

## Operating risks

### OPERATING RISKS

Aeroflot works efficiently to address operating risks, minimizing possible losses due to faults in internal processes, the actions of employees, failures of automatic systems or outside factors. The Company insures the bulk of its operating risks, which can be roughly divided between aviation and non-aviation risks. Risks that cannot be insured against are classified by their origin as internal or external.

### AVIATION RISKS

Aviation risks include operational risk, civil liability risk and military risks. All aviation risks are subject to insurance. Spending on insurance of aviation risk represents over 2/3 of total insurance spending by the Company.

*Operational risk* refers to possible damage to aircraft and/or aircraft parts during operations, as well as possible technical failure of computer systems, particularly during flights.

*Civil liability risk of an airline* refers to risk of liability entailed by harm to the life and health of passengers, and by destruction (loss), partial loss or damage (harm) to the baggage and personal items of passengers.

*Civil liability risk of the aircraft owner (operator)* refers to risk of liability entailed by harm to the life, health or property of third parties.

*Civil liability risk of the aircraft owner* refers to risk of liability entailed by harm to the property of a cargo owner or shipper.

*Military risks* refer a broad range of perils associated with Company flights both inside Russia and to other countries, to which it operates a service. These risks relate mainly to war, invasion, acts by foreign enemies, military hostilities, civil war, revolt, revolution, riot, martial law, military coup or seizure of power or attempted military coup or seizure of power:

- strikes, civil disorder, civil unrest or labor disputes;
- any acts of a political or terrorist nature by one or more persons, regardless of whether or not they are agents of a foreign country and regardless of whether the losses resulting from their acts are accidental or intentional;
- any malicious acts or acts of sabotage;
- seizure, nationalization, capture, detention, arrest, appropriation, requisition with a change of title or use by order of any government (whether civil or military or existing de facto) or national or local authorities;
- pirate attack or hijack, exercise of unlawful control over the aircraft or its crew in flight (including any attempt at such hijack or seizure of control) by any person or group of persons on board the aircraft, acting without the consent of the insured party.

### NON-AVIATION RISKS

Non-aviation risks are risks not related to the operation of aircraft, but which influence the day-to-day business of the Company in some manner. They include:

*Medical risks* are risks related to illness / work-related illness of Company employees. Medical risks are in second place by the amount of money spent by the Company on their insurance, as they require comprehensive voluntary medical insurance for all of the Company's employees. Insurance of medical risk represents about 30% of total insurance spending.

*Work accident risks.* In compliance with the Russian Air Transport Code, JSC Aeroflot insures against accidents in the work place and accidents, which may befall air crew, engineers, technicians, and other employees who provide flight services while on their way to work. This risk is a specialized part of medical risk and accounts for about 2% of total insurance expenses.

*Other operating risks subject to insurance* include risks associated with damage to the Company's motor vehicles and real estate, and general liability for harm to the health and property of third parties during preparations for air transportation, as well as the liability of Aeroflot Board members and senior managers (such insurance was used for the first time in 2011), etc. The share of these risks in total insurance expenses is no more than 1%.

### OPERATING RISKS NOT SUBJECT TO INSURANCE

Risks, which are not subject to insurance or which are uninsurable for economic or political reasons, include internal risks (fraud, information security, strikes), and external risks (weather risks, unscheduled landing risks, etc.).

Control over internal uninsured risks is the responsibility of the Company's internal security services. External operating risks represent the greatest challenge for any airline.