

The World is Smaller Because of Us



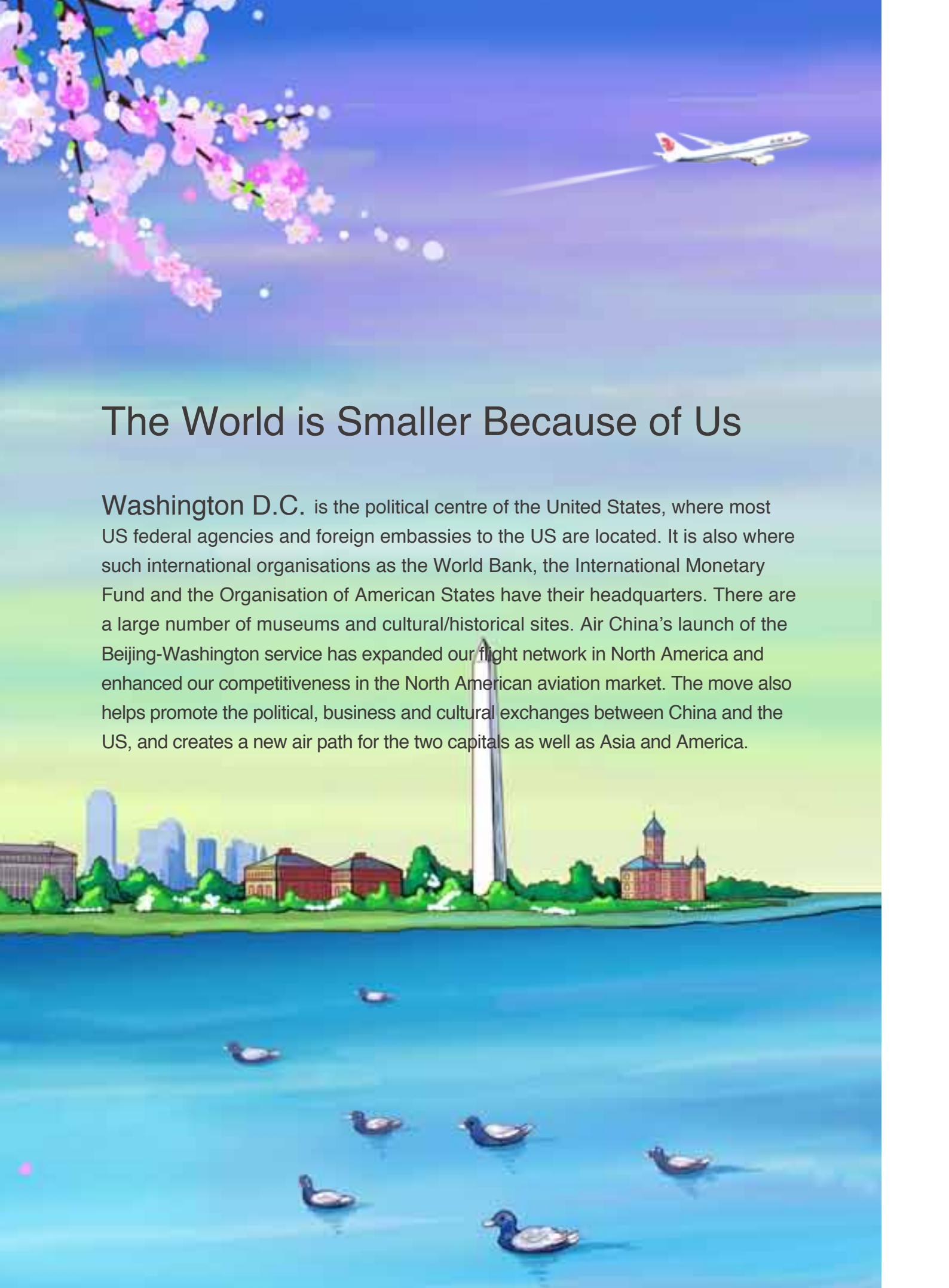
2014
Corporate Social
Responsibility Report

Air China



A STAR ALLIANCE MEMBER 





The World is Smaller Because of Us

Washington D.C. is the political centre of the United States, where most US federal agencies and foreign embassies to the US are located. It is also where such international organisations as the World Bank, the International Monetary Fund and the Organisation of American States have their headquarters. There are a large number of museums and cultural/historical sites. Air China's launch of the Beijing-Washington service has expanded our flight network in North America and enhanced our competitiveness in the North American aviation market. The move also helps promote the political, business and cultural exchanges between China and the US, and creates a new air path for the two capitals as well as Asia and America.





The World is Smaller Because of Us

Yining is the capital of the Yili Kazak Autonomous Prefecture and the political, economic and cultural centre of the Yili River valley. Air China has launched the Beijing-Urumqi-Yining route to reduce the travel time for the peoples of Yili to Beijing. At the end of 2014, Air China had eight destinations in Xinjiang, including Urumqi, Kashgar, Yining, Kumul, Korla, Karamay, Hotan and Aksu. These new routes connect Xinjiang to Beijing, bonding closely the country's political, economic and cultural centre with the economic region of the new Silk Road. Each flight is an extension of the Silk Road in the Sky to the hinterland of Xinjiang.

About this Report

Dear Readers,

This report shows the achievement of Air China Limited in fulfilling its social responsibilities in 2014. We hope you can feel the sentiment of the Air China people, and continue to support and help the reform and development of Air China Limited.

Reporting Period

The reporting period is from 1 January to 31 December, 2014, with data supplements from previous years for reference.

Scope of the Report

The report is primarily about Air China Limited, and also covers its branches, business management units, management support departments, and main subsidiaries including Air China Cargo Co., Ltd. and Shenzhen Airlines Co., Ltd.

G4 Material Disclosure:
G4-17, G4-22

Basis of Preparation

The 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 by Listed Companies* and *Guidelines of the Shanghai Stock Exchange on Disclosure of Environment Information for Listed Companies* released by the Shanghai Stock Exchange, the *Sustainability Reporting Guidelines (G4)* of the Global Reporting Initiative (GRI), *ISO 26000 Social Responsibility Guidelines (2010)* by the International Standardisation Organisation, *China Corporate Social Responsibility Reporting Guidelines (CASS-CSR3.0)*, the *Environmental, Social and Governance Reporting Guide (ESG)* of the Stock Exchange of Hong Kong, and additional guidelines for the aviation service industry.

Publishing of the Report

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

Sources of Data

All financial data cited in this report are from the audited annual reports of Air China Limited, while other data come from official internal documents and relevant statistics of Air China Limited.

Abbreviations

In this report, “we”, “the Company” or “Air China” refers to Air China Limited, while “Air China Group” refers to Air China Limited and its wholly-owned and controlled subsidiaries.

Accessibility of the Report

The report is released in Chinese and English; where discrepancy arises with regard to the understanding of the two texts, the Chinese version shall prevail. Electronic copies of the report are available on the Company’s website (www.airchina.com.cn) in both Chinese and English.

If you wish to acquire a print version or put forward suggestions and/or comments on the 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.



The World is Smaller
Because of Us



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Chairman's Message



Under the “new normal” of the Chinese economy, the Chinese civil aviation industry also entered a new phase of development in 2014. In the face of the new normal, new features and new responsibilities, we are conscious of our responsibilities, safeguarding them and diligently carrying them out. We have always endeavoured to fulfilling our social responsibility and enhancing the harmonious development of enterprise and society. We strived to create economic value, ensured operational safety, improved service quality, strengthened environmental protection, enabled our staff's dreams, maintained social harmony, and worked with all stakeholders to promote sustainable growth.

We earnestly fulfilled our economic responsibilities and maintained our profitability as a market leader. We held steadfast to our strategies and continued to optimise our fleet structure with the introduction of 67 new aircraft and the retirement of 24, thus bringing the size of our fleet to 540. We continued to pursue our hub network strategy and synchronised market demand with capacity allocation and flight network, flying to 56 overseas cities in 32 countries/regions and 103 domestic ones. We further pursued a proactive and flexible sales and marketing strategy, strengthened our cost controls, and enhanced our internal and external co-operation. For the year we achieved a net profit of RMB3.78 billion attributable to our shareholders and paid RMB4.257 billion of taxes and levies to the national and local governments.

We earnestly fulfilled our safety responsibility to build a solid foundation for our long-term corporate development. Our safety management system was augmented by strictly implementing the operational safety responsibility system and focusing on details, tendencies, priorities and execution, which helped raise the safety margin. We further enhanced our risk controls and targeted preventive measures by quantifying the assessment of key risks in order to improve the preventive effect of our safety system. For the year, our safety risk index, flight control quality index and aircraft technical conditions index showed year-on-year

improvement of 5%, 10% and 6%, respectively. We strengthened targeted practice and training with 14,872 hours of flight theory and operational safety training for 11,697 staff, representing year-on-year increases of 18% and 34%, respectively. For the full year, we achieved 1.7 million hours of safe flight, with our safety indicators standing at relatively high historical levels.

We earnestly fulfilled our responsibility to customers and strived to improve the quality of our services throughout the whole process. Adhering to our service precepts of “reliable, convenient, comfortable and touching”, we focused on seamless services and set clear guidelines on 59 crucial steps to improve customer experience. We pooled our competitive resources to target specific areas where we fell short, including transfer service, meal quality, luggage transport, member service, key route service and flight delays. We made use of advanced technology to expand the scope of our self-services, developed and promoted the use of identity cards to check in and clear security checks, pre-check in through on-line ticketing, and self-service re-booking on flight delays. In July 2014, the award of the “Model of Our Era” designation to our Golden Phoenix Cabin Service Team by the Central Propaganda Department was a testament to our service quality and a demand for further improvement.

We earnestly fulfilled our responsibility to the environment and strived to reduce the impact of our development to the environment. The focus of energy conservation and remission reduction programme was to lower fuel consumption and to raise fuel use efficiency. We introduced newer aircraft with better fuel efficiency and lower noise levels, namely the B747-8s, B777-300ERs and A330-300s, and replaced the older aircraft that consumed more oil with lower efficiency. By improving our operational controls, the monitoring of aircraft efficiency, by optimising our flight structure, and by fine-tuning our management such as refitting the engines, we have improved our energy efficiency and reduced our fuel consumption by 1.6% on a per ATK basis for the year.

We earnestly fulfilled our responsibility to the staff and enabled them to feel our care and respect. With the 2014 version of our corporate culture precepts, we unleashed the guiding role of culture and raised our soft power. We improved our career development and training system, highlighted career planning for our staff, and stimulated their ambition and motivation. To give our staff a better support and security, we launched a staff service centre with a one-stop shop service. We provided our staff with medical insurance and various cultural and sports activities to help them achieve a balance between work and life, thus growing together with the Company.

We earnestly fulfilled our social responsibility by caring about social and community development as a central government-owned enterprise. During the year, we completed satisfactorily such work as transportation and logistic support for the Fourth Plenum of the 18th National Congress of the Communist Party of China and for the Youth Olympics. We came forward in the face of emergencies and disasters, exemplifying the solemn duty of a flag carrier and a good corporate citizen. We also contributed to society with a range of social welfare and disaster relief activities.

I'm pleased with and honoured by the work done by Air China in fulfilling its social responsibility and promoting sustaining development during the past year. In 2015, our external environment is filled with opportunities and challenges. We will follow our belief in market mechanism, professionalism and industrialisation and continue to maintain our strategies, strengthen our capacity construction, and improve our core competitiveness. This will allow us to realise our commitments to investors, staff, customers, community, the environment and future generations, and to contribute to the country socio-economic development.

蔡劍江

Cai Jianjiang
Chairman, Air China Limited



Unforgettable 2014



In Mar. PhoenixMiles (the former AirChina Miles), the first frequent flyer programme of the Chinese civil aviation industry, celebrated its 20th anniversary



In Jul. Air China and Lufthansa signed strategic co-operation agreement



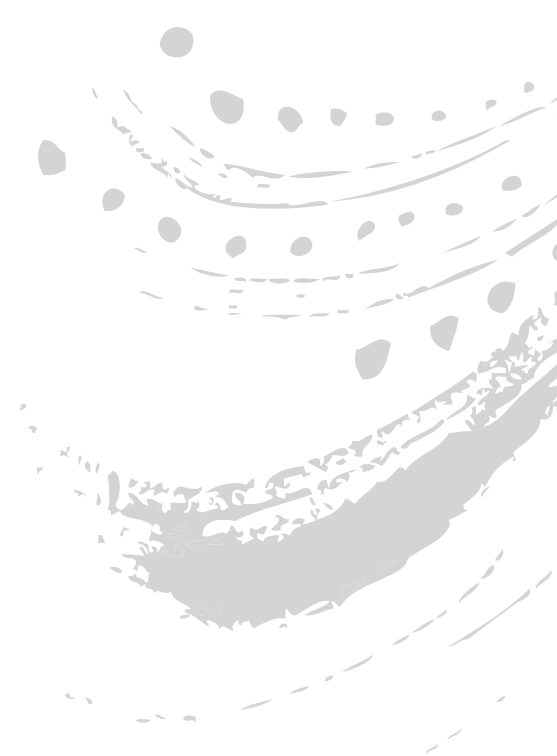
In Sep. The brightly painted "Air China Loves China" plane was commissioned

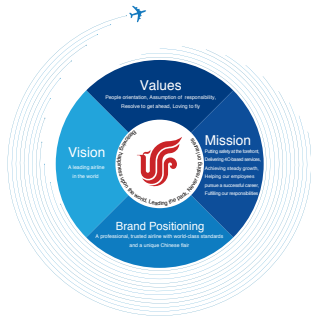


In Oct. China's first brand new B747-8 long-range wide-body jet was deployed in Air China's fleet



In Dec. Air China celebrated the 10th anniversary of its listing on the Stock Exchange of Hong Kong





In Jul. Air China published a 2014 version of its corporate culture precepts



In Jul. Our Golden Phoenix Cabin Service Team was awarded "Model of Our Era" designation by the Publicity Department, CCCPC



In Nov. Air China released the first ever fleet development white paper by a domestic airline



In Dec. Air China jointly held a charity function for orphans with the Children's Welfare Fund

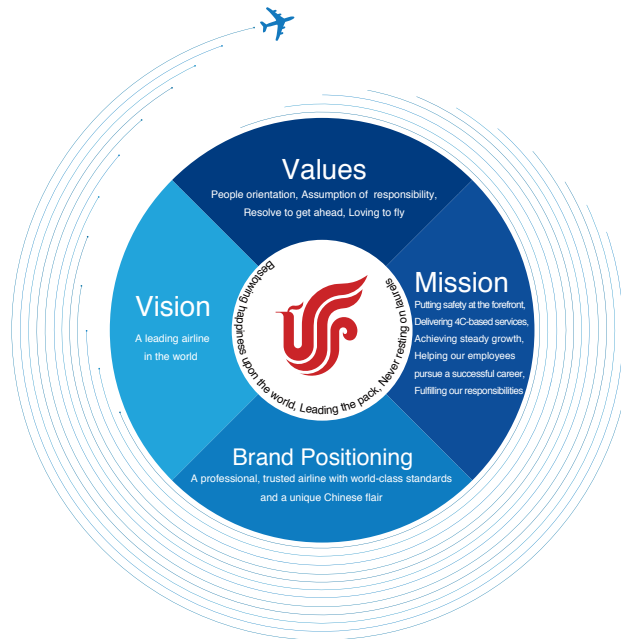


A Feature on Responsibility

“The Soul of an Enterprise” – Air China’s Corporate Culture (2014 Version)

Following a survey of its customers and staff and rounds of consultation throughout the Company’s hierarchy, Air China has formed a systematic elucidation of its corporate culture precepts with a 2014 version by building on the core values of socialism and distilling the key ingredients of its corporate culture at the international, social and corporate levels. This will serve as our cultural guide and lift the competitiveness of our soft power, forming a “One Vision, One Voice and One Visual” push for excellence in our operations.

Air China's corporate culture assimilates the core values of socialism and focuses on the "Phoenix Spirit" – "bestowing happiness upon the world, leading the pack, never resting on laurels" – to enunciate the development goals and values of Air China. Our vision is "a leading airline in the world", our mission is "putting safety at the forefront, delivering 4C-based services, achieving steady growth, helping our employees pursue a successful career, fulfilling our responsibilities", and our values are "people orientation, assumption of responsibility, resolve to get ahead, loving to fly", and our brand positioning is "a professional, trusted airline with world-class standards and a unique Chinese flair". As the crystallisation of the soft power of corporate development and of quality, Air China's corporate culture demonstrates its perseverance, foundation and duty in the path of sustainable development.



Vision

A leading airline in the world: We want to be a company that is highly competitive in terms of safe operations, service capabilities and brand awareness.

Putting safety at the forefront: Safety is the bedrock of our business and is our fundamental responsibility.

Delivering 4C-based services: 4C is a recap of our service philosophy that contains four elements: Credibility, Convenience, Comfort and Choice. It is a microcosm of our responsibilities to customers.

Achieving steady growth: Formulating leadership strategies, moving forward steadily, utilizing multi-branding synergies, achieving operational excellence and striving for healthy and sustainable development is Air China's responsibility to the stakeholders.

Helping our employees pursue a successful career: Giving our people opportunities to realize their worth and grow with our business is Air China's responsibility towards its employees.

Fulfilling our responsibilities: We fulfil our political, economic and social responsibilities to serve the country and the society.

Values

People orientation: Employee orientation and customer orientation is the guideline on how we deal with people.

Assumption of responsibility: We are ready, willing and able to assume responsibilities.

Resolve to get ahead: Innovation gives us renewed vigor; we will never rest on laurels; we will lead the pack.

Loving to fly: We provide seamless services that are considerate and cheerful, allowing our passengers to truly experience the pleasure of flying.

Brand Positioning

Professional and trusted: We want to be an outstanding expert in the field of air transport. We want to be a trusted leader in the industry.

World-class standards: We want to be an airline well known and highly respected around the world.

Chinese flair: We want to be an airline that is a showcase of Chinese culture and China's modern dynamism.

“Yes, I’m an Air China Person”

The formation of Air China’s corporate culture doesn’t merely mine and refine at the macro level. It also reaches each and every of the ordinary yet colourful employee of the Company. They are the ones who create Air China’s history, and they are the ones who build the beautiful future of Air China for the coming centuries. In 2014, Air China began to collect personal declarations of “I’m an Air China Person”, and to embark on a humanist journey that cares about those around us, digs into things around us, listens to the staff’s voice, and shows professional ideals.



I'm an Air China person

Propagating Air China’s Spirit

To pass on its corporate culture, the Company published in 2014 Propagating Air China’s Spirit, a book that chronicles the growth of the Company with the People’s Republic and presents its massive and weighty development course. Soaked in Air China’s honourable tradition and cultural charisma, the book’s dozens of stories straddling 59 years demonstrate the key ingredients of Air China’s corporate culture accumulated over the long term – no matter how the size or business model change, our commitment to our country, society and passengers remain unchanged and is passed down the generations.



“Putting safety at the forefront” is Air China’s mission; building and passing on safety precepts are the mission of generations of Air China people. Captains Zhou Diansou and Zhou Daning, the father and son team, are always conscious of “Putting safety at the forefront”, passing on their safety precepts down the generations.

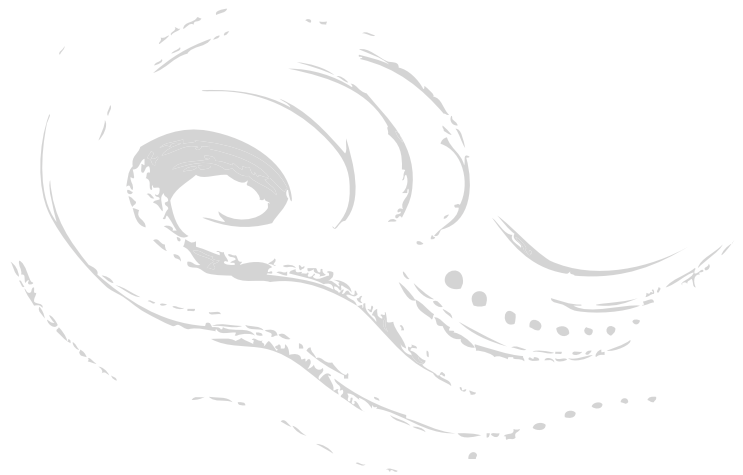
“Air China Charm, Chinese Style”

As the only flag-carrying domestic civilian airline and a member of Star Alliance, the world’s largest aviation alliance, Air China is a representation of China’s image and a vehicle to exemplify China’s cultural heritage and its contemporary charisma. When we offer travellers around the world more choices and joyful experiences, we also consciously and keenly take up the role of spreading Chinese culture and promoting cultural exchanges between China and foreign countries, thus building a bridge for the fusion between Chinese and world cultures.

On 5 May, Air China’s CA841 flight connected China and Europe by bridging the thousands of kilometres and six time zones across the three major cultural cities of Beijing, Vienna and Barcelona in one single service. High up in the sky during the inaugural flight, and then at the theatre of Palais Liechtenstein in Vienna, the Air China Choir debuted its “Phoenix Miles, Chinese Songs” culture and art tour. Members sang beautiful, elegant and exciting Chinese songs for its audience to present the artistic accomplishment of the Air China Choir to the world for the first time.



Air China Choir sings in Vienna



Golden Phoenix Cabin Service Team – Model of Our Era

Model of Our Era

Phoenix, implying beauty and auspiciousness, is Air China's symbol. We also have our own phoenix, the Golden Phoenix Cabin Service Team. Since its founding in 1994 as an Air China brand, the team has weathered through 20 years of cabin service.

With blue skies as their stage, the cabin as their position, and Lei Feng's spirit as their guidance, the crew assimilate "patriotism, professionalism, trustworthiness and friendliness" into their service precepts, and compose beautiful chapters of socialist core values with their deeds. "Noticeable in ordinary times, faithful in critical times, and heroic in dangerous times" is an authentic portrayal of the Golden Phoenix Cabin Service Team. Whether high in the skies on a flight or down to earth in daily lives, whether on duty for a crucial assignment or serving thousands of passengers, the Golden Phoenix presents love and conveys kindness with zealous faith, sincere sensitivity and consummate skills. With their actions they practice and promote socialist core values and demonstrate their patriotic, professional, trustworthy and friendly spirits, bringing to live Air China's demeanour as a flag carrier. On 28 July, 2014, the Central Propaganda Department of the Chinese Communist Party awarded the "Model of Our Era" designation to the Golden Phoenix Cabin Service Team.



Golden Phoenix Cabin Service Team won the "Model of Our Era" designation

Shouldering Our Mission

Over the last 20 years, the Golden Phoenix Cabin Service Team has been responsible for the honorary task of serving the crucial charter flights. In countless emergency or

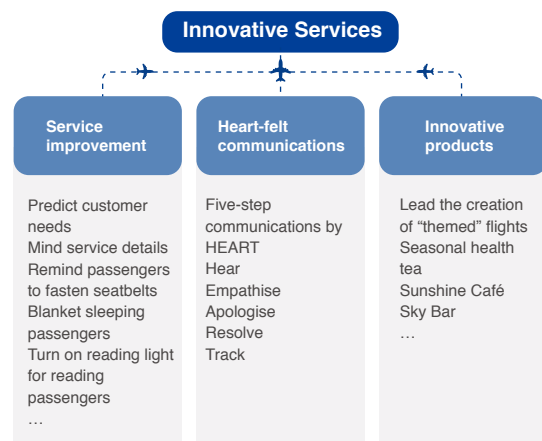
dangerous duties, when the country and the people need them, the Golden Phoenix Cabin Service Team is always the first volunteer to take up the burden for the country.

In 1999, they flew the injured and the corpses back from the war-torn Yugoslavia; in 2003 they continued to serve customers relentlessly as the SARS (severe acute respiratory syndrome) epidemic raged; in 2004 they accompanied Chinese hostages home from Pakistan; in 2005 they went to the Indian Ocean to join the tsunami rescue effort, in 2008 before the Beijing Olympics, they flew the Olympic flame charter flight for 33 consecutive days to conclude the longest ever Olympic torch relay; in 2008 they joined the rescue effort of the Wenchuan earthquake; in 2011 they were part of the largest Chinese evacuation, from Libya ...

Innovative Services

The Golden Phoenix Cabin Service Team adheres to our service precepts of "credibility, convenience, comfort and choice", presenting love and conveying kindness with sincere attitude, elegant presentation, wise actions and innovative products. They are wholeheartedly committed to creating "benchmark of cabin service, calling card of Air China's service", bringing beautiful and unique experiences to millions of passengers with trailblazing services.

They achieve outstanding results in their everyday positions, thinking with their heart, touching customers with their love, resuscitating critical patients, carrying handicapped



To the members of the Golden Phoenix Cabin Service Team, the cabin is our home. For 365 days a year, we spent two-thirds of our time there. Whenever we see passengers holding their newborn babies, we feel our love toward them, and will immediately help them put away their luggage, seat them safely, prepare milk for them, and cover the babies with blankets; And when we see the elderly coming in on wheelchairs, we just feel that they are our senior relatives, and will present them with wet towels and warm water.

— Lv Xiaofei, Golden Phoenix Cabin Service Team member

passengers, caring for the weak elderly, accompanying Children travelling alone ... The Golden Phoenix Cabin Service Team quietly give their love to each and every Air China passenger, affirms with their love Air China's pursuit of aviation business, its propagation of the Phoenix Spirit and its commitment to social responsibility.

The Golden Phoenix Cabin Service Team is a microcosm of Air China's excellent corporate culture and the embodiment of Air China's Phoenix Spirit. They foster Air China's Phoenix Spirit, bestow happiness, take up their responsibilities assigned by the Company and society, and contribute their fair shares to social welfare.

“Golden Phoenix Mums” – The Golden Phoenix Cabin Service Team has another name, the “Golden Phoenix Mums”. At the Nanzhuyuan Community near the Beijing Capital Airport there lives a child, Jiang Siran. When she was three years old, an accident claimed the lives of her parents. It's been nine years since 2006, and while members of the Golden Phoenix Cabin Service Team have changed substantially, their care of Little Siran has never ceased.

“Green Ribbon” Volunteers Group – In 2011, some members of the Golden Phoenix Cabin Service Team founded the “Green Ribbon” volunteers group and promoted their welfare endeavours to others through the microblog. The Golden Phoenix Cabin Service Team has participated many times in such volunteer activities as the poverty alleviation campaign to help the frail and elderly people in Xieshan Village, Laiyuan county, Hebei province, relief for the Beijing Oriental Children's Home, and the “50 yuan Green Ribbon in action” fundraising campaign.



The “50 yuan Green Ribbon in action” fundraising campaign

About Us

Stock Code

Shanghai Stock Exchange: 601111

Hong Kong Stock Exchange: 00753

London Stock Exchange: AIRC



Company Overview

Air China Limited was founded in 1988, its predecessor being known as Air China International. In October 2002, Air China International integrated the air transportation resources of China National Aviation Company and China Southwest Airlines 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 (stock code: 00753) and London (trading code: AIRC) on December 15 of the same year, before floating in the domestic A-shares market (stock code: 601111) on August 18, 2006.

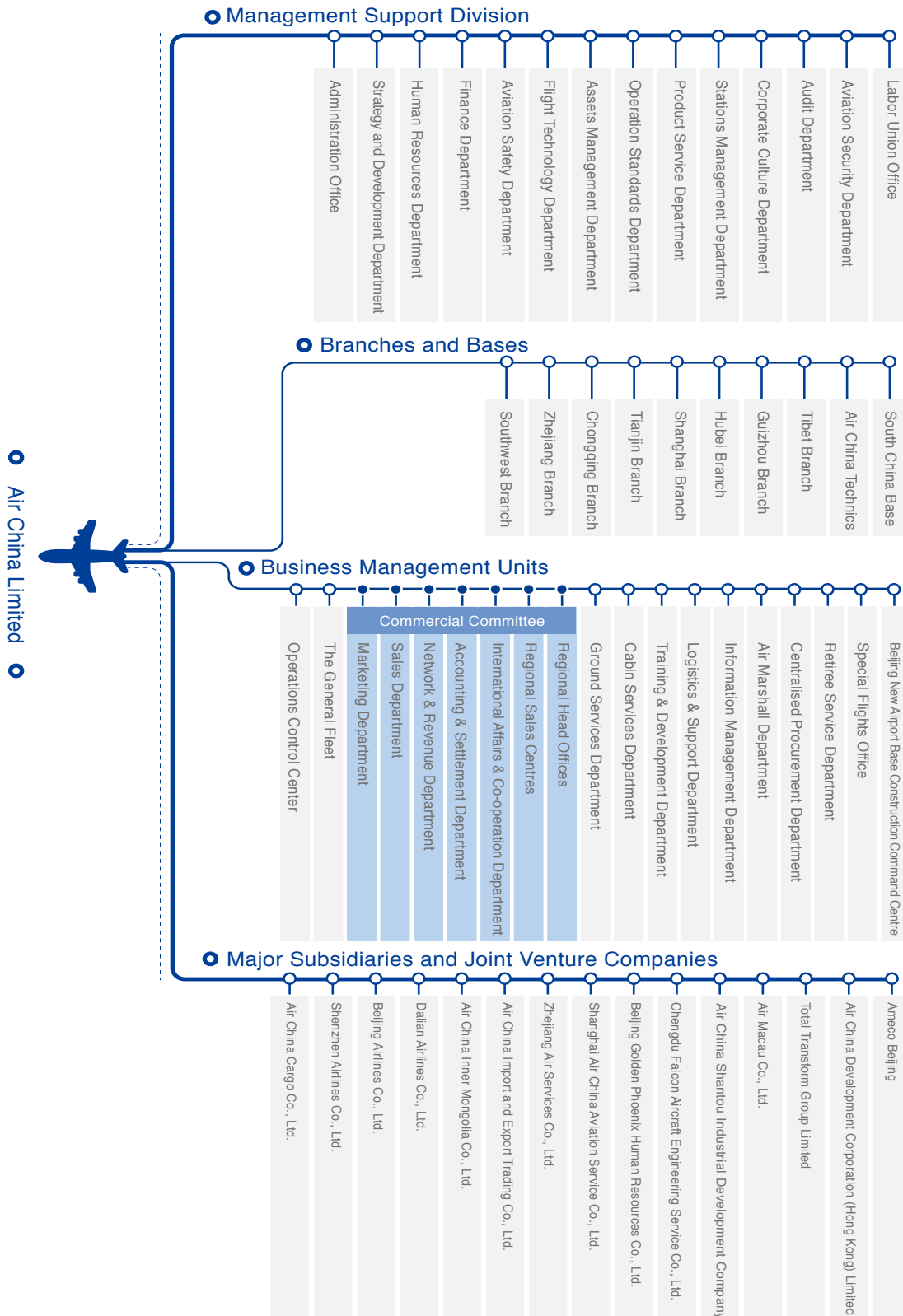
In the lead among domestic airlines in both passenger and cargo transportation and other related services, Air China is a member of the Star Alliance, the world's largest airline

alliance, and the only Chinese civil aviation enterprise that is among the World's 500 Most Influential Brands. It 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 2014, the Air China Group carried 83.01 million passengers and 1.553 million tons of cargo and mail, and its RTKs (revenue ton kilometres) reached 19.44 billion. It recorded RMB104.83 billion in business revenues, with a net profit of RMB3.78 billion attributable to shareholders, ranking top among aviation companies in terms of business performance.

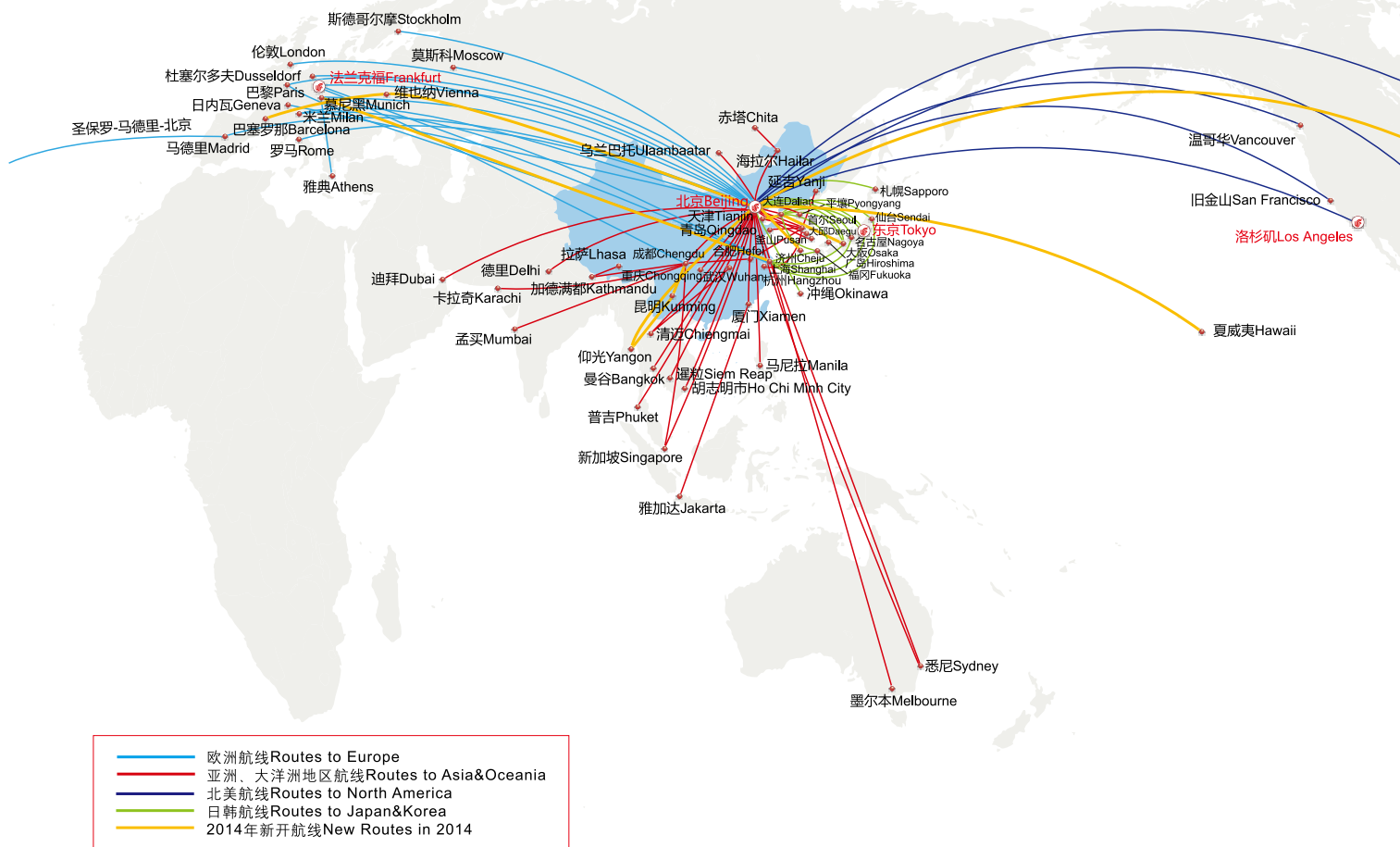


Organisational Structure



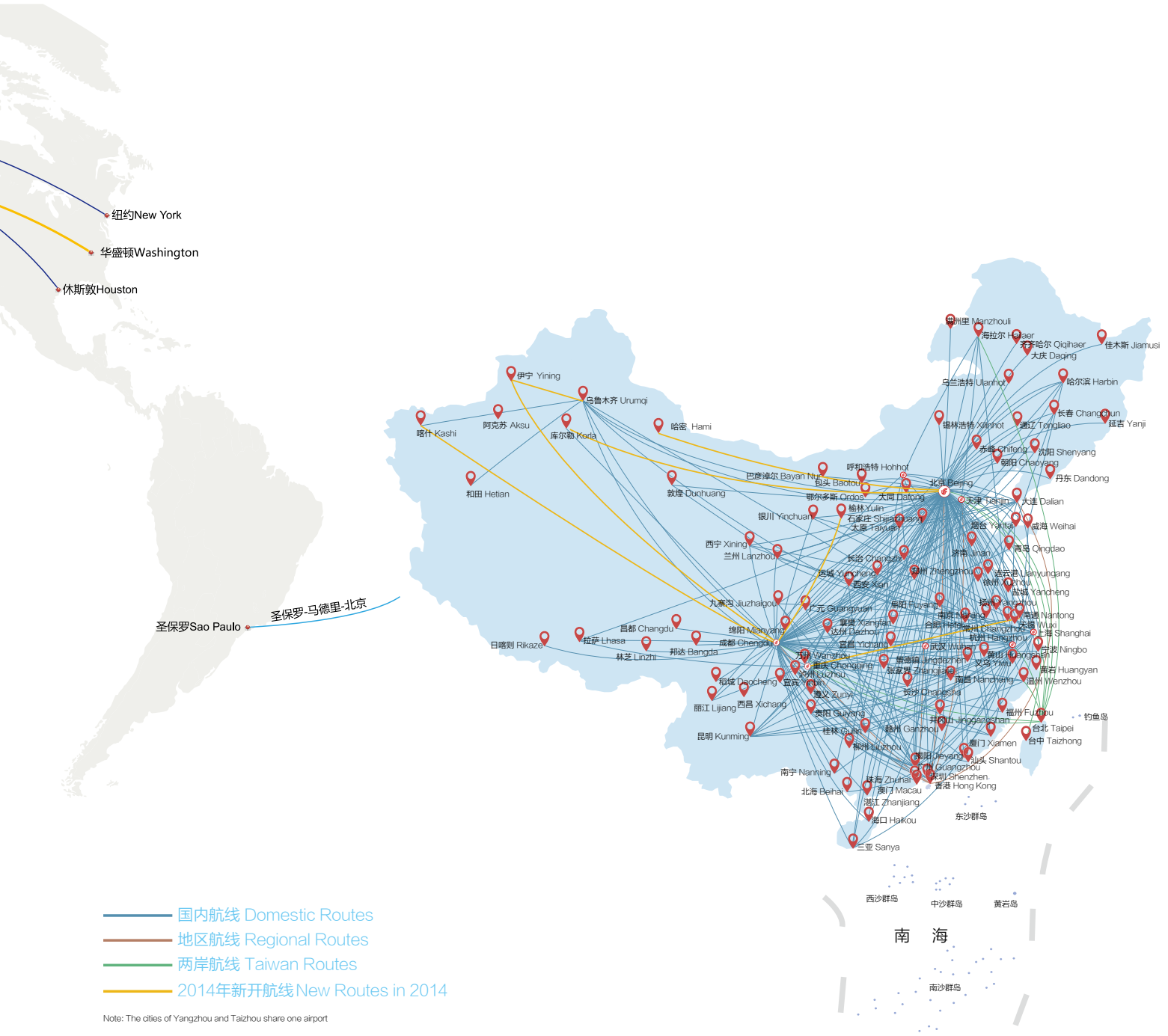
Routes and Fleet

As of December 31, 2014, Air China operated 322 passenger routes, including 82 international, 15 regional and 225 domestic routes. The company's network covered 159 cities in 32 countries and regions globally, including 53 international, three regional and 103 domestic cities.



| | Sub-total | Self-owned | Finance leases | Operating leases | Average age | | Sub-total | Self-owned | Finance leases | Operating leases | Average age | | |
|--------------------|-----------|------------|----------------|------------------|-------------|-------|----------------|----------------|----------------|------------------|-------------|------------|-------------|
| Passenger aircraft | Airbus | 256 | 97 | 93 | 66 | 5.46 | Cargo aircraft | Cargo aircraft | 12 | 10 | 2 | 0 | 9.54 |
| | A319 | 40 | 24 | 9 | 7 | 9.68 | | B747F | 3 | 3 | 0 | 0 | 12.53 |
| | A320/A321 | 163 | 59 | 66 | 38 | 4.52 | | B757F | 4 | 4 | 0 | 0 | 18.35 |
| | A330 | 49 | 10 | 18 | 21 | 4.27 | | B777F | 5 | 3 | 2 | 0 | 0.69 |
| | A340 | 4 | 4 | 0 | 0 | 16.26 | | Business jets | Business jets | 9 | 1 | 0 | 8 |
| | Boeing | 263 | 129 | 60 | 74 | 6.62 | | | | | | | |
| | B737 | 223 | 105 | 47 | 71 | 6.41 | TOTAL | | 540 | 237 | 155 | 148 | 6.08 |
| | B747 | 8 | 8 | 0 | 0 | 9.71 | | | | | | | |
| | B757 | 2 | 2 | 0 | 0 | 22.37 | | | | | | | |
| | B777 | 30 | 14 | 13 | 3 | 6.32 | | | | | | | |

Details of Air China Group fleet include Air China Cargo, Shenzhen Airlines, Dalian Airlines, Air China Inner Mongolia, Beijing Airlines and Air Macau.

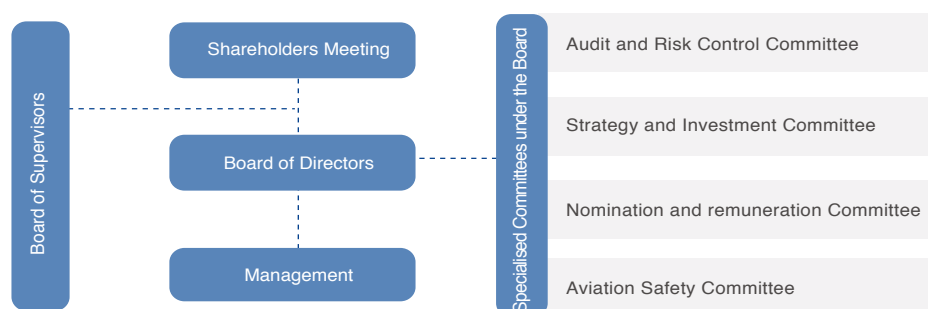


Corporate Governance and Risk Prevention

We believe that the long-term success of a company can only be achieved on the basis of sound corporate governance, careful risk prevention and full respect of business ethics. Therefore, we are continuously improving our corporate governance and working to set up a standardised internal control system and develop ourselves into a professional team driven by integrity and dedication.

Corporate Governance

Air China follows strictly the listing rules and requirements of relevant laws and regulations in China and overseas markets to build and improve its corporate governance and to construct a modern corporate structure. In 2014, Air China revised its articles of association, rules for shareholders meetings and rules for board of directors meetings in order to ensure their applicability. At the same time, we have optimised the organisation and process of the three meetings of shareholders, directors and supervisors. We have held meetings between the chairman of the board and non-executive directors, and have enhanced the capabilities of independent directors and board committees by arranging inspections and management meetings for them. These have achieved positive results and helped improve our corporate governance.



Internal Control

For Air China, internal control is a systemic and long-term effort. It is not only a requirement by the external regulators of listed companies and the guarantee for companies to meet their business targets and strategic goals, but also the foundation for the prudent operation and sustainable development of companies.

In 2014, Air China earnestly promoted the construction of internal control system. First, we strictly implemented the (Trial) Regulations for Internal Control Evaluation to conform with the requirements on the self-evaluation of internal controls for listed companies as set out in Basic Standards of Corporate Internal Controls and Evaluation Guidelines on Corporate Internal Controls, thus standardising the evaluation of our internal controls. Secondly, we issued the Interim Rules for the Management of the Company's Rules and Regulations, which sets standards for the setting, execution, amendment and termination of the Company's rules and regulations, thus improving the management of our rules and regulations and ensures that the Company's operations conform to the law and compliance requirements. Third, we amended and published a series of management rules at the operating level to further improve our regulations and system, strengthen our internal controls, and realise the management goal of "unified power and responsibility, streamlined management and control".

Business Ethics

We have consistently followed a high standard of business ethics. While endeavouring to uphold a sound corporate image, we have contributed our part to the building of a fair, orderly and harmonious social atmosphere. We have continued with the campaign of combating corruption and promoting integrity, earnestly implemented the Work Plan for the Building of Integrity Culture (2012-2015), and built an education network on integrity culture. In 2014, we formulated and published (Trial) Rules for Assigning the Key Responsibility and Monitoring Responsibility for the Construction of Party Work-style and Integrity, strengthened the accountability mechanism on monitoring and disciplinary functions. This allowed us to broadly push forward the prevention and control functions of our integrity and anti-corruption work, thus effectively strengthened the construction of our integrity monitoring mechanism.



Major Honours



March

Air China receives in Madrid the fifth annual "Spain-China Foundation Award" from the Spain-China Foundation for its contribution to the economic and cultural exchanges between Spain and China by operating the only direct flight between the two countries.



April

Air China, Shenzhen Airlines and Air Macau receive the best airline awards in their respective categories at the 2013 Best Airline Service Awards held by Incheon International Airport



May

Air China receives the "Chinese Service Innovation Benchmark Flying Horse Award" at the 12th annual Joint Chinese Corporate Leaders (Shanghai) Summit and Great China Service Industry Conference held in Shanghai. We are the only airline to receive an award



June

Air China's phoenix design trademark is recognised by both the Trademark Bureau and the Trademark Appeal Board of the State Administration for Industry and Commerce as China Famous Trade Mark

Air China is again named one of "China's 500 Most Valuable Brands", appearing in the 24th place in the 2014 (11th) edition of the ranking published by the World Brand Lab. The RMB91.899 billion value, an increase of RMB15.3 billion from that in 2013, is the highest among all Chinese civil aviation companies



November

At the 2014 "French-Chinese Excellent Enterprise Award" in Paris, Air China receives the "Franco-Sino Co-operation Award" for its outstanding contribution in promoting exchanges between the two countries

Air China receives a "25 Years of Project Hope Outstanding Contribution" from the China Youth Development Fund for its long-term contribution to Project Hope and its exploration of innovative public interest models. We are the only domestic airline to receive this honour



December

At the Travel Weekly Award Ceremony organised by the Beijing newspaper Global Times, Air China wins "The Most Popular Domestic Airline for Chinese Families" for the sixth year in a row

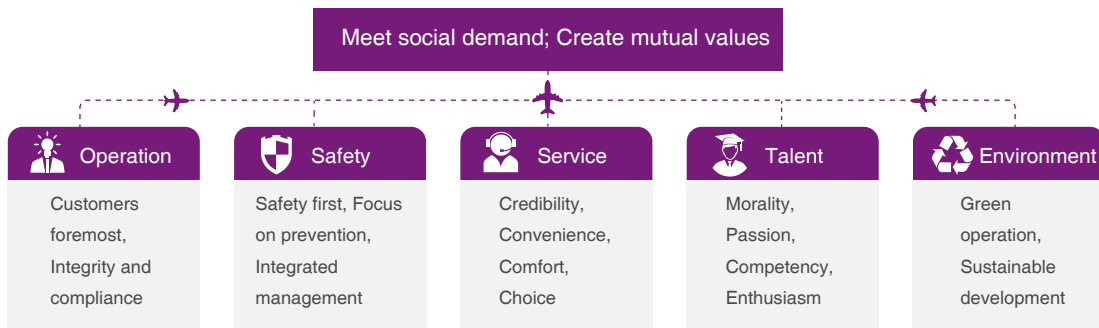
Air China is awarded "Top 100 Listed Companies Most Respected by Investors 2014" by the Chinese Listed Companies Association



CSR Management

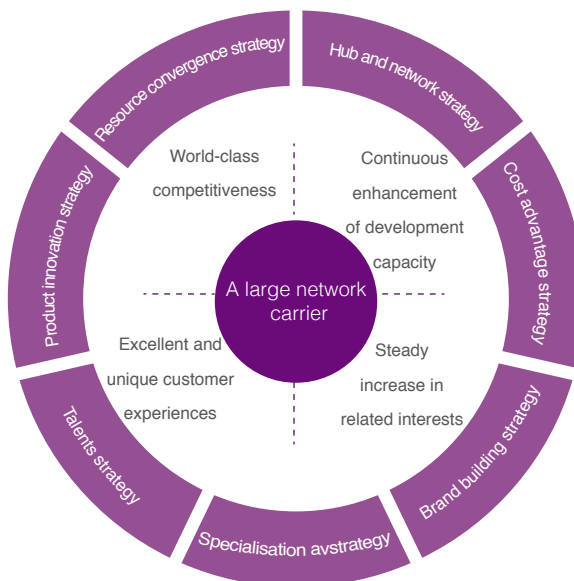
Corporate social responsibility (CSR) management is increasingly attracting the concern, exploration and investigation of companies around the world. CSR has always played a central role in Air China's strategic development. By continuously advancing CSR management, we have translated our commitment to CSR into strategic objectives and formulated a sustainable development strategy to promote harmonious development of the Company and society.

CSR Concepts

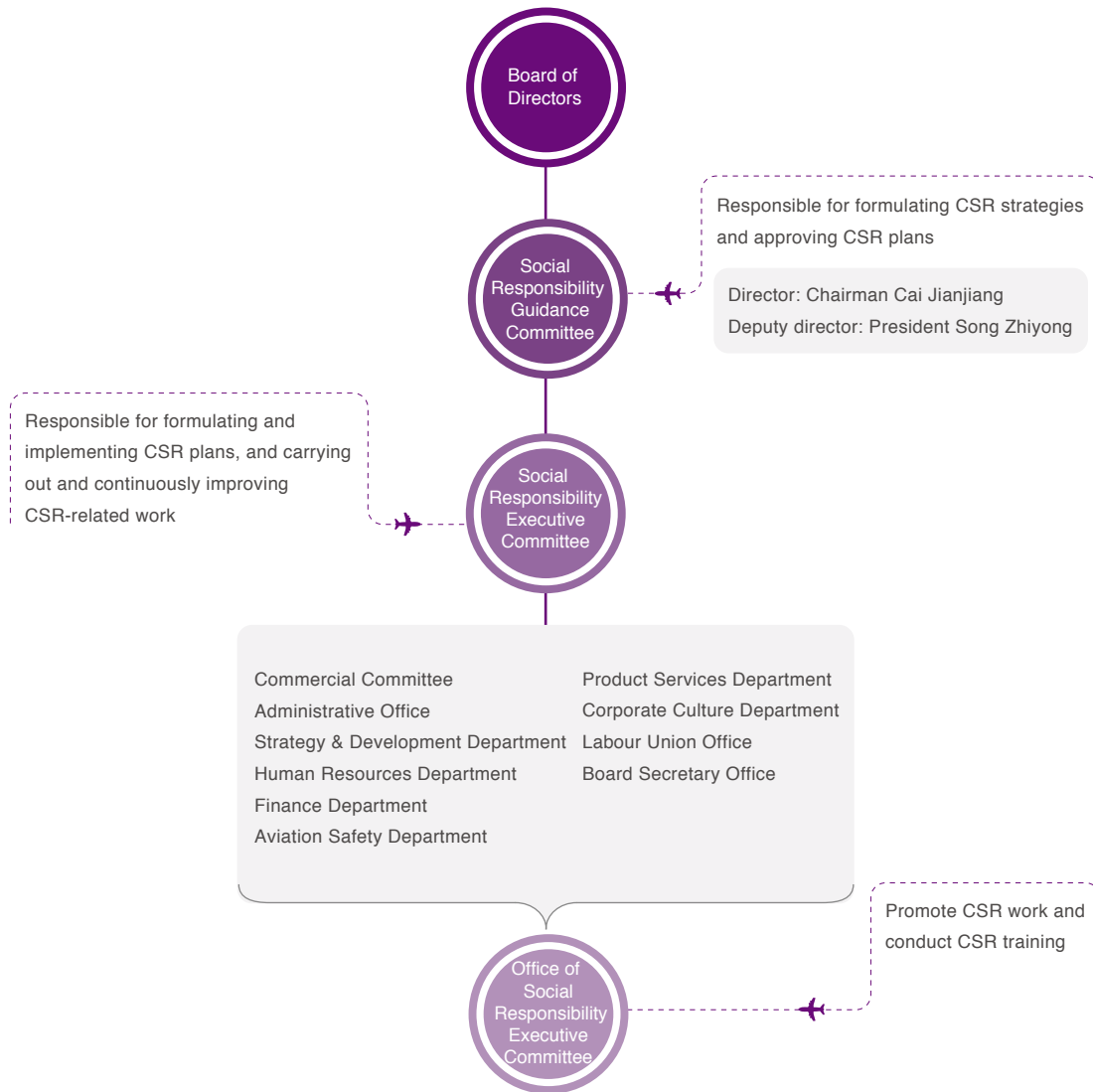


Sustainable Development Strategy

Managing its corporate social responsibility can offer a company a rare development opportunity. By fulfilling our CSR, and by maintaining communications and positive engagement with our stakeholders, we not only face our social challenges directly but also make use of social demand to explore an even bigger market, realise our Company's sustainable growth, and continuously create aggregate value.

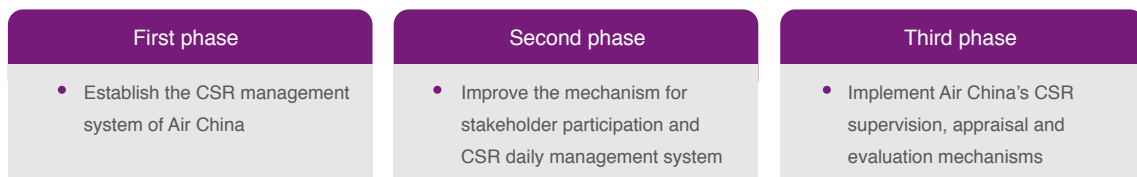


CSR Management Mechanism



Air China CSR management plan

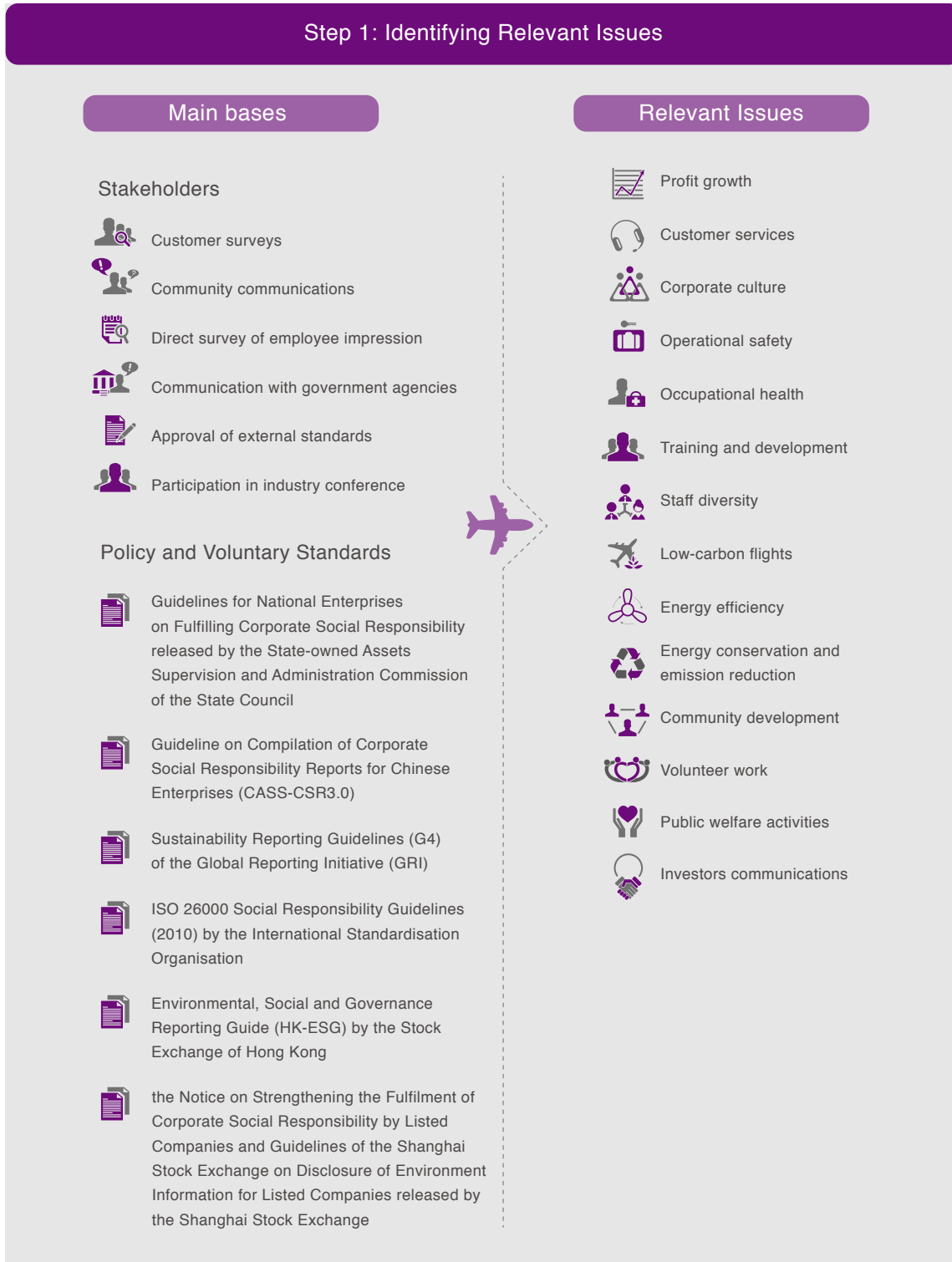
Continuously develop and improve the overall CSR management system of Air China:



Identification of Practical CSR Issues

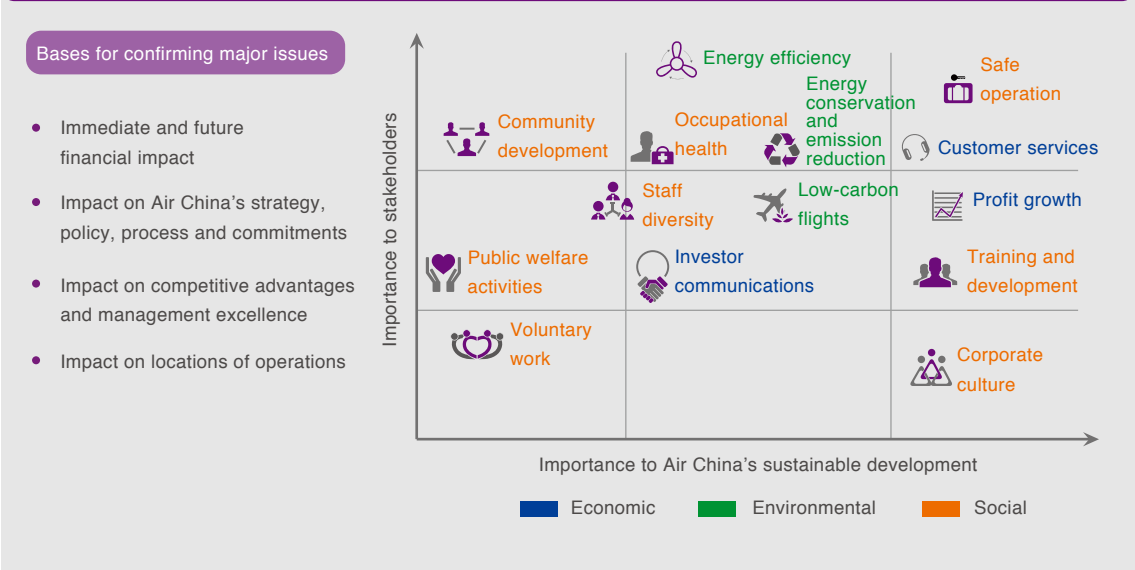
G4 Material Disclosure:
G4-18,G4-19,G4-23

With sustainable development in the background, Air China engages the participation of its stakeholders under the principles of practicality and completeness to identify practical issues by following the four steps of “identifying relevant issues, confirming practical issues, approving report contents and reviewing”.



G4 Material Disclosure:
G4-18,G4-19,G4-23

Step 2: Confirming Practical Issues



Step 3: Approving Report Contents

| | |
|---|---|
| <p>Internal approval</p> <ul style="list-style-type: none"> • Approval by Board of Directors and Social Responsibility Guidance Committee • Approval by Administration Office • Approval by relevant business departments | <p>External approval</p> <ul style="list-style-type: none"> • Approval of the report by third parties • Participation by external agencies |
|---|---|

Step 4: Review

- Establish new performance targets
- Launch new projects or formulate new policy
- Communicate with stakeholders

Stakeholder Engagement

G4 Material Disclosure:

G4-24,G4-25

G4-26,G4-27

Stakeholder engagement is essential for Air China's sustainable development. Through various channels of dialog with stakeholders, we have tried to understand stakeholders' expectation of Air China, and communicated with all parties about Air China's development and operation to facilitate continuous improvement of our CSR work.

| Stakeholders | Communication | Expectations and focus of attention | Response from Air China |
|--|---|--|--|
| Government/ Domestic and overseas regulatory authorities | <ul style="list-style-type: none"> Work meetings and debriefing Information disclosure Cooperation with local governments | <ul style="list-style-type: none"> Integrity compliance and orderly operations Support for important and major events Zero accident affecting safety of operations Good corporate image Energy conservation, emissions reduction and environmental protection | <ul style="list-style-type: none"> Participate in the planning, research and formulation of policies Special topic reports Monitoring and evaluation by regulatory authorities Support special flight missions Poverty and disaster relief work |
| Investors/ Shareholders | <ul style="list-style-type: none"> Information disclosure Shareholders' meetings Investors' meetings | <ul style="list-style-type: none"> Standardised corporate governance Protection of investors' and shareholders' rights and interests Sustainable profitability | <ul style="list-style-type: none"> Improve the internal control system of the Company Strengthening efficiency-leadership competitiveness Launch of six key efficiency management project Periodic results announcements |
| Customers | <ul style="list-style-type: none"> Customer satisfaction surveys Complaint handling New media | <ul style="list-style-type: none"> Safe and on-time flights All-round and high-quality services | <ul style="list-style-type: none"> Premium self-operated lounges Launch of "Premium Express" Completed the refitting of the interiors of wide-body jet New F&B menu Emergency plans for flight delay services |
| Employees | <ul style="list-style-type: none"> Employee satisfaction surveys Internal BBS, Magazines, emails, mobile journals and WeChat Employee representatives meetings Labour union, teams and shift-groups | <ul style="list-style-type: none"> Focus on the Company's development strategy Participation in the Company's management and operation Sound career development path Compensation benefits Protection of rights and interests | <ul style="list-style-type: none"> Building of Y-shaped learning development channel and learning path Offer of cultural and entertainment activities Launch of "Public Opinion Direct" employee satisfaction survey Launch of "EAP Auspicious Ambassador" project |
| Partners/Suppliers | <ul style="list-style-type: none"> Daily business interactions Partners meetings | <ul style="list-style-type: none"> Honesty and integrity in business operations Transparency in procurement Common development | <ul style="list-style-type: none"> Strengthened supplier management Formulation of fair and transparent procurement policy Strengthen suppliers' environmental protection concept and capability |
| Peers | <ul style="list-style-type: none"> Industry forums Industry conferences | <ul style="list-style-type: none"> Attention to industry development and trends Maintenance of fair market order | <ul style="list-style-type: none"> Launch of joint procurement Consolidation of maintenance resources Code-sharing co-operation Signing of co-operation memorandum Leading the formation of the first Air China WiFi Alliance in China |
| Community | <ul style="list-style-type: none"> Public welfare and charity activities Volunteer work | <ul style="list-style-type: none"> Promote economic growth of the communities Support public welfare events | <ul style="list-style-type: none"> Localised procurement Engage in public welfare and charity activities Poverty and disaster relief work |
| Media | <ul style="list-style-type: none"> Press release Media calls and visits Official new media platform | <ul style="list-style-type: none"> Important events of the Company Public image and influence Future planning | <ul style="list-style-type: none"> Publication of annual CSR report Timely update of new developments via the new media Media open-day |



Overall CSR Performance

Air China cares very much about the impact of its decisions and operations on the economy, environment and society and takes its ability to create overall value as a critical measurement of the Company's capacity for sustainable development. We evaluate and monitor the progress and results of the Company's response to stakeholders' demands and its effort to create comprehensive values against a set of pre-established performance indicators, so that we can identify problems and challenges in a timely manner and constantly improve the accountability management system of Air China.

In 2014, Air China Group's social contribution per share, as calculated by the formula of the Shanghai Stock Exchange, was RMB2.107, an increase of 14.39% from the previous year level.

| Item | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|----------|----------|----------|----------|----------|
| Total assets (RMB million) | 155,220 | 173,324 | 185,711 | 205,362 | 209,643 |
| Operating revenue (RMB million) | 80,963 | 97,139 | 99,841 | 97,628 | 104,826 |
| Total profit (RMB million) | 15,025 | 10,122 | 7,038 | 4,583 | 5,018 |
| Tax payable (RMB million) | 6,500 | 7,509 | 5,513 | 4,330 | 4,257 |
| Fuel consumption per TKM(KG/TKM) | 0.2826 | 0.2822 | 0.2836 | 0.2832 | 0.2787 |
| Total number of employees | 52,108 | 54,912 | 59,328 | 64,854 | 68,553 |
| Total number of aircraft in service | 393 | 432 | 461 | 497 | 540 |
| RTK (million ton-kilometers) | 14,294 | 15,869 | 16,574 | 17,651 | 19,438 |
| Number of passengers carried (10,000 persons) | 6,000.62 | 6,969.17 | 7,241.58 | 7,767.69 | 8,300.96 |
| Cargo and mail carried (10,000 tons) | 134.73 | 142.61 | 146.09 | 145.68 | 155.29 |

**G4 Material Disclosure:
G4-17,G4-20**

Note: Scope of the above data is for Air China Group as a whole except for the overall energy consumption per ATK which excludes that of Air Macau and Beijing Airlines





4

Economics: Stable Development

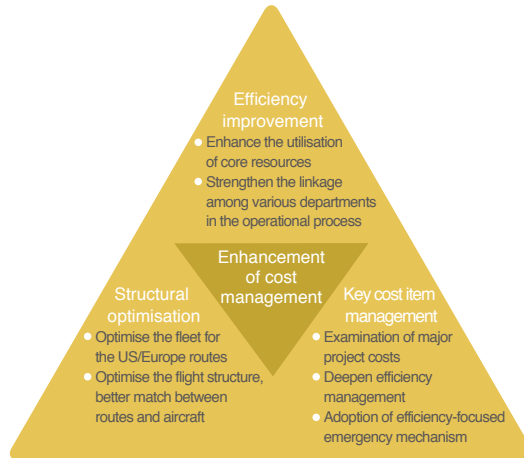
Civil aviation connects people and goods around the world in a quick and easy way that promotes world economic convergence. Air China continues to renovate its operations for sustainable development, and at the same time joins forces with its partners in the value chain to promote economic development. As it continues to lead the industry in operating results, it creates value for shareholders and value-chain partners.

Protecting Investors' Value

In 2014, Air China took advantage of market characteristics and flexibly adjusted its sales and marketing strategy with an emphasis on consolidating its competitive advantages and innovation and reform. By enhancing our profitability, operating capability and management capability, we were able to improve our efficiency and quality on a comprehensive basis. This allowed us to achieve new competitive advantages, achieve a healthy and sustainable development, and protect our investors' value.

Strengthening Efficiency-leadership Competitiveness

Air China adopts a variety of measures to develop revenue sources and control costs, thereby strengthening its efficiency-leadership competitiveness. In passenger service, by vigorously pursuing our hub network strategy, stabilising our main market revenue, acceleration the reform of sales and marketing, we have continued to improve the profitability of our main business. In cargo service, by optimising our long-range fleet, strengthening the construction of cargo flight network and improving the revenue from bellyhold space, we have turned losses into gains. In 2014, by enhancing efficiency, optimising structure, and focusing on the management of key cost items, we have strengthened our cost management awareness and impact. The implementation of the six key efficiency management project has helped reduce the Company's cost level, resulting in a net gain of RMB1.288 billion through a mix of revenue increase and cost reduction.



Case study: Management of marginal contribution

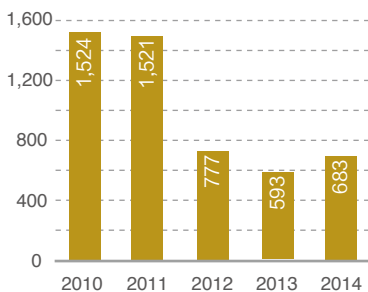
Air China takes the management of marginal contribution seriously, and aims to enhance the Company's operating capability by improving its capacity deployment and increasing the utilisation of its more competitive aircraft. In 2014, based on changing market conditions, we proactively adjusted the structure of our capacity deployment by controlling the capacity for Southeast Asian routes, adjusting the Australian routes and increasing the capacity for the Japanese and Korean markets. In the US/European routes, we mainly increased the utilisation of our more competitive wide-body jets. We have deployed B777-300ER on all US routes (except for Hawaii) and the three European routes from Beijing to Frankfurt, London and Paris where there is a high concentration of business travellers. The cost-competitive B777-300ER fleet and the A330-300 fleet have achieved utilisation rates of 13.68 hours and 11.11 hours per day.

Investor Return

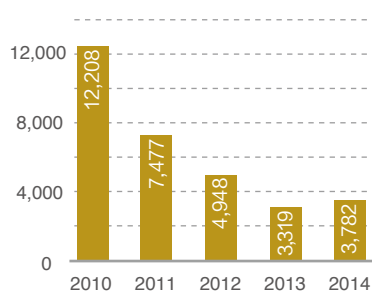
G4 Material Disclosure:
G4-21

In 2014, Air China achieved turnover of RMB104.826 billion and profit attributable to shareholders of RMB3.782 billion, maintaining its industry leading position in terms of profitability. During 2010-2014, Air China Group's net profit, net asset, and total annual dividend were as follows:

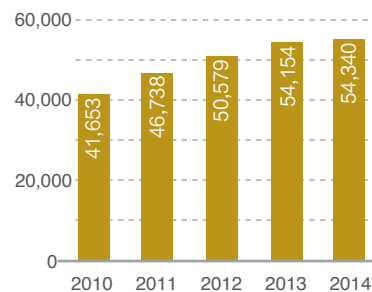
Total annual dividend (RMB million)



Profit attributable to shareholders (RMB million)



Net asset (RMB million)



* To be approved by the General Meeting of Shareholders



Driving Economic Growth

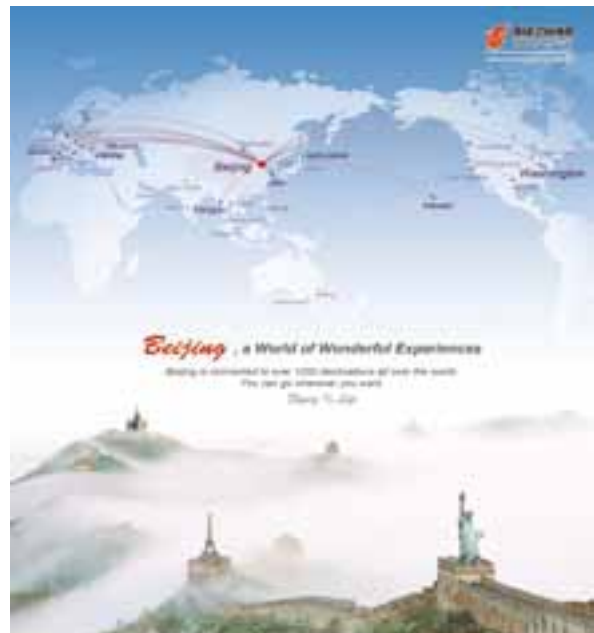
The coverage of flight network brings a multi-fold increase in economic benefits. Air China takes the construction of its network hub seriously and continues to optimise its flight network. By expanding its flight network and increasing service frequency, the number of connected origination and destination locations on a weekly basis has reached 5,294. In 2014, Air China launched 32 domestic routes and 10 international routes, enabling us to reach 103 domestic cities and 56 overseas ones in 32 countries and regions around the world.

As Chinese citizens continue to increase their income and visa policies are gradually relaxed, the outbound tourism market has grown rapidly, and Air China has increased its capacity deployment in international, particular the long-haul US and European routes. In 2014, Air China maintained its position as the largest carrier in China-European routes. There are now 20 routes from China to Europe with more than 90 flights a week offering quick and easy access to London, Paris, Frankfurt, Rome, Moscow and Madrid. As a major carrier of the China-US routes, Air China is now flying 6 routes to the US (from Beijing to New York, Washington DC, San Francisco, Los Angeles, Houston and Hawaii), reaching the East Coast, West Coast, the South and Hawaii which is in the middle of the Pacific Ocean.

Advancing the Passenger Hub Network Strategy

The building of aviation hubs has a positive impact on regional economic development. Air China works hard to maintain its network hub advantages and strengthens the structure of its hubs, which mutually support its international route network that focuses on Europe, North America and Japan-Korea. The advantages of a broad and highly effective network help enhances Air China's competitive position in both the domestic and international markets.

As China's number one gateway, the Beijing Capital International Airport is one of China's busiest international airports and a key transfer hub of the three major global aviation alliances. For the fourth consecutive year, its passenger throughput ranked second in the world. Air China continues to build the Capital Airport into an international hub, launching new international routes from Beijing to such destinations as Hawaii, Washington DC, Vienna (Barcelona), Yangon and Jeju, thus expanding the network coverage based on the Beijing hub. In 2014, Air China's market share at the Beijing Capital International Airport's time slot reached 40.5%. It transferred 32.8966 million passengers to 128 destinations within and outside the country.



In 2014, Air China's Chengdu regional hub launched a new international service to Yangon via Kunming and two domestic routes to Yining and to Yulin, thus broadening its network coverage and contribute to the economic development and racial harmony in Western China. At the end of 2014, the Chengdu hub connected to 63 domestic and international destinations and achieved passenger throughput of 10.8924 million for the year.

Air China continues to optimise its capacity to match the development of regional markets and the build-up of its fleet, thus ensuring a stable capacity supply to promote the construction of the Shanghai international gateway. In 2014, Air China launched the Shanghai to Munich long-haul route, bringing the total number of direct European connections from Shanghai to four.

Improving the Global Cargo Network

As of 31 December, 2014, Air China Cargo had 3 Boeing 747-400 freighters, 5 Boeing 777 freighters and 4 Boeing 757 freighter, and operated 19 cargo routes, including 5 domestic, 13 international and 1 regional, flying to 22 cities (10 domestic, 11 international and 1 regional) in 7 countries and regions.

To cater to the demand from trade with Europe and the US as well as the development of the aviation market, Air China Cargo optimised its flight revenue by using New York and Chicago as bases and launched two global freight routes using B777-200F from Shanghai Pudong to Anchorage-New York-Jaen-Shanghai Pudong and Shanghai Pudong to Anchorage-Chicago-Jaen-Shanghai Pudong. This not only increased the capacity deployed in the China-US and Europe-China routes, offering transportation solutions between US and Europe, it also offered a more effective service to American cargo owners and agents.

In 2014, Air China Cargo took advantage of the recovery of the freight market and optimised the structure of its long-haul fleet. It also raised the utilisation of its competitive aircraft, promoted bellyhold revenue, improved cargo terminal efficiency, and strengthened the freight charter co-operation with China Postal Airlines. For the year, it achieved profit of RMB69 million.



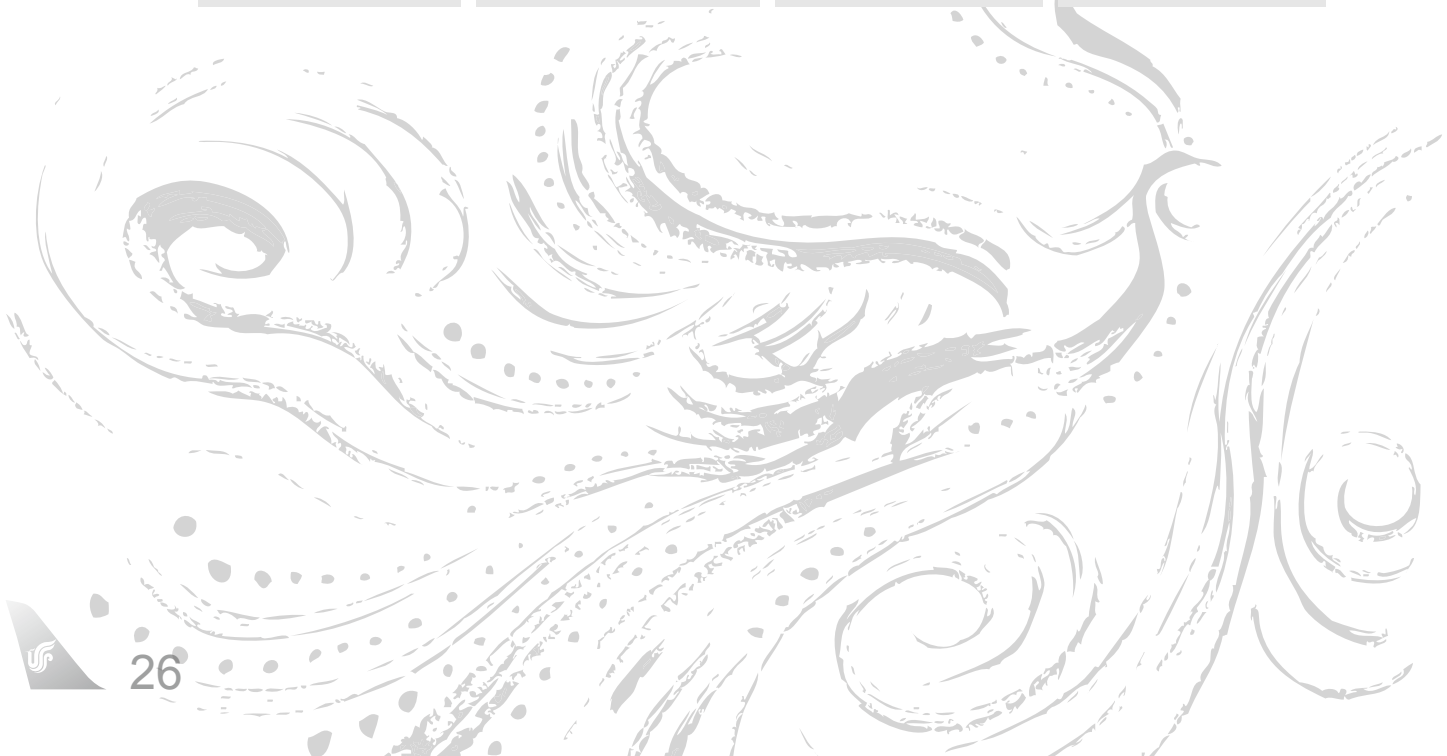
Win-Win for All

**G4 Material Disclosure:
G4-21**

Air China pays attention to the co-operation with its upstream and downstream partners to share our mutual success. We continue to optimise our resource allocation, strengthen our multilateral co-operation and supply chain management, improve our sustainable development capability, and create value with all stakeholders.

Co-ordinated Moves With other Air China Group Companies

Air China continues to co-ordinate with other companies within the Air China Group in fleet construction, sales and marketing, consolidation of maintenance resources and joint purchasing. This allows us to share our resources and grow together.



Co-operations with Peer Partners

G4 Material Disclosure: G4-21

We pay special attention to co-operations with our industry peers in order to achieve a rational allocation of key resources and realise common value in the whole industry value chain. In 2014, we actively promoted aviation co-operation and signed memoranda of understanding in passenger services with Lufthansa, Air Canada and New Zealand. We continued to strengthen our interaction and co-operation with Cathay Pacific Airways, expanded our scope of co-operation with United Airlines and Austrian Airlines to Houston, Washington DC, Hawaii and Vienna, and launched code-share co-operation with Asiana Airlines and EVA Air. Within the Star Alliance, Air China has gradually improved the sales of Alliance products, promoted mutual benefits between our brands and frequent flyer programmes. For the whole year, the Star Alliance contributed RMB2.71 billion of revenue.



Air China and Air New Zealand sign strategic co-operations agreement

Strengthened Supplier-Partners Management

G4 Material Disclosure: G4-21

Our suppliers are a key part of Air China's value chain, and we have strengthened the management of supplier responsibility. We expect suppliers to follow common principles to establish a closer-co-operation with us and to raise their sustainable development capability so that we can all achieve sustainable development for our environment and our community.

Strengthened supplier management. Air China has completely revamped all the documents for the Company's purchasing system, built up a three-tier system that covers purchasing management system, standardised purchasing process, and the regulation and implementation rules for specialised purchases. In addition, we have improved our purchasing system in accordance with our business development, and revised the management, qualification, inspection, selection, daily evaluation and annual evaluation of our suppliers. In 2014, we had a total of 6,222 suppliers. In our major operating locations, purchases from local suppliers amount to 16% of the total.

Implementation of green purchases. Environmental protection is a necessary condition in Air China's choice of suppliers. Air China takes into consideration if our suppliers have proper equipment and systems in handling dust and wastewater and if they destroy non-renewable resources. Our "Standards for Air China Suppliers' Social Responsibility and Environmental Behaviour" is always an appendix of our contract. We will negate the contract once the supplier's environmental protection effort falls short of our requirements.





5

Safety: You Can Rely on Us

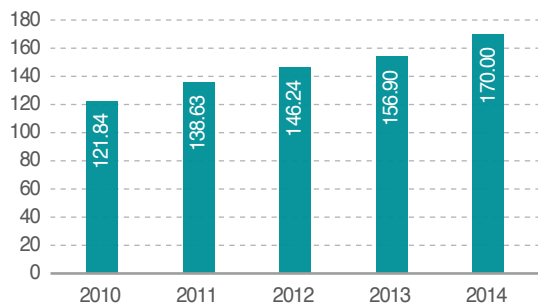
Safety is the lifeline of an airline's operations. Air China has always followed the idea of "safety first, focus on prevention and integrated management", and is constantly strengthening our safety management, improving the reliability of our equipment, developing new technological applications, enhancing the safety skills of our employees, and nurturing passengers' safety awareness in order to ensure sustained operational safety. Our safety quality is widely recognised by the public.

Strengthening Safety Management

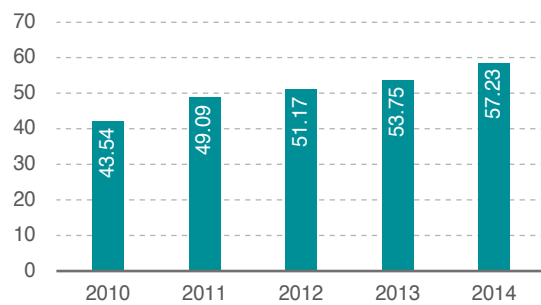
Ensuring safety in its operations is the top priority of Air China. To improve the quality of Air China's operational safety, we promote the application of our safety management system (SMS) that has risk control as its core, introduces new safety measures, fine-tune the management and control of critical risks, strictly implement the management of flight safety and aviation security, and strengthen the management of safety emergency.

In 2014, Air China Group achieved safe flights of 1.7 million hours with 572,300 flights. Our safety record remains strong and our safety quality has continued to improve.

Air China Group Number of Hours of Safe Flights (in 10,000 hours)



Air China Group Number of Safe Flights (in 10,000 flights)



On 31 December, 2014, Air China senior executives greeted crew members of a night flight as the Company achieves a year of safe flights

Deepening Risk Management

Air China maintains its policy of focusing on prevention and moving forward the key checkpoints, and has taken the lead in building a safety quality assessment (SQA) system that takes risk management as its core. By quantifying the assessment of our safety operation risks and extending the use of risk management, we have created a multi-level risk management and control system to effectively prevent risks in our operations.



Case Study: Air China Polar Flight Operations

Air China is the first Chinese airline to operate a polar route. In 2014, Air China launched the Beijing to Washington DC flight, another complex route over the polar areas.

Polar operations involve many challenges: fuel oil can easily solidify under extremely cold weather, earth's magnetic activities may interfere with the aircraft's communications and navigation, limited choice of airports for emergency landing, and generally poor safety conditions at polar airports. Air China follows its "safety first" precept and faces the difficulties of operating polar flights squarely. To realise the advantages of polar flights, we have accordingly devised procedures for the management of fuel under low temperature, the evaluation of cosmic radiation, guaranteed air-ground communications, choice of emergency landing airports and rescue programmes to ensure the safety of polar flights. These measures protect the safe and normal operations of polar flights, and demonstrate Air China outstanding capability in flight technology, risk management and control, and safety assurance.

When I'm on duty for safety-related work, I will do my best on flight despatch to ensure that every flight is safe and smooth. I will be a good assistant to the pilot to ensure that the company's operational control is always safe.

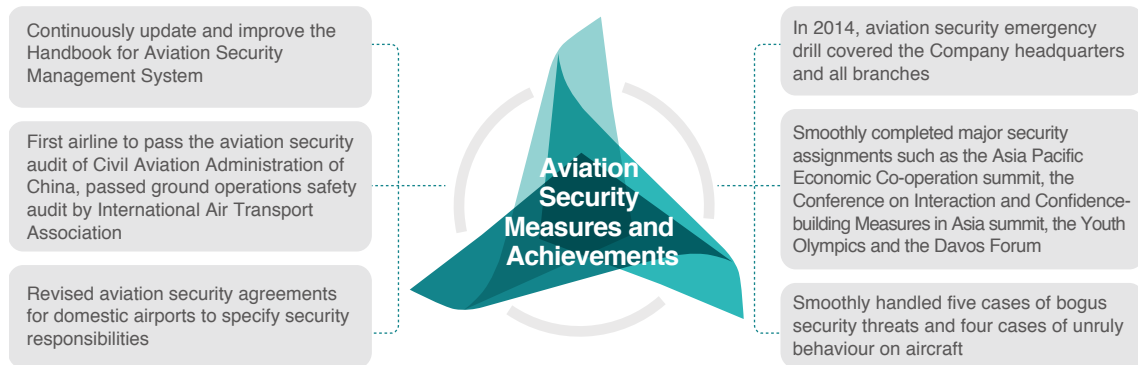
-- Ma Chao, despatch engineer, senior manager, AOC Beijing Airlines

Optimising Security Closed-loop

With respect to all identified risks and potential hazards discovered, Air China will resolve the problem and improve its safety management system from the organisational management level by requiring all relevant business units to analyse the six major characteristics of “system safety” such as responsibility definition, process convergence, education and training, as well as personnel and team management. With regard to any weak links, Air China will adopt effective prevention and control measures, optimise the management process, strengthen the monitoring and evaluation of the safety management process, and optimise and enhance the closed-loop management of security. For three consecutive years Air China has maintained its safety hazards investigation and rectification rate at more than 95%, while its man-made unsafe events rate per ten thousand hours has declined gradually over the last few years. This shows that we have been effective in preventing the occurrence of major unsafe events.

Aviation Security Management

Air China upholds the precept of sustained security and deals with aviation security and anti-terrorism on a proactive basis. We emphasise both internal controls and external preventions, continuously strengthen our aviation security capability, optimise our aviation security management system, and build a solid foundation for aviation security.



Cabin security inspection



Emergency Safety Management

Air China takes emergency safety management seriously and continuously strengthens the capability of its emergency safety management. We maintain safe operations on a sustained basis by strengthening the capability of our relevant employees in dealing with emergency situations, by co-ordinating the flight, cabin, operational controls and ground services divisions, and by strengthening our emergency handling capability and improving our response rate. In 2014, Air China held an emergency drill at the emergency command centre at the Beijing headquarters with the simulation of an emergency landing at an alternate airport following an in-flight fire. The exercise covered various emergency topics such as in-flight handling, air-ground interaction, emergency landing of aircraft, ground rescue, despatch of charter flight, and news announcements. We demonstrated our strong professional capability and achieved the desired results.

- Operational Command Centre will be responsible for co-ordinating all relevant divisions
- Strengthen the operational consultation mechanism
- Improve information exchange and coordinated interaction

- Establishment of teleconference consultation system among stations
- Establishment of mobile phone information platform for all stations



- Improve the control system for system operations
- Improve the response mechanism for emergency handling
- Revise the emergency handling plan
- Hold drills for security emergency plans

- Improve the information system for emergency management
- Promote the construction of an emergency alert information platform



Air China Cargo airfield workers loading cargoes under the snow



Ameco de-icing vehicle undertaking idle de-icing



Case Study: Asia's First A320 Fully-dynamic Ground Evacuation Trainer Arrives at Air China Southwest Branch

In October 2014, Asia's first Airbus A320 Fully-dynamic Ground Emergency Evacuation Training Cabin was formally commissioned at Air China's Southwest Branch. It is modelled after a real Airbus A320 on the scale of 1:1, and can simulate various scenarios such as aircraft lift-off, bumping, and emergency situations, bringing a new breakthrough to simulated training for the aviation industry.

The equipment allows more air crew to train in a more realistic flight condition so as to improve their emergency handling capability and practical experiences. It also enables more targeted training to eliminate any unsafe factors.



Crew members simulating emergency evacuation following an unscheduled landing

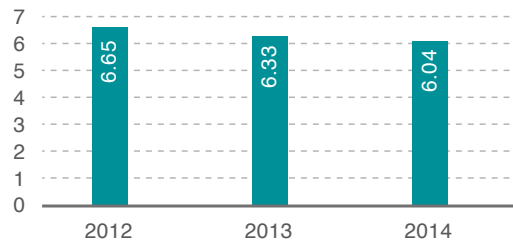
Ensuring Safe Operation of Facilities

Air transport is the safest means of transportation today not only because of its advanced facilities and equipment but also the wide application of high and new technologies. Air China gives full play to the overall role and systematic effects of new equipment and technologies to improve its safety margin and to ensure that its facilities are operating safely.

Aircraft Replacement

Air China replaces its old aircraft on a timely basis and proactively introduces new facilities to ensure a reliable and safe operation. In 2014, we introduced 40 new aircraft including A320, A330, B737-800, B777-300ER, B747-8 and retired 22 old aircraft including B737-300, B767-300, B747-400F. The average age of our fleet was reduced to 6.04 years.

Average fleet age (Unit: years)



Focus on Maintenance

Aircraft maintenance is a critical element that ensures safe flights. Air China has taken a number of measures to improve our ability in preventing aircraft malfunctions and ensuring our capability to operate flights according to schedule. These measures include the rollout of engine life-cycle management system, Aircraft Health Management system, Aircraft Maintenance Analysis software system and the extensive application of the Flight Equipment Management System.





Case Study: B757-200 Passenger-to-freight Aircraft Conversion Project

In May 2014, the Chengdu maintenance base of Air China Engineering Technology branch office completed a major project to convert for the first time a passenger aircraft into a freighter, and formally delivered the B757-200 freighter to Air China Cargo.

Chengdu maintenance base adopted a breakthrough method for construction risk full-process control and the modular production mode of led by technical foremen. This provided assurance to the quality and time of conversion, enabling the first converted aircraft to be finished in high quality in just 138 days. This passenger-to-freight conversion was not only the first for Air China, it was also the first to be undertaken by a Chinese state-owned aircraft maintenance entity without a foreign partner. It represented the improvement and breakthrough of Air China's aircraft maintenance and conversion capability, and provided strong support to the safe operation of our aircraft.



Ameco overhaul workstation comprises seven semi-enclosed areas with different functions. This centralises the aircraft overhaul resources that used to be scattered in different locations and provides mechanics with one-stop support, thus improving work efficiency and creates more effective work hours



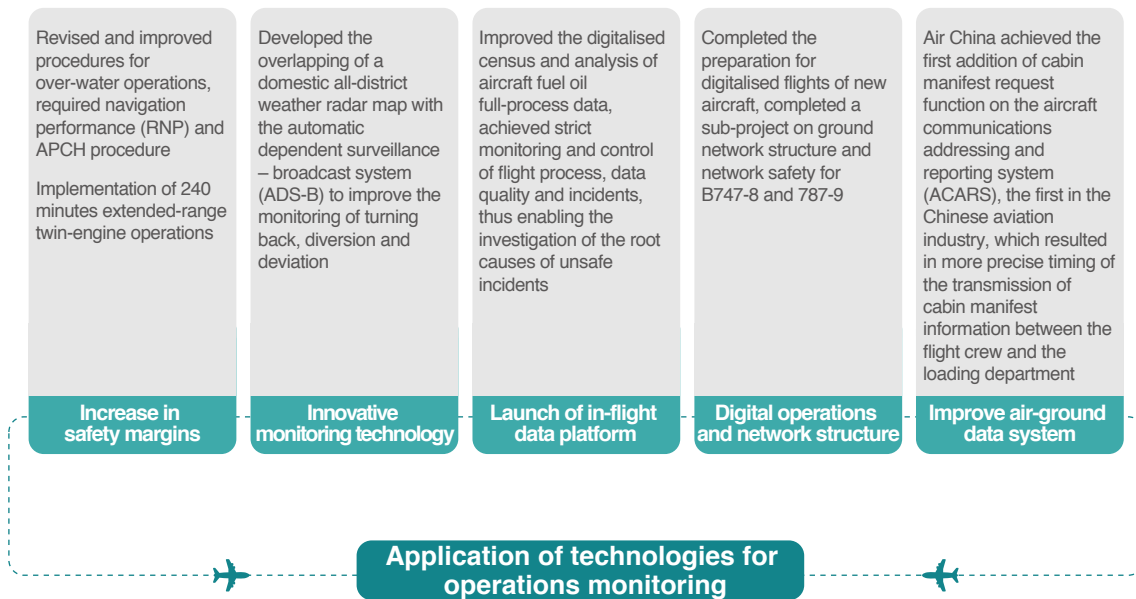
Ameco engineers carrying out aircraft inspection and maintenance work

I hope each lift-off is accompanied by a safe and steady landing. I wish our maintenance quality is impregnable.

-- Rong Kai, team leader of Ameco's accessories department landing gear workshop

Application of New Technologies

As Air China's fleet expands rapidly and our market size grows continuously, we treat technological innovation as the most effective and important means to reduce our operating risks and ensure safe operations. We continue to strengthen technological innovation in operations monitoring and improve the capability and efficiency of our development of new technology and techniques. This helps us to reduce the risks to our safe operations, increase our safety margins, and ensure safe flights.



LINK:

Required Navigation Performance (RNP) – It makes use of the navigation equipment on board the aircraft and the Global Positioning System (GPS) to guide the aircraft's take-off and landing. Compared with traditional navigation technology, the pilot does not need to rely on ground navigation system but follows a precisely positioned track so that the aircraft can land safely and accurately at very poor visibility. This significantly improves the precision and safety level of flights, and can greatly reduce flight delays and turning backs due to weather conditions, thus enhancing the airport's passenger and cargo throughput. In 2014, Air China invested more than RMB30 million to install RNP facilities on almost 110 aircraft.



Case Study: Development of cockpit application of air-ground broadband network

Air China is proactively developing cockpit applications based on air-ground broadband network, focusing its research on in-flight professional broadband applications relating to airline operations. Through an on-board professional application platform and a ground-based support platform, we can realise big data exchanges such as real time weather map and air-ground multiparty video signals between an aircraft in flight and the ground control centre. This will enhance flight safety technology and the efficiency of flight operations. In 2014, three aircraft were modified and the relevant systems are under development.

Enhancing Safety Awareness Internally and Externally

Air China always regards personnel management as the basic and core element of flight safety. Through the provision of systematic and targeted safety training, we build a high-quality safety team, improve safety awareness, and build a secure defence for our passengers. We also educate our passengers in flight safety knowledge, instil them with the correct flight safety ideas and cultivate their safety awareness so that we all contribute to aviation safety.

In 2014, Air China provided 20,784 pilots with simulated aircraft training, and trained 11,697 pilots in aviation theory and flight safety training.



Safety consultation day programme



Safety speech contest



Case Study: The “Ankang Cup” Skills Contest at Air China Engineering Technology Branch

To promote the Company’s safe operations and the building of a safety culture, heighten employees’ safety awareness and ensure safe operations, the “Ankang Cup” at Air China’s Engineering Technology Branch aims to demonstrate new features and create new ideas every year so that contestants will have better experiences and more competition opportunities.

In 2014, the “Ankang Cup” contest was based on the theme of handbook consultation and problem investigation designs. It involved a question-and-answer section and a practical handling section, emphasising the key role played by the maintenance manual in aircraft maintenance. This served to encourage employees’ participation, focus their attention on safe operations, enhance their safety awareness, lift their overall quality, and deeply instil the concept of “safety first” in their minds.



Case Study: “Safe Spring Festival Transportation” Passenger Interaction Programme

On the first day of the so-called spring journey in 2014, the “Jinfeng” cabin crew team at Air China Tianjin branch launched a special “safe spring journey” passenger interaction programme on the CA1427 flight from Tianjin to Chengdu. The programme evolved around such activities as quiz of flight safety knowledge, use of oxygen mask and identification of emergency exits. This allowed passengers to familiarise with safety knowledge through fun and games so that they can understand and adhere to the safety rules.



“Safe Spring Journey” passenger interaction





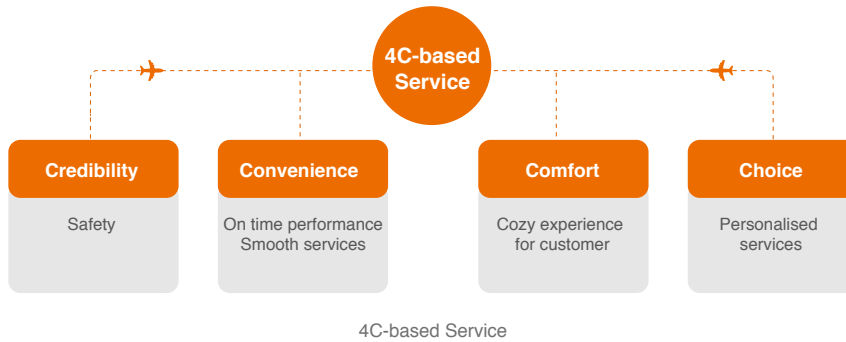
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Service: Enjoy Your Flight

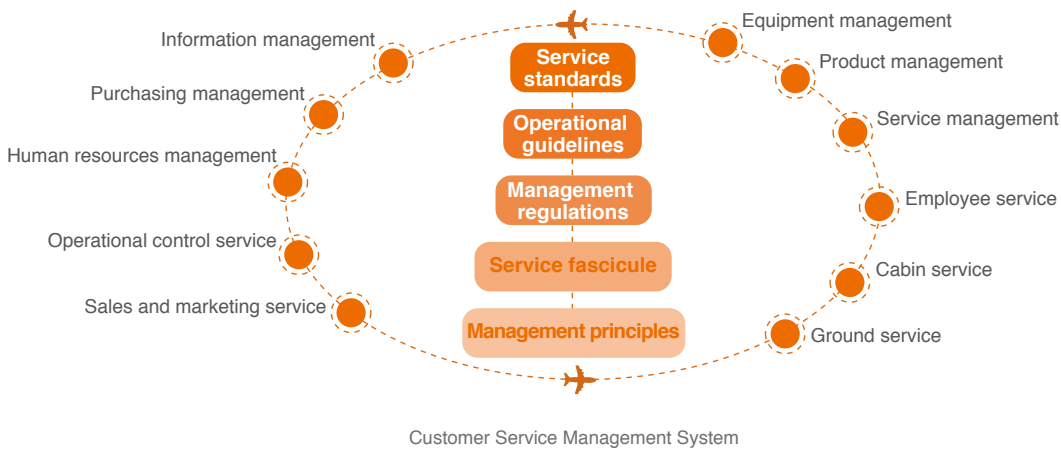
Following its service precepts of Credibility, Convenience, Comfort and Choice Air China enhances its service management system to understand customers' needs on a timely basis. We ensure a full-process service chain and adopt new technology and network intelligence to offer an effective and comfortable experience as well as a quick and intelligent personalisation to suit the new demands of passengers in the age of mobile Internet.

Service System: Serving with 4C

Providing a so-called 4C-based service in accordance with our precepts is our responsibility for customers and our Company mission. With our “4C” precepts, we continuously enhance our customer relationship management (CRM) system, solidify our management foundation, improve our service details, attend to our customers’ needs, and engage in positive interactions with our customers. This allows us to continue to improve our service quality so that passengers can enjoy high quality services throughout the process.



The CSM system is based on the ISO 9001 quality management system and continuously refined and consolidated by Air China to form a continuously improving mechanism based on the service process. It comprises 5 levels and 11 modules which aggregate the goals, targets, policies, system, resources, and standards of service management. This is the foundation of Air China’s top-down as well as bottom-up management that flows through all areas of the service process.



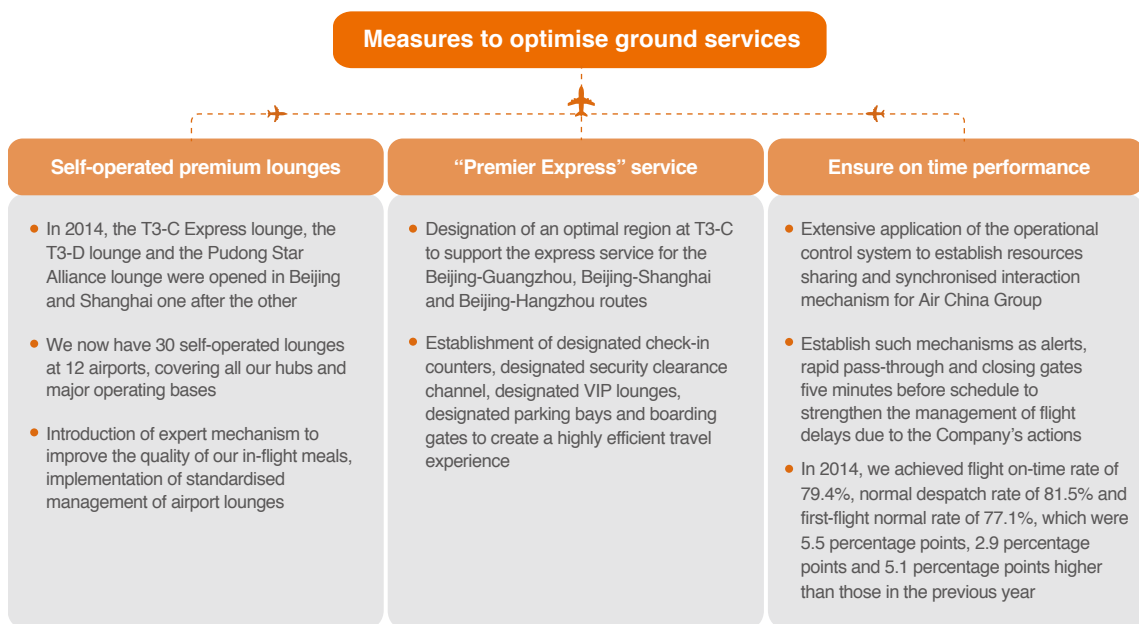
In 2014, by consolidating its internal service and operational management information systems, Air China reduced its service steps and processes to bring more efficient and more speedy travel experience to its passengers. With regard to our 38 customer contact points, we focused on their key concerns in on time performance rate, in-flight meals, luggage transport, transfer services and member services and improved our service level and quality. By the end of 2014, the nine branches, nine business management units, four management support departments, and certain sales offices and stations had been covered by CSM. The synchronisation of systems has been enhanced to ensure the standardisation and consistency of service management.

Highly Effective and Comfortable Experience

Air China offers a full-process service that mainly focuses on improving the delivery of products and services. We make sure that passengers will have a comfortable, satisfactory and pleasant experience from ground services and in-flight services to air-ground joint services.

Convenient Ground Services

Air China constantly updates its service precepts to improve and optimise its ground service, ensure on time performance, and offer passengers a convenient ground service experience.



Beijing-Shanghai fast-track lounge



VIP lounge

I hope my attentive work can safeguard the safety of passengers, my warm words can relieve passengers' stress, my high-quality service can bring them warmth, my smiling face can bring them more happiness.

-- Yao Jingli, ticketing manager, customer service centre, Ground Services Department

Pleasant Flight

Air China is fully aware of passenger needs. We create new services and products to improve the comfort level of our cabins, enhance the quality of our in-flight meals, and upgrade our in-flight entertainment system to bring them more varieties of audio-visual experiences. This all helps to create a pleasant, comfortable and warm journey in the sky.

Improving Cabin Comfort Level

To enhance customers' comfort level inside the cabin, Air China has completed the refitting of the interiors of the cabins of all wide-body jet and about half of narrow-body ones. The decoration is ingrained with elements of traditional Chinese patterns that reflect "Heaven, earth and human harmony" while adopting colour schemes of international aesthetics. We also used environmentally friendly beddings that are breathable and anti-static without causing skin allergy. They blend into the new interior designs and bring a pleasant and comfortable travel experience to our passengers.



Case Study: Brand new cabin design for Air China's Boeing 747-8 long-range wide-body aircraft

In 2014, Air China gave much thought to the design of the interior environments of its newly introduced Boeing 747-8 long-haul wide-body jets. Using clouds, pottery and phoenix as the basic motifs, the design blends the key elements of Chinese traditional culture into the cabin so that passengers can feel the Chinese culture and flair as soon as they set foot into the cabin. With the 747-8, Air China adopts for the first time a four-cabin design that comprises First, Business, Premium economy and Economy classes. Installed with ergonomic full-cabin seats, the cabin features streamlined designs with high ceilings and a brand-new lighting system that gives passenger a spacious feeling. From the overall look to all the details, from the styling to colour schemes, and from the choice of materials to craftsmanship, the new cabin demonstrates the elegance, trendiness and benevolence of Air China's unique designs, thus creating a beautiful flight experience for passengers.



brand-new cabin with streamlined design

Improving In-flight Meal Quality

In April 2014, Air China's cabin services department launched a new menu on the Beijing to Guangzhou route to create a high-quality benchmark cabin service branded "Exquisite Guangzhou-Beijing" (Exquisite Age) in order to cater to the passengers' diverse needs.

In August 2014, Air China held its first interaction meeting with its food and beverages suppliers to establish overall benchmarks that more fair and reasonable to assess their performance. This is part of our earnest efforts to improve the quality of our in-flight meals and increase the satisfaction of our passengers.



Case Study: Beijing Air Catering Wins Gold Medal at the Third Aviation Gourmet and Culinary Prix

In September 2014, the third Aviation Gourmet and Culinary Art Grand Prix was held at the Zhengzhou Airport with 17 air catering companies around the country participating. The six chefs who made up the Beijing Air Catering's team achieved outstanding results. They comprised a gold award for culinary teams, two awards for the best presentation, as well as three gold, two silver and one bronze medals for individual awards.



Competing booth of Beijing Air Catering



More Varieties for In-flight Entertainment

Air China finds out about passengers' needs and expectations by scientific measurements and the analysis of actual usage data of the in-flight entertainment platform. We endeavour to offer passengers more high quality, plentiful and personalised in-flight entertainment experience.

In 2014, Air China increased its investment in the in-flight entertainment system and fully equipped our wide-body jets with personalised entertainment systems. Each passenger will have a "personal TV" that enables a personalised space for the best audio-visual feast. In the newly introduced Boeing 747-8 long-haul wide-body jets, Air China has installed advanced in-flight entertainment systems to offer passengers unprecedented comfort and entertainment.



In-flight entertainment system on-board a Boeing 747-8 long-haul wide-body jet

Tight Air-Ground Co-ordination

Air China is comprehensively improving its service quality and strengthening its air-ground co-ordination. For both the ground service and in-flight service we have introduced the food expert to raise the quality of food and beverages. We standardised the interior design plans for our self-operated lounges on the ground and the new aircraft cabins to offer passengers a unified visual experience both on the ground and in the air. We introduced a three-month ground service training system for our newly hired cabin crew to serve the passengers and improve the image of our waiting halls and achieve co-ordinated air-ground services. We revamped our "PhoenixMiles" frequent flyer programme, strongly promoted our "Flight Manager" application, and developed the "Air China Mobile Cabin" system to enable personalised full-process services.



Newly-hired flight attendants offer guidance and consultation services to passengers on the ground

Twenty Years of "PhoenixMiles"

In 1994, Air China launched its own frequent flyer programme to become the first Chinese airline to do so. It was rebranded in 2013 as "PhoenixMiles" to become the first Asian frequent flyer programme that encompassed multiple airlines. This allowed us to achieve our frequent flyer programme unification goal of "joining forces internationally with Star Alliance partner airlines, joining hands domestically with Air China Group member airlines". Through this unified platform, our frequent flyer programme is now widely extended and enhanced. In 2014, "PhoenixMiles" led the industry with 32.96 million members and 257 contracted partners. It had the highest number of non-aviation partners, and extended its services to various sectors such as catering, travel and leisure, banking and finance, fashion, sports and health.



"PhoenixMiles" 20th anniversary ceremony



Case Study: One Ticket for Germany with Air-Rail Express

Air China vigorously promotes the scope of its “Air-Ground Express”. On 2 January, we launched our “plane ticket + German domestic rail joint service” product which allowed passengers to fly and take a foreign train on a single ticket. This offers a more convenient, carefree and diverse choice to passengers, who can now take Air China’s flights to Germany and then ride the domestic trains on a single ticket.



One ticket for Germany with Air-Rail Express

Intelligent Innovative Services

Air China is forever updating its intelligent network services and products. We are accelerating the construction of the in-flight broadband Internet, enhance the application of mobile Internet applications and improve the capability of our cloud services to meet the personalised demands of our passengers. This allows us to offer passengers with more convenient, rapid and attractive personalised service experiences.

In-flight Broadband Connection

Air China caters to the needs of passengers in the age of Internet and provides them with in-flight Internet services that are faster and more extensive.

- We are accelerating our Wi-Fi installation, with 16 networked aircraft (mainly the A330 and B777 aircraft) already deployed on the key domestic and international routes such as Shanghai, Guangzhou, Shenzhen, Singapore and Hawaii to allow passengers to surf the Internet on the plane.
- Air China actively promotes cross-industry alliance by leading the formation of “Air China Wi-Fi Alliance”, the first of its kind in the country. Members of the alliance work together to improve the technology and applications of in-flight networks, explore new development models, and offer even better travel experience for air passengers.





Case Study: Air China's In-flight Broadband Internet Service

On 16 April, 2014, Air China made a trial flight of air-to-ground (ATG) "broadband Internet flight" to become the first domestic airline to use both the satellite communications technology and the surface base station broadband Internet technology at the same time.

This technology allows Air China to create a secure, highly effective and economical network environment in the air, offering passengers such services as in-flight Internet access, real time television and network video calls. Compared with similar ground-air networks in other countries, Air China used the latest 4G technology to achieve faster speed, wider bandwidth, and sharper quality in video and audio transmissions. Air China has its own intellectual property rights on in-flight Internet application software systems. This allows us to develop the system according to personalised needs, thus satisfying passenger demands in the air and adapting to evolving development trends at the same time.



CCTV reporter goes live on the aircraft

LINK:

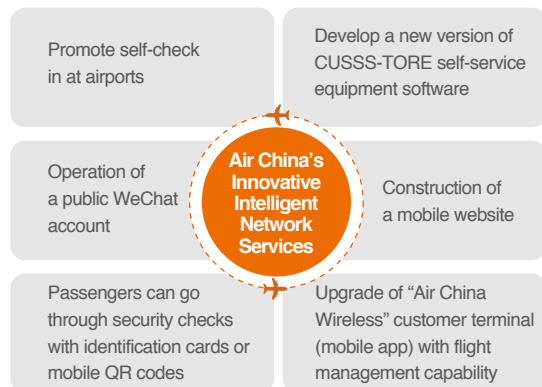
The ATG (Air to Ground) base station model makes use of the radio signals emitted by various surface base stations deployed along the aircraft's flight path or airspace to create an air-ground communications link that offers high bandwidth communications services to aircraft in the air.

Intelligent Network Services

Air China takes advantage of the new trends in electronic commerce data applications and the mobile Internet to promote self-check in and the use of mobile platforms with new technologies, new equipment and new software. This allows us to improve our service process and offer passengers a quicker and more flexible travel.

I hope to use the new mobile Internet technologies on our customer service and operations so that either customers or employees can have quick and convenient mobile applications at their disposal.

-- Li Yusen, team leader, mobile applications project, Application Development Centre of Information Management Department



Focusing on Passenger Needs

Communicating and Interacting with Passengers

Air China cares about passengers' satisfaction very much and is keen to interact and communicate with them. We proactively respond to their expectations and demands on service quality, continue to improve our product quality and service level, and repay their trust with our sincere services.



We held passenger interaction meetings to focus on Air China's services and to listen to passengers' voices, understand passengers' needs, look for improvements, improve our mutual understanding, promote friendship and enhance our service quality.

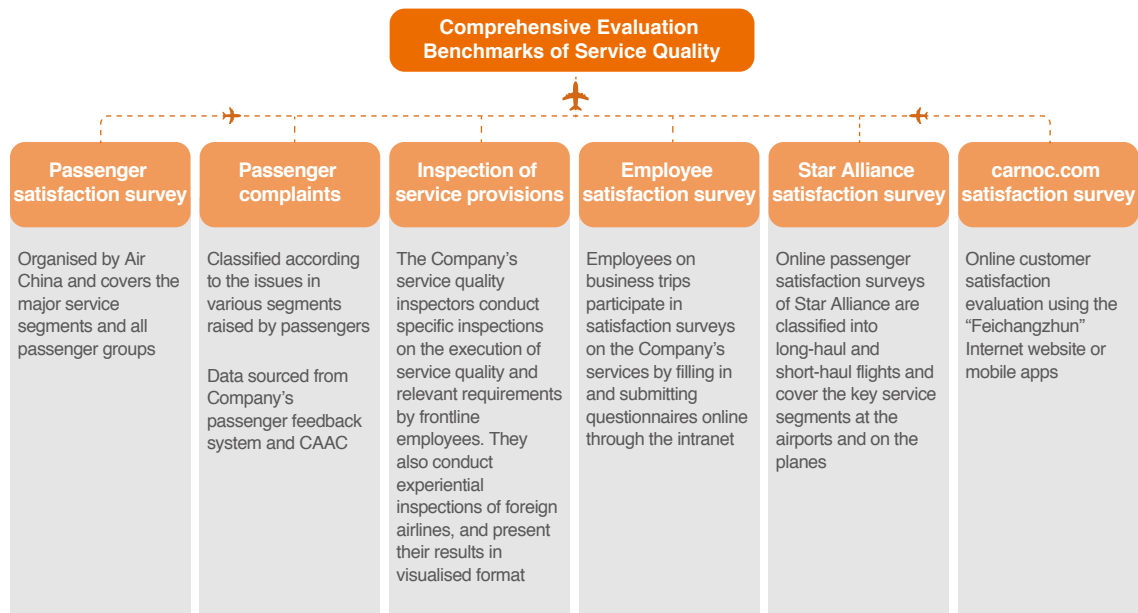


To collect first-hand information and understand passenger needs on a timely basis, we consolidated the management support system, launched the 95583 hotline, upgraded the passenger opinion management system, smoothed the customer opinion and suggestion feedback channels, and increased the distribution of passenger service opinion surveys on the plane.



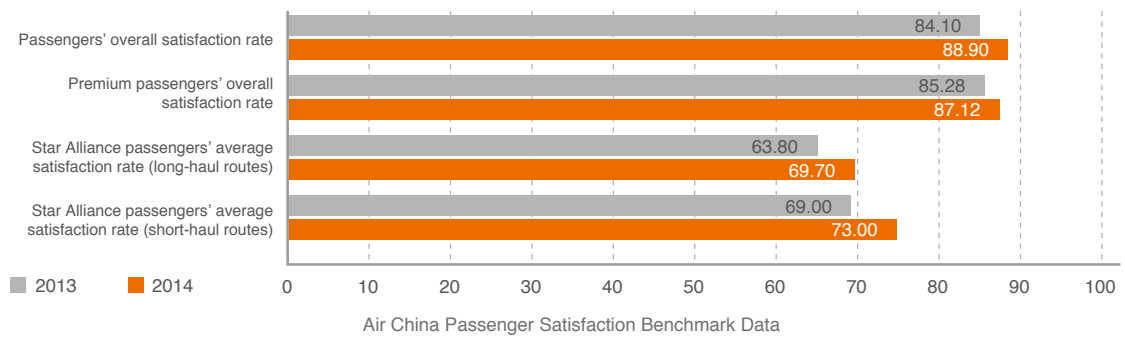
We held aircraft seat exhibitions and invited "PhoenixMiles" members to participate in our product design. Through such seat experience and opinion collection, we got to know more about the latest trends in the aircraft seat market to satisfy passengers' demand for comfort.

Air China revised its evaluation benchmark system to achieve multi-channel and comprehensive evaluation of the overall conditions of the Company's service quality from six angles, both internally and externally. By consolidating and analysing the data on service quality and evaluation, we searched for the weak links in our services and strengthened the management of critical issues.



In 2014, the Company received 125,689 copies of valid passenger satisfaction surveys with an overall satisfaction score of 88.9. They showed a loyalty rate of 75.2% and a recommendation rate of 72.2%, representing yoy increases of 8.3 percentage points and 9.6 percentage points respectively. The domestic baggage error rate was 1.44 per thousand passengers, a decline of 0.18 per millage point from that a year ago, while that for international baggage was 4.17, an improvement of 0.9 per millage point.

The company broadened the channels of communication with passengers, receiving 18,193 pieces of feedback from passengers all the year round, which are up 107.6% from a year ago. By integrating the backstage management resources of traveler's comments and improving processing efficiency, passenger complaints handling rate was up to 100%.



Ensuring Emergency Services

The Company takes passengers' demand for on-time flights and flight delay services seriously. To deal with the impact on our flight on-time rate brought by such external factors as typhoons and storms, the Company has established plans for emergency services in the case of flight delays. This helps enhance our emergency services capability, improve the quality of our flight delay services, and ensure that passengers have a smooth journey.



Case Study: Air China People in a Storm

Flight delays give rise to a large number of stranded passengers. Providing timely and good quality services and ensuring that flights can take off as soon as possible when there is a widespread flight delays. On the evening of 1 September, a violent rain hit the Beijing area and caused widespread flight delays. The Air China operations control centre carefully rearranged the flight schedule, maintained communications with the airport, fuel oil company, control tower and other relevant units, and activated its emergency plan for widespread flight delays by co-ordinating the flight, cabin service, ground service, catering and cargo departments. On that day, the Beijing station ensured that 305 flights were made, cancelled 44 flights and arranged for 23 flights to land at alternative airports.



Re-booking counters busy at work



Ground service workers moving luggage and cargo in the rain

Special Passenger Needs

Air China has launched more humanising services for special passengers, offering them more high-quality congenial services and satisfying their specific needs.

- We have installed special toilets particularly suitable for disabled persons' use on our 747-8 long-haul wide-body jets. Throughout the entire cabin there are a number of aisle seats with removable armrests that are easily accessible for the disabled.
- Air China has enabled the application for unaccompanied passenger service over its e-commerce channel. For children aged at least five and less than 18 who are travelling alone on domestic direct flights originating from Beijing with Air China codes and actually operated by Air China, their unaccompanied passenger service can be applied online through the official Air China website. This allows their parents/guardians to buy tickets and arrange for unaccompanied passenger service without going to an Air China office or agent.



Air China's unaccompanied passenger service



Air China Guizhou branch takes care of the journey of a passenger on stretcher with vertebral fracture



Case Study: Air China Xi'an Sales Office ensures a smooth journey for a group of disabled passengers

In March 2014, to handle the request for four in-flight wheelchairs in the same flight by a tour group of 17 disabled persons, Air China Xian sales office co-ordinated with the Air China Operational Command Centre, the Southwest Operational Command Centre and product services department to allocate Air China's resources reasonably and to implement all service details. The disabled passengers' needs were taken care of and the tour group travelled smoothly. Air China's thoughtful and attentive services were much approved and praised by the disabled passengers.



Ensure a smooth tour group travel



Case Study: A Loving Flight Greets a New Life

In July 2014, pregnant passenger Chen Mei on-board the Air China flight CA1877 from Beijing to Zhanjiang suddenly had a preterm birth. The cabin crew of Air China Chongqing branch worked together seamlessly to help her give birth to a pair of twin daughters and all three were well. To ensure the health and safety of the mother and the preemies, the captain, with the help of Air China's Southern China base, decided to make an unscheduled landing at the nearest airport in Guangzhou. The "little phoenixes" was embraced with love from Air China and passengers since they were born in the sky.



Cabin crew and doctors who saved the pregnant passenger who had a preterm birth





7

The Environment: Blue Sky Green Land

As one of the world's major airlines, Air China has always upheld the concept of "green operations and sustainable development". Through technological and management innovations, we have continuously improved our energy efficiency. We strive to satisfy the ever-growing demand of the aviation industry, service social and economic development, and help moderate global climatic changes in cleaner and greener ways.

Environmental Management

In accordance with the global effort to deal with climate change and the government's policies and regulations, taking into account the Company's long-term development plans, Air China has begun to prepare the Air China 2016-2020 Energy Conservation and Emission Reduction Plan and encompass energy conservation and remission reduction as part of our routine operations. We aim to make ourselves a model for the industry, enhance our core competitiveness and strengthen our leadership role in the industry. In December 2014, Air China launched the construction and accreditation of its energy management system. We aim to create a comprehensive and effective standard and regulatory structure that covers the whole energy consumption process from evaluation and system construction through operational guidance and inspection and monitoring. For 2014, Air China consumed the equivalent of 0.749 tonne of standard coal equivalent for every RMB10,000 of revenue.

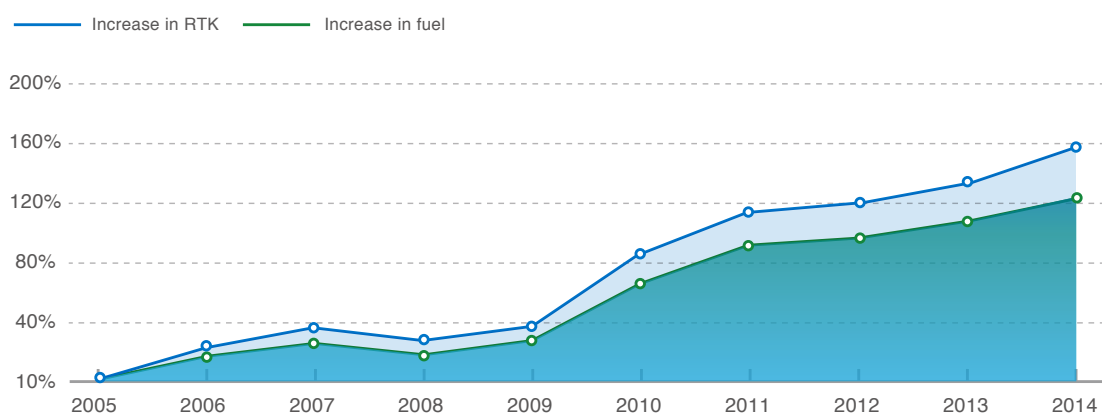
Air China Group Energy Consumption Indicators 2010-2014

| Indicators | Unit | 2010 | 2011 | 2012 | 2013 | 2014 |
|--------------------------|---------------------------------------|--------|--------|--------|--------|--------|
| Total energy consumption | 10,000-tonne standard coal equivalent | 583.7 | 654.0 | 686.2 | 728.5 | 786.8 |
| Aviation kerosene | 10,000 tons | 392.6 | 440.5 | 462.1 | 490.7 | 530.5 |
| Electricity | 10,000 KWH | 9,142 | 9,515 | 10,866 | 11,748 | 12,938 |
| Gasoline | Tonnes | 1,925 | 2,038 | 2,013 | 1,948 | 1,908 |
| Diesel | Tonnes | 6,486 | 6,730 | 6,427 | 6,676 | 6,476 |
| Water | 10,000 tonnes | 251 | 292 | 261 | 287 | 343 |
| Fuel consumption per TKM | Kg/TKM | 0.2826 | 0.2822 | 0.2836 | 0.2832 | 0.2787 |

G4 Material Disclosure:
G4-17,G4-20

Note: The above data include Air China, Air China Cargo, Shenzhen Airlines from 2010, Dalian Airlines from 2012 and Air China Inner Mongolia in 2014

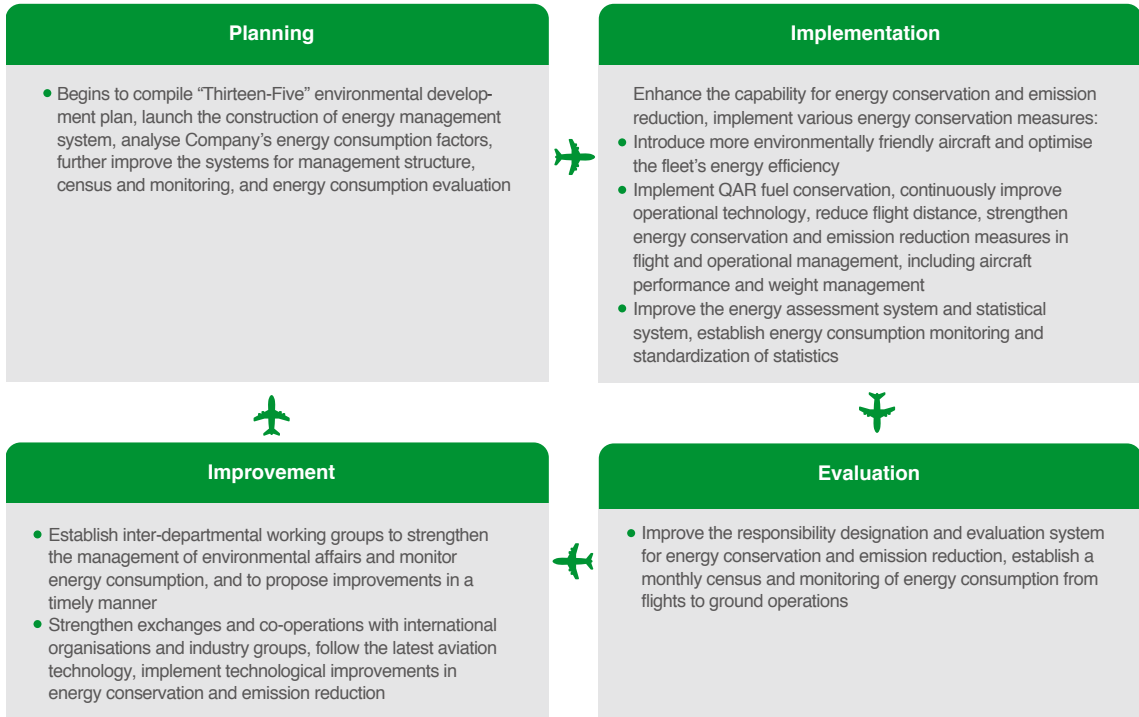
Increase in Air China Group Energy Consumption Indicators 2005-2014



Note: 2014 RTK was 156% higher than the 2005 level, but fuel consumption growth was only 123%



Air China Environmental Management System



Air China distributes environmentally friendly bags to its employees



Air China employee signs a pledge to follow a low-carbon environmentally friendly lifestyle



Caring for the Blue Sky

In the face of continuous growth in the aviation industry, Air China continuously searches for the potential to conserve energy and reduce emissions in order to increase its energy consumption efficiency. With the introduction of more environmentally friendly aircraft, an optimised fleet, and reduced energy consumption in such operating segments as flight management, operations and maintenance, the conservation of energy consumption and the reduction of emission have become a standing mechanism. In 2014, Air China conserved about 42,000 tonnes of fuel oil and reduced the emission of 132,300 tonnes of carbon dioxide through its flight and operational fuel conservation measures.

Highly Effective Energy Conservation

Fuel oil efficiency is the key determinant of flight carbon emission and an airline's operating costs. Statistics show that aviation kerosene accounts for more than 99% of Air China total energy consumption. Air China puts the improvement in fuel oil efficiency at the very top of its energy conservation and emission reduction programme, and focuses on the optimisation of its fleet in order to create a green fleet.

- **Fleet Renewal:**

Air China improves its fleet's fuel oil efficiency through the introduction of newer and more environmentally friendly aircraft, the retirement of old aircraft with higher oil consumption and poorer performance, and the installation of more precise navigation equipment and winglets. This creates a fleet with optimised structure, lower average age and advanced technology.



Case Study: The Brand New Boeing 747-8 Long-haul Wide-body Jet

The brand new Boeing 747-8 long-haul wide-body jet that Air China introduced in 2014 is a 100% digitalised integrated aircraft with outstanding performance in efficiency, quietness and environmental friendliness. The completely redesigned cockpit equipment enhances flight efficiency. The more efficiency engines and wing design relative to the traditional Boeing 747-400 help improve fuel oil efficiency by 16%. Use of the new noise reduction technology helps reduce noise footprint by 30%, making the aircraft more environmentally friendly and energy efficient.

- **Engine Modification:**

As the power source of flying, the engine is a crucial element in conserving energy and reducing emissions in the aviation industry. Air China invests a considerable amount of money each year in the modification of its engines in order to improve fuel efficiency of its flights.



Case Study: Fuel Conservation Analysis of A330-200 Engine Modification

In 2014, Air China fitted an ordinary engine and another one modified for energy conservation onto an A330-200 to analyse and compare fuel oil consumption data. After three months cruising tests during regular flights, it turned out that an modified engine consumed 58 kg less fuel oil on an hourly basis. Based on Air China's 4,000 hours per A330-200 aircraft utilisation rate in 2014, it is estimated that a single modified engine can save 232 tonnes of fuel oil per year, reducing carbon emission by about 731 tonnes.

- **Aircraft Weight Reduction:**

Air China endeavours to reduce the weight of its aircraft by monitoring the weight and centre of gravity data of its various aircraft, strengthening the management of the basic databases of newly introduced aircraft, and stringently implements the management and control of aircraft overhaul, refitting and maintenance. We also work on numerous details from the dining trolley and seats to carpets and napkin plates.

Air China's Aircraft Weight Reduction Measures 2014:

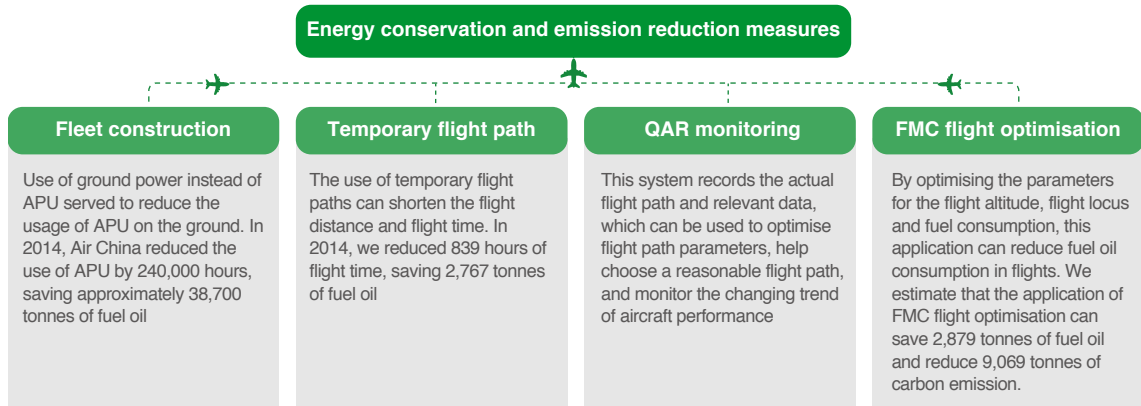
By reducing the stocks of the beverages trolleys of each Boeing 777-300ER flight departing from Beijing, we reduce each flight's weight by 120kg

The new napkin plate is 100g lighter than the old one. Since the new plates were deployed on 1 April, 2014, we have reduced our flights' weight by a total of 2,260kg



Lower Carbon Emission Reduction

In 2014, while working meticulously on the traditional fuel conservation measures, Air China also achieved outstanding results in low carbon emission reduction through various technical measures as improving the operating control of its flights, intensifying the monitoring of aircraft performance, and optimising the flight structure of its domestic operations.



Links:

“**APU**” (Auxiliary Power Units), generally installed inside the tail at the end of the aircraft body for providing independent power and compressed gas supplies, some APUs can provide additional thrusts to an aircraft, but as an auxiliary power equipment for the aircraft on the ground, it consumes a huge amount of fuel oil.

“**QAR**” (Quick Access Recorder), an equipment

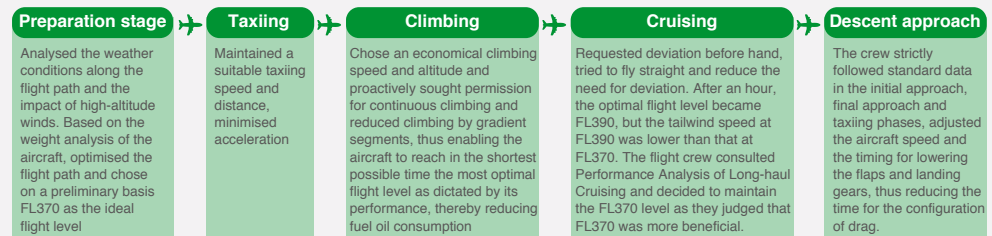
for recording flight data on a plane, covers most of the parameters for aircraft control and quality monitoring.

“**FMC**” (Flight Management Computer), accesses in real time data on high-altitude wind and temperature at each waypoint and calculates the most optimal flight level, locus, fuel consumption and flight time under the current conditions. This helps reduce the aircraft’s fuel oil consumption.



Case Study: The Practice of Fuel Conservation by Air China Flight Crew

Air China popularises the concept of “consciously saving oil” to all its pilots, asking them to treat oil conservation as a professional attitude and a conscious effort, and put it into practice on every route and every flight. The following diagram shows the actual oil conservation process in flying a B777-200 aircraft on the Bangkok to Beijing flight CA980.



By taking fuel conservation measures at each stage and key junctures of the flight, the plane landed 10 minutes ahead of schedule with 2.5 tonnes of fuel oil saved, lowering fuel oil consumption by 0.3 tonnes per hour during the entire flight.

Beautify the Green Land

Air China consistently follows the three-dimensional all-encompassing environmental protection concept from air to ground, and works hard to minimise its impact on the environment and optimise its resources allocation. By taking such effective measures as recycling and reusing wastes, green office and propaganda and promotion, we search for the path to reducing our burden on the environment and achieve sustainable growth.

New Energy Transport Vehicles

New energy vehicles are a key way to promote energy conservation and emission reduction and to achieve green development. Air China actively responds to the government's call and, by tying its own needs to the relevant technologies and business model in that area, prepares the Plan for the Oil-to-Electricity Conversion of Air China's Ground Service Vehicles 2014-2016. It also signs a Framework Co-operation Agreement for the Joint Promotion of the Use of New Energy Vehicles by Centrally-owned State-owned Enterprises with Dongfeng Automobiles, China Putian and China Pharmaceuticals. In future, Air China will increase its investment in new energy vehicles to promote energy conservation and environmental protection in the use of vehicles.



Case Study: Hubei Branch Deploys Electric Commuter Cars

In 2014, as the first model for our operating units, Air China Hubei branch introduced four electric commuter cars and commuter cars for cleaning staff, which became the first pure electric commuter cars at the Wuhan Tianhe Airport.

Pure electric commuter cars offer a number of protection and alert functions, and can reduce 92-98% of waste gas emission and more than 50% energy costs while still providing all-weather services to ensure flight operations. The cars' noise can be maintained at less than 30dB, far below the national standard for ordinary cars, which provides a much healthier work and living condition to airport workers and neighbouring residents.



Electric commuter cars

Recycling and Re-use of Resources

While paying attention to the research and propagation of new energy, Air China also improves its utilisation rate of resources by strengthening the re-use of resources, reducing the stocking of disposable consumables, increasing the use of low-value assets, as well as classifying and recycling cabin garbage. In 2014, Air China continued to promote the recovery of key low-value assets such as headsets, dental kits, and leisurewear.

Green Office

Air China implants the idea of environmental protection into each stage of its operations and calls upon its employees to lead a low-carbon life and work in a green environment. In 2014, Air China further promoted a range of measures such as increasing the digitalisation of office work, adjusting the temperature settings of air-conditioned equipment for the summer and winter, recycling old office equipment, and using reusable shopping bags. This helps us to integrate low carbon into our daily lives and work, and make environmental protection part of our habits.



Propaganda and advocacy

Through various theme activities and energy conservation training, Air China help improve the environmental protection concept of its employees. In 2014, Air China launched a week of promotional activities around the theme of “Enjoy flying through low carbon energy conservation” to make environmental protection a “present continuous tense” and make energy conservation and emission reduction a standing feature of the Company. By exerting its own responsible influence, Air China popularises the environmental protection concepts and draw more and more passengers and the public into the low carbon movement.



Case Study: Air China Cabin Services Department Launched Flight with “The World Earth Day” Theme

On April 22, echoing the World Earth Day, Air China launched an environmental protection campaign on its CA1315 “Exquisite Guangzhou Beijing” flight from Beijing to Guangzhou under the theme of “cherish the earth’s resources, protect natural ecology together”.

Cabin crew introduced the World Earth Day and the “Exquisite Guangzhou Beijing” service to their passengers and invited them to share their tricks and experience in environmental protection as well as their perception of the “Exquisite Guangzhou Beijing” service. Through the interactive knowledge quiz, they promoted the concept of environmental protection and presented gifts to the winners. Many passengers placed their handprints on the promotion billboard as a souvenir. They pledged to care for, cherish and protect Mother Earth with a blue sky and a heart for environmental protection.



Passengers sign on the promotion billboard



Case Study: Hubei Branch Launched “100 Walk for Environmental Protection”

On April 23, Air China Hubei branch launched an environmental protection public interest activity under the theme of “Walk for your health, Act to protect the environment”, calling upon more than 100 of its employees to promote environmental protection with their actions and to advocate popular participation of sports.

More than 160 volunteers participated in this activity at a 7-km promenade along the Yangtze River. It included several interesting orienteering games such as “rubbish picking competition” and “walking competition”. While cultivating employees’ team spirit and advocating a healthy lifestyle, the activity also promoted the concept of environmental protection, called upon the public to care about the pollution threat to the Yangtze River, and urged more people and enterprises to join forces to protect the environment of their city.



Case Study: Air China Introduces Intelligent Plastic Bottle Recycling Machine

In November, Air China installed four intelligent plastic bottle recycling machines at its headquarters building and operations building. Employees who place their empty plastic beverages bottles into this machine can, after a scanner has identified the bottle size, receive RMB0.5-1.5 credit in their mobile phone, public transport card or Alipay Internet commerce accounts.

As the first central state-owned enterprise to respond to the Beijing municipal government’s call for the use of intelligent recycling equipment, Air China has established a dedicated channel to recycle plastic bottles which are then put through a regeneration process in a closed and professional way using

harmless cleaning agents, thus minimising the garbage’s environmental impact. This will help enhance employees’ environmental protection concept, cultivate their habit of recycling and reusing resources, and putting their care for the environment into concrete action.



Intelligent plastic bottle recycling machine



8

Employees: Empowering Staff

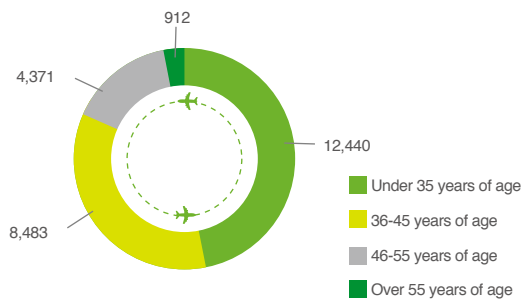
“Empowering staff” is one of Air China’s missions and a manifestation of Air China’s “people-oriented” value. Air China’s responsibility to its employees is to enable them to realise their values, have a colourful life and grow with the Company.

Attracting a Diversified Pool of Talent

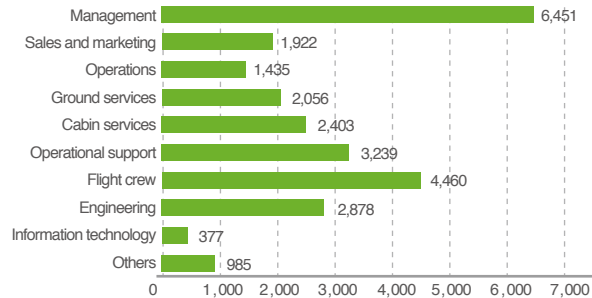
Air China follows the principles of compatible inclusion and innovative diversification, and aims to build a harmonious and symbiotic family by widening its recruitment channels and attracting talents from all corners.

At the end of 2014, Air China had 26,206 employees on its payroll. Female employees accounted for 36.3% of the total and 16% of the management level headcount. There were 990 employees with Master's or above degrees, 13,902 employees with bachelor degrees, and 11,314 employees with junior college or below degrees. To further optimise our employee structure, we recruited talents through a number of channels. During the year, we hired a total of 2,855 employees to strengthen our workforce.

Distribution of employees' age



Employee categories



Air China strictly adheres to the country's relevant laws and regulations such as the Labour Law and the Labour Contract Law, and all our employees have signed labour contracts with the Company. We actively promote equal opportunity in employment, reject discrimination, maintain equal pay for equal work, strictly forbids child labour, and deploy our employees in accordance with the law. To protect our employee's healthy rights, we have established a multi-level social security system, of which the social security insurance and supplementary commercial medical insurance cover all employees. We have also set up children's medical insurance for our employees' children.



Major events in the optimisation of Air China's staff compensation, 2014:

- Completed the adjustment of personal income tax calculation in personal contribution to the corporate annuity for the whole Company
- Organised and implemented the evaluation and grading of staff positions, strengthened the incentiviveness of the compensation mechanism
- Improved the management system for expatriate employees at overseas sales and marketing organisations and for foreign employees in order to enhance the loyalty of employees at overseas sales and market organisations
- Resolved smoothly the issue of supplementary corporate pension for the Company's retired employees, which helped reduce risks for the Company and ensure an orderly transition of the pension systems for our retired employees
- Adjusted the compensation for our pilots to enhance the external competitiveness of our core talents, thus effectively stabilising our team of pilots



Respect and Communications

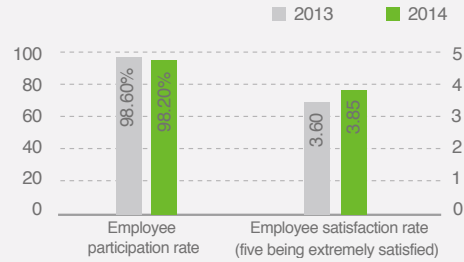
Respect and communications are the pre-conditions for working together. Air China maintains a fair and democratic management system with the establishment of a system for analysing employees' thinking, a mechanism for collective consultation and an arbitration commission for labour disputes. We offer employees a wide open communications platform, stimulate their participation and ownership concept, encourage them to make suggestions and proposals, listen to their appeals, touch their hearts, and enhance their loyalty and cohesion.



Case Study: The Second "Public Opinion Direct"

Air China continues to care about employees' satisfaction conditions and for the second consecutive year conducted the "Public Opinion Direct" employee satisfaction survey. Using an on-line anonymous survey, 36,517 employees in 22 units participated in the survey. Based on the survey, 42 relevant reports including Analysis Report of the Second "Public Opinion Direct" Survey and Special Investigation and Analysis Report on the Effectiveness of Practical Educational Activities under the Mass Line were produced covering Air China as a whole and various grassroots units. Interpretation of the survey results

Comparison of Air China "Public Opinion Direct" Employee Satisfaction Surveys



helped Air China to better understand its employees' immediate needs, optimise its management, and enhance the satisfaction of its employees.

Air China provides many different channels for employees to take ownership of their duties and put forward any ideas so that everyone's wisdom and power is distilled into the development progress of the Company. In 2014, Air China organised its employees to attend the "My suggestions for on time performance" campaign launched by the Civil Aviation Authority of China Labour Union. The campaign collected 41 suggestions, five of which were awarded with prizes, contributing to the promotion of flight normalcy. In addition, we organised an "innovation and efficiency gain" rationalisation suggestions campaign and received 220 rationalisation suggestions, which provided very effective assistance for the Company's innovative development and efficiency improvement.

We need to make every employee feel that if he or she does it, he or she will gain the Company's recognition. We must mobilise all our employees, hand in hand, to get involved in the push for the Company's development. This is a huge amount of energy.

-- Wang Yantang, chairman, Air China Labour Union

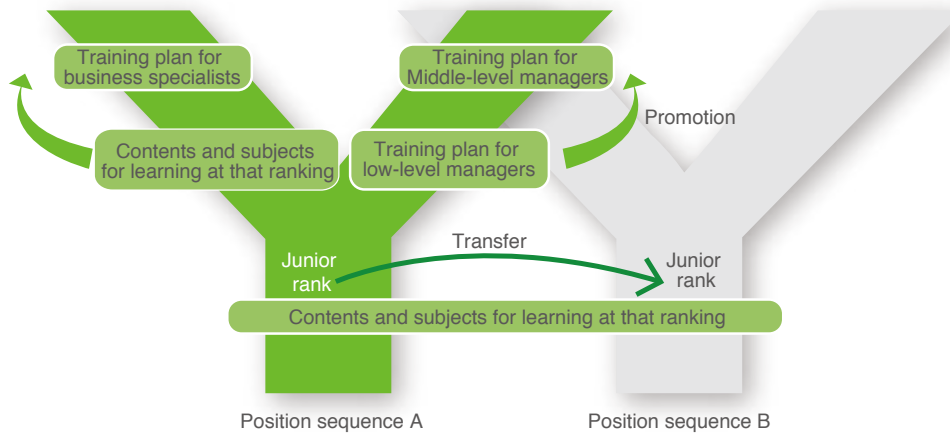
To adapt to the changing trends in this new age, we are constantly creating new ways of communications and adding new communications channels. In 2014, we communicated our messages to our employees through a comprehensive, multi-channel communications platform comprising "one hall, one net, one magazine, one newspaper, two new media and one video" and achieved very effective results. These included the Air China Exhibition Hall, the Intranet, the Air China internal magazine, the mobile newspaper, the "Young Air China" WeChat account, "Air China International" microblog account, and the "Air China Channels" video platform.



Multi-Channel communications platform of enterprise culture

Incentivising Development

Employee development contributes unstoppable energy to the development of a company. Air China offers its employees an equal opportunity for development and a smooth path for career development. This allows us to fully explore our employees' potential, build a stage for them to realise their dreams, so that every employee can fully contribute his or her talent, and that each talent is fully utilised. In 2014, Air China invested a total of RMB33.85 million to provide training for 79,800 employees.



“Y-shaped” Learning Development Channel and Learning Path



In 2014, Air China worked hard to facilitate the improvement of the overall quality and capability of its employees through such means as holding cultural seminars and English training. Following the trend of mobile learning, we have developed public WeChat accounts for E-learning and leadership as a platform for employees to share, interact and self-help their learning. We have also devised a training map to help employees understand that, at different stages of career development, the Company offers various learning opportunities that form a trinity of system for employee growth and career development.



Air China female pilots in professional exchanges and dialogue





Case Study: Golden Friday Forum

Air China holds a Golden Friday Forum to add varieties to employees' spiritual life and improve their cultural quality. Every month we invite well-known scholars and experts from around the country to give lectures to our employees. This helps employees to understand and care about the current hot social and economic issues, improve their knowledge structure and broaden their cultural vision. While improving the overall quality of the employees, this has provided them accurately with new and valuable information in different fields.

Sincere Love and Care

Air China follows the precept of "service for both customers and employees, happiness for both customers and employees" to build a harmonious and spirited team by caring about our employees' health, helping our employees and their families when they face difficulties, and organising a variety of cultural and sporting activities. This allows employees to enjoy the fruit of our Company's development and stimulate their pride in their profession, which in turn helps promote a prosperous growth of Air China's business.

Serving Our Employees

In addition to providing our employees with a good working condition, we also care about our employees' physical and mental health. On account of the special characteristics of the aviation industry, we pay attention to the management of occupational health and psychological counselling of our employees, arrange health checks for them termly, establish a health file system and an annual leave system, and further improve our comprehensive medical insurance service for them. These measures all help to resolve the difficulties and concerns of our employees.

On 22 December, 2014, Air China opened its Employee Service Centre at the headquarters building, which consolidated and streamlined the employee interface services that used to be scattered in different departments into a one-stop service counter. It provides employees with the consultation and application for 49 types of services, with 21 of these in the human resources area, 13 in financial affairs, 5 in business affairs, and 10 in the insurance and security areas. Further, to offer employees a full range of diversified service modes, there are telephone hot lines, corporate QQ customer service, WeChat accounts, touch-screen information service, as well as an employee service centre website.



Opening of Air China Employee Services Centre



Answering employees' questions patiently



Case Study: The EAP Blissful Ambassador Project

In the face of heavy aviation work, Air China employees are no doubt subject to intensive work and psychological pressure. The Company continues to advance its “Blissful – Heart Project” by recruiting and training “EAP Auspicious Ambassadors” who will form the Company’s internal part-time psychological health service team, providing employees with a more convenient psychological health consultation service.

In 2014, Air China recruited and hired 123 Auspicious Ambassadors, arranged for 5,652 employees to participate in psychological health checks, received 1,585 phone calls from employees that resulted in 1,088 cases, offered network services to 10,313 employees, completed 75 rounds of one-to-one consultation and 51 training seminars on psychological health, and distributed 12 issues of EAP electronic monthly magazines.

Helping Each Other

Air China cares about employees facing hardship, and helps them resolve their difficulties. The Company held “Give You Warmth, Give You Chill” campaign, and created an Employees’ Mutual Aid Fund and a Female Employee Major Sickness Mutual Aid Fund.

A variety of Cultural and Sports Activities

Air China actively arranged a variety of cultural and sports activities for our employees and provided grassroots labour unions with RMB1.6 million of funding subsidies for 267 projects during the year. We promoted cultural development for grassroots employees in such organised activities as literature, photography, painting and calligraphy, demonstrating the good cultural heritage of our employees and creating a healthy and progressive corporate culture.



Air China Calligraphy, Painting and Photography Exhibition



Air China Beijing employees participate in the Fifth Annual Beijing International Mountain Walking Festival



Young positive energy - the Voice of Air China



A thousand people walk for 10,000 metres





9

Community: A Heart for Our Society

Air China earnestly fulfils its corporate social responsibilities and makes sure that major activities are carried out smoothly. We work with governments, other enterprises and non-profit organisations in all kinds of public welfare programmes, developing new ways to contribute to society and serve the community with concrete actions

Support for Special Flight Operations

Civil aviation can provide timely and convenient transport to remote locations or when disaster strikes, and is a key component of public transport system and emergency rescue system. As China's only flag carrier, Air China actively fulfils the social responsibilities for central state-owned enterprises and undertakes all major tasks.



Case Study: Air China Cargo Helps Liberian Government Fight Ebola

Air China Cargo takes its social responsibilities actively. With its professional transportation capability, it never fails to accomplish the missions assigned. In October 2014, to help the Liberian government set up an emergency rescue centre to fight the Ebola virus, Air China launched a plan for ensuring major transport assignments. Following a preparatory meeting for a charter service, the highly effective co-ordination of various departments from ground services, flight services, transport control, cabin services, flight planning and services ensured that the transport of humanitarian relief materials provided by China to Liberia was carried out smoothly.



The first batch of materials for a Liberian medical centre donated by China is getting ready for shipment



Case Study: Air China Ensures "Zero Accident, Zero Incident, Zero Complaint" for Youth Olympics

On 4 September, Air China's CA1848 flight from Nanjing to Beijing took off with the last Youth Olympics passenger on his return journey, marking the satisfactory conclusion of the transport assurance work for Youth Olympics delegates by the Air China Nanjing region.

During the Youth Olympics period, Air China worked meticulously to complete with satisfaction the transport assurance work for Youth Olympics delegates by the Air China Nanjing region. From 9 August through 4 September, Air China worked to assure 86 arriving flights relating to the Youth Olympics, carrying 1,276 passengers and 1,083 pieces of luggage. There were also 88 departing flights with 1,527 passengers with a total of 2,017 pieces of luggage, of which there were 1,330 pieces of transit luggage and 160 pieces of special luggage. The goal of "zero accident, zero incident, zero complaint" was achieved.

The completion of this transport assignment demonstrates Air China's solid image and received the Youth Olympics Organising Committee's compliments and praises from our peers.

"Thanks to Air China for the help and importance it attached to the Youth Olympics, thanks also to Air China Nanjing station for taking very good care of every athlete and official at the Youth Olympics. (Air China's services) made them feel China's warmth and friendliness as soon as they arrived Nanjing".

-- Airport Co-ordinating Team, Youth Olympics Organising Committee



Keen on Charity

Air China adheres to development and devotion at the same time. We advocate the volunteer spirit of “devotion, friendship, mutual aid and progress”, and extend our love to foreign countries through our global charitable donations. We care about the growth of the children and fulfil our corporate citizen’s responsibilities.

Taking Care of Children’s Growth

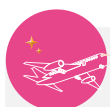
Air China nurtures children’s learning and living through various public well-being activities. We expand children’s vision through edutainment, let them feel the charm of knowledge, and let them experience the joy and beauty of growing up.



Case Study: Air China Holds Charity Activities for Orphans with Children’s Foundation

Air China cares about children’s lives, especially those of the orphans, sick and poor. The China Special Fund for Children’s Insurance, the charity project that we jointly launched with the China Children and Teenagers’ Foundation (the Children’s Foundation), offers them various helps and assistances. On 20 December, Air China joined the Children’s foundation to host the “Hand in hand, off we fly” activity for 200 children and their parents and called on people to care about the lives of the orphans. In 2014, the China Special Fund for Children’s Insurance achieved a total of RMB1.64 million in charitable donations.

| Donation sources | Amount donated (RMB) |
|---|----------------------|
| Company’s direct donation | 500,000.00 |
| Donations from on-line booking passengers | 542,438.00 |
| Changes donated by passengers on-board (including themed flights) | 578,656.09 |
| Others | 17,610.00 |
| Total | 1,638,704.09 |



Case Study: Safety Classroom in the Air

On 20 August, aboard the CA8203 flight from Wuhan to Dunhuang, the “Chuyi” cabin crew team held a special in-flight activity for the children under the title of “Little summer classroom on flight safety”. Through the demonstration of the use of seat belts and a quiz of safety-related knowledge such as “Can we use mobile phones when flying?” the crew popularised aviation knowledge in a joyful atmosphere.



Small classroom interaction for aviation knowledge



Case Study: Donation for an Air China Hope Primary School

On 10 September, Air China held a signing ceremony with the China Children and Teenagers' Foundation for the donation and construction of an Air China Hope Primary School in Hebei province. Donations for the Air China Hope Primary School came from the donations made by Air China employees to a sick employee Yu Qian and her child. After Yu recovered, she proposed that the remaining funds be used to pass on the love of Air China employees. The launch of the Air China Hope Primary School project thus fulfils the wish of an Air China employee and extends the love of all Air China employees.



Case Study: Shenzhen Airlines Babies Spent "Children's Day" with Autism Children

On 28 May, organised by the Shenzhen Airlines Labour Union, nearly 20 Shenzhen Airlines Babies and their family members went to the Shenzhen Autism Society to spend the Children's Day with the society's children. They played interactive games face to face, and sang and danced in the crowd.



Shenzhen Airlines Babies were giving performance for the society's children



LINK:

Shenzhen Airlines Babies was set up in 2010 and consisted of 6-12 year old children of Shenzhen Airlines' employees. As Shenzhen Airlines highlight brand, Shenzhen Airlines Babies serves as a cohesion force internally. It also goes into the community to take part in public well-being activities, seeding warmth in society under the banner of "Spreading for Love".



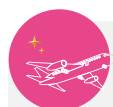
Poverty and Disaster Relief Work

In addition to the public wellbeing work that it has undertaken, Air China has added new targets for long-term assistance, improved its public wellbeing aid mechanism, expanded its scope, transformed “blood transfusion” into “blood creation”, and enhanced the self-generating capability of its aid targets. Air China worked earnestly on the industrial poverty relief project in Sonid Right Banner of Inner Mongolia, a project targeted for national poverty relief work. We have set up a two-tier poverty relief group and conducted extensive research into the poverty conditions and development potential of Sonid Right Banner. On this basis we took a number of proactive measures with a long-term view to increase the herdsmen’s income. In 2014, Air China donated RMB 2 million of poverty relief funds to Sonid Right Banner and launched the construction of demonstration base for sheep farming in Sonid Right Banner. The project will serve as an example to the poor local herdsmen on the path to prosperity.

Air China participates actively in all kinds of disaster relief work, going through the difficulties with the community hand-in-hand. On 3 August, 2014, a 6.5 earthquake Ludian County in Chaotong City, Yunan province and caused a great damage to people’s lives and property. After the quake, Air China quickly made an appropriate plan to ensure the transport needs for disaster relief. We also donated RMB3 million to the people in the disaster area, supporting them with concrete actions and offering them our love and concern.

Undertaking Volunteer Work

Air China actively promotes the voluntarism ideals and engages in a wide range of volunteer activities. Air China Young Volunteers Association is a member of the Chinese Young Volunteers Association, and Air China volunteers have earned many honours with their outstanding work. These honours include the honorary designation of “The Capital Learns from Lei Feng Voluntary Service Station” awarded to Air China’s “Golden Phoenix” cabin service team by the Propaganda Department of the Chinese Communist Party Beijing Committee and the Office of the Capital Spiritual Civilisation Construction Commission, an outstanding organisation prize awarded to the young volunteers service team of the Hubei branch at the 10th National Young Volunteers Association Outstanding Organisation Prize, and a designation of the Chongqing branch as an outstanding unit of Chongqing’s volunteer organisations.



Case Study: “Warm Winter Movement”, a Dream Comes True for Stay-at-home Children

On 23 January, Chongqing branch participated in the “Warm Winter Movement” featuring care for stay-at-home children in Kai country as their parents work elsewhere, providing free tickets for 50 such parents to return home.

The Chongqing branch carefully designed and planned every step of the trip from ticketing to ground and in-flight services, ensuring that it can demonstrate to each of the parents Air China’s reliable, safe and high quality service. To make the parents feel the warmth and passion of the Air China people, they also gave them a present, filling this homecoming trip with intense tenderness.



“Warm Winter Movement”, caring for children staying behind



Case Study: Respect and Love the Elderly Activity

In the 2014 “Double Ninth Festival”, the “Jinfeng” cabin crew team and the party committee of the Tianjin branch jointly organised a unique activity to show their love and respect of the elderly. Under the title of “Jinmen Double Ninth, a Phoenix Cometh”, more than 20 air stewards and stewardesses went to Tianjin’s Ma Sanli Elderly Garden to present festival gifts to the elderlies and have joy with them, making them feel the warmth and care of society.



Respect and love the elderly activity



Case Study: Youth Olympics Volunteer Service

On 15 August, the Shanghai branch held a Youth Olympics volunteers activity under the banner of “Volunteer for the Youth Olympics, Celebrate our Youth” and vowed to “search for bliss, interact, gather bliss, take the oath”. Volunteers went on duty 24 hours a day, and helped ensure flight operations in special situations. During the Youth Olympics period, certain key workers went to Nanjing to support the operations there.



Youth Olympics volunteer activity

2015 Outlook

Economy

- We will enhance our operations management and control capability and improve our organisational efficiency. Together, Air China, Air China Cargo and Shenzhen Airlines plan to complete 1.815 million flying hours and carry 88.492 million passengers, with RTKs and RFTKs reaching 22.4 billion and 7.04 billion, respectively.
- We will improve our flight network by emphasising the value of our core hub, augment the structure of our international long haul routes, enhance the operational quality of our long-haul routes, and strengthen the sales and marketing control of new international routes by focusing on customers and pushing for innovative sales and marketing techniques. We plan to launch such new international routes as Beijing – Montreal – Havana, Beijing – Johannesburg, Beijing – Astana and Chengdu – Colombo.
- We will strengthen synergies among Air China Group companies to raise our revenue quality and operating capability, thereby building our core competitiveness for sustainable growth.

Safety

- We will strive to prevent any flight accident, any major accident on the ground or any major aircraft maintenance accident, and we will do our utmost to foil any hijacking or bombing attempt provided that the safety of passengers and the aircraft is secured.
- We will strengthen the SMS safety management system, enhance the construction of the operational assessment system with risk prevention and control at its core, establish a system for safety performance management, and improve our emergency and contingency work by raising the speed and handling capacity in response to any emergency situation.
- We will reinforce the building of a safety culture and the requisite qualifications and capability in the Company. By instilling a sense for safety through the creation of a proactive, progressive, honest and engaging culture, we aim to ensure a stable and safe environment.

Service

- We will fortify the foundation of our service management and take a tight grip on our full process service.
- We will polish our service brand and champion the “Golden Phoenix” spirit.
- We will pursue the construction of a service responsibility system, and improve the monitoring, inspection and evaluation of service quality.
- We will innovate our service models to effectively promote the development of products from the Air China Wi-Fi Alliance and to enhance the brand co-operation among air and ground products.

Environmental protection

- We will continue to advance the development of an energy management system, standardise environmental management and the monitoring and control mechanism.
- We will fully implement the comprehensive energy conservation and emission reduction programme, together with the application of relevant technologies from the sky to the ground.
- We will heighten our employees' environmental awareness, increase investments in the research and development, promotion and application of new energies, and ensure that the Company's development is in harmony with the natural environment.

Employees

- We will adhere to our people-oriented philosophy, expand our communications channels with our employees, and enhance the exchange of information and suggestions between the Company and the employees.
- We will enhance our "service for both customers and employees, happiness for both customers and employees" employee satisfaction work, and provide comprehensive service and protection to our employees.
- In the areas of employee training and career development, we aim to improve the overall quality of our employments through career development so that we can achieve the joint development of the Company and the employees.

Community

- We will continue to share the achievement of our development with the community, carry out special flight operations for major events and emergency events, support public welfare undertakings, and proceed with our targeted poverty alleviation work.
- By taking advantage of the construction of the Air China Hope Primary School, we will formalise the activities of our young volunteers and establish different categories of volunteer teams. This will allow young volunteers to play a role in serving the community, the passengers and the community, thus benefitting society through a responsible mode of operation.



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GRI G4 INDEX



This index is provided to assist readers in understanding how our report aligns with the GRI Guidelines for Sustainability Reporting, version G4. This index includes some of the "Core" indicators as well as a number of "Additional" indicators that we have determined are relevant to our business.

| | GRI index | Page(s) | External Assurance |
|--|---|--------------------------|--------------------|
| Strategy and Analysis | G4-1 Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability. | 2,3 | No |
| | G4-2 Provide a description of key impacts, risks, and opportunities. | 2,3 | No |
| Organizational Profile | G4-3 Name of the organization. | 10 | No |
| | G4-4 Primary brands, products, and services. | 10 | No |
| | G4-5 Location of the organization's headquarters. | 10 | No |
| | G4-6 Number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report. | 10,12,13 | No |
| | G4-7 Nature of ownership and legal form. | 10 | No |
| | G4-8 Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries). | 10,12,13 | No |
| | G4-9 Scale of reporting organization. | 10 | No |
| | G4-10 Total number of employees. | 57 | No |
| | G4-11 Report the percentage of total employees covered by collective bargaining agreements. | | No |
| | G4-12 A description of 's supply chain follows | 27 | No |
| | G4-13 Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain. | | No |
| | G4-14 Explanation of whether and how the precautionary approach or principle is addressed by the organization. | 14 | No |
| | G4-15 List of externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses. | 53,54,66 | No |
| | G4-16 Memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization. | 10 | No |
| Identified Material Aspects and Boundaries | G4-17 Operational Structure of the organization. | About this report,21,49 | No |
| | G4-18 Details on report content and aspect boundaries. | 18,19 | No |
| | G4-19 List all the material Aspects identified in the process for defining report content. | 18,19 | No |
| | G4-20 For each material Aspect, report the Aspect Boundary within the organization | 21,49 | No |
| | G4-21 For each material Aspect, report the Aspect Boundary outside of the organization | 23,26,27 | No |
| | G4-22 Explanation of the effect of any restatements of information provided in previous reports, and the reasons for such restatements. | THERE IS NO RESTATEMENTS | No |
| | G4-23 Significant changes from previous reporting periods in the Scope and Aspect Boundaries. | 18,19 | No |
| Stakeholder Engagement | G4-24 List of stakeholder groups engaged by the organization. | 20 | No |
| | G4-25 Basis for identification and selection of stakeholders with whom to engage. | 20 | No |
| | G4-26 Organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process. | 20 | No |
| | G4-27 Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. | About this report | No |
| Report Profile | G4-28 Reporting period (such as fiscal or calendar year) for information provided. | About this report | No |
| | G4-29 Date of most recent previous report (if any). | About this report | No |
| | G4-30 Reporting cycle (such as annual, biennial). | 71,72 | No |
| | G4-31 Contact point for questions regarding the report or its contents. | | No |
| | G4-32 GRI Content Index | 73,74 | No |
| | G4-33 Policy and current practices with regard to seeking external assurance for the report | | No |



| GRI index | | Page(s) | External Assurance |
|--|--|-------------|--------------------|
| Governance | G4-34 Governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts. | 11,14,17 | No |
| | G4-36 Details on whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body. | 17 | No |
| | G4-38 Composition of the highest governance body and its committees by. | 14,17 | No |
| Ethics and Integrity | G4-56 Description of the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics. | 14,16, | No |
| | G4-57 Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines. | 14 | No |
| | G4-58 Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines. | 14 | No |
| Disclosure on Management Approach | G4-DMA Report why the Aspect is material. Report the impacts that make this Aspect material. Report how the organization manages the material Aspect or its impacts. | 29,30,39,49 | No |
| Economic | G4-EC1 Direct economic value generated and distributed. | 23 | No |
| | G4-EC6 Proportion of senior management hired from the local community at significant locations of operation. | 57 | No |
| | G4-EC7 Development and impact of infrastructure investments and services supported | 66 | No |
| | G4-EC8 Significant indirect economic impacts, including the extent of impacts. | 66 | No |
| | G4-EC9 Proportion of spending on local suppliers at significant locations of operation. | 27 | No |
| Environmental | G4-EN1 Materials use by weight or volume. | 49 | No |
| | G4-EN3 Energy consumption within the organization. | 49 | No |
| | G4-EN5 Energy intensity ratio for the organization. | 49 | No |
| | G4-EN6 Reduction of energy consumption. | 51,52 | No |
| | G4-EN7 Reductions in energy requirements of products and services | 51,52 | No |
| | G4-EN8 Total water withdrawal by source. | 49 | No |
| | G4-EN19 Reduction of greenhouse gas (GHG) emissions. | 52 | No |
| | G4-EN27 Extent of impact mitigation of environmental impacts of products and services | 51,52 | No |
| Social— Labor Practices and Decent Work | G4-LA1 Total number and rates of new employee hires and employee turnover by age group, gender, and region. | 57 | No |
| | G4-LA2 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operations. | 57 | No |
| | G4-LA8 Health and safety topics covered in formal agreements with trade unions. | 61 | No |
| | G4-LA9 Average hours of training per year per employee, by gender, and by employee category. | 59 | No |
| | G4-LA10 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings | 59 | No |
| | G4-LA12 Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity. | 57 | No |
| | G4-LA15 Significant actual and potential negative impacts for labor practices in the supply chain and actions taken. | 27 | No |
| Social— Society | G4-SO2 Operations with significant actual and potential negative impacts on local communities. | 49 | No |
| | G4-SO4 Communication and training on anti-corruption policies and procedures. | 52 | No |
| Social— Product Responsibility | G4-PR5 Results of surveys measuring customers satisfaction. | 46 | No |
| | G4-PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data. | 46 | No |

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INDEPENDENT ASSURANCE STATEMENT

Introduction and objectives of work

BUREAU VERITAS has been engaged by AIR CHINA LIMITED (hereafter referred to as "AIR CHINA") to conduct an independent assurance to 2014 CORPORATE SOCIAL RESPONSIBILITY REPORT (hereafter referred to as "the Report") of AIR CHINA. This Assurance Statement applies to the related information included within the scope of work described below.

This information and its presentation in the report are the sole responsibility of the management of AIR CHINA. Bureau Veritas was not involved in the drafting of the Report. Our sole responsibility was to provide independent assurance on its content.

Scope of work

- Data and information included in the report for the **report period from 2014.1.1 to 2014.12.31**;
- Appropriateness and robustness of underlying reporting systems and processes, used to collect, analyse and review the information reported;
- The assessment team visited AIR CHINA head-quarters (located in No.30 Tianzhu Road, Tianzhu Airport Economic Development Zone, Beijing City) and relative functional departments, BV did not visit other site and its stakeholders.

Excluded from the scope of our work is any assurance of information relating to:

- Activities outside the defined assurance period;
- Positional statements (statements of beliefs, goals, future intention and future commitment);
- Much of the operating financial data in this Report is taken from AIR CHINA Annual Reporting and accounts, which is separately audited by an external auditor and therefore excluded from the scope of the Bureau Veritas assurance.

Methodology

As part of its independent assurance, Bureau Veritas undertook the following activities:

- Interviews with relevant personnel of AIR CHINA;
- Review of documentary evidence produced by AIR CHINA;
- Audit of sampled CSR performance data;
- Assessment of data and information systems for collection, aggregation, analysis and review.

Our work was conducted against Bureau Veritas' standard procedures and guidelines for external Assurance of Sustainability Reports, based on current best practice in independent assurance.

For this assignment, we have used the verification rules and instructions IASE3000, AA1000 and GRI G4. The work was planned and carried out to provide reasonable, rather than absolute assurance and we believe it provides a reasonable basis for our conclusions.



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Our findings

On the basis of our methodology and the activities described above, it is our opinion that:

- The revised information included in the report are objective, reliable and free from material mistake or misstatement.
- During the process of assurance engagement, BV also identified some improvement opportunities to be included in the "Key areas for ongoing development".

Objectivity

The information and data presented in the report is objective and reliable. AIR CHINA uses information system to collect and sort operation, HR, safety and environmental data. Through on-site verification, the evidence provided by AIR CHINA is reliable and traceable.

Completeness

The Report covered Air China and its wholly owned and holding subsidiaries. It focus on "safe flying", "high quality service" and "environmental protection", and also disclosure corporate social responsibility management, economic development, employee care and contributing to society which other stakeholders concerned issues.

Materiality

According to CSR requirements of SASAC and Shanghai Stock Exchange, by reference to GRI G4 requirements, AIR CHINA identified and disclosed airline industry involving key CSR issues and key information.

Responsiveness

The report adopted simple, clear language and quantitative data, answered to key questions which stakeholder concerned, especially key issues of safety, passenger service, environment etc. So the report has general responsiveness.

Key areas for ongoing development

Based on the assurance work conducted, the following opportunities for improvement have been identified for AIR CHINA:

- 1) On the basis of information system of HR, operation, safety and environment, AIR CHINA consider to define management department of charitable activities, using information system to collect performance data, including charitable donations and volunteer activities etc.
- 2) In order to facilitate the readers to make objective evaluation and judgment, AIR CHINA consider disclosure of CSR quantitative data in a clear and unified statistics scope to improve data comparability.



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Statement of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specialises in Quality, Health, Safety, Society responsibility and Environmental management with almost 180 years history in providing independent assurance services. No member of the assurance team has a business relationship with AIR CHINA. We have conducted this verification independently, and there has been no conflict of interest.

HUBERT DE-BONAFOS
Director For Greater China Region
Bureau Veritas Certification
2015-03-11

Assurance Team Leader
Bureau Veritas Certification
2015-03-11



Reader's Feedback

Dear Reader,

Thank you for reading the Air China Limited 2014 Social Responsibility Report. To enable our report to more systematic and scientifically reflect Air China's wish, action and performance in creating comprehensive economic, social and environmental values, improve the Company's management and practice of social responsibility, we sincerely await your opinions and suggestions.

About you:

Name: _____ Organisation: _____ Position: _____

Telephone: _____ Fax: _____ Email: _____

Your Opinions:

1. Your overall assessment on Air China's undertaking of its social responsibility is:

Very good Good Average Bad

2. Your overall assessment on this report is:

Very good Good Average Bad

3. How do you rate Air China's social responsibility performance in terms of the creation of economic value?

Very good Good Average Bad

4. How do you rate Air China's social responsibility performance in terms of the creation of social value?

Very good Good Average Bad

5. How do you rate Air China's social responsibility performance in terms of the creation of environmental value?

Very good Good Average Bad

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

Very good Good Average Bad

7. Do you think the content arrangement and format design of this report is easy for reading?

Very good Good Average Bad

8. Your comments and suggestions for Air China's social responsibility work:

9. Your comments and suggestions for the Air China corporate social responsibility report:



A STAR ALLIANCE MEMBER 