

The World is Closer Because of Us



2018

Corporate Social Responsibility Report

Air China Limited



A STAR ALLIANCE MEMBER 

05

Chairman's
Statement

19

About Us

- 19 Company Overview
- 20 Organizational Structure
- 21 Party Building
- 23 Corporate Governance and Risk Prevention
- 25 Anti-corruption
- 26 Corporate Culture

07

Feature: Concentrating on Poverty
Alleviation and Being Responsible

27

Responsibility of
Sustainable Development

- 27 Responsibility Concepts
- 28 Incorporating Responsibilities
- 29 Responsibility Communication

31

Responsibility for Flight Safety

- 33 Optimizing Safety Management
- 35 Guaranteeing Safe Operation
- 36 Cultivating Safety Culture

37

Economic Responsibility
for Stakeholders

- 39 Creating Economic Value
- 40 A Win-win Relation with Partners

41

Environment Responsibility for
Green Aviation

- 43 Establishing and Improving Management Systems
- 44 Creating a Green Operational Model
- 46 Increasing Investment in Green Support
- 47 Participating in the Design of Green Mechanisms
- 48 Promoting Environmental Protection Public Welfare
Projects

49

Social Responsibility for A Better Life

- 51 Improving Service Quality
- 55 Boosting Employee Development
- 58 Community Involvement

CONTENTS

- 63 Table of Major Indicators
- 65 Major Honours
- 66 Outlook
- 67 HK-ESG Index
- 69 GRI Standards Index
- 71 Third-party Assurance
- 73 Feedback Collection

About This Report

Fulfilling social responsibility has become an inherent requirement for enterprises to achieve sustainable development as well as an important way to meet the expectations and demands of stakeholders. This annual report reflects efforts and accomplishments of social responsibilities Air China Limited fulfilled in 2018. We hope you can feel our passion and commitment, and continue to support and help us in carrying on our reform and development.

Reporting Period

This report covers the period from January 1 to December 31, 2018, and some events might be traced back to the previous years.

Scope of the Report

This report is primarily about Air China Limited, but also involves its branches, operating units, supporting units, and main subsidiaries such as Air China Cargo Co., Ltd. (Air China Cargo) and Shenzhen Airlines Co., Ltd. (Shenzhen Airlines).

Basis of Preparation

This report is prepared in accordance with the *Guidelines for National Enterprises on Fulfilling Corporate Social Responsibility* released by the State-owned Assets Supervision and Administration Commission of the State Council, the *Notice on Strengthening the Fulfilment of Corporate Social Responsibility for Listed Companies* released by the Shanghai Stock Exchange, the *Guidelines of the Shanghai Stock Exchange on Disclosure of Environment Information for Listed Companies* released by the Shanghai Stock Exchange, and the *Environmental, Social and Governance Reporting Guide* of the Hong Kong Stock Exchange (HK-ESG), the *Global Reporting Initiative Sustainability Reporting Standards (GRI Standards)* of the Global Sustainability Standards Board (GSSB), GB/T 36001 *Guidance on Social Responsibility Reporting* and additional guidelines for the aviation service industry.

Publishing of the Report

This is the eleventh annual CSR report published by Air China Limited.

Sources of Data

All the financial data referred in this report, applying domestic accounting standards, are extracted from the audited annual reports of Air China Limited, while the other data comes from official internal documents and relevant statistics.

Abbreviations

In this report, "we", "the Company" or "Air China" refers to Air China Limited. "Air China Group" refers to Air China Limited and its wholly-owned and controlled subsidiaries, while "CNAHC" refers to China National Aviation Holding Corporation Limited.

Accessibility of the Report

This report is prepared in both Chinese and English, and should there be any discrepancy in meaning between the two versions, the Chinese version shall prevail.

Electronic copies of this report are also available for downloading from the Company's website (www.airchina.com.cn)

If you wish to acquire a printed version or raise suggestions and/or comments on this report, please contact us at:

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Economic responsibility

Maintain our industry-leading profitability;
Cooperate with value-chain partners;
Promote regional economic development;
and Facilitate integration of different economies.

Safety responsibility

Make sure that every trip, from departure to arrival, is safe and secure.

Customer responsibility

We care about you throughout the flight, respect your wishes and work hard to fulfil them.

Environmental responsibility

Flying in an environmentally responsible manner, we bring you closer to nature as we carry you across the world.

Employee responsibility

Sincerity and affection are the hallmark of our employee relationship as we move together into the future.

Social responsibility

We are always there for you wherever you are and whenever you need us. You will see our sincerity and the sense of responsibility.



Chairman's Statement



Dear friends,

2018 was the first year for putting the guiding principles of the 19th National Congress of the Communist Party of China fully into effect. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, Air China has comprehensively strengthened Party leadership and Party building, constantly improved the modern enterprise system and corporate governance and earnestly carried out various tasks such as safety, production, efficiency and service, in order to fully implement the social responsibility of state-owned enterprises and lay a good foundation for achieving a high-quality and sustainable development.

Air China thoroughly implemented the important instructions of General Secretary Xi Jinping on civil aviation work, conscientiously implemented requirements of "two consistent" and solidly promoted the "three critical battles". We actively guarded against financial risks and strengthened liquidity management to reduce the asset-liability ratio to 58.74%; continued to optimize the debt structure, reduce the existing US dollar interest-bearing liabilities to effectively control exchange risk; and expanded financing channels and flexibly replaced debts to effectively control the debt scale and reduce capital costs. In addition, we strengthened the construction of comprehensive risk and internal control systems to ensure that all the businesses were carried out in compliance with laws and regulations; promoted poverty alleviation, deeply implemented the poverty alleviation implementation opinions and the "8+2" supporting plan, and helped the designated poverty alleviation areas to smoothly advance their poverty alleviation; actively propelled environmental protection, implemented the "Three-Year Action Plan to Win the Blue Sky Protection Campaign", and improved the energy conservation and environmental protection management systems, striving to improve the utilization of resources and energy and reduce the environmental impact of production and operation; and deeply implemented the requirements of "Double Hundred Actions" for state-owned enterprises reform, and actively advanced the mixed ownership reform of air freight logistics.

Air China earnestly fulfilled social responsibilities and promoted the coordinated and sustainable development of stakeholders. We also served the organic integration of national strategy and enterprise development, and optimized the development pattern in the practice of state-owned enterprises' responsibilities. We have opened 754 air routes and can cover 1,317 destinations in 193 countries through the Star Alliance route network. In addition, we have opened 56 international routes to 28 destination cities in 19 countries along the "Belt and Road" with an effort to build a "Belt and Road" airway and contribute to our country's new round of high-level opening up. We actively participated in the national strategic construction such as Beijing-Tianjin-Hebei integration, Guangdong-Hong Kong-Macau Greater Bay Area and Yangtze River economic integration, accelerated the development of Beijing into a world-class aviation hub and the transition of Beijing Airlines into a synchronous operation of business aviation and public transport aviation, and impelled the Greater Bay Area cross-border e-commerce joint venture projects of Kwo Lo Wan in Hong Kong. We have signed strategic cooperation agreements with local governments such as Chongqing, Zhejiang and Sichuan to actively serve local economic and social development, and successfully completed major flights and special charter missions for the Pyeongchang Winter Olympics and Winter Paralympics, the China-Africa Cooperation Forum Beijing Summit, the first China International Import Expo and the 60th founding anniversary of the Ningxia Hui Autonomous Region and the Guangxi Zhuang Autonomous Region. We achieved a safe flight of 2.25 million hours in the whole year, an increase of 6.14% year-on-year. The RTK was 27,518 million, the passenger transportation volume was 110 million persons, and the cargo and mail transportation volume was 1.91 million tons, with a year-on-year increase of 8.4%, 8.02% and 3.62% respectively. Air China achieved operating income of RMB136.774 billion and a total profit of RMB9.958 billion, and the net profit attributable to shareholders of listed company was RMB7.336 billion, representing an increase of 1.33% year-on-year. The flight on-time performance rate reached 80.36%, and the overall passenger satisfaction reached 90.6 points, representing an increase of 2.6 points year-on-year while the number of passenger complaints per 10,000 persons was 1.35, down 17% year-on-year. In 2018, the Company won the 2018 "Top-100 Enterprise Award" for Chinese listed companies.

2019 marks the 70th anniversary of the founding of the new China, and a crucial year for fully building a moderately prosperous society in all respects. By following the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, thoroughly studying and implementing the guiding principles of the 19th National Congress of the Communist Party of China and carrying on the development philosophy of "Innovation, Coordination, Green, Openness and Sharing", we will deepen the reform in an all-rounded manner and stimulate the inner drive for growth, focus on the high-quality and sustainable development, fulfill our inherent responsibilities as a state-owned enterprise and make positive contributions to the society in respect of economy, safety, services, environment, employees, communities and targeted poverty alleviation, striving to develop Air China into a top-tier air transport group in the world with global competitiveness.

蔡劍江

Cai Jianjiang

Chairman and Secretary of Party Committee,
Air China Limited

Concentrating on Poverty Alleviation and Being Responsible



Promote the implementation of targeted poverty alleviation to reduce poverty

Since taking up the poverty alleviation work in the designated areas, namely Sonid Right Banner of Inner Mongolia Autonomous Region (the "Sonid Right Banner") and Zhaoping County of Guangxi Zhuang Autonomous Region (the "Zhaoping County") in 2012, Air China has always taken the poverty alleviation as an important political responsibility, resolutely implemented the CPC Central Committee's decisions and deployment requirements about the poverty alleviation, and actively explored and improved the "8+2" supporting model with Air China's characteristics. Specifically, in the forms of direct poverty relief, industry-based poverty relief, intelligence-oriented poverty relief and medium- and long-term cooperation projects, we deepened the key supporting tasks and accurately implemented the results with sincere devotion and practical measures, in order to ensure doing well in poverty relief and providing strong support for the economic development of designated poverty alleviation areas.

Message for poverty alleviation

"We would like to thank the CPC Central Committee for giving us the opportunity to participate in the great cause of poverty alleviation, and thank local governments as well the local people of the designated county (banner) for their trust and support to Air China. In the process of fighting side by side in these years, the strong will and determination shown by the people of the two places had made all the cadres and staff of Air China impressed and deeply educated, and had brought about strong positive energy for promoting the reform and development of ourselves. We will always cherish the deep friendship built in the designated supported areas for the cause of poverty alleviation and continue to work hand in hand for the realization of the moderately prosperous society."

—Cai Jianjiang, Chairman and Secretary of Party Committee

3077

Ten thousand Yuan

Work together with collaborative parties to purchase agricultural products of designated poverty alleviation areas

21.62

Ten thousand Yuan

Sell specialties from the poverty alleviation areas via the "Phoenix Excellent Buy" poverty alleviation column

317

Ten thousand Yuan

Help to sell agricultural products from designated areas

1000

Ten thousand Yuan

Voluntary investment for the development of the village-level photovoltaic power plant poverty alleviation project in Sonid Right Banner

112

Ten thousand kilometers

Convert credits in the PhoenixMiles E-shop to buy specialties from the poverty alleviation areas

180

Persons

Work together with collaborative parties to train technicians of the poverty alleviation areas

The pattern of poverty alleviation work in 2018

Assigning leaders to implement supporting responsibilities

Conducting pairing work to closely communicate and coordinate

Formulating policies to define supporting ideas

Expanding coverage

Expanding collaboration

Devoting with sincerity

Focusing on "demand points" and solving problems with precision

Deeply tapping the "advantageous points" to promote win-win via the "air-ground linkage"

Consolidating "supporting points" and improving systems for the sake of long-term effectiveness

Grasping three lines



Broadening three aspects



Identifying three points



Grasping "three lines" and resolutely implementing the deployment of the CPC Central Committee

Assigning leaders to implement supporting responsibilities

Air China thoroughly implemented major arrangements of the CPC Central Committee about the poverty alleviation, and had taken the poverty alleviation as a major political task. The Company set up an office to the poverty alleviation leading group and assigned designated staff so as to further intensify the efforts in poverty alleviation and strengthen the organization and leadership of poverty alleviation. In 2018, the main leaders of Air China went to the poverty alleviation areas to carry out investigation and research, and also communicated twice with the main leaders of the Party branch and government in poverty alleviation county (banner) who came to Beijing for exchanges. In addition, we organized regular studies and deployed the poverty alleviation work 18 times. All the subordinate units had formulated the poverty alleviation work plans, and put the effectiveness of poverty alleviation tasks into KPI, truly taking up poverty alleviation as our own responsibility.



Cai Jianjiang, Chairman and Secretary of Party Committee, conducted in-depth research on poverty alleviation in Sonid Right Banner



Song Zhiyong, Vice Chairman and President, together with volunteers in Zhaoping County, Guangxi

Special research and deployment

We conducted special research and deployment of poverty alleviation work at important meetings, and held the annual poverty alleviation meeting

Deepening the theory of poverty alleviation

We incorporated the targeted poverty alleviation into our development strategy, and strengthened the understanding of the importance, difficulty and urgency of poverty alleviation in the Party organizations and the majority of Party members at all levels through the collective study of General Secretary Xi Jinping's important thought on poverty alleviation and development as well as the latest poverty alleviation deployment of the CPC Central Committee

Conducting pairing work to closely communicate and coordinate

Air China regarded strengthening communication and deepening understanding as an important prerequisite for precise assistance. In 2018, Cao Jianxiong, Vice President and Deputy Secretary of the Party Committee, investigated poverty alleviation work for 7 times, for listening to the needs, daily life and industrial development of local people, discussing measures together and giving advices on the poverty alleviation.



Cao Jianxiong, Vice President and Deputy Secretary of the Party Committee exchanged ideas with cadres in poverty alleviation areas

"Line to line" to communicate regularly

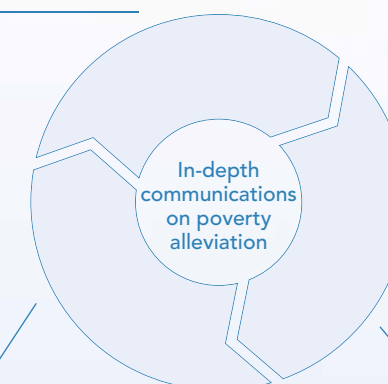
Maintain regular communication with the two places through channels such as TV and telephone conferences, in order to report the situation and solve the problems immediately

"County to county" to share experience

We arranged the leaders of Zhaoping County to Sonid Right Banner for exchanging opinions on poverty alleviation, and arranged relevant staff of Zhaoping County to Anji County, Zhejiang for the inspection of the bamboo industry, absorbing the advanced business ideas from developed counties

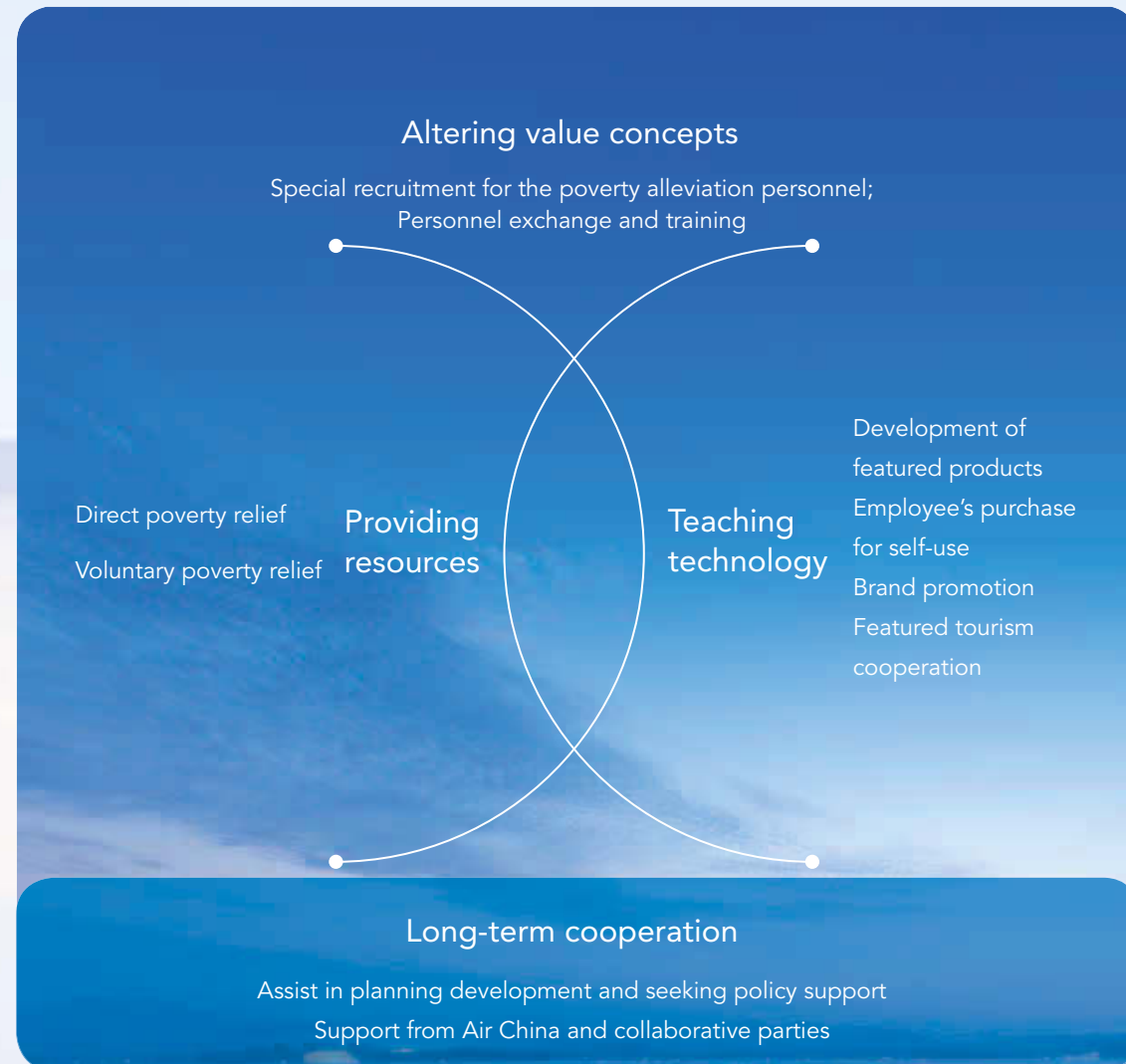
"Face to face" to accurately find out the actual situation

The Company's leaders visited designated areas many times to check the implementation of the assistance projects and invited major local leaders to Air China for exchanging ideas



Formulating policies to define supporting ideas

Air China adhered to the concept of sustainable development, coordinated the needs of designated areas and our resources, and regarded the system construction as the top priority by further optimizing and improving the "8+2" working system. In addition, we expanded the number of specific projects and leading units to 16, further enhancing the guidance, adaptability and coordination of supporting systems.



"8+2" supporting working mechanism

Link: "8+2" supporting working mechanism ✈

In respect of "8+2" supporting working mechanism, "8" stands for eight methods, namely direct poverty relief, voluntary poverty relief, development of featured products, employee's purchase for self-use, brand promotion, featured tourism cooperation, special recruitment programs and personnel exchange and training; and "2" represents assisting in planning development and seeking policy support, and support from Air China and collaborative parties.



Identifying three points, made solid progress in the key tasks of targeted poverty alleviation

Focusing on "demand points" and solving problems with precision

Air China adhered to the problem-oriented approach and strived to provide accurate support to the designated places. For the needs for emergency relief, funds would be directly allocated to help the special groups; for the needs of industrial development, Air China and the collaborative parties actively motivated staff to purchase agricultural products voluntarily; for the needs of team building, we took the approach of "inviting in and going out" to train various types of talents from designated places; and for the needs of development funds, free funds had been allocated to help local development.

Direct poverty relief by providing resources

Air China had established a long-term working mechanism of offering accurate and direct aid to special groups. We strived to focus on the real issues and start from little things, and solved the vital problems faced by the local people in terms of medical assistance, educational support, production subsidies, transportation, drinking water, and electricity.

Industries-based poverty relief by teaching technology

Air China joined hands with the cooperative companies to promote industrial assistance and focus on improving the self-development ability of designated areas people, and further innovated the cooperative development method of the featured tourism and agricultural and animal husbandry products in poverty alleviation areas, in order to increasing the power of "blood generation" ability and achieving poverty elimination in the long run.



The tasting activities of designated areas products for employee

Intelligence-oriented poverty relief to increased the power of "blood generation"

Air China had intensively advanced the recruitment and cultivation of graduates from designated areas, deepened the training of cadres, selected and assigned cadres of poverty alleviation to support the local development, and enhanced the ability of local people to develop production and thus get rid of poverty.



Inviting young cadres from both poverty alleviation areas to participate in 3 training courses for reserve cadres of Air China and organizing 2 training courses for the local young cadres.



Holding hotel management training, e-commerce skills training, teachers' continuing training and western-style dessert skills training, for core cadres in both poverty alleviation areas

Deeply tapping the "advantageous points" to promote win-win via the "air-ground linkage"

Air China leveraged resource advantages to drive the development of distinctive resources in the two places. The Company coordinated the air-food catering resources, and offered 11 kinds of meals with Sonid beef and mutton on some routes, and purchased organic tea from Zhaoping County for cabin services, by a series of brand activities; coordinated media propaganda resources to focus on Ulan Muqir, Sonid sheep, dragon-boat races, villages of longevity and other special highlights, and promoted the natural scenery and cultural features in the designated areas of poverty alleviation on the on-board media, sales offices and WeChat public accounts; and coordinated route network resources to develop tourism products and actively guide tourists to visit the two places.



Popularizing the natural scenery and cultural features of the two places on Air China on-board media



Characteristic cultural tourism projects of Sonid Right Banner, Inner Mongolia



Varied tourism resources in Zhaoping County, Guangxi

Consolidating "supporting points" and improving systems for the sake of long-term effectiveness

Air China had formulated relevant systems in terms of funds management, voluntary assistance, supervision and inspection, working style, etc., and signed the *Three-Year Poverty Alleviation Cooperation Framework Agreement* with Sonid Right Banner of Inner Mongolia and Zhaoping County of Guangxi, aiming to clearly define the direction of designated supporting work and transform the effective practical experience into an institutional arrangement that could be followed for a long time to ensure that the effect of poverty alleviation sustainable.

Broadening the "three aspects" to actively seek support from various parties

Expanding coverage

Air China actively mobilized the staff to participate in the assistance work, formulated and implemented the pairing assistance programs, and determined the pairing assistance relationship between various units and poor households in the two places, forming a cluster-type working pattern. The voluntary supporting education activity of "Blue Sky Class" had been carried out on a regular basis with 153 volunteers in 17 batches giving a total of 887 class hours in the two places in 2018. As a typical example of state-owned enterprises actively fulfilling social responsibilities, our voluntary teaching activities had been shown in the "Exhibition for Celebration of the 40th Anniversary of Reform and Opening up" of the National Museum in the forms of photos and explanatory notes.

Cases ♦ The "Blue Sky Class"

In response to the national strategy of targeted poverty alleviation, Air China launched the "Blue Sky Class" volunteer education activities in 2017. By attaching equal importance to intelligence and aspiration and adhering to the volunteering spirit of "dedication, friendship, mutual assistance and progress", our volunteers assumed the responsibility and undertaking with practical actions, not only built a bridge of hope for the children in poverty-stricken areas, also reaped the love and strength of growth at the same time.

Each wave surges

Zhaoping County, Guangxi is located at the southern end of China, with beautiful scenery and honest folks. Volunteers taught English, music, art and other courses to children there, as well as sang, danced, drew and played with them. Such simple little things had made children smiling with sincerity. The arrival of volunteers opened a small window to the wonderful world for those children who had never travelled far away.



A colorful world painted by little hands

Each color should be in full bloom

From the painted aircraft to the Phoenix spirit, the wonderful story deepened the children's understanding of Air China; from first-aid knowledge to outward training, the children learned that a healthy body could help them flying higher and farther; from Chinese culture to colorful world, the profound history and the collision of different cultures had made children coming up with "sparks" of thought that they never had before; and from literature to film, from handcraft to experiment, from the ground to the air, from the body to the soul, we sincerely expected that the children's future could have unlimited possibilities.



Learning first-aid knowledge and applying it at critical moments

Every effort pays off

The road of voluntary teaching is long and hard, not only a road of dedication, but also a road of growth. Teaching means being educated more than imparting knowledge. In the short time of teaching, volunteers ignited the love and hope of the children, meanwhile grew together with them.



Volunteers and children flying dreams together

In 2019, the "Blue Sky Class" will remain an important part of the "8+2" project for designated poverty alleviation. Air China will continue to vigorously carry out voluntary poverty alleviation services, continuously explore new forms of voluntary education, earnestly advance voluntary poverty alleviation, and interpret love with responsibility and undertaking.



Expanding collaboration

By adhering to the principle of collective thoughts and concerted efforts, Air China actively introduced partners to participate in poverty alleviation and gave full play to their professional expertise and resource advantages to focus on addressing the knotty issue of poverty alleviation in poverty-stricken areas.

1

Concluding an agreement with the China Red Cross Foundation to establish two charity health stations in Zhaoping County, Guangxi

2

In cooperation with Airbus SE, inviting 17 outstanding youth representatives from both places and Ulan Muqir members to attend the landing ceremony and activities in France

3

Inviting 21 mainstream media such as Xinhuanet and People's Daily Online to Sonid Right Banner for an interview on the purpose of expanding its popularity and influence

4

Bringing the 'Baidu Map' team to Sonid Right Banner to collect geographic information and successfully making it launched, for the 'precise navigation' for the daily life and production of farmers and herdsman as well as poverty alleviation through tourism

5

Supporting the China Environmental Protection Foundation and the Chinese Academy of Forestry to visit Sonid Right Banner to conduct investigation and research so as to explore programs on poverty alleviation by ecological means

6

Signing a memorandum of cooperation with tourism companies such as Guangzhou Jinma International Travel Service to jointly promote projects on poverty alleviation through tourism

Joined hands with collaborative partners to help poverty alleviation

Devoting with sincerity

Air China made it closer for the two places in our sincere communication, continued to write our own chapter on poverty alleviation in heartfelt words, and fulfilled the mission and responsibility of serving the country with integrity in a down-to-earth style.

Committed to the poverty alleviation, each staff of Air China was either striving on the front line, or staying on the home front, either making suggestions or contributing ideas or making donations. We gathered and devoted our love and strength to the poverty alleviation.



Organizing outstanding young representatives from poverty-stricken areas to visit the Airbus SE headquarter in France for scientific and technological exchanges. The leaders of the Company saw off and sent cordial messages to the children

Sticking to the front line of poverty alleviation and striving to benefit the people's livelihood

By implementing General Secretary Xi Jinping's comment of "the key to a successful battle lies in people", Air China actively carried out a new round of selection and assignment of seconded cadres for poverty alleviation. Selected outstanding talents with high professional quality, strong organizational leadership ability, good physical quality and pioneering and innovative spirits to work in the poverty-stricken areas.

Poverty alleviation quotes:

Poverty alleviation work is a sacred responsibility and mission. Stay true to our original aspiration and keep moving on. We hope we can continue to witness the warmth, happiness and touching moments in the aid offered in the designated supported areas!

——Wang Junfeng, the poverty-alleviation cadre seconded to Sonid Right Banner of Inner Mongolia

Despite countless hardship and setbacks lie ahead, we commit ourselves to poverty alleviation!

——Qian Jiang, the poverty-alleviation cadre seconded to Zhaoping County, Guangxi

We can always feel the endless warmth from the Party in the poverty alleviation. In the fight against poverty, the measures taken by Air China were solid and effective, and Jiangkou villagers are full of expectation and confidence!

——Xuanyan, the First Secretary of Jiangkou Village, Zhaoping County, Guangxi

Conclusion

In 2018, through Air China's practical aid, the poverty rate of Sonid Right Banner of Inner Mongolia fallen to 0.21%, and all 34 poverty-stricken villages successfully passed the preliminary review of withdrawal from poverty-stricken banners and the third-party evaluation and acceptance of the autonomous region. In addition, 20 poverty-stricken villages and 20,063 people from 4,513 households in Zhaoping County had been lifted out of poverty, and the poverty rate had dropped to 7.69%.

In 2019, Air China keeps moving forward with gratefulness. Guiding by the philosophy also named as the spirit of phoenix, Air China will continue to participate in poverty alleviation and bring happiness and good fortune to more and more people. Air China will always cherish the deep friendship with and affection for the supported areas that had been formed in the cause of poverty alleviation, and will join hands with the people of the two places to realize a moderately prosperous life.

About Us

Stock Code
Shanghai Stock Exchange: 601111
Hong Kong Stock Exchange: 00753
London Stock Exchange: AIRC
US ADR OTC: AIRYY



Company Overview

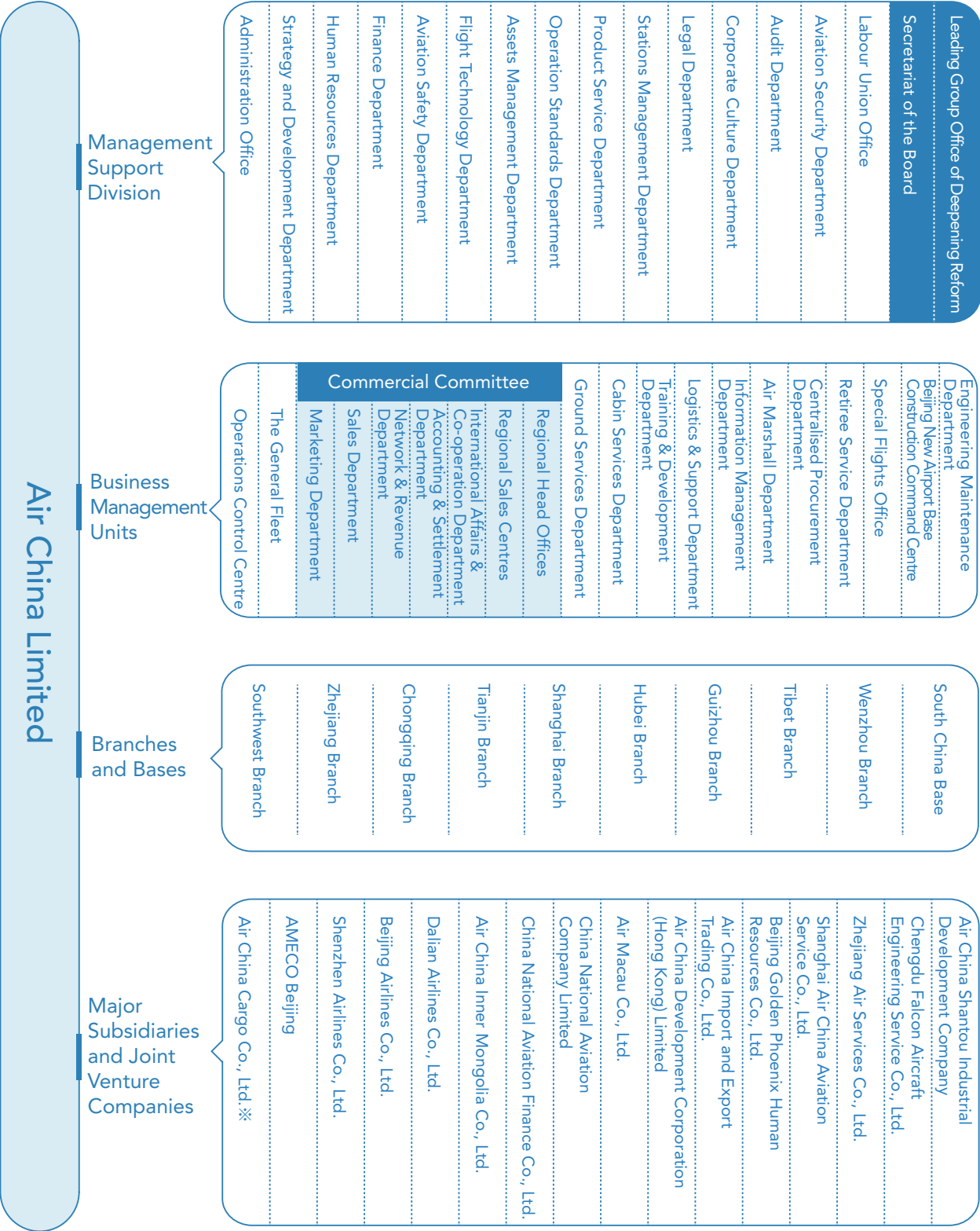
Air China Limited was founded in 1988, the predecessor being known as Air China International Corporation. In October 2002, Air China International integrated the air transportation resources of China Southwest Airlines and China National Aviation Company to form a new entity. On September 30, 2004, Air China Limited was founded in Beijing. The Company was then listed both in Hong Kong and London on December 15 of the same year, before floating in the domestic A-shares market on August 18, 2006.

In the lead among domestic airlines in both passenger and cargo transportation and other related services, Air China is a member of the Star Alliance, the world's largest airline alliance, and the only Chinese civil aviation enterprise that is among the World's 500 Most Influential Brands. The Company is also China's only flag-carrier, providing exclusive flight services to the government, top-ranking foreign officials and visitors to China as well as emergency flight services.

In 2018, Air China Group carried 110 million passengers, and 1,908.4 thousand tons of cargo and mail, and RTKs (revenue ton kilometres) reached 27,518 million. We recorded RMB136,774 million in business revenue, with net profit attributable to equity shareholders of the Company of RMB7,336 million, ranking top among aviation companies in terms of business performance.



Organizational Structure



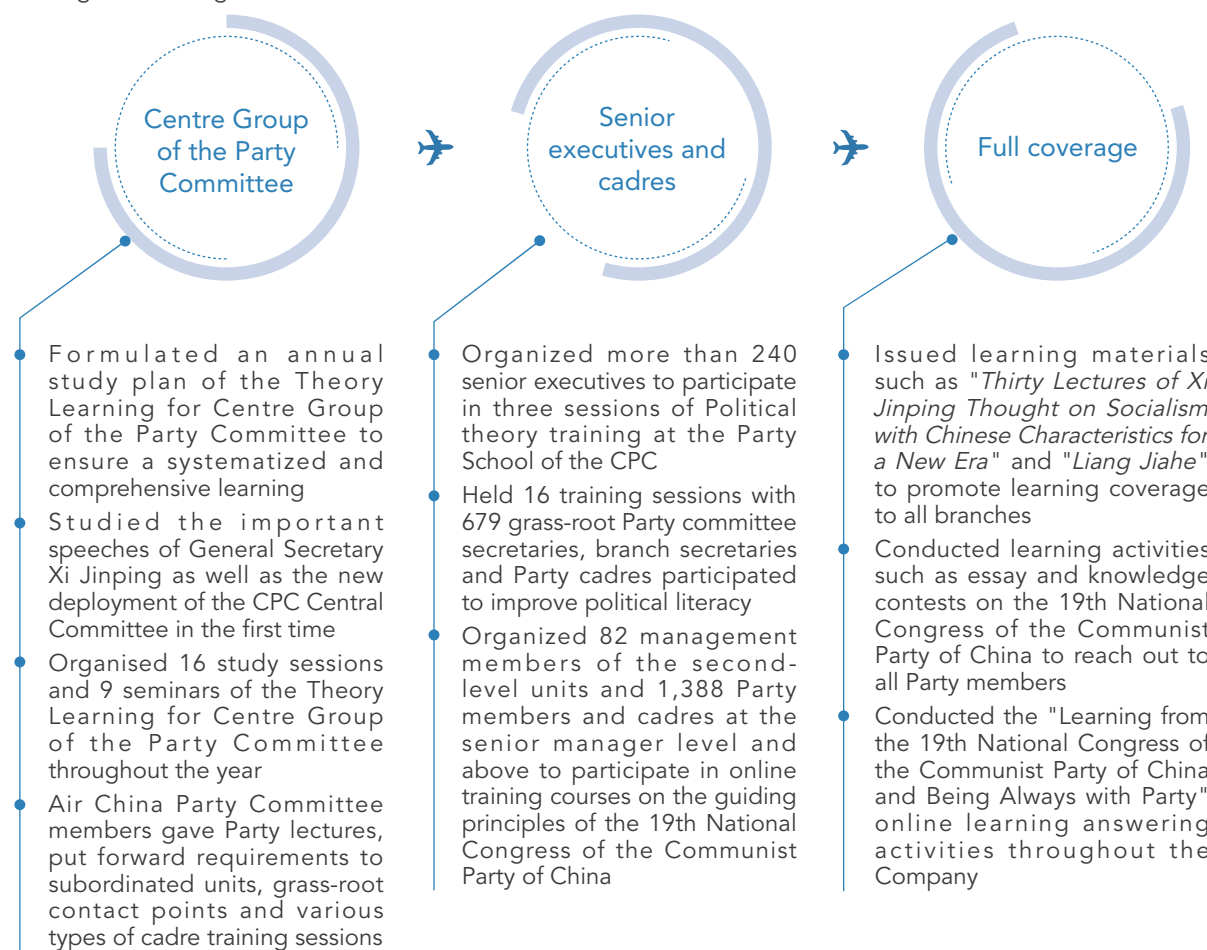
※Note: On 28 December 2018, Air China Cargo Co., Ltd. completed the registration change and would cease to be a member of Air China Group in 2019

Party Building

As the flag carrier, Air China has always regarded "maintaining the Party's leadership and strengthening Party building" as major political principles as well as unique development advantages. In 2018, Air China thoroughly studied and implemented Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the guiding principles of the 19th National Congress of the Communist Party of China, in order to consolidate and deepen the 30 key tasks put forward at the national state-owned enterprise Party building conference to grasp leadership, responsibility, innovation, quality and people's trust and focus on promoting the implementation of the CPC Central Committee's comprehensive and stringent governance work in all aspects of the Party to achieve new progress, new achievements and new improvements, and hence strive to provide strong political and organizational guarantees for the grand cause of reform and development.

Thoroughly studying and implementing Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the spirits of the 19th National Congress of the Communist Party of China

Air China learned, publicized and implemented Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the guiding principles of the 19th National Congress of the Communist Party of China. We adhered to the political construction as the guiding principle, comprehensively promoted the Party's political construction, ideological construction, organizational construction, working style construction and discipline construction, and carried out the system construction throughout the process to fully implement the responsibility of the Party management and governance.



Comprehensively and faithfully implement the spirit of the 19th National Congress of the CPC

Putting the responsibility of Party building into effect

Focusing on fulfilling key tasks put forward at the national state-owned enterprise Party building conference, Air China continuously completed the responsibility system for Party building work, and studied and formulated the implementation plan and evaluation method for the Party building work responsibility system to improve the review and evaluation mechanism and carry out the annual assessment of the Party building responsibility system, so that Party members and cadres at all levels could be aware of and perform their own responsibilities, and various measures aiming at the comprehensive and stringent Party governance work could be carried out.

Strengthening the construction of "three fundamentals" in an all-round way

With the focus on improving organizational strength and enhancing political functions, Air China had innovated and explored new methods and measures for the construction of Party organizations at the grass-root level, continuously improved the quality and level of Party building at the grass-root level and established powerful fundamental organizations, fundamental teams, and fundamental systems with a view to impelling the comprehensive and strict governance of the Party in depth and breadth.

Reinforcing the fundamental organizations

- Insisted on the implementation of the Party lecture mechanism in the Party organizations at the grass-root level, and elected advanced grass-root Party organizations, outstanding Party members and distinguished staff of Party affairs
- Improved the working mechanism for strengthening the construction of overseas, mobile and decentralized Party organizations, and enhanced the ability and coverage of grass-root organizations
- Improved the management mechanism of Party members in aircrew team and overseas institutions

Establishing strong fundamental teams

- Implemented the comprehensive management of Party members and strictly regulated the development process of Party members
- Strengthened the training of staff of Party affairs and Party members at the grass-root level, and strived to improve the ability of Party branch leaders, staff of Party affairs and activists

Completing fundamental systems

- Continuously improved the "1+N" system of Party building work
- Formulated and revised more than 10 fundamental systems such as creating good Party Branches and Party Groups, and promoted the long-term effectiveness of grass-root Party building in a normalized manner

Exploring new methods and measures

- Established the Office of Party Construction Research Project, and cooperated with well-known domestic universities to carry out Party building research in response to the difficulties encountered in the work

Corporate Governance and Risk Prevention

At the critical moment of new development period, Air China strictly abides by the relevant requirements of domestic and overseas listing rules as well as relevant laws and regulations, continuously improves the modern enterprise system, promotes the construction of the governance system, enhances the governance capacity, safeguards the overall interests of all shareholders, and further enhances the compliance management, meanwhile, facilitates the realization of the strategic goal of “making Air China a world-class aviation group with globally-competitiveness in the world”.

Improving the construction of the board of directors

Air China had deeply promoted the construction of modern enterprise systems. According to the overall requirements of the SASAC on standardizing the board of directors, we optimized the structure of the board of directors, improved the resolutions management, the feedback mechanism for resolutions, relative rules and regulations as well as optimization processes of the board hence consolidating the foundation of corporate governance standardization and process-based management.

In order to actively play the supporting and decision-making functions of the special committees and directors, Air China strengthened the report mechanism of secretary to the board and the investigation management of the directors, such as organizing periodic debriefings and docking with the joint working groups, to help the independent directors and special committees with an in-depth understanding of the Company and a better perform of the duty.



Cabin service Investigation by directors of the board

Establishing and perfecting the modern enterprise system with Chinese characteristics

Air China resolutely implements the decisions and requirements of the CPC Central Committee and State Council on the reform of state-owned enterprises, and takes the new development philosophy as the guide, continuously optimizes the design of top-level management and constantly adhere to the Party's leadership over state-owned enterprises and stick to establish a modern enterprise system. In this way, the organic unity of the Party's leadership and the modern enterprise system with Chinese characteristics in corporate governance had been completed, and the legal status of the Party organization in the corporate governance structure had been clarified, so that the role of the Party organization in the listed company was more organized, institutionalized and concrete.

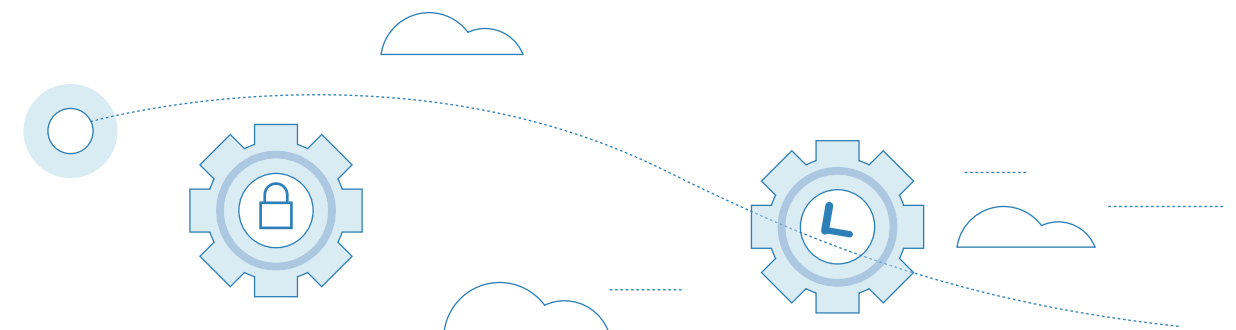
Improving the ability of risk management and control

Focusing on risk prevention and efficiency improvement, Air China actively promoted risk management and control, improved the risk internal control system, formulated and issued internal control management regulations, and revised the risk management measures. In accordance with the requirements of the internal control system and related regulations, we actively rectified the problems found and maintained the effectiveness of internal control. In 2018, Air China had no major or material shortcomings in internal control over financial and non-financial reports.

- 1 Actively implemented the spirit of the special meeting of the SASAC on overseas risk prevention and control of state-owned enterprises, realized the normalization of comprehensive investigation on the Company's overseas risks, thoroughly identified the risks of the “Belt and Road” related projects, and focused on strengthening the risk assessment of major overseas investment projects
- 2 Effectively implemented the investment and management regulatory requirements, improved the risk assessment mechanism for “4 major decisions” as well as important matters such as major investments, mergers and acquisitions, reorganization and reforms etc. and established risk warning mechanisms
- 3 Improved risk management monitoring methods and expanded the coverage of monthly report about risk monitoring

Strengthening compliance management

Air China promoted the construction of a compliance management system and abided by business ethics, and also continuously enhanced the ability of corporate governance and compliance management according to laws and effectively controlled business risks, in order to ensure the healthy development of enterprise. We initially formed a comprehensive, shared and normalized compliance training system within the Company, and produced and issued compliance guidelines and training manuals for key areas such as the Overseas Compliance Training Manual, and constantly improved the Company's rules and regulations system by actively setting up, revising and abolishing relevant rules and regulations. In accordance with the reform of adjusting the civil aviation industry supervision mode, the Company actively carried out statutory self-inspection work to ensure operating in compliance with laws and regulations.



Intensifying the intellectual property management

Air China comprehensively checked intellectual property reserves and continued to put more efforts in intellectual property rights protection such as trademark infringement, unfair competition and trademark dilution. In 2018, Air China continued to improve the ledger management of intellectual property rights, and realized dynamic management of more than 3,000 registered trademarks and patents.

Strengthening market value management

Air China actively improved the information disclosure system and strengthened the refined management. By focusing on the annual key issues, the Company deepened the research on market value management, actively explored the market value management channels and strengthened communication with investors and media so as to disseminate Air China's value and create a model of information disclosure compliance for listed companies. In 2018, Air China organized in aggregate three general meetings, six meetings of the board of directors, five meetings of the board of supervisors and 11 meetings of various special committees of the board of directors, and also held the semi-annual results conferences, roadshow activities and global performance conferences of the first and third quarterly report for the years of 2017 and 2018. In addition, the Company participated in more than 10 Chinese summits and investment strategy meetings, and completed more than 100 investigation and research conferences and telephone conferences of domestic and foreign institutions.

Anti-corruption

Air China has continuously improved the building of Party style and clean government and anti-corruption system, built a long-term mechanism against corruption and carried out the main responsibility of the Party committee and the supervisory responsibility of the discipline inspection committee. The company also carried out warning education with typical disciplinary cases as the negative teaching material, which the majority of Party members and cadres could learn from.

Air China organized the study of the spirit of the relevant documents of Disciplinary Inspection department of the Party Central Commission and the Country, strengthened the management and supervision of leaders and cadres, and established a clean government archive for leaders, and we also insisted on the normalization and institutionalization of talks on integrity with cadres and organized anti-corruption special training aiming to raise anti-corruption awareness. In 2018, the Company organized a total of 2,099 integrity conversations, held 1,416 special trainings on Party building and clean government construction as well as anti-corruption work, carried out 3,306 education activities about Party rules and disciplines, and completed special inspections on the implementation of Eight Rules issued by the CPC Central Committee for 17 units.

Corporate Culture

In 2018, Air China's corporate culture work focused on formulating and issuing the 'Implementation Opinions on Boosting Cultural Confidence and Strengthening Cultural Transmission' by implementing the 'Building Stronger Cultural Confidence and Helping Socialist Culture to Flourish' proposed by the 19th National Congress of the Communist Party of China and in light of development advantages and actual needs, which had defined the major contents and methods of cultural transmission. Accordingly, the three-dimensional transmission platforms of corporate culture, such as Air China channels, exhibition halls and cultural corridors, effectively promoted the popularization of corporate culture.

Air China has always adhered to culture as connotation, and has committed to promoting the creative transformation of China's excellent traditional culture and improving the humanistic connotation and humanistic quality that matches the first-class aviation group. In 2018, Air China organized a series of "Humanistic Air China" theme activities. For example, five sessions of "Humanistic Air China" cultural lecture were held to actively promote the ritual culture construction projects, the "Humanistic Air China" series of talk shows were recorded, the speech contest and the creative emoji collection event were carried out, and a documentary for the front-line staff named "touching" was filmed. It is hoped that these activities would help enhance the employees' awareness and become their action guidance, and gather all strength together to make Air China a top-class aviation group in the world.

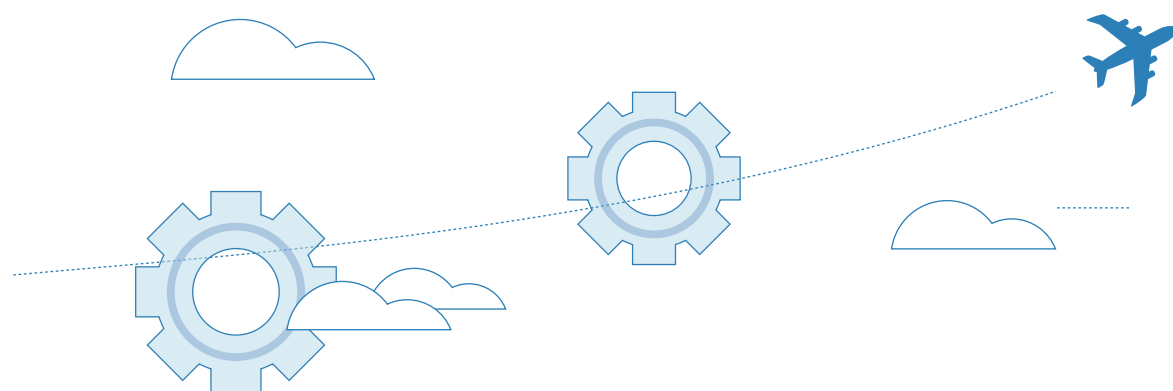
Case ♦ "Humanistic Air China" lecture carrying forward traditional culture

Air China made a creative transformation of Chinese excellent traditional culture, and used our own advantages to do a good job in the ideological propaganda work under the new situation.

Air China organized the "Humanistic Air China" culture lecture, and invited famous scholars to teach a series of humanities courses. Based on the excellent traditional Chinese culture, these courses aimed at fostering and carrying forward the core values of socialism and actively creating a good atmosphere for exploring humanities, advocating humanistic thinking and pursuing humanistic care, and ultimately improving the soft power of Air China.



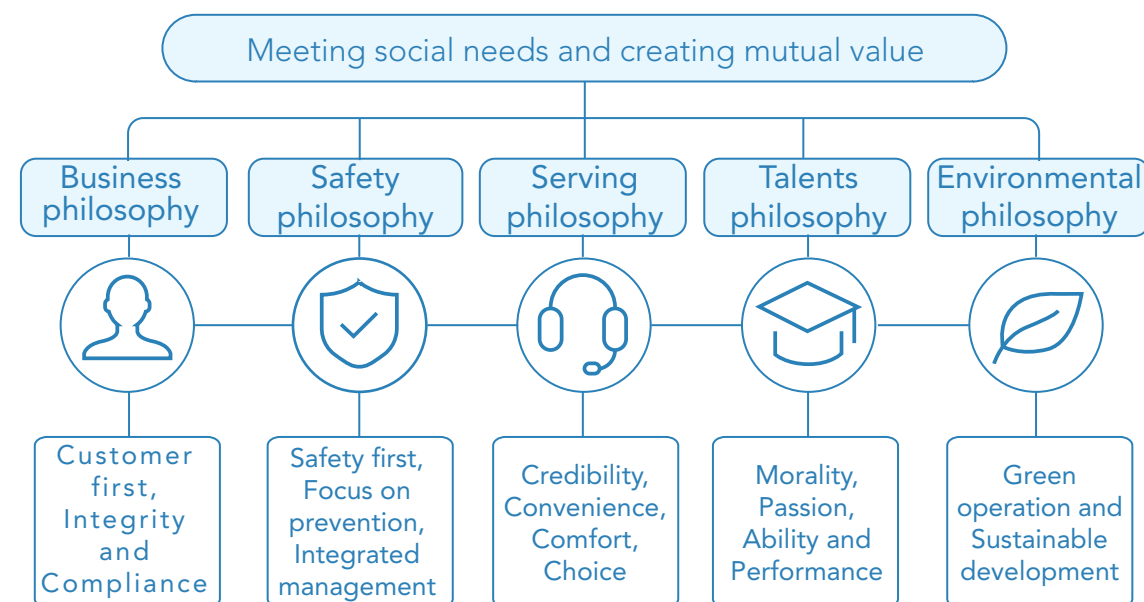
The event of the "Humanistic Air China" cultural lecture in 2018



Responsibility of Sustainable Development

Responsibility Concepts

Air China consistently implemented the principle of combining social responsibility concepts with corporate strategic deployment, and integrated social responsibility with the formulation of corporate strategy, management and operations, consolidated the foundation of social responsibility management through formulating a comprehensive sustainable development plan, in order to continuously improve the ability to fulfill social responsibility and facilitate the harmonious integration of benefits in economy, environment and society.



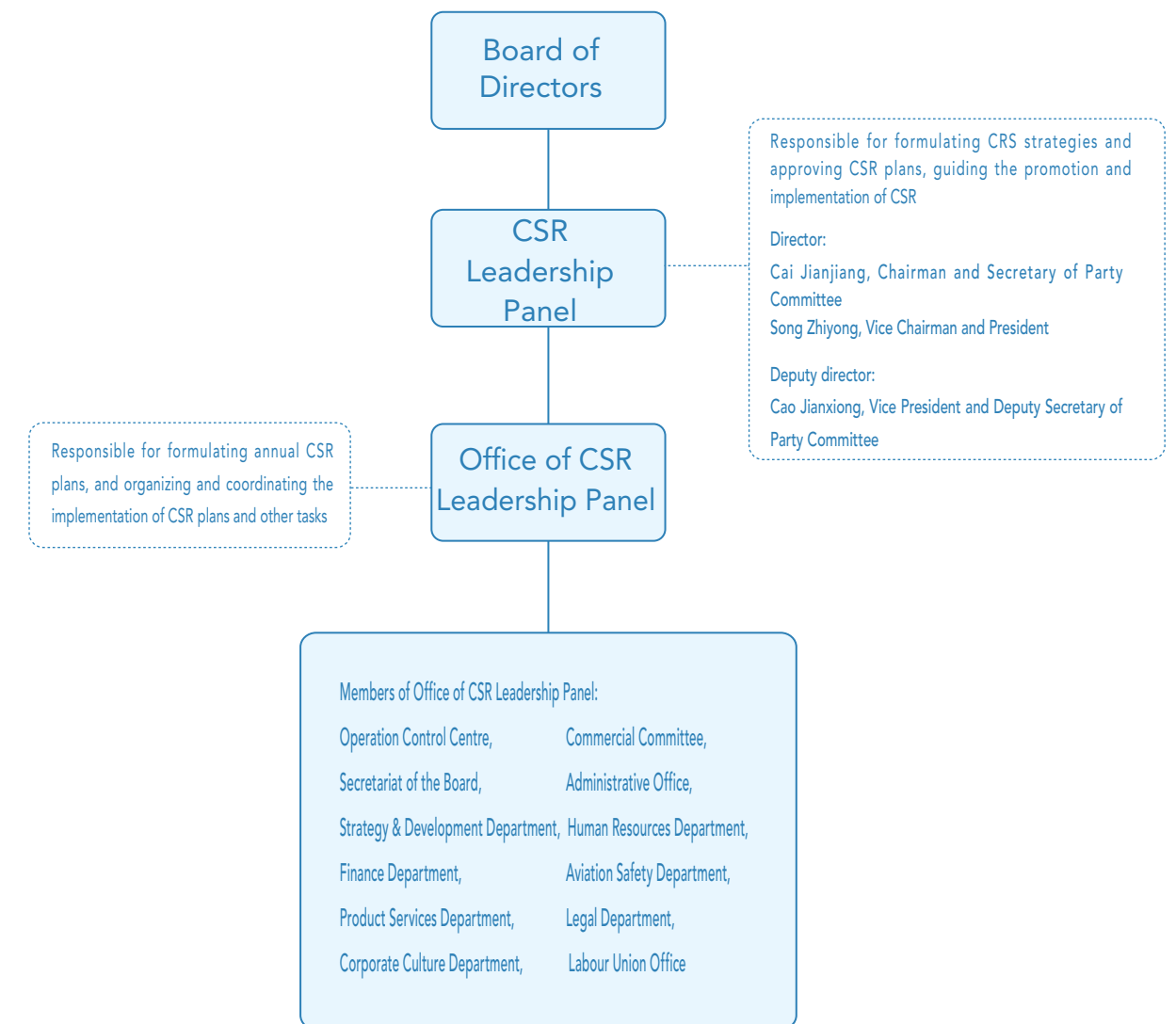
By upholding the social responsibility concept of meeting social needs and creating mutual value, Air China continuously strengthened social responsibility management, established a sound social responsibility management system, enhanced communication with stakeholders, deepened awareness of potential markets, improved the service level and systematically impelled the fulfilment of social responsibility, laying a solid foundation for maximizing the Company's economic, environmental and social values.



Incorporating Responsibilities

Air China established and perfected the social responsibility work leadership structure, and formed a social responsibility work leadership mechanism with clear hierarchy and clear division of work. It clarified the establishment of the governing body, the division of work responsibilities and the main responsible departments and personnel, strengthened the strategic decision-making and planning and deployment of social responsibility work, and guided and advanced corporate social responsibility work, so that the social responsibility work could be undertaken and implemented at each level.

Air China established a social responsibility work leading group, responsible for social responsibility strategy formulation and planning approval, and guiding the implementation of social responsibility work. We intensified the construction of normal social work mechanisms such as corporate social responsibility planning, governance, integration, and communication. For two consecutive years, we actively participated in the SASAC social responsibility project, and thoroughly explored typical cases of fulfilling responsibility. Our outstanding cases were widely disseminated through the "Blue Book of State-owned Enterprise Social Responsibility" issued by the SASAC. In 2018, we carried out the social responsibility activities of "Together to Build the Responsible Brand" by combining the main attributes of the aviation industry, in the hope of inspiring the sense of responsibility of all employees, promoting the spirit of fulfilling responsibility and establishing a responsible and good social image.

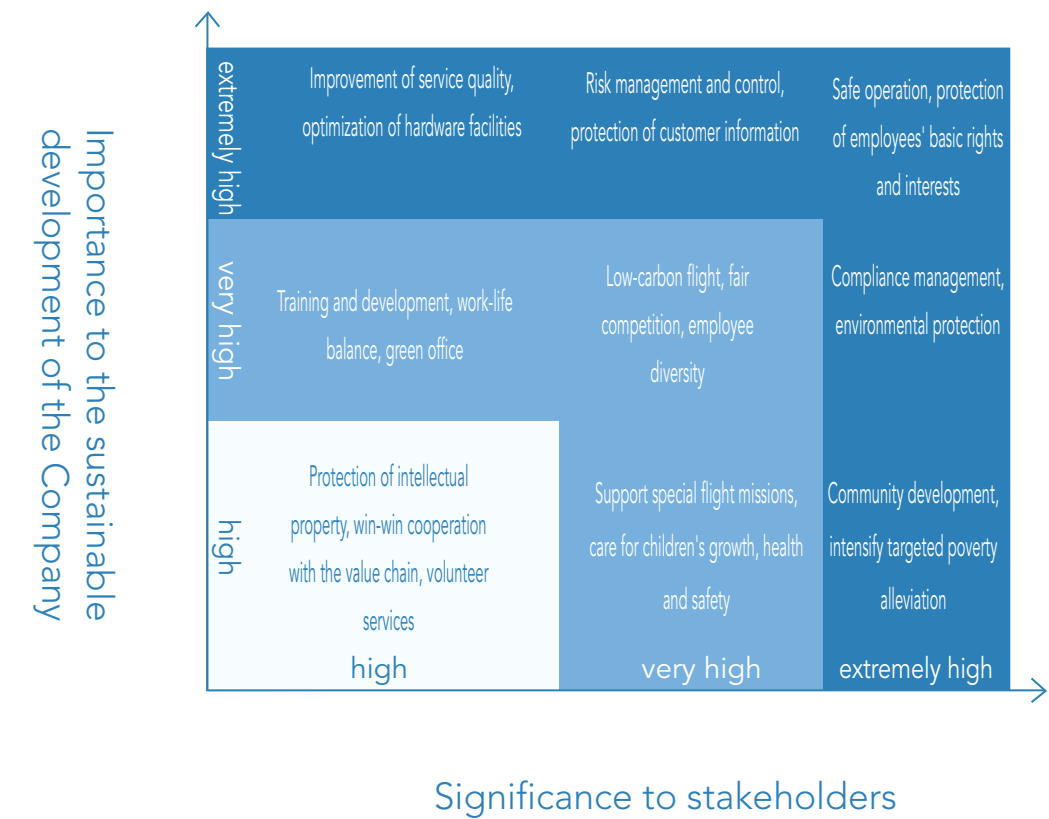


Responsibility Communication

Air China was committed to building a regular communication mechanism with stakeholders. Based on responsibility fulfilment issues, Air China innovated communication channels and methods and accurately disseminated the Company's social responsibility concept and responsibility fulfilment dynamics to create a responsible brand image and enhanced the competitiveness of responsibility, in addition to meeting the expectations and needs of internal and external stakeholders, such as governments, shareholders and creditors, customers, employees, partners, peers, communities and media.

Identifying substantive issues

From the perspective of stakeholders, in light of China's national conditions and state policies, industry characteristics and the Company's business characteristics, Air China screened out substantive issues that were important to both sides through identification, sequencing, approving and review, which were sorted and ranked according to the two dimensions of "importance to the Company's sustainable development" and "importance to stakeholders".



Stakeholder Communication

Air China actively responded to the expectations and needs of stakeholders, sought the trust and support of stakeholders, and drove forward CSR work more effectively.

Stakeholders	Communication	Expectations and appeals	Response from Air China
Government/Domestic and overseas regulatory authorities	Work meetings and briefings	Integrity compliance and orderly operations	Participating in the planning, research and formulation of policies
	Information disclosure	Support for important and major events	Special topic reports
	Cooperation with local government	Zero accident affecting safety of operations	Monitoring and evaluation
Investors/Shareholders	Information disclosure	Good corporate image	Support special flight missions
	Shareholders' meetings	Energy conservation, emissions reduction and environmental protection	Improving corporate governance and internal control system
	Investors' meetings	Realising standardised corporate governance	Strengthening efficiency-leadership competitiveness
Customers	Customer satisfaction surveys	Protection of investors' and shareholders' rights and interests	Regular result announcement
	Complaint handling	Sustainable profitability	Branded lounges
	New media	Flight safety and on-time performance	Drawing self-portraits of gracefulness
Employees	Employee satisfaction surveys	All-round and high-quality services	Special efforts in improving food quality
	Internal BBS, magazines, emails and WeChat	Intelligent services	Improving release mechanism for information on irregular flights
	Employee representatives meetings	Protection of rights and interests	Building a multi-level talent developing channel and learning path
Partners/Suppliers	Labour unions, teams construction	Focus on the Company's development strategy	Improving the facilities of Staff Service Centre
	Partners meetings	Participation in the Company's management and operation	Launch of "Blissful-Heart Project" to offer psychological health service
	Daily business interactions	Smooth career development	Helping employees in difficulty
Peers	Industry forums	Honesty and integrity in business operation	Strengthening supplier management
	Industry conferences	Transparency in procurement	Revising and improving procurement policy
		Common development	Strengthening suppliers' environmental protection concept and capability
Community	Public welfare and charity activities	Attention to industry development and trends	Strengthening alliance and cooperation
	Volunteer work	Maintenance of fair market order	Launch joint operation
			Signing of cooperation memorandum
Media	Press release	Promote economic growth of the communities	Intensifying targeted poverty alleviation
	Media calls and visits	Support public welfare events	Engaging in public welfare and charity activities
	Official new media platform	Important events of the Company	Poverty and disaster relief work
		Public image and influence	Publication of CSR report
		Future planning	Timely update of new developments via Weibo and WeChat
			Media open-day

Responsibility for Flight Safety

Air China studied and implemented General Secretary Xi Jinping's important instructions on civil aviation safety work and upholding the principle of "Safety first, Focus on prevention, Integrated management", constantly improved the aviation safety management system and deepened the application of safety management system, and continuously increased safety management and control capabilities to ensure continuous and safe operation.

Supporting the UN 2030 Sustainable Development Goals



Providing the security transportation system, improving aviation safety



Optimizing Safety Management

Strengthening the implementation of safety responsibility

Air China reinforced the organization and leadership of safety production, adhered to the prevention-oriented and issue-oriented approaches, and took the safety data analysis as the starting point to effectively solve the problems existing in the production and operation. The Company also intensified the building of Safety capabilities and strictly dealt with violations of regulations and non-implementation of management responsibilities, so that safety responsibilities were implemented at every levels.

In response to the typical unsafe incidents that occurred in July, the Company set up a leading group for the safety rectification and overhaul work led by the top management leader and carried out a four-month safety rectification and inspection work, and also earnestly cooperated with the supervision of the Civil Aviation Administration of China and established a list of hidden dangers and rectification lists, marking a conclusion of all the rectification work. Since September, the three safety indicators of the Company, namely the Safety Risk Index, Flight Control Risk Index, Fleet Technical Risk Index had been all within the green area, and all the safety indicators had been obviously improving.

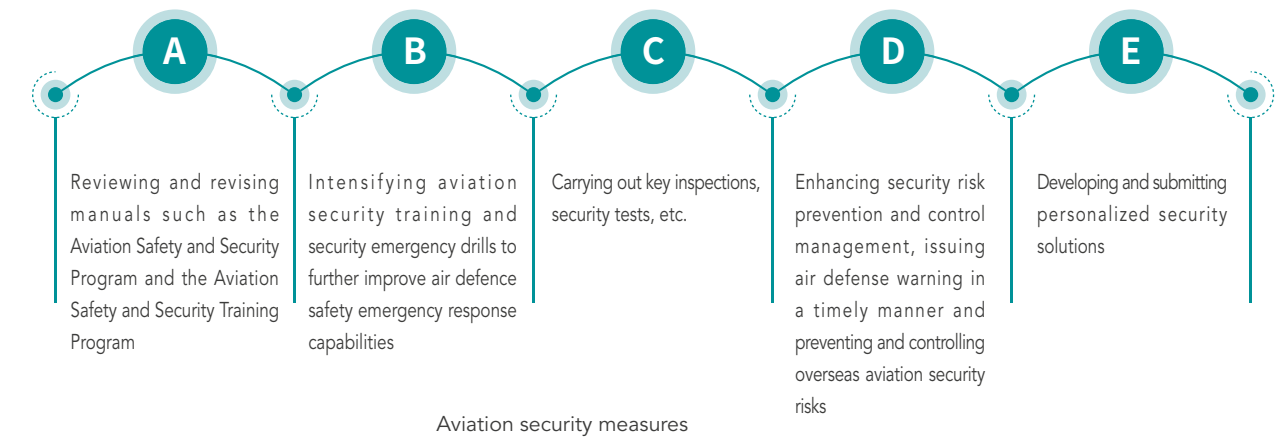
Strengthening risk management

Air China deepened the construction of safety risk prevention and control system, forward Safety barrier and facilitated the construction and deep application of safety management system. The Company also promoted the deepened application of the digital operation risk assessment system, strengthened risk identification and prior control, quantitatively evaluated the quality of safety operations and key risks, and continuously improved the operational safety risk management and control capabilities, laying a solid foundation for safe development.



Focusing on Aviation Security

Air China continuously improved and supplemented the aviation security management system, continuously strengthened anti-terrorism thinking and bottom-line awareness and organised aviation security emergency drills, with a view to comprehensively increasing air defence safety emergency response capabilities, properly responding to emergencies and ensuring the generally stable security situation.



Case Successfully solving flight illegal interference incidents

In 15 April, there was an abduction on the CA1350 (Changsha-Beijing) flight. Air China promptly launched emergency handling procedures to organize and direct the emergency response work, and the crew faithfully fulfilled their responsibilities with sangfroid by effectively maintaining the order in the cabin, and landed the flight to Zhengzhou Airport and actively cooperated with the relevant departments to deal with the disposal work, ensuring the safety of life and property for 150 passengers on board as well as the safety of aircraft.

Enhancing emergency response capabilities

Air China improved the organization and leadership of emergency management work, allocated and implemented the tasks and responsibilities at various levels, conducted diversified emergency training drills, increased the efficiency of coordination among various units and completed the emergency plans, striving to continuously increase the overall level of emergency management and emergency response capabilities.

- 1 Intensifying the organization and leadership of emergency management work, allocating and implementing the tasks and responsibilities at various levels
- 2 Overall planning and taking into account the key points of emergency work, refining emergency procedures, plans and checklists, and improving the revision of emergency training manuals
- 3 Optimising the emergency plans, clarifying working processes, job responsibilities and disposal methods and continuously strengthening the systematicness, scientificity and completeness of plans in order to improve the overall level of emergency management

Reinforcing emergency response capabilities

Guaranteeing Safe Operation

Air China has incorporated the concept of “safety first” into every operation link and propelled the upgrading of machine equipment and technological innovation to strengthen the construction of maintenance capacity and hence ensure the continuous and safe operation.

Speeding up model updates

Air China replaced old aircraft in time and actively invested in new types of equipment to improve safety margins and ensure flight safety and reliability. In 2018, Air China Group introduced a total of 50 aircrafts and retired 21 aircrafts.



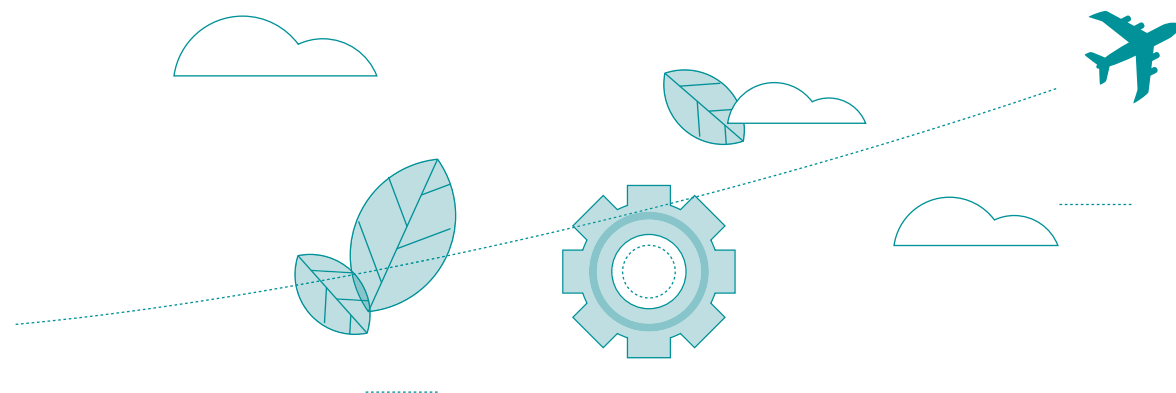
Air China's aircraft delivery ceremony in Toulouse, France, marking Air China as the first airline to operate the Airbus A350 series in mainland China

669 aircrafts
Number of passenger aircraft
(including business jets)

6.62 years
The average aircraft age

Advancing the development of maintenance capabilities

Air China increased technological innovation and R&D support to facilitate the deep integration of the maintenance system, established a plan to reshape the quality system and started the integration of quality management systems to consolidate the foundation of safety and quality management and further developed the maintenance system and technology application to improve the efficiency of troubleshooting and enhance flight safety capabilities.



Case • Optimal design of full-lifecycle engineering management of engines

In the process of full-lifecycle engineering management of engines, Dalian Airlines always adheres to the innovative way and prospective vision to improve and upgrade its management work. Dalian Airlines centralized the work on daily management of engines through the engine replacement, overhaul policy adjustment and others, and further explored the inner connections among different tasks so that a comprehensive and scientific full-lifecycle engineering management of engines had been established to replace the existing on-condition management model. Moreover, It solidified the working foundation and actively sorted out the deficiencies in the existing work, thereby improving the forward-looking work related to the engine engineering management. It also cultivated and reserved relevant talents for engine engineering management for itself bringing effective protection for the healthy development.



The crew inspecting and testing the engine

Cultivating Safety Culture

Air China conducted various forms of safety training and education and safety propaganda to comprehensively enhance the awareness of responsibility on the safety of staff at all levels and further elevate the mastery of safety management methods of safety management personnel, and established the "Pilot Style Technical Archives". The Company also carried out special safety publicity campaigns for flight personnel and control personnel on flight maneuvering capabilities, and actively popularised aviation safety knowledge among passengers to help passengers to enhance their travel safety awareness and make a joint contribution to the construction and maintenance of aviation safety.

In 2018, Air China offered safety training to pilots for 48,867 person-time with a total training time of 207,551 hours, and completed simulator re-training for 12,890 person-time, emergency re-training for 5,910 person-time and dangerous goods re-training for 2,077 person-time.

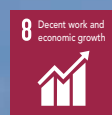


Cabin Service Department organized flight attendants to receive safety training

Economic Responsibility for Stakeholders

By adhering to the concept of sustainable development, Air China optimized business strategy and attached importance to value creation to protect the rights and interests of investors, striving to achieve stable, high-quality and efficient operations and create shared value by working with upstream and downstream stakeholders in the value chain.

Supporting the UN 2030 Sustainable Development Goals



Air China pursued high-quality development and safeguarded the rights and interests of investors. The Company recorded the annual revenue of RMB136.774 billion, representing a year-on-year increase of 12.70%



The Company attended the first China International Import Expo, held supplier communication meetings to enhance communication between partners, and signed 8 letters of intent with 7 suppliers



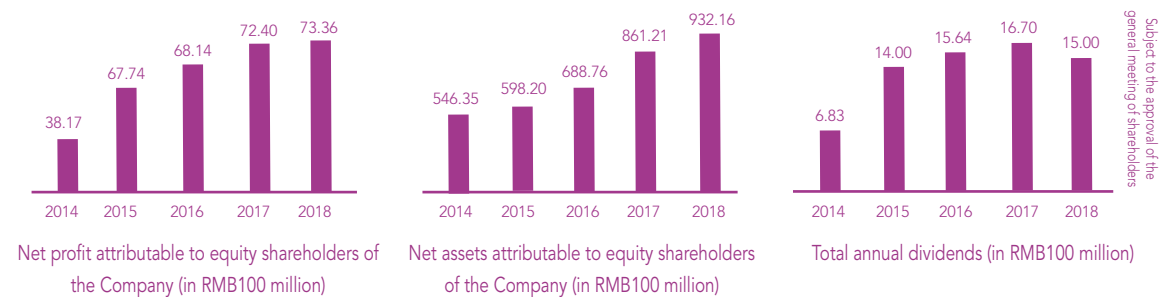


Creating Economic Value

Air China improved resource allocation by insisting on new development concepts and focusing on high quality development requirements, continued to facilitate economic linkages across the country by expanding the hub network and adhered to the principle of discussion and collaboration with stakeholders to build an open sharing economy.

Safeguarding the returns of investors

The Company protected the investor's rights to know, made decisions and distributed profits in strict compliance with laws and regulations and relevant regulatory requirements, and strove to become a reliable and trustworthy partner for investors. In 2018, the Company realized revenue of RMB136.774 billion, representing a year-on-year increase of 12.70%, and a total profit of RMB9.958 billion. Air China has a strong ability to continuously pay cash dividends. In 2018, the Company ranked 66th in the List of 'Listed Companies in Generous Returns' of China Securities Regulatory Commission.



Promoting economic development

Air China continuously enhanced the operational efficiency and quality of hubs and provided more transfer opportunities and convenient services for passengers, help driving local economic development. As of the end of 2018, the Company, Shenzhen Airlines (including Kunming Airlines), Air Macau, Beijing Airlines, Dalian Airlines and Air China Inner Mongolia were operating 754 passenger routes, including 138 international routes, 27 regional routes and 589 domestic routes. The above passenger routes reached 42 countries (regions) and 184 cities, including 66 international cities, 3 regional cities and 115 domestic cities.

Expanding hub network

By actively practicing the "Belt and Road" initiative and participating in the construction of national strategies such as the coordinated development of the Beijing-Tianjin-Hebei region, the construction of the Guangdong-Hong Kong-Macau Greater Bay Area and the development of the Yangtze Economic Belt, Air China accelerated the development of Beijing into a world-class aviation hub and the transition of Beijing Airlines into a synchronous operation of business aviation and public transport aviation, and facilitated the development of the Greater Bay Area cross-border e-commerce joint venture projects of Hong Kong. In 2018, Beijing hub newly launched international routes such as Beijing-Copenhagen and domestic routes such as Beijing-Huizhou, and boosted the flight frequency on the routes of Beijing-London and others, which expanded its flight size and route network.



On 5 April, the route of Beijing-Houston-Panama City was officially launched

Diversifying transit products

Air China improved the transit service quality in its hubs by diversifying and upgrading transit products. In 2018, Air China enriched its transit accommodation products to meet the different accommodation needs of transit passengers. We launched Beijing-Munich and Beijing-Hong Kong express products, expanded the coverage of our transit lounge service at Shanghai Pudong International Airport, started to offer intra-city chauffeured transfer services in 10 cities including Tianjin and Xi'an and inter-city transfer services in Beijing, Shenzhen, Shanghai and Chengdu.



On 2 November, Beijing-Munich and Beijing-Hong Kong express products were launched simultaneously

A Win-win Relation with Partners

By closely following the development trend of the global aviation industry and based on the Company's business development environment and business model transformation, Air China strove to explore relevant business development opportunities and deepened the strategic alliance with upstream and downstream players with a win-win concept to promote development through an open attitude, so as to sustain the development vitality.

Promoting the cooperation with partners in the same industry

Air China actively participated in industry exchanges, shared resources with peers and learnt from each other for mutual benefits and win-win results, achieving continuous common growth. In 2018, Air China signed a joint venture agreement with Air Canada and joined the Winter Olympics Partner Club, by leveraging on respective strengths, all parties could enhance the core competitiveness and achieve common development.



On 10 May, Air China made debut at the first China Independent Brand Expo



On 6 June, Air China and Air Canada signed the first joint venture agreement between China and North American air carriers

Strengthening supplier management

Air China integrated the concept of social responsibility into the supply chain management system and firmly promoted open procurement and sunshine procurement. The Company further improved the regulations concerning supplier selection, access management and annual performance appraisal to ensure the good operation and maintenance of supplier information base, and established a good cooperative relationship with suppliers to work together to achieve sustainable development.

As of the end of 2018, Air China admitted a total of 2,451 suppliers, and completed the annual performance evaluation of a total of 1,924 suppliers, including 1,590 domestic suppliers and 334 foreign suppliers.



On 7 November, Air China signed a letter of intent on procurement with an internationally renowned company at the first China International Import Expo, with a contract value of US\$396 million

Environment Responsibility for Green Aviation

The Company adhered to the green development concepts and formulated the 'Three-Year Action Plan to Win the Blue Sky Protection Campaign'. Through establishing and improving a sound management system, creating a green operational model, increasing investment in green support, participating in the design of green mechanism, promoting environmental protection public welfare projects and other measures, the Company strived to improve the utilization rate of resources and energy, and reduced the impact of production and operation on the environment.

Supporting the UN 2030 Sustainable Development Goals



Creating a green operational model with the fuel consumption of 2.74 tonnes/ten thousand tonne-kilometers in 2018



Increasing the proportion of new energy via New Energy Vehicles and photovoltaic power generation



Sustainable management and efficient use of resources to reduce waste generation



Establishing and Improving Management Systems



Fuel conservation management

- Established the Fuel Conservation Management Committee
- Promulgated the interim regulations on fuel conservation
- Carried out fuel conservation work



Energy Conservation and Emission Reduction Management

- Designated full-time staff to energy conservation and emission reduction office
- Established energy statistics, monitoring and reporting systems
- Followed the assessment indicators of the SASAC
- Deepened the promotion of fuel conservation measures



Environmental Affairs Management

- Established a designated department of environmental affairs
- Established an energy management system and completed energy management system certification
- Participated in EU-ETS and carbon trading in Beijing
- Carried out energy conservation and emission reduction technical transformation projects
- Carried out aviation biofuel test flight
- Participated in the international expert working group of carbon emission offset mechanism



Environmental Affairs Management

- Initiated the 'Three-Year Action Plan to Win the Blue Sky protection campaign'
- Established the leading group of ecological environmental protection
- Carried out comprehensive investigation and treatment of pollution prevention and control
- Established and improved the management measures on energy conservation and emission reduction and ecological environmental protection
- Participated in the formulation of domestic and international carbon emission reduction mechanisms as a member of the expert group
- Promoted the capacity building of centralized management on carbon assets
- Completed the upgrade and recertification of energy management system



Creating a Green Operational Model

Through continuously optimizing fleet and route network structure, implementing and exploring fuel conservation measures and improving operating efficiency of passenger aircraft, the Company worked hard to reduce aviation emissions and improve aviation fuel efficiency, and actively created a green operational model.

Optimizing Fleet Structure

Through the continuous introduction of high-efficiency models, the Company phased out old-aged aircrafts and built a young and technologically advanced fleet to improve fuel efficiency of the fleet. As of the end of 2018, details of the fleet of the Company were set out below:

	Sub-total	Self-owned	Finance leases	Operating leases	Average age (year)		Sub-total	Self-owned	Finance leases	Operating leases	Average age (year)
Passenger aircraft	664	276	188	200	6.62	Cargo aircraft	15	10	5	0	11.54
Airbus	329	136	94	99	7.04	B747F	3	3	0	0	16.53
A319	45	32	6	7	11.64	B757F	4	4	0	0	22.35
A320/A321	214	76	75	63	6.35	B777F	8	3	5	0	4.26
A330	64	28	7	29	6.75						
A350	6	0	6	0	0.23	Business jets	5	1	0	4	6.41
Boeing	335	140	94	101	6.21						
B737	283	116	74	93	6.46						
B747	10	8	2	0	9.47						
B777	28	4	18	6	4.71						
B787	14	12	0	2	1.86	Total	684	287	193	204	6.73

Note: On 28 December, the Company completed the disposal of 51% equity interests in Air China Cargo to China National Aviation Capital Holding Co., Ltd., and since then the Company ceased to own the 15 freighters listed above.



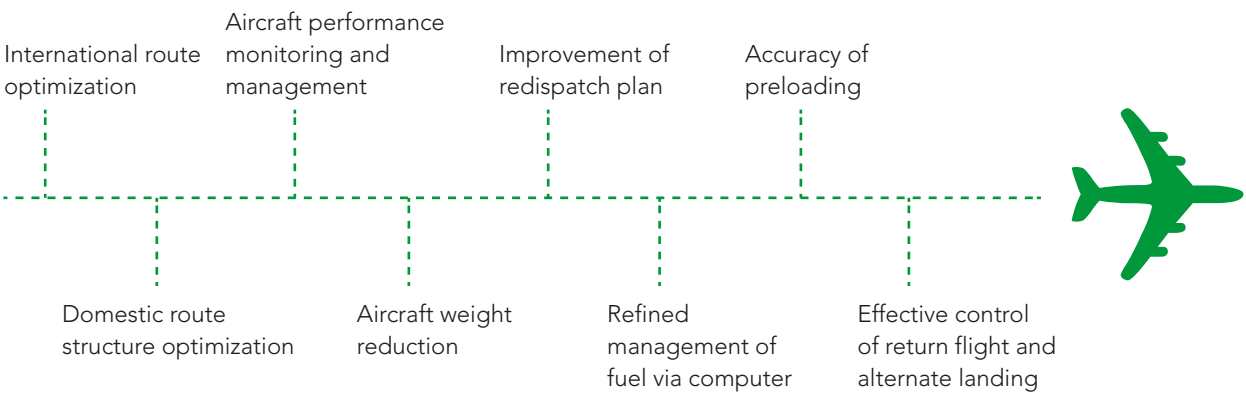
Airbus A350-900 aircraft of Air China successfully made its maiden flight



- ♦ Creating a Green Operational Model / Increasing Investment in Green Support

Optimizing Fuel Conservation Measures

Since the Company launched the fuel conservation project in 2004, operating in a fuel conservation way had become an important part of our daily operation management. In 2018, by continuously deepening the implementation of fuel conservation measures, we effectively saved about 9,205 tons of fuel and reduced fuel costs by more than RMB40 million.



Improving Operating Efficiency of Passenger Aircraft

In order to improve the overall operating efficiency of the passenger aircraft and further improve fuel efficiency, Air China initiated special efforts to improve the profitability of bellyhold. A series of effective measures had been taken, including the promotion of wide-body passenger aircraft post-replenishment business, improving baggage and cargo loading efficiency, improving the accuracy of preloading and the targeted sales of bellyhold, and therefore, the load factors of the bellyhold was improved and maintained at a historically good level, and the fuel efficiency of the passenger aircraft was continuously enhanced. The fuel consumption per tonne kilometre decreased for three consecutive years.

Improving the Utilization Rate of Aerobridge GPU

Since 2006, Air China had been vigorously promoting the use of Aerobridge GPU to replace aircraft APU operation, and reduced fuel consumption and ground emissions by improving the utilization rate of Aerobridge GPU. Up to now, the Aerobridge GPU had been applied in 24 domestic terminals, including Beijing, Shanghai Hongqiao, Shanghai Pudong, Guangzhou, Shenzhen, Chengdu, Chongqing, Wuhan, Guiyang, Wenzhou, Hangzhou, Xi'an, Kunming, Jiuzhai, Zhuhai, Shantou, Nanning, Haikou, Xining, Lanzhou, Shenyang, Guilin, Yuncheng and Urumqi.

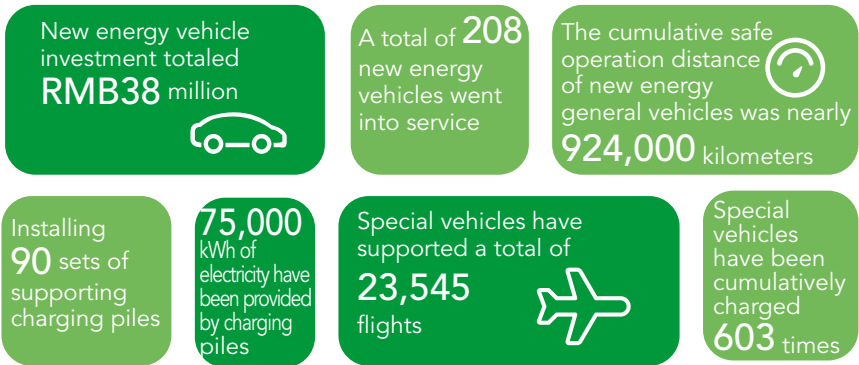


Increasing Investment in Green Support

Compared with production-oriented enterprises, aviation companies produce fewer pollutants from the ground, but the waste gas, waste water and hazardous waste generated by maintenance process in various production and operation activities still inevitably impact the environment. The Company proactively identified, prevented and managed pollutants generated during the operation in order to promote environmental compliance and fulfill environmental protection obligations.

Vehicle pollution prevention

In 2018, the Company focused on the emission control of existing diesel vehicles and promoted the conversion of energy structure of vehicles through mass promotion of application of New Energy Vehicles and successfully reduced vehicle exhaust gas emissions. In terms of vehicle emission control, the Company planned to invest RMB24 million to install a vehicle pollutant control device (DPF) for diesel vehicles in the Capital Airport to achieve the full emission compliance of diesel vehicles. In terms of application of New Energy Vehicles, from 2016 to 2017, the Company's relevant demonstration operation achieved good results, and verified the feasibility and guaranteed capability of the special vehicles. In 2018, the Company actively overcame the bottlenecks about generally insufficient charging base in various airports, accelerated the pace of the New Energy Vehicles projects through self-built charging infrastructure and the pace of phasing out fuel vehicles with electric vehicle.



The management of Air China's new energy vehicles in 2018

Case ♦ Working together to build green civil aviation and win the Blue Sky Protection Campaign

On 6 November, CNAHC and Sichuan Airport Group signed the 'Green Civil Aviation Energy Conservation and Emission Reduction Cooperation Framework Agreement'. Both sides would conduct in-depth cooperation by turning ground special vehicles into new energy vehicles, promoting airport ground operation to ensure energy conservation, APU electric energy replacement and exploration and trial of civil aviation energy-saving and emission reduction technologies in Chengdu Shuangliu international Airport and Chengdu Tianfu International Airport, for the purpose of working together to win the Blue Sky Protection Campaign.



- ◆ Increasing Investment in Green Support / Participating in the Design of Green Mechanisms / Promoting Environmental Protection Public Welfare Projects

Management of waste materials

Waste materials, including waste oil, mineral oil and chemicals produced during the painting process, are mainly generated during aircraft maintenance. These wastes were disposed by the qualified hazardous waste disposal unit in accordance with the relevant provisions on hazardous waste management. The Company have also established a hazardous waste management system and adopted advanced equipment, technologies and processes to reduce hazardous wastes produced and used during production and operation. For the non-hazardous wastes produced during flights, such as newspapers, magazines, tableware, headphones and other cabin wastes, Air China would recycle them or engage a professional waste disposal company to carry out harmless treatment.

Case AMECO energy-saving upgrading has achieved positive result

In 2018, Aircraft Maintenance and Engineering Corporation (AMECO) remodeled the lighting equipment of the hangar by replacing the ageing metal halide lamps with LED lamps, saving about 300,000 to 330,000 kWh per year. In addition, AMECO invested more than RMB2.6 million to renovate the employees' bathrooms by reducing the cooling energy consumption in the form of heat pump recovery. It was expected to reduce natural gas consumption by 292,000 cubic meters per year and reduce carbon dioxide emissions by 457.89 tons per year.

Water resources management

The canteen wastewater was discharged after oil separation and biochemical treatment. Industrial wastewater was collected to wastewater treatment stations for treatment and was discharged after meeting relevant requirements. We engaged a qualified third-party testing agency to conduct sewage testing at the Company's general outfall on monthly basis, and all test results were up to standard by the end of 2018.

Participating in the Design of Green Mechanisms

Under the leadership of the Civil Aviation Administration of China, the Company has always paid close attention to and extensively participated in the preliminary work of the domestic and international carbon market and has given full play to its role of advice and assistance as the leading airline in the formulation of industry rules, making positive contributions to the design of China's civil aviation carbon trading mechanism and response to the international aviation carbon emission reduction.

Accumulating rich experience in carbon trading at home and abroad

EU carbon trading: Since 2007, the Company has actively cooperated with the Civil Aviation Administration of China to deal with EU-ETS. Through an in-depth study of EU-ETS laws and regulations, Air China has independently developed its own monitoring plan, implemented monitoring and prepared monitoring reports, and accumulated a lot of experience. It is one of the few enterprises in China that has the ability to conduct EU carbon trading, laying the foundation for further participation in the global aviation carbon emission reduction mechanism.

Beijing carbon trading: A total of three companies under Air China Group were included in the list of key emission units of Beijing in 2017, with a total carbon quota of 102,900 tons. Through centralized management, the Company successfully completed its commitment and also continued to promote the building of its carbon asset centralized management capabilities.

Actively participating in the design of carbon emission reduction mechanisms at home and abroad

International carbon emission reduction: In response to international aviation carbon emission reduction and under the unified leadership of the Civil Aviation Administration of China, Air China dispatched staff to participate in the expert group on Global Marketization Emission Reduction Mechanism of the International Civil Aviation Organization (ICAO), and actively cooperated with the Chinese project team to participate in the relevant work of the international aviation emission reduction mechanism.

Domestic aviation carbon emission management: Air China joined the carbon emission expert working group of the Civil Aviation Administration of China to closely participate in the preparation of carbon emission management documents including measuring, reporting and verification (MRV) and sustainable aviation fuel, producing a profound impact on the future development of energy conservation and emission reduction in the aviation industry.

Promoting Environmental Protection Public Welfare Projects

Protecting the environment is the eternal theme of mankind. The Company adheres to the environmental protection concept of 'green operation and sustainable development' and implements green office and environmental protection training, and also supports national green and environmental protection undertakings through environmental public welfare activities such as ecological poverty alleviation, photovoltaic industry and green-theme flights.

Case Sonid Right Banner photovoltaic poverty alleviation power station project

The first village-level photovoltaic poverty alleviation power station project in Sonid Right Banner is a key support project of Air China. Air China has funded a total of RMB12.07 million in the process of helping to establish a village-level photovoltaic poverty alleviation power station with a total installed capacity of 7.759 megawatts. The project has achieved grid-connected power generation.



Case Taking action to build the 'Green Life and Beautiful Home'

On 23 April, for celebrating the one-year countdown to the 2019 Beijing World Horticultural Exposition ('Beijing World Horticultural Exposition'), Air China hosted the theme flight of 'Sharing Green Dreams' on the 'Colorful World Horticultural Exposition' painted aircraft, and distributed 'Dream Seeds' and World Horticultural Exposition memorials to passengers in order to deliver the beautiful vision of Beijing World Horticultural Exposition 'Green Life and Beautiful Home' with practical actions.



Case 2018 'National Low Carbon Day' theme promotion

On 13 June, as the official partner of the Beijing 2022 Winter Olympics and Winter Paralympics, Air China participated in the 2018 'National Low Carbon Day' theme promotion event jointly sponsored by the Ministry of Ecology and Environment, Beijing Winter Olympics Organizing Committee and Beijing Municipal Government. The Company signed the 'Low Carbon Initiative' and launched the Low Carbon Winter Olympics initiative with other official partners of Winter Olympics, demonstrating Air China's responsible image of low carbon and environmental protection.



Social Responsibility for a Better Life

Remaining true to our original aspiration and keeping our mission firmly in mind, we continuously improve our service level, pay attention to staff development and rights protection, actively assume social responsibilities and persistently strive to meet the people's growing needs for a better life with the devotion and commitment of realizing the Chinese Dream of the great rejuvenation of the nation and the people's yearning for a better life.

Supporting the UN 2030 Sustainable Development Goals



Paying attention to staff's physical and mental health and continuing to promote the 'Happiness • Heart Program' for staff



Formulating the 'Special Collective Contract for Protection of Female Workers' Rights and Interests'



Protecting labor rights, combating discrimination and eliminating child labor and forced labor



Ensuring equal opportunities and achieving equal pay for equal work

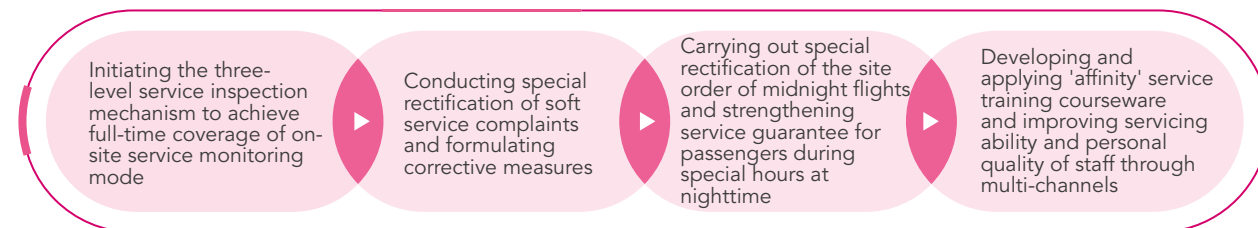


Improving Service Quality

Air China has continuously improved its management system, focused on the passenger experience, promoted innovative services and implemented the policy of 'global benchmarking, full process governance, and full-chain coverage'. Guided by the application of new technologies, we guarantee the normal operation of flights, improve passenger satisfaction, safeguard the rights and interests of passengers and continue to lift product and service levels with a view to creating first-class services.

Completing the service management system

The Company continues to revise the service management system, sorts out the product and service contact points in the whole process and formulates relevant service standards, and also convenes the case analysis meeting to improve the service-related system, promotes the service authorization mechanism and perfects the ticketing rules to elevate the service management level.

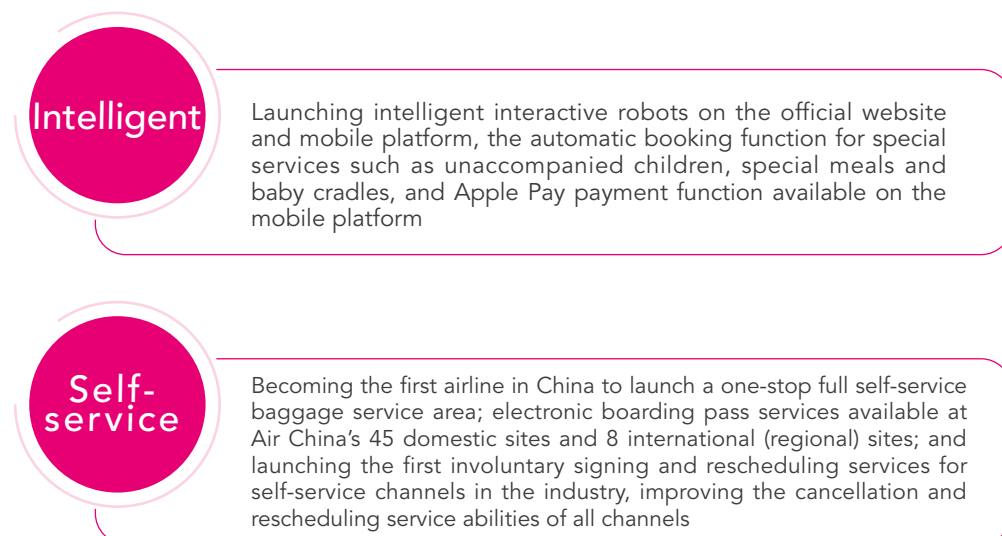


Air China's main measures to improve service management in 2018

Promoting the development of service innovation

Innovation is an important means for Air China to deliver heartfelt services to passengers and enhance service reputation. In 2018, the Company further expanded its intelligent and self-service applications to enhance the travel experience of passengers.

Ground service



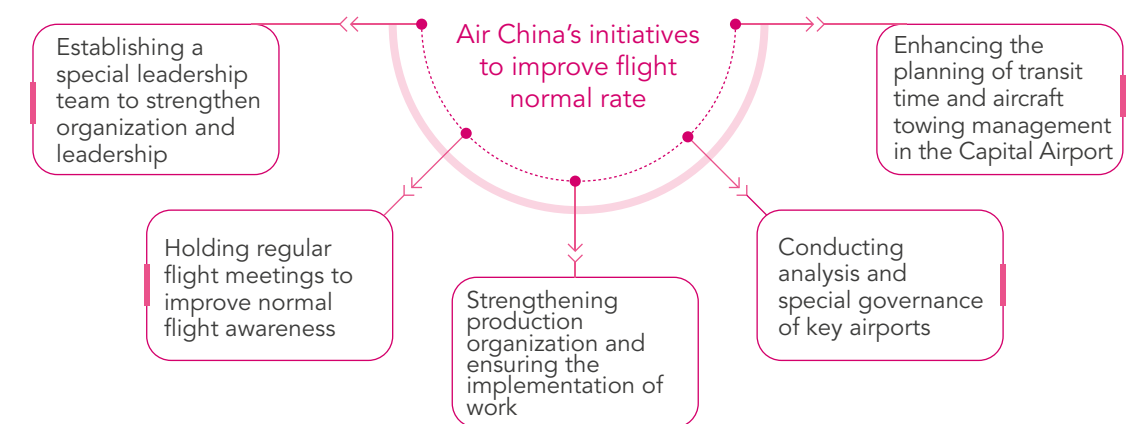
Cabin service



- Establishing a catering expert committee and launching regional dishes such as 'Belt and Road' and 'Huaiyang Style'; and launching the exclusive music of Jin Feng's song 'Let Love Exist on the Road' to expand on-board products from taste, hearing and vision
- Upgrading the qualifications of all levels of personnel to meet production needs according to A350 new models introduced and route arrangements, to ensure smooth flight operations
- Deepening the application of the existing mobile terminal 'Air China Wing', creating an electronic business process and developing a passenger preference information collection module; and launching the cabin electronic flight package C-EFB covering 29 various manuals and regulations, setting up the 'Air China Baby' system platform, initiating the electronic operation of the CIP passenger list, and unblocking service information exchange channel between ground and air services. Integrating APP and 'air-to-ground' service data to form 'Internet+' and full-process service blend, set up a 'cloud database' for passenger services, improve service process monitoring and achieve precise services. Continuing to promote the scan code operation for dining cars and setting up a special ledger

Guaranteeing the normal operation of flights

Guaranteeing the normal operation of flights is the key to improving passenger satisfaction. In order to further improve the normal flight rate, Air China strengthened its management and adopted a series of measures to ensure that its normal rate would be higher than the industry average. In 2018, Air China's flight normal rate was 80.36%, which was 0.23 percentage points higher than the industry average.

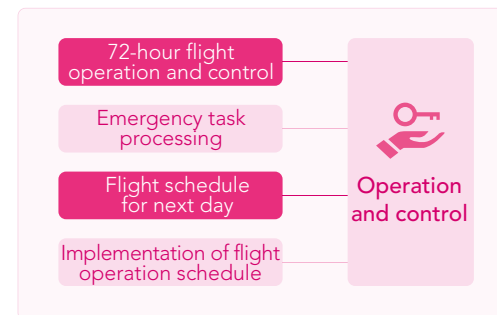


Case Our operation and control center reinforcing the operation and control management to ensure normal operation of flights

As the 'strongest brain' of Air China, the operation and control center plays a key role in the services for passengers. Its main duties include preparing, reporting and publishing the Company's flight operation schedule and monitoring flight dynamics; and analyzing abnormal operations, and promptly determining and implementing flight adjustment, postponement, cancellation and other actions after taking into consideration of factors such as aircraft, crew and passenger and cargo supply.



Operation and control system



In case of large-scale delays or other emergencies of flight, the operation and control center needs to organize and implement an emergency mechanism to take appropriate measures to improve the normal flight rate through three stages: analysis and evaluation, flight handling and flight resumption.



Launching contingency plans for flight delays or other emergencies

Protecting rights and interests of passengers

Complaint
handling

- Air China has a comprehensive passenger complaint responding mechanism to ensure that passenger complaints are resolved promptly and satisfactorily. In 2018, the Company handled a total of 13,450 complaints from passengers

Customer
satisfaction

- In 2018, there was no mass service incident caused by the Company, and the overall service satisfaction of passengers reached 90.6 points, recording an increase of 2.6 points year-on-year

Privacy
protection

- Air China ensures the safety of personal information of passengers and strictly controls the use of personal information of passengers. Detailed Air China Privacy Policy has been published on the official website and mobile APP for the understanding of passengers, and information encryption technology has been applied to the transmission of personal information so as to ensure the safety of personal information

Case A heart transplant operation and a second life

On 22 May, after the registration of CA1682 flight from Mudanjiang to Beijing had been closed and passengers started to board normally, the Company received messages from Zheng Yuren, a passenger who was about to undergo a heart transplant operation, that he was on his way to the airport but expected to be about 30 minutes late. He hoped that Air China could provide assistance in the spirit of humanity.

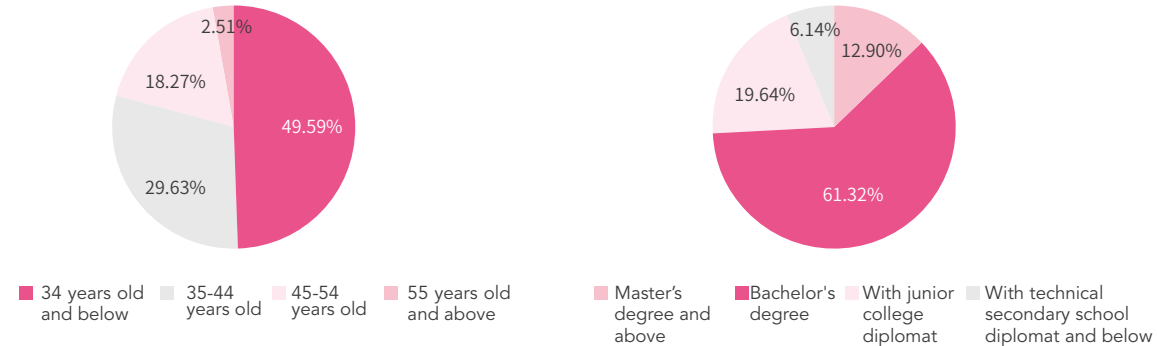
Based on the medical information provided by Zheng Yuren and the actual situation at that time, Air China staff decided to postpone the departure time of CA1682 flight after obtaining other passengers' understanding, and waited for Zheng Yuren while carrying out relevant on-site preparation. The CA1682 flight took off from Mudanjiang at 22:21 eventually. Although the flight was delayed by 1 hour and 6 minutes, Air China managed to secure valuable time of organ transplantation for the patient.



Air China staff actively coordinated the arrangement of flights

Boosting Employee Development

Air China has always adhered to the people-oriented principle by fully safeguarding the legitimate rights and interests of employees, and continuously innovating our talent management mechanisms and training systems, in order to provide employees with broad promotion channels and development platforms, and the Company also cares for employees' life and health and strives to create an inclusive, diversified and harmonious environment for them. In 2018, Air China had 28,302 employees including 1,147 new employees, and female accounted for 17.07% of the whole management.



Protecting fundamental rights and interests

Air China strictly abides by the Labor Contract Law of the People's Republic of China and other applicable laws and regulations, and upholds an open and fair talent diversity strategy, opposing discrimination, insisting on the principle of same pay for same work, avoiding child labor and forced labor, advocating democratic management, protecting the rights and freedom of the staff, establishing competitive remuneration management system and ensuring high quality of life for employees.

In order to build a harmonious and stable labor relationship and promote the corporate development, in accordance with relevant laws and regulations and our latest internal rules and regulations, Air China has formulated the sixth version of Collective Contract, the second version of Special Collective Contract for Protection of Female Workers' Rights and Interests and the second version of Labor Safety and Health Special Collective Contract. Through collective negotiation process, opinions from the negotiating representatives and employee representatives were extensively solicited, and equal dialogue with employees was conducted to effectively protect and safeguard the legitimate rights and interests of employees.

Motivating employees to grow

Air China attaches great importance to the growth of every employee and is committed to improving the comprehensive capabilities of the employees, stimulating their creativity and opening the development channels for its employees. Air China provides employees with a high-level and high-vision development stage, carries out special training, and designs and implements various training programs with specific purposes. Through the combination of online and offline methods, we continuously improve the employees' understanding of political theories and comprehensive capabilities so as to help employees realize their own value. In 2018, Air China realized the unified training for the ground service personnel, which was the first time in the Company and the industry, and completed the training for 283 persons in 8 sessions, which was highly praised by all units and participants.

Leadership training

- Innovation program for general managers
- Excellent operation program for senior managers
- Training program for young cadres
- Training program for management trainees

International talent exchange

- Senior management personnel going to United Airlines for training and exchange
- Junior and middle management personnel going to Cathay Pacific for training and exchange
- Young cadres going to Singapore for training and exchange
- Management trainees going to Cathay Pacific for training and exchange

Online light training on leadership

- Online Study of the 19th Party Congress Party Constitution Open Course
- Online micro-learning: daily study of current affairs, weekly Party lessons and monthly management lessons
- Online live lecture program
- WeChat community sharing and learning

Helping employees improve their capabilities

Air China adheres to the socialist core values to guide the staff, vigorously promotes the spirits of model workers and craftsmen, facilitates the construction of the knowledge-based, skill-based and innovative staff team, and encourages employees to actively participate in the Company's reform and development.

Case • Cultivating and electing model workers and craftsmen

In 2018, Air China actively selected model workers and craftsmen to create a professional atmosphere of aspiring to excellence and a working environment of advocating devotion. Through various methods such as holding conferences, symposiums and documentary filming, the spirits of the model workers and craftsmen will be promoted in an all-round way, so that the model workers and craftsmen can stand out as the exemplary roles for other staff.



Liu Yanling (middle), a winner of the National Labor Medal, sharing work experience with colleagues

Case • Actively setting up innovation studios of model workers and craftsmen

In 2018, Air China vigorously developed innovation studios led by model workers and craftsmen. The Company selected and cultivated 30 company-level model worker and craftsman talent innovation studios and gave full play to the guiding and leading role of model workers and craftsmen to disseminate advanced professional skills, innovative methods and management experience. Such studios build a platform for employees to learn and exchange and overcome difficulties, improve the innovation ability of employees, and promote the transformation and application of outstanding innovation results.



Craftsman-type talent Ping Li (middle) and i-Design Innovation Studio led by her

Case • The systematic holding of vocational skills competitions for employees

In 2018, Air China hosted the 14th Staff Position (Airline Ticket Seller) Vocational Skills Competition. Nearly 4,000 employees in the ticket sales field actively participated together with 104 volunteer participants. In the end, 10 participants, 3 participants and 2 participants were awarded the 'Technical Expert of CNAHC', the 'Technical Experts of State-owned Enterprises' and the 'National Civil Aviation Technical Expert', respectively. We organized 26 employees including air marshals of our Group as well as winners of skills competitions for aviation catering post and the national civil aviation maintenance post to respectively visit Hong Kong Cathay Pacific Airways, Japan ANA and United Airlines for study and exchanges.



Contestants were exhibiting the marketing planning in the final of the passenger service marketing professional skills competition

Case • Continuously deepening team building

In 2018, Air China continued to strengthen team building and training for team leaders. We organized the evaluation of the demonstration teams and selected and commended 100 outstanding team leaders so as to give play to the guiding and leading role of excellent groups; increased the exchanges and cooperation between the teams to promote the sharing and promotion of internal knowledge and experience; established a quality model of team leaders to provide a basis to select, evaluate and cultivate team leaders; and organized the eighth session of training for the excellent team leaders and the fourth session of training for the new team leaders with a total of 220 grass-root team leaders participating.



Excellent team leaders of 2018 in the exchanges and training

Caring for employees' lives

Air China adheres to the people-oriented principle and pays attention to the physical and mental health of employees. Air China establishes health records for employees, clarifies systems on occupational disease protection and supervision and rescue measures, continuously promotes the 'Happy • Heart Program' for employees, and improves the supporting mechanism for special groups to make the employees in difficulty and female employees feel our solicitude. Air China also carries out a variety of cultural and sports activities so as to balance the work and life of employees and enhance their cohesiveness and sense of belonging.



Employee service center

- Continuing to deepen the shared service platform
- Integrated construction and completing a number of personalized customization
- 38,287 registrants and 94.6% of satisfaction rate



Safeguarding health and safety

- Continuously promoting the 'Happy•Heart Program' for employees
- Carrying out 88 sessions of training on mental health
- 4,200 trainees
- 98.5% of satisfaction rate



Caring for special groups

- Registering 494 employee households in difficulty
- Expressing sympathy and solicitude for 230 employees in difficulty
- Making donations in cash and kind worth RMB746,000
- Newly adding four "caring mothers huts"
- Issuing the female employees' allowance of RMB910,000



Colourful spare time

- Organizing staff sports meeting
- Organizing basketball, swimming, fitness activities
- Holding arts festivals and other activities



Staff sports meeting



Staff arts festivals

Case • Employee service center to improve employees' experience and satisfaction

Air China continues to deepen the construction of employee service center, establishes sound employee service mechanism, improves service standards and builds employee service systems, and standardizes service contents, innovates servicing forms and streamlines business processes to continuously improve employees' experience and satisfaction.

In the principle of 'Employee Service Center Servicing Employees', in 2018, WeChat platform of the employee service center exerts the brand appeal to continuously innovate contents and improve quality of articles by focusing on the needs of employees and the Company's business, meeting the various needs of employees in work and life, publicizing the Company's policies and systems and cooperating with all units to do well in publicity. By the end of 2018, the number of followers of the WeChat platform of the employee service center had increased to 38,287, the influence and attention continued to improve. The platform has become a bridge between the Company and employees, serving the Company and employees in a better and faster way.

Community Involvement

Air China actively fulfills responsibilities as a social citizen and devotes to creat an social environment featuring harmony, beauty and friendliness. Air China has exerted advantages to build a bridge of cultural exchanges and dissemination of welfare with other nations by the Company's air route network across the world. As a partner of Air Passenger Transport Service of the 2022 Winter Olympics and Winter Paralympic, Air China actively practices and disseminates the spirit of Olympic. At the same time, based on the community development, we give assistance to the disadvantaged groups and achieve the sustainable development of public welfare undertakings and education services by a variety of forms, such as launching a series of activities of 'Air China into the Campus' and forging the 'Air China Blue Sky Class' volunteer service brand, thereby making contribution to the harmonious development of local communities.

Disseminating the Olympic Spirit

As a partner of Air Passenger Transport Service of the 2022 Winter Olympics and Winter Paralympic, Air China actively practices and disseminates the spirit of Olympic and gives full play of advantages to help the vigorous development of sports.

Case • Launching the 'Flying Ice and Snow Experience' Event

In response to the Beijing 2022 Winter Olympics and support the '300 million people having fun on the ice' program, Air China launch a new journey to serve the Beijing 2022 Winter Olympics and Winter Paralympics. From 14 to 16 December, Air China hosted the 'Flying Ice and Snow Experience' Vibrant Winter Olympics College Ski Experience Event, and invited nearly 80 southern passengers from Guangzhou, Chongqing, Shanghai, Hangzhou and Chengdu to take our flight and enjoy an icy journey in the winter.



Case • Sandboarding Boy

The 9-year-old boy, Wang Zhihao, comes from Gansu and lives near the Tengger Desert. This little boy grew up in the desert. He has never seen snow, but loves skiing so much that he has been practising skiing on the desert with a homemade sand board. He always dreams of becoming a skier, attending the Winter Olympics and bringing glory for his country by winning a gold medal. At the beginning of 2018, Air China helped Wang Zhihao to visit the venue of the 2022 Winter Olympics and started his dream trip. He realized his dream of practising skiing in the snowfield. After countless falls, he finally managed to slide down the snowy mountain.



Campus public Welfare

Air China cares about the youth. The Company fully integrates internal and external resources to set up a stage for the younger generation and cooperates with colleges and universities to carry out a series of activities as themed by 'Air China into the Campus', and with moral education as guideline, in order to help colleges and universities carry out education of welfare, practice and assistance.

Case Air China Entering the Campus to Pass Love and Warmth

In 2018, Air China cooperated with Tsinghua University, Renmin University of China, Beijing Foreign Studies University and other colleges and universities to carry out a series of activities as themed by 'Air China into the Campus', which rendered convenience to college students for their travel by introducing 90% off standby tickets products.



Opening a Green Channel for New Students from Poverty-Stricken Areas

On the occasion of the enrollment of 2018 freshmen, we cooperated with the Renmin University of China and Beijing Foreign Studies University to carry out the 'Green Channel for New Students' activities, and offered 90% off economic-class tickets and travel assistance for 48 directional freshmen of grade 2018 of the two schools from national rural poverty-stricken areas.



Public Welfare knowledge Contest Program

We joined hands with Beijing People's Broadcasting Station Youth Radio FM FM98.2 to create the 'Air China into the Campus•I Love My Country' public welfare knowledge contest program. Through answers to urban civilization, ecology and tourism of destinations, such program emphasized the theme of 'protecting the green planet, we are flying green, and Air China brings you closer to more beautiful nature'.



Freshmen's Testimonial

'This is an activity, which is full of love and warmth. We are happy thanking the teachers from Air China Limited for their care.'
——Dili Sharan, freshman of 2018 Chinese Language and Literature Department, Beijing Foreign Studies University

'As a freshman, I am anxious about adapting to a brand new environment and going to the new school without troubling my parents too much. In addition to the company of the school, I would like to thank Air China staff for helping us with baggage check-in and leading us to the boarding gates as well as the flight attendants for their kindness. Thanking to the help from Air China, the distance between home and school becomes shorter and a new journey of my own begins.'

——Peng Longjun, freshman of 2018 Spanish Department, Beijing Foreign Studies University

Building a Cultural Bridge

Air China attaches great importance to cross-cultural exchanges, exerts aviation advantages to conduct cultural exchange activities, and relies on the brand power to expand the impact of public welfare. While striving to become a good corporate citizen, we will actively drive all social sectors to promote the sustainable development of undertaking of cultural exchanges.

Case Air China supporting the Versailles Royal Run

In 2018, during the 7th 'French Versailles Royal Trail Running', Air China became the official partner of the Versailles Royal Run and held the China cultural tourism promotion campaign under the framework of the Sino-EU Tourism Year. Through the on-site layout of the Great Wall-background photo walls, the entrance gates with 'Beautiful China' and Air China logos, 'Sino-EU Tourism Year' logo banners and the joint propaganda booths of Air China and Tourism Administration of China in France, the Chinese cultural tourism elements had been exhibited in the French palace, and the charm and style of 'Beautiful China' had been displayed to the French people. In this way, the French public fully perceived the charm of Chinese culture and tourism while enhancing the French public's recognition of Air China's brand.



Case Winter Tour to Tibet • Sharing the third pole of the Earth

On 14 December, Air China hosted a signing ceremony of 'Winter Tour to Tibet • Sharing the third pole of the Earth' between Tibet's main travel agencies in Lhasa. During the 'Winter Tour to Tibet', Air China would increase capacity by means of overtime or altering aircraft models, and would provide seats and preferential policies to travel agencies that organized the 'Winter Tour to Tibet' event. Through the ingenious combination of culture and tourism, this event used culture to polish Tibet's tourist business cards, injected cultural souls into tourism, promoted new opportunities for tourism development, further advanced Tibet's economic and social development and facilitated ethnic exchanges, communication and integration. This was also an active implementation of the 'Boosting Cultural Confidence and Promoting the Prosperity of Socialist Culture' proposed by the 19th National Congress of the Communist Party of China and specific practice of the 'Humanistic Air China' construction by Air China.



Case Fulfill the wish for family reunion

The 4-year-old girl Guoguo lives in Shanghai with her mother and grandmother, and her father was a foreign aid engineer in Pakistan and built highways for Pakistan. Since her Dad always stayed abroad, Guoguo had longed for a chance to see her dad in Pakistan and find what her father who worked abroad did every day. In 2018, with the help of Air China, Guoguo realized her dream. She and her mother went to Pakistan and finally saw her dad who had been working abroad for a long time. They are very happy and proud of what her dad does.



Special flight Safety

Air China regards assuming public responsibility as its own responsibility, and actively undertakes a number of urgent and dangerous air transportation tasks, demonstrating the mission and responsibility of the carrier carrying national flag. In 2018, Air China successfully completed major flights and special charter missions for the Spring Festival travel season, the National People's Congress and the Chinese Political Consultative Conference, the Pyeongchang Winter Olympics and Winter Paralympics, the China-Africa Cooperation Forum Beijing Summit, the first China International Import Expo and the 60th founding anniversary of the Ningxia Hui Autonomous Region and the Guangxi Zhuang Autonomous Region, and actively participated in social welfare practices, winning wide praise from various sectors in society.

Case

Joining hands with the Red Cross Society of China, Air China carried children with congenital heart disease in Mongolia to Beijing for treatment

In response to the country's comprehensive construction of a moderately prosperous society and to actively participate in the 'Belt and Road' construction and further intensify Air China's efforts in areas such as poverty alleviation, international humanitarian assistance, emergency relief, emergency care and public health, Air China and the Red Cross Society of China held a strategic cooperation signing ceremony at the Beijing Air China Headquarter Building in the morning of 15 October.

On 19 November, 58 children with congenital heart disease in Mongolia took the CA902 flight from Ulaanbaatar to Beijing for treatment. Air China had dispatched additional manpower and closely monitored flight information to provide children and their families with a full-service quality service from air to ground, and Cai Jianjiang, Chairman and Secretary of Party Committee of Air China greeted and sent flowers to these children at the Capital Airport. This support and sponsorship of sending children with congenital heart disease in Mongolia to Beijing for treatment was the first operation after Air China and the Red Cross Society of China signed a strategic cooperation agreement to carry out the 'Belt and Road' humanitarian relief.



Cai Jianjiang, Chairman and Secretary of Party Committee sent warmhearted greetings to children and their parents



Signing Ceremony of Strategic Cooperation between Air China and the Red Cross Society of China

Case

Air China's spirit of love support the life extension

Geng Chunqi was from Langfang, Hebei Province, and his 6-year-old child was diagnosed with renal failure a year ago, who had been relying on dialysis for more than a year to maintain his life. At 4:42 p.m. on 2 November, Shanghai Changhai Hospital urgently informed that a kidney source suitable for transplant had been found, but the child must arrive at the hospital before 12 p.m. on that day. In order to arrive at the hospital in time, Geng Chunqi sought help from Air China's sales and service center, and all departments of the Company quickly worked together to develop a Safety plan. We arranged check-in procedures, coordinated security check-ups and prioritized the boarding in the Beijing ground department. We accompanied them and offered care in real time during the flight, and sent them to the station immediately after landing. We arranged staff to guide the whole process. That night, the child arrived safely at the hospital and successfully underwent an operation. In this life relay travelling thousands of miles, Air China's associates provided assistance in their own way.



Supporting the disadvantaged

Air China attaches great importance to the care of the disadvantaged and gathers strength to improve their living conditions, making them feel the warmth of caring from Air China.

Case

Southwest Cabin Department launching volunteer action for rural revitalization

Beichuan County was the severely afflicted area of the 5.12 Wenchuan Earthquake, and Qingpian Township was located in the most remote area of Beichuan and is currently in the stage of poverty alleviation. On 28 April, the youth volunteers of the Southwest Cabin Department of Air China went to Qingpian Township, Beichuan County after nearly five hours' drive, and carried out caring activities with local primary schools and also visited the local villages of Qiang people. Volunteers used practical actions to help revitalize the countryside, which served to cultivate the sentiments of Youth League members, and fulfilled their social responsibilities as young employees from a central state-owned enterprise.



Case

Ground Service Department conducting various charity activities

Air China's Ground Service Department carried out various charitable activities to enhance its social values and fulfil its social responsibilities with love and good deeds. We supported the designated Beijing Qinghonglan School for migrant workers' children, and organised our youth staff and Youth League members to go to the campus to provide lectures and interactive psychological classes to students for gathering the strength of love. On the National Day for Helping the Disabled, we took the initiative to visit the China Disabled Volunteers Association. In addition to exchanges and experiential interactions with the disabled, we also raised funds and donated guide robs and wheelchairs to the China Braille Library, expressing deep concern with practical actions.



Case

Shenzhen Airlines providing educational aid to students of the historic revolutionary area for nine consecutive years

Since 2010, Shenzhen Aviation Security Department (Air Police 13th Team) has funded the poor students of Jinshan Hope Primary School in Yudu County, Jiangxi Province, a former revolutionary base, for nine consecutive years. On 22 November, the department organized excellent employee representatives to visit Jinshan Hope Primary School again. With the deep friendship and ardent expectations of all the staff, they had in-depth exchanges with teacher representatives and 36 funded students and offered books, stationery and sporting goods to the children. Through on-site investigation and communication, they obtained a true and in-depth understanding of the children's needs and the school's difficulties and they granted special funds so as to ensure a better education provided to the children.



Table of Major Indicators

Name of Indicators	31 December 2016	31 December 2017	31 December 2018
Total assets (RMB100 million)	2241.28	2357.18	2437.16
Tax payable (RMB100 million)	63.88	70.11	83.32
Number of registered aircrafts	623	655	669
Average aircraft age (years)	6.36	6.53	6.62

Name of Indicators	2016	2017	2018
Operating income (RMB100 million)	1126.77	1213.63	1367.74
Total profit (RMB100 million)	102.19	114.81	99.58
Safe flight hours (10,000 hours)	202.87	211.52	224.52
RTK (100 million)	236.98	253.85	275.18
Passenger carried (10,000 persons)	9660.59	10157.67	10972.66
Cargo and mail carried (10,000 tonnes)	176.91	184.16	190.84
Social contribution per share (RMB)	2.822	2.768	2.968
Purchases from the five largest suppliers (RMB100 million)	375.47	350.59	412.36
Intellectual property rights registered	2587	2819	3006

Passengers' overall satisfaction (points)	87.32	88.00	90.6
Premium passengers' overall satisfaction (points)	87.26	88.20	89.5
Number of complaints received from passengers for the whole year	20638	16155	13450
Passenger complaint handling rate (%)	100	100	100
Domestic luggage error rate (‰)	1.22	0.80	0.98
Overseas luggage error rate (‰)	4.90	3.75	3.93
Flight on-time performance (%)	76.7	70.9	80.36
Flight execution rate (%)	98.3	98.0	98.4

Total energy consumption (10,000 TCE)	942.4	1006.9	1092.1
Aviation fuel consumption (10,000 tonnes)	636.8	680.4	738.1
Power consumption (MWh)	136559.7	147810.1	162964.4
Gasoline consumption (tonnes)	1632	1584	2281.4
Diesel consumption (tonnes)	6986.6	7248.7	8075.8
Natural gas consumption (10,000 m ³)	884.9	945.4	975.0

Name of Indicators	2016	2017	2018
Thermal Force (MKJ)	381593.4	404549.9	370534.1
Other energy consumption (TCE)	68	26.9	24.5
Fuel consumption per RTK (kg)	0.277	0.274	0.274
CO ₂ emissions per RTK (g)	873	863	863
CO ₂ emissions (10,000 tonnes)	2005.9	2143.3	2325.0
Total hazardous waste emissions (tonnes)	323.4	356.7	632.0
Water consumption (10,000 tonnes)	347.8	367.9	412.1
Environmental protection investment (RMB10,000)	18501	29000	21931.1

Number of employees on the post (persons)	23258	25168	28302
Number of foreign employees (persons)	1155	1113	983
Number of minority employees (persons)	1051	1074	1419
Number of disabled employees (persons)	19	20	15.5
Female employee percentage (%)	40.3	45.2	43.56
Total number of management staff and management supporting employees (persons)	5719	6443	6721
Labour contract signing rate (%)	100	100	100

			3.30
			Distribution of employees leaving the Company
			Aged 34 and below 42.24%
			Aged 35-44 14.12%
			Aged 45-54 14.82%
			Aged 55 and above 28.82%
			Male 45.74%
			Female 54.26%
			China 94.52%
			Foreign countries and regions 5.48%

Proportion of employees guaranteed by collective bargaining agreements (%)	100	100	100
Total safety training hours (hours)	143678	198919	207551
Number of employees participated trainings (persons)	83997	94190	119707
Total employee education expenses (RMB10,000)	1892.2	2121.0	2219

Notes:

1. The information is based on the calibre of Air China Group, among which, the information on services and employees is based on the calibre of Air China while the information on energy consumption is based on the calibre of Air China, Air China Cargo, Shenzhen Airlines, Kunming Airlines, Dalian Airlines and Air China Inner Mongolia. The difference of relevant indicators as compared with those of the previous year is mainly affected by the separation of thermal indicators
2. CO₂ emissions include only the direct emissions from aviation fuel combustion, and other energy emissions have no national unified standards for calculation currently
3. Hazardous waste emissions include emissions from AMECO hazardous waste
4. The number of disabled employees is based on the document verified by Beijing Shunyi Disabled Labor Employment Service Center
5. Since 28 December, the Company's fleet ceased to have any cargo aircraft

Major Honours

From February to March, Air China was selected as 'BrandZ Top 100 Most Valuable Chinese Brands 2018' jointly released by WPP, a global communication service group and its research institutes. Air China ranked 21st in the brand value list and recorded an increase of 8% in terms of the annual brand value, being an enterprise getting the highest score in the Chinese aviation industry. Air China was also selected as 'BrandZ Top 50 Chinese Global Brand Builders' and 'BrandZ Top Ten Chinese Brands by Overseas Revenues'.

On 21 May, Air China won the 'Excellent Performance in Investor Relations' at the 4th Hong Kong Investor Relations Awards hosted by the Hong Kong Investor Relations Association (HKIRA).

On 25 May, Air China ranked 66th among top 100 of the 'List of listed companies with high returns' jointly announced by the China Association for Public Companies together with the Shanghai Stock Exchange and the Shenzhen Stock Exchange for its good performance and continually annual cash dividends. The Company would continue to focus on the main business and insist on steady operations to actively return to shareholders.

On 11 October, 2017 Annual Report of the Company was awarded the Gold Winner for Traditional Annual Report in Aviation Industry and Bronze Winner for Cover Photo/Design in Aviation Industry at the 32nd ARC Awards International respectively.

On 19 October, the Company was crowned the Best Investment Value Award for Hong Kong Listed Companies under Stock Connect at the 2018 Gold Wing Awards presented by the Securities Times, in recognition of its efforts and improvement in terms of market value management and active return to shareholders.

On 23 November, Air China ranked 55th in Top 100 Listed Companies in China for 2018 with total profit of RMB11.481 billion at the 18th Summit of Top 100 Chinese Listed Companies held by Top 100 Chinese Listed Companies Summit Organizing Committee and Wharton Economic Research Institute and won the 'China Top 100 Enterprise Award'.

On 6 December, the Company's 2017 annual social responsibility report was awarded the 'Golden Bee 2018 Excellent Corporate Social Responsibility Report • Evergreen Award'.

On 12 December, Air China was awarded the 'Most Popular Domestic Airlines Among Chinese Families' at the award ceremony of the 10th 'Most Popular Outbound Tour Selection By Chinese Families' hosted by Global Times • Global Travel. This was the tenth time for Air China to win this honour since 2009.

On 27 December, in the 2018 edition of World's 500 Most Influential Brands released by the World Brand Lab at the 15th World Brand Conference, Air China ranked 287th with a brand value of RMB145.295 billion, up 3 places comparing to last year. Air China was the only civil aviation company among 38 Chinese enterprises included in the list. Air China also won the '2018 Chinese Brand Annual Award NO.1 (Aviation)' and a special award, the '2018 China Annual Cultural Brand Award'.

On 11 January 2019, Air China won the 'Best Board of Directors Award' at the 14th 'Golden Round Table Awards' of the Board of Directors of Chinese Listed Company sponsored by the 'Board' magazine, the most authoritative corporate governance academic and evaluation institution in China.

Outlook

Economy

We will explore our potential in transport capacity resources, improve our operation and organization efficiency, and augment our reserve in resources of Traffic Rights. In 2019, the Company planned to complete 2.356 million flying hours and carried 120 million passengers, with transport capacity in ATKs and RFTKs reaching 41.7 billion and 8.16 billion, respectively.

We will firmly carry out our hub and network strategy, actively expand the international market with keeping a foothold in the domestic market, optimize our transport capacity facilities and achieve better revenue quality for continuous increase in our economic benefits of route operation.

We will continue to improve our business quality, accelerate the transformation of business models, integrate marketing resources, strengthen cost control, and strictly control the investment scale, so that asset values can match with development speed and operating efficiency.

Safety

The Company will prevent flight accidents, major and significant aviation ground accidents and significant aircraft maintenance accidents and will do our utmost to prevent any hijacking or bombing attempts and ensure the safety of passengers and the safety of aircraft. The human-induced accident rate per 10,000 shall not exceed 0.13.

We will improve the safety risk prevention and control capabilities, implement the safety production responsibility system, and improve the production and operation management system.

We will strengthen the capacity building of professional systems and teams' working style, and continuously improve the quality of flight, and will also strengthen the daily safety education and skills training and strengthen safety inspection and supervision to ensure a stable and safe situation.

Employees

We will remain people-oriented, keep updating our employee service system, continue the caring for employees' mental conditions, offer support to employees in difficulty, and engage employees in diversified cultural activities.

We will continuously strengthen our talent development mechanism, provide employees with comprehensive and smooth promotion channels as well as a broad platform to study.

We will continue to optimize our employment rules, human resource management system and remuneration and benefits system, enhance democratic management, and boost employees' satisfaction.

Services

We will promote the transformation and upgrading of our services, improve the product and service management system, and continuously enhance the professional level of service teams and service capabilities.

We will build a quality management system and design first-class services and products, and will also promote the comprehensive implementation of the full-process product and service management system and complete the formulation of service standards for the full-process contact points.

We will promote the lounge management and carry out the construction, renovation and expansion of the lounge to enhance the product experience on the aircraft. We will speed up launching 'Smart Travel' projects, focusing on the promotion of remote check-in, self-service baggage check-in, self-boarding and other products, and will also promote 'paperless' convenient travel and personalized departure system.

Environment

We will continue to improve the construction of energy-saving and environmental protection management systems, deepen the fuel-saving measures in the field of flight operation control, and advance the special work of 'improving the carrying capacity of belly holds'.

We will continue to advance the special work of 'Application of New Energy Vehicles' for ground support vehicles, facilitate the transformation of ground energy structure, promote the energy-saving measures of replacing APU by ground power, and popularize the application of new technologies for ground support equipment.

We will actively promote environmental protection publicity work, foster environmental awareness and habits of passengers and employees, actively participate in environmental protection public welfare projects, fulfil the corporate social responsibility, and put the Company's green development concept into effect.

Community

We will continue to support special flight operations for major events, and organize volunteer services actively to push forward public welfare and charity.

We will do our utmost to win the battle against poverty, improve the responsibility mechanism, deepen the assistance projects and explore the long-term model, and will also fully assist the poverty alleviation counties in completing the task of poverty alleviation, consolidate and stabilize the foundation of poverty alleviation, in order to coordinate the rural revitalization strategy in an orderly manner.

HK-ESG Index

HK-ESG	State	Page(s)	Description
Environmental			
A1: Emissions			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Included	44,47	In 2018, Air China did not incur any serious environment pollution or over discharge accidents
A1.1 The types of emissions and respective emissions data	Included Partially	63-64	In the industry, discharge mainly comes from jet fuel, which accounts for more than 99% of the total discharge, with a very limited amount of the other substances, which is not the main interests of management and disclosure
A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Included	64	
A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Included	64	
A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Included	47	
A1.5 Description of measures to mitigate emissions and results achieved	Included	44-46	
A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Included	47	
A2: Use of Resources			
General Disclosure: Policies on the efficient use of resources, including energy, water and other raw materials	Included	43,46	
A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	Included	63-64	
A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Included	64	
A2.3 Description of energy use efficiency initiatives and results achieved	Included	45-46	
A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Included	47	
A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	N/A		
A3: The Environment and Natural Resources			
General Disclosure: Policies on minimising the issuer's significant impact on the environment and natural resources	Included	47,48	
A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Included	47,48	
Social			
B1: Employment			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Included	55	In 2018, Air China did not incur any cases of incompliance in terms of talent recruitment and employment
B1.1 Total workforce by gender, employment type, age group and geographical region	Included	55	
B1.2 Employee turnover rate by gender, age group and geographical region	Included	64	
B2: Health and Safety			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Included	57	In 2018, Air China did not incur any safety accidents in relation to its employees
B2.1 Number and rate of work-related fatalities	Not Included		
B2.2 Lost days due to work injury	Not Included		
B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored	Included	57	

HK-ESG	State	Page(s)	Description
Social			
B3: Development and Training			
General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Included	56	
B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	Included Partially	64	
B3.2 The average training hours completed per employee by gender and employee category	Included Partially	64	
B4: Labour Standards			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Included	55	In 2018, Air China did not incur any cases of incompliance with the laws and regulations in relation to child labour and forced labour
B4.1 Description of measures to review employment practices to avoid child and forced labour	Included		In 2018, Air China did not incur any cases of illegal employment
B4.2 Description of steps taken to eliminate such practices when discovered	Included		In 2018, Air China did not incur any cases that involved illegal employment
B5: Supply Chain Management			
General Disclosure Policies on managing environmental and social risks of the supply chain	Included	34	
B5.1 Number of suppliers by geographical region	Included	34	
B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Included	34	
B6: Product Responsibility			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Included	51	In 2018, Air China did not incur any cases of incompliance in relation to provision of services
B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons	N/A		
B6.2 Number of products and service related complaints received and how they are dealt with	Included	54, 63	
B6.3 Description of practices relating to observing and protecting intellectual property rights	Included	54	
B6.4 Description of quality assurance process and recall procedures	N/A		
B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored	Included	54	
B7: Anti-corruption			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Included	25	
B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Not Included		
B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Included	25	
B8: Community Investment			
General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Included	58	
B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Included	58	
B8.2 Resources contributed (e.g. money or time) to the focus area	Included	58-62	

GRI Standards Index

CONTENTS		GRI Standards
Chairman's Statement		102-14
Feature: Concentrating on poverty alleviation and being responsible		
About Us		
Company Overview		102-1/102-2/102-3/102-5/102-6/102-7/102-18
Organizational Structure		
Party Building		
Corporate Governance and Risk Prevention		102-15/102-17
Anti-corruption		205-1/205-2
Corporate Culture		
Responsibility of Sustainable Development		
Responsibility Concepts		102-16/102-19/102-20/102-22/102-23/102-24/102-26
Incorporating Responsibilities		
Responsibility Communication		102-21/102-31/201-33/102-34/102-40/102-42/102-43/ 102-44/102-46/102-47/103-1
Responsibility for Flight Safety		
Optimizing Safety Management		
Guaranteeing Safe Operation		
Cultivating Safety Culture		
Economic Responsibility for Stakeholders		
Creating Economic Value		201-1
A Win-win Relation with Partners		102-9/204-1
Environmental Responsibility and Green Aviation		
Establishing and Improving Management Systems		
Creating a Green Operational Model		
Increasing Investment in Green Support		201-2/203-2/302-4/302-5/303-3
Participating in the Design of Green Mechanisms		
Promoting Environmental Protection Public Welfare Projects		304-1/304-3

CONTENTS		GRI Standards
Social Responsibility for a Better Life		
Improving Service Quality		416-1/417-1
Boosting Employee Development		102-8/102-35/102-36/102-37/102-41/401-1/401-2/ 404-2/405-1/406-1
Community Involvement		413-1/415-1
Table of Major Indicators		301-1/302-3/305-4/305-5/306-2/404-1
Major Honours		
Outlook		
HK-ESG Index		
GRI Standards Index		102-55
Third-party Assurance		102-56
Feedback Collection		



Third-party Assurance



Assurance Statement of Corporate Social Responsibility Report

TUV Asia Pacific Ltd. ('TUV NORD') has been commissioned by the management of Air China Limited ('Air China' for short) to carry out an independent assurance of the 2018 Corporate Social Responsibility Report ('report' for short).

Air China is responsible for the collection, analysis, aggregation and presentation of information within the Report. TUV NORD's responsibility in performing this work (assurance of the report) is in accordance with terms of reference agreed in the scope of engagement with Air China. Air China is the intended users of this statement.

This statement is based on the assumption that the data and information provided in the report is complete and true. This report is the eleventh report of Air China, and it's the third time for Air China to invite TUV NORD give independent assurance.

Assurance Scope

- The report revealed the accuracy and reliability for key performance, information and management system which happened in 2018.
- Assurance address is in No.30 Tianzhu Road, Tianzhu airport economic development zone, Beijing China, Where the headquarter located. And we didn't visit other branch, Subordinate units or the site of Projects.
- We evaluate the collection, analysis, aggregation of the information and data.
Assurance of the Report was done on 05-06.03.2019.

Assurance Methodology

Assurance process including following activities:

- Review the document information which provide by Air China;
- Interview the person who collected the report information;
- View the related websites and media reports, verify the data and information through sampling method;
- Refer to GRI Sustainability Reporting Guideline(GRI Standards) on balance, comparability, accuracy, timeliness, clarity, reliability, and give the evaluation;
- Refer to AA1000AS (2008) Assurance methodology;
- Refer to the Hong Kong Stock Exchange's Environmental, Social and Governance Reporting Guidelines (HK-ESG) for reporting on the importance, quantification, balance and consistency requirements, we evaluate the report;
- Assurance activity is based on TUV NORD CSR report assurance management procedure.

Assurance Conclusion

Air China CSR Report provide an appropriate and objective view of the sustainability & social programs and performances in 2018. The data in report is reliable and objective, TUV NORD didn't find the system error or substantial error, Which meets the disclosure requirement of GRI Standards core option.

- The structure of report is complete, the revealed information is clear, easy-understand and available;
- The report takes *the world is smaller because of us* as theme. Disclosed the economic responsibility, safety responsibility, service responsibility, environmental responsibility, employee responsibility, and social responsibility of Air China during 2018;
- The report actively disclosed the hot events of 2018, which has certain responsiveness.



Suggestion for improvement

Through assurance and evaluation, we had following improvement suggestion on CSR practice and management:

- In order to meet the increasingly stringent disclosure requirements of the Hong Kong Stock Exchange, it is recommended to establish further refinement indicators in the environmental field to disclose environmental key performance in more detail;
- In the process of writing the report, a systematic report material collection system can be established to make the report writing process more efficient;
- Pay attention to the undisclosed indicators in the report writing standards, lead the formulation of industry indicators disclosure norms, and promote social responsibility management with indicators.

Special statement

This statement excluding:

- The activity outside information reveal;
- The position, idea, faith, object, future developing direction, and promise which stated by Air China Company.

Statement of Independence and Competence

TUV NORD Group is the world's leader in inspection, testing and verification, operating in more than 70 countries throughout the world and providing services which includes management systems and product certification; quality, environmental, social and ethical auditing and training; environmental; social responsibility and sustainability report assurance.

TUV Asia Pacific Ltd. affirms its' independence from Air China and confirms that there is no conflicts of interest with the organization or any of its subsidiaries and stakeholders when performing the assurance of the Report. TUV Asia Pacific Ltd. was not involved in any manner with Air China, when the latter was preparing the Report.

The team leader:黄莉
Date :22.03.2019

The Authorized person:宋海宁
Date: 22.03.2019

注：当声明的中文和英文版本有冲突时，请以中文为准

Feedback Collection

Dear reader:

Thanks for reading the 2018 Social Responsibility Report of Air China Limited, which is the eleventh social responsibility report published by Air China. You are welcomed to provide us with your comments and suggestions on this report for consideration and adoption, enabling us to make continuous improvement in future report preparation and to improve corporate social responsibility management and practice. Looking forward to your valuable comments and suggestions.

1. Do you think the overall report is satisfactory?

☐ Yes ☐ No ☐ Fair

2. Did the report provide all information you concerned about?

☐ Yes ☐ No ☐ Fair

3. Do you think the report has faithfully reflected the performance of Air China in respect of creating economic value, social value and environmental value and fulfilling social responsibility?

☐ Yes ☐ No ☐ Fair

4. Can you access to information you concerned about in a convenient way?

☐ Yes ☐ No ☐ Fair

5. Do you think the information disclosed in the report is accurate, clear and complete?

☐ Yes ☐ No ☐ Fair

6. Your comments and suggestions to the social responsibility work of Air China:

7. Your comments and suggestions to corporate social responsibility report of Air China:

At your option, please provide your information

Group of stakeholder of Air China you belong to:

☐ Government and regulatory authorities ☐ Investor ☐ Community resident ☐ Client ☐ Financial institutions

☐ Research Institute ☐ Supplier ☐ Media ☐ Social organization ☐ Others

Name: _____ Place of employment: _____

Telephone: _____ Address: _____

E-mail: _____



A STAR ALLIANCE MEMBER 

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