



A STAR ALLIANCE MEMBER 



2016
Corporate Social Responsibility Report
Air China Limited

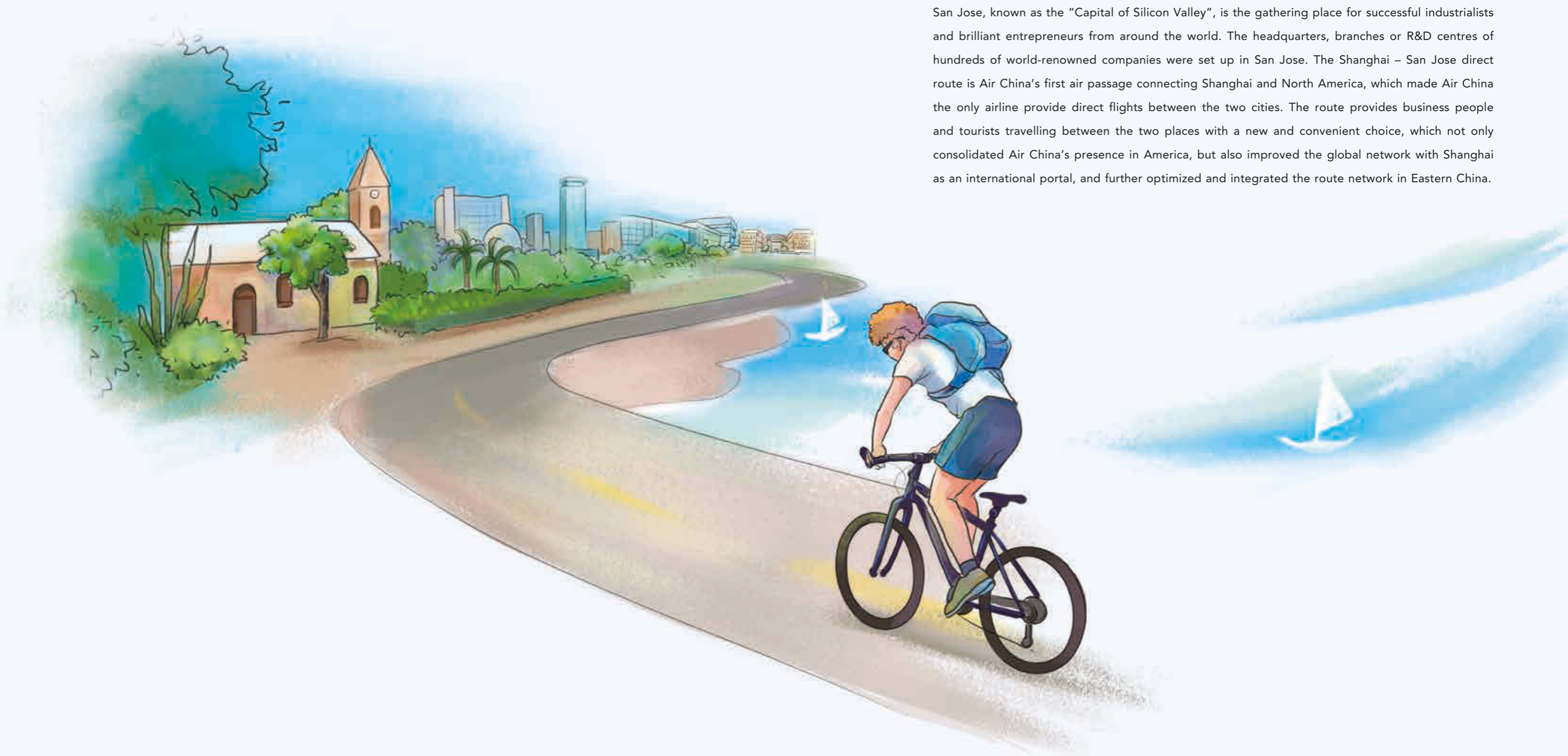


Beijing – Warsaw Route

In China's "the Belt and Road" strategy, Poland plays an important role as China's gateway to Europe due to its pivotal geographical significance. Sitting by the Vistula River, Warsaw is Poland's Capital and political, economic and cultural centre. The launch of the Beijing – Warsaw Route by Air China, the second air route from China to Central and Eastern Europe following the Beijing – Minsk – Budapest Route launched in 2015, not only extended Air China's global network with Beijing as the core hub, but also further enhanced the pattern of its route network connecting China and Central and Eastern Europe. This "Air Silk Road" not only promotes the social and economic development of the two countries, but also provides additional choices for passengers traveling between China and Europe.

Shanghai – San Jose Route

San Jose, known as the “Capital of Silicon Valley”, is the gathering place for successful industrialists and brilliant entrepreneurs from around the world. The headquarters, branches or R&D centres of hundreds of world-renowned companies were set up in San Jose. The Shanghai – San Jose direct route is Air China’s first air passage connecting Shanghai and North America, which made Air China the only airline provide direct flights between the two cities. The route provides business people and tourists travelling between the two places with a new and convenient choice, which not only consolidated Air China’s presence in America, but also improved the global network with Shanghai as an international portal, and further optimized and integrated the route network in Eastern China.



About this Report

Dear readers, this report reflects the efforts and accomplishments of Air China Limited in fulfilling its social responsibility in 2016. We hope you can feel our passion and commitment, and continue to support us in carrying on our reform and development.

Reporting Period

The report covers the period from January 1 to December 31, 2016, and some events might be traced back to the previous years.

Scope of the Report

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

Basis of Preparation

This report is prepared in accordance with the *Guidelines for National Enterprises on Fulfilling Corporate Social Responsibility* released by the State-owned Assets Supervision and Administration Commission of the State Council, the *Notice on Strengthening the Fulfilment of Corporate Social Responsibility by Listed Companies* by the Shanghai Stock Exchange, the *Guidelines of the Shanghai Stock Exchange on Disclosure of Environment Information for Listed Companies* released by the Shanghai Stock Exchange, and the *Environmental, Social and Governance Reporting Guide* of the Hong Kong Stock Exchange (HK-ESG), the *Sustainability Reporting Guidelines* (G4) of the Global Reporting Initiative (GRI), *GB/T 36001 Guidance on Social Responsibility Reporting* and additional guidelines for the aviation service industry.

Publishing of the Report

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

Sources of Data

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

Abbreviations

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

Accessibility of the Report

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

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

If you wish to acquire a printed version or raise 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.



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Chairman's Statement



China's economy has achieved moderate but stable and sound development in 2016 with the main objectives and missions for the year generally accomplished, making a good start with our "Thirteenth Five-Year Plan". Air China remained determined and committed to our mission, joined hands and made concerted efforts with stakeholders to grow the Company into a world-leading airline admired for its recognition, observation and undertaking of responsibility, with safety, development, efficiency, environment, employee and social responsibility as main pursuits.

We have always taken safety as our first concern and had a strong awareness and alert of the red lines and bottom lines while earnestly implementing our safety production responsibility system. We leveraged our safety management system to help improve identification, warning and prevention of safety risks, and rolled out special rectification and safety inspection procedures with a "Zero Tolerance" stance towards the potential safety risks. We have also optimized our emergency response mechanism to improve our emergency tackling capability. We continued to enhance our role in leading the economic growth while vigorously implementing the "the Belt and Road" and "Going Global" strategies, with which we have developed a balanced international and domestic route network pattern leveraging on our hub network advantages. We have been striving to promote the transformation of our business models with the focus on frequent flyers, ancillary products and e-commerce based on the three major leads, i.e. customers, products and channels. We focused on quality and efficiency improvement, made hard efforts to optimize production organization, improve operational efficiency, and promoted the collaborated development of our principal businesses. We adhered to our guiding principle of "4C-based service" while constantly increasing our efforts and dedication to the development of our service capacity, aiming to take good advantage of the Internet technologies to improve passenger satisfaction. We have been constantly innovating our talent management mechanism and caring about the growth and development of our staff, and willing to share the Company's accomplishments and profits with them. We upheld our operating philosophy of "Green Operation, Sustainable Development" while

thoroughly implementing the state policies on energy conservation and environmental protection, driving green development concept in every cell of our body. We carefully performed our social responsibilities as a state-owned enterprise under the central government and accomplished a series of important missions such as the earthquake rescue, emergency personnel evacuation and charter flights for important events and tasks.

With the joint efforts of all our staff and the strong support of our stakeholders, we achieved magnificent results in 2016: a brilliant record of safe flight of 2,028.7 thousand hours, carrying 96,605.9 thousand passengers; an annual operating income of RMB113.964 billion and a net profit attributable to the shareholders of the company of RMB6.814 billion; 45 new routes launched during the year, reaching 41 countries (regions) and 176 cities, adding to a total of 378 passenger routes; we ranked 295th on the list of the "World's Top 500 Brands" with a brand value of RMB115.689 billion, up by 5 places compared with 2015; fuel consumption per RFTK for passenger aircraft of 292 grams, and that for cargo aircraft of 129 grams; we accomplished a series of important tasks such as charter flights for G20 summit, Olympic and Paralympic delegation and appropriated a total of RMB6.05 million for targeted poverty alleviation efforts during the year.

2017 is an important year for achieving the "Thirteenth Five-Year Plan" of Air China. We are full of confidence about our future and will follow the development concepts of "innovation, coordination, green development, opening up, and sharing" and join hands with our stakeholders in fulfilling our social responsibilities, aiming to achieve greater success.

Cai Jianjiang

Chairman, Air China Limited

About Us

Stock Code

Shanghai Stock Exchange: 601111

Hong Kong Stock Exchange: 00753

London Stock Exchange: AIRC



Company Overview

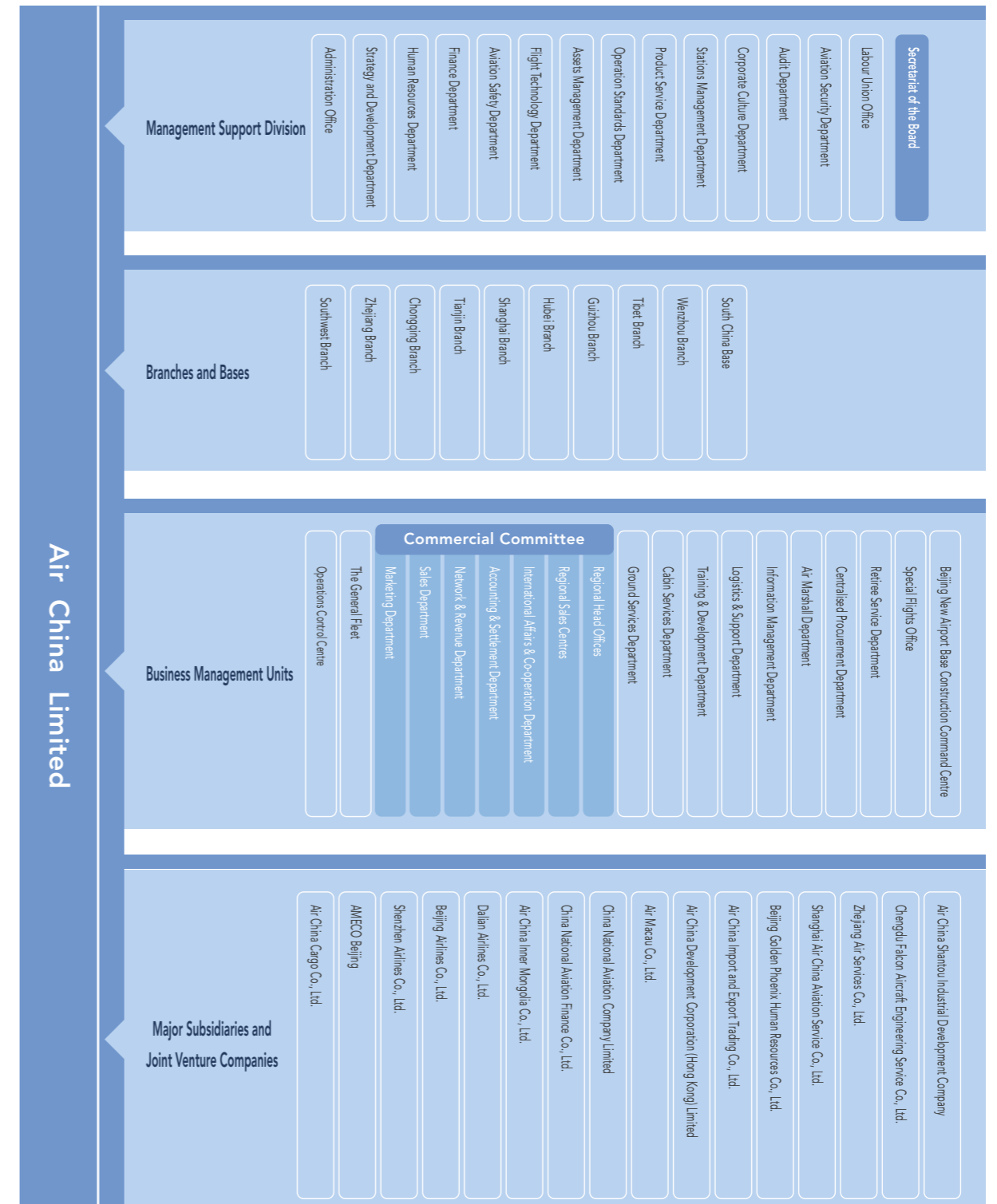
Air China Limited was founded in 1988, its predecessor being known as Air China International. In October 2002, Air China International integrated the air transportation resources of China National Aviation Company and China Southwest Airlines to form a new entity. On September 30, 2004, Air China Limited 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. The company is also China's only flag-carrier, providing exclusive flight services to the government, top-ranking foreign officials and visitors to China as well as emergency flight services.

In 2016, the Air China Group carried 96,605.9 thousand passengers and 1,769.1 thousand tons of cargo and mail, and its RTKs (revenue ton kilometres) reached 23,698 million. It recorded RMB113,964 million in business revenues, with a net profit of RMB6,814 million attributable to shareholders, ranking top among aviation companies in terms of business performance.

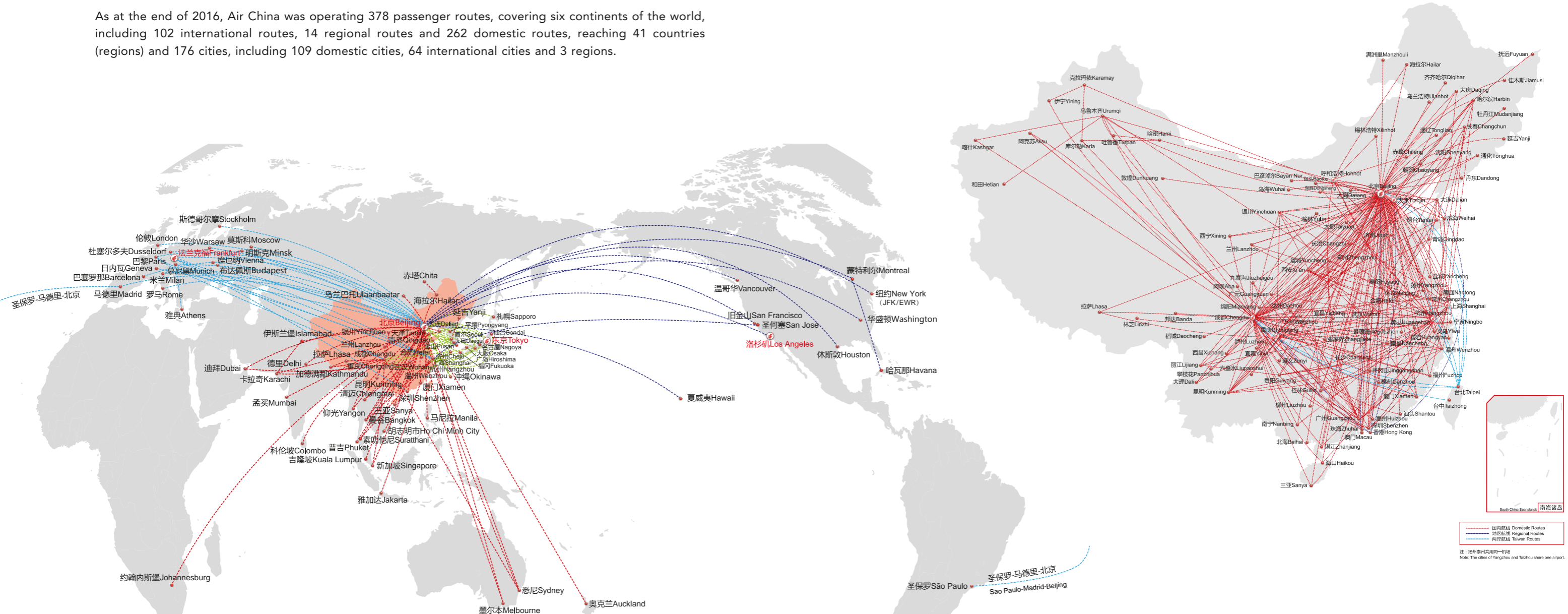


Organisational Structure



Routes and Fleet

As at the end of 2016, Air China was operating 378 passenger routes, covering six continents of the world, including 102 international routes, 14 regional routes and 262 domestic routes, reaching 41 countries (regions) and 176 cities, including 109 domestic cities, 64 international cities and 3 regions.



- 欧洲航线 Routes to Europe
- 亚洲、大洋洲、非洲地区航线 Routes to Asia, Oceania & Africa
- 北美航线 Routes to North America
- 日韩航线 Routes to Japan & South Korea

	Sub-total	Self-owned	Finance leases	Operating leases	Average age	Sub-total	Self-owned	Finance leases	Operating leases	Average age	
Passenger aircraft	601	247	167	187	6.31	Cargo aircraft	15	10	5	0	9.54
Airbus	290	114	91	85	6.20	B747F	3	3	0	0	14.53
A319	42	31	5	6	10.90	B757F	4	4	0	0	20.35
A320/A321	193	66	73	54	5.32	B777F	8	3	5	0	2.26
A330	55	17	13	25	5.67	Business jets	7	1	0	6	4.28
Boeing	311	133	76	102	6.41						
B737	263	107	61	95	6.44						
B747	11	9	2	0	8.96						
B777	30	11	13	6	6.60						
B787	7	6	0	1	0.42						
Total	623	258	172	193	6.36						

Details of Air China Group's fleet (including Air China, Air China Cargo, Shenzhen Airlines, Air Macau, Beijing Airlines, Dalian Airlines and Air China Inner Mongolia).

注：扬州泰州共用同一机场
Note: The cities of Yangzhou and Taizhou share one airport.

Corporate Culture

In 2016, Air China continued to improve its corporate culture while striving to be “a leading airline in the world”, focusing on steadily improving safety, operation, service and efficiency. We set up a systematic corporate culture promotion platform to spread our visions and values, so as to inspire the common values and pride in our staff and let the outside world feel the charm of the Chinese culture. We have been constantly promoting our corporate culture and emphasizing the importance of safety, and have rolled out a series of corporate culture promoting activities entitled “Life is Wonderful with You Around”, with the spotlight cast on our outstanding frontline employees represented by the Golden Phoenix Crew, also known as the “Role Models of the Times”, aiming to demonstrate the efforts of Air China and our employees in route development and market expansion with real touching stories. Such efforts have not only enhanced the internal cohesion and brand image of the Company, but also pictured the footprints of state-owned enterprises in their long and persistent march to the world and exhibited their self-confidence in their unique corporate culture.



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.

Mission | 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.

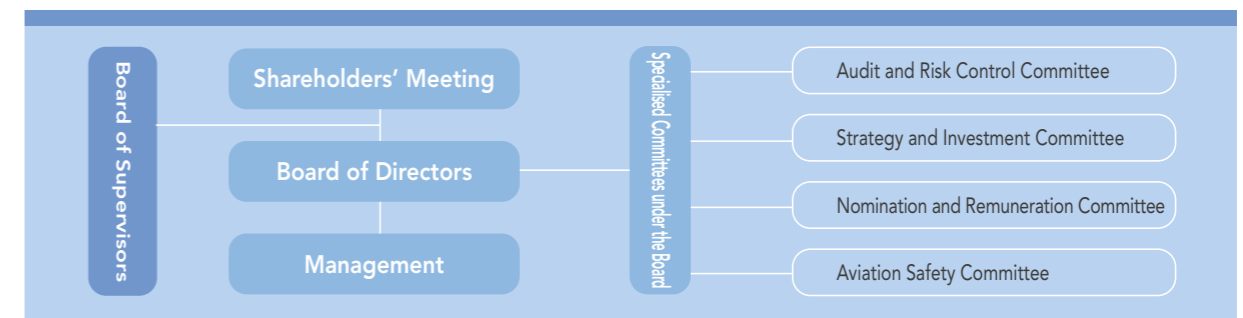
Brand Positioning | Professional and trusted: We want to be an outstanding expert in the field of air transport. We want to be a trusted leader in the industry.
 World-class standards: We want to be an outstanding expert in the field of air transport. We want to be a trusted leader in the industry.
 Chinese fair: We want to be an airline that is a showcase of Chinese culture and China's modern dynamism.

Corporate Governance and Risk Prevention

We are fully aware that the long-term success of a company can only be achieved with sound corporate governance, persistent risk prevention efforts and full respect of business ethics. Therefore, we have been constantly improving our corporate governance and working to establish a standardised internal control system and develop ourselves into a professional team driven by integrity and dedication.

Corporate Governance

Air China strictly complies with the listing rules and relevant laws and regulations in China and overseas markets to maintain and improve corporate governance while having the independent directors and board committees playing critical roles, as a result of which our corporate governance has been constantly improved.



Internal Control

Air China prioritized risk prevention and efficiency improvement while vigorously promoting the construction of the Company's internal control system with its branches, important business management units, management support units and invested enterprises included for appraisal. We implemented positive rectification measures for the problems spotted in accordance with the requirements of the internal control system and the relevant provisions, so as to maintain the effectiveness of our internal control. In 2016, there was no any significant or material deficiencies in our financial and non-financial report.

Business Ethics

We are committed to maintaining high-standard business ethics. While striving to maintain our respectable corporate image, we have been contributing to the development of a fair, orderly and harmonious social atmosphere. We have been persistently combating corruption, promoting integrity and strengthening accountability to form a stringent work style and integrity. We organized anti-corruption reporting sessions for the management and lectures on how to maintain integrity and honesty in career pursuit and ensured proper and efficient handling of letters and visits in relation to corruption reporting, and as a result, an effective risk-preventing network and risk control mechanism has been set up. In 2016, we continued to scrutinize corruption-reporting clues, filter corruption-related risks, urge rectification of defects and problems and ensure harsh disciplinary punishments were imposed on the offenders in strict accordance with the laws, regulations and relevant procedures.

CSR Management

Air China has always been adhering to the guidelines of combining social responsibilities with our strategic deployment so as to develop a comprehensive and sustainable development plan while actively performing its social responsibilities, aiming to promote the harmonious development of both the Company and community.

CSR Concepts



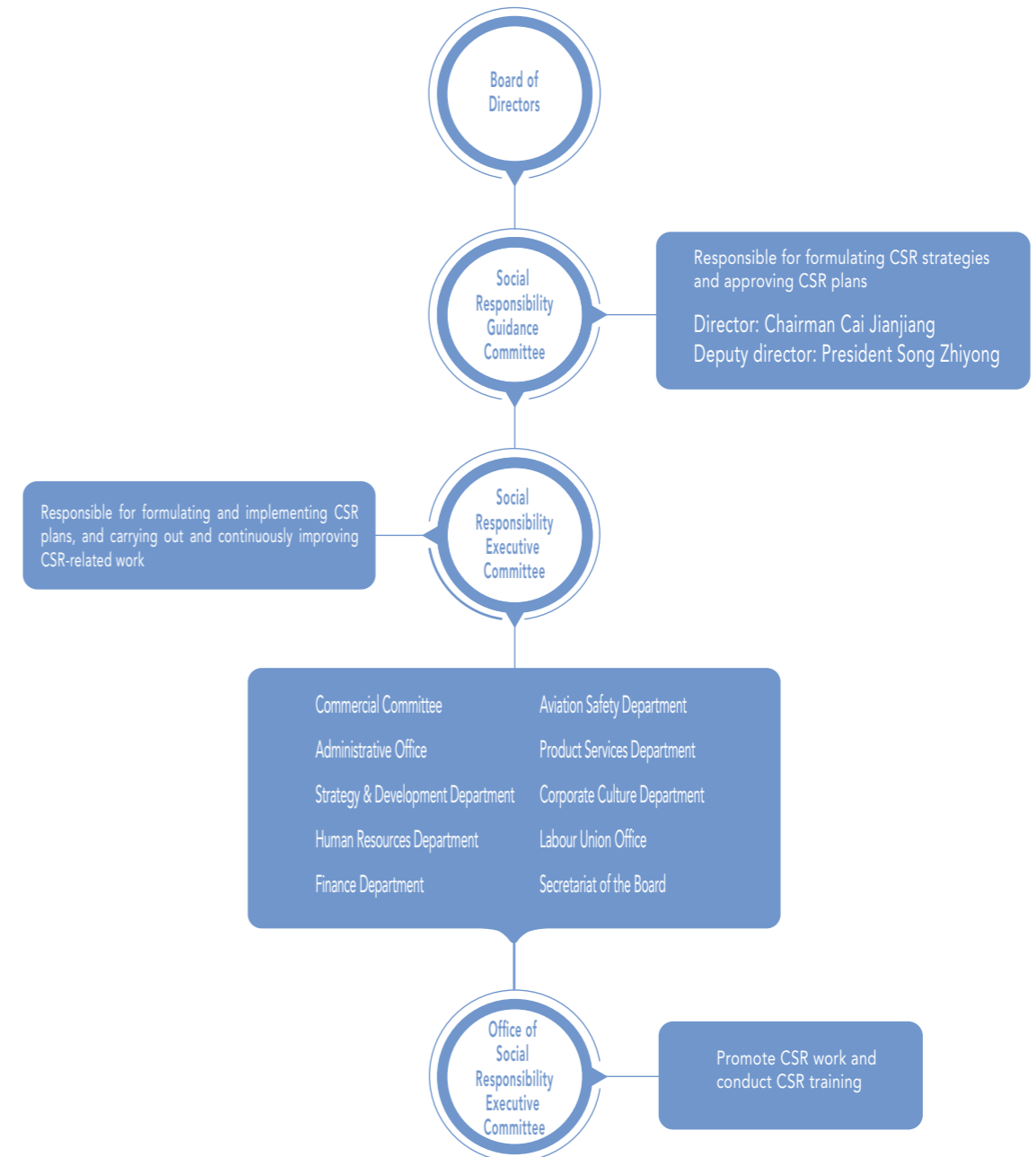
Sustainable Development Strategy

Management of corporate social responsibility will not only bring enormous benefits to the community, but also provide enterprises with valuable opportunities for development. Through performing its corporate social responsibilities, Air China has promoted exchanges with stakeholders, deepened the understanding of the potential markets and improved its service quality, laying a solid foundation for maximizing the economic, environmental and social values of the Company.



CSR Management Mechanism

A scientific social responsibility management framework is the guarantee of smooth operation of the social responsibility management mechanism, accordingly, Air China has been constantly improving the social responsibility management structure, and vertically implementing the guidelines and tasks of the social responsibility management system throughout the Company.



Materiality Analysis

We combined the expectations of our stakeholders with China's development conditions and policies, industrial characteristics and features of our businesses to identify, pick and rate substantive issues which are important to both the Company and our stakeholders so as to draw a matrix of materiality and help the Company perform its social responsibilities while promoting the businesses steady development.

1 Identification

We identified material issues that are important to both the Company's sustainable development and stakeholders through in-depth analysis of the state policies, domestic and international standards for social responsibilities and the requirements of industrial development based on their impact on our business operations.

Guidance of the national macro-economic policies

We painstakingly studied and analyzed China's macro-economic policies and regulations in relation to the aviation industry, with the aim of grasping the direction and trend of China's comprehensive policies on sustainable development

Study and analysis of the domestic and international standards for social responsibility

We analyzed the latest requirements on social responsibility and information disclosure prevailing in China and the world, and initiated a general benchmarking of the social responsibility strategies and practical issues and targets in the aviation industry, so as to identify the hot issues, with reference to the following:

- the Guidelines for National Enterprises on Fulfilling Corporate Social Responsibility released by the State-owned Assets Supervision and Administration Commission
- the Notice on Strengthening the Fulfillment of Corporate Social Responsibility by Listed Companies released by the Shanghai Stock Exchange
- the Guidelines of the Shanghai Stock Exchange on Disclosure of Environment Information for Listed Companies released by the Shanghai Stock Exchange
- the Environmental, Social and Governance Reporting Guide (ESG) of the Stock Exchange of Hong Kong
- Corporate Social Responsibility Reporting Guidelines (GB/T 36001)
- the Sustainability Reporting Guidelines (G4) released by the Global Reporting Initiative (GRI)
- ISO 26000 Social Responsibility Guidelines (2010) released by the International Standardization Organization

Corporate strategies and key aspects of operation

We identified the practical issues which are significant to Air China for accomplishing its strategic targets in combination with its strategic planning.

2 Rating of practical issues

We rated the practical issues by significance in accordance with two criteria, i.e. "importance for the sustainable development of the Company" and "importance for the stakeholders".



3 Approval of the issues

Compile the issues into a report and submit it to the relevant internal and external authorities for approval

Internal approval

Approval by the Board of Directors and Social Responsibility Guidance Committee
Approval by the Senior Management Meeting
Approval by relevant business units

External approval

Approval by third parties
Participation of the external parties

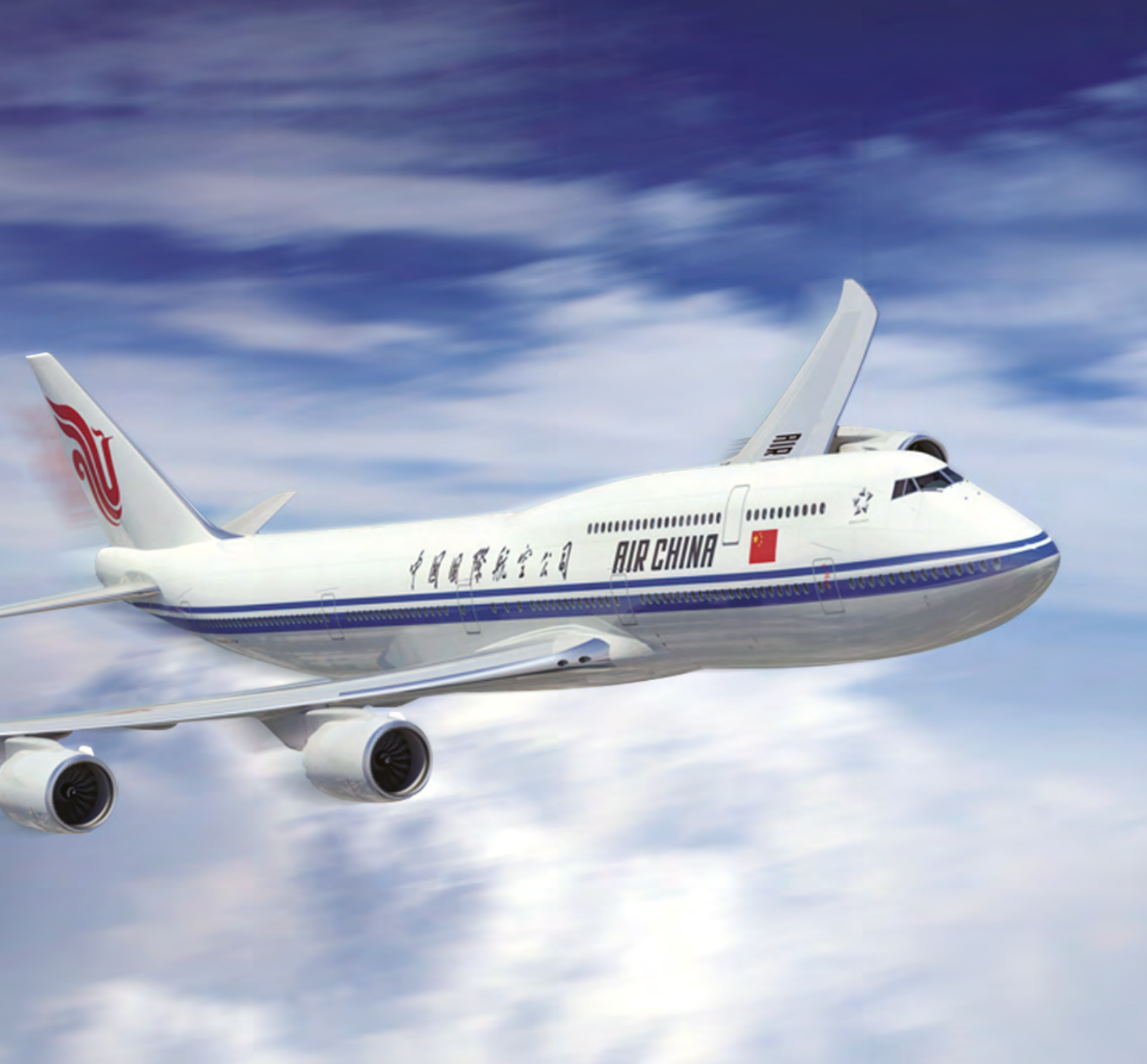
4 Review of the issues

Establishing new performance targets
Launching new projects or formulating new policy
Communicating with stakeholders

Stakeholder Engagement

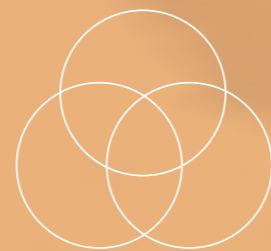
Stakeholder engagement is essential for Air China's sustainable development. Through various channels of dialog with stakeholders, we have tried to understand stakeholders' expectation of Air China, and communicated with all parties about Air China's development and operation to facilitate continuous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

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



An Economic Engine that Creates Value

Air transportation is an important means of connecting people between countries and regions as well as moving goods in between, which is important for promoting the integration of the world economy and international exchange. Air China has been innovating operation style and striving to protect the interests of the investors and join hands with its value-chain partners to drive the economic growth while maintaining its own sustainable development.



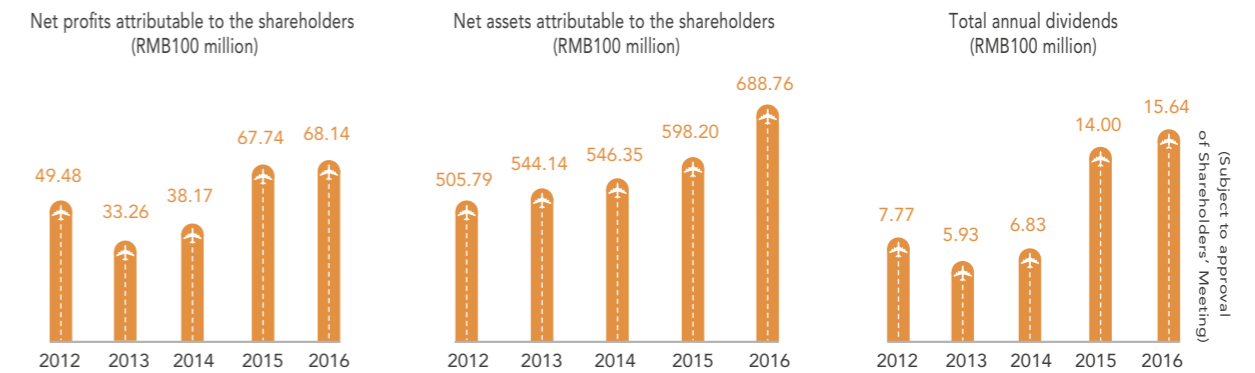
Our Strategies

Air China adhered to the pursuit of sustainable development while constantly improving service quality and operating efficiency, with core profitability further enhanced. Through strengthened marketing efforts, the Company managed to keep the cash flow stable. Through implementation of a series of cost control measures, Air China has been making great deal of contribution to the global exchange and communication as well as the economic and social development while creating common value for stakeholders.

Our Actions

Protecting Investors' Value

Air China strove to expand its production while vigorously implementing the state's development strategies of "the Belt and Road" and "Going Global", improving its route network coverage and market penetration. In 2016, the ASKs of Air China reached 233.218 billion, representing a year-on-year increase of 8.56%, and the RPKs reached 188.158 billion, representing a year-on-year increase of 9.58%. The net profits, net assets and total annual dividends of the Group from 2012 to 2016 are as follows:



Strengthening Advantage in Efficiency

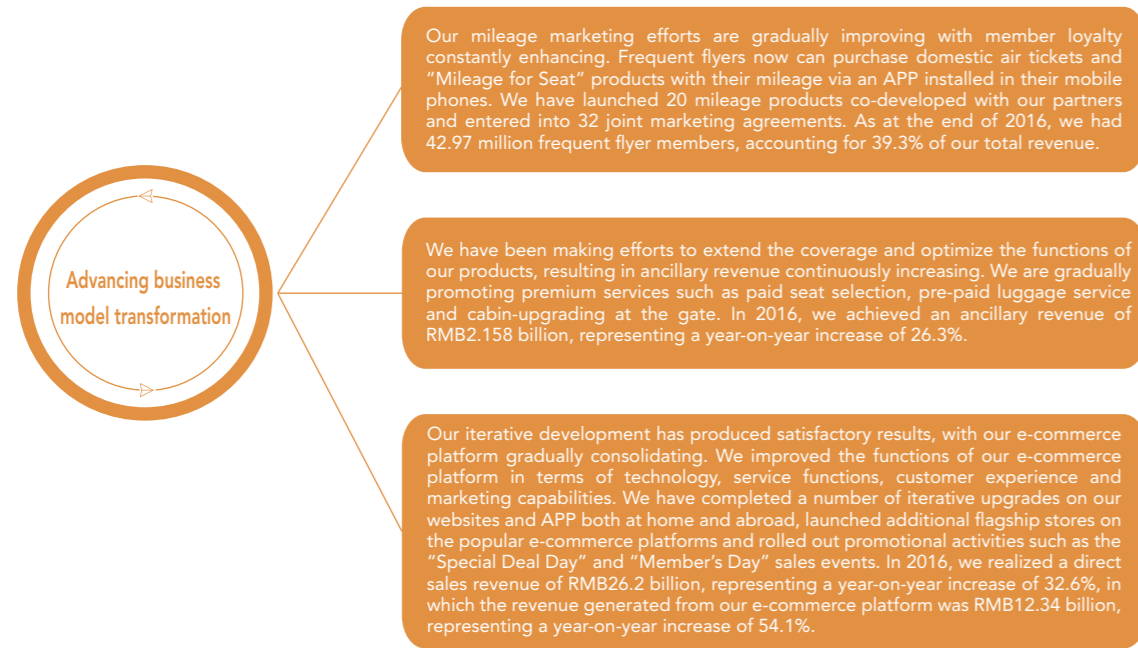
Air China constantly consolidated its foundation while strengthening organization of production and operation, improving efficiency in its capacity resources and enhancing its profit management expertise. It also strove to accelerate the transformation of its business models and enhance its innovation capability. At the same time, Air China revised and promulgated the "Management Methods for Intellectual Property Rights", aiming to further optimize the structure of its intellectual property rights. As at the end of 2016, Air China has registered 2,587 intellectual property rights (745 international and 1,842 domestic).

Consolidating advantage

Air China focused on market demands while constantly optimizing its services. While unwaveringly advancing its hub strategies, Air China launched and intensified a number of domestic and international routes, aiming to expand its route network coverage. It closely followed the market movements, optimized capacity configuration and flexibly adjusted the rhythm of production to improve its transportation efficiency. Air China prioritized introduction of competitive aircraft models and optimization of aircraft utilization. While adhering to its price stabilization strategy and striving to maintain its advantage in domestic revenue, Air China adjusted its marketing strategies, strengthened process monitoring and enhanced its premium cabins marketing efforts, and as a result, achieved a full coverage of the International Route Income Management System and enhanced income management capability.

Advancing business model transformation

In 2016, Air China continued its business model transformation pivoting on frequent flyers sales, ancillary products and e-commerce and based on the three major leads, i.e. customers, products and channels, aiming to evolve from a "Transportation Service Provider" into a "Comprehensive Service Provider".



Case study: Network technologies enhanced channel functions, the development of e-commerce drove marketing transformation

Air China advanced the progress of Big Data exploration and personalized services while innovating its marketing style from the perspective of users. It has been developing APP aiming to snatch a share of the mobile Internet business. Air China relied on its Customer Relationship Management (CRM) System to collect and manage customer information sorted in basic categories, aiming to exercise precise labelling management by analysing the customer behaviours and preferences and regulating message transmission between systems through online interaction and offline contacts with the customers, so that it can satisfy the customers' demands while improving profitability. In 2016, Air China's sales through APP went close to RMB4 billion, representing a year-on-year increase of 147%, with a total number of users of 4.6 million, of which the high-value frequent flyers accounted for 70%.

Driving Economic Growth

The extension of routes and consolidation of hubs will increase chances of flight connection, expand network coverage and enhance competitiveness; accordingly, Air China strives to consolidate its foundation for strategic development, continuously reinforce its strategic hubs, expand its route network and increase flight frequency. In 2016, Air China launched 45 new routes (35 international routes and 10 domestic routes), which brought the total of our passenger routes up to 378, including 102 international routes, 14 regional routes and 262 domestic routes, covering 41 countries (regions) and 176 cities (64 international cities, 3 regions and 109 domestic cities).

Advancing the passenger hub network strategy

Air China combined long-term development of its aviation hubs with route profitability while enhancing its efforts in hub construction, expanding network coverage and increasing chances of connection, resulting in expanded network coverage and enhanced competitiveness. In 2016, Air China's automatic all-through boarding service was provided in 151 terminals, serving 5.51 million passengers in connected transfer. It also increased the marketing efforts for its international connecting services, resulting in international connecting flight passenger flow surging by 49%.



Improving the global cargo network

As at the end of 2016, Air China Cargo owned 15 cargo aircraft and was operating 22 cargo routes (5 domestic routes, 16 international routes and 1 regional route), reaching 8 countries (regions) and 22 cities (11 international cities, 1 regional city and 10 domestic cities). Air China Cargo added Chengdu and Chongqing to its self-operated cargo stations, which strengthened its air logistics services and resulted in a better optimized network, product and service advantage and brand concentration effect, providing propelling power for the overall development.

Joining Hands with Value-chain Partners

Air China cares about sharing success with its value-chain partners, and has been constantly optimizing its resource configuration, enhancing multi-lateral cooperation and improving its supplier management expertise and enhancing its sustainable development capability, aiming to join hands with its value-chain partners to create greater value.

Enhancing value of the Air China group brands

Air China enforced safety management accountability among the Air China Group Members based on coordinated strategic resource sharing and strove to establish a "Broad Platform and Big Market" while constantly procuring coordination and cooperation among Air China Group Members in respect of sales & marketing, fleet development, consolidation of maintenance resources and joint procurement, aiming to optimize resource configuration, lower costs and cut expenditure, share values and develop combined competitiveness and achieve integrated development.

Co-operations with peer partners

Air China procured joint operation among the Star Alliance members in accordance with its own needs for development, such as strengthening joint operation and code-sharing cooperation with Lufthansa Airlines, Air New Zealand, United Airlines and Singapore Airlines and promoting the "Under One Roof" Project, laying a solid foundation for the enhancement of its international competitiveness. In 2016, Air China entered into a cooperative agreement on route joint venture with Lufthansa Group, aiming to provide its passengers with more flexible choices of flights, more favourably-priced tickets and seamless travel experience through expanding Sino-European route network, enhancing flight connection and optimizing flight schedule, so as to improve Air China's overall competitiveness in the European market. The cooperation between Air China and Cathay Pacific has lasted for ten years and will be constantly strengthened.



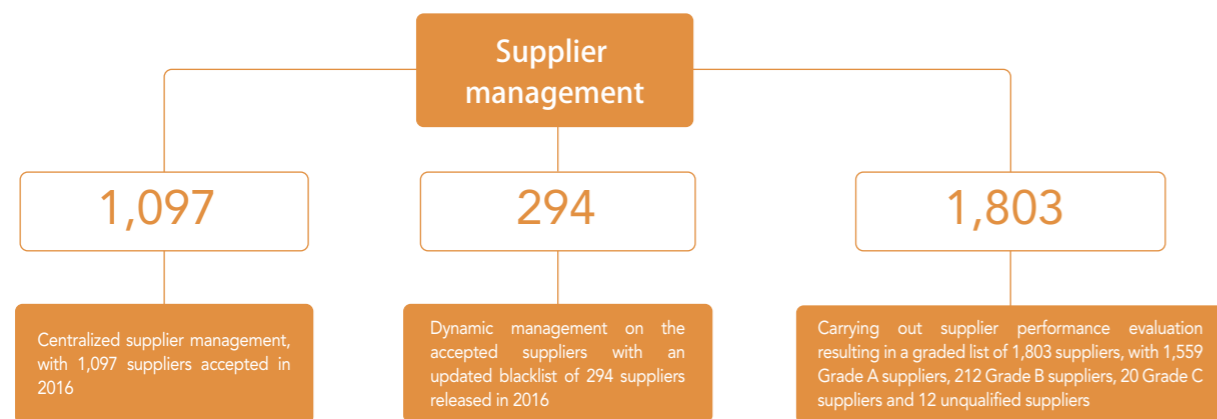
Air China-Lufthansa Group route joint venture signs ceremony & press conference

Link:

The "Under One Roof" Project aims to shorten the transfer time and ensure smooth connection between passengers and luggage through sharing of airports between Star Alliance members which results in reduced costs. With the accomplishment of "Under One Roof", the Star Alliance members will be able to co-develop new products and services, so as to provide passengers with seamless travel experience.

Strengthening supplier management

Air China instilled the concept of social responsibility in its supply chain management system, and maintained agreeable relationship with its suppliers, aiming to achieve sustainable development for both sides. In 2016, the Company clarified the requirements for supplier management in such aspects as supplier acceptance control, performance appraisal and evaluation, blacklist management and supplier database. Air China insisted on open procurement and "Sunshine Procurement", and casually invited potential suppliers to participate in competition for its procurement projects by publishing announcements on the "Procurement Platform" of the Company's official website and www.chinabidding.com.cn, and gradually raised the ratio of public procurement to enhance transparency.



Air China resorted to local procurement in certain key areas of operation to achieve effective coordination and interaction with the suppliers. As at the end of 2016, Air China had a total of 2,665 suppliers (2,575 domestic and 90 international), purchase from the five largest suppliers amounted to RMB37.547 billion, representing 45.08% of the total purchase of the Group.

Our Story



Air China deepening strategic cooperation with Lufthansa Group

On 20 September 2016, Air China entered into a formal cooperative agreement with Lufthansa Group on route joint venture in Beijing, pursuant to which the two parties will jointly operate the air routes between China and Europe, which means that the two parties will roll out cooperation as per the Memorandum of Understanding signed in the summer of 2014.

Under the joint operation, Air China and Lufthansa Group will optimize their flight schedules to provide passengers with more convenient and favourable options, so as to improve their travel experience; the two parties will also offer more choices of prices and jointly launch the major account scheme, so as to provide the corporate customers with more attractive products while continuing to optimize its incentive plan for frequent flyers to better reward them; meanwhile, through the expanded code-sharing flight connection, the passengers of Air China will be able to take the code-sharing flights from and to Austria, Belgium, Germany and Switzerland at Frankfurt, Munich, Zurich and Vienna aviation hub, and Lufthansa Group will be able to penetrate the Chinese market effectively, the world's second largest aviation market, with the help of Air China.

In the future, Air China will continue its negotiation with Lufthansa Group on joint venture, aiming to deepen the cooperation in boosting sales, revenue and network, provide passengers with more benefits, maintain and enhance competitiveness of Air China and Lufthansa Group in the Sino-European market, so as to achieve a "win-win-win" result for the customers, Air China and Lufthansa Group.

Voices of Stakeholders

The launch of the Beijing-Warsaw Route is a strategic move of Air China to ride on the trend and promote the "Air Silk Road" initiative. In China's "the Belt and Road" strategy, Poland plays an important role as China's gateway to Europe due to its pivotal geographical significance. We hope that this "Air Silk Road" will promote the economic development of the two countries and provide more choices to the passengers travelling between China and Europe.

Hou Xulun
Vice General Manager of Air China

As the only flag-carrying airline, Air China is an ideal business partner of Lufthansa Group in China. This ground-breaking joint venture will substantially improve our competitiveness in the operation of Sino-European routes, and will bring greater benefits to our passengers. China's aviation market is one of the most important growing markets in the world, and we wish to benefit from this tremendous growth with Air China, our Star Alliance partner.

Carsten Spohr
Chairman of the Executive Committee and CEO of Lufthansa Group



Ensuring Safety First with Full Commitment

Safety is one of the permanent subjects that the aviation industry relies on for survival and development. Air China is committed to safeguarding the safety of passengers and their properties in strict accordance with the civil aviation law and the relevant requirements of the civil aviation while constantly consolidating the foundation for safety management, enhancing its safety management expertise, actively promoting the development of its safety culture, so as to ensure the steady advancement of flying operation.



Our Strategies

Air China always takes safe operation as the top priority and adheres to the guidelines of "Safety First, Focus on Prevention, Integrated Management" while constantly strengthening aviation safety management, innovating technical application, optimizing resource allocation, organizing various kinds of training on safety skills to develop its safety culture and enhancing the safety awareness of passengers, so as to ensure safe operation from all aspects and ultimately establish a prestigious brand image.

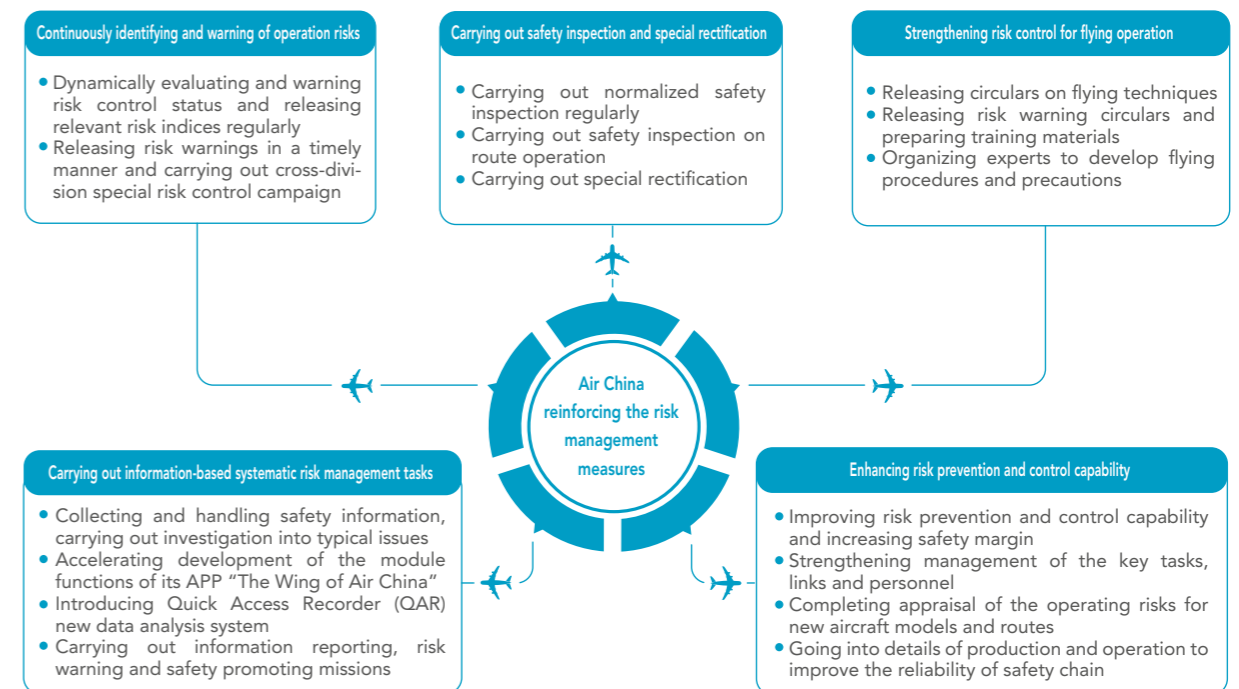
Our Actions

Strengthening Safety Control

Air China has been constantly strengthening risk management, enforcing accountability at all levels, innovating its working style to guarantee safety and continually advancing the development of emergency responding capability through optimizing the safety management system and centring on risk management, aiming to lay a solid foundation for the sustainable development of the Company.

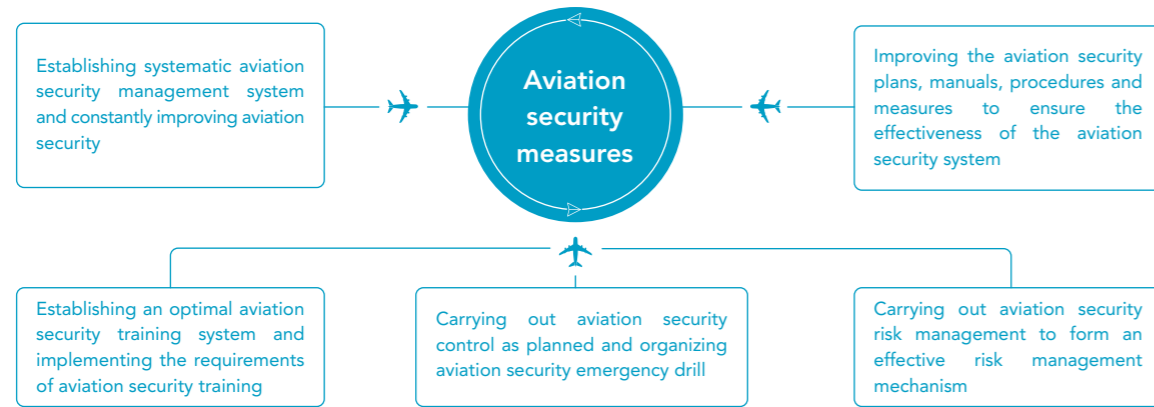
Strengthening risk management

Air China has been constantly developing the risk management and control capability while vigorously rolling out targeted inspection and rectification movements to identify the sources of danger at the organizational and managerial level, establishing a dynamic evaluation system for the operating risks throughout the workflow based on the Big Data, so as to achieve a quantitative evaluation on the operative risks and ensure the safety and reliability of air transportation.



Ensuring aviation security

Air China has established the Aviation Security Committee and signed the "Letter of Aviation Security Accountability" with every fleet and relevant departments while releasing safety prewarning and strengthening implementation of safety measures, optimizing emergency handling plan, emphasizing duty backup and information reporting, and carrying out concerted aviation security inspection. We have revised the personnel working abroad management regulations and implemented the security checklist system for personnel working abroad, which clarified the security management and administrative responsibilities of the captain during the working abroad period, aiming to further strengthen the efforts of anti-terrorism and stability maintenance and ensure the security and internal stability of personnel working abroad.

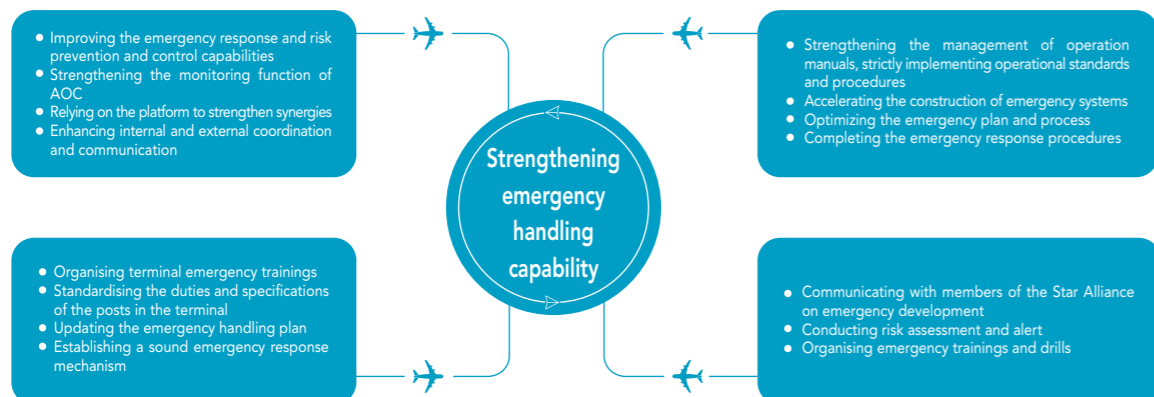


Case study: Air China strictly followed rules to ensure flight security

In order to prevent risks and ensure the safety of our aircraft and passengers and their properties, on 19 September 2016, Air China and the Air China Group Members began to impose a ban on mobile phones with hidden dangers in accordance with the latest alerts of Civil Aviation Administration of China and the requirements of the *Regulations on the Administration of the Transport of Dangerous Goods for Civil Aviation* and the *Technical Regulations for the Safe Air Transport of Dangerous Goods* released by ICAO, which prohibited the transport of lithium batteries with security defects identified by the manufacturer, strengthening risk warning and enforcing standard procedures, so as to ensure the safety of flying operations.

Improving emergency responding capability

Air China complies with the laws and regulations in relation to emergency responding mechanism while continuously optimizing emergency management workflow, improving emergency handling procedures and organizing various emergency drills, aiming to improve the joint operation and coordination efficiency and steadily improve our emergency management expertise.



Ensuring Operation Safety

Air China makes sure the "Safety First" concept instilled into every aspect of its operation, identifies and makes early warning of operational risks while dynamically monitoring the changes in the sources of danger, accelerating the upgrading of aircraft models and equipment maintenance and constantly improving the safety margin with reliable facilities and equipment and high-tech applications, so as to ensure sustainable safe operation.

Accelerating aircraft replacement

Air China replaces the old aircraft models in a timely manner while actively introducing new aircraft models and equipment, so as to ensure safe operation. In 2016, Air China launched the research project on aircraft's life cycle value to sort out the critical control points and indicators in an aircraft's life cycle, with which the Company has optimised aircraft introduction procedures and prepared a template of Wide-body Aircraft Introduction Request For Proposal (RFP) and a unified view system for our fleets. During the year, Air China introduced 54 new aircraft, retired 21 old aircraft, resulting in an average age of 6.36 years for the whole fleet.



China's first Boeing 787-9 passenger aircraft joins the fleet of Air China

Innovating technology development

Air China adheres to technological innovation as the development orientation while increasing technological innovation efforts and support for research and development, finalizing the renovation of the Wireless Quick Access Recorders (WQAR) for the whole fleet, accelerating the pace of the e-operation project and application of the electronic flight package in all fleets and optimizing the Digitized Risk Evaluation System, so as to reduce the fleet operation risk.

Case study: Digitized Risk Evaluation System ensured the flight safety

As the expansion of aircraft fleets and the coverage of flying routes continuously develops, large-scale network operation has raised the requirements on our capability of flight control and risk prevention and control. Air China's Digitized Risk Evaluation System covers all the key positions of fleet operation, with the experience of the flight, maintenance and operation experts, the Company has achieved visualized and quantified processing of operational risks by using mathematical models through value assignment and parameter setting on the three risk factors of crew, aircraft and environment to conduct comprehensive assessment on the quantified risks, which can provide supplementary analysis and decision support for the flight operators and accomplish the change from identifying the quality to determining the quantity of the operational risks, so as to achieve risk control throughout the entire process of flight operation and ensure flight safety in all aspects.

Improving maintenance service

Air China has been actively promoting innovation in the maintenance technologies, and conducting independent research and development of the Airplane Prognostic and Condition Based Maintenance (APCM), which enables the Company to carry out active maintenance based on malfunction prediction and eliminate the aircraft malfunction in the budding stage. At the same time, the APCM platform also provides a mobile internet maintenance management solution, which has effectively improved the accuracy of information transmission and reduced safety risks. In 2016, the technical risk index for Air China's aircraft fell by 14% as compared with the previous year, and the rate of abnormality per thousand services fell by 9.5%.



A check on the engine



Maintenance in the rain at night

Nurturing Safety Culture

Air China maintains strict safety control and continues to strengthen accountability while rolling out systematic and targets safety education and training programs centring on "Strengthening Workstyle, Preventing Incompliance, Controlling Risk and Reinforcing Implementation". The Company has organized a number of activities to educate passengers about aviation safety and enhance their safety awareness, aiming to build a safe environment with joint efforts.

Carrying out safety training

Air China has been actively carrying out various forms of safety training and education and organizing the safety management personnel of the production units, functional departments and invested enterprises to attend the training session and seminars on key safety work promotion, organizational risk control, safety performance management, safety supervision on invested enterprise and so on, aiming to further enhance the comprehension and administration of safety management methods to the safety management staff.

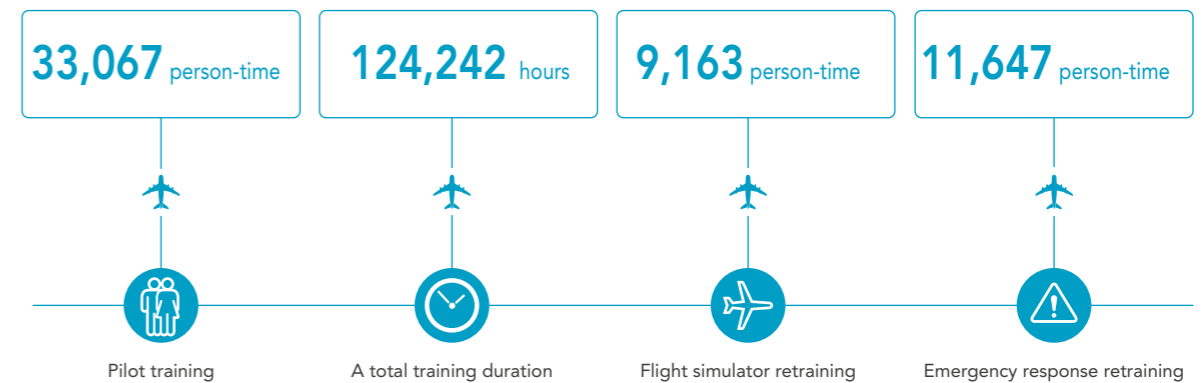


In June, Air China began the first class on safety culture, taught by the executives of the Company personally, aiming to help the employees deepen their understanding of safety culture from three perspectives, i.e. concept, function and evaluation, and inject the safety culture into their mind and thoughts as well as their actions



In October, Air China's 5th Cabin Safety Forum was held in Beijing with the theme of "Refined Management of Safe Cabin Operation", which vigorously promoted the process of specialization, standardisation and refinement of safe production

In 2016, Air China accomplished pilot training for 33,067 person-time with a total of 124,242 hours (including simulator training and theoretical study); completed flight simulator retraining for 9,163 person-time, carried out emergency respond retraining for 11,647 person-time; organized more than 600 safety management personnel to attend the training and discussion on application of the Aviation Safety System and the aviation safety APP; and organized 12 targeted trainings to ensure the steady improvement of flight quality.



Case study: Air China rolled out online study programs for pilots and dispatchers

In 2016, Air China organized pilots and dispatchers to attend two online courses of "High Altitude Operations" and "Class-I Electronic Flight Bag-EFB". The Training Department of the Company, together with the Flight Technology Management Department, Operations Control Centre and Southwest Branch, prepared the training programs, dispatched weekly statistical report to the training administrator of the respective departments, which provided them with information on the performance of the trainees in a timely manner to help them urge their trainees to study persistently, ensuring the smooth progress of the two online courses from beginning to end.

Case study: Forging the safety chain with the efforts from everyone of the Company

On 29 July 2016, 27 pilots from the General Fleet and the fleets of various branches of the Company were assembled to visit the various ground service posts such as the maintenance, operations control, ground service and telephone sales service, and communicate with their "brothers and sisters" at the front-line divisions on the ground on every aspect of safety assurance, explore together for the ways to ensure safety of passengers throughout the safety chain.



A united family filled with love

This activity enhanced the development of ideology and culture as well as professional ethics of the flight team and passed on the family responsibility, mission and undertaking, through which the participants had an opportunity to understand and experience the valuable efforts of various positions in ensuring the safe operation of each flight, so that their collaboration and safety awareness throughout the whole process has been strengthened, and the safety culture of the Company has been promoted and implemented.

Advancing safety promotion

Air China attaches great importance to safety promotion, taking into account both inheritance and innovation, the Company carries out safety-themed promotional activities to help employees and passengers build up their knowledge and awareness of safety, and work together to maintain aviation safety.

In 2016, Air China released a compilation of typical unsafety cases, set up safety promotion billboards and organized activities such as safety production knowledge quiz, the Ankang Cup skill competition, safety forum, safety comic competition and public open day, aiming to help employees and passengers form a proper viewpoint of safety, develop a proactive safety culture and ensure everyone's awareness of the importance of safety.

Case study: Moving safety barrier forward and beginning the First Class of Sky

The "First Class of Sky" is a corporate cultural promotional activity with the Company safety barrier moving forward, which is carried out since the student stage and aims to strengthen the "Safety First" mission awareness and professionalism. On 30 July 2016, Air China's students took part in their "First Class of Sky" of their pilot career. Through learning and communication, they had bred a better understanding of their future path and became more attached to the Company, laying a solid foundation for their future career as a qualified pilot of Air China with a strong sense of responsibility and mission four years later.



First Class of Sky

Our Story



Putting safety above everything else and maintaining strict control over low visibility conditions

Weather is one of the most important factors affecting aviation safety. Therefore, Air China strictly follows the *Guidelines on Development and Implementation of Minimum Standards for the Operation of Civil Aviation Airports* and puts safety above everything else while carefully performing inspection on the maintenance of machinery and equipment and storage of jet fuel, constantly improving the cooperation between the crew and the airport, ensuring real-time feedback of weather conditions along the routes, wholeheartedly protecting the safety of passengers and their properties.

Winter in the northwest China is known for a changeable snowy weather. On 12 December 2016, the CA1477 Crew was about to carry out the Kashi – Urumqi flight mission. In response to the extraordinary weather conditions and to ensure reliable and safe operation of the aircraft, the crew carried out meticulous pre-flight preparation. During the voyage, as the weather conditions in Urumqi deteriorated, the crew, taking into account of the risk factors, decided to implement the plan of alternate landing at the Karamay airport, and strictly followed the rules of instrument landing system (ILS) approach in accordance with the weather conditions at the airport, finally achieved a smooth landing. After the completion of the subsequent arrangements at the alternate airport, the plane took off again and landed safely at the Urumqi airport. The crew successfully accomplished the flight mission. Air China realized the commitment of ensuring the safety of the passengers.

Voices of Stakeholders

I used to think that an airline only consists the ground service, flight attendants and pilots, and felt the safety warning and safety demonstration are quite "hypocritical". However, by participating the media and public open day activities, I finally realized how huge and complex an airline's operating system should be, and how much hard work involved in protecting the safety of a single flight, I have been so impressed by Air China's efforts to ensure the safety of the passengers.

A Passenger Representative at the Public Open Day

As a pilot, professional skill is the source of trust of passengers, therefore we must build a solid theoretical foundation, develop excellent skills, establish a rigorous work style and continuously expand our professional knowledge while carefully accomplishing each emergency evacuation training, sincerely participating every simulator training, completing training on each subject with high standards and strict requirements and constantly accumulating flight experience, so as to ensure the happiness of our passengers, crew members, and their families.

Wang Yang
A Pilot of Air China



Enjoyable Experience of Our 4C-based Service

Passenger's satisfaction is the tireless pursuit of quality service in aviation industry. Guided by the spirit of "Perseverance and Pragmatic Innovation", Air China continuously intensifies the investment in service improvement while actively widening the range of training and external exchange, fully exploiting and utilizing Internet technologies and innovating the methods to ensure the improvement of service quality in all aspects.



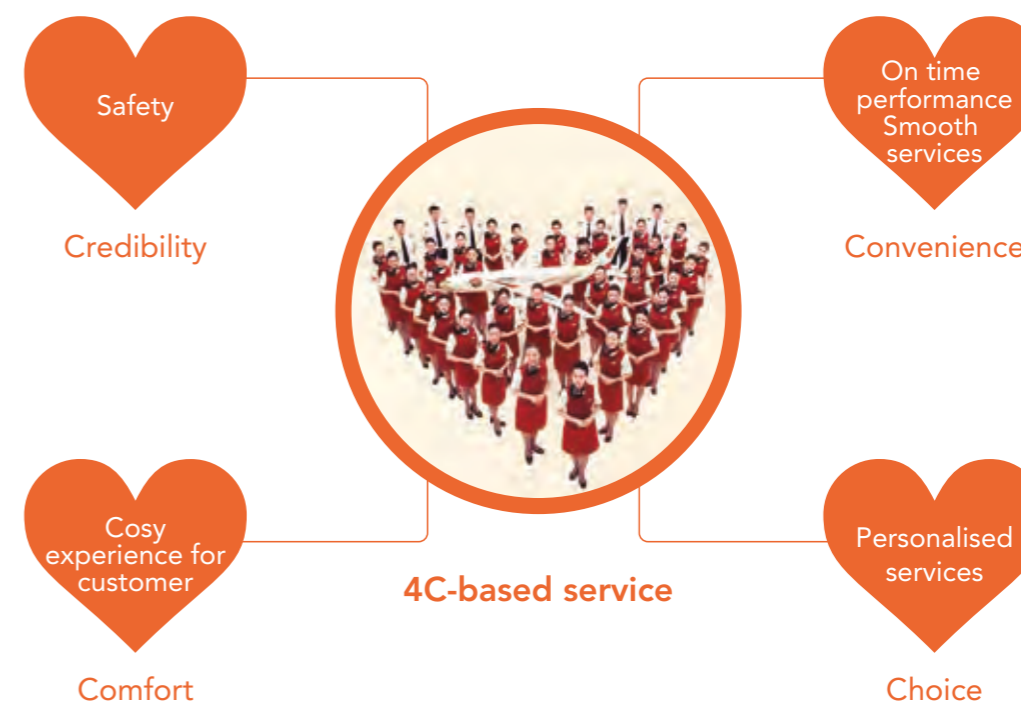
Our Strategies

Air China adheres to the concept of "4C-based Service", sincerely identifies the needs of passengers and continuously improves the passenger service management system while constantly optimizing the service mechanism at different dimensions, actively streamlining the service work flow, strengthening the service quality control, enhancing the function of the facilities and equipment, strengthening service risk control, giving full play to the role of service operation monitors and developing a comprehensive emergency service system to meet the diverse needs of our passengers.

Our Actions

Improving the Service System

Air China continues to optimize the service management system, strengthen service quality monitoring, smooth passenger feedback channel and ensure authenticity of service quality information while striving to build up a long-term response mechanism, integrate quality control records for the whole process, enhance the analysis and integration capabilities, explore for the establishment of a feedback-oriented performance evaluation mechanism, actively promote reconstruction of the service management system, systematically improve the service management expertise and effectively carry out service management system operation and maintenance.



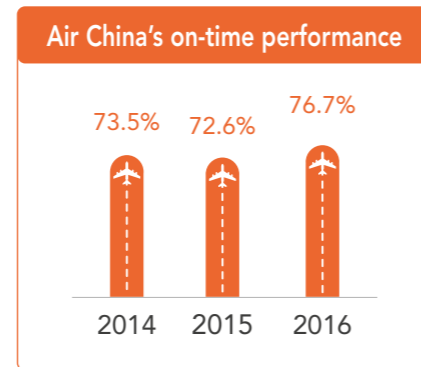
In 2016, Air China strengthened the inspection and support for the Common Use Self Service (CUSS) System and established a long-term mechanism for daily inspection and maintenance of facilities and equipment; under the guidance of the "Maintenance Requirements for Facilities and Equipment in the Self-operated Lounge" and the "Design Specifications for Passenger Service Nameplates of Air China Fleets", Air China organized special inspection and rectification for the lounge facilities and equipment, and spotted and solved 44 problems; while continuously improving the cleanliness and tidiness of the cabin, we sorted out 23 problems in seven categories, revised the cockpit and cabin cleaning specifications with clearly defined responsibilities for specific units and established the cleaner's service card management system, and by doing all above we dedicated to meet the diverse needs of passengers.

Providing Quality Services

Air China manages to have both ends of the service chain connected, strengthens the passenger-oriented and competition awareness of whole staff, integrates the Company's internal and external expert resources, enhances the professional ability and exerts the leading influence in innovation while constantly optimizing the service process, improving infrastructure and promoting service upgrade, aiming to provide comfortable experience for passengers in every aspect, from the ground to the air.

Enjoyable air journey

Air China cares about the experience of passengers and relies on innovation to improve its services as the Company has formulated and made improvements on 14 business specifications for the use of new kitchen plug-ins, lighting operation and use of on-board equipment, released 8 issues of "I Service Videos"; Air China also pays great attention to the food served on board, and makes special efforts in improving food quality as the Company has optimized the catering services at 62 international and 57 domestic airports and completed the food & drinks upgrade for 13 international and 14 domestic routes.



Source: China Civil Aviation Administration

Case study: Diversified mood-sensitive cabin lighting design

In order to further improve the comfort of passengers in the cabin, especially to reduce the impact of time difference, Air China joined hands with Boeing and a famous British design company to redesign the cabin lighting of the latest B787-9 aircraft delivered after May 2016 to provide customized settings for 13 scenes and 26 scenarios, aiming to create a pleasant and comfortable environment for passengers.



Boarding/exiting lighting

Case study: New "Cabin Name Card" to introduce our new service model

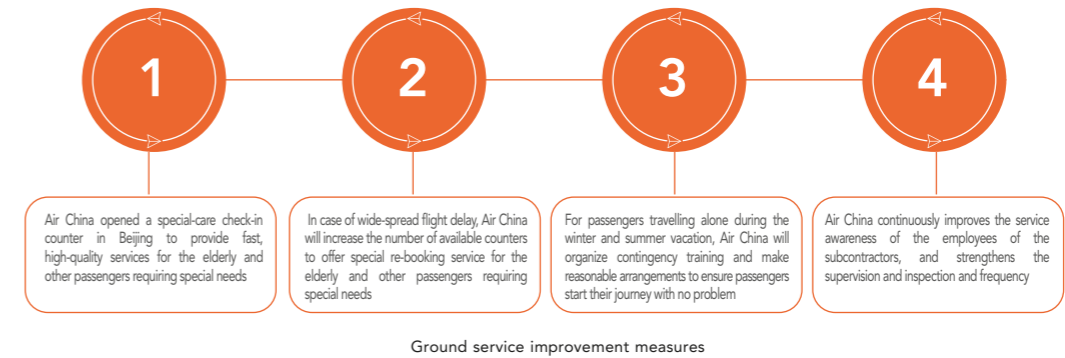
As an effort to bridge the gap and enhance interaction between Air China and passengers, so that every passenger can feel our meticulous care, Air China, through cooperation with China Post, launched a new upgraded version of the "Cabin Name Card" with conscientious efforts. The new communication card introduces the function of information transmission, with which passengers can write down their thoughts and emotions of love and missing for their loved ones, friends and families, and then Air China will take care of this heavy affection by mailing it out for the passenger to make the journey filled with love and care.



"Cabin Name Card" communication card

Improving ground services

Air China stresses on inter-departmental collaboration, encourages each segment to exert their own advantages, improves the capability of guidance for passenger flow, and make full use of the radio and media to ensure aircraft take off on time. The Company also continues to build and renovate its branded lounges, so as to ensure passengers having an agreeable experience.



Optimizing Intelligent Services

Air China actively innovates service models, gives full play to the multi-party management synergy, promotes the iterative update of the software platform, and strengthens the on-board network construction while introducing new technology and new equipment, building high quality operation system, supporting service quality upgrade and promoting the tourism business, aiming to ensure passengers have an enjoyable and convenient travel experience.

Construction of convenient travel service

Air China is committed to "Facilitating the Journey of Passengers and Practicing Heart-felt Service", and has been vigorously carrying out the construction of convenient travel service and improving the service channels via APP, official website and official Wechat account. We have launched the optimized family self-service check-in function, and constantly expanded the coverage of CUSS devices and self-service check-in service, and achieved co-ordination between Air China's website and APP, completed the testing of "One-stop" self-service check-in + self-service luggage check-in and verification, which greatly promoted the intelligent passenger service. In 2016, the CUSS check-in service covered 84 airports worldwide, and remote self-service check in service (with computer and mobile phone) covered 143 airports worldwide.



Instructing passengers to use CUSS device

Case study: Shenzhen Airlines introduced robots for passenger services

On 5 December 2016, Shenzhen Airlines recruited 16 robots to replace humans in some of the lounges to serve passengers, and became the first domestic airline to introduce robot applications. These robots can play music, dance, tell stories, entertain passengers and answer various questions about the journey, providing advices, guidance, entertainment and other interactive services, giving passengers much more new experience.



Interaction between passenger and robot

In-flight broadband connection

Air China continued making efforts to optimize the in-flight Internet connection, improve the in-flight network platform & ecosystem, enhance the functions and page display of network platform by enriching the contents and launching six new channels, so as to cater for the diversified needs of passengers. In 2016, Air China continued to improve the in-flight WiFi connectivity, with three of its aircraft capable of ground-to-air interconnection, providing in-flight WiFi service to passengers on nearly 80 flights each day.

Case study: Watching CCTV New Year's Gala in the air

On the New Year's Eve of 2016, Air China made it real for the first time for passengers to watch CCTV New Year's Gala on three "CCTV New Year's Gala" flights 10,000 meters above ground, allowing a total of 462 passengers to synchronically watch the CCTV New Year's Gala on the TVs in cabin or passengers' own mobile devices. Among them, the CA9696 flight also streamed a live in-flight webcast, as well as air-to-ground interactions such as grabbing red envelopes, sending greetings and cross-ocean video conference, embracing passengers with caring services and interactions and giving them a strong feeling of happiness on the New Year's eve.



New Year greetings on board

Caring for Passengers' Needs

Air China offers a variety of channels for passengers to provide feedback, listens carefully to their opinions so as to understand their needs, and actively responds to their requests, winning their understanding with cordial communication and rewarding their trust with sincere services.

Improving passengers' satisfaction

In order to improve passenger experience, Air China consistently enhances flight on-time operation by forming a special luggage complaint handling team, which has significantly improved the efficiency of luggage handling, providing the passengers with convenient and reliable travel options and giving them a pleasant flight experience.



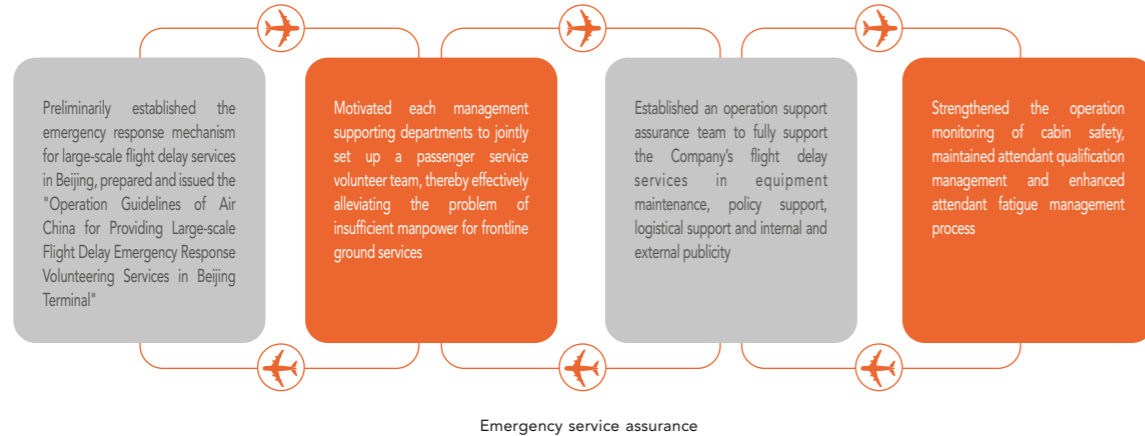
Case study: Air China took measures to manage the mess of fare and firstly printed boarding check bearing ticket price for trial

On January 15, North China Marketing Centre of Air China issued a notice to the ticket agents requiring them to sell air tickets in strict accordance with the relevant provisions. When passengers get any questions about the fare shown on their boarding passes, they can call Air China's Service Hotline 95583 or directly inquire the ticket offices (including those in the airports) of Air China for specific fares. It is the first measure taken by an airline following the disclosure of selling "fake tickets" by the ticket agents on their platform and the confession of regulatory loopholes in the supplier side, which can help regulate the air ticket agent market and ultimately benefit passengers.

Air China respects privacy, strives to safeguard the security of personal information of passengers and maintains a strict control of the use of personal information. The company has published the detailed "Privacy Policy" on the official website and APP and applied the encryption technology in personal information transmission to prevent personal information from leaking.

Emergency service assurance measures

Air China proceeds with the in-depth coordination of services and operation, enhances the process monitoring by the service seat of Airplanes Operations Centre (AOC), timely handles service emergency events, improves the information release mechanism on irregular flights, optimises the flight delay emergency assurance plans and service standards, actively organises and carries out special trainings and practices, makes the emergency service capability and overall emergency service quality a much better level, so as to ensure that passengers can enjoy a comfortable travel experience.



Case study: Air China made efforts to deal with the thunderstorm problem to make passengers feel better

On July 20, sustaining rainfalls led to a substantial decrease of over 50% in the operation capability of the Capital Airport, resulting in a large-scale flight delay. Air China was forced to cancel 180 flights. In accordance with the standard requirements of the "Large-scale Flight Delay Contingency Response Plans for Beijing Terminal", Air China provided passengers with considerate service on a timely basis, aiming to "make passengers feel a little better". The Company distinguished passengers with different needs through staff guide, tips board and other means to provide targeted passenger services. At the same time, the service management team of Air China arrived at the terminal within 30 minutes, and they promptly started to work in different frontline posts according to their own expertise, so as to better meet passengers' needs and maintain flight operation in a stable state.

Caring for special passengers

Air China endeavours to fully meet the needs of special passengers, continuously improve service standards, optimise service experience, enhance the handling capability of special passengers, and provide passengers with enthusiastic and considerate work attitude, so as to ensure the travel safety and pleasure of special passengers.

Case study: A speedy "living lung" delivery in 5.5 hours

On May 9, two medical staff carrying a living lung took the CA4501 flight from Chengdu to Hongqiao, Shanghai, who would then take a train to Wuxi City to conduct living organ transplant surgery for a patient with acute illness. Through close coordination among various departments of Air China, the "living lung" was smoothly delivered from Chengdu City to the operating room in Wuxi City on time within five and a half hours, and the living organ transplant surgery was successful. Liu Dong, a doctor responsible for the organ transshipment task, said: "Thank Air China for their efforts in this human organ transshipment mission! We felt the enthusiasm and determination of Air China to serve people. Air China is a reliable airline".

Our Story



The service hotline 95583 - a transformative and gained decade

Service not only lives in Air China's mission and guidelines, but also in commitment to and care for passengers. Air China officially launched the service hotline 4008-100-999 in 2006, over the past decade, the hotline number has been changed to 95583, and the service team has grown into an integrated service platform, with the number of staff increasing from 100 plus to 1,577 with an average age of 29. The service hotline has undergone a remarkable development from only one service centre into a comprehensive service platform comprising two self-operated centres, two domestic outsourced centres and five international centres, which enables us to serve our passengers with multilingual service in Chinese, English, Japanese, Korean, German, French, Italian, Russian, Spanish, etc. In 2016, the call centre answered a total of 14,624,527 incoming calls.

The past decade is fruitful to Air China hot line. Along the road of growth and development, Air China's customer service harvested a number of honours and awards, demonstrating its glorious achievements along the journey. The 95583 service hotline has won the "Outstanding Service Star Unit" Award from SASAC, the "Workers' Vanguard" title from Beijing Federation of Trade Unions and many other honours. Looking ahead to the future, Air China's service team will try to integrate the service resources, optimise service channels and enhance the capability of comprehensive service, aiming to grow into an Internet-based global service support platform and strive for more brilliant accomplishments!

Voices of Stakeholders

If there was ever a golden period of time in my life, that must be my ten years' service in the call centre. Over the past decade, I saw my dreams come true and the best part of my life blossomed here. I witnessed her growth and grew with her. We both underwent amazing changes. I will continue to grow with her, look forward to seeing her changes and do my best to add to her glory.

Xu Zheng
A Quality Inspector of the Telephone Sales Service Centre

The cabin is cold while the words are warm. It is commendable for the cabin crew to devote themselves to serving the passengers with their due diligence, considerate professionalism and excellent character! This is the best of your heart and exact reflection of the Chinese spirit. You really touched me with your selflessness, responsibility, warmth and friendliness, and I was so deeply impressed by your hospitality and thoughtfulness.

Zhou Xiaodong
A Chinese Rice Breeding Expert and Passenger of Air China



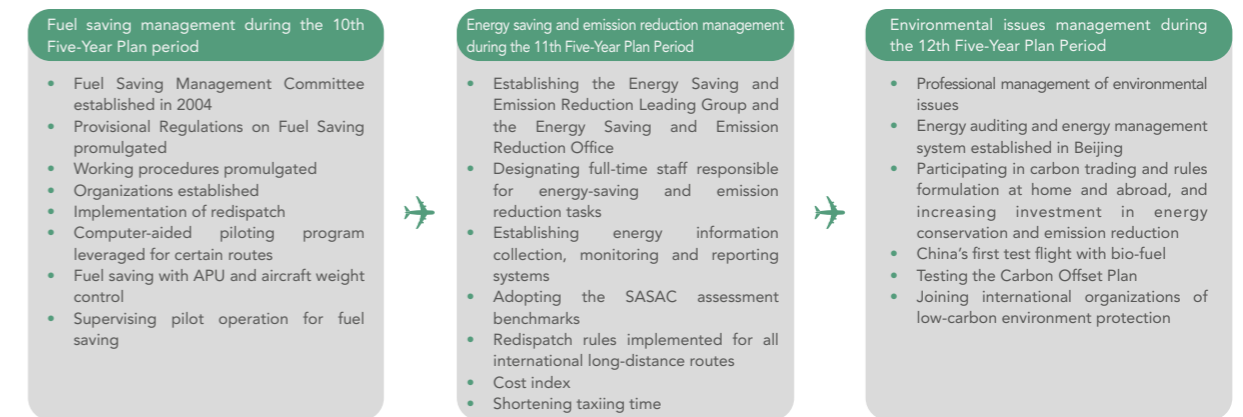
Preserving Blue Sky and Clear Water

Along with the development of China's economy and the upgrading of consumption structure, China's aviation industry has arrived at a stage of rapid development and become one of China's new strategic industries. With growing concern about aviation emission reduction and climate change, and the increasing restrictions on energy consumption and emission control, Air China seized the opportunities and introduced a large number of high-performing aircraft models while continuously strengthening the energy-saving and emission reducing efforts, with the concept of energy saving and emission reduction deeply blended in the process of corporate development.

Our Strategies

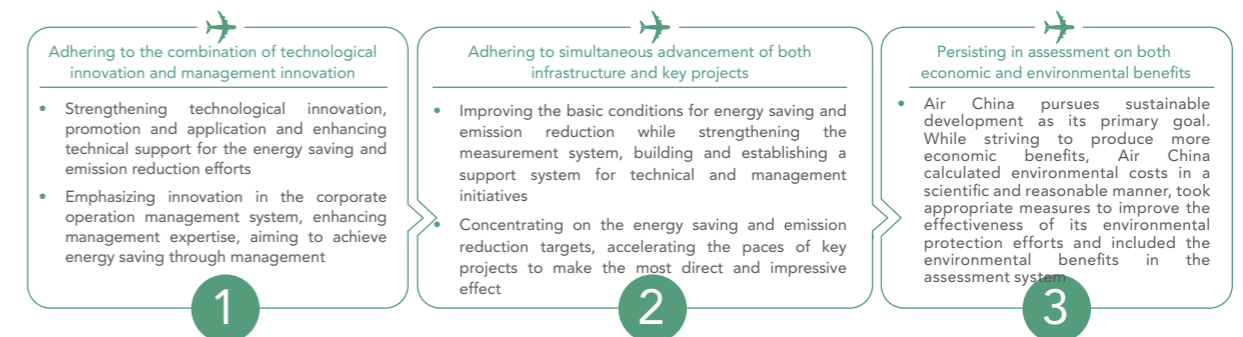
Air China adhered to its guiding principle of "Green Operation, Sustainable Development", put the energy conservation and environmental protection guidelines into active practice and strictly abided by the relevant requirements of the environmental laws and regulations while establishing and constantly optimizing its organizational and regulatory system for environmental management, taking active measures to reduce emission and discharge of waste water and solid waste, improving its energy management system with the characteristics of the industry taken into account and vigorously advancing its energy saving and emission reducing undertaking. We minimized the negative impact of our operation on the environment by taking comprehensive, all-round and multi-angle management initiatives, so as to make ourselves as benchmark of environment-friendly operation for the aviation industry.

We instilled the concept of "Green Development" into every aspect of our daily operation: we closely observed global climate changes, advocated low-carbon operation, reduced greenhouse gas emission, closely monitored and controlled waste discharge into the water and soil and vigorously carried out our energy-saving and emission reducing responsibilities, aiming for low-carbon development; we introduced and developed advanced energy-saving technologies and adopted a business model featuring low consumption, low emission and high efficiency while constantly enhancing our employees' awareness of energy conservation through various promotional activities and actively enhancing the awareness of environment protection of our passengers through our service. We also joined hands with the community to take practical actions to promote Air China's image as an environment-friendly company, who is committed to contributing to the sustainable development of the industry and the construction of a resource-saving and environment-friendly society.



Air China's energy saving and emission reducing movement in progress

In 2016, Air China continued to implement the "13th Five-Year Plan on Energy Saving and Emission Reduction" and develop the guiding theories and principles for its energy-saving and emission reduction campaign through systematic analysis of the Company's internal and external environment, present status of energy-saving and emission reduction campaign and following the industrial development trend. In order to accomplish the target of improving fuel efficiency by 4% during the "13th Five-Year Period", Air China constantly improved the monitoring system and optimized fleet structure while intensifying fuel saving efforts and optimizing energy management system, coupled with balanced management of ground energy and fuel.



Air China's working principles for energy saving and emission reduction for the 13th Five-Year Period

Our Actions

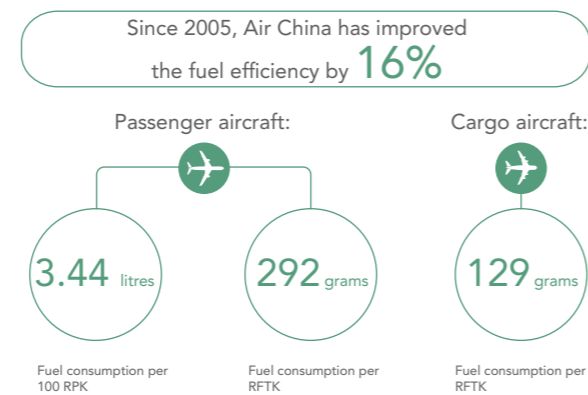
Green Fleet to Protect the Blue Sky

Air China commits to energy saving and environmental protection, closely observes global climate changes and greenhouse gas emission, optimizes energy efficiency of its fleet and strives to reduce energy consumption from such aspects as flight, operation and maintenance, aiming at constant improvement in energy efficiency, emission reduction and resource conservation.

As jet fuel is the most important source of energy for airlines, continuous improvement on fuel efficiency is a key factor in reducing emission as well as the operating costs of airlines. Air China continues to improve fuel efficiency and reduce energy consumption and emission through upgrading its fleet, renovating and slimming down its aircraft, aiming to build a green fleet. We strive to reduce energy consumption and the impact of our operations on the environment through constantly improving operational efficiency, further optimizing our management and maintaining a delicate balance between such factors as safe operation, service quality, force majeure and market fluctuations. In 2016, Air China recorded a total energy consumption equivalent to 9.80

million tonnes of standard coal equivalent, with a jet fuel consumption of 6.624 million tonnes (equivalent to 9.746 million tonnes of standard coal), accounting for 99.5%.

Aircraft is the biggest energy consuming equipment and source of emission of an airline, and continuous improvement in fuel efficiency is the persistent pursuit of aviation manufacturers and airlines. Over the past 40 years, the aviation fuel efficiency has improved by more than 70%.



Fleet upgrade

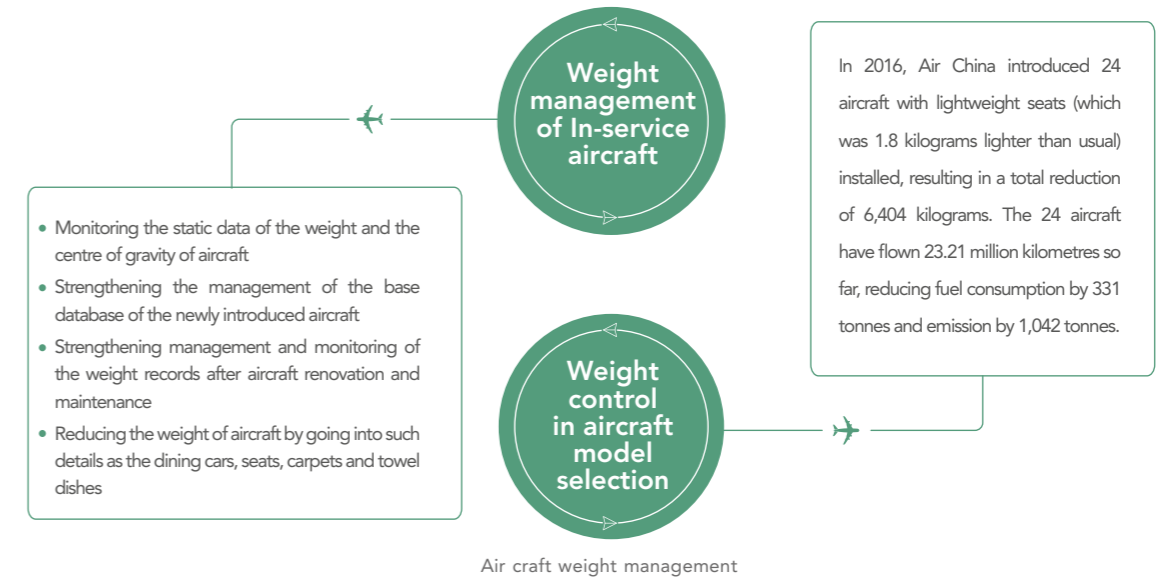
Fleet optimization not only directly affects an airline's operating results, but also has a significant impact on its fuel efficiency. The target market of an airline is a decisive factor in fleet planning. Once the fleet structure is determined, its fuel efficiency level is set. In our operation, we continuously optimized our fleet structure and the match of our fleet and route network, aiming to achieve better operating results while enhancing fuel efficiency.

Case study: Air China introduced the new B787-9 fuel-efficient aircraft model

In 2016, Air China introduced the first Boeing 787-9 Dreamliner aircraft, and the B787-9 aircraft we received is a lengthened model of the B787-8, with 6 metres longer, resulting in higher passenger and cargo capacity. The fuselage of the B787-9 is largely made of composite materials, resulting in reduced overall weight and lower fuel consumption and waste emission. Its long-haul capacity can achieve more direct flights, representing a good practice of the "Green Flight" concept that Air China has always been promoting.

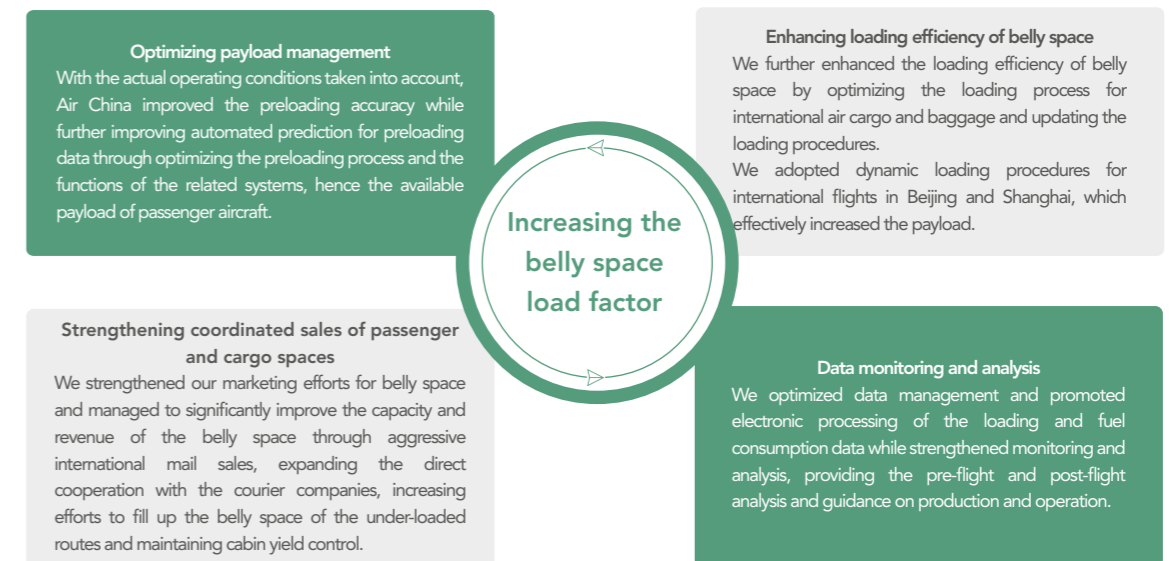
Weight control

Weight management is one of the most important aspects of fuel management. Aircraft weight reduction involves two main aspects: weight control in aircraft model selection and weight management of In-service aircraft. Air China has been making every effort to reduce the weight of its aircraft and fuel on board so as to increase the effective load and improve fuel efficiency.



Increasing effective load

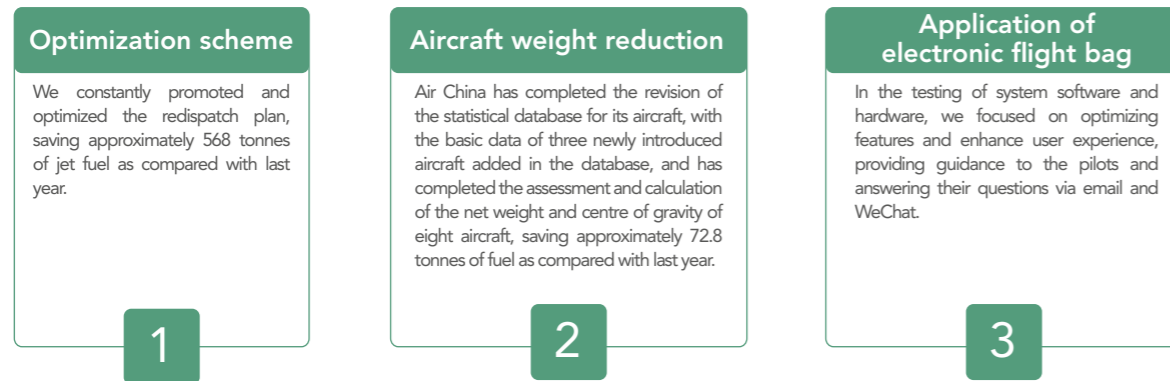
In 2016, Air China launched the belly capacity enhancing initiative, pursuant to which strengthened the coordination of sales of passenger and cargo transportation, optimized the loading forecast, improved the accuracy of computer-aided fuel planning and increased the belly space loading capacity. With such effective measures, the company successfully dealt with the adverse impact of the cargo market and significantly improved fuel efficiency while bringing the load factor of passenger aircraft back to a stabilized rebound. Through the hard efforts, the belly space load factor increased by 2.0 percentage points in the second half of 2016 as compared with the previous year, or by 3.8 percentage points as compared with first half of 2016, of which the belly space load factor of the wide-body aircraft increased by 2.5 percentage points as compared with the previous year, or by 3.7 percentage points as compared with first half of 2016, representing a significant improvement in fuel consumption per RTK.



Implementing fuel saving measures

Fuel saving is the core of aviation fuel management, which involves aircraft performance, operation control, flight operation and ground support. Fuel saving has been an important part of Air China's daily operation since the company launched the fuel saving projects in 2004. In 2016, Air China focused on optimization of flight take-off control, application of Flight Management Computer (FMC) in flight optimization, aircraft performance monitoring and management, computer-aided fuel management, application of electronic flight bags and monitoring of aircraft's auxiliary power unit (APU).

Air China maintained effective control of the fuel cost through exploiting temporary route resources available in the air ways, summarising the regular pattern of aircraft take-off and landing and analysing aircraft taxiing time and fuel consumption.



Cherishing Resources and Saving Energy

Air China has always emphasized the importance to the management of resources and energy, and optimized the allocation of resources through a series of effective measures such as the introduction of new energy vehicles and waste recycling.

Use of new energy

Air China adheres to its pursuit of comprehensive environment-friendly from the air to the ground, and strives to minimize the impact of its operation on the environment and reduce emissions and pollution through a series of effective measures such as the introduction of new energy vehicles. In 2016, Air China conducted a survey and analysis of the potential solar energy resources available to the Company to demonstrate the feasibility of the proposal of photovoltaic power generation and heating project, aiming to further reduce the network power and gas consumption and reduce carbon emission on the ground.

New energy vehicle is an important direction to advance energy conservation and achieve healthy development. The "Oil to Electricity" Project is one of the key projects of energy saving and emission reduction rolled out by China Civil Aviation Administration. As an example of new energy vehicle operation for the aviation industry, Air China enthusiastically advanced the "Oil to Electricity" Project and exploited the use of new energy vehicles and equipment while exercising dynamic management of electric vehicles and detailed data analysis and maintenance to ensure smooth operation of new energy vehicles.

Link:



"Oil to Electricity" refers to the replacement of special vehicles driven by traditional fossil energies with those driven by electricity and other clean energies. At present, the Dongfeng electric commuter cars currently used by Air China can reduce emission by 92% – 98%, save energy costs by more than 50% and keep the noise level below 30 dB.



Case study: "Oil to Electricity" financial leasing cooperation projects

On June 2, Air China, China National Pharmaceutical Group Corporation, China Potevio Co., Ltd and Dongfeng Motor Corporation joined together for a meeting in Beijing to negotiate on providing finance leasing for Air China's "Oil to Electricity" Project, during which Air China signed a letter of intent with the three companies to advance the "Oil to Electricity" Project, so as to propel the overall development of China's civil aviation industry in a green and sustainable manner.



Charging the new energy vehicles



Case study: Shanghai Branch installed charging piles for new energy vehicles

On April 8, Air China's Shanghai Branch completed installation of the charging piles for new energy vehicles in the carparks of the Air China Building at Hongqiao and Air China's Pudong Premise, which have been put into trial operation subsequently. The employees now can scan the QR code on the charging piles with their mobile phones and download the APP to use the charging pile to recharge their vehicles. This new environment-friendly initiative demonstrated Air China's commitment to actively practicing the philosophy of green development.



A new energy vehicle being charged with the charging pile installed near the Pudong Service Building of Air China's Shanghai Branch

Air pollution control

In 2016, in active response to the relevant requirements of the country, Air China rolled out low-nitrogen renovation on its six gas-fired boilers, and installed gas recycling equipment for the other two boilers, further reducing emissions into the air.

For the gas emissions from the production sites such as the hangars and workshops, we have adopted a variety of methods to keep emissions under control, including installing filters for the ventilation facilities in the painting workshops, and conducting regular tests of exhaust gas, aiming at strict control of volatile gas emissions from the painting workshops and the cleaning rooms in the hangar where organic solvent are used. In order to meet higher standards of environmental protection, in 2016, we transformed the six painting workshops in Beijing into automated spray-painting workshops where painting and drying are done in one place. Upon completion of the transformation, the painting workshops have all met the requirements of the *Standards for Emission of Air Pollutants in Industrial Coating Processes* (DB11/1226-2015) of Beijing.

Water resource management

Air China considers water resource management as a key task in environment protection and have developed methods to reduce water consumption and increase water utilization efficiency through restrictive measures while regularly checking on water resources consumption and monitoring water use, aiming to conserve water resources.

The waste water generated in the aircraft maintenance process is Air China's main source of water pollution. To deal with it, we have installed the chemical oxygen demand (COD) on-line detection and remote monitoring system at the waste water discharge sites to ensure that the industrial waste water is discharged only after being treated properly. In 2016, the three waste water stations of AMECO's Beijing maintenance base treated a total of 44,334 tonnes of industrial wastewater, while the waste water from the first and second canteen was also treated with oil-filtering and biochemical measures before discharge. The waste water treatment station of Chengdu Branch treated a total of 151,925 tonnes of domestic sewage and industrial wastewater.

Case study: Southwest Branch's Water Conservation Week

In May 2016, Air China's Southwest Branch rolled out the "Water Conservation Week" activities, which were intended to enhance its employees' awareness of water conservation and water-saving skills through education and trainings at regular meetings or team meetings, so as to summarize and promote daily energy saving and emission reduction efforts, recycle water resources to the greatest extent, promote planned use of water and put its commitment of saving resources into actions.



A poster for water conservation designed by Southwest Branch

Case study: AMECO's renovation in water dispenser and waste water recycling

In 2016, AMECO upgraded its 100 traditional water dispensers into instant hot water dispensers, which not only eliminated repeated heating and wasting energy inherent in the traditional water dispensers, but also improved the water quality, meeting with high compliments from the staff. It has been figured out that each instant hot water dispenser can save 60% more energy than a traditional one. At the same time, we carried out secondary renovation on the waste water from the water purifiers, i.e. using a self-regulating pump to pump the waste water to a nearby mop pool at the same floor, so as to make better use of waste water.



Instant hot water dispenser

Management of waste materials

We generally produce waste materials during aircraft maintenance, including waste oil, mineral oil and chemicals produced during the painting process. These waste materials are taken care of by designated organizations in accordance with the regulations on hazardous discharges. We have established a hazardous waste management system to tighten management of hazardous waste produced during operation. We also set emission reduction targets every year, and maintain strictly control of emission by adopting advanced equipment and technologies, so as to ensure strict compliance with national environmental laws and regulations.

Air China's hazardous waste is mainly produced by AMECO, including 16 types of hazardous waste. We have entered into long-term agreements on collection and disposal of hazardous wastes with professional and qualified environmental protection companies, so as to ensure that hazardous waste is disposed of properly. In 2016, AMECO's Beijing Base and Chengdu Branch disposed of 350 tonnes of hazardous waste in total.

Recycling

Air China also scrutinized the harmless waste produced during operation and developed recycling measures to enhance recycling economy, so that the waste can be put into better use with reduced negative impact on the environment. At the same time, Air China emphasized reasonable use of resources, reduced supply of consumables and increased the use of recyclable products while developing measures such as classification of garbage to improve the efficiency of resource utilisation. In 2016, Air China continued to strengthen recycling important recyclable products as the headsets, dental bags and casual wear and strengthen supervision on the recovery and clean-up of the food supplies.

Air China encourages its employees to recycle resources around them so as to reduce energy consumption and secondary pollution. To the end of year Air China has installed 9 intelligent beverage bottle recycling machines in the headquarters, operation control centre and cabin service department, which collected a total of 72,680 beverage bottles in 2016, equivalent to a reduction of CO₂ emissions by 43.6 tonnes. We will continue to expand the recycling channels and enhance the awareness of recycling among our employees with their actual needs taken into account.

Advocating Environmental Protection, Passing on the Green Commitment

Air China organizes trainings on environmental management systems and environmental knowledge for its employees and managers to enhance their awareness of environmental protection, and through various promotional activities, Air China aims to mobilize passengers and the public to get involved in this nationwide environmental protection campaign.

Biodiversity

Biodiversity is the basis for the survival and development of human society. Air China attaches great importance to the protection of the ecosystem and biodiversity, and is committed to making the contributions to the sustainable development of the society. We understand the desire of the public to protect marine resources and hope to play a more important role in combating the trading of endangered wildlife. In 2016, Air China Cargo became the first airline in Chinese Mainland to ban shark fin transport by issuing the "Notice of Banning Shark Fin Transport", which clearly demonstrated its commitment to the protection of biodiversity.

Green office

Air China instils the concept of environmental protection into every aspect of its operation, encouraging its employees to adhere to low-carbon living, green office and green travelling. Air China promotes low-carbon living and environmental protection knowledge with posters, WeChat official account, QQ groups, environment-friendly stickers and videos, aiming to help its employees develop an attitude and consumption pattern that is helpful in conserving energy and protecting our ecological environment. Air China promotes the concept of green office throughout the company, encouraging its employees to take an active part in the environmental protection activities and improve their awareness of energy conservation and emission reduction.

Training on environmental protection publicity

Air China also increased its publicity efforts in respect of energy conservation, low-carbon living and environmental protection through a variety of activities and trainings, aiming to constantly improve the awareness of its employees of energy conservation and environmental protection.

Case study: Air China's "Flying Together" crew carried out the Earth Day theme activities

April 22 is the 47th Earth Day. In order to call on more people to show their love and care to our planet, save resources and live a green and simple life, Air China's Golden Phoenix Sisters from the "Flying Together" cabin service team held the theme activity known as "Love the Earth, Enjoy Green Life!" on the CA1405 flight from Beijing to Chengdu.

On the flight, the Air China cabin crew illustrated to the passengers that the Earth is facing a variety of environmental problems such as reduced species, climate warming, snow-capped mountains slowly melting and sea level rising, and placed 10 environmental protection badges randomly in the passenger's seat pockets, those who found the badges would be honored as the "Earth Guards". Passengers also volunteered to sign their names on the banner "Doing my part to care the Earth" to express their support and determination in environmental protection.



Delivering a speech during the "Love the Earth, Enjoy Green Life!" activities by passengers



Planting "Air China Youth Woods" in Beijing



A garbage cleaning day in Hohhot



A tree planting day in Chengdu



"Embracing the Spring, Planting Green Trees" activities in Chongqing

Our Story



Persistent pursuit of fuel efficiency

Protecting the Earth and pursuing green development is the solemn responsibility of Air China. Large modern aircraft and jet engines are at the tip of human industrial innovation capacity, and every step of improvement on fuel efficiency is extremely difficult with safety prioritized. With the wide-range use of ground power equipment instead of aircraft APU, airlines can reduce fuel and maintenance costs significantly while realizing a remarkable reduction in air pollution and noise level, resulting in significant economic and social benefits, making it an effective means to achieve energy saving and emission reduction as well as a win-win outcome.

Air China formulated its standards for the use of APU in consideration of different airports as well as the near and distant positions of the aircraft. It relies on the Big Data to create customized APU and ground power ACARS messages for different aircraft models, maintaining real-time monitoring of the status of aircraft's ground APU and external power source, and making effective use of integrated information on the airport, aircraft's docking position, status of APU and external power source through multi-system docking. In its aircraft monitoring and management system, Air China displays the status of APU and external power, and pushes information on the aircraft with APU overusage onto the PC and mobile terminals, so as to assist our front-line technicians and engineers in monitoring the status of aircraft's ground power unit and help save energy and reduce emission.

Voices of Stakeholders

I am 69 years old now, and this is my fourth time on a plane with my wife. Joining in this theme activity "Love the Earth, Enjoy Green", it means a lot to us, and gives us the hope of saving the environment.

Wang Baozhu
A Representative of Passengers

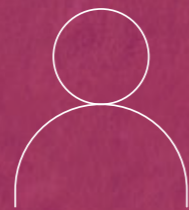
Improvement in fuel efficiency can not only save fuel, but also significantly reduce air pollution, bringing substantial benefits to the passengers, airlines, environment and community. Air China has been making remarkable efforts to improve fuel efficiency and is recognized as a pace setter in the aviation industry in energy saving and emission reduction.

Professor Li Xiaojin
Civil Aviation University of China



Pursuing Happiness by Adhering to the People-oriented Philosophy

While adhering to its employment guidelines of "people-oriented, mutual growth", Air China constantly innovated its talent management mechanism, paid close attention to the growth and development of its employees in various areas, platforms and stages, and strove to create a harmonious working environment for them and allow them to share the achievement of the Company.



Our Strategies

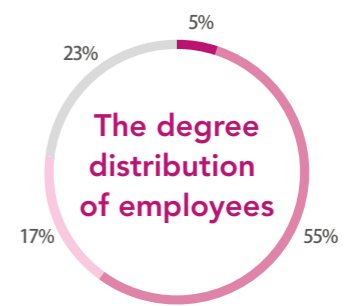
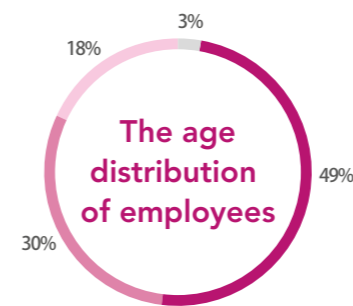
Air China has established a flexible labour mechanism, strengthened manpower building and improved the talent training mechanism in strict compliance with the relevant provisions of the *Labour Law*. The Company took active measures to protect the basic rights and interests of its employees and improve their remuneration and welfare. It has fostered an open and transparent internal communication atmosphere that aroused the passion of its employees. In addition, the Company also took care of its employees' needs and ensured they feel happy with their work and live a healthy life by consolidating and improving the functions of the staff service centre.

Our Actions

Attracting Diversified Talents

Bringing together a diversified group of talents is necessary for an enterprise to achieve sustainable development. Air China treasured the concept of inclusiveness, diversification and internationalization. We have been actively expanding our recruitment channels, innovating on the market-oriented talent recruitment, promoting global talent recruitment and striving to create a harmonious working environment featuring inclusive and diversified culture and multi-language coexistence.

In 2016, Air China had 23,258* employees, including 9,365 female employees, 1,155 foreign employees, 1,051 employees of ethnic minorities and 19 handicapped employees. Among which, there were 253 management staff (including general managers and those at a higher level), including 35 female officers. In order to further optimize the staff structure, Air China further recruited a total of 1,092 employees in 2016.



● Aged 35 and below ● Aged 36-45 ● Aged 46-55 ● Over 55 years old
 ● Master's degree and above ● Bachelor's degree ● Junior college degree ● Technical secondary school degrees or below

*This number does not cover the former Engineering Technology Branch Company.

Protecting Employees' Rights and Interests

In strict compliance with the *Labour Contract Law* and other relevant laws and regulations, Air China actively promoted equal employment, opposed labour discrimination, upheld equal pay for equal work, declined child labour and standardized labour employment. The Company signed labour contracts with each and every one of its employees in 2016. To further standardize the labour employment management system, we have established a differentiated labour contract classification management system, which clearly stipulated the legitimate rights and obligations between the Company and the employees, so as to protect the employees' basic rights and interests.

Guaranteed labour contracts

Air China has formulated the "Provisions on Management of Labour Contract System of Air China Limited" (2016 version), and further implemented the labour employment management system based on position management, and strengthened the authorization classification management. We have also established the collective contract negotiation system, that was held every three years and covered all the employees, on the protection of rights and interests of female employees and the special collective contracts on labour safety and healthcare.

Social insurance and enterprise annuity system

Air China purchased five kinds of insurances (retirement insurance, medical insurance, unemployment insurance, industrial injury insurance and maternity insurance) and made contributions to the housing provident fund for its employees in strict accordance with the national social insurance policy, and established the comprehensive medical insurance plan for all its employees and their minor children. In addition, in order to ensure our employees live a decent life after retirement, we established the enterprise annuity system for our employees in accordance with the relevant national policies. Air China and its invested enterprises completed aggregate personal and corporate contributions of RMB116.96 million and RMB431.07 million to the enterprise annuity in 2016, respectively. As at the end of 2016, the paid cumulative enterprise annuity amounted to RMB103.06 million.

Health and safety

Air China cares for the health and safety of its employees and conducts safety education activities regularly. The Company has compiled occupational health manuals, clearly specified the safety, supervision and rescue measures and regular reporting system for occupational diseases, and taken effective measures to prevent the serious injuries to employees in workplace and the occupational hazards affecting the health of them. In 2016, Air China entered into the first phase of "Collective Contract for Labour Safety and Health" with its employees, which effectively protected their lives and health.

Case study: the "Happiness in Heart Plan" psychological counselling project

In 2016, Air China implemented the "Happiness in Heart Plan" and launched a mental health caring platform for its despatched employees to extend the caring services to its employees working abroad. In order to enhance the expertise of internal EAP happiness ambassadors and ensure employees enjoy overall mental health services, the Company launched the high-level training courses known as the "EAP Happiness Ambassadors". In 2016, the Company rolled out the "Happiness in Heart Plan" to offer a total of 48 trainings and 76 group guidance, covering an aggregate of 4,620 employees; carried out 58 on-site consultations, offering one-to-one consultation to 134 employees, and answered 1,452 phone calls. 438 employees logged onto the online learning platform, and 12,252 copies of EAP promotional materials were distributed.



"EAP Happiness Ambassadors" in training

Case study: Air China relied on the "Internet +" technology to improve its comprehensive medical insurance services

In 2016, Air China rolled out the "Internet +" application to improve its comprehensive medical insurance services, and offered online medical reimbursement DIY services to enhance service quality and employee satisfaction, so that they can truly feel the care from the Company. Through online and offline classes and lessons, nearly 3,000 people participated in the activity, and over 9,000 people downloaded the APP.



Publicity and explanations of comprehensive medical insurance services

Democratic communication

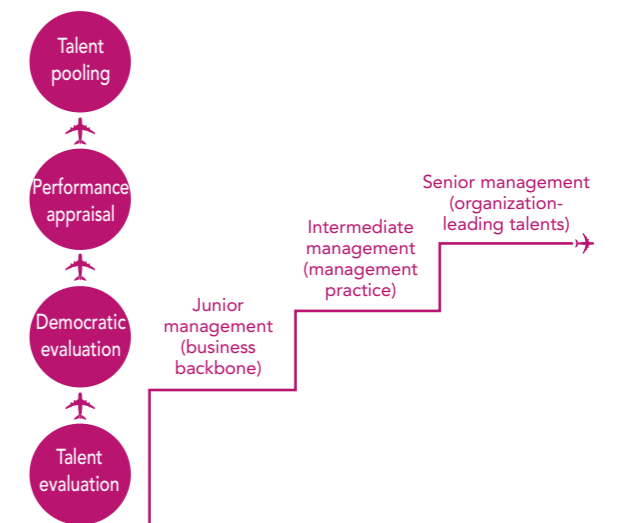
Air China has continuously improved the review and approval system for the employee representative meeting to protect its employees' right to know, express, participate and supervise. The Company cordially communicated and entered into three collective contracts with its employees, to guarantee the implementation of the proposals from its employee representatives. The Company conducted open dialogues with its employees, expanded communication channels, and listened to its employees through forums.

Motivating Employees in Career Development

Air China attaches primary importance to the career development of its employees, actively developed the career development channels, and provided them with a broad platform offering equal opportunities for career development. In addition, the Company has improved the occupational training system, created various learning opportunities and fully stimulated the potential of its employees, maintaining a good balance between employee and enterprise.

The channels for career development

Based on the capability and quality of its employees, Air China has provided them with three channels of career development in management, business and technology, and given full play to their individual capacity and help them grow rapidly.

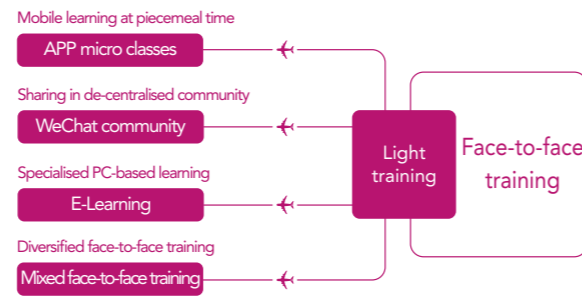


Management talent cultivation and development path

Enhancing feature trainings

Air China constantly improved its training mechanism, built up a versatile learning platform and offered personalised and differentiated trainings for its employees at different levels. In 2016, we continued to strengthen the development of the "Four-Feature" Team, and offered various Air China-featured training programmes, including the training on the B787-9 new aircraft, the "Phoenix Flying High in the Sky" new staff training and the "Light Training on Leadership", so as to help employees grow rapidly.

The "light training", as an innovative initiative for Air China's leadership training in the "Internet +" model, covered APP micro-class, WeChat community, E-Learning and mixed face-to-face training. In future, it will become an effective complement to the face-to-face training of leadership, so that the leadership training will be easier and more convenient, providing senior management with a broader learning platform. In 2016, the Company initially offered 32 pilot trainings, attracting an aggregate of over 5,000 attendees.



Selecting innovative talents

Air China has recruited a variety of talents, adopted a more flexible and innovative talent training and selection model, and maximised the personal value of its employees, so as to show the capability of its employees.

Case study: The "Evaluation Centre" promoted the selection of talents in key positions

The "Evaluation Centre", which was built up by Air China independently, is a comprehensive evaluation system that includes a variety of evaluation methods and techniques. The system can utilise the online, offline, simulated and realistic scenarios of candidates to make overall analysis on the characteristics, expertise and potential of talents, and offer the guiding suggestions on targeted talent development and selection, thereby laying a solid foundation to implement the strategies of the Company. In 2016, Air China conducted a comprehensive evaluation and pooling of the talents in key positions of three key business units.

Demonstrating employee appearance

In order to "meet the employees' demands", Air China strove to provide them with stages to showcase their talents, including three major demonstration platforms, e.g., the "Air China" periodical, the "Youth Air China" WeChat public number and the "Air China channel" video system, so as to constantly stimulate their innovative, enterprising vitality by publicising the deeds of its outstanding employees.

Case study: The interactive exchange activity focused on the "Life Is Wonderful with You Around" corporate culture

In 2016, Air China organised the interactive exchange activity named "Life Is Wonderful with You Around" in Beijing, Shanghai and Chengdu, providing its employees a stage to display their distinctiveness through story sharing, interesting dialogue and free talk, summing up and passing over the valuable experience of its outstanding employees for mutual growth. In the activity, the Company also released the "Air China People in 'Air China'", one of the corporate culture book series, displaying the growth stories about over 100 domestic and overseas employees, which became the specific interpretation of Air China's effort to "meet the employees' demands".



On the scene of the "Life Is Wonderful with You Around" activity

Caring for the Livelihood of Employees

Based on giving full respect and equal treatment to each employee and protecting their rights and interests, Air China is committed to improving the livelihood of its employees, protecting their physical and mental health and providing them with a good working environment, so as to create a "warm" home for them.

Offering considerate services to employees

Air China always cares for its employees and actively makes responses to their demands. The Company continuously increased its investment in employee services, pushed the operation of the staff service centre (referred to as the staff centre), and continuously improved employee satisfaction.

The staff service centre is affectionately known as the "employee-benefiting" centre, which is both the service centre and welfare centre of the Company. Since the staff service centre has commenced its operation two years ago, it has benefited over 30,000 employees of the Group. The Company has consecutively completed the construction of 7 service stations, e.g., Air China headquarters building, General Fleet, Cabin Service Department, Ground Service Department, Southwest Branch, Zhejiang Branch and Shanghai Branch, marking the completion of the "seven in one", "one-stop" employee service centre, a new starting point of Air China serving its employees.



Our employees handle matters in the staff service centre

In 2016, the staff service centre was designed to meet the needs of our employees, offering 78 types of services in three major categories. By improving its employees' experience with the one-stop, diversified, online, offline, internal and external services, the Company has facilitated its employees to work efficiently and established its internal service brand. Our employees' satisfaction with the staff service centre reached 90.8%.

Caring for special groups

Air China continued to improve the caring and support system and mechanism, and strove to build up a harmonious internal development environment, and offered personalised care for the needy and female employees, so as to offer heart-warming services to different groups of people.

The Company continuously enhanced the management of the employee mutual aid fund, implemented the targeted poverty relief tasks, and increased its effort in poverty relief, making employees deeply feel the caring of the Company. On July 1, Air China launched the fifth phase of the civil aviation employee disease mutual aid fund, attracting a total of 27,095 attendees and raising total proceeds of RMB2,714,150.

The Company always cares for the career development of female employees. It has strengthened the protection of the rights and interests of female employees by building up the "caring mother's hut" and the "female employee disease mutual aid fund", thus protecting the special interests of female employees. As at the end of 2016, Air China Group has a total of 21,140 female employees participating in the mutual aid fund, raising total proceeds of RMB716,160.

Case study: A "nursing" mother in the "caring mother's hut"

In view of a rising number of female employees reaching the childbearing age and many of them becoming "nursing" mothers in lactation, and in order to meet their pressing needs, the cabin service department of Air China has established the "caring mother's hut" to provide them with a more humane and warm services in the special physiological stage, enabling them to better adapt to the switching of professional women and nursing mothers and improving their sense of happiness and belonging.



Caring mother's hut

Enjoying a colourful life after work

Air China attaches importance to the balance of work and livelihood of its employees. We organised a number of cultural and sports activities to encourage and guide our employees to enjoy life, promote communications among our employees to relax themselves and enhance the cohesion and sense of belonging of the employees.



The 35th Global Airline Road Race



Air China Health Carnival

Our Story



The flower blooming at the top of the cloud – Air China captain Lin Guannan

In Air China, women are just as competent as men in so many areas. There is a beautiful landscape in the general fleet of Air China, a group of lovely girls who are bubbly and chirpy. In this man-dominated industry, their participation adds a bright shade of beauty and gorgeousness in the sky. Lin Guannan is one of them.

In 2004, I was fortunate to become one of the six female pilots recruited by Air China, and eventually became a female captain after passing various tests. I have joined the general fleet of Air China for eight years, and in this period, I have learned and achieved a lot.

I remember that, when I was a co-pilot, the captain was very strict with us, and never ignored any details. He made me understand that a person in that position shoulders the greatest responsibility and allows no mistake. Bearing this in mind, I have flown for more than 7,000 hours safely. I would be ready to share my own experience and knowledge with other pilots, so that we can learn from each other and grow rapidly.

As a member of the basketball team of the seventh squadron of the third fleet, I often played basketball with my teammates to keep fit. After work, I would spare time with my family or participate in the volunteer activities. In Air China, I feel not only the joy of my achievement at work, but also my colourful life after work. This is a stage that I would shed tears and laughter and do my best to achieve my missions.

Voices of Stakeholders

I have joined the staff service centre for nearly one month, and in here my deepest feeling is warmth. The staff service centre, as its name suggests, is to provide services for our staff. But I don't think it is just like that, more importantly, our services should make our staff feel warm and comfortable, just like home. Here we help and support with each other in work. In our spare time, we would, like family members, discuss service skills to bring the feeling of home to our staff. I am a member of Air China, my heart is with Air China.

Wei Yu

An Employee of Air China

The most important part of my life was spent here in China. I think, maybe one day I become old and can no longer walk, sitting in a wheelchair, I will tell my grandchildren that I spent four years in China in my thirties, which is one of my best times. Once thinking of leaving China, I will feel sad about it. When the last day came, I will go to the hangar to say goodbye to each aircraft there, and all of my Chinese colleagues.

Dietmar Focke

An Employee of Air China from Germany



Discharging Responsibilities to Serve the Community

Air China takes the fulfilment of its responsibilities as an important mission, always deems public responsibilities as its own responsibilities, actively participates in social welfare practices and disaster relief, makes contributions to the country and society, strengthens communication and contact with the community, brings vitality and positive energy to the community, and demonstrates the image of state-owned enterprises in China.

Our Strategies

Air China attached equal importance to development and contribution, carried out social responsibility practices by leveraging on its advantages in aviation capacity and shared its resources with the community. The Company participated in community development by supporting special flight missions, conducting targeted poverty relief, caring for the growth of children, spreading the Chinese culture, attending the volunteer activities and other crucial fields, and made contributions to address social issues, improve social life and promote the mergence and sustainable development of cultures.

Our Actions

Supporting Special Flight Missions

We do our best to perform our duties as a state-owned enterprise in various grave natural disasters and emergent transport flights at home and abroad. In 2016, we successfully accomplished various important aviation missions including the "Air Transportation for Rescue Materials", the "Chartered Flight for Olympic Delegation", the "Chartered Flight for Paralympic Delegation", the "G20 Summit Airline Service" and the "Chartered Flight for Pilgrimage", and proactively participated in social welfare practices, receiving widespread recognition.

Case study: Air China Cargo fulfilled the Chinese government charter flight assignment to send relief materials to Pakistan

The fulfilment of urgent, difficult and dangerous transportation guarantee has always been the responsibility and mission of Air China. In 2016, in order to help Pakistan to do the earthquake relief efforts, Air China Cargo was assigned the task of transporting the second batch of disaster relief materials for the Chinese government's humanitarian assistance to Pakistan by charter flight. A total of over 9,000 pieces of relief tents were successfully sent to the disaster area by B747-400F cargo aircraft in three flights, helping Pakistan to get through difficult times as soon as possible.



Air China Cargo completes the task of transporting disaster relief materials

Case study: Air China successfully guaranteed G20 Summit

It is incumbent for Air China to guarantee the success of major events at home and abroad. In 2016, G20 Summit was held in Hangzhou. Air China became a major choice for numerous delegates and media reporters to travel during China's domestic leg. All professional systems performed their respective duties and worked in close collaboration to successfully guarantee flight transportation for this Summit, providing an aggregate of 290 flights to carry over 2,700 delegates and staff workers, which was a strong support for the successful convening of this Summit.



Representatives from our Zhejiang Branch swear to guarantee the success of G20 Summit

Deepening the Targeted Poverty Relief Efforts

Air China has further implemented the national policies, adopted the strategy of "teaching a person to fish is better than giving him fish", continuously deepened the precise poverty relief concept and proactively conducted the industrial poverty relief task, thus realising the coordinated balance of the business operation, innovation development and poverty relief of the Company. In 2016, the Company conducted investigations at Sonid Right Banner of Inner Mongolia, Zhaoping County of Guangxi Province and Batang County, Sichuan Province and made efforts to promote the economic and social development of the poverty-stricken areas by carrying out special projects, bolstering innovations and providing industrial supports in accordance with the local development plans, thus putting equal emphasis on "blood transfusion" and "hematopoietic". In 2016, Air China appropriated RMB6.05 million in targeted poverty relief. In addition, the Company offered in-flight media publicity service with a market value of RMB2.45 million free of charge to Zhaoping County, Guangxi Province.



Case study: Southwest Branch engaged in targeted poverty alleviation in Mading Village, Batang County, Sichuan

Mading Village of Batang County in Sichuan Province is located in remote mountainous areas in southwestern China, where the living environment is harsh and the mode of production is outdated. In order to improve the local situation and help people get rid of poverty, in 2016, Southwest Branch of Air China set up a leading group in charge of targeted poverty alleviation work, making full use of its advantages to develop targeted poverty alleviation projects and implementation plans. By dispatching delegated poverty alleviation cadres to Mading Village to carry out village work and "poverty alleviation day" activities and organizing employees to subscribe for local agricultural and sideline products, Southwest Branch assisted the local economic construction to improve the living conditions of the local people through a variety of channels, strongly accelerating the pace of poverty eradication of Mading Village.



Staff from Southwest Branch go to Mading Village to conduct research

Caring for the Growth of Children

Air China attaches great importance to the growth and education of next generation. The Company worked closely with various parties to create for children a living environment, in which they can receive education and grow healthily, developed children's vision and helped them feel the charm of knowledge through entertaining scientific activities and enabled them to enjoy the happiness and joy in their growth. In 2016, Air China transferred a total amount of RMB426,299.67 donated by caring passengers in flights to China Children and Teenagers Foundation.



Case study: Love in the Sunshine – 2016 China-Africa Children Summer Camp in Beijing

On August 1, Air China welcomed a group of 80 children from South Africa, Zimbabwe, Ghana and other African countries as well as Yunnan, Guangxi, Hunan and other provinces in China. They were little campers who were invited to participate in "Love in the Sunshine – 2016 China-Africa Children Summer Camp in Beijing" activities. The one-day "tour to Air China" carefully prepared by Air China made a deep impression on these children at home and abroad.



Little African campers sign on the flag of Air China



Case study: "Rhythm of Sky" Crew of Air China spread knowledge about aviation safety

At the occasion of the International Children's Day in 2016, "Rhythm of Sky" Crew of Passenger Cabin Service Department of Air China went into Aoyuan Kindergarten to look for little angels of aviation safety. The Crew enriched children's knowledge about aviation safety through explanation and questions, "act it out" method, field practice and other vivid activities, helping the children establish the consciousness of aviation safety.



Interaction with children



Case study: Employees from Air China Inner Mongolia visited deaf-mute children

On May 30, employees from Air China Inner Mongolia spontaneously went to the rehabilitation centre to visit deaf-mute children during break times, offering help for children's growth as much as possible. Team members shared the carefully prepared themed cake together with the children, who enjoyed a sweet holiday and a different Children's Day.



Employees from Air China Inner Mongolia take part in activities together with children

Spreading the Chinese Culture

In response to the national strategies of "the Belt and Road" and "Go globally", Air China actively carried out cultural exchange activities and functioned as a communication hub to promote the "Chinese Style", taking the road of cultural confidence.



Case study: An employee from Air China won the "Chinese – Hungarian People's Friendship Award"

On November 10, Yan Jianshu, Deputy General Manager of Budapest Business Office of Air China, was awarded the 2016 "Chinese – Hungarian People's Friendship Award" by Szijjarto, Minister of Foreign Affairs and Trade of Hungary, Duan Jielong, Chinese Ambassador to Hungary, and Euler Loyos, Chairman of "Great Wall Hungary-China Friendship Association". Direct flights between Beijing and Budapest established an air bridge for the friendship between China and Hungary to facilitate business and tourism exchanges and promote economic and social development between the two countries.



An employee from Air China is presented the award

Case study: Building dreams along the “the Belt and Road” – supporting the mural exhibition to promote cultural communication

Cultural communication can not only enhance the attractiveness of the “the Belt and Road” initiative, promote win-win cooperation with mutual benefit in all areas, but also represent the inheritance and development of the spirit of ancient Silk Road. On May 7, 2016, Air China sponsored the “Cave Temples of Dunhuang: Buddhist Art on China’s Silk Road” Exhibition as an official cooperative airline, providing air tickets and transportation service for exhibits, which was highly recognized by the organizer. This reflects the unremitting efforts made by Air China in promoting Chinese culture communication. Meanwhile, the image of China is highlighted and the local community’s understanding of China is enhanced.



At the mural exhibition

Inheriting the Volunteers’ Spirit

Upholding the spirit of “dedication, friendship, mutual assistance and progress” for voluntary service, Air China actively participate in social welfare undertakings and encourage and support employees to carry out a wide variety of volunteer activities.

Case study: “With Air China, unattended children will fly higher” voluntary service activities during summer transportation by Southwest Branch

In August 2016, a total of 36 young volunteers from Southwest Branch and Air China Cargo participated in the “With Air China, unattended children will fly higher” voluntary service activities during summer transportation, transferring 280 unattended children. Volunteers of Air China undertook social responsibilities with practical action, showing the spirit of love and mutual assistance.



Participating in the voluntary service activities during summer transportation

Case study: “Jinfeng” Crew of Tianjin Branch visited the lonely elderly people

It is a fine tradition of the Chinese nationality to care for the elderly. Over the years, “Jinfeng” Crew of Tianjin Branch visited lonely elderly people on every festival, delivering gifts and fantastic performances to them as an expression of gratitude or appreciation. This not only brought warmth and joy to those elderly people, but also set a good example for the society to respect the elderly, so that love and responsibility can be relayed to the surrounding communities.



Visiting lonely elderly people

Our Story



A Trip to Rio, a Journey to realize dreams in Olympic Games

During the 2016 Rio Olympic Games and Paralympic Games, Air China provided chartered flights services successfully, carrying a total of over 2,000 people within 82 days. Air China was highly praised by Olympic athletes for its high-performance, safe and comfortable aircraft, high-quality and personalized service, as well as high-standard collaboration all through the Olympics and Paralympics. Athletes fought hard in the Games to win honour for the motherland, while all staff from Air China worked together to create a smooth and comfortable journey for the athletes.

On the evening of August 23, Air China fulfilled the one-month mission in Olympic Games with the smooth landing of Flight CA604. B777-300ER aircraft, operated by the Sixth fleet of General Fleet, carried back leaders of State General Administration of Sports, members of Chinese women volleyball team, rhythmic gymnastics team, table tennis team, cycling team, CCTV Olympic journalists and other related personnel (a total of 212 people) with honour and glorious achievement. On September 19, the Chinese delegation of the Rio Paralympic Games returned by plane with glory, and were warmly welcomed by Ground Service Department of Air China.



Voices of Stakeholders

Air China has made outstanding contributions in securing flight transportation for previous Olympic Games. Olympic athletes compete in athletic games, while staff from civil airlines spare no effort to provide transportation service, both struggling for the glory of the country in different ways.

Liu Peng




Director of State General Administration of Sports


Flight attendants from Air China enthusiastically serve the Chinese disabled sports delegation. You are handsome gentlemen or pretty ladies with beautiful souls and your meticulous, patient and considerate service makes everyone feel at home. Your good morality will inspire us to get good grades in the Games. Thank you!

Yang Dongping

A Staff Worker Served at Rio Paralympic Games

Table of Major Indicators

Name of Indicators	2014	2015	2016
 Total assets (RMB100 million)	2,120.02	2,137.04	2,241.28
Operating income (RMB100 million)	1,048.88	1,089.29	1,139.64
Total profit (RMB100 million)	50.88	90.43	102.19
Tax payable (RMB100 million)	42.57	58.78	63.88
Number of registered aircrafts	540	590	623
Safe flight hours (ten thousand hours)	170	187.59	202.87
Average aircraft age (years)	6.04	6.3	6.36
RTK (100 million)	194.38	218.07	236.98
Passenger carried (ten thousand persons)	8,300.96	8,981.59	9,660.59
Cargo and mail carried (ten thousand tonnes)	155.29	166.44	176.91
Number of flights (ten thousand)	57.23	61.59	65.11
Social contribution per share (RMB)	2.182	2.589	2.822
Purchases from the five largest suppliers (RMB 100 million)	436.27	336.80	375.47
 Passengers' overall satisfaction rate (%)	88.9	87.2	87.32
Premium passengers' overall satisfaction rate (%)	87.12	87	87.26
Number of complaints received from passengers for the whole year	17,543	22,733	20,638
Passenger complaint handling rate (%)	100	100	100
Domestic luggage error rate (‰)	1.44	1.71	1.22
Overseas luggage error rate (‰)	4.17	4.85	4.90
Flight on-time performance (%)	73.5	72.6	76.7
Flight execution rate (%)	98.1	98.5	98.3
 Total energy consumption (ten thousand tonnes standard coal equivalent)	785.6	907.6	980.0
Aviation fuel consumption (ten thousand tonnes)	543.3	613.1	662.4
Power consumption (megawatt hour)	130,966.8	132,591.4	134,409.5
Gasoline consumption (tonnes)	1,948.7	1,734.5	1,491.9
Diesel consumption (tonnes)	6,538.9	6,389.4	6,761.5

Name of Indicators	2014	2015	2016
Natural gas consumption (ten thousand cubic metres)	830.8	841.4	900.3
Other energy consumption (tonnes standard coal equivalent)	20,446.7	15,754.7	13,762.9
Fuel consumption per RTK (kilograms)	0.2746	0.2750	0.2722
Fuel consumption per 100 RPK (liters)	3.41	3.49	3.44
CO ₂ emission for 100 RPK (kilograms)	8.6	8.8	8.7
CO ₂ emissions per RTK (grams)	865	866	857
CO ₂ emissions (ten thousand tonnes)	1,711.41	1,931.24	2,086.46
Total hazardous waste emission (tonnes)	415.29	374.51	323.44
Water consumption (ten thousand tonnes)	318.6	330.9	340.4
Environmental protection investment (RMB ten thousand)	64,700	36,349	18,501
 Number of employees in the post (persons)	26,568	27,104	23,258
Number of foreign employees (persons)	1,007	1,062	1,155
Number of minority employees (persons)	774	1,009	1,051
Number of disabled employees (persons)	20	20	19
Female employee occupancy ratio	36.3%	36.3%	40.3%
Total number of management staff and management supporting employees (persons)	6,451	6,519	5,719
Labour contract signing rate	100%	100%	100%
Employee turnover rate	1.5%	2.7%	2.53%
Proportion of employees guaranteed by collective bargaining agreements	100%	100%	100%
Total training hours (hours)	159,863	161,630	143,678
Number of employees participated trainings (person-time)	98,249	109,212	83,997
Total employee education expenses (RMB ten thousand)	1,063	1,826.4	1,892.2

Remarks:

1. The information is based on the calibre of Air China Group. Among which, the information on services and employees is based on the calibre of Air China.
2. CO₂ emissions include only the direct emissions from aviation fuel combustion, and other energy emissions have no national unified standards for calculation currently.
3. Hazardous waste emissions include the emissions from AMECO hazardous waste.

Major Honours

Time	Honours
March	Air China was awarded the "Best Airline of the Year 2015" at the 2nd Civil Aviation Service Summit.
June	Air China ranked 4th in the "Top Ten Competitive Airlines in the World" Rankings announced at the press conference of the 7th World Airlines Ranking.
June	Air China again ranked 23rd among "Top 500 Most Valuable Chinese Brands" and its brand value increased by RMB14.153 billion compared to the previous year, ranking the first among China's civil airlines.
July	Air China ranked 54th of the "Fortune" in 2016 China Top 500 list.
August	Air China won the honorary title of "Outstanding Enterprise in Brand-building" during the 2013-2015 term of SASAC.
September	Air China ranked 88th among "Asian Top 500 Brands", taking first place among China's civil airlines, and won the special award of "Top Ten Enterprises in Terms of Public Credibility Among Asian Brands".
September	Air China was awarded the honorary title of "Top Ten Caring Partners of Chinese Sports Delegation at 2016 Rio Paralympic Games" by the State General Administration of Sports.
November	Air China won the "2016 Best Brand Value Award" at the 7th Civil Aviation Communications Summit.
December	Air China was awarded "the Most Influential New Media Account for Central Enterprise in 2016" at the 4th Chinese Enterprises New Media Annual Conference held in Beijing.
December	Air China ranked 295th in the 13th World Brand Summit organized by World Brand Lab, up by 5 places from 2015.
December	Air China was honoured the "2016 Best Employer in China" at the 11th China Employer Branding Forum.

Outlook

Economy

The Company will enhance its operation management capability and improve its organisational efficiency. The Company plans to complete 2.806 million flying hours and carry 100 million passengers, with ATKs and RFTKs reaching 36.34 billion and 7.48 billion, respectively.

The Company will promote the implementation of the "13th Five-Year Plan", continuously promote the implementation of the Beijing hub transformation project of Air China, and constantly enhance the competitiveness of the hub, so as to consolidate and develop domestic and international markets.

The Company will step up the innovation of business models, expand the ancillary products, deeply promote marketing innovation based on frequent passengers and e-commerce, so as to increase flight revenue and actively cultivate new drivers for profit growth.

Services

The Company will continue to focus on "improving customers' experience", deepen system development, and actively promote convenient travel services and utilise mobile Internet technology.

The Company will promote the construction of brand lounges, implement the construction, renovation and expansion of lounges, strengthen the quality management of facilities and equipment of lounges, and improve in-flight product experience.

The Company will step up in-aircraft network construction, strengthen IT construction, and improve its product and service capabilities with mobile internet connection.

Employees

The Company will adhere to our people-oriented philosophy, expand communication channels with its employees, and enhance the exchange of information and suggestions between the Company and its employees.

The Company will continue to push forward the development of a talent promotion mechanism and create a comprehensive and vertical promotion channel, so as to provide its employees with a broad platform for independent learning.

The Company will continue to operate and innovate the employee career development platform and promote the mutual development of the Company and its employees.

Safety

The Company will strive to prevent flight accidents, major ground accidents and material aircraft repair accidents, and the Company will do its utmost to foil any hijacking or bombing attempts provided that the safety of passengers and the aircraft is secured.

The Company will strengthen operational risk control, promote the development of the digitalised operational risk assessment system, improve response speed and disposal capacity, optimise the dangerous source database, and continuously promote safety performance management.

The Company will continuously enhance the cultivation of safety culture, frequently carry out safety inspections, continue to take the improvement of team spirit as a key aspect for safety control, and strengthen supervision and evaluation, so as to ensure a stable safety situation.

Environment

The Company will perfect its energy management system, standardise the environmental management standards and the monitoring and inspection mechanism, and improve the energy utilisation efficiency of the Company.

The Company will adhere to the "green aviation" development philosophy, increase our investments in the development of energy-saving technologies and promote the implementation of the measures for reducing exhaust emission and energy consumption.

The Company will promote the publicity of environmental protection to enhance our employees and passengers' awareness of energy conservation and environmental protection, so as to ensure the harmony between the development of the Company and the protection of ecological environment.

Community

The Company will continue to carry out special flight operations for major events and emergency events, and improve the targeted poverty relief mechanism by emphasising precise poverty relief.

The Company will continue to share the achievement of its development with the community and uphold the public welfare and charity cause by proactively carrying out the volunteer activities.

HK-ESG Index

HK-ESG	State	Page(s)	Description
Environmental			
A1: Emissions			
General Disclosure			
Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Included	36,37	In 2016, Air China did not incur any serious environment pollution or over discharge accidents
A1.1 The types of emissions and respective emissions data.	Included Partially	61	In the aviation industry, discharge mainly comes from jet fuel, which accounts for 99% of the total discharge, with a very limited amount of the other substances, which is not the main interests of management and disclosure
A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Included	61	
A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Included	61	
A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Included	42,43	
A1.5 Description of measures to mitigate emissions and results achieved.	Included	38,39,40,41	
A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Included	42,43	
A2: Use of Resources			
Policies on the efficient use of resources, including energy, water and other raw materials.			
A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Included	60	
A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Included	61	
A2.3 Description of energy use efficiency initiatives and results achieved.	Included	40,41	
A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Included	42	
A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A		
A3: The Environment and Natural Resources			
General Disclosure :			
Policies on minimising the issuer's significant impact on the environment and natural resources.	Included	37,43,44	
A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Included	43,44	
Social			
B1: Employment			
General Disclosure			
Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Included	47	In 2016, Air China did not incur any cases of non-compliance in terms of talent recruitment and employment
B1.1 Total workforce by gender, employment type, age group and geographical region.	Included	47	
B1.2 Employee turnover rate by gender, age group and geographical region.	Included Partially	61	
B2: Health and Safety			
General Disclosure			
Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Included	48	In 2016, Air China did not incur any safety accidents in relation to its employees
B2.1 Number and rate of work-related fatalities.	Not Included		
B2.2 Lost days due to work injury.	Not Included		
B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	Included	48	

HK-ESG	State	Page(s)	Description
B3: Development and Training			
General Disclosure			
Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Included	49,50	
B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Included Partially	61	
B3.2 The average training hours completed per employee by gender and employee category.	Included Partially	61	
B4: Labour Standards			
General Disclosure			
Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Included	47	In 2016, Air China did not incur any cases of non-compliance with the laws and regulations in relation to child labour and forced labour
B4.1 Description of measures to review employment practices to avoid child and forced labour.	Included		In 2016, Air China did not incur any cases of illegal employment
B4.2 Description of steps taken to eliminate such practices when discovered.	Included		In 2016, Air China did not incur any cases that involved illegal employment
B5: Supply Chain Management			
General Disclosure			
Policies on managing environmental and social risks of the supply chain.	Included	18	
B5.1 Number of suppliers by geographical region.	Included	18	
B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Included	18	
B6: Product Responsibility			
General Disclosure			
Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Included	22,23,24, 27,30,33,34	In 2016, Air China did not incur any cases of non-compliance in relation to provision of services
B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A		
B6.2 Number of products and service related complaints received and how they are dealt with.	Included	33,60	
B6.3 Description of practices relating to observing and protecting intellectual property rights.	Included	15	
B6.4 Description of quality assurance process and recall procedures.	N/A		
B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	Included	33	
B7: Anti-corruption			
General Disclosure			
Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Included	9	
B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Not Included		
B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Included	9	
B8: Community Investment			
General Disclosure			
Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Included	54,55	
B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Included	55	
B8.2 Resources contributed (e.g. money or time) to the focus area.	Included	55,56,57,58	

GRI G4 Index

	GRI index	Page(s)
Strategy and Analysis	G4-1 Statement from the most senior decision-maker of the organization.	3
	G4-2 Description of key impacts, risks, and opportunities.	3,9
Organizational Profile	G4-3 Name of the organization.	4
	G4-4 Primary brands, products, and/or services.	4
	G4-5 Location of organization's headquarters.	4
	G4-6 Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	4,5,6,7
	G4-7 Nature of ownership and legal form.	4
	G4-8 Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	4,5,6,7
	G4-9 Scale of the reporting organization.	4,5,6,7
	G4-10 Workforce.	47,61
	G4-11 Percentage of employees covered by collective bargaining agreements.	61
	G4-12 Organization's supply chain.	18
	G4-13 Significant changes during the reporting period regarding size, structure, or ownership.	5
	G4-14 Explanation of whether and how the precautionary approach or principle is addressed by the organization.	9
	G4-15 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	18,41,56,57,58
	G4-16 Memberships in associations (such as industry associations) and/or national/international advocacy organizations.	4
	G4-17 List all entities included in organization's consolidated financial statement.	7,18
	G4-18 Process for defining report content (how applied Principles).	12
	Identified Material Aspects	G4-19 List all material Aspects identified in the process for defining report content.
G4-20 For each material Aspect, report the Aspect Boundary within the organization.		12
G4-21 For each material Aspect, report the Aspect Boundary outside the organization.		7,15
G4-22 Report the effect of any restatements of information provided in previous reports.		About CSR Reporting,15,60
G4-23 Report significant changes from previous reporting period in the Scope and Aspect Boundaries.		About CSR Reporting
Stakeholder Engagement	G4-24 Provide a list of stakeholder groups engaged by the Organization.	13
	G4-25 Basis for identification and selection of stakeholders with whom to engage.	13
	G4-26 Organization's approach to stakeholder engagement (including frequency by type and stakeholder group, and any specific to report process).	13
	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.	13
	G4-28 Reporting period (e.g., fiscal/calendar year) for information provided.	About CSR Reporting
Report Profile	G4-29 Date of most recent previous report (if any).	About CSR Reporting
	G4-30 Reporting cycle (annual, biennial, etc.).	About CSR Reporting
	G4-31 Contact point for questions regarding the report or its contents.	About CSR Reporting
	G4-32 Report the 'in accordance' option the organization has chosen; the GRI Content Index for the chosen option; and reference to the External Assurance Report.	66,67
	G4-33 Organization's policy and current practice with regard to seeking external assurance for the report.	68,69
Governance	G4-34 Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	11
	G4-35 Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	11
	G4-36 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.	11
	G4-37 Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	13
	G4-38 Composition of the highest governance body and its committees by: Executive or non-executive; independence; tenure on the governance body; number of each individual's other significant positions and commitments, and the nature of the commitments; gender; membership of under-represented social groups; competencies relating to economic, environmental and social impacts; stakeholder representation.	9,11

	GRI index	Page(s)
Ethics and integrity	G4-56 Description of the organization's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	8,9
	G4-57 Internal and external mechanisms for seeking advice on ethical and lawful behaviour and matter related to organizational integrity, such as helplines or advice lines.	9
	G4-58 Report the internal and external mechanisms for reporting concerns about unethical or unlawful behaviour and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	9
Economic	G4-EC1 Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	15
	G4-EC3 Coverage of the organization's defined benefit plan obligations.	48
	G4-EC7 Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	56
	G4-EC8 Understanding and describing significant indirect economic impacts, including the extent of impacts.	17,18,56
	G4-EC9 Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	18
Environmental	G4-EN1 Materials used by weight, value or volume.	38,60
	G4-EN3 Energy consumption within the organization.	60
	G4-EN5 Energy intensity.	38,60
	G4-EN6 Reduction of energy consumption.	39,40
	G4-EN7 Reductions in energy requirements of products and services.	41,42
	G4-EN8 Total water withdrawal by source.	61
	G4-EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	43
	G4-EN19 Reduction of greenhouse gas emissions.	61
	G4-EN27 Extent of impact mitigation of environmental impacts of products and services.	40,41,42
	G4-EN31 Total environmental protection expenditures and investments by type.	61
Labour practices and decent work	G4-LA1 Total number and rate of new employee hires and employee turnover by age group, gender, and region.	47,61
	G4-LA2 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	47,48,51,52,61
	G4-LA8 Health and safety topics covered in formal agreements with trade unions.	48
	G4-LA10 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	25,49,50
Society	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.	47,61
	G4-SO4 Communication and training on anti-corruption policies and procedures.	9
Product responsibility	G4-PR1 Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	23
	G4-PR3 Type of product and service information required by the organization's procedures for products and services subject to such information requirements and labelling, and percentage of significant product and service categories subject to such information requirements.	30,31,32
	G4-PR5 Results of survey measuring customer satisfaction.	33,34,60

Third-party Assurance



Assurance Statement of Corporate Social Responsibility Report

TUV Asia Pacific Ltd. ("TUV NORD") has been commissioned by the management of Air China Limited ('Air China' for short) to carry out an independent assurance of the 2016 Corporate Social Responsibility Report ('report' for short).

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

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

Assurance Scope

- The report revealed the accuracy and reliability for key performance, information and management system which happened in 2016.
- Assurance address is in No.30 Tianzhu Road, Tianzhu airport economic development zone, Beijing China, Where the headquarter located. And we didn't visit other branch, Subordinate units or the site of Projects.
- We evaluate the collection, analysis, aggregation of the information and data.
Assurance of the Report was done on 02-03.03.2017.

Assurance Methodology

Assurance process including following activities:

- Review the document information which provide by Air China;
- Interview the person who collected the report information;
- View the related websites and media reports, verify the data and information through sampling method;
- Refer to GRI Sustainability Reporting Guideline(G4) on balance, comparability, accuracy, timeliness, clarity, reliability, and give the evaluation;
- Refer to AA1000AS (2008) Assurance methodology;
- Assurance activity is based on TUV NORD CSR report assurance management procedure.

Assurance Conclusion

Air China CSR Report provide an appropriate and objective view of the sustainability & social programs and performances in 2016. The data in report is reliable and objective, TUV NORD didn't find the system error or substantial error, Which meets the disclosure requirement of G4 core option.



- The structure of report is complete, the revealed information is clear, easy-understand and available;
- The report feedbacks the stakeholders expectation and requirement through 6 fields, which is An Economic Engine That Creates Value, Ensuring Safety First with Full Commitment, Enjoyable Experience of Our 4C-based Service, Preserving Blue Sky and Clear Water,
- Responsible performance reveal three years key performance, which reflect the report comparison.

Suggestion for improvement

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

- Suggest cover more kind of stakeholder when do stakeholder survey;
- Suggest increase industry CSR performance comparison, which can reflect report crosswise comparison.

Special statement

This statement excluding:

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

Statement of Independence and Competence

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

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

The team leader: 贾宏伟
Date :17.03.2017

The Authorized person: 宋海宁
Date: 17.03.2017

注：本声明的中文和英文版本具有同等效力，请以中文为准。



A STAR ALLIANCE MEMBER 

