

Supply chain management

Conditions and procedure for selecting suppliers when signing supply contracts/manufacturing contracts under a customer's trademark

JSC "Tander" (an operating subsidiary of the Company) handles the selection of suppliers and quality control of deliveries for all Magnit store formats. When deciding whether to cooperate with a company, the legal status and reputation of the potential supplier is taken into account. Both legal entities and individual entrepreneurs are welcome to cooperate with the Company. To ensure the safety of supplies, the applications are evaluated based on whether a potential supplier has ever filed for bankruptcy, breached its obligations to market participants, or had any complaints lodged against it by the supervisory authorities for violations of the law. In order to ensure the maximum transparency and competitive selection procedures for suppliers, a two-stage selection process is employed:

1. the supplier is invited to prepare commercial proposals with their subsequent revision according to the supply requirements
2. a final commercial proposal is received

Step 1

The supply proposal is placed in the public domain in the External Partners Collaboration System
<https://srm.tander.ru/>

Step 2

Commercial proposals are received from the suppliers using the standard form with product samples.

Step 3

The commercial proposals are reviewed by authorized employees. The commercial proposal review process, among other things, involves an assessment of the competitiveness of the price offered for the product and the product packaging features and an analysis of the supplier's transport and logistics capabilities as well as the volume and discreteness of supplies, including a comparison with existing delivery terms for similar products and commercial proposals from other suppliers.

The following additional factors may be considered when selecting a supplier:

- the availability of the supplier's own production facility and storage space for finished products;
- the availability of permanent inventory that can be used for the uninterrupted supply of products;
- the feasibility of electronic document workflow;
- the availability of well-developed transport and logistics infrastructure that is capable of ensuring the independent delivery of goods to storage sites and minimizing delivery time;

Step 4

If the commercial proposal meets the Company's business requirements, the Company sends the supplier a proposal to provide product samples for the tasting of food products or to assess the quality of non-food items.

Step 5

The company conducts an analysis of the samples based on their organoleptic characteristics (external, structural, mechanical, taste, and aromatic characteristics, among others) and the commercial proposal as a whole according to the product price/quality ratio.

Step 6

The supplier is notified about the acceptance of the commercial proposal and a draft supply agreement/contract for the manufacturing of products is sent.

The Company sends electronic rejection notices to suppliers whose commercial proposals were rejected.

Click here to learn more about the conditions for suppliers

· <http://magnit-info.ru/partners/about/>

· http://magnit-info.ru/partners/secondary_raw/