

Our employees

5

ЗЕЛЕНОЕ

RETAIL WITH PURPOSE

COMMUNITY

RESPONSIBILITY

CARE

ECOLOGY

HEALTH

PURPOSE

RETAIL WITH PURPOSE

ECOLOGY

HEALTH

RESPONSIBILITY

COMMUNITY

CARE

RESPONSIBILITY

CARE

CARE RESPONSIBILITY

Our employees

Employees are at the heart of all we do at Magnit. Their engagement and commitment have helped us achieve high performance indicators. Every person is important to us with their needs and goals, and we seek to create fair, safe and comfortable working conditions for every employee and focus on staff development.

Our headcount rose by 2% from the 2019 level to 316,001 in 2020. Of them, 77% are women and 23% are men, 62% are aged from 30 to 50, 30% are under 30 and 8% are over 50. As many as 309,348 employees had permanent contracts (98% of the total headcount) and 6,653 (2% of the total headcount) had fixed-term contracts with the Company.

In line with its staff development roadmap, during the reporting year the Company carried out an assessment of employee positions, and developed and automated an employee performance management system as part of its efforts to improve the compensation system. It has launched a mobile HR application and improved the time-tracking system. Magnit has automated the hiring process, charted career paths and started to foster a career development culture.

As part of its personnel training and development plan, it has launched training stores, developed a mobile version of its e-training program and conducted an online anti-corruption course. Our safety culture is an important element of a safe working environment.

The Company employed **296,188** full-time workers and **19,813** part-time workers during the reporting year.



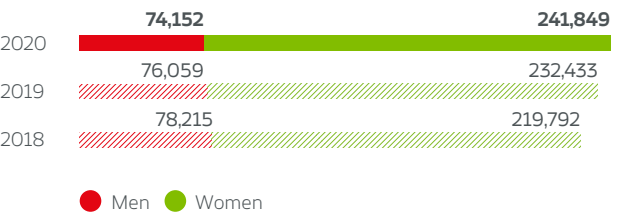
Employees by region

Region	2020
Volga District	46,866
North-Caucasian District	20,156
Moscow District	52,355
North-Eastern District	27,577
Siberian District	17,377
Ural District	52,650
Central District	37,731
Southern District	61,289
Total	316,001

Employees by category

Category	2018	2019	2020
Workers	200,827	202,724	209,448
Executives	9,767	9,838	9,765
Specialists	87,152	95,870	96,788

Employees



We pursue the following staff development goals to 2025:

Employee satisfaction of **70%**



50% reduction in lost time injuries and zero occupational fatalities



A turnover of no more than **40%**



Inclusiveness

Magnit values its employees and seeks to create an inclusive and favorable working environment. Every employee can be confident that the Company follows the principles of equal opportunities, justice and professional development of all employees, as well as respecting human rights.

The Company's [Code of Business Ethics](#) and [Human Rights Policy](#), adopted in 2020, set out the rules of corporate conduct and key ethical values.

Magnit never and under no circumstances uses any forms of child or forced labor in its operations. The Company does not tolerate any form of discrimination on the basis of nationality, gender, age, religion, disability, sexual orientation, political beliefs or other differences. At the end of 2020, Magnit employed 888 people with disabilities.

If an employee is aware of abuse or feels mistreated, he or she can use one of the following contact options:

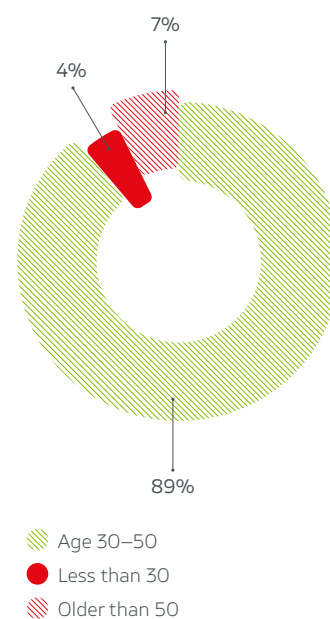
- Telephone hotline: 8 (800) 200 9002 (for any complaints)
- Email: ethics@magnit.ru (for any complaints)
- Contact form: <https://www.magnit.com/en/anti-corruption/> (for messages on any abuse by company executives: corruption, theft, doctoring accounting data, sales of disposed-of goods for personal gain, raising cash from employees for personal gain, etc.)
- Email: HRhelp@magnit.ru (to address employees on the ethics of labor relations)

Every complaint will be recorded and considered. In 2020, Magnit received 5,087 complaints about abuse of office, some of which were found to be biased. Of those complaints, 465 were found to be valid and 373 are still being processed. Based on the complaints, the commission handling them has made recommendations on how to fix irregularities discovered and prevent similar incidents in the future.

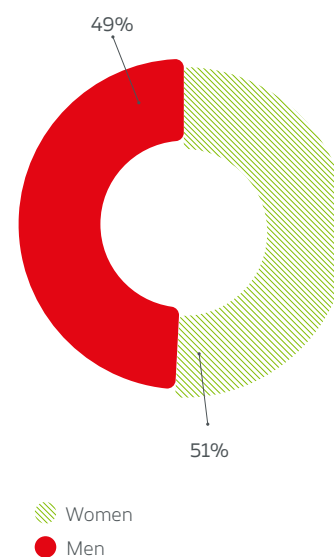
Magnit seeks to ensure equal career opportunities for all employees regardless of sex and age. Making up 51% of senior executives, women play a key role in company management.



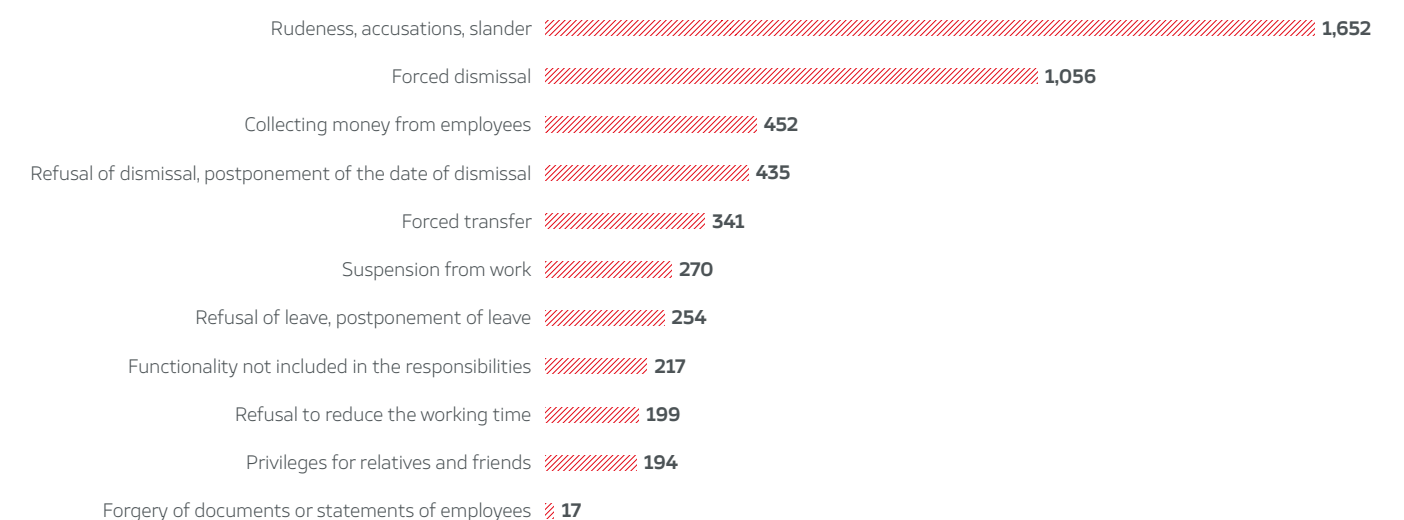
Top executives by age¹



Women in top management¹



Subjects of complaints received by the ethics hotline



¹ CEO, CEO-1, CEO-2 levels

Incentive schemes

and social support

To motivate and engage employees, Magnit launches new initiatives and loyalty programs.

For instance, new initiatives in the logistics business segment in 2020 included the following:

- Healthy Lifestyles program
- Automation to make work easier
- End-to-end loyalty program

The Company adheres to the equal pay principle to motivate employees and create loyalty. Magnit makes its decisions on awards and promotions based on professional skills and merits. Employees holding the same positions receive equal pay.

Apart from remuneration, Magnit offers its employees non-financial benefits and incentives. The Company has launched additional health services for employees, such as telemedicine, medical partners' advice and a second opinion; expanded voluntary health insurance's geographic coverage; and considerably improved the content of insurance programs. Magnit spent a total of RUB 994 million on employee benefits and other allowances in 2020.

Non-financial benefits for Magnit employees include:

- Compensation for holiday travel to natives of northern parts of Russia when they are on paid leave in their home regions
- Compensation for resort treatment
- Compensation for mobile phone expenses
- Corporate tax service
- Corporate cars and fuel allowances
- Flights to home regions and accommodation allowances for relocated employees
- Voluntary health insurance
- Financial assistance to employees in challenging circumstances
- Partial compensation for meals
- New Year gifts for employees' children
- School kits for first-grade pupils
- Fully paid vacation packages for drivers at Black Sea resorts
- Gold badges for employees after 10 years' continuous service
- Certificates and prizes from the Ministry of Industry and Trade
- Contest prizes
- A comfortable working environment and recreational facilities at the head office, including a gym, a sports ground, a cafeteria and discounts for Tander-Discount Card participants.

70.5%
employee retention ratio
from parental leave

Some of the non-financial benefits are available only to head office staff, but Magnit is working to expand coverage.

Magnit supports employees on childcare leave, with both mothers and fathers eligible to take it. Childcare leave is provided for parents of under-three-year-olds, with no interruption in their employment history or length of employment in the job, and is paid in accordance with Russia's Labor Code. In 2020, 27,316 women and 213 men took childcare leave, while 4,424 employees (including 4,373 women) returned from parental leave. In all, 29.7% of employees returned to work, and the Company had a 70.5% employee retention ratio.

Magnit helps laid-off employees to find a new job internally or with other employers. Assistance is provided at request.

Since after the pandemic companies may never revert to their old working ways, Magnit has been devising a flexible schedule for office staff. The Company has designed a three-category approach where 30% may be required to work from the office, 50% may be allowed to work from the office or from home, and 20% may work entirely from their home.



Ratio of a male store assistant's salary to a female's, %

Southern District	94
Central District	107
Ural District	103
Siberian District	105
North-Western District	110
Moscow District	97
North-Caucasian District	99
Volga District	91

Safe

working environment

Health and safety, as well as fewer injuries, was one of Magnit's priorities in 2020.

To create healthy and safe working conditions, the Company drafted an [Occupational Health and Safety Policy](#), a [Fire Safety Policy](#) and a [Driver and Vehicle Safety Policy](#) aimed at protecting the health of employees. Magnit complies with Russian labor safety law and is guided by its own internal standards and instructions. Safety management responsibilities are allocated to all heads of business units and specifically appointed officers.

In line with its sustainability strategy, Magnit performed on-site diagnostic audits in 2020 to identify flaws in the occupational safety system. The procedures helped it define strategic and operational development goals for the occupational health and safety management system.

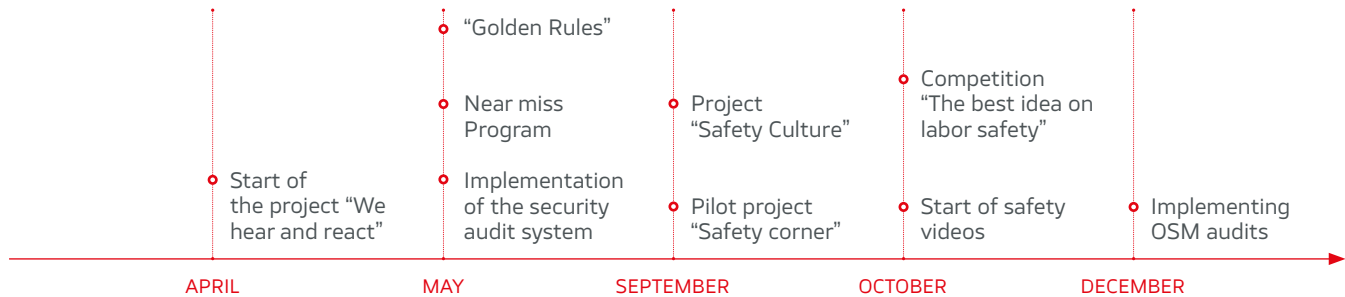
Based on the audit, during the reporting period the Company updated and adjusted its occupational safety management system, placing an emphasis on a risk-oriented approach. As part of this approach, a risk assessment card is prepared for each workplace and updated on a regular basis. Each employee is briefed on risks identified and mitigation measures before the shift. An employee does not start work until action is taken to reduce risks to an acceptable level.

To minimize health and safety risks, the Company monitors compliance with relevant requirements on an at least monthly basis in all business units. Magnit annually conducts health and safety procedures, including the following:

- Conducting health and safety instruction
- Checking health and safety knowledge
- Performing an assessment of working conditions and communicating the results to employees
- Checking that officers responsible for safe access to electrical equipment have been appointed
- Issuing and communicating instructions to employees
- Supplying employees with personal protective gear
- Checking personal records of protective gear supplied
- Analyzing the quality and quantity of cleaning agents
- Preliminary and periodic medical checkups, etc.

For logistics operations, as a result of the audit the Company drew up a detailed roadmap describing specific steps and measures to make every workplace as safe as possible.

The 2020 roadmap for making every workplace safer



As part of its road map, Magnit adopted six simple rules to raise safety awareness among employees:

- 1

I am always responsible for my safety and the safety of my colleagues.
- 2

I always hold colleagues back in dangerous situations.
- 3

I always keep my workplace clean and tidy.
- 4

I always use individual protection gear.
- 5

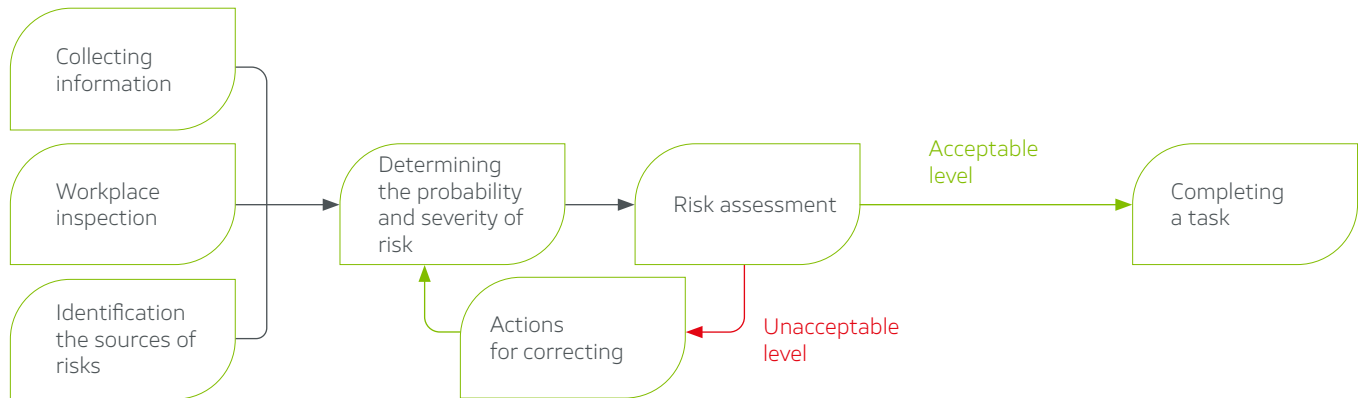
I always follow traffic rules while driving.
- 6

I always report accidents and risks that may lead to accidents.

Lost time injury frequency rate¹



Magnit Group risk assessment system



In 2020, Magnit launched the Near Miss program of quick reporting. Near Miss can be used to file complaints about the following:

- Workplace ergonomics
- Risks and technical issues at distribution centers and transportation companies
- Unsafe situations at work

Every incident is investigated by a special commission, the risk is eliminated, and the complainant receives feedback on the issue's resolution.

To foster a safety culture, the Company has issued leaflets and awareness brochures. Employees are informed of root causes and consequences of occupational accidents and precautions that must be taken to avoid occupational injuries.

In 2020, Magnit made an all-out effort to instill a safety culture and encourage employees to report incidents and injuries. The effort paid off — employees reported more accidents. However, that policy caused registered accidents and the injury rate to rise.

¹ Accidents per 1,000 employees. In the reporting period, the calculation method was modified to cover all companies of the Group.

Safe working environment (continued)

Magnit registered a total of four fatal injuries and 241 lost time accidents in 2020.

To get the real picture of workplace safety and health management, Magnit expanded the list of points subject to safety monitoring. The number of points monitored rose by 123% in logistics, 300% at small stores and 60% at big stores.

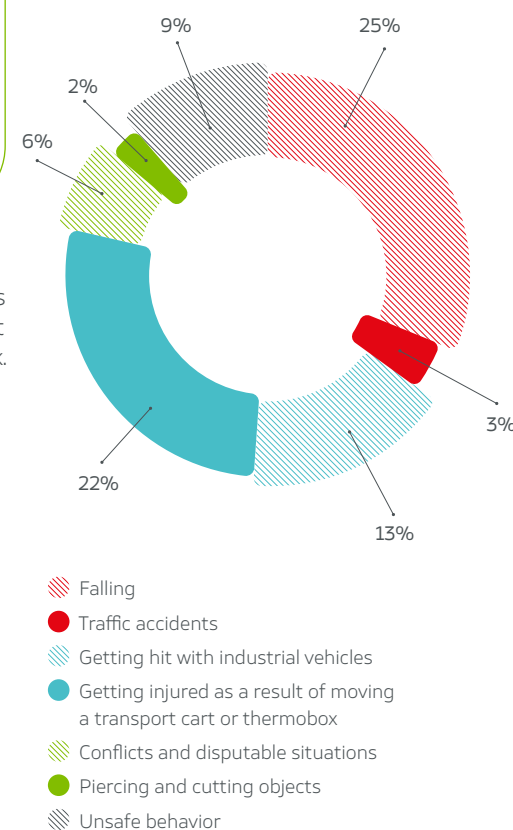
All employees in worker positions are given annual occupational health and safety training, while executives and specialists have training every three years. On completing training, participants take a test and those who pass it are given certificates in occupational safety. Those who fail are required to take additional training within a set time limit.

Occupational safety investments totaled

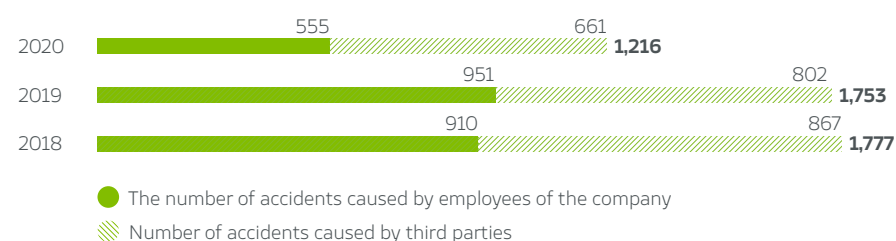
RUB **1,266** million

Magnit closely monitors the health of its employees, which is especially important in the context of the COVID-19 outbreak. All employees have been provided with personal protective equipment, work premises have been disinfected and employees have had their body temperature taken daily. Measures to protect employees during the pandemic are described in Chapter 2.

Causes of occupational injuries



Traffic accidents



Talent management

Magnit puts a strong emphasis on employee training and development. Employees are given ample opportunities to learn and hone their skills throughout their careers. The Company holds regular training courses and sessions, both in office and online.

During the reporting period, Magnit employees had training courses and seminars in various areas, including management, customer service, occupational safety and health, project training, vocational training and adaptation training.

In 2020, there were an average of 30.7 hours of training per employee.

To attract young specialists and form a personnel reserve, Magnit cooperates with leading educational institutions of the Russian Federation: Kuban State University, Kuban State Technical University, Kuban State Agricultural University, Kuban State Medical University, Academy of Marketing and Social Technologies, Kuban Institute of Vocational Education, Krasnodar College of Electronic Instrumentation, Russian University of Cooperation,

Financial University under the Government of the Russian Federation, etc. In 2020, Magnit established cooperation with the following universities:

- St. Petersburg State University of Economics
- Plekhanov Russian University of Economics.

In 2020, Magnit set up Corporate Academy, a training and development system for employees of all ranks and key functions. The purpose of the project is to train line personnel, build up a staff talent pool for each function and prepare employees for new challenges in a rapidly changing business environment. The Academy amassed and modified the Company's training courses to become a uniform platform for employees' continuous professional development.

The Academy introduced a coaching system, established a course to train store employees and created faculties for training in retail, logistics and category management.

LLamasoft supply chain design program

Magnit teamed up with KORUS Consulting to launch Russia's first free supply chain design program mastered by LLamasoft for Russian university students. Focused on real tasks, the program is set to provide trainees with essential practical knowledge. The best students will be rewarded with jobs in retail, IT and partner companies. Only ten students will be enrolled from among the 200 applicants from 42 establishments — maths and IT students from leading universities, including Moscow State University, Bauman Moscow State Technical University, ITMO University, the Moscow State University of Economics, Statistics and Informatics, and Saint Petersburg Polytechnic University.

The graduates will receive certificates of additional professional education in logistics from Magnit Corporate Academy, certificates on the completion of a LLamasoft supply chain design course and certificates from KORUS Consulting.

Talent management (continued)

Store School and coaching system

Store School is a well-performing store with a strong and cohesive team. The module includes a video, electronic courses and simulators for training employees to work in systems. The coach oversees training, while students immediately put their new skills to use in the store and receive feedback on their work. The favorable learning environment helps them quickly master all processes in practice and prepare for a new job. In 2020, 1,961 store schools were opened in 738 towns and 6,561 mentors were trained. On December 3d, a competition was held for the best mentor in which 18 employees took a prize.

The Company does not stand still and keeps pace with time, introducing digital tools. It has created 3D models of a Family Magnit store and a hypermarket, so that trainees can be fully immersed in the working environment, learning and developing professional communication skills. You just put on the glasses to walk into a retail store to sell goods anywhere and anytime without any risk for the business.



Digital personnel development tools

- LMS Magnum has been enhanced with a learning management section. The job matrix is linked to the learning matrix to deliver adaptive learning experiences, including for employees taking on new jobs.
- The automated coaching system automatically designates coaches to new hires.
- The mobile version of LMS with AR+ is a platform for training rank-and-file employees. As many as 21,000 employees used the mobile application to complete courses in 2020.
- Whenspeak is a platform for conferences and training. It is used for training new hires, volunteers, and rank-and-file employees (it was the primary learning tool before the launch of the mobile application). As many as 52,565 employees used the platform to complete courses in 2020.
- Training Space is an online platform for learning new skills. It is used for teaching management skills, and includes assessment and development tools.
- 12,960 employees used Training Space to receive synchronized online instruction from trainers.
- TalentTech is a platform for improving digital skills. More than 720 employees used it in 2020.
- Vikium is a platform for contests. More than 1,600 employees took part in the 2020 Brain-building Championship, which involved the use of cognitive simulators.
- Magnit Digital Library is a tool established together with the Alpina Publishing House. 5,001 employees used it in 2020.

Smart Pyramid 2020 Awards

3rd prize
Store School — Best Corporate Learning Program 2020

2nd prize
Magnit Digital Training School — Best Online Learning Program 2020

Logistics School and Logistics Academy

Logistics School is a place for logistics center leaders, deputy directors, shift, distribution, logistics and transport department leaders to learn technologies, goods handling, safety, communication, management, coaching and business skills. The program enables employees to take distribution and transport functions, as well as business processes, to a new level, create a safety culture at their units and redouble their efforts to form effective teams.

Magnit also opened a Retail School and a Retail Academy to provide new and further learning opportunities to subsidiary directors, supervisors, district managers and directors

of groups of stores. Its curriculum includes the following courses: Business Knowledge, Financial Analysis, Investment Analysis, Coaching, Constructive Communications and Management Skills.

The COVID-19 pandemic gave an impetus to digital personnel training and development tools. In 2020, Magnit introduced digital platforms for distance learning and work process automation.

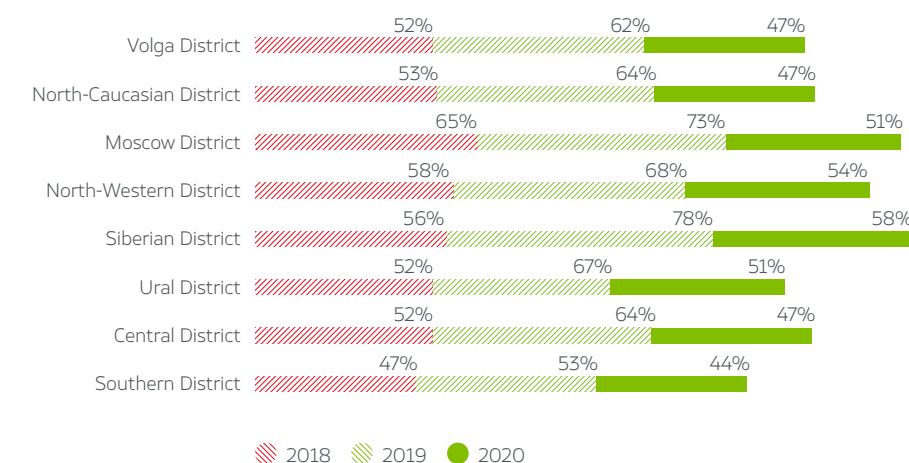
Magnit employees receive annual performance and career development reviews. In 2020, 16% of employees received development reviews. Magnit's personnel development and training achievements were recognized by the professional community for the first time in 25 years.

The effort helped reduce the staff turnover rate and achieve higher employee engagement.

The staff turnover rate fell by 21% from the 2019 level to 49% in 2020. The turnover rate was 45.3% among women and 58.9% among men.

In 2020 Magnit conducted the first employee satisfaction survey. Employee satisfaction rate was 72.6%, and engagement rate 84.2%. The survey was completed by 61% of employees. The share of loyal employees was 69%. We plan to conduct a satisfaction survey every year.

Staff turnover rate by region



200 thousand
employees covered by
Magnit's Corporate Academy