

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



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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:

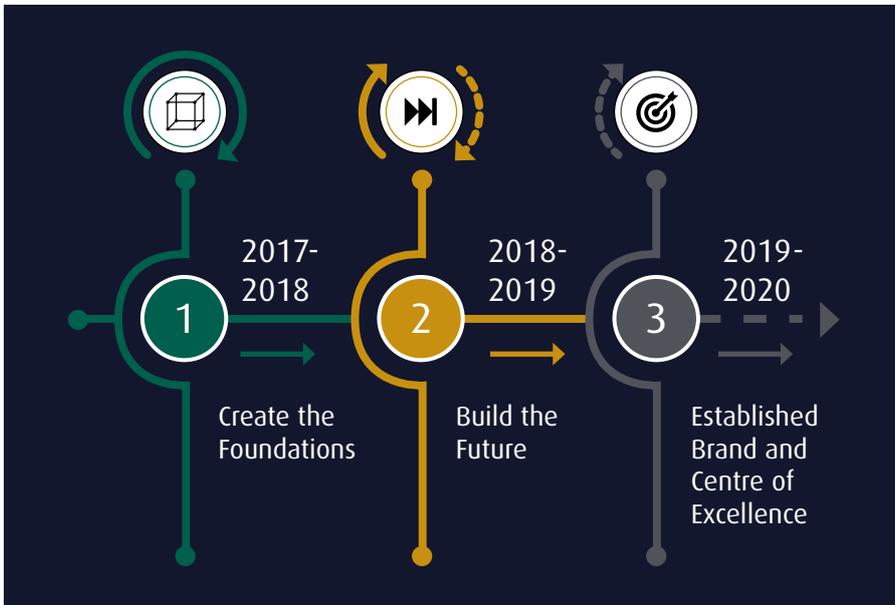
- › to build a professional and innovative training centre;
- › to cultivate a centralised and standardised training methodology;
- › to develop our trainer talent.

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.