

Health and safety

Magnit complies with all requirements of the legislation of the Russian Federation and other regulations concerning health and safety. The Company has developed and introduced policies that regulate the organization of labor, health, and industrial safety.

The existing health and safety management system covers all the Company's divisions and is also used when collaborating with subcontractors involved in the Company's production processes.

Strategic goals of health and safety:

- Protecting the health of employees and providing them with the safe working conditions;
- Reducing injuries and preventing emergencies and accidents.

Key procedures used to achieve these goals:

- strict compliance with the requirements of the labor legislation of the Russian Federation;
- drafting and implementing in-house health and safety policies and procedures;
- organizing health and safety training for 100%¹ of employees;
- continuously monitoring employees' compliance with health and safety standards;
- ensuring employees are provided with mandatory personal protective gear and compliance certificates;
- implementing a set of preventive measures to reduce the level of workplace injuries;
- investigating accidents, analyzing their causes, and developing and introducing preventive measures to prevent workplace injuries;
- conducting a special assessment of working conditions for 100% of the Company's workplaces.

Assessment of working conditions

Index	2016	2017	2018
Number of enterprises covered by the assessment of working conditions	88	94	169
Number of employees covered by the assessment of working conditions	49,829	50,304	34,192
Number of employees in workplaces who fail to comply with regulatory occupational safety requirements ²	1,504	1,804	2,151

In order to improve workplace management productivity, the Occupational Safety Service introduced, developed, and implemented the following new functions in 2018:

- work in the risk elimination system;
- a set of measures to reduce workplace injuries;
- preparation for inspections by the Inspectorate-General for Labor using check lists that were introduced in June 2018;
- organizing the work of the LLC "TK Zelenaya Liniya" and LLC "TD-holding" (integrated into the occupational safety system);
- obtaining feedback from the sales unit;
- forecasting the risk of workplace injuries (during sales peaks and different seasons);
- an initiative to amend legislation.

The Company has an employee incentive system for health and safety and a lack of workplace injuries. The incentive-based portion of a manager's salary directly depends on the number of workplace injuries that occur within the unit overseen by the manager.

In 2018, the Company:

- provided workers with proper personal protective gear and compliance certificates;
- conducted preliminary and periodic medical examinations of employees;
- provided health and safety training for its employees;
- conducted a special assessment of working conditions in the workplace.

1. Data in this section is given for 89% of Magnit employees as of December 31, 2018 since statistics are not maintained for all companies of the Group.

2. The number of workplaces with harmful working conditions class 3.1 based on the results of a special assessment of workplace working conditions

Health and safety expenses of PJSC "Magnit", RUB thousand

Index	2016	2017	2018
Providing employees with personal protective gear	186,661	210,703	150,559
Measures to improve working conditions	294,037	39,967	5,722
Measures to prevent occupational diseases	124,824	76,116	62,702
Measures to reduce injuries and prevent accidents	13,660	5,268	348
TOTAL	619,182	332,054	219,331

The health and safety management system covers 100% of the Group's employees. A total of 225,360 employees received health and safety training in 2018. As part of preventive measures to reduce the level of workplace injuries, the Company held unscheduled health and safety briefings and training, updated its health and safety policies and procedures, and conducted a special assessment of working conditions. Compliance with health and safety requirements is monitored internally on an ongoing basis. Information on any deviations that are identified is sent to the director of the enterprise in the form of a plan on how to eliminate shortcomings.

Based on the results of inspections by the Inspectorate-General for Labor, the number of health and safety violations declined by 12.5% and the total amount of fines decreased by 71.5% in 2018.

Magnit devotes significant attention to work that aims to reduce workplace injuries and regularly monitors compliance with health and safety requirements in production activities. In 2018, accidents were investigated, the responsible parties were identified, the causes of the risk were established, and measures were taken to prevent similar incidents in future activities.

The workplace injury rate decreased by 17% compared with 2017.

Workplace injury rate¹

	All accidents (including fatal accidents)		Fatal accidents		Accidents with severe health consequences
	number	ratio ²	number	ratio	number
2016	223	0.5003	5	0.0112	29
2017	198	0.3993	5	0.0101	28
2018	168	0.3392	5	0.0101	22

Data given for all employees, including independent contractors, working on the territory of the Company's facilities at which the Company is responsible for ensuring safe working conditions.

Company's plans for 2019:

- enhance the level of professional training for health and safety employees;
- minimize the workplace injury rate at distribution centers and vehicle fleet enterprises;
- conduct a special assessment of working conditions at 100% of the Company's workplaces;
- utilize the concept of financial support provided by the Social Insurance Fund of the Russian Federation for preventive measures to reduce workplace injuries and occupational diseases among the Company's employees;
- provide all the Company's units with documentation on occupational safety issues.

1. Data given for all employees, including independent contractors, working on the territory of the Company's facilities at which the Company is responsible for ensuring safe working conditions.

2. Injury rates are calculated using the following formula: $FF=I/E*1000$