



The Stand Taken by the Board of Directors  
of Public Joint Stock Company Aeroflot — Russian Airlines  
(hereinafter referred to as “Aeroflot PJSC,” or the “Company”)  
for the items on the Agenda of the Company’s Annual General Meeting  
to be convened on 27 July 2020

### **1. Approval of the annual report for 2019**

#### The Stand Taken by the Board of Directors:

The Board of Directors has reviewed the annual report of Public Joint Stock Company Aeroflot — Russian Airlines.

The annual report is drafted in accordance with the Federal Law on Joint Stock Companies and complies with Resolution No. 1214 of the Russian Government dated 31 December 2010, the Regulations on Disclosures by Issuers of Securities, and the Corporate Governance Code.

#### Recommendations:

The Board of Directors recommends that the Annual General Meeting adopt the annual report of Aeroflot PJSC for 2019.

### **2. Approval of the annual accounting (financial) statements for 2019**

#### The Stand Taken by the Board of Directors:

The Board of Directors has reviewed the annual accounting (financial) statements of Aeroflot PJSC for 2019 drafted in accordance with the Russian Accounting Standards (RAS) and read the relevant auditor’s report dated 31 January 2020 prepared by HLB Vneshaudit JSC as the Company’s auditor (PSRN 1027739314448).

Besides, the Board of Directors took into consideration the positive opinion regarding the performance of Aeroflot PJSC in 2019, which was given by the Company’s Audit Commission.

#### Recommendations:

The Board of Directors recommends that the Annual General Meeting adopt the annual accounting (financial) statements of Aeroflot PJSC for the fiscal year of 2019.

### **3. Ratification of the distribution of profits earned by Aeroflot PJSC in 2019**

#### The Stand Taken by the Board of Directors:

The net profit earned by Aeroflot PJSC in 2019 amount so RUB 5,286,800,000.

#### Recommendations:

Concerning the net profit earned by Aeroflot PJSC in the fiscal year of 2019, the Board of Directors recommends that the next Annual General Meeting ratify the distribution of the profit earned by Aeroflot PJSC in the fiscal year of 2019 as advised by the Board of Directors, including as follows:

- RUB 7,219,000 for the remuneration to be paid to members of the Audit Commission;
- and
- RUB 1,351,200,000 for the compensation to be paid out to employees under the Regulations on Profit Sharing Program. However, given the material adverse effect caused to Aeroflot PJSC by the coronavirus crisis, the remuneration to be paid to CEO, Deputy CEOs, other members of the Management Board, and Chief Accountant of Aeroflot PJSC, as set forth in the aforementioned Regulations, should be reserved and should not be paid until Aeroflot PJSC fulfills completely its obligations in view of the sovereign guarantees granted by the Government of the Russian Federation in 2020;
  - RUB 1,003,835,000 for the compensation to be paid out to employees from the Company's net profit over the year under the Regulations on Employee Compensation;
  - RUB 2,548,060,000 to finance capital investment; and
  - RUB 2,985,902,000 (i.e., RUB 376,486,000 of the net profit earned in 2019 and RUB 2,609,416,000 of unused distributed profits from previous periods) to be added to the Targeted Program and Contingency Fund.

#### **4. On the amount, dates, and form of the dividends to be paid based on the performance in 2019 and the date to determine those Shareholders who qualify for receiving the dividends**

##### The Stand Taken by the Board of Directors:

The business of Aeroflot PJSC has suffered a material adverse effect caused by the coronavirus crisis, therefore the dividends for the fiscal year of 2019 should not be declared and should not be paid out.

##### Recommendations:

The Board of Directors recommends that the next Annual General Meeting refrain from declaring and paying out the dividends for the fiscal year of 2019 due to the material adverse effect caused to the business of Aeroflot PJSC by the coronavirus crisis.

#### **5. Remuneration to be paid to members of the Board of Directors**

##### The Stand Taken by the Board of Directors:

In accordance with Paragraph 2 of Article 64 of the Federal Law on Joint Stock Companies and Paragraph 16.8.20 of the Company's Articles of Association, approvals of the remuneration and compensation payable to the Board of Directors fall within the competence of the General Meeting of Shareholders.

Therefore, the Annual General Meeting is invited to take action as follows:

##### Recommendations:

1. Approve the amounts of the fixed personal compensation to be paid to members of the Board of Directors under the Regulations on Remuneration and Compensation for the Board of Directors for the 2019–2020 fiscal year.

The amounts of the fixed personal compensation are stated on Ballot Paper No. 1.

2. Terminate the Long-term Incentive Program for the Board of Directors for 2019–2020 provided for in Section 6 of the Regulations on Remuneration and Compensation for the Board of Directors, approve the remuneration for the Board of Directors under the Long-term Incentive Program as stipulated the Regulations on Remuneration and Compensation for the Board of Directors for the interim period (i.e., from 1 January 2019 until 31 December 2019), and declare the same to be the remuneration based on the early termination.

The remuneration under the Long-term Incentive Program for the Board of Directors should not be paid until Aeroflot PJSC fulfills completely its obligations in view of the sovereign guarantees granted by the Government of the Russian Federation in 2020.

The amounts of personal pays are stated on Ballot Paper No. 1.

## **6. Remuneration to be paid to members of the Audit Commission**

### The Stand Taken by the Board of Directors:

In accordance with Paragraph 1 of Article 85 of the Federal Law on Joint Stock Companies and Paragraph 16.8.20 of the Company's Articles of Association, approvals of the remuneration and compensation payable to the Audit Commission fall within the competence of the General Meeting of Shareholders.

Besides, while in office, members of the Audit Commission are granted remuneration as decided upon by the Annual General Meeting and prescribed in Article 8 of the Audit Commission Regulations, which were adopted by the General Meeting of Shareholders on 25 June 2015, and amounts of such remuneration are set forth by the resolution of the General Meeting of Shareholders.

Therefore, the next Annual General Meeting is invited to approve payment of the remuneration to members of the Audit Commission.

### Recommendations:

The next Annual General Meeting is invited to approve the amount of the remuneration to be paid to members of the Audit Commission.

The amounts of personal pays are stated on Ballot Paper No. 1.

## **7. Election to the Board of Directors**

### The Stand Taken by the Board of Directors:

In accordance with Paragraph 1 of Article 48 and Paragraph 1 of Article 66 of the Federal Law on Joint Stock Companies and Paragraph 16.8 of the Company's Articles of Association, elections to the Board of Directors fall within the competence of the General Meeting of Shareholders.

Pursuant to Paragraph 19.3 of the Company's Articles of Association, the General Meeting of Shareholders shall elect eleven (11) members of the Board of Directors until the next Annual General Meeting, in the manner prescribed by the Federal law on Joint Stock Companies and the Company's Articles of Association.

### Recommendations:

The Board of Directors recommends that the next Annual General Meeting elect eleven (11) members of the Board of Directors from among the twelve (12) candidates nominated by Shareholders.

## **8. Election to the Audit Commission**

### The Stand Taken by the Board of Directors:

In accordance with Paragraph 1 of Article 48 and Paragraph 1 of Article 85 of the Federal Law on Joint Stock Companies and Paragraph 16.8.8 of the Company's Articles of Association, elections to the Audit Commission fall within the competence of the General Meeting of Shareholders.

Pursuant to Paragraph 23.1 of the Company's Articles of Association, the General Meeting of Shareholders shall elect five (5) members of the Audit Commission to exercise control over the Company's business until the next Annual General Meeting.

### Recommendations:

The Board of Directors recommends that the next Annual General Meeting elect five (5) members of the Audit Commission from among the candidates nominated by Shareholders.

## **9. Approval of auditors for 2020**

### The Stand Taken by the Board of Directors:

In accordance with Paragraph 1 of Article 48 and Paragraph 2 of Article 86 of the Federal Law on Joint Stock Companies, and Paragraph 23.10 of the Company's Articles of Association, the Company's auditor approved by the General Meeting of Shareholders.

The Board of Directors has reviewed the RAS and IFRS auditors selected through the competitive bidding.

### Recommendations:

1. The Board of Directors proposes that the next Annual General Meeting should approve HLB Vnesaudit JSC as the auditor for the RAS annual accounting (financial) statements of Aeroflot PJSC for 2020.

2. The Board of Directors proposes that the next Annual General Meeting should approve PricewaterhouseCoopers Audit JSC as the auditor for the IFRS consolidated financial statements of Aeroflot PJSC (Aeroflot Group) for 2020.

## **10. Membership in alliances, associations, and other incorporations of for-profit organizations**

### The Stand Taken by the Board of Directors:

In accordance with Paragraph 16.8.16 of Article 16 of the Company's Articles of Association and in Paragraph 1.18 of Article 48 of Federal Law No. 208-FZ On Joint Stock Companies dated 26 December 1995, Membership of Aeroflot PJSC in financial and industrial groups, associations, or other for-profit organizations fall within the competence of the General Meeting of Shareholders.

Pursuant to Paragraph 16.11 of Article 16 of the Articles of Association, action upon the matters referred to in Paragraphs 16.8.2, 16.8.6, 16.8.12–16.8.18 of Article 16 thereof cannot be taken by the General Meeting of Shareholders unless so proposed by the Board of Directors.

The Board of Directors put forward the relevant proposals on 20 February 2020.

Recommendations:

The Board of Directors recommends that the next Annual General Meeting approve membership of Aeroflot PJSC in:

1. International Congress of Industrialists and Entrepreneurs, an international union of public associations (ICIE);
2. Russian Association of Air Transport Operators, a not-for-profit organization; and
3. National Technology Transfer Association.

**11. Transactions to be performed by Aeroflot PJSC (items No. 11–14)**

The Stand Taken by the Board of Directors:

In accordance with the current legislation of the Russian Federation, material and related-party transactions shall be agreed upon in the manner prescribed by the Federal Law on Joint Stock Companies.

The following transactions are proposed for the approval by the Annual General Meeting:

1. The related-party transactions for passenger revenue management on flights operated by Rossiya Airlines, JSC under the Codeshare/Block Space Agreement;
2. The related-party transaction with Aeromar JSC for the supply of in-flight catering, related products, and catering equipment for flights operated by the airlines within Aeroflot Group at Sheremetyevo International Airport;

3. Changes in the terms and conditions of the related-party operating lease transactions (a series of interrelated transactions) for Pobeda Airlines LCC to lease ten new Boeing 737-800 aircraft with engines manufactured by CFM International S.A.;

4. Changes in the terms of the transaction (a series of interrelated transactions) to lease twenty new Sukhoi SuperJet 100 aircraft, with one of the interrelated transactions being a related-party transaction.

The above transactions are related-party transactions for Aeroflot PJSC since members of its Management Board are also directors in each of the above companies.

Material transactions and transactions that are related-party transactions and meet the criteria set forth in the Federal Law on Joint Stock Companies must be approved by the General Meeting of Shareholders in accordance with the Federal Law on Joint Stock Companies and the Company's Articles of Association.

Furthermore, in accordance with Paragraph 3 of Article 49 of the Federal Law on Joint Stock Companies and Paragraph 16.11 of the Articles of Association, a resolution to agree upon a related-party transaction cannot be adopted by the Company's General Meeting unless so proposed by the Board of Directors.

Recommendations:

The Board of Directors recommends that the next Annual General Meeting approve (endorse) all of the transactions of Aeroflot PJSC that are brought before the next Annual General Meeting.

The proposed wording for the resolutions to approve the above transactions is given on Ballot Paper No. 3.