

More than 10,000 head office employees have all necessary sports equipment and facilities available and have an opportunity to participate at municipal sporting events.

In October 2018 the company launched the 'Magnit Health' project aimed at all head office employees. Now there is a pharmacy at the "Magnit" head office, injection treatments are available at the medical rooms upon a doctor's prescription, and the Company offers mass flu vaccinations. Specialists from the Mobile Health Center of the Medical Preventive Care Center conducted a free thorough examination of "Magnit" employees.

The Company annually celebrates the professional achievements of its workers and presents departmental and in-house professional awards to its best employees.

## Employees rights

All internal regulations governing relations with employees are based on the norms of the Labor Code of the Russian Federation and take into account the principles of equal opportunity, fairness, and the personal development of employees. In accordance with the PJSC "Magnit" Business Ethics Code, the Company adheres to the concept of full transparency of staff management procedures, payroll calculation and payment, incentives for employee performance, and social measures that aim to ensure comfortable working conditions for employees of all departments.

The Business Ethics Code prohibits any preferences based on nationality, gender, age, religion, disabilities, sexual orientation, or political beliefs.

The incentive systems for the Company's employees are not dependent on gender, age, or nationality and are based solely on job performance. Salary is set by position.

If an employee feels that he/she is being treated in a biased manner, the employee can contact the Employee and Applicant Complaints Review Commission to initiate a thorough investigation of the matter. The Commission objectively reviews each request received from an employee or applicant via the Company's Hotline.

After the complaint is reviewed, the Commission decides whether to take administrative action against the guilty parties or whether to modify the technologies, rules, and standards used by the Company in order to resolve conflicts, reduce social tensions in the workforce, and develop a culture of respect for the employee.

## Youth outreach

"Magnit" engages in long-term cooperation with educational institutions in an effort to attract young professionals and create a talent pool. The Company has signed contracts with such leading educational institutions of the Krasnodar Territory as Kuban State University, Kuban State Technological University, Kuban State Agrarian University, Kuban State Medical University, the Academy of Marketing and Social Information Technologies, the Kuban Institute of Professional Education, Krasnodar College of Electronic Instrumentation, the Russian University of Cooperation, and the Financial University under the Government of the Russian Federation.

In 2018, 633 students took part in master classes, 121 students completed on-the-job training (27 were hired), and 50 students held an internship at the Company (27 were hired).

The Company launched the 'Magnit Environment' series of educational master classes within the youth environment in 2018 in order to develop students' professional skills. During the master classes, leading "Magnit" specialists share their knowledge and shed light on the specifics of working in different parts of the chain.

In 2018, "Magnit" launched a new project: the 'Magnit – New Generation' on-the-job training and internship programs, which aim to attract promising students with industry-specific specializations to help solve the challenges facing the company. On-the-job training and internships are designed to train open-minded employees with a positive workplace attitude for specific job functions. Students have the opportunity to select their optimal participation format: on-the-job training (which lasts 2-4 weeks, involves performing "operator's tasks," and is unpaid) or internship (which lasts 1-3 months, involves project activities, and is paid). In 2018, "Magnit" organized a business game on the theme of 'Retail-2030' for students from the Krasnodar universities.

## Social package

The structure and the scope of the social package will be modified due to the revision of the staff management strategy. In 2018, in addition to paying monthly salaries, the Company provided financial assistance for people facing difficulties in their lives, medical care, discounts on various services, and compensated relocation expenses for certain categories of employees.

Subsidised canteen and a free corporate gym are available for the head office employees.

The Company plans to provide 15,000 employees with private health insurance in 2019 and introduce other benefits for each category of employees.