

APPROACH TO SUSTAINABLE DEVELOPMENT

Aeroflot Group actively contributes to society by increasing people's mobility and accessibility of Russian regions. The Group and its subsidiaries work to benefit a wide range of stakeholders, primarily its passengers and employees.

Aeroflot Group's management team fully understands and assumes responsibility not just for the Group's business success but also for Russia's overall development and contribution to addressing some of the most pressing challenges of today, as well as upholding the rights of all stakeholders. Therefore, seeking the right balance between the interests of our business and societal interests is an essential aspect of the Group's activities and growth.

As it closely links its performance with Russia's overall development, Aeroflot Group pursues multiple corporate social responsibility (CSR) projects aimed at contributing to Russian society, promoting culture and sports, providing support for vulnerable groups, preserving the environment, and supporting other important social projects.

Aeroflot complies with all applicable HR, health, safety and environmental protection legislation, striving to meet the highest global standards for corporate social responsibility.



**34.0
thousand
employees**

total headcount of
Aeroflot Group

HUMAN RESOURCES

Highly skilled personnel is key to Aeroflot Group's continued success. Consistent approach to HR management ensures sustainable development for the Group, high performance across its key business areas, and trust of passengers and wider society.

HR POLICY AND PERSONNEL STATISTICS

Aeroflot Group's HR policy is designed to expand the Group's local and global market footprint and win passengers' trust.

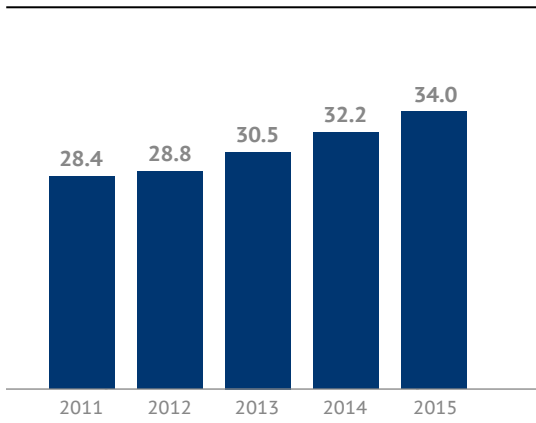
The Group's HR policy seeks to build an effective framework of employee relations as a key source of the Group's competitive advantages and ensure generation of economic efficiency gains in all areas of HR management based on comprehensive consideration of the factors that influence employee motivation, encouraging them to fully fulfil their potential.

As at 31 December 2015, the total headcount of Aeroflot Group was 34.0 thousand employees, a 5.6% increase y-o-y. The headcount growth was driven by the Group's expansion and the implementation of a programme to provide employment to Transaero airline's employees. As of 31 December 2015, Aeroflot Group provided jobs to about 2 thousand former employees of Transaero airline, with more Transaero employees going through a review process. A total of 6,060 vacancies were offered to Transaero employees across Aeroflot Group.

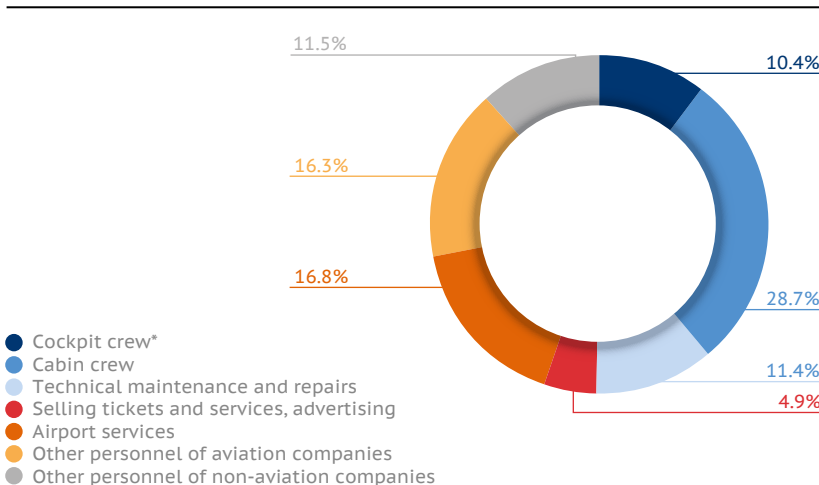


5.6%
headcount
growth

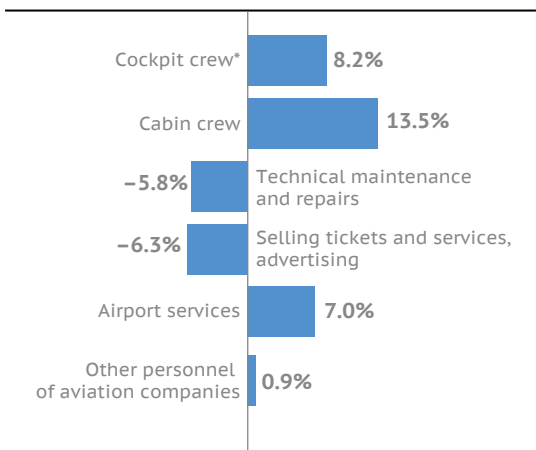
Aeroflot Group headcount, year-end, thousand people



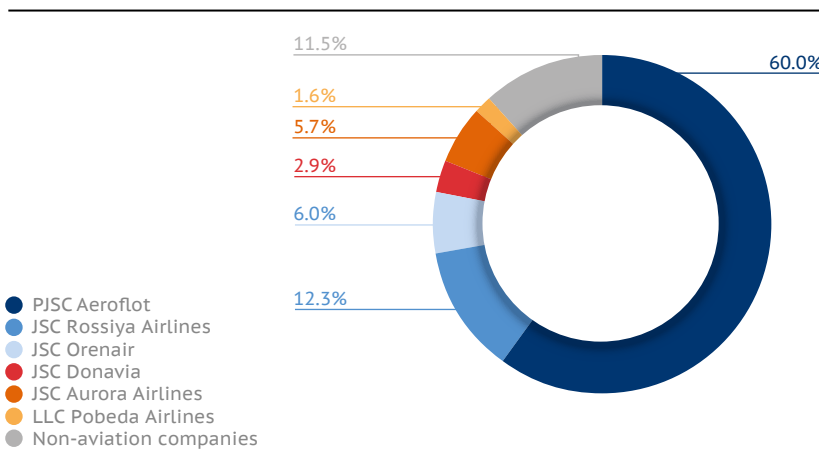
Aeroflot Group's personnel breakdown by category, 2015



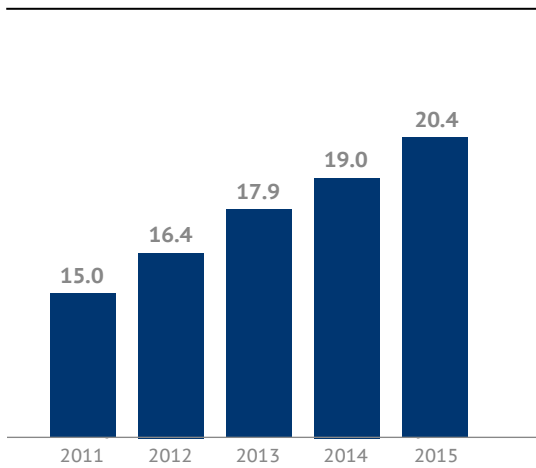
Change in Aeroflot Group's headcount, by category, 2015, y-o-y



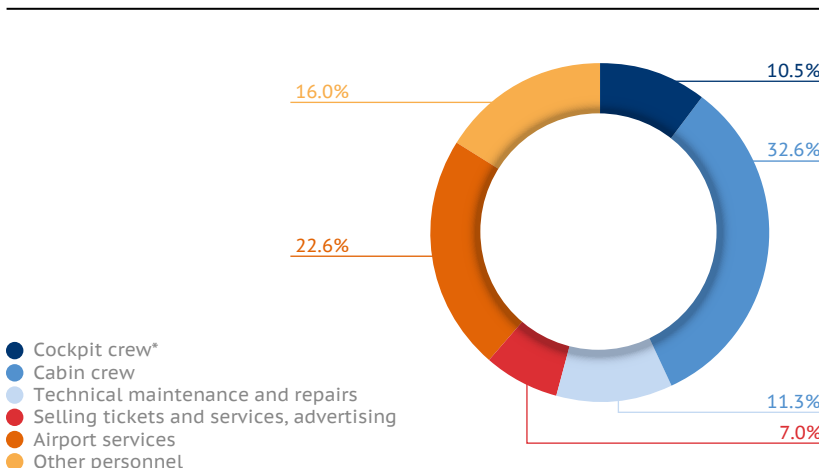
Aeroflot Group's personnel breakdown by company, 2015



PJSC Aeroflot headcount, year-end, thousand people

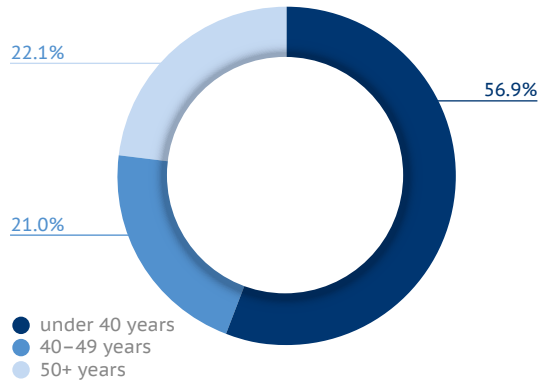


PJSC Aeroflot's personnel breakdown by category, 2015, %

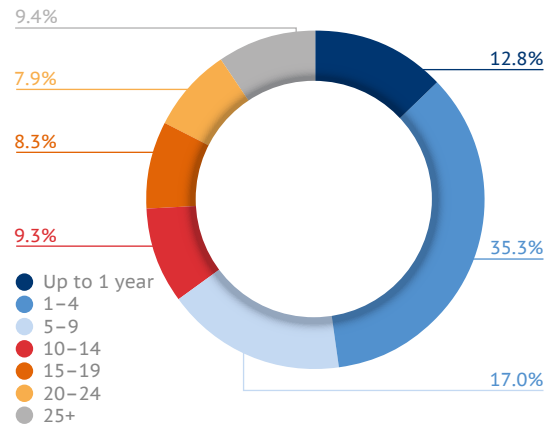


* Includes pilots in command, co-pilots, and other flight crew members (flight engineers, pilot instructors, and others).

PJSC Aeroflot's personnel breakdown by age, 2015



PJSC Aeroflot's personnel breakdown by years with the Company, 2015

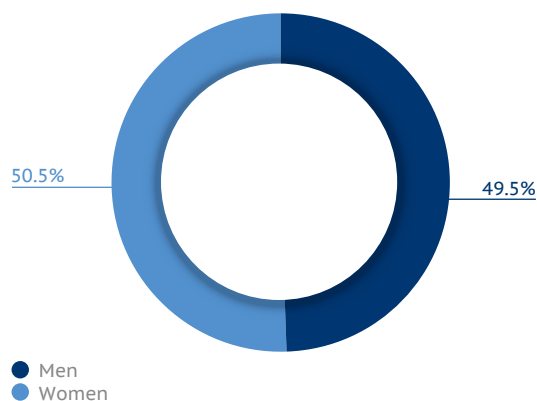


FEMALE EMPLOYEES

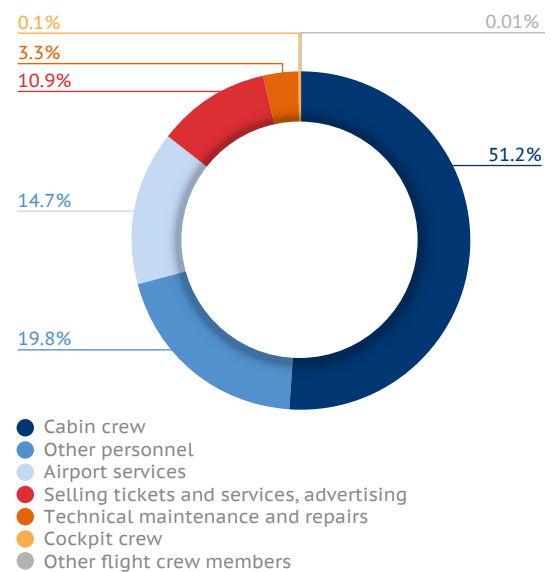
The Group is committed to equal opportunity and provides equal support to women irrespective of positions they hold; 50.5% of all PJSC Aeroflot's employees are women. Women are employed in a wide range of roles – providing customer service both in flight and on the ground, working in technical positions, holding various office jobs, and piloting

aircraft. There are 18 female pilots in the Group's airlines, including pilots-in-command: 14 female pilots in Aeroflot, two in Donavia, and one in Orenair and Aurora each. About 34% of PJSC Aeroflot's managers (division head level and higher) are women.

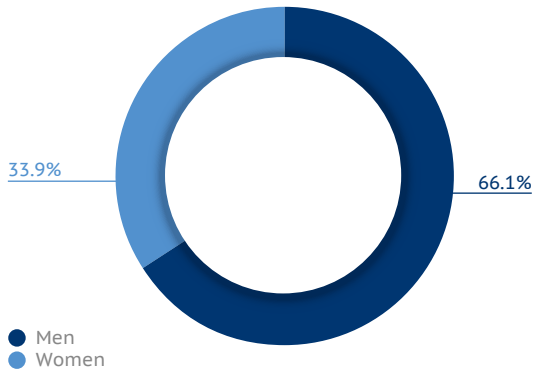
Gender breakdown of PJSC Aeroflot's personnel, 2015



Breakdown of PJSC Aeroflot's female employees by business activity, 2015



Gender breakdown of PJSC Aeroflot's managers, 2015



50.5%
of all PJSC Aeroflot's employees are women



18 female pilots
employed by Aeroflot Group's airlines

PERSONNEL TRAINING AND DEVELOPMENT

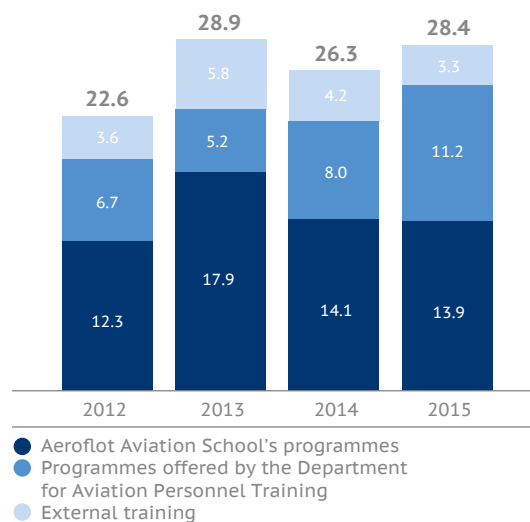
In 2015, PJSC Aeroflot provided or arranged for training for 28.4 thousand employees (some employees completed more than one training programme) both in-house and externally, across a range of training, retraining, professional development, and certification programmes.

In 2015, the Company's Department for Aviation Personnel Training delivered training to 11.2 thousand employees from across engineering, flight operations and ground operations, with students completing instruction courses in new aircraft types, receiving flight simulator training, passenger and cargo flight management training, training in SABRE booking, and other courses.

During 2015, Aeroflot Aviation School, a subsidiary private vocational education institution, provided training to about 14 thousand students. The school delivered retraining and professional development courses focused mainly on ground service of aircraft, flight attendant training, aviation security, regulations for hazardous cargo transportation, and foreign languages.

In 2015, over 3 thousand employees completed training courses at external educational institutions under compulsory operations personnel training and other training programmes.

Employees enrolled in training programmes, thousand people



AEROFLOT AVIATION SCHOOL

Aeroflot Aviation School private vocational education institution (the "Aviation School") strives to lead in aviation personnel training in Russia, seeking to deliver training in line with international best practices.

In 2015, the Aviation School delivered training for cockpit crew and cabin crew, air traffic controllers, aircraft maintenance and flight support staff.

The Aviation School is a reliable provider of vocational training services for most airlines, airports, and other companies and entities

in the Russian civil aviation industry. For many years, the School has successfully collaborated with leading international industry organisations and has accreditations with ICAO, IATA, TCH, Sabre, Amadeus, SITA, and other industry bodies and organisations; the Aviation School is also certified for compliance with ISO 9001-2011.

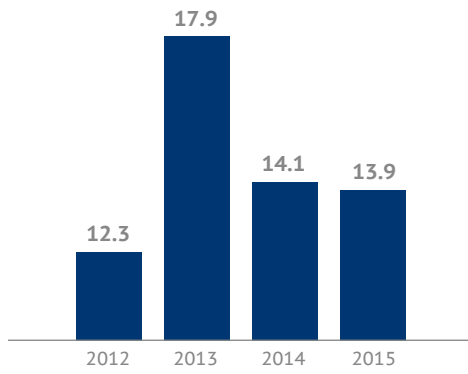
The Aviation School is ranked among the top 10 IATA Authorised Training Centres in Europe.



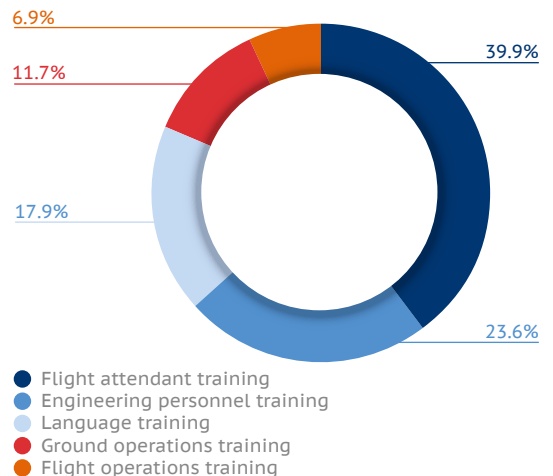
13.9 thousand employees

received training at Aeroflot Aviation School

Students enrolled in Aeroflot Aviation School's programmes (Aeroflot Group's employees only), thousand people



Breakdown of Aeroflot Aviation School's students by training area, 2015



COLLABORATION WITH TECHNICAL SCHOOLS AND UNIVERSITIES

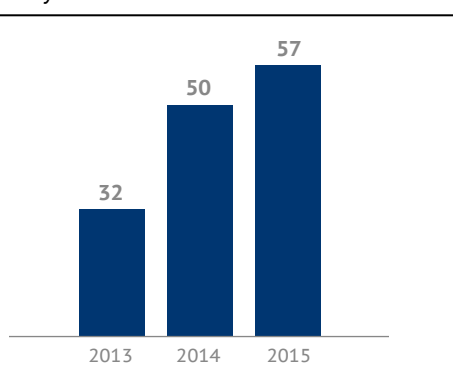
In 2015, for the third time, Aeroflot Group participated in targeted selection of prospective students for the Flight Training programme.

Students receive training at Ulyanovsk Higher Civil Aviation School (University), Saint Petersburg State University of Civil Aviation, and Moscow State Technical University of Civil Aviation. The students enrolled through the

targeted selection programme sign contracts committing them to execute an employment agreement (contract) with PJSC Aeroflot upon graduation and work with the Company for no less than the prescribed period. The first students enrolled in the programme will graduate in 2017.

In addition to the aforementioned targeted training programme, for the second year, Company offers personal scholarships to students of civil aviation schools to encourage graduates to seek employment with Aeroflot airline. As part of this programme, mutual cooperation agreements have been signed with Ulyanovsk Higher Civil Aviation School, Saint Petersburg State University of Civil Aviation, Krasny Kut Civil Aviation School, Sasovo Civil Aviation School, and Buguruslan Civil Aviation School.

Number of students whose training is funded by PJSC Aeroflot



NON-MONETARY INCENTIVES FOR EMPLOYEES

Aeroflot Group runs employee recognition schemes as a non-financial motivation tool and a way to recognise people across the Group's airlines for their achievements and contribution. In 2015, we focused our efforts in enhancing non-financial incentives on awarding and recognising Aeroflot Group employees for achievements in performing their duties. Over 1,400 employees of PJSC Aeroflot were recognised with corporate awards in 2015, including seven employees awarded

with Aeroflot Excellence badge of honour, and 145 employees awarded with Operational Excellence in Aeroflot badge; 91 employees of the Flight Operations Department were awarded distinctions.

Best performers in the Group's subsidiaries were celebrated with corporate awards, industry awards of the Russian Ministry of Transport, and also with regional and municipal awards.

OCCUPATIONAL HEALTH AND SAFETY

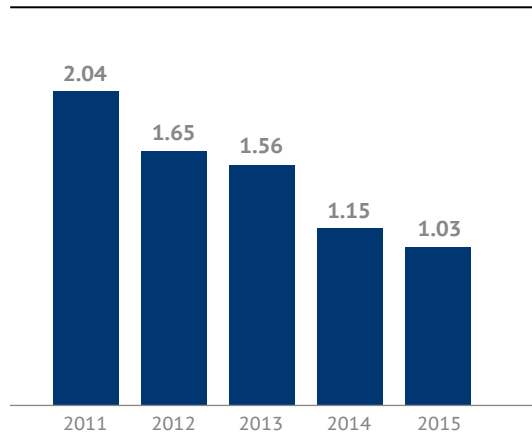
Transport industry has a significant share of jobs exposed to harmful and hazardous working conditions, which makes health and safety matters a foremost priority. PJSC Aeroflot has a certificate confirming its compliance with regulatory occupational safety requirements.

In 2015, we continued consistent efforts to ensure safe working conditions, with special attention paid to health and safety training, monitoring the state of health and safety performance and preventing occupational injuries and diseases.

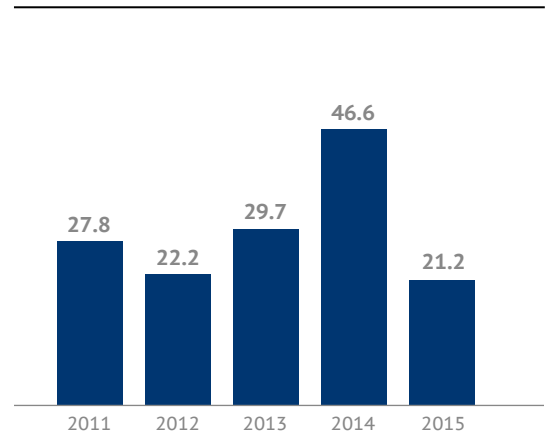
In 2015, Aeroflot airline carried out a special assessment of working conditions at 5,615 workplaces as per Federal Law No. 426-FZ On Special Assessment of Working Conditions.

During 2015, there were 19 accidents of varying severity. The accidents were thoroughly investigated, with the heads of relevant business units communicating to their subordinates the accident circumstances and causes, and safety briefings provided. Injury frequency rates in 2015 were improved from the previous year, as a result of the Company's consistent efforts in this area.

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



Lost time incident rate (per injured person) in PJSC Aeroflot



SOCIAL PROGRAMMES FOR COMPANY EMPLOYEES

Aeroflot Group's social policy is developed and implemented in a systemic manner, pursuant to PJSC Aeroflot's Collective Bargaining Agreement and approved local internal regulations. The current version of the collective bargaining agreement was approved in 2014 and is valid until 1 December 2017.

The principal objective of our social programmes is to recruit and retain people whose performance contributes to improving the Company's business and achieving its strategic goals. Our social programmes are

also aimed at developing key competitive capabilities of our people – professionalism, constructive attitudes, customer focus, resilience, and team spirit, while also improving motivation and loyalty levels.

Social benefits offered by social programmes are part of the compensation package, fostering a favourable environment for employees' effective performance, providing social support to the staff, and bolstering the image of Aeroflot airline.

Occupational pension scheme

PJSC Aeroflot's pension scheme is based on joint participation of the employer and the employee, whereby personal contributions of the scheme participants are matched by those of the Company at the rate of 20%. As at the end of 2015, 5,949 employees of PJSC Aeroflot participated in the corporate private pension scheme.

Upon retirement, the Company complements the state-funded pension of an employee participating in the private

pension scheme with a corporate pension. As of 31 December 2015, corporate pensions were paid to 4,293 former employees.

The Company runs its private pension scheme in parallel with an incentive scheme to provide mandatory pension insurance through co-financed contributions to the cumulative part of the state-paid pensions.



2.5 thousand employees

sent to health resorts

Resort therapy for employees and their families

As part of the corporate rest cure programme, the Company's employees and their families are sent to various health resorts located in different regions of Russia and abroad in cases of medical necessity.

The programme is financed using voluntary health insurance coverage and funds from the budget of the Social Insurance Fund of the Russian Federation, which is formed from insurance contributions made by the Company to insure employees against work accidents and occupational diseases.

In 2015, the Company provided funds to cover health resort vacations for 2,495 employees, including for 72 children who together with their parents received

treatment under the Mother and Child programme. Rest cures are mostly provided at the Black Sea coast and health resorts at Mineralnye Vody (mineral spring resorts located in the South of Russia).

During school summer holidays, 400 children of the Company's employees spent time in the Starlet children's holiday camp (at the Sunny Beach in Bulgaria). A special health rehabilitation programme for flight crew (pilots and flight attendants) was run at a health resort in Karlovy Vary, the Czech Republic, where 800 pilots and flight attendants received free medical treatment.

Housing programme for Aeroflot airline's crew

In 2015, 47 pilots participated in a housing programme, with the Company subsidising interest payments on employees' mortgage loans.

Financial assistance to current and former employees

In 2015, PJSC Aeroflot's Social Policy Commission provided financial support to 114 current and former employees in difficult circumstances.

Corporate housing for employees

During the year, the Company's key employees from the regions were provided with company-owned housing close to Sheremetyevo airport, with 1,500 employees on average benefiting from the free lease arrangements.

These housing opportunities are mostly provided at Aeroflot's Flight Camp based at Ozero Krugloe Complex in Moscow region (close to Sheremetievo airport). The Camp is not just a place for residence and recreation; it also provides an interactive platform to help foster the corporate culture and share expertise. Employees residing at the Camp enjoy comfortable amenities, including free access to fitness facilities, a cinema hall, Wi-Fi in the rooms, etc. In 2015, over 1,100 employees resided in the Camp.

Daycare spending compensation programme for employees kids

During 2015, over 2,000 employees of PJSC Aeroflot were provided with daycare spending compensation benefits for their children.