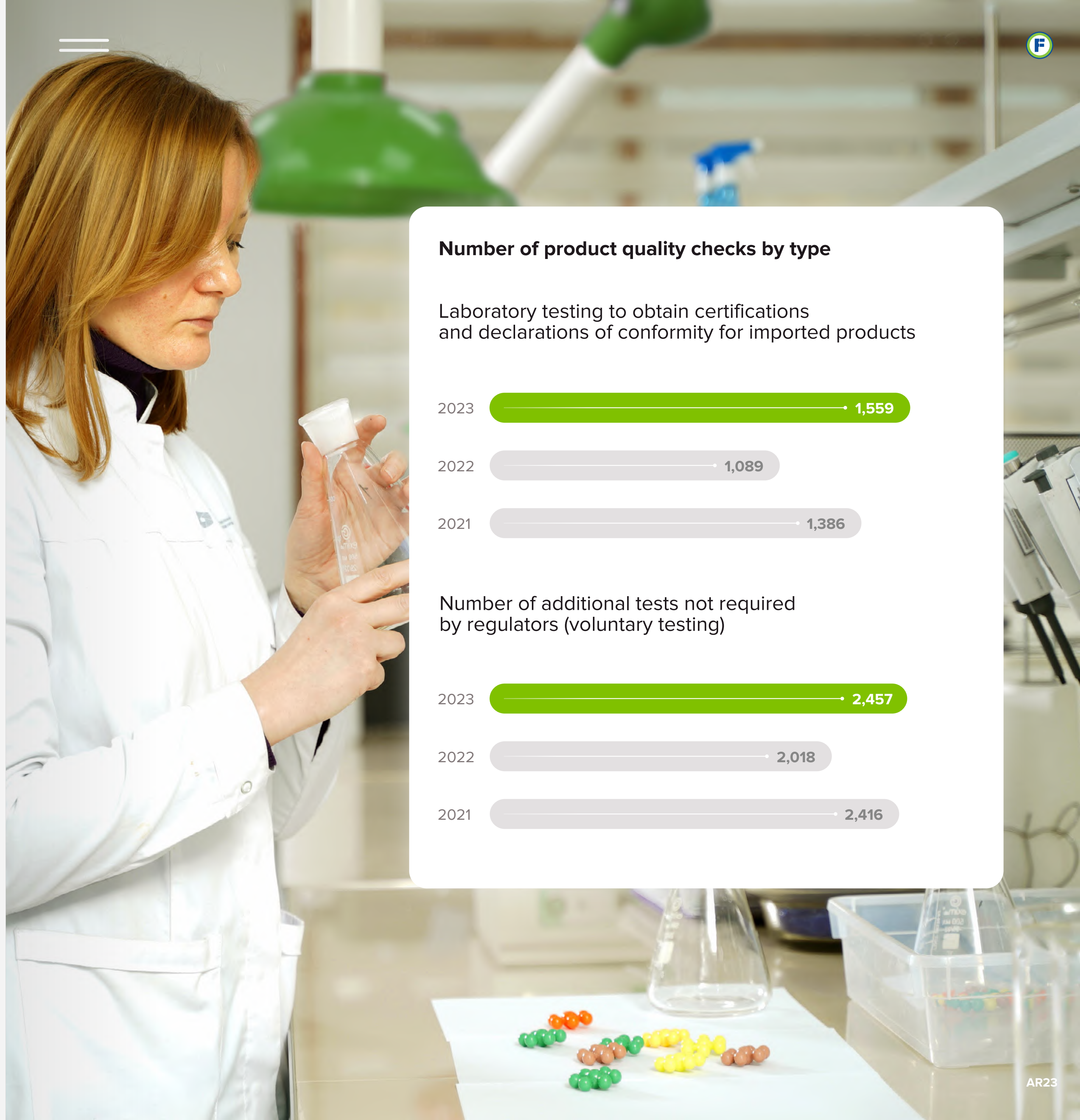


Quality Control of Private-Label Goods Produced in Russia

We monitor each stage of private-label product development, including design and packaging, communication with suppliers to adjust and enhance product properties, tasting sessions with our employees, laboratory tests if necessary, and post-manufacture verification for compliance with negotiated specifications and regulatory requirements.

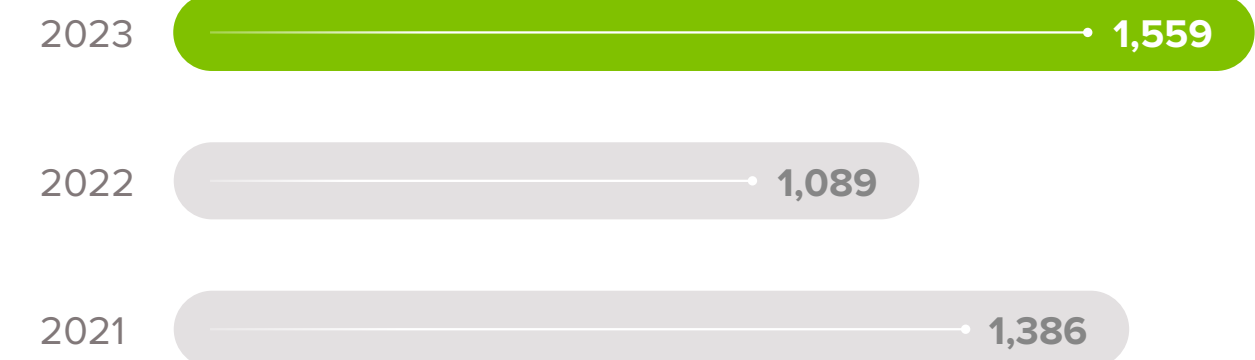
Quality Control of Imported Goods

Control over imported goods is especially important for us, as in this category Fix Price acts not just as a retailer but also as an importer, which carries a separate set of responsibilities and demands specific attention. When working with imported goods, we take an active part in all stages of product development. We formulate specifications and perform laboratory tests to obtain all necessary certifications or declarations of conformity. We also verify, either remotely or in-person, that product samples comply with the negotiated specifications before they are shipped to the Company's DCs and then onward to stores.



Number of product quality checks by type

Laboratory testing to obtain certifications and declarations of conformity for imported products



Number of additional tests not required by regulators (voluntary testing)



Delivering on our 4Ps strategic priorities

Product

Handling Customer Queries

We are committed to the highest levels of transparency. Any customer may ask a store director or manager to provide copies of product certificates or declarations of conformity.

We promptly investigate all customer queries thoroughly assessing the product in question. When necessary, we immediately notify the supplier and take measures to prevent such incidents from happening in the future, including by withdrawing non-compliant products from stores. Once our checks are completed, we inform the customer of the result and close the case.

We are continuously improving our feedback channels to make them more accessible and user-friendly for our customers. Feedback forms are available on our website and in the mobile app and are developed in a way that helps receive all necessary information already in the first message.

We attach great importance to customer feedback, viewing it as instrumental to our growth. Feedback helps us respond more efficiently to the changing needs and expectations of our customers and refine our value proposition accordingly.

We leverage a variety of customer communication channels, including our official website, mobile app, call centre, and social media, where we actively engage with our audience.

In 2023

4,250

queries

were received

via our feedback

channels including

43%

(1,825 queries)

on goods quality

Only every fifth query

required unscheduled

inspections

+

We made the following changes in 2023 to improve our handling of customer queries:

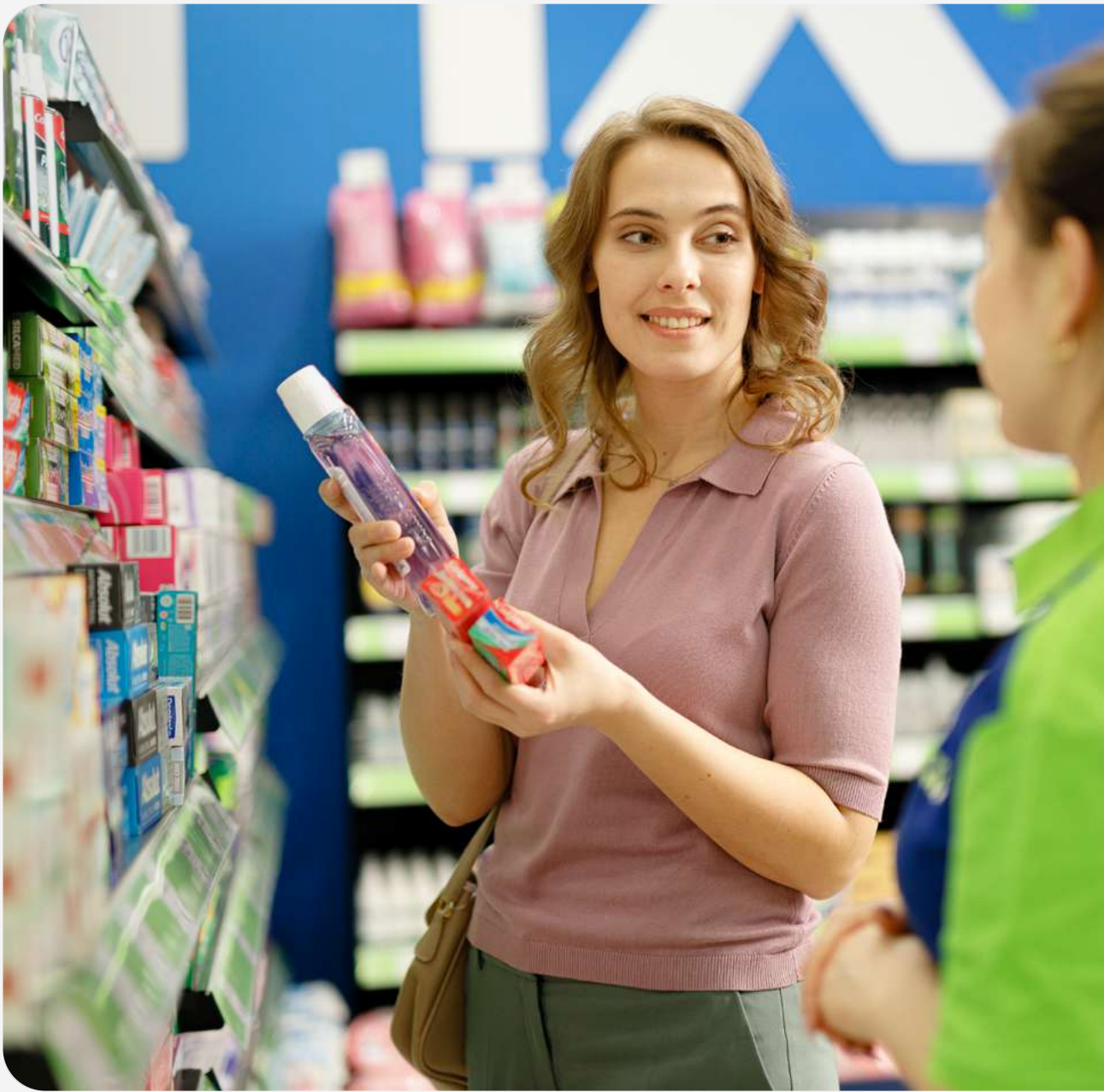
- Implemented IVR ¹-enabled robotised card replacement to reduce the load on our feedback team
- Launched an online button chatbot for the customers to be able to search for answers to frequently asked questions on their own, which also reduced the workload on the team and boosted customer satisfaction
- Optimised scripts and incorporated additional tools into our hotline, resulting in a consistently high level of customer satisfaction (4.2 points) and a 25% rise in the number of processed calls all while keeping headcount unchanged

¹ Interactive Voice Response

Responsible Labelling

In 2023, the Company continued to enhance its proprietary IT solutions designed to interface with government information systems that track the movement of products subject to labelling from manufacturer to end consumer. We also continued to expand our labelling efforts to new product categories.

This enables us to identify and prevent violations, meet regulatory requirements as well as detect and address errors.



Delivering on our 4Ps strategic priorities

Product

Data Privacy and Cybersecurity

Our loyalty programme is an essential tool for boosting customer satisfaction. That is why we make every effort to ensure data privacy when collecting and processing customer information. We also pay close attention to preventing these data from being used for unauthorised purposes or from being disclosed to third parties.

In 2023, we successfully adopted a number of measures to protect data and strengthen security:

- Added a Cloudflare solution to our systems to reinforce protection against various types of attacks and keep data confidential
- Complied with Roskomnadzor requirements by enabling a personal data deletion functionality, including report generation and logging, and text messaging to contractors requesting them to delete personal data
- Opted out of cross-border data transfer to Google Analytics to provide an additional layer of privacy
- Enhanced our acquiring page with digital certificates from the Ministry of Digital Development, Communications, and Mass Media to make online payments even more secure
- Added additional checkboxes for users to give consent to the processing of personal data on our website and in the mobile app to make data collection more transparent
- Tweaked cookie management
- Updated the password display logic and limited the number of password entry attempts allowed

Our cybersecurity efforts are not limited to personal data: to safeguard the Company's IT infrastructure, we regularly audit the security of corporate resources and eliminate detected vulnerabilities.

A range of measures in this area were implemented in 2023:

- Conducted three internal process audits and three external resource security and compliance audits
- Continued developing our anti-fraud system to protect potential customers from fake web pages and websites that mimic our retail network for the purpose of fraud
- Identified and shut down five phishing websites, 1,699 fraudulent web pages, and 155 accounts that were posing as Fix Price
- Shored up our defences against DDoS attacks and deployed a new system for monitoring and responding to internal security threats
- Developed and implemented code analysis tools, standards, and processes to build safe and secure software products

We make every effort to ensure data privacy when collecting and processing customer information

Plans for 2024

In 2024, we plan to continue meeting our customers' needs by offering new products while keeping prices affordable and ensuring high quality of goods.

We also plan to further enhance our quality control system, including by continuing our internal checks and laboratory tests. We plan to update the Quality Control section on our website to provide our customers with up-to-date information on product quality. We also envisage improvements to mechanisms for customer feedback on product quality to boost their satisfaction and loyalty.



Delivering on our 4Ps strategic priorities

People

Our Approach to HR Management

Strategic HR matters are reviewed by the Board of Directors, supported by its Nomination and Remuneration Committee. The Company's HR unit, which reports to the HR Director, is responsible for the practical implementation of the personnel policy.

Fix Price's personnel policy is aligned with the applicable Russian laws and generally recognized principles of international law. We strive to provide a comfortable working environment and fair remuneration to our people. In talent sourcing and recruitment, we respect human rights and freedoms and have zero tolerance for discrimination, whether based on gender, nationality, or religion.

Fix Price's Code of Conduct outlines the principles of equality and ethical behaviour for employees regardless of their position. Should our staff experience discrimination or a violation of our ethical principles, they can contact the Ethics and Compliance Committee or raise their concern on a dedicated web page.

The Ethics and Compliance Committee reviews all the queries received and takes disciplinary measures when necessary. Since 2023, taking training modules on anti-corruption policy and business ethics is obligatory for the Company's employees. The programme includes the Rules of Business Conduct online course, launched in 2022 and available to all employees on the corporate learning platform. The programme details the principles of business communication with customers and co-workers. Store employees learn the rules of business communication with customers through this and other training videos.

In 2023, the Company was recognised with a number of prestigious awards, confirming the effectiveness of its approach to HR management:



Forbes

The Forbes magazine included Fix Price in its **Top 50 Best Employers ranking for Russia in 2023**

[Top 50 Best Employers](#) according to Forbes magazine in 2023

hh

In 2023, Fix Price made it into the **Top 5 of HeadHunter's list of the best employers in the retail segment, for the second year in a row**

Investigation of corruption-related queries

Item	2022		2023	
	Total	Confirmed	Total	Confirmed
Number of corruption-related queries submitted via the hotline	18	6	19	8
From employees	12	4	15	6
From contractors	6	2	4	2
Employees dismissed upon investigation	10		11	
Incidents when contracts with business partners were terminated or not renewed	-		2	

Core pillars of a welcoming corporate culture at Fix Price

- ...Creating a comfortable working environment in line with the occupational safety standards
- ...Developing a fair remuneration and motivation system
- ...Building an effective employee training and development system that supports further professional and personal growth
- ...Building open and streamlined team communications to avoid unnecessary bureaucracy
- ...Encouraging employee feedback at all levels of the corporate structure
- ...Constant monitoring and assessment of employee satisfaction at all units of the Company
- ...Supporting diversity and inclusion

Delivering on our 4Ps strategic priorities

People

Workforce Recruitment and Profile

In the context of our continued store network expansion and our growing headcount, we launched an automated recruiting system using RPA ¹ speech assistants, which has significantly accelerated the recruitment of linear employees. The RPA assistant analyses about a thousand CVs daily, calls candidates with job offers, automatically records the conversation results, and handles most routine processes. In 2023, the online service processed over 1 million CVs and made over 1 million calls. The virtual recruiter invited an average of 688 people per month for interviews. With the positive performance of the piloted automated recruitment system, we plan to scale it in 2024.

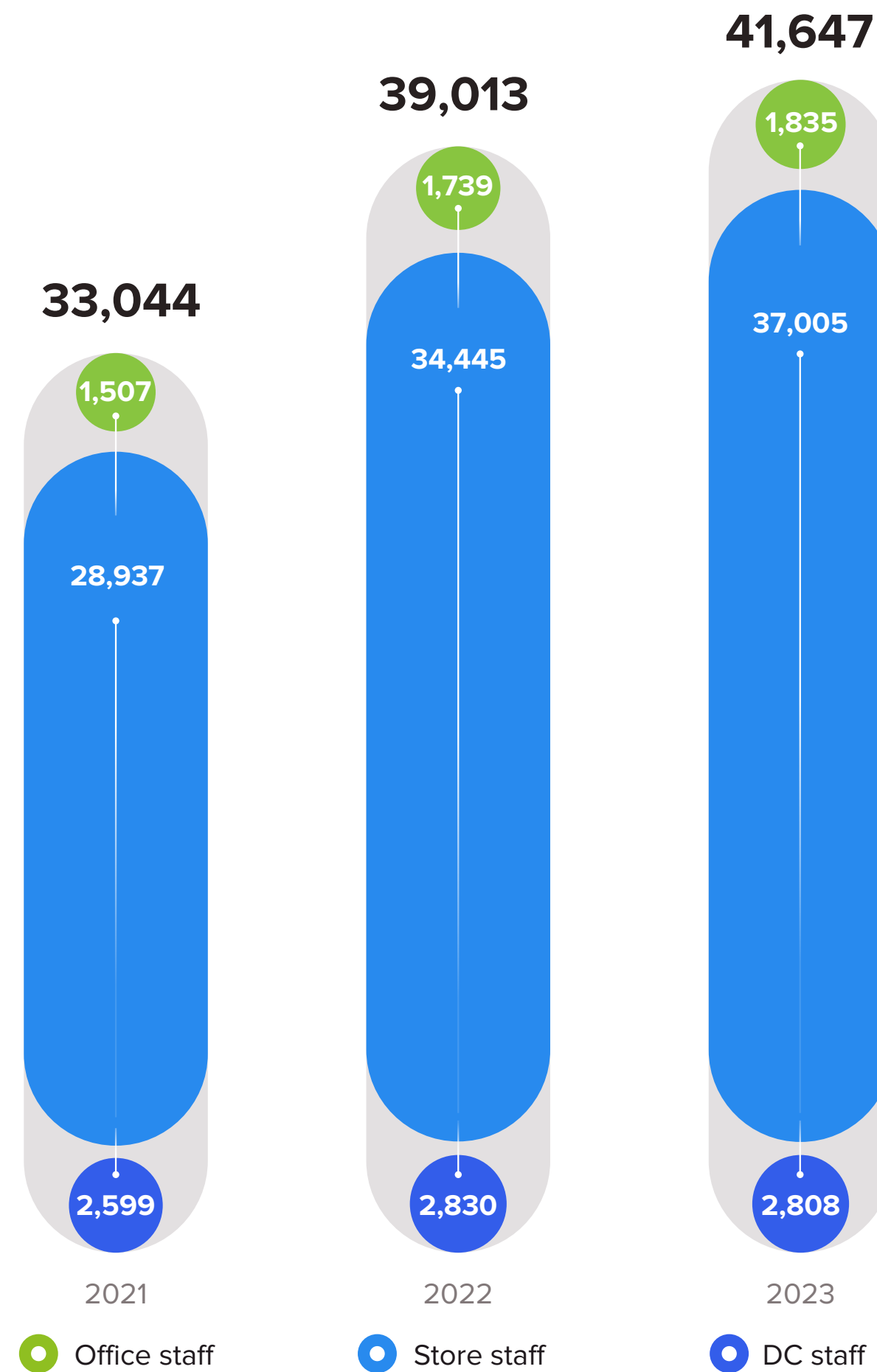
The Group's total average headcount increased by 7% in 2023 due to Fix Price's network expansion and new distribution centre openings.

The proportion of women in the workforce is higher versus men due to our retail business profile and remains stable over time.

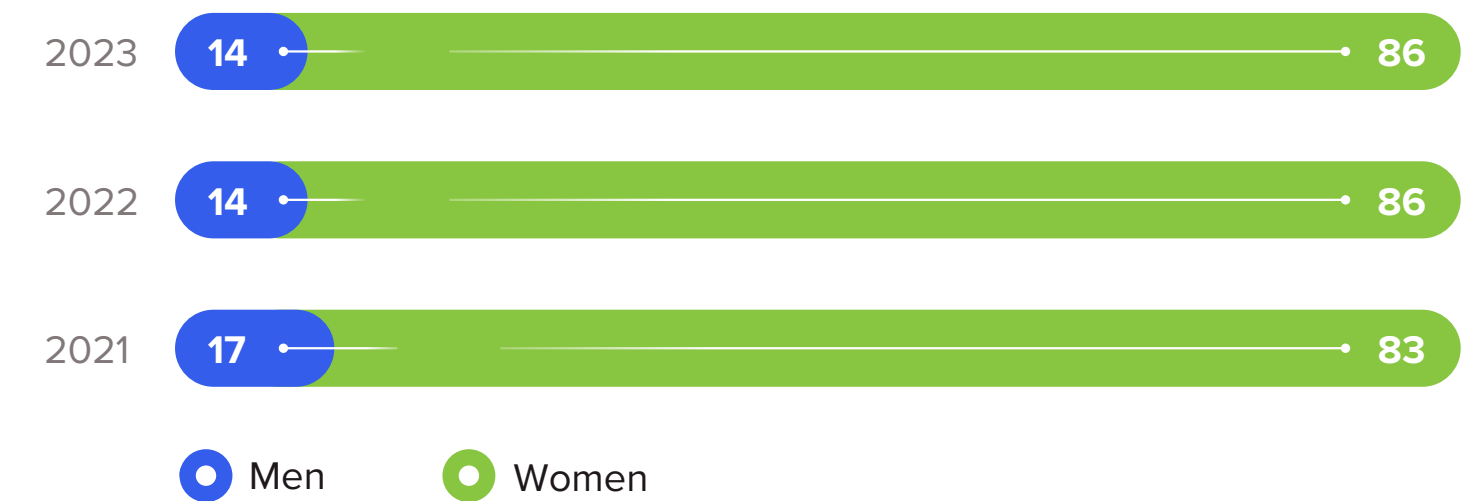
The Company promotes diversity of its workforce and strives to ensure a gender-balanced key executive team. This approach has proven to be effective, driving more informed decision making in challenging market conditions.

Fix Price understands that a combination of personal experiences helps to unleash the team's full potential. We believe that diversity and inclusion are important drivers behind a successful team. This is why the Company strives to balance its workforce in terms of gender and age. In 2023, 64% of employees were aged 30 to 50, and about one third (27%) were under 30.

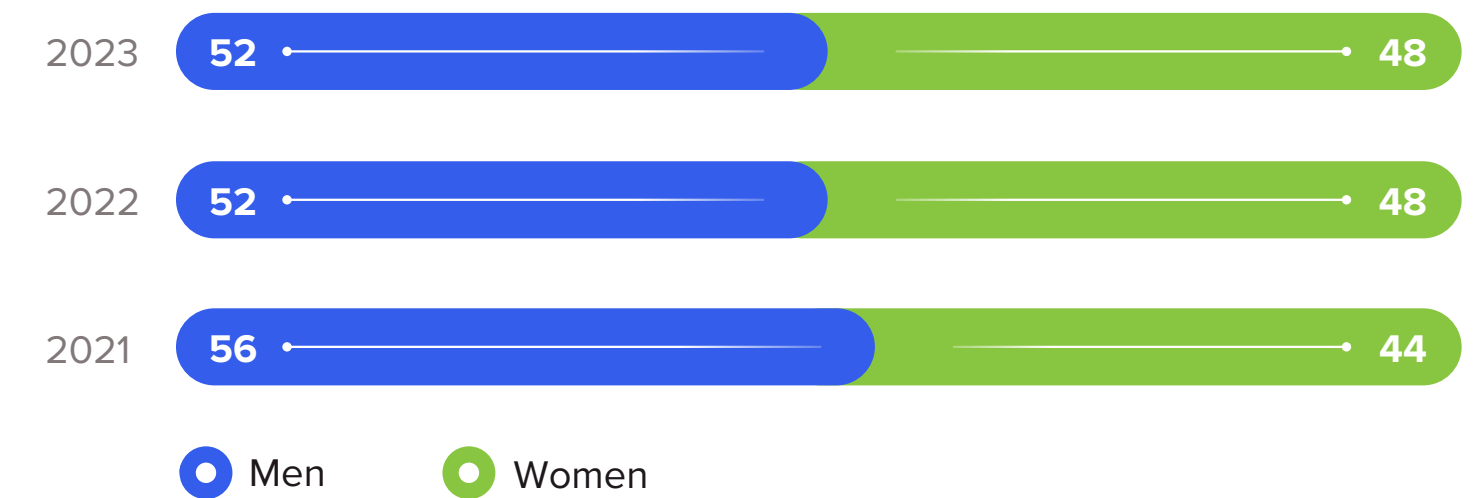
Total average headcount of the Group ^{2 3}, number of employees



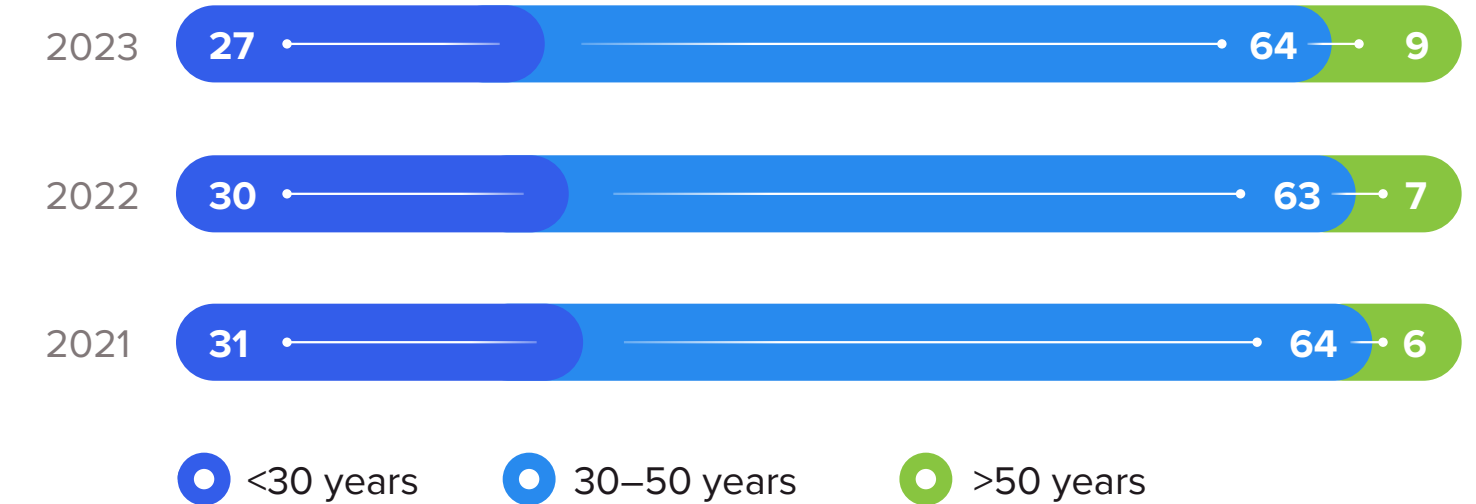
Workforce gender profile in 2021–2023 ⁴, %



Management gender profile in 2021–2023 ⁵, %



Workforce age profile in 2021–2023 ⁶, %



¹ RPA – Robotic Process Automation
² The personnel of Fix Price Group PLC in all countries where it operates, including contractors
³ Total may not equal the sum of the components due to rounding
⁴ The scope of disclosure in this section of the Annual Report unless stated otherwise: employees of LLC Best Price the Group's core operating company in the Russian Federation (excluding contractors and the Company's personnel in other geographies)
⁵ The Company's management comprises top, middle, and junior managers
⁶ Due to rounding, the sum of components in 2021 exceeds 100%

Delivering on our 4Ps strategic priorities

People

Remuneration and Motivation

We believe that the key driver behind the Company’s success and stable growth is a highly skilled and motivated team. The Company’s motivation system ensures fair remuneration regardless of gender, age, race, nationality or religion.

In 2022, we launched a long-term incentive programme (LTIP) for our key employees. In 2023, the Company made its first performance-based payment under the programme and increased the number of participating employees by 54%. The LTIP is attracting huge interest from our employees, which is not only helping to motivate those already benefitting from it but also provides a growth stimulus for those in the talent pool.

We provide social support to all employees, including part-timers. The only criterion for eligibility is the minimal length of service of employees, which is detailed in the policy regulating the benefit.



48%

increase in financial support to employees in 2023

24%

growth in the number of employees covered by healthcare programmes

Remuneration ratio of women to men by position

Metric	2021	2022	2023
Ratio of basic salary of women to men at the senior management level (employees responsible for decision making at the Company-wide level), except for C-suite	0.99	1.22	1.59
Ratio of basic salary of women to men at the middle management level (unit heads)	1.27	1.27	1.25
Ratio of basic salary of women to men at the non-management level (linear employees: office staff, store employees, etc.)	0.82	0.82	0.85

Salary gaps between men and women are due to differences in job profiles.

Fix Price’s social support system

- Financial support** for childbirth, employee illness, and death of close relatives
- Bonuses for employees with continuous 10+ tenure with the Company** and an annual bonus for the top performer in each unit
- Supplementary payments in the amount up to full salary** in the event of a temporary period of incapacity for work or leave
- Flexible or remote work schedule**, if applicable
- Voluntary health insurance:** the list of available clinics can be expanded when reaching a certain length of employment
- Discounts on partner products and services**, including training, sporting events, travel, and insurance
- The employee healthcare programme** provides a wide range of digital healthcare services, including online consultations
- Bonuses for mentoring** new employees for store managers
- Interest-free** loans to key employees for meaningful purposes, such as education, housing, or medical treatment
- Professional development at the Company’s expense**



Delivering on our 4Ps strategic priorities

People

Training and Development

Our training and development team is focused on helping each employee to grow professionally. Our corporate training programmes are tailored to meet the specific needs of each business unit.

In 2023, the Company continued to improve its employee training system. The reporting year saw about 150 training groups (including external training), more than 20 new training groups, six new full courses, 56 training videos, and a training marathon on four competencies of the future. Three professional development courses were developed, with official upskilling certificates issued to employees upon completion.

In 2023, average training hours per FTE grew by 10% year-on-year. This was as a result of expanding the list of available online courses and improving our training programme, which boosted employee attendance and engagement across Fix Price’s extensive regional network. In 2023, a new staff training programme in the business comics format was launched, describing critical customer scenarios on the sales floor and approaches for navigating them. This format is available to employees and management on the corporate intranet portal and in the mobile app.

Training Programmes for Store Personnel

We attach great importance to creating effective educational programmes for Fix Price store personnel to uphold high service standards.

Upon hiring, new store personnel are granted access to the Fix Academy, our corporate distance learning platform. We constantly update and improve our courses to promote the professional, interpersonal, and managerial skills that are particularly important for store personnel.

To make training convenient and effective, we developed a mobile app during the reporting year that provides access to the Fix Academy platform from any device, so that our personnel can flexibly fit training into their work schedule.

In addition to traditional training methods, we actively use modern gamification tools, such as badges and avatars, interactive video courses, and a ranking system. We publish educational articles, surveys, and videos on the Training Department’s official social media accounts.

~150
training groups
were held in 2023

~66
the average number
of training hours per FTE



Average annual training hours per FTE ¹, 2021–2023



¹ Full-Time Equivalent

Knowledge Marathon

Fix Price ran the Knowledge Marathon campaign for its employees, publishing training videos on personal growth every week for three months. The Marathon focused on developing soft skills, such as critical thinking, creativity, communication, and teamwork. The event culminated in testing, and the top 100 participants were awarded with prizes.



Delivering on our 4Ps strategic priorities

People

All store personnel have access to a digital community, where they can quickly share experiences and discuss work challenges without leaving the workplace. All discussions are monitored by a moderator from the training centre, who guides the dialogue to make it more productive and impactful. In 2023, the digital community grew by 50% to 10,000 people.

Training and certification of our store staff is carried out every six months. Upon completing the programme, employees receive certificates and have their assessment results recorded in their competency matrix. The matrix reflects knowledge in various areas and serves as a method to prioritise which topics are required for further training. After successfully completing their training, employees can apply to be added to the talent pool. The training centre experts run a 360-degree assessment, analyse each employee's KPIs, and report the results to senior management.

In 2023, with more than 45,000 certification tests conducted, over 500 employees joined the talent pool.

In addition to store personnel, the Company plans to add the HR unit to the talent pool programme.

The Company also runs a mentoring programme for store managers. In 2023, all newly hired store managers participated in the mentoring programme. Upon completing the programme, mentors whose mentees have passed the certification receive bonuses. In 2023, more than 600 mentors were recognised with well-deserved awards.



Training Programmes for Distribution Centre Personnel

DC personnel take mandatory induction training and briefing on occupational safety in line with the approved job descriptions.

Training Programmes for Office Employees

The Company runs both offline and online training programmes for office employees, considering operational needs and employee expectations. In 2023, the training centre started to move back to face-to-face trainings.

In late 2023, we launched three professional development programmes with official certificates issued upon completion. We also advanced our condensed training programme which uses short educational videos and enables employees to study a substantial amount of information quickly. In 2023, we released 36 such videos. Fix Price successfully continues to implement the Expert in the Field programme, which was launched in 2021. The programme empowers Company employees to share their expertise, thereby enhancing their own competencies and those of their colleagues.

Training programme for office employees

Training	Number of groups	Number of employees
Mandatory training for office employees	19	254
Mandatory training in document management for office employees	24	803
Additional groups for office employees	74	1,030
External training	32	228

>45,000
store employee
certification tests were
conducted in 2023

>500 employees
joined the talent pool
based on the results
of certification tests

Delivering on our 4Ps strategic priorities

People

Occupational Health and Safety (OHS) and Employee Well-Being

At Fix Price, our core values include safeguarding our people’s lives and health, as well as those of contractors, and prioritising safety across all business processes.

We enforce strict compliance with the applicable OHS standards and regulations for all individuals working at our facilities, including contractor employees. Our agreements with contractors and suppliers include the guidelines for safe equipment use, as well as incident response procedures.

All workplaces across the Company undergo a special assessment of working conditions. In 2023, we implemented a project to automate the assessment process, optimising its stages and significantly reducing the amount of labour required.

According to the corporate guidelines, any incident related to occupational health and safety must be reported to the OHS Department and the employee’s direct supervisor immediately. An investigation commission is stood up to carefully analyse the incident’s causes and prevent re-occurrence. In the event of severe accidents, the respective government bodies take part in the investigation.

In 2023, while our headcount grew along with network expansion, we were able to reduce the number of lost time injuries. One severe injury resulted from illegal actions of third parties against a store personnel, and one fatal accident was not related to the employee’s job. The number of reported near-miss incidents increased due to the growing headcount and improved monitoring and recording of incidents.

OHS metrics for regular staff and contractors, 2021–2023

Metric	2021	2022	2023
Total number of accidents ¹, including:	31	33	31
regular employees	10	14	13
contractor employees	21	19	18
Total number of fatal accidents, including:	0	0	4
regular employees	0	0	1
contractor employees	0	0	3
Total number of severe injuries (no fatalities), including:	3	0	1
regular employees	3	0	1
contractors	0	0	0
Work-related injuries that resulted in a temporary disability (LTI) ², including:	28	33	26
regular employees	10	14	11
contractors	18	19	15
Near-miss incidents, including:	19	32	34
regular employees	3	12	9
contractors	16	20	25
LTIFR ³ per million man-hours worked:			
regular employees	0.05	0.06	0.04
contractors	0.14	0.14	0.11

¹ All accidents except near-miss incidents are included in the total number of accidents
² Lost Time Injury
³ Lost Time Injury Frequency Rate

To reduce future risks, we have conducted a full review of all incident-related business processes, provided recommendations on how to improve them, and added information about these risks to the training courses for our personnel. Before independent work, all Company personnel must take mandatory OHS training, which includes:

- briefings on occupational health, fire safety, electrical safety, emergency situations, and anti-terrorism measures,
- training in occupational health, first aid techniques and methods, and using personal protective equipment,
- on-the-job training in OHS supervised by the direct supervisor.

In 2023, we also automated some of our OHS processes at stores, enabling:

- quick access to training materials on the Company’s training portal via a QR code on the briefing log,
- reduced administrative load on store managers due to automated generation of all the OHS documents,
- full control and accounting for all types of personnel training, including automated tracking of briefing requirements,
- shift to electronic document management to sign the briefings.

All our employees undergo annual medical check-ups. Our DC staff must also have a thorough remote medical check-up before shifts. This helps us to reduce the risk that sophisticated material-handling equipment is operated by someone unfit for work.

The mandatory medical check-up processes have also been aided by automation. This has helped to save time spent on conducting the check-ups, issuing medical records, and tracking the check-up status.

Delivering on our 4Ps strategic priorities

People

Social Projects

We are committed to supporting our local communities and customers across our footprint. In the reporting year, we continued engaging both our employees and customers on the ESG agenda.

We attach great importance to promoting grassroots sports, especially among children and young people, who are the future of our society. We are also convinced in the ability sport has to develop concentration, teamwork, and well-being, both physically and mentally. Fix Price promotes sport for young people by financing the Future Champions League charitable endowment. The endowment aims at promoting football and providing scholarships to young talented football players. In 2023, we spent over RUB 42 million to support the endowment and also raised an additional RUB 4.2 million through customer donation boxes in over 1,900 stores to help young athletes.

In 2023, Fix Price took part in the Direct Dialogue campaign run by the SOS Children's Villages charity. The purpose of the campaign is to draw attention to helping orphans and families in difficult circumstances. During the campaign, run across 69 Fix Price stores in Moscow, St. Petersburg, and Krasnodar, SOS Children's Villages invited customers to make regular donations on its website sos-dd.ru. As a result, more than 15,000 Fix Price customers learned about the opportunity to help, and 279 people set up monthly donations.

In 2023, we conducted an internal review and prioritised three areas for our corporate charity projects to focus on in the coming years:

- Assistance to families in difficult circumstances
- Assistance to the elderly
- Protecting the environment

During the reporting year, we held a series of events that laid a foundation for corporate volunteering. We conducted a survey of office staff that sought to identify their preferences. The results showed their high willingness to contribute to socially beneficial activities, with 76% of respondents being ready to take part in employee volunteering projects.

As a test volunteer initiative, the head office together with Re:Books arranged for a book collection for rural libraries, donating 451 books from Fix Price employees to libraries in the Temgenevo Settlement of the Ryazan Region and the Beltirskoy Settlement of the Republic of Khakassia. We also collected donations for animal shelters through a series of fund-raisers.

Employees and customers took part in the Gifts That Matter charity campaign, which we held in partnership with VK Dobro. During the campaign, customers visiting our website were invited to donate any amount they were comfortable with towards purchasing a gift for a beneficiary supported by one of the three participating charities. The funds raised were used to buy food for seniors living alone, support orphans with major health issues, or cure and rehabilitate rare animals.

To promote the agenda and better understand customer sentiment, we started discussing sustainability on our social media pages.

We published content to support the #notocyberbullying awareness campaign by VK, reaching over 300,000 people.

Going forward, we plan to step up engagement on such topics on our social media to cover various aspects of the sustainability agenda. We are also creating a website to publish ESG information, including event announcements and articles for customers covering a wide range of topics.



RUB **42** million
were spent to support
Future Champions League
charitable endowment
in 2023

Delivering on our 4Ps strategic priorities

Partners

79%
share of local suppliers in procurement

12 new franchisee partners

560 suppliers

0 major breaches identified in private label supplier audits

Our Approach to Building Win-Win Partnerships

We are committed to business transparency and integrity with full compliance to the current legislation. These principles also apply to all our partners, which include suppliers, contractors, and franchisees as well as online delivery and logistics service providers.

Fix Price has a robust supply chain, which is central to the Company's business model. We monitor all stages of the supply chain to promptly address any emerging risks and enable timely responses to customer needs. For this reason, we are strategically committed to building strong relationships with suppliers.

We prefer engaging with suppliers directly, thus eliminating intermediaries. We expect our suppliers to share our values: integrity and ethical business practices; respect for human rights; and zero tolerance to any form of slavery, human trafficking, corruption, and bribery. We ask each of our partners to sign an anti-corruption clause whereby they agree not to request, provide, or receive cash, perks, benefits, or gifts to / from any employee of the Company or any business partner.

¹ For the full texts of the documents, see our website at [Corporate documents](#)

Our core policies ¹

Business Ethics Policy (Code of Conduct)

Modern Anti-Slavery and Human Trafficking Policy

Anti-Bribery and Corruption Policy

Environmental, Health & Safety Policy

Quality Assurance Policy

Partner Engagement

Prior to entering partnerships, we conduct counterparty due diligence using a reliability scoring tool to assess any risks of partnering with the counterparty. Automatic counterparty due diligence is managed by a tool that integrates our accounting system to the data of the counterparty due diligence service. We analyse data from more than 30 official sources such as the Federal Tax Service of Russia, the Arbitration Case Database, and the Single Federal Registry of Insolvencies. Over 80 parameters are considered, with a weight assigned to each metric. The system rates counterparties on a 100-point scale, with the score reflecting their reliability.

The use of the digital scoring tool significantly accelerates the process and increases the depth of counterparty due diligence. This effect is achieved through the analysis of a large number of parameters and rapid identification of drawbacks in a potential partner's activities that may affect the contract's performance.

~2,000 counterparties have passed the reliability scoring assessment in 2023

Delivering on our 4Ps strategic priorities

Partners

We request that all suppliers fill out a self-assessment form that seeks to verify the following:

- ...no discrimination in employment
- ...no use of child labour
- ...freedom of association and the right to collective bargaining
- ...living wage salaries
- ...no excessive working hours
- ...legally binding employment relationship
- ...compliance assurance (confirmation they have read and understood the Company's policies and comply with local legislation)

We embrace the principle of full transparency in our business relationships with partners. All our suppliers are aware of our pricing policy and approach to procurement. Our requirements and sample contracts are publicly available on a dedicated website for tender procedures and order placement. All this supports mutual understanding and trust, contributing to long-term productive partnerships.

Fix Price participates in various industry exhibitions where we can source new ideas for expanding our product mix, meet our suppliers, and find new partners.

Supplier Audits

We monitor the manufacturing conditions to guarantee a product's compliance with our quality and safety standards. We conduct audits of the production facilities operated by private label suppliers and foreign producers.

Russian Supplier Audits

We audit Russian private label producers according to the Company's quality assurance regulations. Fix Price's quality control experts are authorised to perform audits prior to or after a supply contract is executed. Regular supplier audits are conducted once every two years or more where necessary.

Audit checklists differ for each product category to reflect its specific characteristics (Food, Drogerie, and Non-food). Each checklist contains over 85 questions across more than 10 sections covering quality management, product safety, conditions of production facilities and transportation, HR management, environmental protection, and much more.

A supplier passes the audit if its production facility receives at least a score of 90%. Should they fail to pass, we create a roadmap of activities for the supplier to deliver and meet the necessary requirements.

Foreign Supplier Audits

When working with foreign suppliers, Fix Price engages local agents who play a key role in establishing and maintaining reliable partnerships with new and existing producers. They search for goods and new production facilities, liaising with the current manufacturers, thoroughly supervising merchandise production and quality, and checking the accompanying documentation.

The agents arrange audits of producers of imported goods, which are carried out by specialist organisations and laboratories accredited in their respective country. The reports they prepare following these inspections contain data on the suppliers, process and quality management, certification, product streams, and more. The audit results are used to assess all necessary aspects and to make a go or no-go decision.

Online Delivery Partners

We strive to make shopping at Fix Price available to all, including online shoppers. Customers may choose from products on our website or in our mobile app. What is more, they can select from either self pick-up at their nearest store or use one of our partner delivery services. In 2023, our customers placed over 1.2 million orders online, including partner deliveries and our own online services. The average ticket for online orders came in at RUB 1,200 while online sales via our own services (Fix Price's web storefront and mobile app) grew 37% year-on-year.

Franchise Programme

We are rapidly expanding our footprint, including in remote areas. In these locations, expansion takes place via our franchise programme, which simultaneously boosts brand recognition and contributes to small and medium-sized enterprise development across our operating regions. As of 2023-end, Fix Price had 150 franchisee partners, up 12 year-on-year. As of 2023-end, we launched franchise projects in two new markets, Armenia and Mongolia.

Number of audited suppliers ¹

Metric	2021	2022	2023
Number of audited suppliers	5	10	5 ²
Number of new suppliers audited	1	1	1

¹ The data related to Russian private label suppliers
² The lower number of audits is due to a decline in the number of private-label products

For the second year running, Forbes named Fix Price the most attractive franchise in its category (for 2022)

Delivering on our 4Ps strategic priorities

Planet

Our Approach to Managing Our Environmental Footprint

We are committed to minimising our carbon footprint and driving efficiency when it comes to our waste management and energy consumption

23%
increase in the amount of waste sent for recycling

98%
of employees were connected to our electronic HR document interchange system



We formalised our approach to reducing our negative environmental impact by developing the [Environmental, Health & Safety Policy](#), which outlines our key responsible business principles.

Waste Management

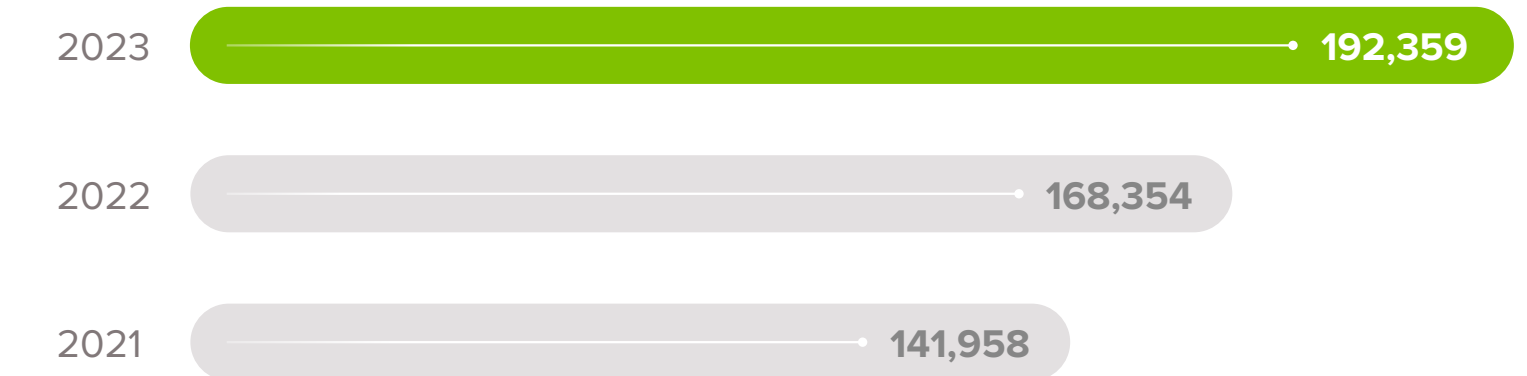
Retail activities such as selling and delivering goods to DCs and stores generate large volumes of waste, with packaging being the main culprit.

Packaging waste at Fix Price stores mostly consists of cardboard and polyethylene film, both of which can be recycled. This waste is sent from stores to distribution centres to be forwarded for further recycling. We are committed to returning as much recyclable waste as possible. All stores have press machinery in place for used packaging. Each of our stores has its own specific target regarding the amount of recyclables to be sent to DCs. If a store underperforms against its targets, we conduct an internal audit.

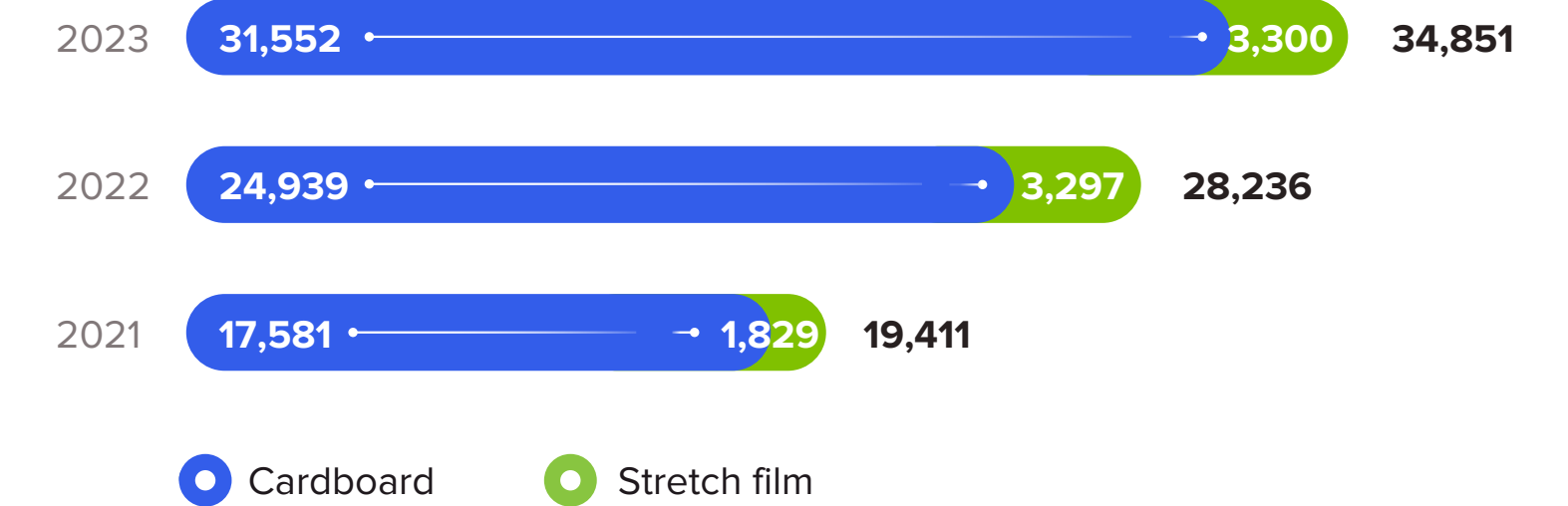
Solid waste volumes generated by the Company are calculated according to the norms set by regional waste disposal operators.

Waste volumes over 2021–2023, tonnes

Total amount of waste



Total waste sent for recycling ¹



¹ The total may not equal the sum of the components due to rounding

The Company generates several types of waste:

Solid
(Hazard Classes 4 and 5, low-hazard and non-hazardous waste)



Recyclables
(cardboard and stretch film)



Office equipment
(Hazard Class 4)



Delivering on our 4Ps strategic priorities

Planet

We minimise waste generation at our DCs through the use of returnable packaging. We reuse pallets 4 to 5 times and then repair them to enable further use. We also refurbish batteries after 3–5 years of use or send them for recycling.

We have been using our electronic document interchange (EDI) to reduce the use of non-renewable resources, which enabled Fix Price to significantly decrease the consumption of paper, ink, cartridges, office consumables, and electricity.

In 2023, we also completed the migration to an electronic HR document interchange system, transforming all basic HR processes into paperless workflows and significantly cutting paper consumption in other HR procedures. As a result, the Company has automated its HR processes, reduced employee workload, and boosted process performance.

Our IT team continues refurbishing and reusing user IT equipment to reduce the amount of non-working devices and minimise the number of devices sent to disposal. Over 2023, more than 1,300 pieces of various equipment were refurbished and redeployed, including cash registers, data collection terminals, computers, printers, IP cameras, and audio equipment.

We are actively involved in the development of packaging for our private-label products and seek to minimise the packaging size where possible and appropriate while maximising the use of recyclable materials. We also seek to use mono-materials wherever possible.

In 2023, we started to specify to what packaging element a certain Mobius loop – a special sign that indicates the material of packaging - corresponds to.

EDI Performance in FY 2023

Fix Price has streamlined its document interchange:

- The share of EDI-based and processed documents reached 85%
- 240,304 documents were sent to counterparties, saving over RUB 5 million on paper costs
- Paper consumption significantly reduced
- Instant delivery and processing of documents

The integration of the OpenText electronic document management system and Kontur. Diadoc has been completed:

- One window for all electronic documents, no need to switch between systems
- Signing time reduced from 10 minutes to 30 seconds
- 50% of all documents signed using this technology

In 2023, Fix Price took part in the International Electronic Document Management Forum, which brought together over 1,500 participants, 160 companies, and 120 experts.



EDI was deployed for:

- **100%** of franchisee partners
- **40%** of landlords

- **85%** of counterparties in the non-commercial procurement segment
- **85%** of goods supplies

Results of Transitioning to Electronic HR Document Interchange System

- 98% of employees, or 102,450 users, are connected to the electronic HR document interchange system
- 802,568 documents were signed, with an average of 3 to 5 sheets per document
- HR processes have been fully automated and document delivery by ordinary mail abandoned
- Reduced the time required for processing new hires to one business day
- Cut document storage and processing costs and improved process productivity

During the year, we continued offering products that encourage conscious consumption, e.g. using vacuum flasks, thermal mugs, reusable water bottles, food storage containers, reusable bags for fruit and vegetables, reusable picnic sets, and products that help furniture and homeware last longer.

We are further engaging our customers on digital receipts as part of our efforts to reduce paper waste from operations.

Delivering on our 4Ps strategic priorities

Planet

Climate Aspects of the Company's Activities

We are committed to social and environmental responsibilities, including the climate agenda and product sustainability in order to meet the expectations of our customers, investors, and other stakeholders. We monitor trends and adopt the best industry practices to improve business transparency and the quality of climate-related disclosures.

Climate Management at the Company

The ESG Committee and top management of Fix Price are in charge of addressing climate challenges and ensuring our commitment to sustainability. The senior management is responsible for making ESG-related decisions, overseeing their execution, and alerting the Board of Directors of any substantial changes. The Company's senior management is kept abreast of the current ESG and climate developments, including modifications to the non-financial disclosure standards, such as IFRS S2 ¹ and CSRD ², as well as about the latest GHG accounting mechanisms requirements.

The ESG agenda is particularly relevant for the Company's IR team, as it is responsible for exploring and implementing sustainability practices as well as coordinating processes and collaboration between units to drive sustainability initiatives. In 2023, we set up a sustainability working group, made up of employees from various Company units responsible for executing and overseeing the ESG agenda within their functions.

Fix Price has an [Environmental, Health & Safety Policy](#) in place that guides the Company's activities and outlines plans to develop the ESG agenda and implement sustainability practices.

The Company's business model does not include any refrigeration equipment across its distribution centres or vehicle fleet due to the specifics of its product mix. Fix Price also uses virtually no such equipment in its stores, thus significantly reducing energy consumption and minimising GHG emissions.

The Company's core sustainability pillars are its four strategic priorities (the 4Ps ³). One of them, Planet, comprises environmental aspects, such as climate change issues.



¹ In July 2023, the International Sustainability Standards Board (ISSB) issued its first IFRS Sustainability Disclosure Standards, [IFRS S1 and IFRS S2](#). Companies are required to disclose material and comparable sustainability information that affects their ability to generate cash flows, their access to finance, or cost of capital over the short, medium, or long term, to help investors make better-informed decisions. IFRS S2 sets out specific climate-related disclosures and is designed to be used alongside IFRS S1, which focuses on more general sustainability disclosure requirements

² In January 2023, the Corporate Sustainability Reporting Directive ([CSRD](#)) entered into force. The CSRD requires assurance of the sustainability information that companies report and will provide a digital taxonomy for sustainability information while also strengthening the rules concerning the social and environmental information that companies have to report. Companies subject to the CSRD will have to report according to European Sustainability Reporting Standards (ESRS), which require, for example, that the disclosure covers the entire value chain, including the company itself, its suppliers, and customers

³ Product, People, Partners, and Planet



Delivering on our 4Ps strategic priorities

Planet

Striving to mitigate its environmental footprint, the Company is taking the following steps:

Converting lighting in existing stores to low-energy LED lighting and installing LED lighting in all new stores as a standard



Planning regular publication of educational materials and articles to raise sustainability awareness among employees and customers



Seeking the most energy-efficient spaces for opening new stores to reduce heat loss



Regularly calculating GHG emissions to gauge its carbon footprint and subsequently plan mitigation initiatives



Improving route planning and maximising vehicle loads to reduce fuel consumption



Minimising goods packaging sizes where applicable



Calculation results GHG emissions, see [page 91](#)



For more details on the Company's waste management processes, see [page 85](#)

Climate Risks and Strategy

CURRENT ESG AND CLIMATE RISK ASSESSMENT

Currently, Fix Price does not assess its climate risks on a regular basis. However, recognising the growing importance of the climate change agenda, the Company is laying the groundwork for a future qualitative assessment of climate risks and climate risk scenario analysis.

Fix Price's risk management system (RMS) is governed by its Risk Management Policy. The policy and other internal risk management documents are guided by the international standards on risk management, such as ISO 31000, FERMA, and COSO ERM. The RMS improves decision making, helps drive sustainable and profitable business growth, and accelerates the achievement of the Group's goals in an uncertain environment.

The Company introduced risk data sheets for heads of units. In 2023, the supply chain management data sheet was expanded to include "environmental pollution from business activities". The Company is also exploring its options to embed sustainability risk considerations into its financial and economic model and approve metrics to gauge such risks as well as measures to mitigate them.

In 2024, we plan to update the the risk registry in our four key areas (supply chain management, marketing, sales, and assortment management) and provide more detailed sustainability and climate change disclosures.

Activities of these functions and their engagement in climate action may impact both the anthropogenic footprint of the business and the Company's resilience to potential risks.

In addition, the Company intends to hold sessions at least once every six months to review the CEO's risk data sheet, highlighting ESG and climate risks and monitoring the effectiveness of measures to mitigate such risks.

Fix Price intends to add a climate risk assessment to its overall RMS. To do this, we set up the Risk Environment Club, which holds quarterly meetings of risk coordinators from business units and other interested participants. The meetings discuss current sustainability matters in relation to the impact of uncertainties towards the Company's goals. After each meeting, all participants receive a newsletter with the agenda and materials discussed. This initiative is aimed at analysing the climate component and facilitating a more comprehensive approach to the Group's risk assessment and management.



For more details on the existing RMS, see [page 98](#)

Delivering on our 4Ps strategic priorities

Planet

In its future climate risk assessments, Fix Price plans to follow the TCFD recommendations and consider the following climate scenarios highlighted in the [IPCC Sixth Assessment Report \(AR6\)](#) and [the International Energy Agency's \(IEA\) annual World Energy Outlook](#):

1.5°C Scenario (SSP1–2.6)

A scenario that assumes a 1.5°C rise in global average temperature by 2100, with greenhouse gas (GHG) emissions halved by 2050 and peaking in 2020.

2.0°C Scenario (SSP2–4.5)

This is a moderate scenario, based on the assumption that GHG emissions will increase slowly to peak in 2040–2050, declining afterwards. In this scenario, the global average temperature rises by 2°C by 2100.

4.0°C Scenario (SSP5–8.5)

This business-as-usual scenario assumes a fast global average temperature increase by more than 4°C by 2100 due to a steady growth in GHG emissions through 2100.



For more details on the scenarios, see pages 80–81 of our [2022 Annual Report](#)

Fix Price is planning to conduct a qualitative assessment of climate risks: short-term (to 2025), medium-term (to 2030), and long-term (to 2050), in line with international frameworks and principles. The Company has decided to particularly focus on impacts on its operations under the 2.0°C scenario (SSP2–4.5) as the most probable one.

We strive to monitor changes in international and Russian climate laws and take into account identified additional transition and physical risk factors as recommended by the TCFD. Such risks are used in subsequent analysis and may impact our operations.

We maintain track of developments in national GHG abatement laws, although applicable laws presently do not impact Fix Price's operations.

We are taking steps to prepare for legislative changes in advance as they may incur additional expenditures. As such, we intend on improving our data collection and recording system in order to adapt to potential legislative changes as promptly as possible. Fix Price recognises the importance of annual emissions monitoring and plans to assess the feasibility of other activities that can be carried out to further reduce emissions from its operations.

Below, we are describing potential climate-related transition risks that are relevant to Fix Price.

TRANSITION RISKS

According to the TCFD recommendations, transition risks include risks related to the transition to a low-carbon economy. This transition may entail significant changes in international and national regulatory frameworks, as well as technological advances, and increasing market demands to address mitigation and adaptation requirements related to global climate change. A preliminary high-level review of climate risks found that transition risks represent the most significant risks for the Company.

Regulatory Risks

1. The Federal Law on Limiting Greenhouse Gas Emissions and the Risk of Direct GHG Emission Charges

Federal Law No. 296-FZ On Limiting Greenhouse Gas Emissions published in 2021 requires the mandatory disclosure of GHG emissions for companies whose direct emissions are equivalent to or exceed 50,000 tonnes of carbon dioxide per year, starting 1 January 2024. Over the past few years, this federal law has been followed up by a string of laws and directives to support its implementation. As a framework document, the law is regularly supplemented by new augmentations that clarify or tighten the provisions and requirements previously set out.

For example, in 2023, Federal Law No. 218-FZ On Amendments to the Code of Administrative Offences of the Russian Federation was adopted, which introduces liability for non-disclosure of GHG emissions. The law takes effect on 1 July 2025.

The trend towards increased regulation in this area is also reflected in the publication of a draft implementation roadmap for the Strategy of Socio-Economic Development of Russia until 2050, which includes the provision for launching a system for charging companies for GHG emissions starting in 2028. The Company also sharpened its focus on the ESG agenda following the publication of an updated Climate Doctrine of the Russian Federation in 2023, outlining the key principles of implementing the single public policy on climate change and its impacts.

2. Rules on Climate-Related Non-financial Disclosures

In 2021, the Financial Conduct Authority of the UK (FCA) introduced requirements for issuers to disclose climate-related information in accordance with the TCFD recommendations or to explain the reasons for omission.

In 2023, the International Sustainability Standards Board issued its inaugural standards – IFRS S1 and IFRS S2 ¹. The standards require companies to systematically assess and disclose climate-related and other sustainability-related risks in their financial statements, making their sustainability-related financial disclosures more transparent. While the standards are not yet mandatory, they may be recognised as such in the foreseeable future.

Changes in Stakeholder Behaviour

Growing consumer demand for low-carbon-footprint products may require us to adjust our product mix, which will drive the associated costs up. We regularly monitor consumer preferences, which allows us to promptly take appropriate measures should the likelihood of this risk increase significantly.

As a drive towards sustainability ramps up, investors are paying more attention to climate-related disclosures. A low level of transparency of the Company's non-financial reporting may reduce investor appetite. While the likelihood of this risk occurring is limited due to current macroeconomic situation, the Company continues to focus on improving the quality of its disclosures and monitor the level of this risk.

¹ Effective 1 January 2024

Delivering on our 4Ps strategic priorities

Planet

The rise of green finance may prompt the Bank of Russia to impose requirements for other banks to disclose the extent to which such finance influences the national climate agenda. If such requirements are escalated to a legislative level, corporate banking clients may be legally obligated to report their climate-related disclosures. The list of proposed recommendations included integrating climate risks into the banks' risk management system as well as measures to identify, analyse, assess, record, manage, and control these risks.

Recommendations from the Bank of Russia, which may become mandatory in the future, will lead banks to reorient their portfolios towards clients with lower exposure to climate risks. Some banks are already starting to introduce ESG screening, targeting companies that are embedding ESG considerations into their operations. Recognising the importance of this trend, Fix Price strives to focus more on disclosing non-financial information in its reporting.

PHYSICAL RISKS

The TCFD recommendations also specify physical risks, which can be caused both by one-off unpredictable weather and climate-related events and by long-term shifts in basic climate patterns.

Changes in Extreme High Temperatures

The peak summertime temperatures across Fix Price's operating regions are trending upwards. With more extreme weather events in Russia, extraordinarily hot days (with temperatures above +35°C) and heat waves (prolonged periods of high temperatures) are becoming more frequent. We are aware that this risk may potentially increase our spending on climatic equipment (refrigerators and air conditioners) to adapt to new weather conditions, so we intend to thoroughly monitor the resource efficiency of our cooling systems to explore opportunities for improvements and to account for potential financial losses from product categories vulnerable to temperature changes (ice cream, chocolate, gummy candies).

Following the provisions of the Kigali Amendment, Fix Price is exploring the use of low-GWP refrigerants to maintain optimal workplace temperatures.

With extreme temperatures rising and lasting longer, the risks of adverse impact on employee health increase. We recognise the need for more accurate risk assessments since a high level of risk demands better budgeting of spending on workplace climate control and protection of employee health.

Changes in Precipitation Regime

The risk lies in changes in the volume and intensity of precipitation typical for each region: an increase in wintertime precipitation and the subsequent melting of snow accumulated during this season, which can cause more pronounced spring flood peaks.

Increased precipitation during the cold season can cause supply chain disruptions due to the limited availability of transport routes. We understand the importance of addressing this risk, so in the future we will conduct a qualitative assessment of the impact of this risk on the business to develop measures to monitor and manage it.

Risk of Extreme Weather Events

Climate change drives an increase in the number of extreme and particularly dangerous weather and climate events, such as fires, floods, etc. This can also have a negative impact on supply chain continuity and asset integrity.



Delivering on our 4Ps strategic priorities

Planet

Metrics

The Company recognises the importance of the information and data collected to measure GHG emissions and energy efficiency, as these metrics unlock a more detailed understanding of the extent and nature of the Company's climate impact. The aforementioned data aid in the formulation and implementation of an action plan for a robust strategy to manage this impact.

In 2023, the Company measured and calculated its GHG emissions in line with the GHG Protocol Corporate Accounting and Reporting Standard ([Revised Edition](#)) methodology ¹. The calculations included emissions from facilities operated by Fix Price (stores, distribution centres, online store warehouse and offices) in Russia. Franchise stores were not included.

ENERGY CONSUMPTION AND EFFICIENCY

The Company is taking steps to improve its energy efficiency and optimise its resource consumption by installing energy-saving equipment at new facilities and carrying out scheduled equipment upgrades at existing ones.

Electricity consumption², kWh

	2021	2022	2023
Purchased electricity	121,492,384	131,654,296	142,039,806
Generated electricity	48,138	102,655	90,356

Heat consumption, GCal

	2021	2022	2023
Purchased heat	179,462	212,266	224,822
Generated heat	1,220	1,589	3,013

GHG EMISSIONS (SCOPE 1, 2, AND 3)

The Company continued to measure its GHG emissions in 2023, expanding the amount of historical data to assess changes in emissions and strengthening the foundation for further improvement of our climate impact management efforts going forward.

GHG emissions (Scope 1, 2, and 3), tonnes of CO₂ equivalent³

	2021 ⁴	2022 ⁴	2023
Total GHG emissions (Scope 1 and 2)	109,907	120,503	127,085
Total GHG emissions (Scope 1, 2, and 3)	2,866,129	3,006,433	3,269,481
Direct GHG emissions (Scope 1)	3,299	2,606	1,670
Indirect GHG emissions (Scope 2)	106,608	117,896	125,415
Other indirect GHG emissions (Scope 3)	2,756,222	2,885,930	3,142,396

In 2023, total GHG emissions (Scope 1 and Scope 2) grew by 5% driven by higher indirect emissions amid business expansion and a comparable increase in energy consumption. At the same time, the volume of direct emissions decreased by 36% due to the sale of Company-owned vehicles in 2023.

Other indirect emissions (Scope 3) were up by 9% on the back of growth in the volume of goods purchased for sale in new stores and the related effects associated with higher sales volumes (e.g. for Category 5).

The Company continues to gradually improve its climate-related data collection and recording. Fix Price continuously works to enhance energy efficiency by introducing energy-saving practices and regularly exploring opportunities to further optimise resource usage at both new and existing facilities.

GHG emissions (Scope 3) by category, tonnes of CO₂ equivalent^{3 5}

	2021 ⁴	2022 ⁴	2023
GHG emissions (Scope 3)	2,756,222	2,885,930	3,142,396
Category 1: Purchased Goods and Services	1,595,823	1,706,378	1,622,601
Category 2: Property, Plant and Equipment	38,146	44,223	54,294
Category 3: Fuel- and Energy-Related Activities	23,605	25,760	26,102
Category 4: Upstream Transportation and Distribution	68,369	61,013	59,795
Category 5: Waste Generated in Operations	57,648	66,043	82,699
Category 6: Business Travel	1,189	1,032	1,377
Category 7: Employee Commuting	13,711	17,946	18,159
Category 9: Downstream Transportation and Distribution	199	606	784
Category 11: Use of Sold Products	848,733	840,657	1,158,050
Category 12: End-of-Life Treatment of Sold Products	108,798	122,274	118,535

¹ The GHG Protocol Corporate Accounting and Reporting Standard

² Here and below, purchased and generated electricity and heat

³ The calculation for 2022 has been updated using current coefficients for the period

⁴ GHG emissions for 2021 and 2022 were recalculated due to refinement of the data calculation methodology

⁵ The breakdown only covers Scope 3 categories included in the calculation. Other categories were excluded from the calculation as immaterial or non-relevant for the Company