

Human Resources

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HR policy is a key element to maintaining Aeroflot's sustainable growth. Aeroflot seeks to attract and retain top industry talent, providing employees with professional and personal development opportunities.

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STRATEGIC REPORT

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Priority areas of our HR policy

Recruit

talent, including for cockpit and cabin crew positions

Retain

top talent and drive their loyalty

Provide timely

training and retraining, including for working on board new types

Build up

a talent pool

Conduct

employee certifications

Develop

incentive systems

Provide

employees with social benefits

Boosting

Aeroflot's profile as the employer of choice in the airline industry



The Company offers competitive pay and a wide range of employee benefits, advantages and privileges. Aeroflot Group airlines run multiple programmes to provide social benefits, incentive schemes and training opportunities empowering each employee to fulfill their potential.

Aeroflot recognises the value of human resources and is strongly focused on driving performance improvements and labour productivity gains by building a unique team of highly professional and engaged employees. Excellent corporate culture is an essential element of the Company's competitive edge. The Company uses its intranet portal to conduct regular surveys assessing employee engagement on a range of matters across corporate culture, corporate philosophy and corporate values and how they are linked to Aeroflot's Strategy.

The Company strictly follows both Russian and international laws that concern employee rights and freedoms, provides equal opportunities and has zero tolerance for any form of discrimination on political, religious, ethnic, or other grounds when implementing its HR policy, remuneration policy, and providing social benefits. The Company has never used, and does not tolerate, child, compulsory or forced labour.

The Company's key ethical and moral standards and rules of conduct are set out in the Corporate Conduct Code of PJSC Aeroflot.

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STRATEGIC REPORT

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Personnel structure

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As at 31 December 2019, the total headcount of Aeroflot Group companies was 41,296, almost flat year-on-year (41,299 as at 31 December 2018).

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As at 31 December 2019, PJSC Aeroflot's headcount was 23,171 (24,261 as at 31 December 2018). The 4.5% year-on-year headcount decrease was due to the outsourcing of ground handling and maintenance to LLC Sheremetyevo Handling. The total number of hours worked by the Company employees in 2019 was 30,759 thousand.

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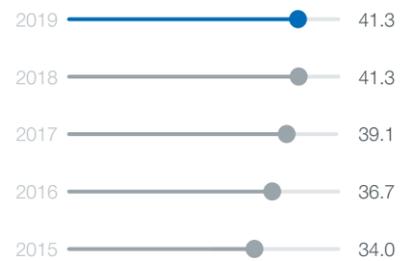
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Women account for 55.5% of Aeroflot Group companies' total headcount. The parent company, PJSC Aeroflot, employs 13,089 women who work in all kinds of fields: flight attendants, repair and maintenance staff, tickets sales and distribution employees, and pilots. As at the end of 2019, 86 female pilots were employed by Aeroflot Group airlines, including 71 by Aeroflot, 8 by Rossiya Airlines, 4 by Aurora Airlines and 3 by Pobeda Airlines.

As at 31 December 2019, PJSC Aeroflot employed 57 international pilots (including nationals of Argentina, Australia, Azerbaijan, Belarus, Brazil, Columbia, the Czech Republic, Hungary, Italy, and Luxembourg).

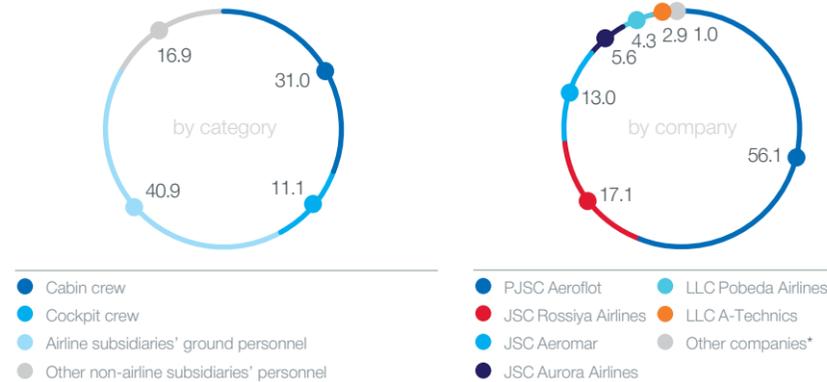
Due to the industry specifics, most of our employees consider Aeroflot their lifetime employer: 21.9% have stayed with the Company for over 15 years.

Aeroflot Group's headcount, thousand people



86 female pilots were employed by Aeroflot Group airlines

Aeroflot Group's headcount, 2019, %



* Including JSC Sherotel, Aeroflot Aviation School and LLC Aeroflot – Finance.

Aeroflot Group's headcount by gender, 2019



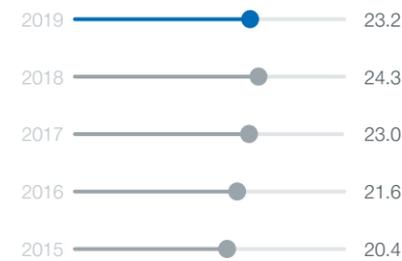
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PJSC Aeroflot's headcount, thousand people

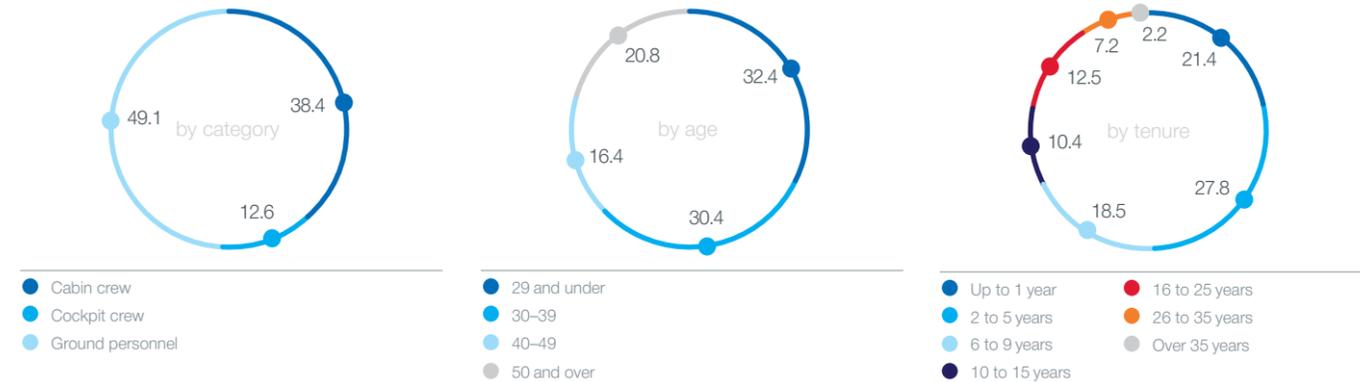


23,171 employees
PJSC Aeroflot Headcount



57 international pilots were employed by PJSC Aeroflot

PJSC Aeroflot's headcount, 2019, %



Note. Headcount and personnel as at end-2019.

Aeroflot topped Forbes 2019 ranking of **Russia's best employers** in the Average Salary and Social Benefits categories.



Recruitment



Aeroflot, Federal Air Transport Agency and UAC held the Best in the Sky contest for future pilots of the Russian aircraft.

Aeroflot is continuously improving its personnel recruitment process to make it straightforward and convenient for candidates and expeditious and effective for the Company. The Company uses the latest, advanced candidate assessment methods, including automated recruitment procedures that help speed up the recruitment process and increase its quality. Heads of units are actively involved in the professional assessments of candidates and HR decision-making. Internal candidates from the talent pool are given priority. The Company is thus expanding career growth opportunities for its employees.

The Company collaborates with educational centres and relevant higher educational institutions and colleges offering vocational education, takes part in job fairs and career forums and expos, and cooperates with employment centres.

Collaboration with civil aviation educational institutions

The Company annually selects the best senior-year students of civil aviation educational institutions who then complete additional simulator training in compliance with its corporate standards. PJSC Aeroflot's business units engage senior-year students for work placements and pre-graduation internships. In 2019, 68 students landed their internships with Aeroflot.

PJSC Aeroflot is part of a company scholarship programme funded by the federal government. In 2019, 78 new students were admitted to Saint-Petersburg State University of Civil Aviation, Ulyanovsk Civil Aviation Institute and Buguruslan Civil Aviation School under the programme.

In total, 425 persons have entered into company scholarship agreements with Aeroflot since 2013 when the programme was launched. A company scholarship agreement binds the future graduate to start their employment with the Company and to stay with it for a certain period.

The Company annually awards up to 50 personal scholarships amounting to RUB 10,000 per month each to students of civil aviation educational institutions: Ulyanovsk Civil Aviation Institute, Saint Petersburg State University of Civil Aviation, Buguruslan, Sasovo and Krasny Kut Civil Aviation Schools, as well as Yegoryevsk and Kirsanov Civil Aviation Technical Colleges. Since 2014, Aeroflot has awarded 285 personal scholarships.

Sustainable Development continued

Personnel training and development

Aeroflot Group invests in personnel training to help employees fulfil their personal and professional potential. The employees' outstanding professional skills meeting the requirements of the latest international standards and the Federal Aviation Rules enables the Company to achieve operational excellence.

Key areas of corporate training:

- New hires onboarding
- Promotion of the Company's corporate culture, values and mission
- Building of managerial expertise and skills
- Targeted training as requested by the heads of units for specific activity areas (the topics include stress resistance, customer focus and teamwork) .

In 2019, PJSC Aeroflot arranged training for over 36,000 current and future employees (some of them completing more than one training programme) both in-house and externally across a range of training, retraining, professional development and certification programmes. The Company's Department for Aviation Personnel Training delivered training to 980 people.

Most of the current and future employees were trained at Aeroflot Aviation School. Retraining and professional development courses mainly focused on:

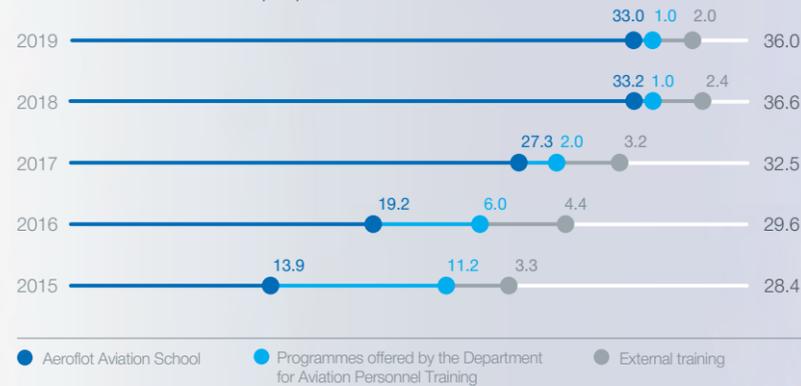
- ground handling and ground service operations
- flight attendant training using Russian-made and foreign aircraft types
- pilot retraining to fly new aircraft types
- engineering personnel training
- aviation security
- regulations for hazardous cargo transportation
- occupational safety
- foreign languages, etc.

In 2019, training for approximately 2,000 employees was arranged at external educational institutions and training centres under the following programmes:

- Compulsory training of operations personnel (training for airside ground handling vehicle drivers and airside vehicle access coordinators at the Sheremetyevo airfield; training for state inspectors, electric car and forklift drivers; industrial safety, etc.)
- General training programmes (civil defence, environmental protection, environmental safety, etc.)

Attendees of the training programmes

36.0 thousand people



Pilot training

When hiring pilots with prerequisite qualifications (such as experience flying the aircraft types operated by Aeroflot), candidate pilots pass induction training in line with established flight crew training programmes.

Prior to employment, graduates of aviation-related educational institutions are to complete additional training:

- Specifics of international flights
- Technical English
- Aviation English (ICAO Level Four).

The graduates undergo the following training following employment:

- Pilot retraining to fly Airbus A320, Boeing 737 or SSJ100 aircraft
- Additional training in Hazardous Cargo Transportation by Air, Flight Safety Management System, Flight Crew Training on Human Factor and CRM, and Aviation Security
- Induction for co-piloting an aircraft.

To streamline graduates' training, PJSC Aeroflot organised training for senior-year students of educational institutions.

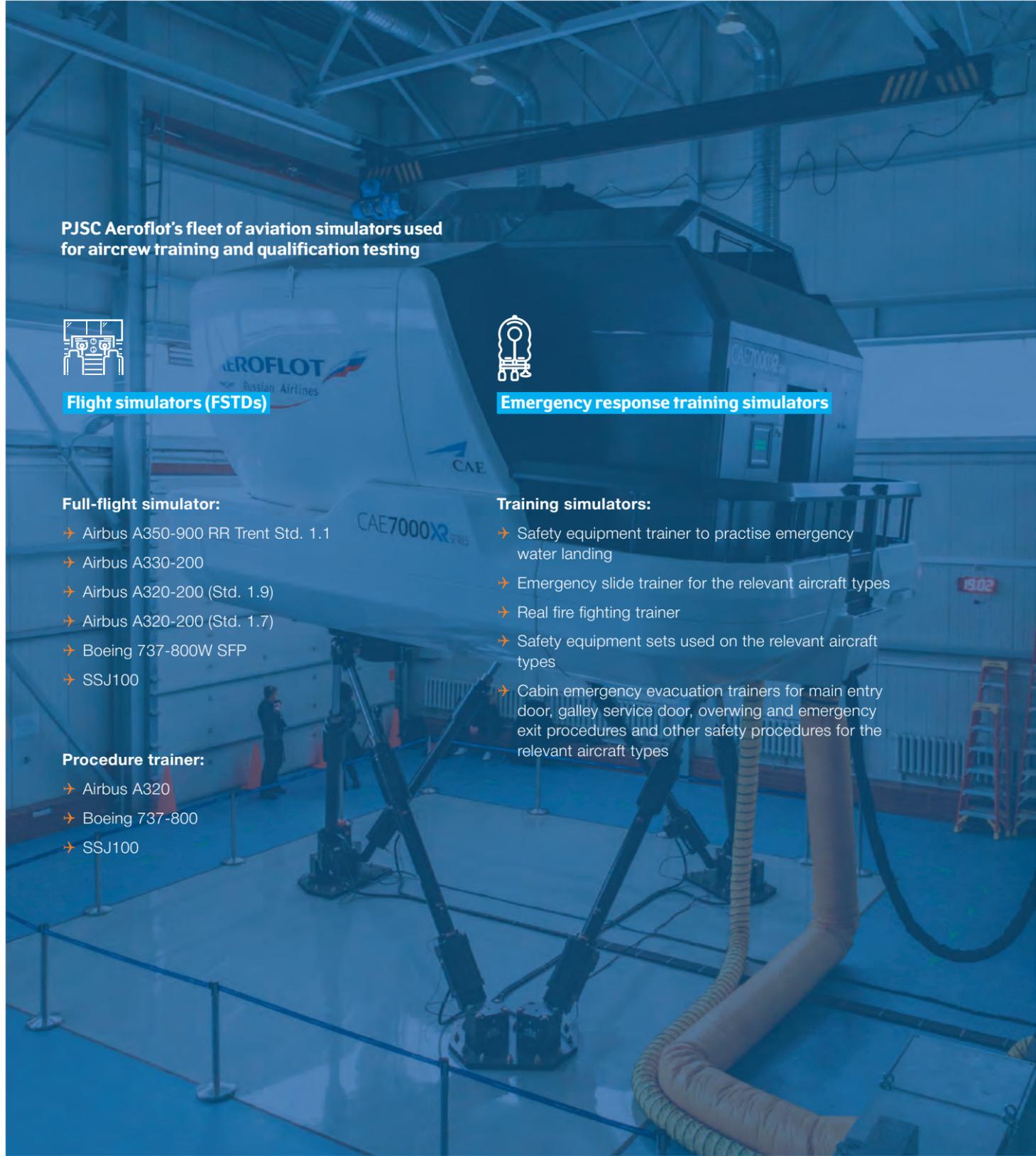
The training is held at civil aviation educational institutions in Ulyanovsk, Saint Petersburg, Buguruslan, Krasny Kut, and Sasovo, helping to reduce the period from hiring a graduate to their unsupervised flying by three to nine months.

Training platform

Aeroflot uses its own training platform equipped with cutting-edge simulators and mock-ups to provide training for cockpit and cabin crews.

In 2019, the training platform was furnished with an Airbus FFS A350 CAE full-flight simulator, a DT A321 NEO OWE overwing exit trainer and a DT A321 main entry door trainer. Annual simulator certification was arranged for, and held by, EASA bodies for the following simulators: FFS A320 Series 5000 and 7000, FFS A330, and B737 NG. Jointly with Canada's CAE Inc., Aeroflot upgraded the FFS B737 flight simulator software. Aeroflot also decommissioned the obsolete emergency response training simulators DT B767 and DT A320, which had gone past their useful life.





PJSC Aeroflot's fleet of aviation simulators used for aircrew training and qualification testing



Flight simulators (FSTDs)

Full-flight simulator:

- Airbus A350-900 RR Trent Std. 1.1
- Airbus A330-200
- Airbus A320-200 (Std. 1.9)
- Airbus A320-200 (Std. 1.7)
- Boeing 737-800W SFP
- SSJ100

Procedure trainer:

- Airbus A320
- Boeing 737-800
- SSJ100



Emergency response training simulators

Training simulators:

- Safety equipment trainer to practise emergency water landing
- Emergency slide trainer for the relevant aircraft types
- Real fire fighting trainer
- Safety equipment sets used on the relevant aircraft types
- Cabin emergency evacuation trainers for main entry door, galley service door, overwing and emergency exit procedures and other safety procedures for the relevant aircraft types

Incentive system

Aeroflot considers developing employee incentives a priority for improving loyalty and retaining top talent to strengthen the Group's competitive edge. The system comprises financial and non-financial incentives. Aeroflot uses flexible incentive schemes and continuously develops its employee compensation and benefits packages.

The Company's remuneration system takes into account position grades, business unit performance, regional labour market specifics, as well as each employee's personal contribution. The Company's senior management performance is evaluated against the key performance indicators approved by the Board of Directors.

Attracting highly skilled pilots is one of the Company's key objectives. Aeroflot provides competitive pay levels for pilots as well as regular salary indexation and one-off incentive payments upon employment. Aeroflot also compensates pilot training expenses.

The Company actively develops non-financial incentives. In line with its collective bargaining agreement, Aeroflot rewards employees' high performance on industry holidays and national and corporate anniversaries.



Best in Trade professional skills competition

The Company annually holds the Best in Trade professional skills competition. In 2019, 928 Aeroflot employees representing 33 professions and 20 departments were on the entrants list. Aeroflot also awarded winners in two new, special categories, The Best Example of Aeroflot's Values and The Best Mentor, and also in the Best Representative Office of Aeroflot category.

928 employees **33** professions **20** departments

Talent pool

PJSC Aeroflot is building up its mid-level and top management talent pool. To facilitate this process, the Company organises off-the-job and on-the-job professional development training for its managers while also ensuring temporary replacements for managers going on a business trip or vacation and arranging external secondments for best practice sharing.

What distinguishes Aeroflot's approach is that the talent pool members are being trained in the overall managerial skills and leadership, rather than being prepared to fill a predetermined position. In 2019, a new candidate list (of approximately 115 candidates) was drafted; it has been submitted to the management for review and approval.

Sustainable Development continued

Social programmes for employees

PJSC Aeroflot and its subsidiaries run a number of social programmes contributing to the social security of employees. Throughout 2019, the Company had a collective bargaining agreement with employee benefits considerably expanding the benefits and compensations established by applicable labour laws. The collective bargaining agreement covers all employees.

Occupational pension scheme

PJSC Aeroflot runs a pension scheme based on joint participation of the employer and the employee.

Aeroflot's occupational pension scheme is coordinated by two corporate non-governmental pension funds, the Otkritie Non-Governmental Pension Fund and the Non-Governmental Pension Fund of Sberbank. The corporate occupational pension scheme covered almost 5,800 employees in 2019. The Company paid an additional 20% of each personal contribution made by employees towards their own pension.

There is a special pension plan for key pilots-in-command.

Corporate social programmes

	2018	2019
Occupational pension scheme, people	6,199	5,767
Financial support in difficult circumstances, people	216	197
Resort therapy for employees and their families, people	3,900	4,261
Company vehicles, people	3,600	3,300
Corporate parking, parking spaces	3,170	3,100
Corporate accommodation, occupied residential units	1,600	1,700
Reimbursement for daycare costs, people	2,571	2,708

Upon retirement, the Company complements the state-funded pension of an employee participating in the scheme with a corporate pension. As at the end of 2019, corporate pensions payments were being made to four thousand former employees of the Company.

The Company runs its occupational pension scheme in parallel with an incentive scheme providing mandatory pension insurance through co-financed contributions to the cumulative part of the state-paid pensions. The employer matches 30% to 50% of a personal pension contribution made by insurance scheme participants.

Resort therapy

Aeroflot employees and their families can go to health resorts in Russia and abroad on medical indications. The programme is financed using voluntary health insurance coverage and funds from the Social Insurance Fund of the Russian Federation, which is formed from mandatory insurance contributions made by the Company to insure employees against work-related accidents and occupational diseases.

In 2019, almost 4,300 people benefited from rehabilitation treatment at health resorts, including 855 children accompanied by their parents under the Healthy Child programme. A special health rehabilitation programme for pilots and flight attendants has been set up at health resorts in the Czech Republic.

Corporate sports initiatives

The corporate sports initiatives development programme is aimed at health promotion and strengthening corporate culture. The Company has permanent football, volleyball, ice hockey and tennis sporting clubs for which it rents sports facilities.

In 2019, beach volleyball, boxing, and punching power corporate tournaments were held, and Aeroflot team successfully competed in a futsal tournament for the Aviation and Space Cup. Fitness club memberships were also offered to Aeroflot employees.

Corporate accommodation for key employees

During the year, the Company's key employees from Russia's regions were provided with company-owned accommodation close to Sheremetyevo airport, with a daily average of 1,700 occupied residential units (flight crew members accounted for 90%). Most of the accommodation is provided at Aeroflot's Flight Camp based at Ozero Krugloe Hotel Complex and includes free access to the fitness centre, in-room internet access and other amenities for a comfortable stay. Transportation for business needs is provided on a 24/7 basis.

Company vehicles and corporate parking

Company vehicles are used to transport employees to the Company's offices located near Sheremetyevo airport and back. These vehicles made 244 trips per day in 2019, transporting about 3,300 employees.

The Company rents six parking lots located near Sheremetyevo airport. In 2019, Aeroflot employees occupied an average of 3,100 parking spaces in corporate parking lots per day.

Financial assistance

In 2019, the Company provided financial support to 197 current and former employees in difficult circumstances.

Reimbursement for daycare costs

During 2019, 100% of daycare costs were reimbursed for 2,700 Company employees with children.

Additional employee benefits for flight crews

A number of additional employee benefits are provided to flight crew members:

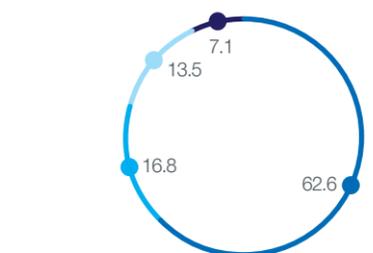
- 70 days of paid annual leave, the longest in civil aviation
- special insurance programmes
- free access to various sports facilities to practice different sports.

Aeroflot's medical centre

Aeroflot has its own medical centre providing healthcare services to employees and their families, as well as retired employees. Medical services include aeromedical assessment, rehabilitation of cockpit and cabin crews, and pre-flight medical examinations.

A total of 18.8 thousand employees took the regular medical check-up in 2019. More than 2 million medical services were provided in total.

PJSC Aeroflot's medical centre patients in 2019, %



- PJSC Aeroflot employees
- Family members
- Retired PJSC Aeroflot employees
- Private patients

Subsidiary airlines

Aeroflot's subsidiary airlines also develop social programmes for their employees, including occupational pension schemes, resort therapy and vacation programmes for employees and their families. Employees are offered company vehicles and corporate parking, rent compensation, corporate entertainment and sports events. The subsidiaries can provide financial support in difficult circumstances to their current and retired employees.

Voluntary reporting system

PJSC Aeroflot has a single multi-channel employee voluntary reporting system. Reports can be submitted through different channels – email, paper message boxes, management reports, IT systems reporting functionality.

A Siebel CRM-based platform is used for incoming message registration, response generation and delivery, report generation by message type, status, classifier, channel of origination and corrective measures taken. The platform can dispatch employee messages to the relevant business unit through Siebel CRM. There is automatic monitoring of response deadlines.

Over 2,000 employee reports were received and resolved in 2019. Most of the messages were about operational improvement proposals. Other matters included workplace atmosphere, working conditions, employee development, and safety and security. Along with open reports, there were some that were anonymous, confidential, or originating from a group of individuals.

Social partnership

Ten corporate trade union branches representing four different trade unions operate within PJSC Aeroflot, including the Moscow Trade Union of Aviation Workers, the Sheremetyevo Trade Union of Flight Personnel, the Sheremetyevo Trade Union of Flight Attendants and the All-Russian Trade Union of Civil Aviation Engineering Workers. The total headcount of all Aeroflot employees involved with trade unions is about 8,400 people. Almost all representatives of these trade unions are members of the United Representative Body of Aeroflot employees.

Occupational health and safety

Employee health and safety are a priority for PJSC Aeroflot. The Company complies with all relevant rules and requirements of Russian occupational safety laws, takes measures to prevent hazards and minimise work-related injuries.

PJSC Aeroflot's health and safety system complies with all applicable requirements and best industry practices and includes a set of measures to minimise hazards, such as induction trainings and health and safety trainings, root cause recording and analysis of work-related injuries and occupational diseases, comprehensive occupational safety inspections and regular medical examinations. All accidents are investigated to establish whether they are work-related, with the investigation outcomes used by business units to develop measures to avoid such incidents in the future.

There were 22 work-related accidents in 2019, including one involving a group of individuals (five people). These accidents resulted in 26 injuries. There was one fatality – a flight attendant died as a result of the 5 May 2019 aviation accident.

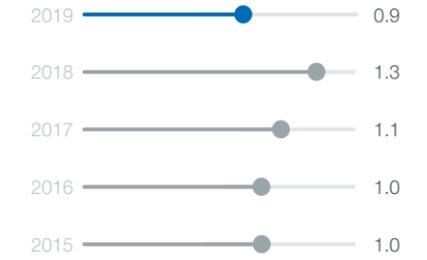
The injury frequency rate (the number of injuries per 1,000 employees) was 0.94 (1.27 in 2018). The injury severity rate (the number of work days lost per injured person) was 27.4 (29.0 in 2018).

Induction trainings were carried out for 2,200 new employees and 117 contractor employees in 2019. Assessment of working conditions was carried out for 5,285 workplaces, of which 4,251 workplaces were found acceptable. Employees receive a 4% to 24% premium on their pay when a safety assessment has revealed exposure to harmful working conditions.

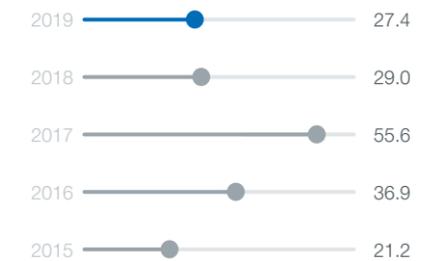
Cockpit and cabin crew members are provided with a 24% premium on their pay and and vacation days for the nature of their working conditions. Work and rest schedule for cockpit and cabin crews is determined in line with the applicable Russian laws and the Regulations on the Work and Rest Schedule for Cockpit and Cabin Crews of PJSC Aeroflot.

The total flight duration in all aircraft types must not exceed 80 hours per month and 800 hours per calendar year. With the employee's written consent, the total flight duration can be increased to 90 hours per month and 900 hours per calendar year.

Number of injuries per 1,000 employees of PJSC Aeroflot (people)



Number of work days lost (per injured person) at PJSC Aeroflot



Number of workplaces subject to special assessments of working conditions

