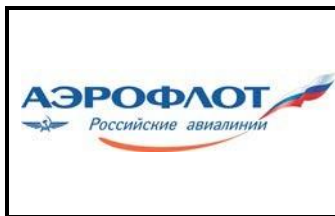
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APPROVED
by Decision of the Board of Directors
of PJSC “Aeroflot”
Minutes No. 8 dated December 21, 2015

Regulations on the System of Disclosure of Confidential Information to the Board of Directors (Audit Committee of the Board of Directors) “Hotline”

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**Regulations on the System of
Disclosure of Confidential
Information to the Board of
Directors (Audit Committee of the
Board of Directors) “Hotline”**

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1. General Provisions

1.1. The Regulations on the System of Disclosure of Confidential Information to the Board of Directors (Audit Committee of the Board of Directors) “Hotline” (hereinafter referred to as the “Regulations”) have been drawn up in accordance with the requirements of Russian legislation and international best practices, and are aimed at ensuring effective management, implementing principles of openness, and mainstreaming the human rights and interests of interested parties.

1.2. The system for disclosing confidential information to the Board of Directors (Audit Committee of the Board of Directors) “Hotline” (hereinafter referred to as the “Hotline”) is one of the instruments aimed at promoting a culture of openness and transparency, a better understanding of issues related to operational activities, detection of unethical behaviour of employees and (or) members of the management body or the controlling body with regard to financial and economic activities of PJSC “Aeroflot” and its subsidiary companies (hereinafter referred to as the “Aeroflot Group”), as well as combating fraud/corruption and preventing illegal actions.

1.3. The present Regulations shall regulate the procedure for submission and examination of messages received on the Hotline.

1.4. PJSC “Aeroflot” upholds open and active communication and provides users/customers/partners with an opportunity to share their concerns on any matter within the framework of an open dialogue, using the Hotline.

1.5. The messages shall be examined in strict confidentiality by the Internal Audit Department (hereinafter referred to as the “IAD”). Existing procedures for the functional subordination of the IAD to the Board of Directors (Audit Committee of the Board of Directors) and administrative subordination directly to the Director General of PJSC “Aeroflot” ensure independence and self-determination required for objective performance of functions assigned to the IAD and comply with examples of good practices and international professional standards for internal audit.

1.6. PJSC “Aeroflot” considers it unacceptable for other persons to persecute/prosecute callers for raising an issue or reporting a violation in good faith.

1.7. PJSC “Aeroflot” guarantees that employees of the Aeroflot Group shall not be subjected to negative reactions (dismissal, undesirable changes in position, deprivation of bonuses, etc.) in the case of calls to the Hotline and information about the alleged presence of a problem, including in the event that violations of the facts stated in the call are not confirmed in the course of an internal investigation¹.

2. Regulatory References

Federal Law No.273-FZ “On Combating Corruption” dated 25.12.2008;

Federal Law No.224-FZ “On Prevention of Unlawful Use of Insider Information and Market Manipulation and on Amendments to Certain Legislative Acts of the Russian Federation” dated 27.07.2010;


Federal law No.39-FZ “On the Securities Market” dated 22.04.1996;

Concept and application of COSO “Internal Control. Integrated Model” (2013);

International professional internal auditing standards;

RI-GD-287H Code of Corporate Ethics of PJSC “Aeroflot”;

¹ Current legislation and organizational, administrative, and regulatory documents of the Aeroflot Group provide for enforcement actions to be taken in the case of false information.

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RI-GD-170H Regulation on Confidential Information in PJSC “Aeroflot”;

RI-GD-272H Procedure for notifying the management of PJSC “Aeroflot” of calls to induce employees of PJSC “Aeroflot” to commit corruption offenses;

RI-GD-132H Regulation on Access to Insider Information.

3. Terms, Definitions and Abbreviations

Anti-corruption procedures (combating corruption) – activities of the Aeroflot Group within its plenary powers;

preventing corruption, including identification and subsequent elimination of the causes of corruption (corruption prevention);

identifying, preventing, suppressing, detecting and investigating corruption offenses (combating corruption);

minimizing and (or) eliminating the consequences of corruption offenses (based on the definition established by Federal Law No.273-FZ “On Combating Corruption” dated 25.12.2008).


Internal control – a process carried out by the Board of Directors, the management and other employees of the organization aimed at providing reasonable assurance in achieving objectives related to operating activities, reporting and compliance (on the basis of the definition established by the Concept and applications of COSO “Internal Control. Integrated Model” (2013).

Callers/Declarants - employees of the Aeroflot Group, customers, business partners, and other persons with whom PJSC “Aeroflot” and/or subsidiary organizations intend to enter into or are in civil legal relations.

Insider information² - precise and specific information that has not been disseminated or presented (including information on commercial, official, and bank secrets, relationship secrets (in terms of information on postal money transfers), and other secrets protected by law), the dissemination or presentation of which may have a significant impact on the prices of financial instruments, foreign currency and (or) goods (including information relating to one or more issuers of securities, one or more investment management companies, mutual funds and private pension funds, one or several economic entities specified in paragraph 2 of Article 4 of Federal Law No.224-FZ dated 27.07.2010, or one or more financial instruments, foreign currency and (or) services), and which refers to the information included in the relevant list of insider information indicated in Article 3 of Federal Law No.224-FZ dated 27.07.2010 (based on the definition established by Federal Law No.224-FZ “On Prevention of Unlawful Use of Insider Information and Market Manipulation and on Amendments to Certain Legislative Acts of the Russian Federation” dated 27.07.2010).

Controlling person – a person who has the right to directly or indirectly (through entities under his control) to dispose, by virtue of participation in the controlled entity and (or) on the basis of contracts on discretionary asset management, and (or) a broad partnership, and (or) an assignment, and (or) a shareholders’ agreement, and (or) another agreement, the subject of which is the implementation of the rights certified by shares (stakes) of the controlled entity, of more than 50 percent of the votes in the supreme governing body of the controlled entity or the right to appoint (elect) a sole executive body and (or) of more than 50 percent of the governing board of

² List of information relating to insider information of PJSC “Aeroflot” defined in the Annex to the Regulation on the Procedure for Accessing Insider Information.

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the controlled entity (based on the definition established by Federal Law No.39-FZ “On the Securities Market” dated 22.04.1996).

Corruption - the abuse of official position, bribery, bribe-taking, abuse of power, commercial bribery or any other illegal use by an individual of his official position contrary to the legitimate interests of society and the state in order to obtain benefits in the form of money, valuables, or other assets or services of material nature, other property rights for himself or for third parties, or the illegal offer of such benefits to a specified person by other individuals (based on the definition established by Federal Law No.273-FZ “On Combating Corruption” dated 25.12.2008).

Fraud - theft of money or other property, or the purchase of the right to someone else’s property by deception, abuse of trust, submission of false and (or) unreliable information or deliberate distortion of data in information resources.

Controlled entity (controlled organization) – a legal entity that is under the direct or indirect control of the controlling person (based on the definition established by Federal Law No.39-FZ “On the Securities Market” dated 22.04.1996).

Materiality - the relative importance (significance) of an issue under examination, including quantitative and qualitative factors such as magnitude, nature, effect, relevance and implications (based on the definition established by International Professional Standards for Internal Auditing).

4. Field of Application

4.1. The Hotline may be used to call the company in order to report on the following categories of information:

violations of applicable legal requirements and any organizational, administrative, and regulatory documents of the Aeroflot Group related to insider information, fraud and corruption³ by any employee (or) any member of the management body or controlling body with regard to financial and business activities of the Aeroflot Group;

violations of the Code of Corporate Ethics of PJSC “Aeroflot”;

suggestions for improving internal control procedures (including anti-corruption procedures).

4.2. The Hotline may not be used for the following:

disseminating false information discrediting the honour and dignity of another person or undermining his reputation;

directing insults or threats towards employees of the Aeroflot Group;


implementing hooligan intentions;

disseminating advertising information.

5. Roles, Rights and Responsibilities of Participants

5.1. The following participate in this process:

³ If a call is received by an employee of PJSC “Aeroflot” in order to induce him and/or other employees of PJSC “Aeroflot” to commit corruption offenses, the management of PJSC “Aeroflot” shall be notified of such facts in accordance with the “Procedure for notifying the management of PJSC “Aeroflot” on calls to induce employees of PJSC “Aeroflot” to commit corruption offenses”.

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Caller;
IAD.

5.2. All employees of the Aeroflot Group have the right to report any violations carried out by other employees of the Aeroflot Group with regard to the requirements of the Group’s applicable law, and organizational, administrative, and regulatory documents related to insider information, fraud and corruption, and the Code of Corporate Ethics of PJSC “Aeroflot”, no matter who they may be, and whether it concerns their subordinates, managers, other persons, or them personally.

5.3. All customers, business partners and other persons with whom the Aeroflot Group intends to enter into or is in civil and legal relations may report any violations carried out by employees of the Aeroflot Group with regard to the requirements of the Group’s applicable law, and organizational, administrative, and regulatory documents related to insider information, fraud and corruption, and the Code of Corporate Ethics of PJSC “Aeroflot”.

5.4. Callers may send their suggestions for improving internal control procedures (including anti-corruption procedures).

5.5. The IAD is responsible for the implementation and updating of the present Regulations, collects and analyzes the messages, conducts internal investigations and inspections, invites experts to take part in official investigations (if necessary), examines proposals if the received messages contain proposals to improve internal control procedures, and invites other structural subdivisions to take part in the examination (if necessary), informs the interested parties of the results of official investigations and inspections (if necessary), and prepares summary reports for the Audit Committee of the Board of Directors and the Director General of PJSC “Aeroflot”.

6. Mechanisms for Submitting Confidential Information

6.1. The Hotline functions basically on the principles of confidentiality and anonymity. PJSC “Aeroflot” gives Callers the opportunity to report anonymously, i.e. without disclosing their personal data. However, it should be borne in mind that if the Caller does not provide all the information that he has, and cannot be contacted for additional information, it may be difficult to conduct a more thorough and efficient official investigation.

6.2. Each Declarant may submit a message on issues referred to in paragraph 4.1 of the present Regulations on the website of PJSC Aeroflot in “Contact Airline” (<http://www.aeroflot.ru/cnns/about/queries>). There is a separate section reserved for messages in accordance with paragraph 4.1 of these Regulations.

6.3. Callers must report violations in good faith, impartially, fairly and politely. In order to expedite the processing and examination of each call, it is advisable to specify the following information:


- brief description of the main point (data, facts and circumstances, possible causes, surname, name and patronymic, and job position of the persons involved, consequences, including possible financial or physical damage, recommendations, etc.);

- business field where the violation happened/is happening or may happen;

- period of time during which the violation happened/is happening or may happen;
- periodicity (constantly, once);

- surname, first name and patronymic, as well as the Caller’s contact details to clarify information contained in the message, and address a response about the results of the examination (at the Caller’s discretion).

If necessary, the Declarant may attach documents to his message and/or materials in the

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form of files.

6.4. In accordance with the Regulations on Confidential Information in PJSC “Aeroflot”, information received on the Hotline may be classified as PJSC “Aeroflot’s” confidential information with observance of respective modes of reporting, storage and protection.

7. Procedure for Examining Calls/Messages

7.1. The IAD gathers and analyzes messages received on the Hotline every day. All messages must be registered by the IAD in accordance with current organizational, administrative, and regulatory documents of PJSC “Aeroflot”.

7.2. The following measures may be taken after the messages have been analyzed:

- to conduct an official investigation;
- to conduct an inspection;
- to forward the message elsewhere;
- to reject the message.

7.3. The IAD shall reject messages in the event that the information identified in the message falls under the category of information listed in paragraph 4.2, and (or) if the information contained in the message is insufficient to implement further measures and the Caller has not provided his contact information. If the message is rejected, it will not be submitted for further examination.

7.4. The IAD shall forward the messages elsewhere if the calls received on the Hotline have nothing to do with matters governed by the present Regulations (see paragraph 4.1). Such messages should be forwarded to other responsible subdivisions in accordance with organizational, administrative, and regulatory documents of the Aeroflot Group within three (3) days after the date of the call.

7.5. Internal investigations and (or) inspections shall be conducted by decision of the IAD Director. Official investigations shall be conducted for messages concerning violations of the requirements of applicable law, and organizational, administrative, and regulatory documents of the Aeroflot Group related to insider information, fraud and corruption, and the Corporate Code of Ethics of PJSC “Aeroflot”. Inspections shall be conducted for messages with proposals to improve the internal control procedures (including anti-corruption procedures).


7.6. Official investigations of the facts set out in the message shall be conducted within three (3) weeks after the date of the call, unless otherwise established by existing organizational, administrative, and regulatory documents of PJSC “Aeroflot”. Inspections of messages with proposals on improving internal control procedures (including anti-corruption procedures) shall be conducted within thirty (30) days after the date of the call. Official investigations and inspections shall be carried out in accordance with the organizational, administrative, and regulatory documents of PJSC “Aeroflot”.

7.7. The IAD director shall monitor the progress of official investigations and inspections of messages received on the Hotline.

7.8. To ensure approvals for urgent operational measures and (or) invitations to other structural subdivisions, the IAD shall prepare a relevant presentation for the Director General of PJSC “Aeroflot”.

7.9. In the course of an official investigation, and (or) inspection, employees of the Aeroflot Group shall provide all possible assistance and create good conditions as required by persons conducting them, and submit the necessary information and documents, as well as written observations on the matter under investigation.

7.10. Upon completion of the official investigation, and (or) inspection, the IAD shall

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decide on the necessity of informing the Caller/Declarant of the results achieved (if contact information is available). The results can be presented in the form of a message by e-mail or in another form (depending on the contact information submitted by the Caller/Declarant) not later than five (5) business days after the completion of the official investigation, and (or) inspection.

7.11. If administrative decisions on the results of the official investigation, and (or) inspection are approved, the IAD shall prepare a relevant presentation for the Director General of PJSC “Aeroflot”.

7.12. If the results of an official investigation reveal significant violations of applicable law and (or) organizational, administrative, and regulatory documents of the Aeroflot Group, the IAD shall inform the Board of Directors (Audit Committee of the Board of Directors) and the Director General of PJSC “Aeroflot”. If the results of an official investigation reveal violations of the Code of Corporate Ethics of PJSC “Aeroflot” by members of the Board of Directors, the Director General, or members of the Board of Administration of PJSC “Aeroflot”, the IAD shall inform the Audit Committee of the Board of Directors, which shall draw up recommendations for the Board of Directors on penalties to be imposed.

7.13. Every month, the IAD director shall analyze the messages received on the Hotline so as to check the ongoing status of messages, their correct classification and forwarding, and timely implementation of the work period.

7.14. On a regular basis, but not less than once per quarter, the IAD should submit a summary report with a description of the current activity level of confidential reporting to the Audit Committee of the Board of Directors and the Director General of PJSC “Aeroflot”. The following summary information should be provided in the report: information on categories of calls recorded in confidential procedure, the results of internal investigations and inspections, and proposed corrective actions. The frequency of such reports may vary depending on the activity level of confidential calls.

8. Final Provisions

8.1 The creation of, as well as amendments and additions to the Regulations shall be within the competence of the IAD. The draft Regulations and amendments and additions shall be coordinated with structural subdivisions of PJSC “Aeroflot” in accordance with the organizational, administrative, and regulatory documents of PJSC “Aeroflot”.

8.2 The text of the Regulations shall be published on the internal portal of PJSC “Aeroflot”, as well as on the website of PJSC “Aeroflot”.

Director of the Internal Audit Department <signature> L. A. Dushatin

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