

## Staff development

The revised strategy of "Magnit" calls for a greater focus on maximizing customer satisfaction and developing a multi-format business system. Meeting these challenges requires a comprehensive update of the Company's competency map and system of corporate values. The most sought-after competencies are skill sets in marketing (studying customer demand), category management, supply chains, and digitalization. The Magnit's regional management model is also changing and requires the development and training of strong independent regional teams.

Preparation for the qualitative renewal of the "Magnit" team began in 2018. The Company launched initiatives to establish a new Employee Value Proposition (EVP) in order to modernize incentive models and career development principles, create a positive working environment, alter the architecture of the working space, and ultimately form an updated set of values that are consistent with the Company's strategic objectives and will make the Company an attractive employer. In particular, we launched a project to develop an employer brand for various employee target audiences as well as a project to establish the values of the new "Magnit". Both projects have been completed in March 2019 and will form the basis of the operational HR strategy that will be formulated by May 2019.

## Employee structure

Number of employees as of the end of 2018, thousand people

	2016	2017	2018
Total number	271,369	276,290	297,746
Head Office employees	11,151	11,992	11,347
Regional branch employees	14,077	13,161	13,899
Store personnel	207,810	211,498	231,836
Logistics Unit	35,651	36,461	36,834
Other	2,680	3,178	3,830

Number of employees increased by 7.8% compared to the previous year due to the new store openings (the number of stores increased by 12.5% year-on-year) and the purchase of the pharmaceutical distributor SIA Group in late 2018. The average employee age remains stable at 35 years.

Distribution of employees by gender, %

	2016	2017	2018
Female	69%	70%	74%
Male	31%	30%	26%

## Proportion of employees with over five-year tenure

Employment tenure	2016		2017		2018	
	Number of people	Proportion, %	Number of people	Proportion, %	Number of people	Proportion, %
Over 10 years	5,618	2	8,430	3	11,337	4
Over 5 years	45,867	19	53,647	22	58,835	20

## Employee structure by category, people

Category	2016	2017	2018
Managers	9,801	10,127	9,767
Specialists and office employees	89,773	83,194	87,152
Workers	171,795	182,969	200,827

## Number of jobs created in 2018<sup>1</sup>

Region	
Caucasus	446
Southern	149
North-west	1,367
Black Earth	117
Privolzhsky	51
Moscow	1,964
Ural	2,330
Siberian	1,632
<b>Total in-house production</b>	<b>958</b>
<b>Total</b>	<b>9,014</b>

## Recruiting principles

The Company's vacancies are publicly available on its official website and on the other job search websites. The main source of information about vacancies at the Company is Magnit stores, which advertise when hiring new employees. Linear hiring is managed internally by the Company's employees, which ensures a high level of efficiency and quality of recruitment. In 2018, the Company hired approximately 106,000 people in the retail segment and 16,000 people in logistics. As part of the management team renewal program at the district and branch levels, 151 managers at the CEO-1, -2, and -3 level were brought on staff over the last half of the year.

The Company hires candidates from related industries without limiting itself to grocery retail and provides them with training opportunities within the company.

Priorities for selecting candidates include:

- strong leadership,
- the ability and willingness to develop professionally,
- customer centricity,
- teamwork skills,
- a systematic approach,
- a high level of responsibility,
- speed in decision-making in uncertain conditions,
- an ability to manage widely scattered objects.

1. Excluding SIA