

OPERATING RESPONSIBLY

Our approach to corporate responsibility

We are responsible corporate citizens and we meet our strategic goals by creating a culture of excellence and efficiency with sustainability and safety at its core. Our highly engaged employees work closely with our local communities to ensure that we deliver on the needs of all our stakeholders while maximising value for all.



Safety

We have an exemplary safety record which reflects our full adherence to the latest safety standards.



Environment

Reducing our Company's environmental impact is a fundamental part of our sustainable development.



Communities

We support local community projects whether they are designed to further our communities' developmental goals or to promote Kazakhstan's rich heritage.



Our people

We have a diverse workforce and high levels of engagement. Our culture of excellence and emphasis on wellbeing helps us attract talent which is nurtured to reach maximum potential.

OPERATING RESPONSIBLY

SAFETY

Air Astana seeks to maximise safety performance as a matter of priority. Our goal is to continually improve our levels of safety and culture for the benefit of our customers and employees.

We adhere to the highest international standards and best practices by implementing and maintaining comprehensive processes of identifying hazards and mitigating risks as part of our Safety Management System (SMS).

Our commitment to safety ensures that the integrity of our modern aircraft is preserved, from the design, production, testing and certification to the continued checks and maintenance once in service.

Since 2002, when Air Astana started operating with three aircraft, we have operated 482,860 sectors and 1,218,745 hours accident free. In this time we grew operations from eight to 69 destinations, despite closing four routes due to unresolved safety findings at destination airports.

Compliance

In May 2017, the Company passed the sixth IATA Operational Safety Audit (IOSA) conducted once every two years. The next IOSA renewal audit will be held at the airline in May 2019. Air Astana continues to be a member of IATA Cabin Safety, Flight Ops and Dispatch Task Force working groups, contributing to the improvement of IOSA standards and creation of IATA Best Practices Guides.

In 2018, Air Astana successfully passed three annual (in Almaty, Astana and Atyrau) EASA Part 145 audits (Aircraft Line Maintenance) by the UK Civil Aviation Authority and the EASA Part 147 audit (Maintenance Training Organisation) by the Irish CAA. As a holder of an EASA Part 145 certificate, the Company performs full maintenance of its own fleet and also provides line maintenance services for another 20 air carriers. The Korean Ministry of Land, Infrastructure and Transport (MOLIT) also carried out a renewal approval audit as well.

We were the first operator to be audited by EASA Third Country Operations in December 2015, and renewed the Third Country Operator Certificate in 2017. The next EASA renewal audit will be held in 2019.



Regulatory oversight

Air Astana's compliance with appropriate standards of safety and security is monitored by the Department of Civil Aviation (DCA) of Aruba that is responsible for Airworthiness, and the Kazakhstan Civil Aviation Committee, as well as other relevant international regulatory authorities.

In 2018, Air Astana underwent the following external regulatory inspections:

- two planned Air Operator Certificate (AOC) inspections, one ramp and three en route inspections conducted by the Civil Aviation Committee of Kazakhstan;
- an annual audit of Air Astana's operations departments conducted by the Department of Civil Aviation of Aruba;
- 31 aircraft airworthiness certificates renewed by DCA Aruba as well as three initial Certificates of Airworthiness (CoA) and one Export CoA;
- five inspections conducted by operators.

The Company's aircraft were subjected to 38 ECAC (European Civil Aviation Conference) SAFA (Safety Assessment of Foreign Aircraft) and 113 ramp (non-ECAC) inspections.

Safety programmes

In 2018, the Company's Flight Data Monitoring experts analysed 98.2% of flights with the aim of identifying, measuring and assessing existing operational risks and taking relevant mitigation measures with an emphasis on trends and root causes.

Within the internal compliance monitoring programme, nearly 164 compliance audits were conducted by Air Astana based on IOSA regulations. Compliance monitoring is also supported by the Company's membership and active participation in IATA safety and quality audit programmes, the IATA Fuel Quality Pool (IFQP) and the IATA De-Icing/Anti-Icing Quality Control Pool (DAQCP). We follow a collaborative approach with the intent of fostering positive working relationships and developing best practices that are beneficial for all involved. Unfortunately, the goodwill expressed has not always been mutual, and Air Astana has decided that one destination is a no-go station due to the unacceptable state of de-icing/anti-icing services provided.

OPERATING RESPONSIBLY CONTINUED

SAFETY

The Company shows a general increase in risk awareness by operational staff, showing a good trust relationship and safety culture, resulted in a 19% increase in safety reporting in 2018.

Air Astana enhanced its unauthorised substances testing programme by implementing improved methods of drug testing of staff performing safety sensitive aviation activity (SSAA) and by incorporating air crew members' alcohol testing at layovers. In 2018, the total number of unauthorised substance tests of SSAA staff doubled compared to the previous year.

As a safety promotion initiative, the Company hosted the fourth regional 'SMS Excellence: Practice, Challenges and Opportunities' safety seminar, attended by 123 participants, including leading specialists from Air Astana operations departments and station managers, as well as representatives from nine other regional airlines, aircraft manufacturers, representatives of ICAO and IATA, aviation authorities of Kazakhstan and Europe, et cetera.

To stay abreast of international developments, we continue to contribute to international safety organisation forums. The Company is a permanent member of the IATA Accident Classification Technical Group, which determines trends and areas of concern related to operational safety and to the development of preventative strategies. Air Astana is also a member of the IATA Safety Incident Taxonomy Working Group aimed at developing a new IATA Incident Reporting Taxonomy. The Company is also an active member of the Association of Asia Pacific Airlines (AAPA) and participates in the AAPA's Flight Operations and Safety Working Groups.

Coaching and mentoring sessions are carried out to review Air Astana investigations processes. In-house 'initial accident investigator training' and continuation training for investigation process enhancement was provided to Air Astana and Aviation Safety Investigators by an instructor from Flight Safety Consulting with a background as a Transportation Safety Board inspector.

Outlook for 2019

Key plans for 2019 set by the Company in the field of corporate safety compliance are as follows:

- › improved internal expertise on internationally recognised high-priority areas, such as procedural compliance and flight-path management;
- › renewal of safety certificates (IATA Operational Safety Audit (IOSA), Air Operator Certificate (AOC), Third Country Operators (TCO)) as well as renewal of AMO (Approved Maintenance Organisation) and Aviation Training Organisation;
- › extension of risk analysis methodology to support safety data analysis;
- › quality improvement of audits, investigations and flight safety data analysis to support proactive risk identification and mitigation;
- › improved monitoring of safety performance indicators to ensure a more effective response to operational risks and more active monitoring of preventive measures.



ENVIRONMENT

Reducing our Company's environmental impact is a fundamental part of our sustainable development. With that in mind, our environmental protection programme includes the following key priorities:

- resource management, including the development and implementation of technologies to ensure efficient use of natural resources;
- taking steps to avoid contributing to man-made climate change and paying suitable compensation for any environmental damage caused;
- monitoring the environmental impact of our business operations;
- ensuring environmental protection in line with international standards.

As part of our overall Policy on Health and Safety Management, we conduct regular audits to ensure stringent compliance with international standards on atmospheric emissions. We are able to keep our emissions at the lowest levels possible by operating a young and efficient fleet, and we are also taking steps to modify older aircraft that do not meet emissions standards.

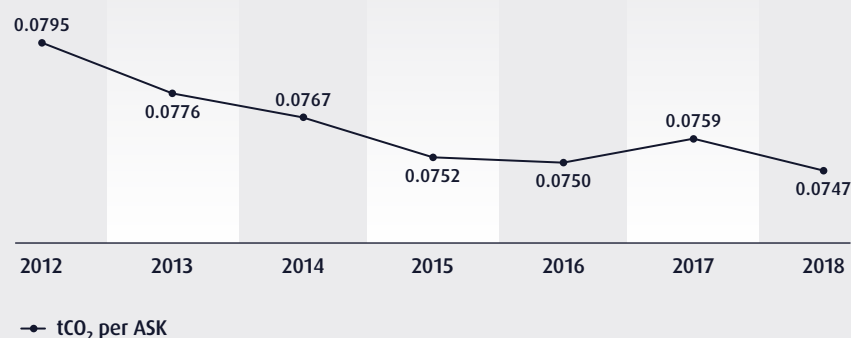
In 2018 we carried out environmental activities in accordance with the requirements set out by the legislation of the Republic of Kazakhstan.

Fuel usage and GHG emissions

We recognise that carbon emissions from air travel contribute to climate change and that we are responsible for trying to minimise the impact of our operations. We are constantly seeking to reduce carbon emissions produced for each kilometre travelled by our customers, relying on cost advantage and safe ways to reduce fuel use, including prioritising the use of efficient aircraft and emissions-saving measures.

To that end, we have been monitoring and adjusting our greenhouse gas CO₂ emissions since 2011 from the introduction of monitoring requirements by the European Union. We disclose our CO₂ use to the German Emissions Trading Authority (DEHST) on an annual basis. Currently, we are working on a new Carbon Offsetting and Reduction Scheme (CORSIA) which will come into force early in 2019.

Total greenhouse gas emissions per Available Seat Kilometers (ASK)



Air Astana's programme to acquire new aircraft and simultaneously phase out older ones is part of a number of major factors that contribute to the reduction of overall CO₂.

We are the only airline in Kazakhstan to operate aircraft from the Airbus A320/A321 family. These aircraft are the most fuel-efficient aircraft on the market, ensuring the best fuel economy and lowest levels of emissions in their class. The Airbus A320neo features innovative Pratt & Whitney engines that are 15% more fuel efficient than their predecessors.

Air Astana's first Airbus A320neo was delivered and put into service in November

2016. Air Astana also operates a number of Boeing 767-300ER and 757-200 aircraft, which feature innovative technologies enabling excellent fuel efficiency.

On existing aircraft, we have modified wings through the addition of winglets (Boeing) or sharklets (Airbus), which provide two benefits: first, they enable greater fuel efficiency; and, second, by improving aerodynamics, they make more rational flight routing possible.

Thus, we were able to reduce the amount of CO₂ emissions by 6% as indicated in the chart above.

OPERATING RESPONSIBLY CONTINUED

ENVIRONMENT

In line with the Environmental Code of the Republic of Kazakhstan, we also confirm that the volume of harmful substances from stationary sources released into the atmosphere did not exceed the established standards for maximum permissible emissions.

The Company is constantly seeking out ways to reduce the production of harmful substances from stationary sources, and is emitting substances at levels that fall well within its maximum permissible emissions of pollutants in both Almaty and Astana. Emissions volumes are listed in the table opposite.

Permission has been obtained on the basis of maximum permissible emissions standards based on Environmental Code of the Republic of Kazakhstan:

1. Almaty No 0003871 from 12.01.2015;
2. Astana No KZ33VDD00083495 from 12.12.2017.

The table opposite (The amount of implemented environmental measures) shows investments made to monitor industrial emissions and to develop an environmental action plan.

Activities carried out under the plan included:

- maintenance of fuel equipment and automotive equipment, which reduces emissions of pollutants into the atmosphere;
- organisation of and separate collection of waste;
- utilisation of instruments to carry out measurements of atmospheric air;
- training and education.

Noise

We seek to reduce the impact of aircraft noise on residents who live near airports or under flight paths. In doing so, we have chosen aircraft from the Airbus A320/A321 family and a number of Boeing 767-300ER, 757-200 aircraft, which feature innovative technologies ensuring the lowest levels of noise.

We work closely with our airports, to ensure the highest levels of compliance with noise reduction while always maintaining high safety standards.

The volume of harmful substances from stationary sources released into the atmosphere in 2018

Established standard, Almaty	Actual emissions, Almaty	Established standard, Astana	Actual emissions, Astana
33.1391 tons/year	14.7209 tons/year	71.61492 tons/year	10.5691 tons/year

The amount of implemented environmental measures

Almaty	USD 176,069
Astana	USD 30,984

Amount of waste transferred for disposal

Waste name	Almaty	Astana
Used tyres	1,060 kg	400 kg
Used filter	480 kg	85.4 kg
Used rechargeable batteries	274.21 kg	–
Oily rags	470 kg	70 kg
Paint and varnish tins	1,205.6 kg	–
Used oil products (used oil, Skydrol, other aggressive liquids)	–	1,270 kg
Waste water (from washing wheels and brakes)	166 m3	
Used fluorescent lamps	1,500 pcs	

Waste

Our environmental protection efforts focus on recycling. For example, we separate all of our waste paper and recycle PET bottles and used batteries. In 2017, we also began recycling two other types of waste: metal shavings and waste water used to wash wheels and brakes. Last year, some 130,000 litres of waste water were removed from our authorised contractor, PromTehnoResurs.

Industrial waste is exported and disposed as it accumulates according to contracts with specialised organisations. All hazardous waste is sorted and stored separately. Within the framework of the contract on the export of hazardous waste, the volumes transferred for disposal in 2018 are listed in the table above.

We also continue to collect waste paper. In 2018 we launched a project among the staff aimed at encouraging the collection and transfer of PET waste for further disposal. Employees collected 80 kg of PET waste which was sent away for recycling.

As part of our efforts to reduce paper usage, we launched a new ELMA system for more efficient business process management. The platform automated and digitised our workflow, which allowed us to reduce costs on paper and printing. Moreover, it also allowed for a more efficient use of our employees' time, as they now have an opportunity to work remotely. By improving our business processes, we decreased the volume of paper usage and its recycling by 22,023 kg in 2018 year-on-year.

COMMUNITIES



Community investments and projects

Air Astana cares a great deal for the local communities that support its operations and have welcomed them like family. We like to ensure that our communities benefit from Air Astana's growth and that they grow with us. We provide assistance to a broad range of projects and activities that will have a direct impact on our communities as we help them fulfil their potential both economically and socially. We also support projects that seek to protect Kazakhstan's unique heritage, by investing time and money in projects that showcase to a growing number of visitors the value of Kazakhstan's social and cultural contribution to Central Asia and beyond.

It goes without saying that we are unable to support every project that we would like to, so as a responsible corporate citizen, we set high standards when it comes to engaging with potential benefactors and prioritising need. We do however ensure that any support given (financial or in-kind contribution) is applied consistently across all our operations. This includes sponsorship, donations or employee fundraising and employee volunteering.

We are very proud to be Kazakhstan's official flag carrier and we play an important role in helping the country to thrive, be connected and increase its investment attractiveness. We make a significant contribution by supporting projects that invigorate local enterprises, communities, personnel, and infrastructure. Our community investment activities include:

- employee involvement in charitable activities through fundraising and volunteering opportunities;
- providing donations and sponsorships to local and national charitable organisations and other not-for-profit organisations;
- sponsorship of non-philanthropic customer-focused and stakeholder events and activities where a clear, positive impact to the community can be demonstrated;
- individual charity – provision of targeted (direct) support to population groups most in need of assistance, including sick children from low income backgrounds, those with incurable diseases in the Republic of Kazakhstan (RoK); and RoK Civil Aviation veterans who are in need of treatment abroad.

Charity donations

Our Community Investment Committee plays an integral role in overseeing Air Astana's charitable projects. The Committee aims to bring Air Astana's involvement in local communities to life by identifying and selecting charities and funding projects that bring value to communities and that are aligned with the Company's activities and values. The Committee includes four representatives of the Corporate Communications and Sales and Marketing teams.

As a business and a national flag carrier, we feel a great sense of duty to represent Kazakhstan and we are delighted that we are fulfilling a key goal by becoming a recognised partner that contributes to the sustainable economic and social development of our communities.

As the table on page 33 summarises, the airline has for many years provided free flights for sick children and their families who need to travel for medical purposes.

In 2018, we contributed USD 44,594 in tickets for severely ill children and their parents. Together with the Ayala Foundation, we also organised Christmas celebrations to raise funds for special (correctional) boarding schools and orphanages, and we supported home-schooling for children with disabilities. We also helped to purchase modern equipment for children's intensive-care units at infectious-disease hospitals throughout Kazakhstan.

In 2018, we continued to cooperate with charity funds, we sponsored social initiatives and we encouraged volunteering among our employees. As part of our employee involvement programme, we initiated a charity campaign to sort, pack and transfer lost and found possessions to the charity fund 'Teen Challenge Kazakhstan', to support their rehab programmes which aim to help women in difficult life situations, single mothers with no fixed abode, and women and children who have suffered from physical and emotional abuse. In 2018 we continued to carry out various charitable events to raise funds for orphans, this includes activities by Air Astana ground staff to raise funds for an orphanage in Talgar.

OPERATING RESPONSIBLY CONTINUED

COMMUNITIES

The natural world

Our contribution to important causes can be as impactful symbolically as it is felt financially. The snow leopard is not only a fellow national symbol of Kazakhstan, it is also one of its rarest mammals, and with numbers dwindling rapidly, due to poaching and habitat loss in southern Kazakhstan, action is needed. Support was therefore given to Kazakhstan's 'Wildlife Without Borders Fund', through a USD 10,000 donation.

Furthermore, to help restore the snow leopard's status as a symbol of national pride and an icon of Kazakhstan's mountains, support needed to be more symbolic. Air Astana therefore took the innovative step of decorating its first Embraer E190-E2 in snow leopard livery at its unveiling at a special ceremony in December to draw attention to the rapidly decreasing wild population.

The exercise was timely as it came shortly after the International Union for Conservation of Nature's (IUCN) controversial decision to remove the snow leopard from its list of 'endangered' species after 45 years. The IUCN reclassified the cat as 'vulnerable', meaning the animal's risk of extinction is less urgent than experts had believed. The plight of the snow leopard needs to be better understood as some researchers say the IUCN has dramatically overstated both the cat's numbers and its rate of decline.



Projects implemented in 2018

Project focus	Description	Results
Veterans	Provision of flight tickets to the veterans of the Great Patriotic War	We provided 3,840 flight tickets to the veterans of the Great Patriotic War to travel around Kazakhstan and to the CIS.
Medicine	Provision of flight tickets to severely ill children and their accompanying parents	124 flight tickets were provided to severely ill children and their accompanying parents.
	Provision of modern equipment to children's intensive care units at hospitals in Kazakhstan	USD 3,317 was raised through donation boxes installed in ticket offices in Almaty, Astana and Atyrau to support the Ayala Foundation's charity work.
		Kostanay Oblast Children's Hospital received medical equipment worth USD 3,128.
Sponsorship	International Festival under the auspices of UNESCO The Planet of ART 2018	<p>The festival is dedicated to the celebration of the 20th anniversary of the capital of Kazakhstan – Astana.</p> <p>18 tickets were provided.</p> <p>The main aim of this project is to support and develop talented youth, promote intercultural dialogue, and to strengthen and enlarge ties between young generations of the region.</p>
Donations	The Wildlife Without Borders Fund for snow leopard preservation project in Kazakhstan	We donated over USD 10,000 to the Fund in order to support the project.
Employees volunteering in charity projects	Lost and Found	<p>In October, the Ground Service Department initiated a charity campaign to sort, pack and transfer items from Lost and Found. Unclaimed items were stored and moved to the charity fund 'Teen Challenge Kazakhstan – women rehab programme'.</p> <p>The Fund provides support for social rehabilitation for women in difficulty; single mothers with no fixed abode; women and children who have suffered from physical and emotional abuse and people who started life in orphanages.</p>
	'Kindness relay race'	The idea was first born at the Ticketing and Reservations office in Almaty airport and responsibility is transferred from one department to another. In 2018, the ground service department held the torch. Colleagues have organised fundraising fair to support an orphanage in Talgar.
	'Letter to Santa Claus' New Year joint initiative with the Ayala Charity Fund	<p>Pupils at special (correctional) boarding schools and orphanages, as well as children that are home-schooled or with disabilities write letters to Santa Claus. Ayala Foundation decorates Christmas trees with those letters. Anybody can choose an envelope, read a letter and put in money for a gift to a child or purchase a gift on their own.</p> <p>Christmas Trees were installed in Almaty at Centers 1-4 and the airport office with letters from 54 children.</p>

OPERATING RESPONSIBLY CONTINUED

OUR PEOPLE

Letting talent thrive

Our people play a critical role in enabling us to execute our strategy. In a business as dynamic as Air Astana, it is critical that we deploy a talent management strategy that attracts and maintains a talented and engaged workforce. We are committed to hiring and developing the highest quality talent and we maintain high levels of engagement by promoting our HEART values (Hospitable, Efficient, Active, Reliable, Trustworthy) which are rooted in all processes related to people: recruitment, learning and development, performance appraisal and recognition. We encourage and promote a flexible, family-friendly and ethical workplace in an environment that is rewarding, with equal opportunity available for all.



“We recruit, appraise and reward staff based on merit. All our people are talents and our job as People Managers is to develop their talents to the maximum potential”

Yevgeniya Ni, Vice President, HR and Administration

Attracting talent

Our aim is to be a great place to work, providing interesting and challenging opportunities, excellent career progression, and a collaborative, inclusive and values-based culture for our people. The most significant areas we are focusing on when attracting talent, are:

- maximise employer branding;
- retaining talent through development, engagement and wellbeing;
- ensuring gender diversity, anti-corruption and anti-bribery.

We have achieved success in these areas by developing policies and processes and monitoring our management and control strategies through regular reviews with senior management. We recruit and promote people based on meritocracy and we provide equal rights for all candidates, internal and external, if they meet job requirements and have sufficient competencies and attributes.

We are continuously striving to increase manpower to deliver on our long-term growth objectives by supporting an expanded fleet of aircraft that are carrying more passengers.

We have adopted a combination of recruitment channels all with a new common creative theme and messaging, to underscore the new central careers site employer brand message: ‘Try on a Dream’. Employer branding is aligned to the Company’s growth strategy.

2018 saw the fruitful continuation of the ‘Try on a Dream’ recruiting campaign, which was launched in 2017 and is aimed at the selection, employment, and training of candidates from all over Kazakhstan, and building even more open relationships with the younger generation.

Every year there is growing interest among aviation professions in young people and our main goal is to open new opportunities to build a professional career in aviation.

We launched a Career Day project, where Company ambassadors share their success stories with the audience and we also continued our cooperation with youth organisations, including ‘100 professions’, ‘Find your way’ and ‘LeadershipKZ’. As part of these projects, high school and undergraduate students are invited to take a tour, where there is an opportunity to fly in an air simulator, experience different conditions and situations that pilots may encounter during

the flight, and listen to the success stories of the pilot, engineer and flight attendant.

For the second year in a row, we participated in the Republican Championship of Robotics, where we hold workshops and presentations on the engineering profession for school children. We also participated as jurors in the Republican contest for the best project in the field of transport for school kids, organised by Cranfield University and the Republican State Enterprise ‘National Institute of Intellectual Property’ under the Ministry of Justice of the Republic of Kazakhstan.

The competition was held with the aim of increasing interest in the transport industry and deepening knowledge among students, who were later sent to Cranfield University for an introductory programme.

Following best international practice, we also launched a referral programme in order to attract qualified pilots through employees’ recommendations. The programme delivered very good results, whereby seven qualified pilots were hired through employees’ recommendations over a six month period and we are aiming for more.

In order to enhance the recruitment processes, we launched a new career website **job.airastana.com**, which was one of the most important priorities for us in terms of improving candidates' experience. We simplified the process of submitting applications for candidates, and they are able to receive immediate feedback from recruiters.

Employer branding

Recruiting and retaining the best people from the widest possible talent pool is a key priority for Air Astana. In 2018 we further strengthened our employer brand and delivered five key achievements that helped us stand out as Employer Brand both within and outside of Kazakhstan:

- › for three consecutive years we have been named the Most Attractive Employer in Kazakhstan in a report produced by Universum, the global leader in employer branding;
- › the HeadHunter's HR Brand Awards Central Asia 2018 recognised Air Astana with its highest award for our KC Recognition initiative;
- › our 'Digital Transformation of HR' project won the WOW!HR KZ Awards in the 'Digital Solutions' category which has been conducted in Kazakhstan for the first time, for which Air Astana has been also recognised by the Ministry of Labour;
- › we have become the first company in Kazakhstan to implement an electronic contract and paperless system for HR processes which can be integrated into governmental digital tool on line with Digitalisation Road Map of Kazakhstan;
- › together with our partners 'Words and Pictures' we became a finalist in the 2018 FEIEA Grand Prix for the entry CLASS 2 – Best Change Communication Strategy with the project, 'Imagine if...' related to the communication of new organisational strategy to employees.

Ab-initio pilot training programme

In 2018 we marked the 10th anniversary of the highly successful Ab-initio pilot training programme which we launched in 2008 to help alleviate a shortage of locally-qualified pilots, and provide an opportunity for young people to enter a well-paid profession with

a prestigious airline. In 2018, the number of applications through the Ab-initio programme increased by 74% compared to 2017. The programme continues to deliver qualified pilots with 178 already flying as Captains or First Officers on our fleet of A320s, B767s and E190s. 26 cadets are currently being trained under the Ab-initio training programme, with new cadets expected to be enrolled in April-May 2019. The Company intends to train 35-40 new pilots every year over the next five years.

Internship Programmes

In order to support governmental initiatives such as Zhas Orken and Digital Summer, which provides gifted local graduates with the opportunity to develop careers at Samruk Kazyna invested companies, Air Astana has successfully taken students from these programmes through its internship initiative to help them further their career prospects.

Since 2014 we have successfully run an Internship Programme within the Company. Following the programme's success in the Ground Services department, we continue to implement our Internship Programme across Finance, IT and e-Business, and Operations Control divisions. Overall, between 2014-2018, 360 interns have had the opportunity to work at Air Astana and 153 of them have been successfully employed.

Diversity and equality

Air Astana recognises the value of a truly diverse workforce and is proud to provide equal opportunities for men and women of different ages and nationalities. We encourage cultural and professional exchange and consider our foreign colleagues to be a powerful asset for our Company. We value them for their unique international experience and contribution to the organisational culture, and to a diversity of cultures and opinions. In 2019 we plan to focus on three key areas:

- › further encourage diversity and support equality within the Company;
- › ensure that necessary tools and processes are in place to support a diverse and inclusive culture;
- › encourage and promote internal and external partnerships.

Attracting talent in numbers

32

job fairs and presentations in universities

10

events with school children and their parents dedicated to professional orientation (Cranfield, Robotics competition, Find your way, lessons.kz, et cetera.)

5

sessions on Enhanced Virtual Procedure Trainer (EVPT) with school children and students

>3,500

total number of participants in these events

Diversity and equality in numbers

- › more than 60% of our employees are women
- › 41% of all our top managers are women
- › more than 33% of all our employees are from diverse ethnic backgrounds



OPERATING RESPONSIBLY CONTINUED

OUR PEOPLE

Engagement

“Creating an engaging culture where we live our values, leading by example, caring for our colleagues and looking after their development, is key to maintaining our excellent employer brand and our management commitment to make Air Astana a great place to work.”

Yevgeniya Ni, Vice President, HR and Administration

We believe that employee experience and employee engagement are closely linked, and like other industry leaders we keep focusing on three key elements: Physical, Technological and Cultural Environment. We recognise that in order to build a sustainable and engaging culture we need to support and encourage dialogue between people to ensure we have a highly engaged team.

We realise that global trends such as workforce shifting, demographic changes, diversification of workforce, digitalisation et cetera, are already impacting on our business and we are ready to take these challenges and turn them into opportunities.

To improve our ability to understand employees, in 2018 we introduced our colleagues to a new engagement platform ‘KC Recognition’ that helps to personalise recognition and make it timely and transparent. This tool became popular among the Air Astana team and we consider it as a contribution to creating a culture of recognition within the Company and even outside of it.

We also continued developing KC App – a mobile application that improves communication, helps employees share ideas and stay informed of the Company’s latest news and initiatives.

These initiatives were reflected positively in the consecutive employee engagement survey, carried out in cooperation with the US polling company Gallup. The 2018 survey, which involved 1,462 employees, revealed that

employee engagement has a positive trend. This result testifies to the effectiveness of our Company’s initiatives to foster an improved corporate culture.

Reward

Air Astana aims to provide fixed and variable pay, and short and long-term benefits (including insured benefits) that are affordable, competitive in the marketplace, performance-led and flexible.

Since 2016 we operate a corporate pension plan for all employees based in Kazakhstan. The purpose of the initiative is to retain key employees and to instill a responsible attitude among employees towards their personal financial security. Under the plan, every employee contributes 5% of their income on a monthly basis, which we match over the first 10 consecutive years of their service. After 10 years of service, our contribution increases. In certain circumstances an employee may withdraw the entire amount of their pension benefits, comprising all contributions paid by the employee and the Company plus accrued investment income.

We offer all of our employees the following benefits package:

- health and medical insurance;
- loss-of-licence insurance for pilots;
- 50-90% discounts on flights with Air Astana or partner airlines;
- access to a corporate bus for commuting to and from work;
- coverage of communications costs;
- gym discounts;
- discounts in restaurants, bars and hotels.

Developing talent

Air Astana focuses on the development of business leaders and, in collaboration with the Cranfield School of Management, continued to provide training programmes for top managers. We believe that a strong management team is a one of the key factors of organisational success.

In 2018 we made good progress in developing the Air Astana Training Academy in line with our three-year plan to establish a strong brand and Centre of Excellence within our Company, and for the broader aviation industry. Our core objectives are:

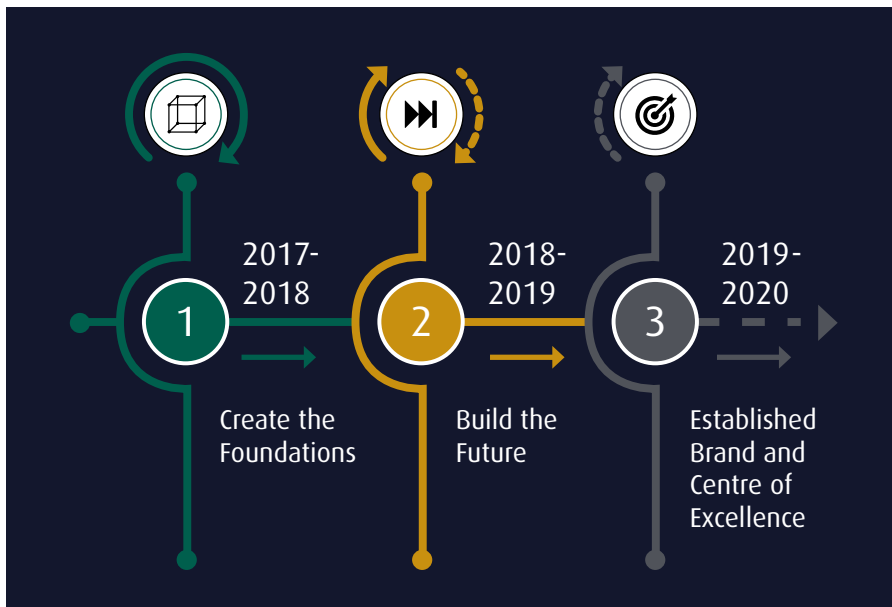
- to build a professional and innovative training centre;
- to cultivate a centralised and standardised training methodology;
- to develop our trainer talent.

Established in 2015, the Academy consolidates all corporate operational training under one umbrella and now trains aviation professionals across the board, including pilots, flight attendants, engineers and other civil aviation professionals at a level compliant with EASA standards.

During 2018 all of our training departments were consolidated under the Academy. We continued to focus on developing our strategy to turn our Training Academy into a centre of excellence for learning and development. Our vision is to build a professional and innovative training centre that takes Air Astana to the next level by focusing on four core pillars: commercial and financial growth, standardisation and simplification, product innovation and trainer development. The goal is for the Academy to apply a standardised training methodology throughout every one of our Company’s various departments.

In line with our policy to develop the skills and knowledge of our employees, in 2018 we continued to deliver training and successfully launched some new corporate, recruitment and trainer programmes to further promote and motivate leadership and increase productivity. This included a number of departmental projects In-flight Operations, In-flight Service, Sales and Marketing, Ground Services and Finance. E-learning and systems development is a core element of the Training Academy strategy in both 2018 and 2019. By focusing on e-learning Training Academy focuses on simplification, customisation, self-learning and employee engagement in learning.

Training Academy development timeline



Planning talent

The industry is growing and changing at a rapid pace. Great emphasis is put on identifying leadership talent in advance, so that selection becomes a key member of a management team in due course. Together with operational and financial effectiveness, we need to ensure leadership sustainability. The importance of succession planning is crucial and we realised it in 2006, when 'planning for staff development and succession at all levels' was implemented.

This year, we formalised this process into a separate stream of activities – as is best practice. We have only started working on this at the top level and we are planning to cascade it down shortly to all management and critical roles in the organisation in order to establish a sustainable succession planning culture.

We are running the Air Astana Talents programme which aims to identify and develop future leaders among non-management staff. This is an opportunity for our colleagues to try themselves and fulfil their potential.

The results of the previous two programmes are excellent, as we retained and promoted 70% of participants.

Our workforce planning process and talent sourcing processes, along with education and training programmes, assist us in attracting diverse talent and ensuring that we are able to identify and develop those individuals with the motivation and capability to transition into more senior roles. Our leadership takes responsibility for the achievement of our diversity strategy and acts as role models in promoting a workplace culture that values diversity and inclusivity.

Human rights

Air Astana is committed to protecting human rights. This includes observance of the principles set out by the International Labour Organisation Declaration on Fundamental Principles and Rights at Work. The Company has a Business Ethics Code and also follows the Labor Code of the Republic of Kazakhstan. It also has in place other policies which support recognised human rights principles, including on non-discrimination, health and safety, whistleblowing and prevention of bribery and corruption.

Anti-bribery and whistleblowing

Air Astana is committed to conducting its business with honesty and integrity, qualities it expects of all employees.

We have developed a new Whistleblowing Policy and in addition to existing reporting channels arranged for employees, an independent third-party operator will provide a telephone, e-mail and web-based reporting capability during 2019 to ensure the anonymity of whistleblowers.

Employees are encouraged to raise genuine concerns under the new policy and any concerns raised are investigated carefully and thoroughly to assess what action, if any, should be taken.

In 2019 we have also developed our new Anti-corruption Policy to ensure that compliance with both national and international regulation is achieved. Any breach of the policy will be regarded as serious misconduct, potentially justifying immediate dismissal.

Modern slavery

We recognise all human rights as defined in the Universal Declaration of Human Rights and are committed to ensuring that working practices in our operations and supply chain do not infringe on these rights. As an international airline, we believe that organisations operating in the transportation sector should not be complacent about the risk that some form of modern slavery could exist in some part of their supply chains or business. We have policies and procedures in place aimed at preventing modern slavery and we encourage employees and contractors to report any instances or suspected occurrences of modern slavery or human trafficking.