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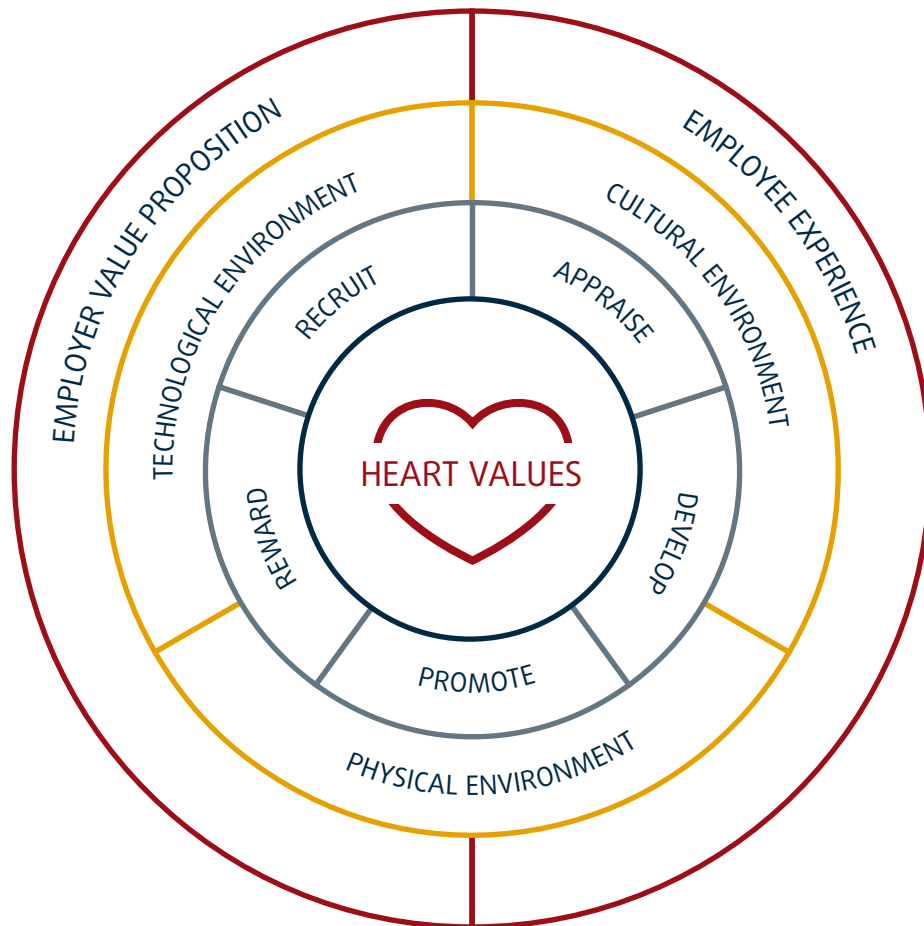
HUMAN RESOURCES



IT'S GOOD TO REALISE THAT WE ARE DOING A LOT IN RELATION TO CULTURE. WE STARTED THE HEART PROGRAMME IN 2014, AND WE ARE DEVELOPING OUR CULTURE TOGETHER EVERY DAY BY LIVING THE COMPANY'S VALUES.

Yevgeniya Ni, Vice President, HR and Administration

Key elements of the People Strategy



We were named the best employer in Kazakhstan in 2016-2017 by Universum Agency, and we also finished in third place in the "World" category at HeadHunter's HR Brand Awards Central Asia 2017.

Our Company is an industry leader in Kazakhstan in terms of human resources policy and people development activities. Our people strategy is built around continuous enhancement of an employee experience that rests on three key pillars, the cultural, technological and physical environment, which we see as a major driver for our employees to achieve their maximum potential and leading to greater levels of employee engagement.

Cultural environment

In pursuit to achieve our mission to become one of the world’s finest airlines, we are developing a corporate culture built around our HEART values. Adopted in 2014, our HEART programme has two main aspects: first, it links our Company’s success to the performance of its employees; second, it outlines a number of simple and clear values that guide employees in their daily interactions with customers and with one another.

In building our cultural environment based on our corporate values we are aiming to provide our people with positive touch points at all stages of the employee life cycle, including recruitment, learning and development, appraisal, reward, and promotion.

MISSION

FROM THE HEART OF EURASIA, WE ARE BUILDING ONE OF THE FINEST AIRLINES IN THE WORLD



Hospitable

We treat every person with whom we come into contact, customer or colleague, as a guest. We are warm, friendly and tactful, always willing to help.

Efficient

We are professional people who produce high quality results with knowledge and style. We maximize our skills and use our time efficiently.

Active

We anticipate and respond to the needs of customers and colleagues. We do things to the very best of our ability and are always looking for ways to improve.

Reliable

We provide reliable and consistent quality in all of our activities. We always keep our promises.

Trustworthy

We are honest people who never compromise our integrity. Customers and colleagues can trust us.

Attracting talent



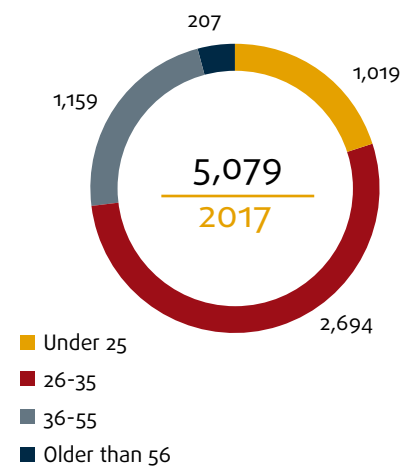
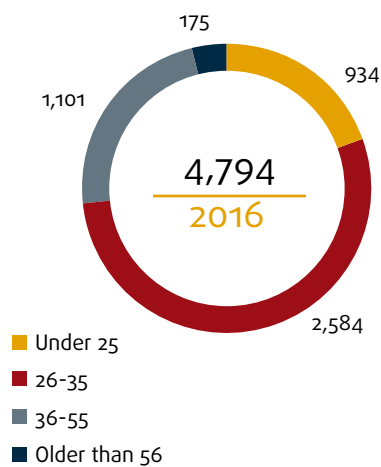
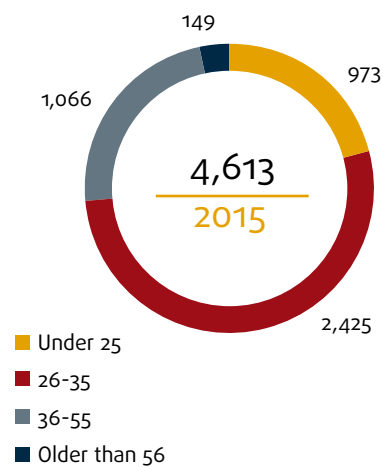
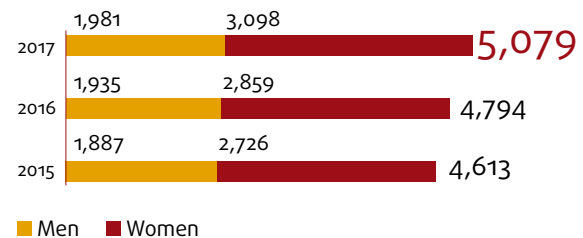
TO DRIVE SUSTAINABLE GROWTH, WE NEED TO SUPPORT OUR COMPANY'S DEVELOPMENT AGENDA WITHIN A SHORT TIME FRAME WITH A PIPELINE OF SKILLED PROFESSIONALS. WE ARE ALREADY TRAINING PILOTS THROUGH AN AB INITIO PROGRAMME IN SPAIN AND IN IRELAND, WHILE ALSO TRAINING FLIGHT ATTENDANTS IN GERMANY, THE UNITED KINGDOM AND AT OUR OWN TRAINING ACADEMY IN KAZAKHSTAN. IN 2018, WE WILL LAUNCH AIRCRAFT TECHNICIAN COURSES AT OUR ENGINEERING AND MAINTENANCE CENTRE IN ASTANA. OUR LARGE-SCALE RECRUITMENT CAMPAIGN 'TRY ON A DREAM' ALSO PROMISES TO YIELD GOOD RESULTS. WHILE ADDRESSING OUR OWN RECRUITMENT NEEDS, IT IS IMPORTANT THAT WE NOT ONLY FILL OUR TALENT GAP BUT ALSO GIVE EQUAL OPPORTUNITY TO ALL YOUNG KAZAKH WOMEN AND MEN FOR ATTRACTIVE CAREERS."

Peter Foster, President, Air Astana

In recent years, we have been steadily building up competencies and expanding our operating workforce in line with our business plan to expand flight geography, increase flight frequency and boost passenger and cargo traffic.

More than half of our employees are under 35 years of age, and the percentage of employees in this age category is steadily growing. The labour market is getting younger, and this trend is expected to continue in the coming years. Currently, the average age of first-year employees is 26.

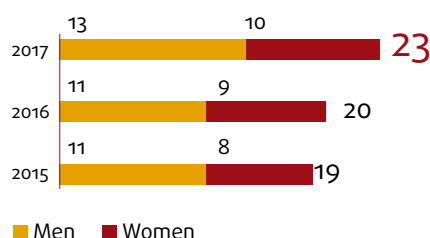
Headcount¹



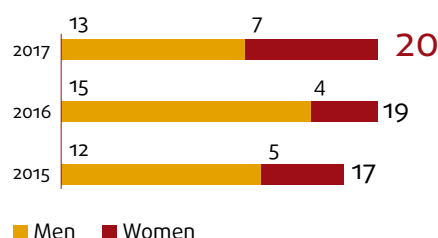
¹ Including those who are on maternity leave.

Composition of governing bodies and main employee categories²

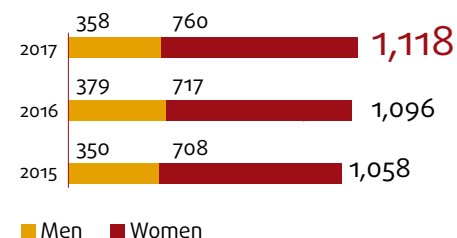
Top managers



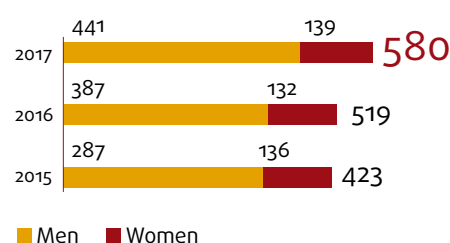
Functional unit heads



Specialists



Service personnel



	2015	2016	2017
Flight crew	345	347	336
On-board service	1,342	1,449	1,569
Airport service	794	684	734
Aircraft maintenance	287	319	331
Sales managers	276	292	314
IT	52	49	54

Gender balance

men **39%**
women **61%**

Our Company is committed to equal opportunity for men and women. Overall, women account for 61% of our Company's headcount, including 43% of the top management. All appointments to leadership positions are merit-based. The following factors have an impact on the overall gender balance across our Company and in top management positions. First, appointments are made on the basis of our Company's competency assessment and development system. Second, once they are employed, employees are provided with rigorous corporate training, mentoring and coaching that enables them to excel in their position, while also making them available for promotions.

Average monthly salary, USD

	2015	2016	2017
For Company employees (internal data)	1175	831	822
Nominal wage in the Republic of Kazakhstan (Ministry of National Economy of the Republic of Kazakhstan)	556	417	450
Percentage by which the average monthly salary at our Company exceeds the national nominal wage, %	111	99	83

² Employees by category (number of employees, including those who are on maternity leave).

Try on a Dream campaign

We currently employ a total of more than 5,000 employees to support the operation of 32 aircraft on a network of over 60 international and domestic routes. With our fleet expected to increase to 64 aircraft by 2026, however, we will need to significantly increase staff numbers. In the near term, we will need more skilled pilots, engineers, mechanics, flight attendants and passenger services agents. In an effort to attract high-potential, success-driven individuals who share the airline's corporate values, we launched our Try on a Dream campaign in 2017 to find, recruit and train applicants from across the country. While Kazakhstan is home to a large number of gifted and hard-working young people, students from smaller towns and villages are often sceptical about their chances of being hired by a successful international company. The airline wants to change this. The purpose of the awareness-raising initiative is to entice students to consider a career in aviation.

People development

Air Astana Training Academy

We have established our own corporate Training Academy, which 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.

In line with our Company's policy to develop the skills and knowledge of our employees, we continued in 2017 to deliver corporate training programmes such as Induction and Orientation and management seminars. The curriculum for all of these programmes will be updated for 2018 in accordance with our new strategic business plan.

In 2017, our Company focused on developing a three-year 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.

Leadership development

Our Company makes every effort to ensure that our executives are equipped to face our growing business challenges. In 2017, 12 members of our management team took part in a project on assessing and developing leadership potential that had three main goals:

1. To provide managers with self-evaluation tools that they can use to identify their core strengths and areas where they need further development, while also receiving expert feedback;
2. To compare managers against an international benchmark, i.e. top-20 executives in similar positions;
3. To work with an expert to determine priorities for personal development on an individual basis.

In addition, our Company and the Cranfield School of Management have been cooperating since 2012, and most members of our senior management team have completed either Advanced Management or Directors programmes there.

Pilot training

In 2017, we trained 38 new foreign pilots (including six non-type-rated pilots) and 19 Kazakh cadets, including 10 graduates from the Civil Aviation Academy who completed flight training at the Patria flight school in, Finland. This involved

initial cadet, simulator, conversion and line training.

Eight pilots who commenced their training during the first Ab Initio programme in 2008 were promoted to the rank of captain in 2017.

Designed to train pilots to the highest international standards, the Ab Initio training programme is carried out at two schools: Atlantic Flight Training in Cork, Ireland; and Flight Training Europe in Jerez, Spain. After graduating, cadets are awarded an EASA licence. Since 2008, the programme has graduated 189 pilots, who now fly as captains and first officers. In 2018, we plan to increase the number of cadets trained through the programme every year from 24 to 40.

Flight attendants training

While we already employ 1,120 flight attendants, this profession is very much in demand. Candidates must speak three languages. Once selected, they undergo a rigorous training programme that covers on-board safety and aviation security, crew optimisation and first aid, as well as aircraft-specific training and passenger services.

Their training is divided into two parts: theoretical aspects are covered in Almaty and Astana, while the practical part is conducted at the Condor centre in Frankfurt or at the British Airways training centre in London. As part of their practical training, future flight attendants complete exercises on aircraft simulators; in bunkers, where they have to extinguish real fires; and in a pool, where they practise survival skills on water.

Engineering training

We offer on-the-job training for mechanics and EU-level licensing for aircraft engineers. In 2018, we launched a unique Part-66 technical training programme that will provide the opportunity for young people with no prior experience to become an internationally qualified aviation



mechanic with a PART-66 engineering licence. This training programme is aimed at preparing engineers to replace retirement-age professionals.

Performance management

Our annual performance appraisal system is aligned with our HEART values and associated competencies. Every employee, from manager to senior executive, is appraised using one and the same competencies and criteria with ever-increasing demands on the employee depending on their grade.

In an attempt to make our appraisal process more efficient for both employees and their line managers, we introduced a new appraisal platform for our people in 2017. User-friendly, simple and functional, the system allows our management team to focus on the key aspect of appraisal, which is the provision of high-quality feedback to employees while reducing the manpower needed for data entry and the completion of other administrative tasks.

Recognition

Every year, we select the top 120 employees who demonstrate the corporate HEART values in their daily

work. These employees are invited to our HEART Awards ceremony, where they are given a merit award and have a chance to be named as one of our Company's top 20 employees and win a special prize. The top 20 team members are selected based on a 360-degree assessment that is conducted by nine people.

In addition to annual recognition, we introduced a daily employee recognition programme in 2017. The new programme is aimed at fostering a culture of daily recognition across our Company to make recognition timely and specific.



Employee engagement

We believe that employee experience and employee engagement are inseparably linked, and like other industry leaders we keep focusing on employee engagement. For the second consecutive year, our Company conducted an employee engagement survey in cooperation with the US polling company Gallup. We understand that measuring employee engagement isn't the same as improving it. In response to the 2016 results, all managers across all levels initiated discussions with the employees to address issues related to the workplace, working conditions, motivation, recognition, tasks and targets as well as other aspects of employment. The 2017 survey, which involved 1,500 employees, revealed that employee engagement had increased by 9%. This result testifies to the effectiveness of our Company's initiatives to foster an improved corporate culture.

Technological environment

In building a unique employee experience, we continue to digitise HR functions through the creation of social, mobile, and consumer-like employee experiences. In recent years, we have launched a number of tools and systems aimed at simplifying work: hub control, crew pads, an electronic on-board documentation system, e-signatures. Understanding the need to continue working on innovation in order to streamline work processes, we plan to introduce chatbots and artificial intelligence in the future.

KC App

We are always trying to find new and better ways to facilitate communication, collect and share feedback. In December 2016, a new mobile application, KC App, was made available to Air Astana employees. The purpose of the app is to improve internal communication, as well as improve employee engagement in corporate activities. The application is constantly being upgraded and fine-tuned, and the current capabilities have already been highly rated by employees,

who can access a variety of options, including viewing Company news, posting comments and giving feedback. In addition, the app offers several self-service capabilities and provides access to the global employee directory.

Electronic Docflow

With 57 HR processes to be automated, we plan to move to a paperless system, as this will increase efficiency two to three times. The first step in this direction was the introduction of Electronic Docflow, an integrated tool that allows all Company employees to manage electronic documents in a paperless office environment, making our Company unique in Kazakhstan insofar as this initiative has been implemented on such a broad scale. The system is expected to boost labour efficiency and quality, while also eliminating the risk of human error.

Crew pads

Designed for senior flight attendants, crew pads improve customers' in-flight experience and automate the generation of flight and staff reports.

Prior to the introduction of this system, all reporting was paper-based. With this new system in place, reports now can be prepared electronically and then automatically sent to the administration, taking a significant burden off both the administration and flight attendants. With the new system, flight attendants now have access to detailed in-flight information on passengers and crew members, and a performance assessment tool has also been introduced for them.

Station control system

The station control system is an integrated ground operations system that is used by the Ground Services staff and ramp agents. Data is entered into a tablet and then tracked by the Control Centre team, so they can promptly respond to flight delays. The system simplifies the monitoring of ground services, thus freeing up ramp agents for more urgent tasks.

By operating in real time, staff have access to all the information they need to respond to situations that arise without losing time on phone calls.

In addition, ground handling reports are no longer paper-based. Instead, all flight information is stored in a dedicated database, and any document can be retrieved on demand at any time. The system also allows ramp agents to confirm the completion of baggage and cargo handling procedures using their tablet instead of making a phone call while standing on the airside.

Electronic On-Board Documentation System (EFB)

We are planning to install an EFB system on every aircraft in our fleet. So far, agreements have been signed to install the latest generation of EFB systems on all new Airbus aircraft. In addition, we are retrofitting our current fleet with similar systems. In 2018, the EFB system will be upgraded with new modules to allow electronic pilot briefings and reporting, an important step in optimising operational reporting. Once implemented, the EFB system will enable completely paperless operations by the end of 2018.

Physical environment

In an extremely competitive industry, offering young professionals a comfortable and creative environment can give our Company an advantage in our efforts to recruit and retain employees. Housing numerous elements of our operations in one location stimulates teamwork and cooperation. Principles of open doors and open space create a culture of trust and respect between employees.

In 2017, Operations Control, Ground Operations and Cabin Services began working at one large and comfortable facility in Almaty. In early 2018, they will be joined by Flight Operations. In Astana, Flight Operations and Cabin Services will join Engineering and Maintenance in a facility that is part of our new hangar complex that opened at the end of 2017.

Social support

Corporate pension plan

In 2016, we unveiled a new corporate pension plan for all employees based in Kazakhstan. The purpose of the initiative is to retain key employees and to instil 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. An employee may withdraw the entire amount of their pension benefits, comprising all contributions paid by the employee and our Company plus accrued investment income if the employee:

- » has 20 consecutive years of service at our Company; or
- » has contributed to the corporate pension plan for 20 years; or
- » is of retirement age under the laws of Kazakhstan.

Employee benefits

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;
- » fitness club discounts;
- » discounts in restaurants, bars and hotels.

Trade union

In 2017, our Company and three of its trade unions (the Local Labour Union of Aviation Workers of Kazakhstan, the Local Labour Union of Air Astana's Flight Personnel, and Aviator) negotiated a new collective agreement to improve the handling of employee relations and to provide social safeguards for our employees. The agreement was signed in 2018 and subsequently approved by the Labour Inspectorate.

	2015	2016	2017
Local Labour Union of Aviation Workers of Kazakhstan	973	1025	985
Local Labour Union of Air Astana's Flight Personnel	170	148	100
Aviator ¹			29

¹Aviator was established on 31 May 2017 at the general meeting of pilots on the basis of Air Astana.