

Report on Compliance with the Principles and Recommendations of the Corporate Governance Code Approved by the Bank of Russia

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APPENDIXES

PJSC Aeroflot

No.	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
1.1	The company ensures fair and equitable treatment of all shareholders in exercising their corporate governance right.			
1.1.1	The company ensures the most favourable conditions for its shareholders to participate in the general meeting, develop an informed position on agenda items of the general meeting, coordinate their actions, and voice their opinions on items considered.	1. The company's internal document approved by the general meeting of shareholders and governing the procedures for holding the general meeting is publicly available. 2. The company provides accessible means of communication via hotline, e-mail or online forum for shareholders to voice their opinions and submit questions on the agenda in preparing for the general meeting. The company performed the above actions in advance of each general meeting held in the reporting period.	Full	
1.1.2	The procedure for giving notice of, and providing relevant materials for, the general meeting enables shareholders to properly prepare for attending the general meeting.	1. The notice of an upcoming general shareholders meeting is posted (published) online at least 30 days prior to the date of the general meeting. 2. The notice of an upcoming meeting specifies the meeting venue and documents required for admission. 3. Shareholders were given access to the information on who proposed the agenda items and who proposed nominees to the company's board of directors and the revision committee.	Full	
1.1.3	In preparing for, and holding of, the general meeting, shareholders were able to receive clear and timely information on the meeting and related materials, put questions to the company's executive bodies and the board of directors, and to communicate with each other.	1. In the reporting period, shareholders were able to put questions to members of executive bodies and directors before and during the annual general meeting. 2. The position of the board of directors (including dissenting opinions entered into the minutes) on each agenda item of general meetings held in the reporting period was included in the materials to the general meeting of shareholders. 3. The company gave duly authorised shareholders access to the list of persons entitled to attend the general meeting, as from the date of its receipt by the company, for all general meetings held in the reporting period.	Full	

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PJSC Aeroflot

No.	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
1.1.4	There were no unjustified difficulties preventing shareholders from exercising their right to request that a general meeting be convened, to propose nominees to the company's governing bodies, and to make proposals for the agenda of the general meeting.	1. In the reporting period, shareholders were able to submit, within at least 60 days after the end of the relevant calendar year, proposals for the agenda of the annual general meeting. 2. In the reporting period, the company did not reject any proposals for the agenda or nominees to the company's governing bodies due to misprints or other insignificant flaws in the shareholder's proposal.	Full	
1.1.5	Each shareholder was able to freely exercise their voting right in the simplest and most convenient way.	An internal document (internal policy) of the company provides that each participant of the general meeting may request a copy of the ballot filled out by them and certified by the counting commission before the end of the relevant meeting.	Full	
1.1.6	The procedure for holding a general meeting set by the company provides equal opportunities for all persons attending the meeting to voice their opinions and ask questions.	1. General meetings of shareholders held in the reporting period in the form of a meeting (i.e. joint presence of shareholders) provided for sufficient time for making reports on and for discussing agenda items. 2. Nominees to the company's governing and control bodies were available to answer questions of shareholders at the meeting at which their nominations were put to vote. 3. When passing resolutions on preparing and holding general meetings of shareholders, the board of directors considered using telecommunication means for remote access of shareholders to general meetings in the reporting period.	Full	
1.2	Shareholders are given equal and fair opportunities to share profits of the company in the form of dividends.			
1.2.1	The company has designed and put in place a transparent and clear mechanism to determine the dividend amount and payout procedure.	1. The company has drafted and disclosed a dividend policy approved by the board of directors. 2. If the company's dividend policy uses reporting figures to determine the dividend amount, then relevant provisions of the dividend policy take into account the consolidated financial statements.	Full	
1.2.2	The company does not resolve to pay out dividends if such payout, while formally compliant with law, is economically unjustified and may lead to a false representation of the company's performance.	The company's dividend policy clearly identifies financial/economic circumstances under which the company shall not pay out dividends.	Full	
1.2.3	The company does not allow for dividend rights of its existing shareholders to be impaired.	In the reporting period, the company did not take any actions that would lead to the impairment of the dividend rights of its existing shareholders.	Full	

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1.2.4	The company makes every effort to prevent its shareholders from using other means to profit (gain) from the company other than dividends and liquidation value.	To prevent shareholders from using any means to profit (gain) from the company other than dividends and liquidation value, the company's internal documents provide for controls to timely identify and approve deals with affiliates (associates) of the company's substantial shareholders (persons entitled to use votes attached to voting shares) where the law does not formally recognise such deals as related-party transactions.	Full	Actually complied with. The relevant restriction is set out in the Corporate Governance Code of PJSC Aeroflot (paragraph 3.2.1). In addition, PJSC Aeroflot signed up to the Anti-Corruption Charter of the Russian Business and approved the Anti-Corruption Policy, which rules out the possibility of corruption in its transactions. PJSC Aeroflot also has in place the Procedure for Preparation, Signing, Amendment, Execution, and Termination of PJSC Aeroflot's Agreements, which stipulates inspection and control of all PJSC Aeroflot's agreements by a number of units including the Department for Economic Security. In line with the above mentioned Procedure, the inspection of a potential counterparty's chain of beneficiaries is mandatory and rules out the possibility of making transactions at PJSC Aeroflot without proper corporate approval.
1.3	The corporate governance framework and practices ensure equal conditions for all shareholders owning the same type (class) of shares, including minority and non-resident shareholders, and their equal treatment by the company.			
1.3.1	The company has created conditions for fair treatment of each shareholder by the company's governing and control bodies, including conditions that rule out abuse by major shareholders against minority shareholders.	In the reporting period, procedures for management of potential conflicts of interest among substantial shareholders were efficient, while the board of directors paid due attention to conflicts, if any, between shareholders.	Full	
1.3.2	The company does not take any actions that lead or may lead to artificial redistribution of corporate control.	No phantom shares were issued or used to vote in the reporting period.	Full	On 29 August 2019, LLC Aeroflot – Finance (PJSC Aeroflot's subsidiary) purchased 4.3% PJSC Aeroflot shares from PJSC Aeroflot. No General Meetings of Shareholders were held between 29 August 2019 and 31 December 2019; hence, no quasi-treasury shares participated in the voting.
1.4	Shareholders are provided with reliable and effective means of recording their rights to shares and are able to freely dispose of their shares without any hindrance.			
1.4	Shareholders are provided with reliable and effective means of recording their rights to shares and are able to freely dispose of their shares without any hindrance.	The company's registrar maintains the share register in an efficient and reliable way that meets the needs of the company and its shareholders.	Full	

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2.1	The board of directors provides strategic management of the company, determines key principles of, and approaches to, setting up a corporate risk management and internal control framework, monitors performance by the company's executive bodies, and performs other key functions.			
2.1.1	The board of directors is responsible for appointing and dismissing executive bodies, including for improper performance of their duties. The board of directors also ensures that the company's executive bodies act in accordance with the company's approved development strategy and core lines of business.	1. The board of directors has the authority stipulated in the articles of association to appoint and remove members of executive bodies and to set out the terms and conditions of their contracts. 2. The board of directors reviewed the report(s) by the sole executive body or members of the collective executive body on the implementation of the company's strategy.	Full	
2.1.2	The board of directors sets key long-term targets for the company, assesses and approves its key performance indicators and key business goals, as well as the strategy and business plans for the company's core lines of business.	At its meetings in the reporting period, the board of directors reviewed strategy implementation and updates, approval of the company's financial and business plan (budget), and criteria and performance (including interim) of the company's strategy and business plans.	Full	
2.1.3	The board of directors defines the company's principles and approaches to risk management and internal controls.	1. The board of directors defined the company's principles and approaches to risk management and internal controls. 2. The board of directors assessed the company's risk management and internal controls in the reporting period.	Full	
2.1.4	The board of directors determines the company's remuneration and reimbursement (compensation) policy for its directors, members of executive bodies, and other key executives.	1. The company developed and put in place a remuneration and reimbursement (compensation) policy (policies), approved by the board of directors, for its directors, members of executive bodies, and other key executives. 2. At its meetings in the reporting period, the board of directors discussed matters related to such policy (policies).	Full	
2.1.5	The board of directors plays a key role in preventing, identifying, and resolving internal conflicts between the company's bodies, shareholders and employees.	1. The board of directors plays a key role in preventing, identifying, and resolving internal conflicts. 2. The company set up mechanisms to identify transactions leading to a conflict of interest and to resolve such conflicts.	Full	
2.1.6	The board of directors plays a key role in ensuring that the company is transparent, timely and fully discloses its information, and provides its shareholders with unhindered access to the company's documents.	1. The board of directors approved the company's information policy regulations. 2. The company identified persons responsible for implementing the information policy.	Full	
2.1.7	The board of directors controls the company's corporate governance practices and plays a key role in material corporate events of the company.	In the reporting period, the board of directors reviewed the company's corporate governance practices.	Full	

No.	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.2.	The board of directors is accountable to the company's shareholders.			
2.2.1	Performance of the board of directors is disclosed and made available to the shareholders.	1. The company's annual report for the reporting period includes the information on individual attendance at board of directors and committee meetings. 2. The annual report discloses key performance assessment results of the board of directors in the reporting period.	Partial	1. Attendance at meetings of the Board of Directors and its committees is disclosed in the Annual Report for the reporting period. 2. In the reporting period, the performance of PJSC Aeroflot's Board of Directors was not evaluated. PJSC Aeroflot intends to achieve full compliance with this principle of the Code in the future.
2.2.2	The chairman of the board of directors is available to communicate with the company's shareholders.	The company has in place a transparent procedure enabling shareholders to forward questions and express their position on such questions to the chairman of the board of directors.	Full	
2.3	The board of directors manages the company in an efficient and professional manner and is capable of making fair and independent judgements and adopting resolutions in the best interests of the company and its shareholders.			
2.3.1	Only persons of impeccable business and personal reputation who have knowledge, expertise, and experience required to make decisions within the authority of the board of directors and essential to perform its functions in an efficient way are elected to the board of directors.	1. The procedure for assessing the board of directors performance established in the company includes, inter alia, assessment of professional qualifications of directors. 2. In the reporting period, the board of directors (or its nomination committee) assessed nominees to the board of directors for required experience, expertise, business reputation, absence of conflicts of interest, etc.	Full	
2.3.2	The company's directors are elected via a transparent procedure that enables shareholders to obtain information on nominees sufficient to judge on their personal and professional qualities.	Whenever the agenda of the general meeting of shareholders included election of the board of directors, the company provided to shareholders the biographical details of all nominees to the board of directors, the results of their assessment carried out by the board of directors (or its nomination committee), and the information on whether the nominee meets the independence criteria set forth in Recommendations 102–107 of the Code, as well as the nominees' written consent to be elected to the board of directors.	Full	
2.3.3	The board of directors has a balanced membership, including in terms of directors' qualifications, experience, expertise, and business skills, and enjoys its shareholders' trust.	As part of assessment of the board of directors' performance run in the reporting period, the board of directors reviewed its requirements to professional qualifications, experience, and business skills.	Full	

No.	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.3.4	The company has a sufficient number of directors to organise the board of directors' activities in the most efficient way, including ability to set up committees of the board of directors and enable the company's substantial minority shareholders to elect a nominee to the board of directors for whom they vote.	As part of assessment of the board of directors' performance run in the reporting period, the board of directors considered whether the number of directors met the company's needs and shareholders' interests.	Full	
2.4	The board of directors includes a sufficient number of independent directors.			
2.4.1	An independent director is a person who is sufficiently professional, experienced, and independent to develop their own position, and capable of making unbiased judgements in good faith, free of influence by the company's executive bodies, individual groups of shareholders or other stakeholders. It should be noted that a nominee (elected director) who is related to the company, its substantial shareholder, substantial counterparty or competitor of the company, or related to the government, may not be considered as independent under normal circumstances.	In the reporting period, all independent directors met all independence criteria set out in Recommendations 102–107 of the Code, or were deemed independent by resolution of the board of directors.	Partial	Maxim Sokolov was recognised as an independent director by resolution of the Board of Directors (Minutes No. 2 dated 8 August 2019). However, he seized to be independent in December 2019 after he was appointed Vice Governor of Saint Petersburg.
2.4.2	The company assesses compliance of nominees to the board of directors and reviews compliance of independent directors with independence criteria on a regular basis. In such assessment, substance should prevail over form.	1. In the reporting period, the board of directors (or its nomination committee) made a judgement on independence of each nominee to the board of directors and provided its opinion to shareholders. 2. In the reporting period, the board of directors (or its nomination committee) reviewed, at least once, the independence of incumbent directors listed by the company as independent directors in its annual report. 3. The company has in place procedures defining the actions to be taken by directors if they cease to be independent, including the obligation to timely notify the board of directors thereof.	Full	

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2.4.3	Independent directors make up at least one third of elected directors.	Independent directors make up at least one third of directors.	Partial	Two of the eleven members of the Board of Directors elected by PJSC Aeroflot's Extraordinary General Meeting of Shareholders on 25 June 2019, Igor Kamenskoy and Vasily Sidorov, meet the independence criteria in full. In accordance with the recommendations of the Corporate Governance Code, PJSC Aeroflot's Board of Directors shall include at least three independent directors. PJSC Aeroflot seeks to achieve full compliance with this provision of the Code in the future and uses its best efforts to explain to its shareholders the importance of increasing the number of independent directors serving on the Board of Directors. At the same time, it should be noted that the Russian Federation has a 51.173% stake in PJSC Aeroflot.
2.4.4	Independent directors play a key role in preventing internal conflicts in the company and in ensuring that the company performs material corporate actions.	Independent directors (with no conflicts of interest) run a preliminary assessment of material corporate actions implying a potential conflict of interest and submit the results to the board of directors.	Full	Material corporate actions undergo preliminary assessment by the Audit Committee of the Board of Directors that is mainly made up of independent directors.
2.5 The chairman of the board of directors ensures that the board of directors discharges its duties in the most efficient way.				
2.5.1	The board of directors is chaired by an independent director, or a senior independent director supervising the activities of other independent directors and interacting with the chairman of the board of directors is appointed from among the elected independent directors.	1. The board of directors is chaired by an independent director, or a senior independent director is appointed from among the independent directors. 2. The role, rights and duties of the chairman of the board of directors (and, if applicable, of the senior independent director) are duly set out in the company's internal documents.	None	The balanced composition of the Board of Directors and the comprehensive preliminary review of the matters brought before the Board of Directors (in particular, by committees made up of independent directors) as well as active engagement of the independent directors make implementation of this recommendation redundant. Moreover, the current Board of Directors includes two independent directors, and appointing one of them senior is not viable.
2.5.2	The chairman of the board of directors maintains a constructive environment at meetings, enables free discussion of agenda items, and supervises the execution of resolutions passed by the board of directors.	Performance of the chairman of the board of directors was assessed as part of assessment of the board of directors' performance in the reporting period.	None	In the reporting period, the performance of PJSC Aeroflot's Board of Directors was not evaluated. PJSC Aeroflot intends to achieve full compliance with this principle of the Code in the future.

No.	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.5.3	The chairman of the board of directors takes all steps necessary for the timely provision to directors of information required to pass resolutions on agenda items.	The company's internal documents set out the duty of the chairman of the board of directors to take all steps necessary for the timely provision to directors of materials for the agenda of a board meeting.	Full	
2.6 Directors act reasonably and in good faith in the best interests of the company and its shareholders, on a fully informed basis and with due care and diligence.				
2.6.1	Directors pass resolutions on a fully informed basis, with no conflict of interest, subject to equal treatment of the company's shareholders, and assuming normal business risks.	1. The company's internal documents provide that a director should notify the board of directors of any existing conflict of interest as to any agenda item of the meeting of the board of directors or its committee, prior to discussion of the relevant agenda item. 2. The company's internal documents provide that a director should abstain from voting on any item in connection with which they have a conflict of interest. 3. The company has in place a procedure enabling the board of directors to get professional advice on matters within its remit at the expense of the company.	Full	
2.6.2	The rights and duties of directors are clearly stated and incorporated in the company's internal documents.	The company adopted and published an internal document that clearly defines the rights and duties of directors.	Full	
2.6.3	Directors have sufficient time to perform their duties.	1. Individual attendance at board and committee meetings, as well as time devoted to preparation for attending meetings, was recorded as part of the procedure for assessing the board of directors in the reporting period. 2. Under the company's internal documents, directors notify the board of directors of their intentions to be elected to governance bodies in other entities (apart from the entities controlled by, or affiliated to, the company), and of their election to such bodies.	Partial	1. In the reporting period, the performance of PJSC Aeroflot's Board of Directors was not evaluated. The Company intends to achieve full compliance with this principle of the Code in the future. 2. The relevant responsibility of the Board of Directors' members is set out in the Company's internal documents.
2.6.4	All directors have equal access to the company's documents and information. Newly elected directors are furnished with sufficient information about the company and performance of the board of directors as soon as possible.	1. Under the company's internal documents, directors are entitled to access documents and make requests on the company and its controlled entities, while executive bodies of the company should furnish all relevant information and documents. 2. The company has in place a formalised induction programme for newly elected directors.	Full	
2.7 Meetings of the board of directors, preparation for such meetings, and attendance by directors ensure efficient performance by the board of directors.				
2.7.1	Meetings of the board of directors are held as needed, taking into account the scale of operations and goals of the company at a particular time.	The board of directors held at least six meetings in the reporting year.	Full	

No.	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
2.7.2	Internal regulations of the company formalise a procedure for the preparation and holding of the board meetings, enabling directors to properly prepare for such meetings.	The company has an approved internal document that describes the procedure for arranging and holding meetings of the board of directors and sets out, in particular, that the notice of the meeting is to be given, as a rule, at least five days prior to such meeting.	Full	
2.7.3	The format of the meeting of the board of directors is determined taking into account the importance of its agenda items. The most important matters are dealt with at meetings of the board of directors held in person.	The company's articles of association or internal document provides for the most important matters (as per the list set out in Recommendation 168 of the Code) to be passed at in-person meetings of the board of directors.	Full	
2.7.4	Resolutions on most important matters relating to the company's operations are passed at a meeting of the board of directors by a qualified majority or by a majority of all elected directors.	The company's articles of association provide for resolutions on the most important matters set out in Recommendation 170 of the Code to be passed at a meeting of the board of directors by a qualified majority of at least three quarters or by a majority of all elected directors.	Full	
2.8	The board of directors sets up committees to preview the most important matters of the company's business.			
2.8.1	To preview matters related to controlling the company's financial and business activities, it is recommended to set up an audit committee comprised of independent directors.	1. The board of directors set up an audit committee comprised solely of independent directors. 2. The Committee's responsibilities outlined in Recommendation 172 of the Code are set forth in the Company's internal documents. 3. At least one member of the audit committee represented by an independent director has experience and knowledge of preparing, analysing, assessing, and auditing accounting (financial) statements. 4. In the reporting period, meetings of the audit committee were held at least once a quarter.	Partial	1. The Audit Committee is headed by an independent director. The majority of the Committee members are independent directors. After PJSC Aeroflot's shareholders elect the necessary number of independent directors to PJSC Aeroflot's Board of Directors, the Committee will be duly formed. 2. The Committee's responsibilities outlined in Recommendation 172 of the Code are set forth in the Company's internal documents. 3. All members of the Audit Committee have expertise in preparation, analysis, assessment and audit of accounting (financial) statements. 4. The Committee holds meetings at least once a month.
2.8.2	To preview matters related to adopting an efficient and transparent remuneration scheme, a remuneration committee was set up, comprised of independent directors and headed by an independent director who is not the chairman of the board of directors.	1. The board of directors set up a remuneration committee comprised solely of independent directors. 2. The remuneration committee is chaired by an independent director who is not the chairman of the board of directors. 3. The company's internal documents set out the tasks of the remuneration committee, including those listed in Recommendation 180 of the Code.	Partial	Personnel and Remuneration Committee headed by independent director. The majority of the Committee members are not independent directors. PJSC Aeroflot intends to achieve full compliance with this principle of the Code in the future.

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2.8.3	To preview matters related to talent management (succession planning), professional composition and efficiency of the board of directors, a nomination (appointments and personnel) committee was set up, predominantly comprised of independent directors.	1. The board of directors has set up a nomination committee (or its tasks listed in Recommendation 186 of the Code are fulfilled by another committee), predominantly comprised of independent directors. 2. The company's internal documents set out the tasks of the nomination committee (or the tasks of the committee with combined functions), including those listed in Recommendation 186 of the Code.	Full	
2.8.4	Taking into account the company's scope of business and level of risks, the company's board of directors made sure that the composition of its committees is fully in line with the company's business goals. Additional committees were either set up or not deemed necessary (strategy committee, corporate governance committee, ethics committee, risk management committee, budget committee, health, safety, and environment committee, etc.).	In the reporting period, the board of directors considered whether the composition of its committees was in line with the board's tasks and the company's business goals. Additional committees were either set up or not deemed necessary.	Full	
2.8.5	Committees are composed so as to enable comprehensive discussions of matters under preview, taking into account the diversity of opinions.	1. Committees of the board of directors are headed by independent directors. 2. The company's internal documents (policies) include provisions stipulating that persons who are not members of the audit committee, the nomination committee, and the remuneration committee may attend committee meetings only by invitation of the chairman of the respective committee.	Full	
2.8.7	Committee chairmen regularly report to the board of directors and its chairman on the performance of their committees.	In the reporting period, committee chairmen regularly reported to the board of directors on the performance of committees.	Full	
2.9	The board of directors ensures performance assessment of the board of directors, its committees and members of the board of directors.			
2.9.1	The board of directors' performance assessment is aimed at determining the efficiency of the board of directors, its committees and members, consistency of their work with the company's growth requirements, as well as at bolstering the work of the board of directors and identifying areas for improvement.	1. Self-assessment or external assessment of the board of directors' performance carried out in the reporting period included performance assessment of committees, individual directors, and the board of directors in general. 2. Results of self-assessment or external assessment of the board of directors' performance carried out in the reporting period were reviewed at the in-person meeting of the board of directors.	None	In the reporting period, the performance of PJSC Aeroflot's Board of Directors was not evaluated. PJSC Aeroflot intends to achieve full compliance with this principle of the Code in the future.
2.9.2	Performance of the board of directors, its committees, and members is assessed regularly at least once a year. An external advisor is engaged at least once in three years to conduct an independent assessment of the board of directors' performance.	The company engaged an external advisor to conduct an independent assessment of the board of directors' performance at least once over the last three reporting periods.	None	The external evaluation project of the Board of Directors' performance is underway (planned to be carried out in the next reporting period).

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3.1	The company's corporate secretary ensures efficient ongoing interaction with shareholders, coordinates the company's efforts to protect shareholder rights and interests, and supports efficient performance of the board of directors.			
3.1.1	The corporate secretary has the expertise, experience, and qualifications sufficient to perform his/her duties, as well as an impeccable reputation and the trust of shareholders.	1. The company adopted and published an internal document – regulations on the corporate secretary. 2. The biographical data of the corporate secretary are published on the corporate website and in the company's annual report with the same level of detail as for members of the board of directors and the company's executives.	Full	
3.1.2	The corporate secretary is sufficiently independent of the company's executive bodies and has the powers and resources required to perform his/her tasks.	The board of directors approves the appointment, dismissal, and additional remuneration of the corporate secretary.	Full	
4.1	Remuneration payable by the company is sufficient to attract, motivate, and retain people with competencies and qualifications required by the company. Remuneration payable to directors, executive bodies, and other key executives of the company is in compliance with the approved remuneration policy of the company.			
4.1.1	The amount of remuneration paid by the company to directors, executive bodies, and other key executives creates sufficient incentives for them to work efficiently, while enabling the company to engage and retain competent and qualified specialists. At the same time, the company avoids unnecessarily high remuneration, as well as unjustifiably large gaps between remunerations of such persons and the company's employees.	The company has in place an internal document (internal documents) – the policy (policies) on remuneration of directors, executive bodies, and other key executives, which clearly defines (define) the approaches to remuneration of such persons.	Full	
4.1.2	The company's remuneration policy is devised by the remuneration committee and approved by the board of directors. The board of directors, assisted by the remuneration committee, ensures control over the introduction and implementation of the company's remuneration policy, revising and amending it as required.	During one reporting period, the remuneration committee reviewed the remuneration policy (policies) and its (their) introduction practices to provide relevant recommendations to the board of directors as required.	Full	
4.1.3	The company's remuneration policy includes transparent mechanisms for determining the amount of remuneration due to directors, executive bodies, and other key executives of the company, and regulates all types of expenses, benefits, and privileges provided to such persons.	The company's remuneration policy (policies) includes (include) transparent mechanisms for determining the amount of remuneration due to directors, executive bodies, and other key executives of the company, and regulates (regulate) all types of expenses, benefits, and privileges provided to such persons.	Full	
4.1.4	The company defines a policy on reimbursement (compensation) of expenses, detailing a list of reimbursable expenses and specifying service levels that directors, executive bodies, and other key executives of the company may claim. Such policy can make part of the company's remuneration policy.	The remuneration policy (policies) defines (define) the rules for reimbursement of expenses incurred by directors, executive bodies, and other key executives of the company.	Full	

No.	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
4.2	Remuneration system for directors ensures alignment of financial interests of directors with long-term financial interests of the shareholders.			
4.2.1	The company pays fixed annual remuneration to its directors. The company does not pay remuneration for attending particular meetings of the board of directors or its committees. The company does not apply any form of short-term motivation or additional financial incentive for its directors.	Fixed annual remuneration was the only form of monetary remuneration payable to directors for their service on the board of directors during the reporting period.	Partial	PJSC Aeroflot has in place the Long-Term Incentive Programme for members of PJSC Aeroflot's Board of Directors providing for a variable component of remuneration, which depends on PJSC Aeroflot's capitalisation, in addition to the fixed component. Starting from 1 January 2019, the launch of a new Long-Term Incentive Programme based on the level of PJSC Aeroflot's operational KPIs has been planned.
4.2.2	Long-term ownership of the company's shares helps align the financial interests of directors with long-term interests of shareholders to the utmost. At the same time, the company does not link the right to dispose of shares to performance targets, and directors do not participate in stock option plans.	If the company's internal document(s) – the remuneration policy (policies) stipulates (stipulate) provision of the company's shares to members of the board of directors, clear rules for share ownership by board members are to be defined and disclosed, aimed at stimulating long-term ownership of such shares.	Full	PJSC Aeroflot's Policy on Remuneration of Directors does not imply the provision of PJSC Aeroflot shares to Board members.
4.2.3	The company does not provide for any extra payments or compensations in the event of early termination of directors' tenure, resulting from the change of control or any other reasons whatsoever.	The company does not provide for any extra payments or compensations in the event of early termination of directors' tenure, resulting from the change of control or any other reasons whatsoever.	Full	
4.3	The company reviews its performance and the personal contribution of each executive to the achievement of such performance when determining the amount of a fee payable to members of the executive bodies, and other key executives of the company.			
4.3.1	Remuneration due to members of executive bodies, and other key executives of the company is determined in a manner providing for reasonable and justified ratio of the fixed and variable components of remuneration, depending on the company's results and the employee's personal contribution.	1. In the reporting period, annual performance results approved by the board of directors were used to determine the amount of the variable component of remuneration due to members of executive bodies, and other key executives of the company. 2. During the latest assessment of the system of remuneration of members of executive bodies, and other key executives of the company, the board of directors (remuneration committee) made sure that the company applies an efficient ratio of the fixed and variable remuneration components. 3. The company has in place a procedure that guarantees return to the company of bonus payments illegally received by members of executive bodies, and other key executives of the company.	Full	

No.	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
4.3.2	The company has in place a long-term incentive programme for members of executive bodies, and other key executives of the company with the use of the company's shares (options and other derivative instruments where the company's shares are the underlying asset).	1. The company has in place a long-term incentive programme for members of executive bodies, and other key executives of the company with the use of the company's shares (financial instruments based on the company's shares). 2. The long-term incentive programme for members of executive bodies, and other key executives of the company implies that the right to dispose of shares and other financial instruments used in this programme takes effect at least three years after such shares or other financial instruments are granted. The right to dispose of such shares or other financial instruments is linked to the company's performance targets.	Full	The Long-Term Incentive Programme for members of executive bodies and other key executives, approved by PJSC Aeroflot, does not use PJSC Aeroflot shares or financial instruments based on them.
4.3.3	The compensation (golden parachute) payable by the company in case of early termination of powers of members of executive bodies or key executives at the company's initiative, provided that there have been no actions in bad faith on their part, does not exceed the double amount of the fixed component of their annual remuneration.	In the reporting period, the compensation (golden parachute) payable by the company in case of early termination of the powers of executive bodies or key executives at the company's initiative, provided that there have been no actions in bad faith on their part, did not exceed the double amount of the fixed component of their annual remuneration.	Full	
5.1	The company has in place effective risk management and internal controls providing reasonable assurance in the achievement of the company's goals.			
5.1.1	The company's board of directors determined the principles of and approaches to organising risk management and internal controls at the company.	Functions of different governing bodies and units of the company in risk management and internal controls are clearly defined in the company's internal documents / relevant policy approved by the board of directors.	Full	
5.1.2	The company's executive bodies ensure establishment and continuous operation of effective risk management and internal controls at the company.	The company's executive bodies ensured the distribution of functions and powers related to risk management and internal controls between the heads (managers) of business units and departments accountable to them.	Full	
5.1.3	The company's risk management and internal controls ensure an objective, fair, and clear view of the current state and future prospects of the company, the integrity and transparency of the company's reporting, as well as reasonable and acceptable risk exposure.	1. The company has in place an approved anti-corruption policy. 2. The company established an accessible method of notifying the board of directors or the board's audit committee of breaches or any violations of the law, the company's internal procedures, and conduct code.	Full	
5.1.4	The company's board of directors takes necessary measures to make sure that the company's risk management and internal controls are consistent with the principles of, and approaches to, its setup determined by the board of directors, and that the system is functioning efficiently.	In the reporting period, the board of directors or the board's audit committee assessed the performance of the company's risk management and internal controls. Key results of this assessment are included in the company's annual report.	Full	

No.	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
5.2	The company performs internal audit for regular independent assessment of the reliability and performance of risk management and internal controls and the corporate governance practice.			
5.2.1	The company set up a separate business unit or engaged an independent external organisation to carry out internal audits. Functional and administrative reporting lines of the internal audit department are delineated. The internal audit unit functionally reports to the board of directors.	1. To perform internal audits, the company set up a separate business unit – internal audit division, functionally reporting to the board of directors or to the audit committee, or engaged an independent external organisation with the same line of reporting.	Full	
5.2.2	The internal audit division assesses the performance of the internal controls, risk management, and corporate governance. The company applies generally accepted standards of internal audit.	1. In the reporting period, the performance of the internal controls and risk management was assessed as part of the internal audit procedure. 2. The company applies generally accepted approaches to internal audit and risk management.	Full	
6.1	The company and its operations are transparent for its shareholders, investors, and other stakeholders.			
6.1.1	The company developed and implemented an information policy ensuring efficient exchange of information by the company, its shareholders, investors, and other stakeholders.	1. The company's board of directors approved an information policy developed in accordance with the Code's recommendations. 2. The board of directors (or one of its committees) reviewed the matters of the company's compliance with its information policy at least once in the reporting period.	Full	
6.1.2	The company discloses information on its corporate governance framework and practice, including detailed information on compliance with the principles and recommendations of the Code.	1. The company discloses information on its corporate governance and general principles of corporate governance, including disclosure on its website. 2. The company discloses information on the membership of its executive bodies and board of directors, independence of the directors and their membership in the board of directors' committees (as defined by the Code). 3. If the company has a controlling person, the company publishes a memorandum of the controlling person setting out this person's plans for the company's corporate governance.	Full	

No.	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
6.2	The company makes timely disclosures of complete, updated, and reliable information to allow shareholders and investors to make informed decisions.			
6.2.1	The company discloses information based on the principles of regularity, consistency and promptness, as well as availability, reliability, completeness, and comparability of disclosed data.	1. The company's information policy sets out approaches to, and criteria for, identifying information that can have a material impact on the company's evaluation and the price of its securities, as well as procedures ensuring timely disclosure of such information. 2. If the company's securities are traded on foreign organised markets, the company ensured concerted and equivalent disclosure of material information in the Russian Federation and in the said markets in the reporting year. 3. If foreign shareholders hold a material portion of the company's shares, the relevant information was disclosed both in the Russian language and one of the most widely used foreign languages in the reporting period.	Full	
6.2.2	The company avoids a formalistic approach to information disclosure and discloses material information on its operations, even if disclosure of such information is not required by law.	1. In the reporting period, the company disclosed annual and 6M financial statements prepared under the IFRS. The company's annual report for the reporting period included annual financial statements prepared under the IFRS, along with the auditor's report. 2. The company discloses complete information on its capital structure, as stated in Recommendation 290 of the Code, in its annual report and on the corporate website.	Full	
6.2.3	The company's annual report, as one of the most important tools of its information exchange with shareholders and other stakeholders, contains information enabling assessment of the company's annual performance results.	1. The company's annual report contains information on the key aspects of its operational and financial performance. 2. The company's annual report contains information on the environmental and social aspects of the company's operations.	Full	
6.3	The company provides information and documents requested by its shareholders in accordance with principles of fairness and ease of access.			
6.3.1	The company provides information and documents requested by its shareholders in accordance with principles of fairness and ease of access.	The company's information policy establishes the procedure for providing shareholders with easy access to information, including information on legal entities controlled by the company, as requested by shareholders.	Full	
6.3.2	When providing information to shareholders, the company ensures reasonable balance between the interests of particular shareholders and its own interests consisting in preserving the confidentiality of important commercial information which may materially affect its competitive edge.	1. In the reporting period, the company did not refuse any shareholder requests for information, or such refusals were justified. 2. In cases defined by the information policy, shareholders are warned of the confidential nature of the information and undertake to maintain its confidentiality.	Full	

No.	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
7.1	Actions that materially affect or may affect the company's share capital structure and its financial position and accordingly the position of its shareholders ("material corporate actions") are taken on fair terms ensuring that the rights and interests of the shareholders and other stakeholders are observed.			
7.1.1	Material corporate actions include reorganisation of the company, acquisition of 30% or more of the company's voting shares (takeover), execution by the company of major transactions, increase or decrease of the company's authorised capital, listing or de-listing of the company's shares, as well as other actions which may lead to material changes in the rights of shareholders or violation of their interests. The company's articles of association provide for a list (criteria) of transactions or other actions classified as material corporate actions within the authority of the company's board of directors.	1. The company's articles of association include a list of transactions or other actions deemed to be material corporate actions, and their identification criteria. Resolutions on material corporate actions are referred to the jurisdiction of the board of directors. When execution of such corporate actions is expressly referred by law to the jurisdiction of the general meeting of shareholders, the board of directors presents relevant recommendations to shareholders. 2. According to the company's articles of association, material corporate actions include at least: company reorganisation, acquisition of 30% or more of the company's voting shares (in case of takeover), entering in major transactions, increase or decrease of the company's authorised capital, listing or de-listing of the company's shares.	Full	
7.1.2	The board of directors plays a key role in passing resolutions or making recommendations on material corporate actions, relying on the opinions of the company's independent directors.	The company has in place a procedure enabling independent directors to express their opinions on material corporate actions prior to approval thereof.	Full	
7.1.3	When taking material corporate actions affecting the rights or legitimate interests of shareholders, equal terms and conditions are guaranteed for all shareholders of the company; if the statutory procedure designed to protect shareholders' rights proves insufficient, additional measures are taken to protect their rights and legitimate interests. In doing so, the company is guided by the corporate governance principles set forth in the Code, as well as by formal statutory requirements.	1. Due to specifics of the company's operations, the company's articles of association contain less stringent minimal criteria for material corporate actions than required by law. 2. All material corporate actions in the reporting period were duly approved before they were taken.	Full	

No.	Corporate governance principles	Compliance criteria	Compliance status	Reasons for non-compliance
7.2	The company performs material corporate actions in such a way as to ensure that shareholders timely receive complete information about such actions, allowing them to influence such actions and guaranteeing adequate protection of their rights when performing such actions.			
7.2.1	Information about material corporate actions is disclosed with explanations of the grounds, circumstances, and consequences.	In the reporting period, the company disclosed information about its material corporate actions in due time and in detail, including the grounds for, and timelines of, such actions.	Full	
7.2.2	Rules and procedures related to material corporate actions taken by the company are set out in the company's internal documents.	1. The company's internal documents set out a procedure for engaging an independent appraiser to estimate the value of assets either disposed of or acquired in a major transaction or a related-party transaction. 2. The company's internal documents set out a procedure for engaging an independent appraiser to estimate the value of shares acquired and bought back by the company. 3. The company's internal documents provide for an expanded list of grounds on which members of the company's board of directors, as well as other persons as per the applicable law, are deemed to be related parties to the company's transactions.	Partial	No internal documents are in place; however, relevant procedures are put into practice. PJSC Aeroflot intends to achieve full compliance with this principle of the Code in the future.

Information About the Programme for Disposal of Non-Core Assets

The Programme for Disposal of PJSC Aeroflot's Non-Core Assets (version No. 7) was approved by PJSC Aeroflot's Board of Directors on 21 December 2017. The Action Plan to Dispose of PJSC Aeroflot's Non-Core Assets until 2019 and Register of PJSC Aeroflot's Non-Core Assets were approved by the Board of Directors on 8 May 2019.

The Programme contains criteria for classification of assets as non-core, the non-core asset register, information on encumbrances, book and market value, approach to selecting assets for disposal, as well as disposal methods, procedures and timescales.

The non-core assets owned by PJSC Aeroflot include property and property rights which are outside its flight services, but may be closely related to the development of the Company's end product.

The Company's approach to technological (non-core) assets that have a significant impact on the core business of PJSC Aeroflot:

- Compare benefits from these assets (discounts, reduction in prices and rates, improvement of PJSC Aeroflot's product quality) with the cost of ownership
- Monitor the effectiveness of corporate control

Assets are sold if ownership is found to be ineffective and the corporate control – insufficient.

Technological assets that have a low impact on the core business of PJSC Aeroflot are evaluated in terms of the cost of, and the need for, ownership, based on non-production criteria (achievement of non-commercial objectives, type of business, goodwill, etc.). These assets are disposed of if the effect of ownership is insignificant.

Real estate assets are analysed to determine their highest and best use for the airline's operational and commercial activities.

There were no contracts to purchase/sell securities/interest in non-core entities signed in 2019.

Disposal of PJSC Aeroflot's non-core assets in 2019

Asset	Inventory number	Asset balance sheet item containing the asset as at the reporting date prior its disposal	Accounting items (analytics included) containing asset disposal income and expense	Book value of the asset, RUB thousand	Actual cost of disposal, RUB thousand	Actual cost of disposal vs book value, RUB thousand
49% stake in the share capital of Transnautic Aero GmbH	1,170 (long-term financial investments)	9,121,400,030 – expenses on the sale of securities (outside of exchanges). Writing the asset off the balance	105,154	0	(105,154)	Asset liquidation
TOTAL			105,154	0	(105,154)	