

Personnel management

Our people’s dedication and contribution is key to securing the growth, development, and seamless operation of all companies in the Magnit Group. To boost employee loyalty and attract new talent, we improve working conditions, provide decent salaries, promote careers, train people, and take care of their health.

Goals of Magnit’s HR Strategy

- ▶ Securing the sustainability of Magnit's business through programmes designed to maintain sufficient staffing and acceptable turnover among rank-and-file staff, managers, and experts
 - ▶ Unlocking potential for business development by introducing tools and practices that foster employee engagement and productivity, as well as running a talent acquisition and development programme
 - ▶ Making a quantum leap in the development of HR management technology, programmes, and approaches, including the use of effective, modern, and easy-to-use tools for managers to handle teams, and services for employees.
- In doing so, Magnit seeks to be a smart employer, making decisions based on high-quality data and a robust cost-benefit ratio across its programmes.

Our approach to employee development

The Magnit Group employs over 360,000 people. This is a huge team for which we are responsible. Our ambition is to be the No.1 retail employer in Russia for our hires, making a positive impact on the quality of their lives and professional development.

Since 2019, we have been implementing an HR Strategy that covers developing and promoting our corporate culture and employer brand, optimising the Company’s corporate structure, improving our EVP for employees, attracting and retaining talent, as well as automating and digitalising our HR processes.

Magnit’s HR development principles



Employee-centred culture

- ▶ Increase engagement at all levels and foster leadership skills
- ▶ Develop our business through employee engagement



Develop our business through employee engagement

- ▶ Novel and proactive approaches to recruitment
- ▶ Flexible organisational structures, working formats and processes



In-house talent development

- ▶ Novel and proactive approaches to recruitment
- ▶ Flexible organisational structures, working formats and processes



Smart employer

- ▶ Process reorganisation and automation
- ▶ Solutions based on data and economic efficiency

Type of employees	Employer brand	Corporate culture	Talent and team	Robust corporate structure	EVP ¹ and HR ² service	Systems and data
Top management	<ul style="list-style-type: none"> ▶ Employer brand revision and promotion, brand health analysis ▶ IT recruitment centre creation 	<ul style="list-style-type: none"> ▶ Constant employee feedback collection ▶ Internal communication system development (via HR App) ▶ New hybrid and remote working arrangements 	<ul style="list-style-type: none"> ▶ Performance management ▶ Talent management and succession planning programmes ▶ Gamification of business processes to boost employee performance 	<ul style="list-style-type: none"> ▶ Flexible organisational design ▶ Update of organisational management standards ▶ Authority model and process management 	<ul style="list-style-type: none"> ▶ Remuneration structure ▶ Benefits programmes ▶ Personnel costs management ▶ Improvement of professional training programmes ▶ Temporary and outsourcing personnel management ▶ Design of a support programme for socially disadvantaged employee categories ▶ Set-up of a process to provide employees with New Year presents for their children 	<ul style="list-style-type: none"> ▶ SAP HCM ▶ Electronic HR document flow ▶ Work Force Management (WFM) tools ▶ Digital services for employees – HR App ▶ Digital channels and platforms for the training process ▶ Automation of the recruitment process
Middle management and experts	<ul style="list-style-type: none"> ▶ Implementation of new recruitment tools ▶ Improvement of internships ▶ Automation of onboarding programmes ▶ Development of dedicated recruitment advertising campaigns for different target groups, including categories such as “60+”, “students”, etc. 	<ul style="list-style-type: none"> ▶ Volunteer corporate community development ▶ Corporate values promotion ▶ Development of a programme to recognise employees with state awards and badges of distinction ▶ Further consistent efforts of the Company’s management to improve employee engagement ▶ Development of Beyond Work, a series of psychological support lectures for employees 	<ul style="list-style-type: none"> ▶ Design of a professional skills competition system to develop and retain talent 	<ul style="list-style-type: none"> ▶ Development of an Employee Cashback loyalty programme for staff (piloted in Moscow, Northwestern, Urals, Southern federal districts, and the Head Office), with subsequent rollout in other districts ▶ Magnit-Discount partner loyalty programme for employees 		
Tech and digital employees						
Line staff						

¹ Employer Value Proposition.
² Human Relations.

Personnel management (continued)

As part of the strategy, we have set HR management targets and measure progress on an annual basis.

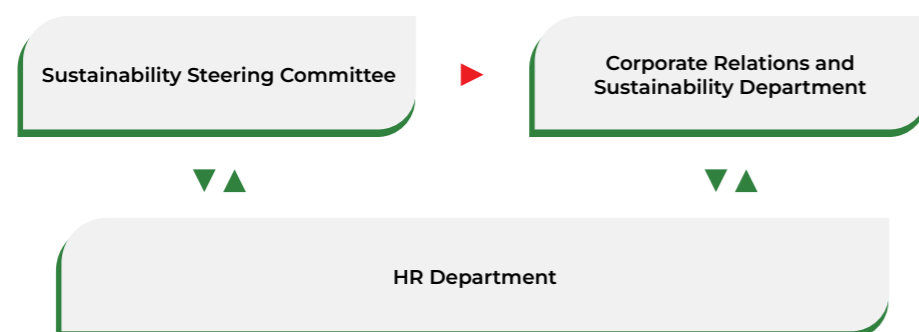
Strategic goal to 2025

40% maximum turnover rate

2022 performance

55.4% turnover rate at Magnit (vs 64.6% in the base year of 2019)

Employee development system



- ▶ Administrative subordination
- ▶ Coordination under the sustainability strategy and advisory support

Material topics

- ▶ Respect of labour rights and safe working conditions
- ▶ Equality and inclusion
- ▶ Increasing the number of customers and employees committed to healthy lifestyles

Principles of the Social Charter of the Russian Business

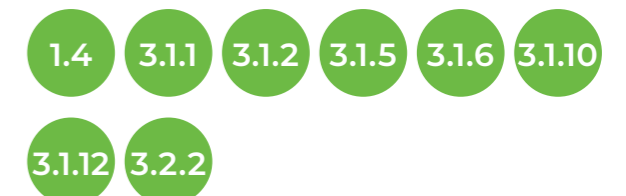
Business partnership and stakeholder engagement

We believe that employees are a key asset of a company; we support human development. We believe that a human life is the highest value. We believe that workplace safety and employees' health cannot be compromised in order to make profit.

Priority UN SDGs



RSPP Reference Performance Indicators



Russia's national projects



Personnel management (continued)

Key documents

Internal regulations

- ▶ Human Rights Policy of Magnit PJSC
- ▶ HR Strategy
- ▶ Internal Workplace Regulations
- ▶ Regulations on Remuneration
- ▶ Regulations on Remote Working
- ▶ Regulations on Digitalisation of Labour Documents
- ▶ Regulations on the Social Programmes of JSC Tander
- ▶ Regulations on Employee Awards from the Ministry of Agriculture of the Russian Federation
- ▶ Regulations on Badges of Distinction for Employees of Selta LLC
- ▶ Regulations on Badges of Distinction for Employees of JSC Tander
- ▶ Internal regulations governing employee competitions

External documents

- ▶ Russian Labour Code

2022 highlights



Achievements and awards

- ▶ The employer brand loyalty index in the media improved by 4 points over three years (from 0.7 to 1.1), and by 3 points in 2022 (from 0.8 to 1.1), with the market average of 0.4, the highest metric across all market players.
- ▶ Overall turnover at DIXY declined by 20.7% as a result of staff incentives.
- ▶ Occupational injury rates stabilised despite an increase in the Company's headcount.
- ▶ Major project to introduce remote and hybrid work formats for office staff completed, with cost savings reaching RUB 100 million.
- ▶ HR IMPACT and Crystal Pyramid industry awards given for Magnit's initiatives set to develop a gamification platform and professional contest system; the Caring for People competition held.
- ▶ Magnit's two advertising campaigns (Sightseeing and Prescription for a Pharmacist) awarded at nationwide and international creative festivals: Red Apple (silver), Perspectum Awards (two bronze awards), Sostav.ru: Results of the Year (shortlisted), Tagline Awards (silver) and White Square (shortlisted).
- ▶ Departmental awards given to 937 employees, up 40% compared to 2021.
- ▶ 5,583 Magnit employees reached semi-finals and finals of professional competitions.
- ▶ Number of volunteers amongst Magnit employees increased 3.5x compared to 2021.
- ▶ Volunteering in different areas at DIXY divisions.



Employee training and development

- ▶ A Career Management programme for Magnit's office staff implemented.
- ▶ A mentoring system for office staff introduced.
- ▶ The Training Store in Each Supervisor Sector project implemented and supported across DIXY divisions, mentors selected and trained.
- ▶ The Supervisor Onboarding Programme launched across DIXY divisions.
- ▶ DIXY Logistics staff engagement project comprising 20+ initiatives implemented.

- ▶ Cashier competencies introduced for the WorldSkills national contest of working professions to increase the appeal of and attract young talent to the profession.
- ▶ Beyond Work, a series of educational lectures, webinars, podcasts for Magnit employees, including new courses Psychological Support for Employees in Turbulent Times, Conscious Parenting in partnership with the Faculty of Psychology at Moscow State University, and Webinars on Pets, launched.



Recruitment

- ▶ A recruitment advertising campaign designed and launched to attract the 60+ audience – Jobs for Young People Over 60.
- ▶ A cooperation agreement signed with the Moscow Employment Centre to cover Magnit's hiring needs.
- ▶ A recruitment advertising campaign designed and launched in Uzbekistan to attract job seekers to the M Cosmetic brand.
- ▶ A recruitment advertising campaign for the DIXY brand designed and launched.



Social support

- ▶ The Corporate Academy programme launched to retrain specialists from other retail segments who have lost their jobs, as well as disadvantaged people, featuring subsequent employment.
- ▶ Sharing the Warmth initiative launched for 60+ employees at Magnit in the Moscow region that includes staff training on and discussions of process improvement ideas with heads of branches.
- ▶ A programme for socially disadvantaged categories of employees kicked off, under which 80 free trips were provided to eligible employees.
- ▶ 176,000 New Year presents were given to our employees' children, up 6,000 YoY.



Health and safety

- ▶ The Company's Occupational Health and Safety Management System updated to factor in the requirements of new Russian regulations on occupational health and safety.
- ▶ Risk-oriented approach to the Occupational Health and Safety Management System implemented.
- ▶ Measures taken to comply with new requirements of labour laws related to staff training in occupational safety and accident investigation.



Digital solutions for staff

- ▶ Specialised information systems (to create IT career tracks, automate the recruitment process, as well as for internal side jobs) developed and implemented.
- ▶ Magnit media portal, a platform for supporting, developing corporate culture and engaging employees in corporate life, launched.
- ▶ Your Magnit mobile app scaled up, with the number of unique users reaching 190,000 employees by December 2022.
- ▶ Managers of our 21,000 stores (or 78%) visited our in-house gamification website on a monthly basis to improve the performance of their business processes.
- ▶ Notifications about new employees hired at DIXY stores automated.
- ▶ Time tracking and calculation of bonuses for DIXY's delivery drivers fully automated.