

Legal risks

LEGAL RISKS

In its role as a global carrier, Aeroflot must take account of legislative provisions in each country, which it serves, as well as the requirements of international organizations and inter-governmental agreements.

Legal risks can be divided into specifically legislative risks (related to changes in legislation) and risks associated with change in the geopolitical situation in regions that are included in the carrier's route network.

LEGISLATIVE RISKS

Aeroflot carefully monitors changes in legislation and takes an active part in work by Russian and international organizations, influencing development of the legal and regulatory environment of the air transport industry. Such risk is controlled by the Company's legal division.

GEOPOLITICAL RISKS

Most geopolitical risks are beyond the direct control of Aeroflot. If substantial political instability arises in a country or region, the Company takes all necessary crisis management actions in order to minimize the negative impact of such political situation on its business. Civil disturbances and ensuing military action in Syria during 2012 compelled Aeroflot to discontinue flights and sale of air transport services to that country.

Risks associated with geographical features of countries or regions, which are a part of the Aeroflot route network, including high risk of natural disasters, possible discontinuation of transport connections due to remoteness or inaccessibility, etc., are estimated as low.

It should be noted that a high level of diversification on the air transportation market is a factor that reduces legal risks for Aeroflot.