

The World is Smaller
Because of Us




2017

Corporate Social Responsibility Report

Air China Limited



A STAR ALLIANCE MEMBER 

About this Report

Dear readers, this report reflects the efforts and accomplishments of Air China Limited in fulfilling its social responsibilities in 2017. We hope you can feel our passion and commitment, and continue to support and help us in carrying on our reform and development.

Reporting Period

This report covers the period from January 1 to December 31, 2017, and some events might be traced back to the previous years.

Scope of the Report

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

Basis of Preparation

This report is prepared in accordance with the *Guidelines for National Enterprises on Fulfilling Corporate Social Responsibility* released by the State-owned Assets Supervision and Administration Commission of the State Council, the *Notice on Strengthening the Fulfilment of Corporate Social Responsibility for Listed Companies* released by the Shanghai Stock Exchange, the *Guidelines of the Shanghai Stock Exchange on Disclosure of Environment Information for Listed Companies* released by the Shanghai Stock Exchange, and the *Environmental, Social and Governance Reporting Guide* of the Hong Kong Stock Exchange (HK-ESG), the *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 tenth 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

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

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

If you wish to acquire a printed version or raise suggestions and/or comments on 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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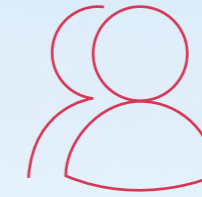
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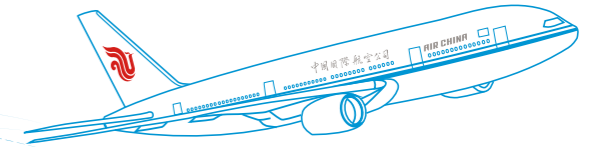
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Chairman's Statement

Remain true to our original aspiration and keep our mission firmly in mind. Air China, adhering to the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, has relentlessly practiced the five development concepts of "innovation, coordination, green development, opening up, and sharing". With all efforts, we have achieved good results in reinforcing safety management, improving economic benefits, deepening reform, enhancing service quality, and strengthening Party building.

Sticking to the two "Consistencies" principle, we combined the Party building with corporate development, including it into our articles of incorporation, and integrating it into our corporate governance. In the process of deepening reform continuously, we improved our modern enterprise system, and gave priority to achieving the strategic goal of becoming a world-class airliner with global competitiveness.



蔡剑江

Cai Jianjiang
Chairman and Secretary of Party Committee,
Air China Limited

Focus on targeted poverty alleviation

Firmly holding on to the overall deployment about poverty alleviation made by the CPC Central Committee and the State Council, we actively partook our share of responsibilities in fixed-point poverty alleviation. We strengthened the power of leadership in organizing poverty alleviation, innovated in the approaches to help and support the poverty-stricken areas, coordinated and aggregated the favourable forces of all sources, focused on how to improve the capability of poverty-stricken areas and people there to develop on their own accord, and created new models and initiatives, which are of Air China characteristics, to boost the cause of poverty alleviation.

Improvement of development quality

We kept innovating in our operation model and continued improving our operation level. As a result, our annual operating income totalled RMB121,363 million, with total Profit of RMB11,481 million, indicating a growing profitability. While actively responding to the "Belt and Road" Initiative and advancing our strategy of "improving international competitiveness", we brought into full play our advantages in hub network, and made great efforts to further perfect our route network and market layout. In 2017, we added another 61 routes, reaching more than 40 countries and regions, further upgrading our global operation layout.

A solid foundation built for safety

Under the guidelines of "safety first, focus on prevention, and integrated management", we carefully carried out the accountability system for safe production, placed safe operation as the priority of our various tasks, kept enhancing risk control and emergency response capabilities and cultivated the corporate safety culture substantially in order to make "safety" an normal state for flights and ensure all-time safety in operation in an all-round way. In 2017, the Group registered a record of safe flight of 2.12 million hours, carrying 102 million passengers to their destinations.

Enhancement of service quality

Adhering to our guiding principle of "4C-based service", we kept improving our passenger service management system, enhancing our service quality, increasing the investment in equipment and facility upgrading and updating, further refining service process, utilizing internet technologies, innovating in the methods and approaches in services, paying attention to passengers' needs and expectations, ensuring the upgrading of service experience, and increasing the satisfaction of passengers on travel. In 2017, the overall satisfaction of passengers was on the rise steadily.

Protection of our environment

We fostered and practiced the philosophy of "lucid waters and lush mountains are invaluable assets", thoroughly implemented China's policies on energy saving and environment protection, combined our development with social and ecological progress, continuously strengthened the framework for energy saving and emission reduction, and kept uncovering our potential in energy saving and emission reduction. By refining the allocation of resources, we have built a green fleet of aircrafts, instilled the concepts of energy saving and emission reduction into our development process, further increased the efforts in promoting environment protection, fostered the employees' and the passengers' awareness of environment protection, to jointly create a green, healthy and sustainable future.

Helping employees fulfil dreams

As an enterprise sticking to the "people-oriented" philosophy, we fully protected our employees' legitimate rights and benefits, kept upgrading our talent management policies, improving our talent development system, and expanding the channels for employee growth, actively created an inclusive, multicultural and harmonious atmosphere, cared about employees' life and health, incessantly inspired our employees to make innovation and move forward, and shared our development outcomes with employees.

Sharing a community in harmony

We always stand out for our share of social responsibilities in case of major emergent air transport tasks, such as in disaster relief, emergent evacuation of people, and plane chartering for important events. We actively participated in social charities and passed on the spirit of volunteers to create a steady and harmonious social environment.

In 2018, we will fully implement the spirit of the 19th CPC National Congress and move on relentlessly while remaining true to our original aspiration. We will focus on quality and benefits, improve service quality, fulfil our social responsibilities, and make new, greater contributions to the realization of China Dream and the common ideal of mankind.

About Us

Stock Code
Shanghai Stock Exchange: 601111
Hong Kong Stock Exchange: 00753
London Stock Exchange: AIRC



Company Overview

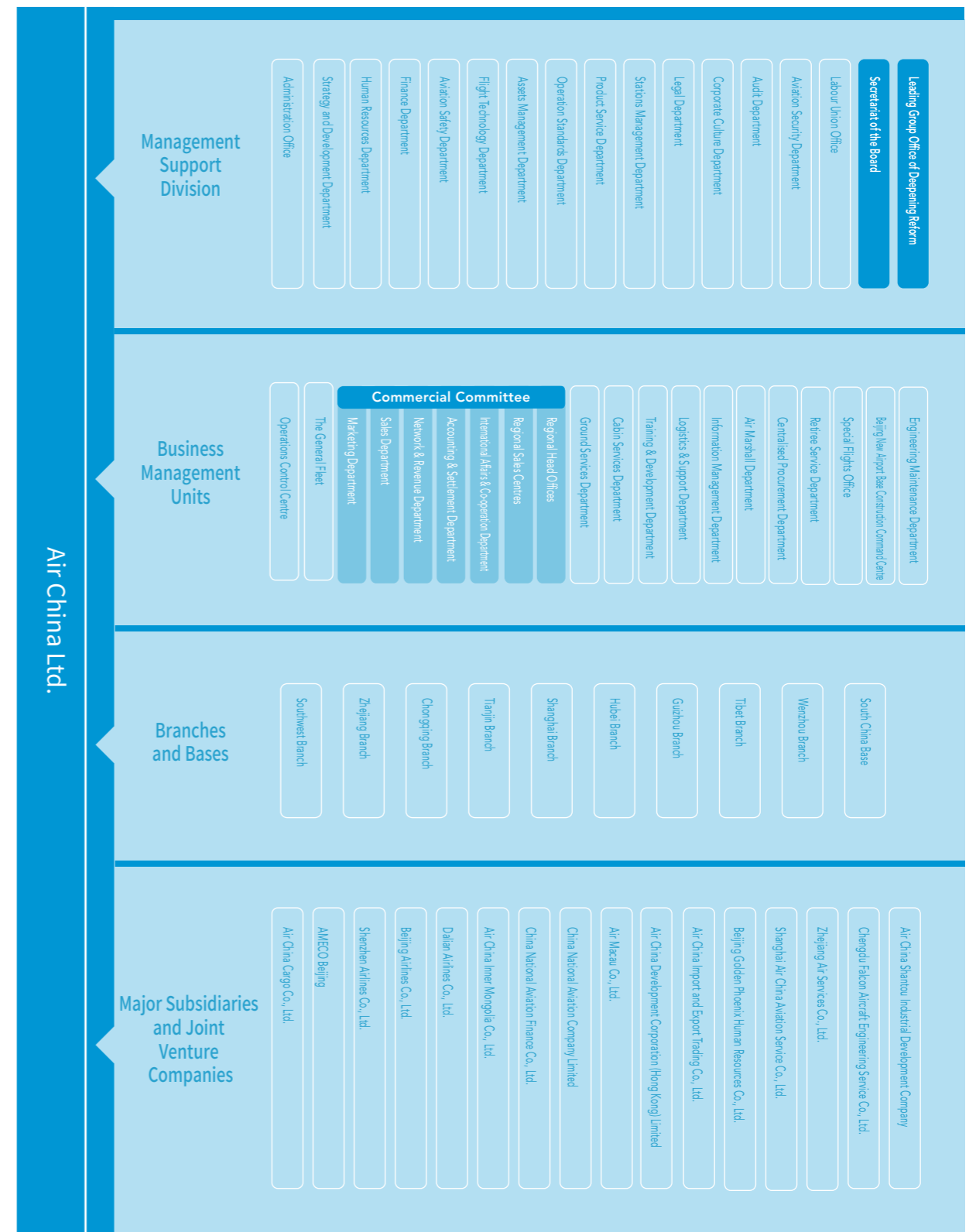
Air China Limited was founded in 1988, its predecessor being known as Air China International. In October 2002, Air China International integrated the air transportation resources of China National Aviation Company and China Southwest Airlines to form a new entity. On September 30, 2004, Air China Limited 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 2017, Air China carried 102 million passengers, and 1.84 million tons of cargo and mail, and its RTKs (revenue ton kilometres) reached 25,385 million. It recorded RMB121,363 million in business revenue, with total Profit of RMB11,481 million, ranking top among aviation companies in terms of business performance.



Organizational Structure



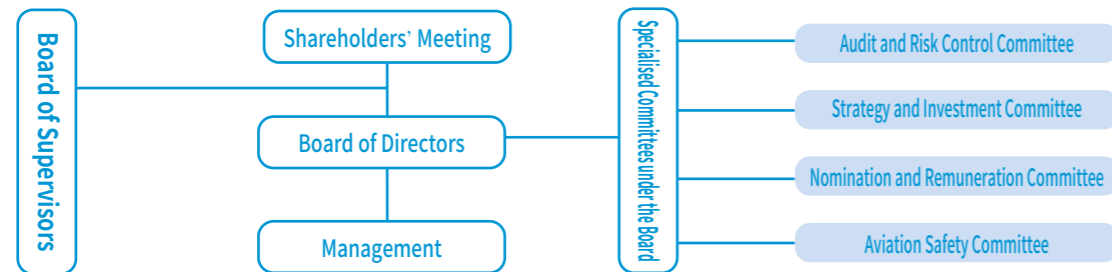
Corporate Governance and Risk Prevention

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, in order to improve the level of our corporate governance, we have been managing our operation and perfecting our modern enterprise system strictly in line with relevant laws, regulations and ordinances including the *Company Law*, the *Securities Law*, and the *Code of Corporate Governance for Listed Companies* in China, with a view to establishing a standardised internal control system and rules, and developing ourselves into a professional team driven by integrity and dedication.

Corporate Governance

Air China unswervingly carries out the decision, deployment and requirements made by the CPC Central Committee and the State Council concerning the reform of national enterprises. While observing requirements of domestic and overseas listing rules and any other relevant laws and regulations, Air China, led by a brand-new outlook on development, evolves around its strategic goals and the contradictions and problems that need concentrated efforts to solve, keeps optimizing its top-level design, reinforces its organizational leadership and mechanism, continuously improves its corporate governance structure and drives forward the building of its modern enterprise system.

In 2017, Air China actively propelled the progress of incorporating Party building into our articles of incorporation. By doing this, the Party building in the Company has been more organically integrated with the improvement of its corporate governance structure. The legal status of Party organization in corporate structure governance has been acknowledged so that the role of Party organization in Air China, as a listed company, would be more organized, systemized, and specific.



To push forward the development of modern enterprise system constantly, in line with SASAC's overall requirements on building a standardised board of directors, Air China formed a new board of directors, where the board structure has been improved, the proportion of external directors increased, and the internal check and balance function strengthened. In this way, we successfully established a corporate governance structure with equal power and responsibilities that runs in a coordinated manner and wields effectively the power of check and balance, improving the independence and authority of the board of directors.

To enable independent directors to get familiar with the Company's situation and to perform their duties as soon as possible, Air China has set up the system for briefings of the board secretary, ensuring independent directors have sufficient time to express their opinions before the examination and approval of the board of directors and committees. Also, the system for investigations of independent directors can help them to know the Company's situation in a comprehensive and thorough manner and to participate in the Company's decision-making process in a better way.



Independent directors investigated an aircraft manufacturer

Internal Control

Air China prioritized risk prevention and efficiency improvement while vigorously promoting the building of the Company's internal control system, with its branches, important business management units, management support units and invested enterprises being 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 2017, there was no any significant or material deficiencies in our financial and non-financial reports.

Business Ethics

Air China are committed to maintaining high-standard business ethics. We have been persistently combating corruption, promoting integrity and strengthening accountability to form a stringent work style and integrity. We have organized lectures on how to maintain integrity and honesty in career pursuit and exerted ourselves to improve the supervision system and mechanism, thus creating a relatively well-established corruption risk-preventing network and risk control mechanism. In 2017, 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.

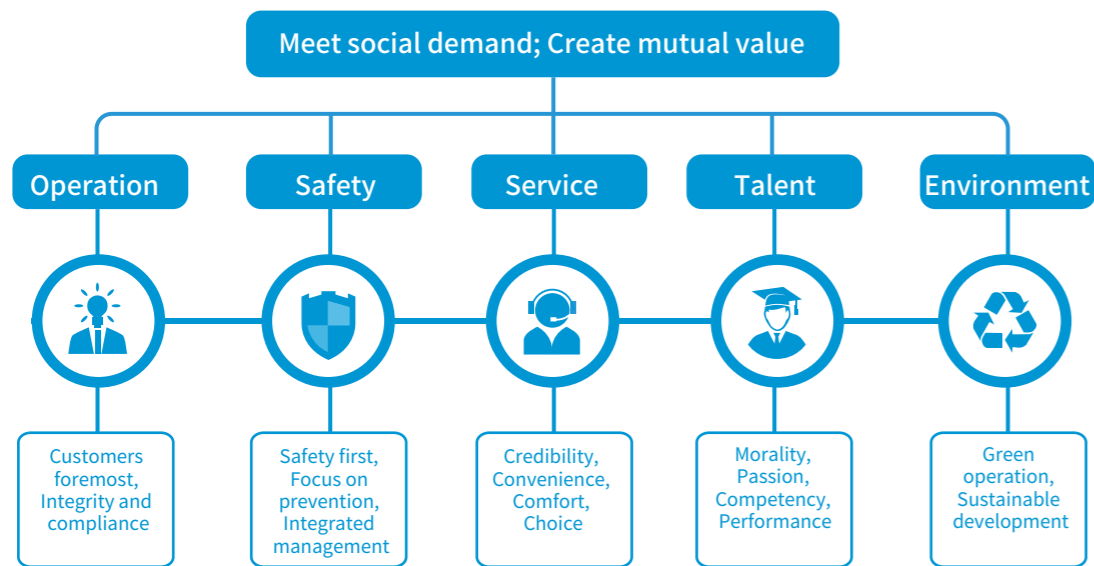
Corporate Culture

In 2017, on the foundation of building a socialist core value system, Air China made great efforts to conduct activities on corporate culture. We intensified the development of safety and service culture, planned and organized a range of activities themed "Big and little journalists visit Air China", intensified the implementation and practices of safety culture in the Company, and improved the Company's image as a brand of safety. We launched the program of "Lectures on Corporate Culture" to promote professionalism, and held a micro-video competition, which focused on practicing service culture, uncovering and highlighting typical service cases and stories, and enhancing their identification and promotion within the Company. By taking advantage of multiple carriers, such as cultural corridor, we demonstrated the high ideological outlook and mental outlook of employees in service posts. We launched the building of CSR system to innovatively pass on our corporate culture, build our brand image, increase the awareness of our missions, create a cultural atmosphere in which all employees make progress actively, and strive to provide the Company with an ideological motivator for overall development and strategic progress.

CSR Management

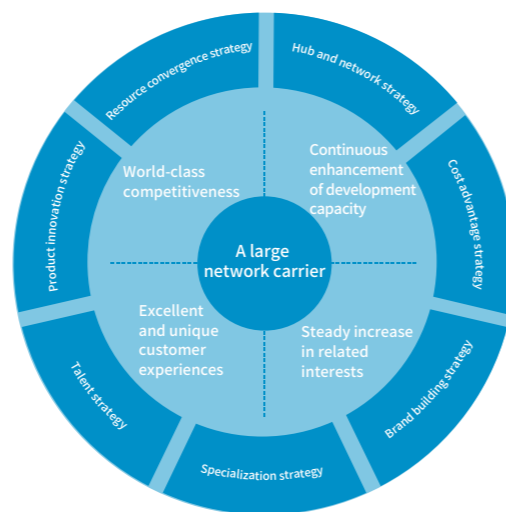
Air China has always been adhering to the guidelines of combining social responsibilities with our strategic deployment so as to develop a comprehensive and sustainable development plan while actively performing its social responsibilities, aiming to promote the harmonious development of both the Company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

CSR Concepts



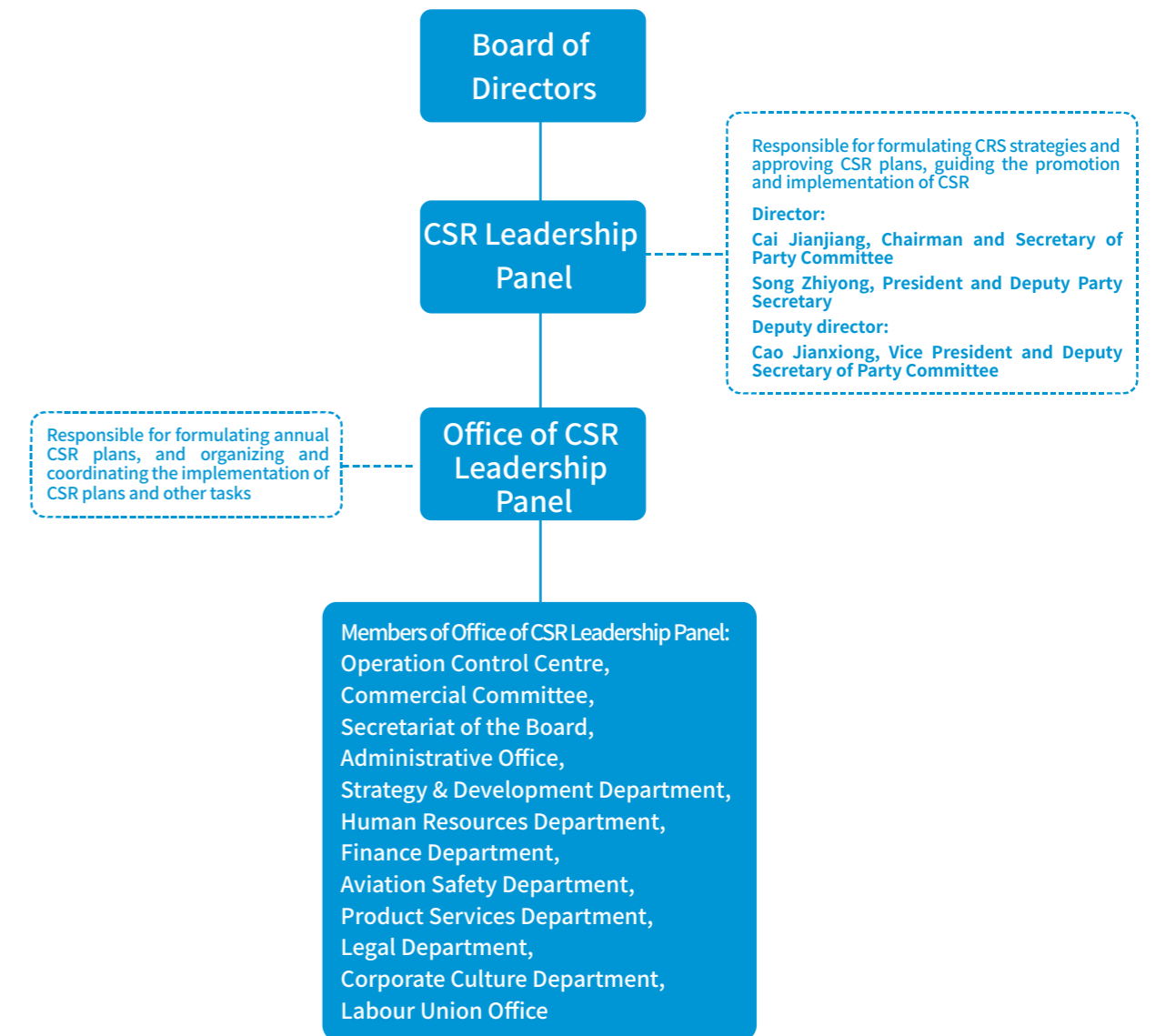
Sustainable Development Strategy

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. In 2017, Air China further extended the CSR management system, tuned and improved our CSR management framework, and pushed the successful and effective implementation of social responsibility tasks.



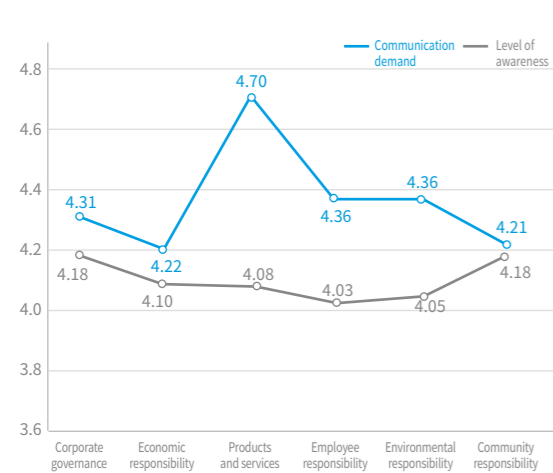
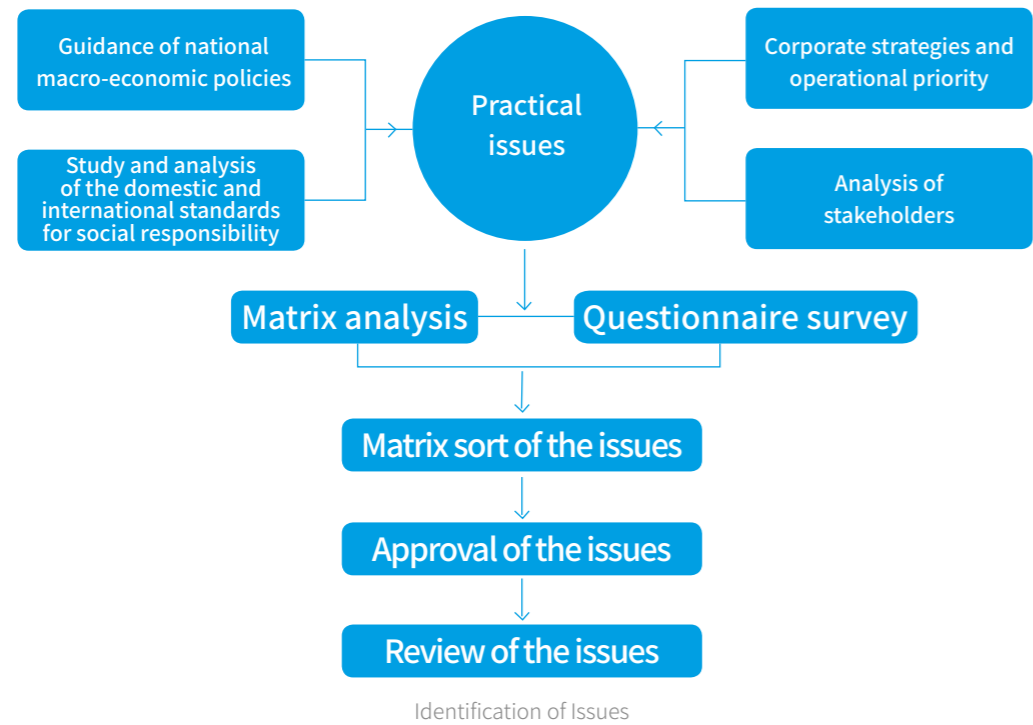
Key Points in CSR Performance

In response to the new targets and new requirements of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, as well as in response to the community's attention and expectations to aviation companies, Air China has considered the overall situation and advantages of our CSR tasks, and set down the key points of CSR performance.

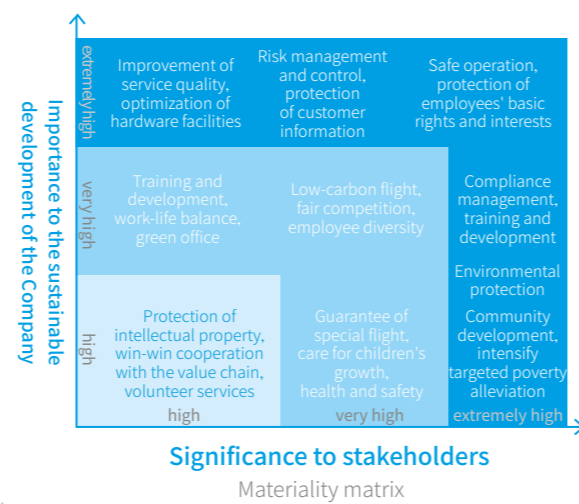
- Communicate Chinese culture and tell stories of China
- Implement poverty alleviation policies and achieve the goals of poverty alleviation
- Promote sustainable development and share development results

Materiality Analysis

We combined the expectations of our stakeholders with China's development conditions and policies, industrial characteristics and features of our business and went through procedures of collecting, screening, assessing, verifying and reviewing to identify substantive issues which are important to both the Company and our stakeholders, and ranked these issues in terms of "significance to the Company's sustainable development" and "significance to the stakeholders".



Stakeholders' communication demand and level of awareness regarding CSR issues*



Materiality matrix

* The gap between communication demand and level of awareness is the future improvement and upgrading direction of stakeholder and corporate social responsibility communication

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 briefings	Integrity compliance and orderly operations Support for important and major events	Participating in the planning, research and formulation of policies
	Information disclosure	Zero accident affecting safety of operations Good corporate image	Special topic reports Monitoring and evaluation
	Cooperation with local government	Energy conservation, emissions reduction and environmental protection	Support special flight missions
Investors/Shareholders	Information disclosure	Standardised corporate governance	Improving corporate governance and internal control system
	Shareholders' meetings	Protection of investors' and shareholders' rights and interests	Strengthening efficiency-leadership competitiveness
	Investors' meetings	Sustainable profitability	Regular result announcement
Customers	Customer satisfaction surveys		Branded lounges
	Complaint handling	Flight safety and on-time performance	Drawing self-portraits of gracefulness 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 unions, teams construction	Smooth career development Compensation benefits	Helping employees in difficulty
Partners/Suppliers	Daily business interactions	Honesty and integrity in business operation	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	Strengthening alliance and cooperation
	Industry conferences	Maintenance of fair market order	Launch joint operation Signing of cooperation memorandum
Community	Public welfare and charity activities	Promote economic growth of the communities	Intensifying targeted poverty alleviation
	Volunteer work	Support public welfare events	Engaging in public welfare and charity activities Poverty and disaster relief work
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 Weibo and WeChat
	Official new media platform	Future planning	Media open-day

Feature

A New Chapter of High-quality Development under the Guidance of the Spirit of the 19th CPC National Congress

CPC's Strategy and Goal

★ CPC's Original Aspiration and Mission

It's clearly stated at the beginning of the report to the 19th CPC National Congress that: the original aspiration and the mission of Chinese Communists is to seek happiness for the Chinese people and rejuvenation for the Chinese nation.

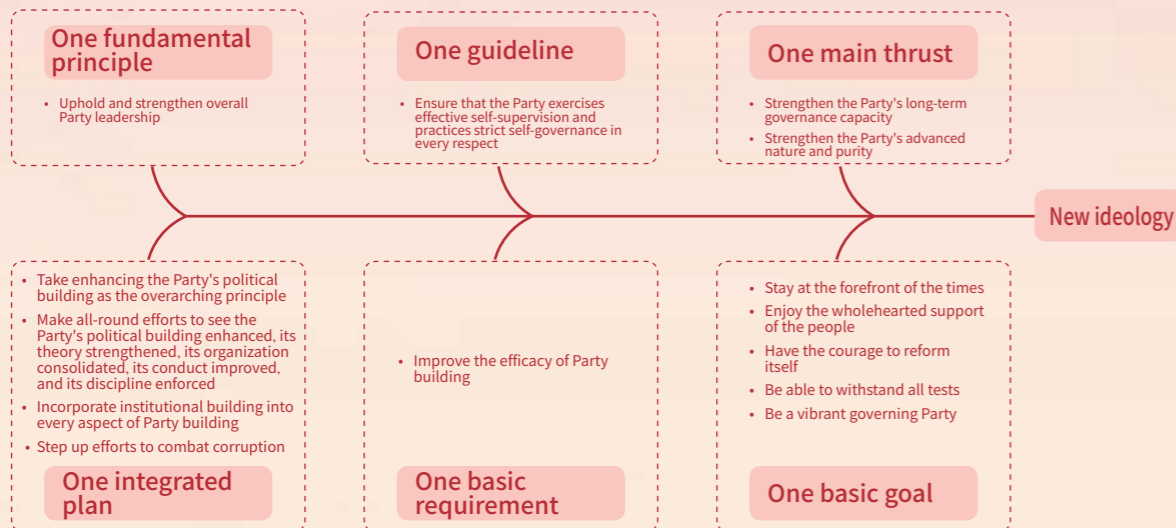
★ Strategic Arrangements in the New Era

From present to 2020: build a moderately prosperous society in all aspects
 2020-2035: Basically realize socialism modernization
 2035-2050: Develop China into a great modern socialist country that is prosperous, strong, democratic, culturally advanced, harmonious, and beautiful

★ Decisive Factors in Realizing Our Great Dream

This great struggle, great project, great cause and great dream are closely connected, flow seamlessly into each other, and are mutually reinforcing. Among them, the great new project of Party building plays the decisive role

General Requirements for Party Building in the New Era



The 19th CPC National Congress has clearly pointed out the direction that the reform of state-owned enterprises will go towards. As an aviation company carrying national flag, we need to show our political attitude, which is the fundamental principle for reform and development. Air China will persevere in taking political building as the overarching principle and putting it at the top priority.



In-depth Study of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the Spirit of the 19th CPC National Congress

Holding meetings of Party Committee to learn and communicate the spirit of the Congress and research the 8 measures for arranging the study and publicity

Taking the study and implementation of the spirit of General Secretary Xi Jinping's important speeches as the main thread, which was incorporated into the learning of political theories at all levels of the Company and throughout the year

A world leading airline

Conducting 10 intensive workshops in which the Company's Party Committee took the lead and sub-tier Party Committees and primary-level Party organizations at all levels followed to study

Organizing 20 study sessions for the Theory Learning Centre Group of the Party Committee, 4 trainings for senior executives at the Central Party School, and special research and deployment of Party building at the Company's strategy decoding meeting



The Theory Learning Centre Group of the Party Committee in a study session

Party Leadership was Strengthened and the Responsibility for Governance over the Party was Substantially Fulfilled at Each Level of the Party Organization

We revised and released rules of procedures for the Company's Party Committee, President Office meetings and "major matters as major decision-making, appointments and removals of important personnel, arrangements of large projects, and large expenditures", pushed the incorporation of Party building into the articles of incorporation of subordinate enterprises step by step

We paid great attention to Party building institution and mechanism, had "a routine meeting every month, an examination each month and a briefing each week", strengthened the top-level design of Party building, formulated the opinions and work plans for performing Party building, ideology, Chinese Communist Youth League committee, poverty alleviation, united front work and social responsibility

We promoted innovations in Party building, encouraged cooperation of our subsidiaries with the School of Economics and Management, Tsinghua University and the School of Psychological and Cognitive Sciences, Peking University to study basic topics regarding how to manage the daily education of CPC members, and endeavoured to facilitate innovation in Party building ideas and approaches

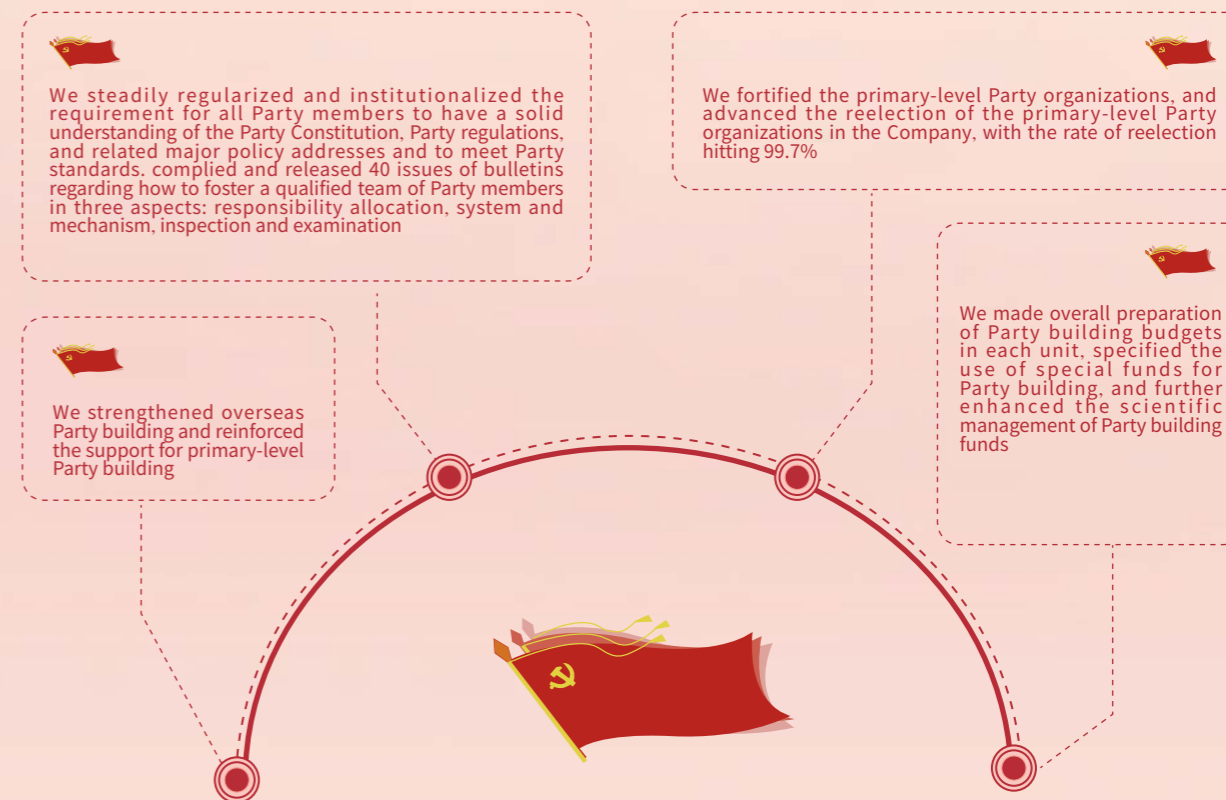


The Company organized cadres and employees to watch the opening ceremony of the 19th CPC National Congress



Cai Jianjiang, Chairman and Secretary of Party Committee, communicated the spirit of the 19th CPC National Congress

The Foundation of Party Building was Consolidated



Increased Efforts on Ideology and Publicity Culture

- ★ We specified the responsibilities of Party committees at each level, enacted "10 Prohibitions" for online behaviours of CPC members and cadres, improved the capability to manage public opinions, further supplemented the administrative rules on the Company's news release, use of new media and the prevention and control of public opinion risks, and standardized the working procedures
- ★ Taking the opportunities, including Spring Festival travel season, launch of new routes, promotion of new products, improvement of operation support capability, and becoming the partner of Beijing Winter Olympics, Air China organized and planned a range of themed publicity campaigns to substantially improve our corporate image and social influence

The Talent-assembling Role of Trade Unions and Chinese Communist Youth League Organizations was Brought into Play

- ★ We strengthened the leadership in conducting Labour Union activities, assembled the employees cohesively in line with the requirements of building a knowledge-, technology- and innovation-based team to promote the building of a harmonious company
- ★ With profuse attention given to youth-focused work, we held 2 youth work symposiums, actively promoted youth innovations, organized a "Youth Innovation Competition" in which we received 204 innovation projects and finally selected the top 10 of them for incubation

Feature | Targeted Poverty Alleviation, Shared Great Dreams

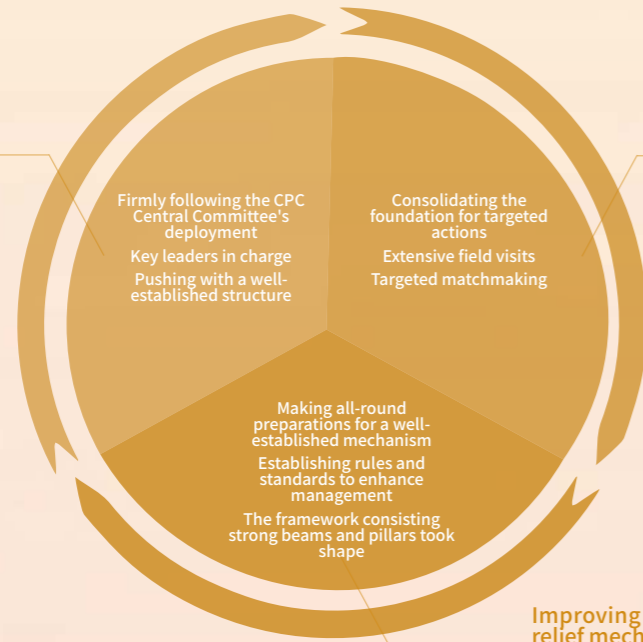
Since the 18th CPC National Congress, the CPC Central Committee has always attached great importance to poverty alleviation and put it at a more prominent position. In positive response to the nation's appeal, Air China unwaveringly followed the major deployment made by CPC Central Committee and the State Council about poverty alleviation, getting involved in fixed-point poverty alleviation actively. In 2012, we took on the task of fixed-point poverty alleviation in Sonid Right Banner, Inner Mongolia Autonomous Region and Zhaoping County, Guangxi Zhuang Autonomous Region. In 2017, Air China and subsidiaries invested RMB5.71 million for poverty alleviation, guided our employees to purchase specialty farm and pasture products worth nearly RMB20 million of from our targeted regions, and assigned 4 cadres in 2 groups taking temporary posts for purpose of fixed-point poverty alleviation.

Message for Poverty Alleviation

Targeted poverty alleviation is an important task both to the CPC Central Committee and the entire China. Party organizations at all levels must organize in-depth study over and fully understand the spirit of 19th CPC National Congress, stay firm in following the spirit of General Secretary Xi's important discourses on poverty alleviation and development. While showing our political attitude and taking into account the overall situation, we must take feasible measures and make greater efforts to gain new progress in the course of targeted poverty alleviation, truly demonstrating our sense of political responsibility and social responsibility as a central company.

—Cai Jianjiang, Chairman and Secretary of Party Committee of Air China

Strengthening organizational leadership



Key tasks of poverty alleviation in 2017

Strengthening organizational leadership, and firmly carrying out the deployment of the CPC Central Committee

The Party Committee of Air China thoroughly implemented the key deployments made by the CPC Central Committee to win the fight against poverty. Cai Jianjiang, Chairman and Secretary of Party Committee, and Song Zhiyong, President and Deputy Secretary of Party Committee made deployments and raised requirements with regard to targeted poverty alleviation in succession, and the Company strengthened our Poverty Alleviation Leadership Group to further enhance the organizational leadership in poverty alleviation.



A meeting of the Poverty Alleviation Leadership Group

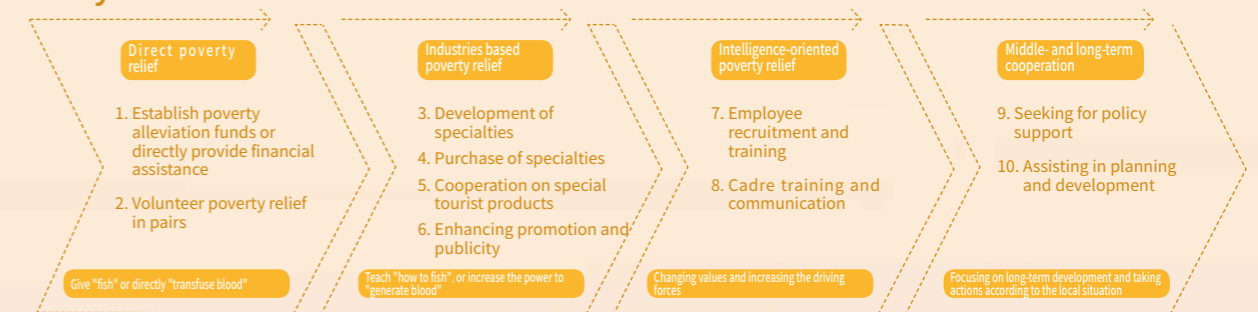


A symposium with visiting leaders from the Party Committee and Government of Sonid Right Banner



A symposium with visiting leaders from the Party Committee and Government of Zhaoping County

Improving the poverty relief mechanism and building a "8+2" working system



Conducting extensive field visits and consolidating the foundation for targeted actions

We held more than 20 communication, matchmaking and on-site office meetings with leaders from Sonid Right Banner and Zhaoping County, listened to the briefings of cadres assuming temporary posts on poverty alleviation, went out to the targeted regions to learn about the production, life and industrial development there, and strengthened the supervision on our poverty alleviation funds and implementation of poverty relief projects, laying a solid foundation for better targeted poverty alleviation and corruption-free poverty relief.



Visit to families in difficulty, with financial assistance offered



A targeted poverty alleviation and project negotiation conference with Zhaoping County

Development-oriented poverty relief: teach how to fish instead of giving fish

In cooperation with specialized companies, Air China made great efforts in pushing development-oriented poverty relief. To help the areas and people stricken by poverty improve their self-development capability, we made use of our advantages in resources, brand, route network and social influence to promote characteristic resources of Sonid Right Banner and Zhaoping County, assisted them to explore their special sceneries and material and cultural resources. By teaching them "how to fish" and guiding them to increase the power of "blood generation", we had endeavoured to promote the fast development of relevant industries in these areas and achieve poverty elimination and sustainability in the long run.

Purchase of specialty farm and pasture products

- Organizing employees to purchase specialty farm and pasture products, such as "Sonid beef and mutton" and "Zhaoping organic tea"
- Holding "Sonid beef and lamb" appreciation fair
- Purchasing superior tea to serve in lounges of Beijing terminals and first class and business class cabinets of some routes

Development of specialty farm and pasture products

- Organizing an event of tasting specialty beef and mutton from Sonid Right Banner
- Assisting the construction of Beef Cattle Fattening Base of Sonid Right Banner
- Assisting the construction of an agaric farm in Jiangkou Village, Zhaoping County

Development of resources of cultural tourism

- Publishing a special column for promoting the tourism of Huangyao Ancient Town, Zhaoping County in Wings of China
- Publishing the articles Scenic Zhaoping: A Town of the Long Life and Sonid Right Banner: the Pearl of Prairie Shining on Silk Road in Wings of China
- Organizing an editorial team to visit Zhaoping and publishing the article Sightseeing Tour of Zhaoping In the Golden Autumn in International Aviation News

Development of characteristic tourism programs

- Conducting special investigation on tourism programs, and offering new ideas and initiatives for tourism positioning, promotion and sustainable development
- Releasing tourism products – "Travel South and North: Characteristic Domestic Tour at a Preferential Price", during the period of National Day and Middle Autumn's Day



The Company organized food and meal development teams and professional suppliers such as Unilever to conduct field investigation in Sonid Right Banner, purchase beef and mutton from Sonid Right Banner, design specialty beef and mutton food and meals for flight passengers to offer them on flights gradually

Intelligence-oriented poverty relief: Poverty alleviation requires a change of attitude and the support of education

We combined poverty alleviation with change of attitude and support of education, innovated in the thoughts of poverty relief, offered the rich pertinent solutions, and actively brought up enthusiasm, initiative and creativity of poor people, helped them get rid of the idea of "waiting, relying on, and asking for", stimulated their inner motivation, and promoted the change of awareness from "I am asked to get out of poverty" to "I want to get out of poverty", boosting relief of poverty in materials by relieving them from intellectual poverty.



We invited 6 cadres working at the primary level and 4 CYLC cadres from targeted regions to participate in the training for new team leaders organized by the Company and the training for young cadres organized by CYLC committee, helping them broaden their horizons and enrich their knowledge and improving their capabilities to lead local people to get rid of poverty and become rich



We held 2 special recruitment programs for the purpose of poverty alleviation in Sonid Right Banner and Zhaoping County. By including outstanding children from poverty-stricken families to Air China and setting good examples of getting out of poverty with skills for poor people, the Company built up their confidence and determination to get rid of poverty with their diligence

Direct Poverty Relief: One Dream, One Flight

We strived to help those in extreme poverty in our targeted regions improve their lives and get through the difficulties through activities such making direct donations of money and materials and organizing young volunteers to the poor areas.



"Air China Blue Sky Classes" in Zhaoping



Volunteers and children

Air China strengthened the leadership in poverty alleviation in an all-round manner, aggregated all sources of assisting force, regularly held work meeting of Poverty Alleviation Leadership Group Office, and built an "8+2" project communication platform for poverty alleviation projects with the help of "Internet+" technologies to create new poverty alleviation models and initiatives suitable for us.

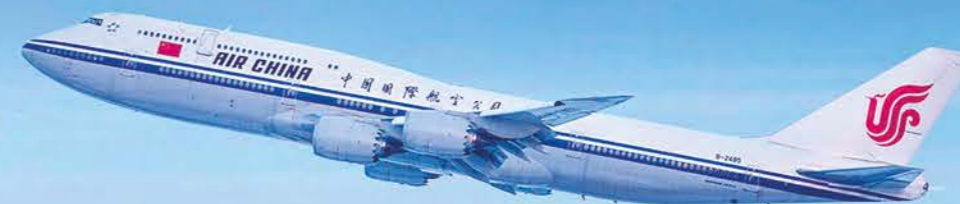
In the future, Air China will further implement the spirit of the 19th CPC National Congress on fight against poverty, and explore new approaches and aggregate all available forces to help the people in Sonid Right Banner and Zhaoping County out of poverty and make contributions to this nationwide battle against poverty.

AIR CHINA

Corporate Social Responsibility Report

Improvement of Development
Quality

Economic Responsibility



Our Strategies

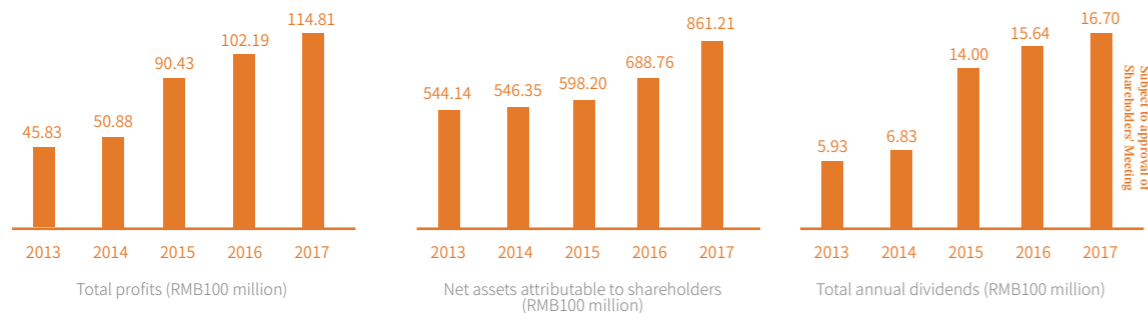
Air China embraced the concepts of sustainable development and thoroughly implemented the requirements of supply-side reform. We made improvement and adjustment to our operating strategies and increased our efforts in cost reduction and efficiency enhancement to create commercial value for shareholders and value chain partners and create shared value for stakeholders.

Our Actions

Protecting Investors' Value

Air China intensified the passenger transport market research and prediction, made dynamical adjustment to our transport capacity, and refined the production organization to improve the operating benefits of wide-body aircrafts. We increased the customer contribution value through transforming our business models. With the program of "becoming leaner and healthier to upgrade and improve performance" being brought into effect in full width, we saw enhanced production and operating quality and growth in benefits.

From 2013 to 2017, the total profits, net assets, total annual dividends of Air China Group were as follows:



Driving Economic Growth

Till the end of 2017, Air China had run 420 passenger transport routes, including 101 international routes, 16 regional routes and 303 domestic routes, covering 40 countries (regions) and 185 cities (66 foreign cities, 3 regional cities and 116 domestic cities).

Advancing the passenger hub network strategy

Air China reinforced the network with Beijing, Chengdu, Shanghai and Shenzhen as the nodes, and launched 12 international and regional routes, e.g. Beijing-Astana, 49 domestic routes, e.g. Beijing-Maotai, and increased the flights of some routes, e.g. Beijing-Islamabad-Karachi, showing steadily increasing hub competitiveness.

Case | Beijing-Astana route

On June 1, Air China's non-stop flight between Beijing and Astana was formally launched, which was of great significance to the bilateral relationship between China and Kazakhstan. It would facilitate the in-depth cooperation between China and Kazakhstan in the sectors of energy, transportation, travel, culture, economy and trade, contribute to the joint efforts of building Green Silk Road, and form an "Aerial Silk Road" between China and the Middle Asia.

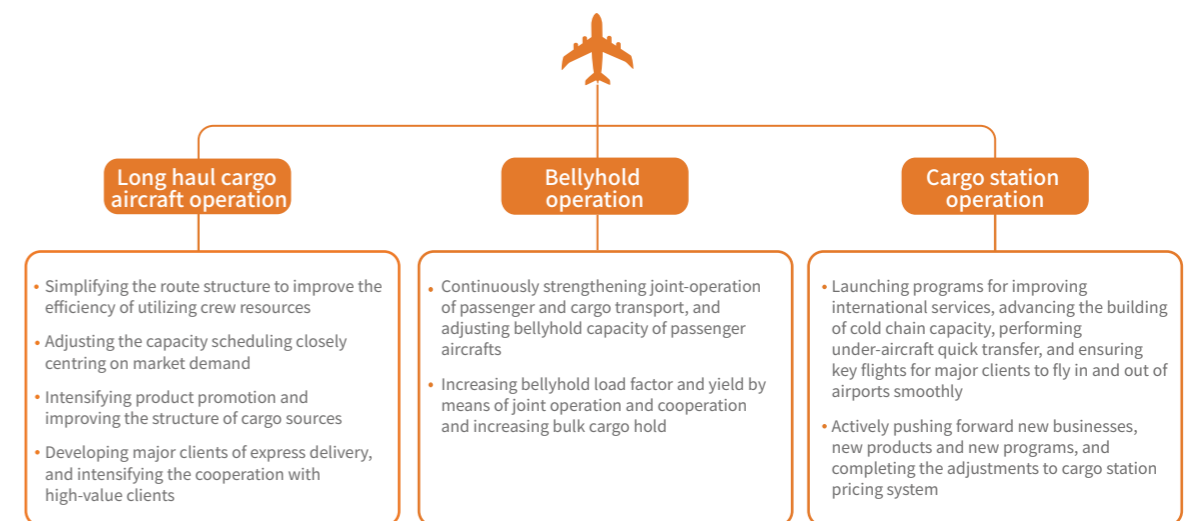


Business card for the launch of Beijing-Astana route

Improving the global cargo network

As at the end of 2017, Air China Cargo owned 15 cargo aircrafts and was operating 18 cargo routes (12 international routes, 1 regional route and 5 domestic routes) reaching 8 countries (regions) and 21 cities (11 international cities, 1 regional city and 9 domestic cities).

In 2017, Air China Cargo launched the cargo airline Shanghai-Amsterdam-Liege-Shanghai, offering service to customers. Liege, Belgium, known as "Gate to Europe" and the second largest port city in Europe, boasts cutting-the-edge airport and logistical facilities to reach across the whole Europe in terms of transport and logistics. As a new destination of Air China Cargo that allows night operations in the airport, Liege will interact with our existing destinations adjacent, Amsterdam and Frankfurt, to further enhance our air cargo network to and fro China and Europe.



Advancing the cargo transport operation and management

Joining Hands with Value-chain Partners

Air China cares about sharing success with its value-chain partners, and has been constantly optimizing our resource configuration, extending our marketing ability, strengthening joint-operation cooperation, boosting the bilateral cooperation within and outside of Star Alliance, improved our supply chain management, aiming to join hands with its value-chain partners to create greater value.

Cooperations with peer partners

Air China further conducted joint-operation cooperation, quickened the pace to expand bilateral cooperation, helped companies within our group to work in coordination in terms of market and capacity, and formed a basic cooperation framework that focused on bilateral joint-operation and supported by bilateral cooperation and coordination of companies within our group, laying a solid foundation for improving the Company's international competitiveness.



Air China signed the "Under One Roof" Cooperation Memorandum (MOU) with Star Alliance and Beijing Capital International Airport to deepen the construction of Beijing Capital International Airport and improve the future experience of passengers



Air China, Beijing Capital International Airport and Frankfurt Airport jointly launched Air China's Beijing-Frankfurt route, the first international express route from China to Europe

Improving supplier management

Air China formulated the "Implementation Plan for Integration of Centralized Procurement", developed a centralized, efficient and transparent procurement management system, established the rule of regularly updating supplier information library, strengthened the evaluation on our suppliers' performance, and added the performance review process to supplement the performance evaluation system. In 2017, Air China admitted 551 suppliers, increasing the quantity of our suppliers to 3,261 (3,150 domestic suppliers and 111 foreign suppliers). Our procurement amount from top 5 suppliers was RMB35.06 billion, accounting for 38.12% of our Group's total procurement.



Quantity of suppliers:
3,261



Procurement amount from top 5 suppliers
RMB **35.06** billion

Intensified intellectual property protection

In 2017, the Company kept improving our innovation ability, further refined the intellectual property structure, combined factors such as airline divisions, core service content and importance of intellectual property project to consolidate our intellectual property foundation, and made steady progress in the applications for trademarks, patents and copyrights both home and abroad. In the meantime, we also increased the attention to prevention of intellectual property risks and the strength of maintenance of intellectual property to improve Air China's brand value.

Our Stories

Air China became the passenger carrier partner of the 2022 Olympic Winter Games

On August 23, a signing ceremony full of Winter Olympics elements took place in AMECO Beijing, signalling that Air China became the official passenger carrier partner of the Beijing 2022 Olympic and Paralympic Winter Games, and one of the top sponsors in the market development plan of Beijing Organising Committee for the 2022 Olympic and Paralympic Winter Games.



In order to provide good services for the Olympic Games, Air China will mobilize all of our most valuable resources to provide the highest standard, most comprehensive and reliable aviation services. We will take the Winter Olympic Games as theme to design and paint our aircrafts, and organize offline activities to engage more people in the Olympic Games, increasing the popularity of winter sports and promoting the development of winter sports and the winter sports industry.

Voices of Stakeholders

In 2017, Air China embraced its 10th anniversary of joining the Star Alliance, which also celebrated its 20th anniversary of foundation in the same year. In the past decade, we had provided great support to help Star Alliance's development in China, and injected more energy into the Star Alliance. As a member of "Under One Roof", Air China connected Star Alliance's powerful international airline network to the massive market of China, shared the "Opportunities for China" and embraced "Challenges for China" together with fellow members of the Star Alliance, and reached win-win or all-win results.

—Cai Jianjiang
Chairman and Secretary of
Party Committee of Air China

China and Germany sit on the two ends of Silk Road Economic Belt. The development of the "Belt and Road" has created huge opportunities for the economic cooperation and development of both countries. The launch of Air China's Beijing-Frankfurt International Express Route is an important initiative for Air China to continuously enhance the building of a world-class large hub-network airliner and advance the overseas expansion of route layout, and a valuable outcome that China and Germany jointly agrees on, develop and share under the framework of the "Belt and Road" Initiative.

—Anke Giesen
Executive Director of
Frankfurt Airport, Germany



AIR CHINA

Corporate Social Responsibility Report

A Solid Foundation Built for Safety

Safety
Responsibility

Our Strategies

Air China studied and carried out the requirements of the CPC Central Committee and the State Council on strengthening production safety, reinforced the application of safety management system, advanced the innovation and application of safety technologies, continued enhancing safety control capabilities, increased passengers' safety awareness, and created an environment of safe flights.

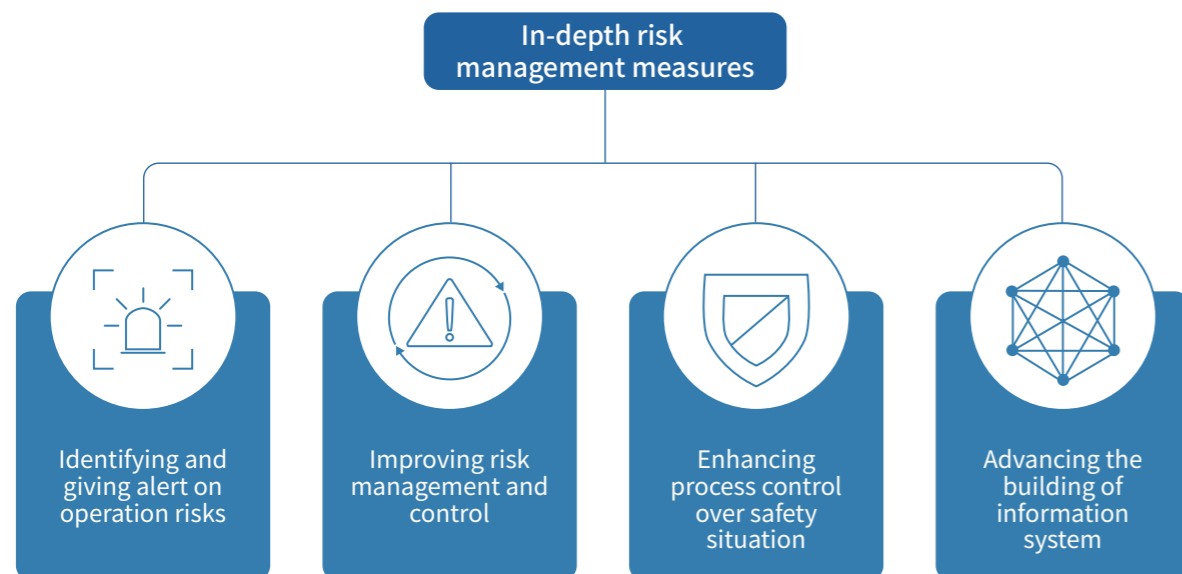
Our Actions

Strengthening Safety Control

Air China carried out the accountability system for safe production strictly and continued to improve the safety management system, improved risk management and control capabilities, and reinforced our emergency response system in strict accordance with laws and regulations, including the Civil Aviation Law, laying a solid foundation for our safe development.

Strengthening risk management

Air China regarded risk management as the core of our safety system, insisted to move forward safety barriers, conducted in-depth safety inspections, continued to enhance our capabilities to manage and control operations, and sped up the building of digital operation risk evaluation system to provide real-time decision-making support for flight operation risk management and control, with a view to improving our capability in controlling and managing operation safety risks and ensuring the safe, reliable operation of flights.



Stress on Aviation Security

Air China continuously improved and supplemented the aviation security management system. We developed an e-platform system for the aviation security management system (SeMS), organized aviation security emergency drills to improve our emergency response capabilities for aviation security. We developed special examination and quality control plans, and launched the campaign for long-term potential danger elimination by checking all risk sources and weak links, ensuring the stable security situation.

- 01** Conducting qualification trainings in an orderly manner and holding emergency drills for aviation security to improve our emergency response capabilities
- 02** Promoting, carrying out and advancing the special plan "Tight Aviation Control" and quality control plan in an all-round way
- 03** Continuing extensive identification and elimination of potential safety dangers, and rearrangement of special education on safety and security
- 04** Revising the Employee Manual on Aviation Safety to specify relevant work requirements and the working procedure for each link
- 05** Timely announcing anti-terrorist alerts, further refining security measures, and improving the emergency response plans to improve emergency response capabilities

Aviation security measures

Improving emergency response capabilities

Air China continued to improve the emergency response system and emergency response activation mechanism, actively pushed forward the visualization of emergency response process, conducted diversified emergency response trainings and drills to improve the operability of emergency response plans and increase the efficiency of joint actions, so as to enhance the emergency response capabilities constantly.

- 01** Deepening the emergency response system, enhancing the emergency response education and training system and the rules on revision of emergency response manual to reinforce emergency management capabilities of branches
- 02** Set up the Star Alliance Emergency Response Working Group to strengthen the communication, sharing and coordination with Star Alliance members
- 03** Conducting desktop drills and joint emergency response drills with United Airlines to improve the operability of emergency response plans and manuals
- 04** Advancing the update of hardware and equipment in emergency response room and the integration of system data
- 05** Improving the emergency response activation mechanism, and actively responding to bad weather and unexpected events

Strengthening emergency response capability

Ensuring Operation Safety

Air China makes sure the "Safety First" concept instilled into every aspect of its operation. By using advanced and reliable facilities and equipment, applying hi-techs, and innovating in technological development, we enhanced our emergency response capabilities and continuously improved the safety margin to ensure ongoing 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 improve the safety margin of flights, and ensure safe and reliable operation.

In 2017, Air China introduced 56 new aircraft, retired 24 old aircraft, resulting in an average age of 6.53 years for the whole fleet.



total ownership
655 aircrafts



the average aircraft age
6.53 years



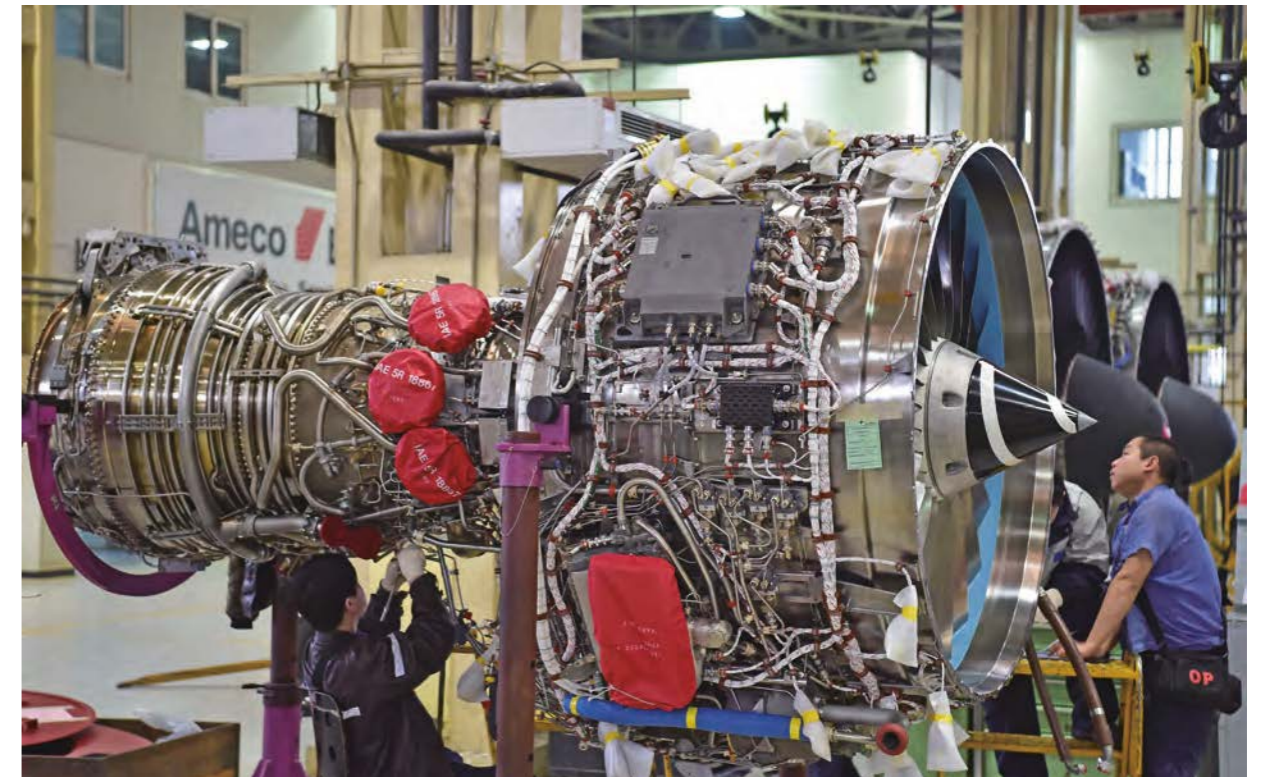
Airbus 320NEO used the new generation of PW1100G/LEAP-1A engine with larger engine fan and was equipped with the new generation of Sharklet to increase the safety margin of flights

Advancing Technological Update

Air China increased the support for technological updates and R&D. We actively improved aircraft performance and optimize routes with new aviation technologies, advanced the application of global weather routing hybrid operation and operation forecast analysis, and regarded technological innovation as an important means to decrease operation risks and ensure safe operation.

Advancing the development of maintenance capabilities

Air China actively advanced the technical innovation for maintenance, deepened the application of maintenance system and techniques, and improved the troubleshooting efficiency to enhance our flight supporting capability. In 2017, Air China advanced the restructuring of aircraft maintenance division, established a new operation control and management system, improved and reinforced the function of the production command centre, initially establishing a coordination mechanism covering maintenance schedules, personnel deployment, emergency response, work assignments, and the sharing, coordination and overall planning of resources.



Overhaul of the first V2500 engine

Case | Paperless cockpit created with electronic flight bag

Air China Class 1 electronic flight bag (EFB) uses mobile device as carrier, provides decentralized management, and realizes the end-to-end management of mobile devices via Air China Flight, JeppFD-Pro and other available software, thus ensuring a safe system running environment. The application of EFB leads to a paperless, smart solution of flight data, enables good communication and coordination between ground staff and flight crews, improves data and material maintenance procedures, and provides more efficient flight services and passenger experience, significantly increasing the safety margin of flights.

Nurturing Safety Culture

Air China improved a safety education system that covers all employees to organize systematic, targeted and diversified safety training programs and education, and increased the awareness of safety responsibility of employees at all levels, thus laying a good foundation for safe production and operation. We launched many safety promotion activities to communicate to passengers the flight safety knowledge, help them increase the awareness of travel safety, and involve passengers in the safeguarding of aviation safety.

In 2017, Air China accomplished pilot training for 33,569 person-time with a total of 150,746 hours, completed flight simulator retraining for 12,918 person-time, and carried out emergency response retraining for 5,686 persons. A total of 7,286 employees received retraining on hazardous articles.



We held the "Ankang Cup" competition, with the theme of "Improve capabilities with safety trainings and reinforce foundation through team management", and promoted the development of safety culture



The 6th Cabin Safety Forum shared and discussed ideas on topics including cabin safety management practice, risk management and control, and SMS safety management system

➤ Case | Big and little journalists visited Air China to experience safety culture

On June 1, a group of "little science journalists", consisting of kids at 6-13 driven by curiosity for "sky workers", went on a wonderful travel to visit Air China in company with their parents, as well as "big journalists" from Xinhua Agency, CCTV and Beijing TV. They learned and experienced the processes and procedures that Air China had to ensure flight safety, flight operation and passenger services, and gained knowledge of Air China's safety culture and aviation safety.



Big and little journalists visited Air China

Our Stories

Across the plateaus, above the clouds

There are now 13 high plateau airports in the world (plateau airports refer to airports with an altitude over 1,500 meters, and those built at an elevation above 2,438 meters are high plateau airports), 11 of which are in China. The flight tests, flight inspections and maiden flights of these 11 airports were all performed by Air China. Li Ying, General Manager of the Flight Division of Air China Southwest Branch performed the flight tests and flight inspections for 10 of these airports.

Prior to each flight test, Li Ying led his flight test group to carefully check the flight test procedures, simulating each flight test subjects on the simulator again and again, and verifying every data of the flight procedures. In the flight test, Li Ying led his flight test group to complete all subjects and procedures and simulate every potential danger in flight to find the safest route. With the accumulated experience and unrelenting carefulness, Li Ying has shaped good flight behaviours and achieved excellent performance in many difficult airport flight tests.



Spurred by the eternal pursuit of "safety first, focus on prevention", people of Air China will consistently hold our ground on the plateaus, keep moving towards forbidden areas, and send our passengers to their destinations safely through plateau routes.

Voices of Stakeholders

The inscription "Ensure safety, improve service, and maintain normal flights" from former Premier Zhou Enlai are solemn and striking. The launch of Lhasa route and the victory over "forbidden airspace" impressed me deeply. Such a miracle would have been impossible without the devotion of each employee in Air China. The captains had flew the aircraft up and down more than 3,000 times. Thanks to their excellent piloting skills and high attainments, our flight is very safe.

—Zhouzhai Enhe, a representative "little journalist" visiting on the Open Day

As a captain, I sometimes felt like I was a flag bearer. Every time I took off, it's like a flag raising ceremony and I would travel to every corner of the world with our national flag and see it rise up from different airports. Every take-off and landing are carrying the safety of hundreds of people and the happiness of hundreds of families. Therefore, we must practice very hard and accumulate more flight experience to ensure the safety of our passengers.

—Ji Xueyong, Chief Pilot of Air China General Fleet

AIR CHINA

Corporate Social Responsibility Report

Enhancement of
Service Quality

Responsibility
for Customers



Our Strategies

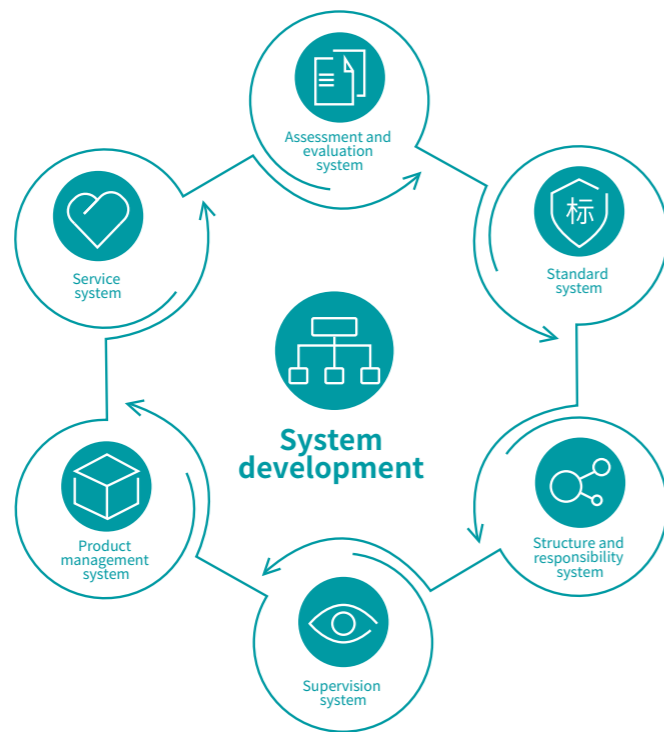
Air China continued to promote the "4C-based services", namely "Credibility, Convenience, Comfort and Choice", kept improving passenger service management system, further updating the software and hardware facilities throughout the service process with the deployment of internet and information technologies, created comfortable flight experience in every detail, and ensured the smooth operation of flights, so as to protect the benefits of passengers and meet their expectations.

Our Actions

Management of Service Quality

Improving the service system

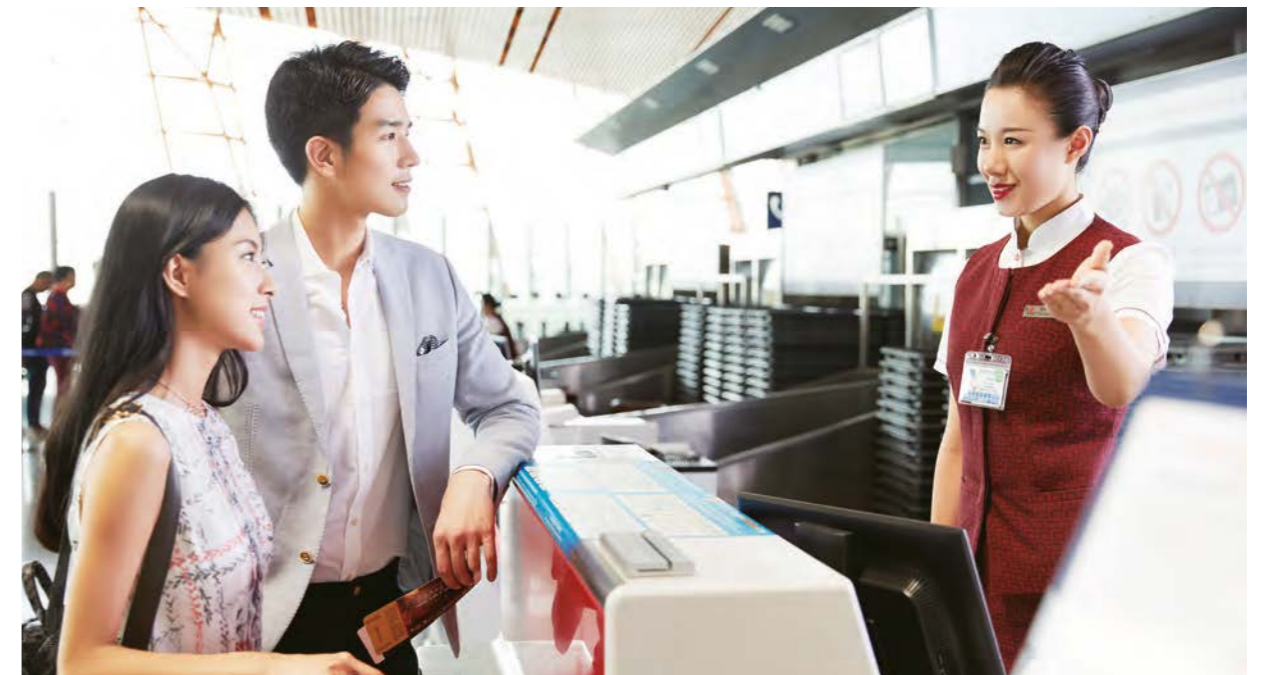
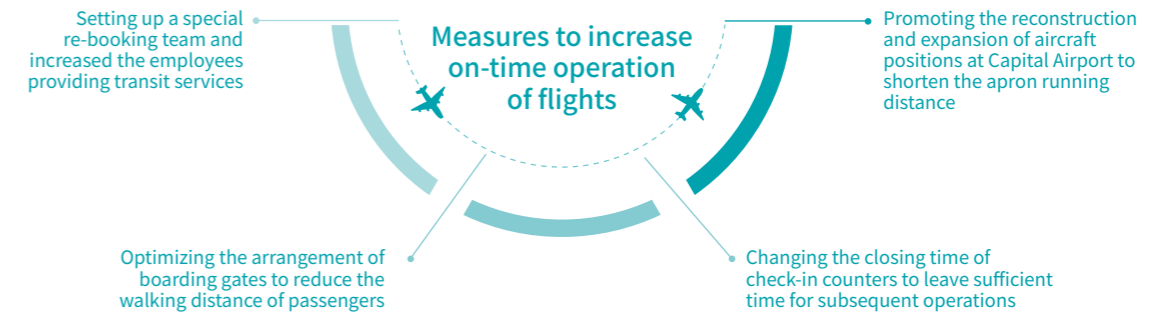
In 2017, Air China updated its service management system (CSM), and supplemented and improved it according to ISO9001:2015 to ensure the effectiveness, applicability and compliance of the CSM. We strengthened quality control, improved the closed-loop management of services, gave more attention to special passengers, and intensified risk monitoring, risk warning and emergency management for irregular flights. Moreover, we enhanced our service performance assessment system.



Main measures to improve service management system

Guaranteeing on-time operation of flights

In 2017, we revised the "Service Standards for Irregular Flights of Air China" to reduce the complaints of passengers about flight delays due to the Company and further improve passenger satisfaction. In order to improve the service quality for irregular flights, we provided passengers with certifications of flight delay, cancellation and changes through our website, app and other self-service channels.



On-time operation of flights ensured with considerate service

Case | Shanghai Branch used luggage tags in three colours to increase the on-time operation of flights

Luggage searching is an important factor affecting the on-time operation of a flight. To lower down its impact, Shanghai Branch used luggage tags in red, blue and yellow to mark luggage checked in by passengers of the economic cabin, which were helpful to quickly locate, narrow down scope and efficiently look up. Statistics showed that, the time used to look up through luggage of bulk cargo hold had decreased by 27% to 55% thanks to the use of three-color luggage tags, and the boarding efficiency had been increased significantly, thus improving our on-time operation of flights.

Improving Service Experience

In the course of improving services, Air China never stopped. With the support of information system, we offered all sorts of thoughtful and convenient services throughout the all-travel service chain.



Air tickets

We upgraded Air China hotline service, and the overall answering rate for calls hit 91.61%. We integrated all e-commerce platforms to improve our ticket cancellation, re-booking and registration services



Check-in

We replaced the obsolete Common Use Self Service (CUSS) facilities, added new functions including passport reading, self-service re-booking and itinerary printing, adopted the new procedure "checking in luggage by presenting boarding pass", and increased the percentage of self-service check-in in major bases of China from 51% to 64%

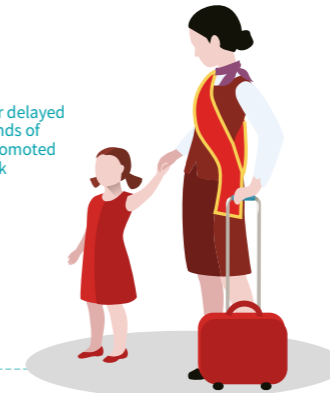
Waiting

We built, reconstructed and expanded 6 self-run lounges, with a total area of 8,500 square meters, including 4,600 square meters of newly added area



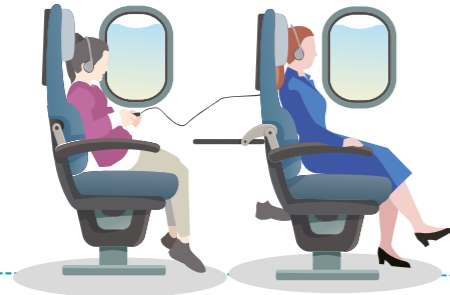
Boarding

We improved the service quality for delayed flights, paid attention to the demands of special passengers, and actively promoted the use of QR code in security check



In-flight entertainment

We improved the loading and playing capacity for media programs in flights, shortened the update cycles, improved the eco-system for flight internet platform and created AI-themed flights



Transit service

We provided counter service and transit service to 3.17 million transit passengers, up by 9% YoY, and about 94.32% of passengers and 97.45% of luggage arrived their destinations via our transit service



Cabin service

We released the Cleanliness Standard for Bedding of Domestic Flights in June to regulate the cleanliness requirements for bedding, and designed and developed product standards for key service facilities such as seats, washrooms, and lighting in the new wide-body aircraft A350-900



Food and drink

We promoted the integration of flight food supply, improved the existing food cost structure through investigations, and upgraded the food quality of 22 international and domestic routes in an all-round way. In collaboration with the Ritz-Carlton Hotel Beijing, we designed new flight meals



Special Transport Services

Air China paid great attention to new service requirements and the service for special passengers, and promoted the implementation of the preferential policies of the Civil Aviation Administration of China for soldiers under law and the on-line sale of discounted tickets for disabled soldiers (police officers), and revised the Service Standard for Special Passengers of Air China, the Flight Application for Children without the Company of Adults, the Standard for Transport Service of Donated Organs, and other rules to strengthen the support for special passengers. While enhancing the capability to handle service and operation emergencies, we issued the Administrative Regulations for Response to Passenger Casualties and Severe Diseases.

➤ Case | An Air China flight returned to save life

On the evening of February 23, a passenger on the Air China flight CA8249 (Wuhan-Guangzhou) suffered from a sudden illness, with chest distress, dizziness and difficulty in breathing. The crew members calmly and quickly adjusted the ventilator and seat for the passenger and immediately looked for doctors in the cabin. Doctor Shen Yan from Wuhan University People's Hospital actively cooperated with the rescue and diagnosed that the passenger may be attacked by a cardiogenic shock, which may even lead to a sudden death. After taking into consideration the critical situation, the crew decided to return to Wuhan Tianhe Airport and gained valuable time for the passenger to receive treatment in the first time.



Ongoing "care" in Flight

Rights Defence for Passengers

Air China attached great importance to protecting the legitimate rights and interests of passengers. On the one hand, it considered how to enhance service quality from the perspective of passengers, and quickly respond to and solve problems of passengers. On the other hand, it popularized civil aviation knowledge, promoted the concept of responsible consumption, and improved customer satisfaction.



Our Stories

Homage to Captain of China

Airport is a place full of both happiness and sadness, and both farewell and hope. In such an environment, Yang Haijing, a check-in manager of Air China, dismisses challenges with smiles and bears the burden with intelligence, interpreting the power of being gentle.

The check-in department is the first department to come into contact with passengers and mainly provides check-in services to passengers. Every morning, Yang has a pre-service meeting with members of the department, and then conducts a field visit to make preparation for "morning peak". The average check-in time of Air China each day is up to 20 hours, and about 16,000 passengers are received during the 3 hours of morning peak. That means check-in clerks have to complete 1/3 of our workload within only 1/7 time. It is not hard to image how big the burden of workload is. Therefore, Yang always handles passenger issues accurately in a proper manner.

It is the basic requirement for a captain to pick the right man for the right job. With many years of work experience, Yang has become an expert in managing her subordinates. She is perfectly clear about which type of employees are competent to be an international executive or a supervisor for first class and business class cabinets. Working on the front line, Yang Haijing has demonstrated to be a professional, dedicated and devoted "Captain of China".



"Providing service is not to reason with passengers. What they care more about is the feeling you provided to them."

—Yang Haijing

Voices of Stakeholders

I am a 76-year-old lady who, without company, boarded on CA830 from the United States to Shanghai on June 2. The meticulous care and assistance from the crew helped me return to my family safely and smoothly. That's an unforgettable experience to me.

—Tao Riping
A passenger of Air China CA830

In 1984, with the expectation of my parents and the aspiration for aviation, I joined the big family of Air China. Over 33 years of offering ground passenger service, I have witnessed the development and growth of Air China. I would like to become the disseminator and practitioner of Air China's culture, and do my best to further improve Air China's reputation!

—Li Yan
Ground Service Department



AIR CHINA

Corporate Social Responsibility Report


Protection of Our Environment

Environment
Responsibility

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 our organizational and regulatory system for environmental management, enhancing energy management system based on characteristics of our industry and further pushing forward energy saving and emission reduction.


1



Adhering to the combination of technological innovation and management innovation

- Strengthening technological innovation, promotion and application and enhancing technical support for the energy saving and emission reduction efforts
- Emphasizing innovation in the corporate operation management system and enhancing management expertise to achieve energy saving through management


2



Adhering to simultaneous advancement of both infrastructure and key projects

- Improving the basic conditions for energy saving and emission reduction while strengthening the measurement system, building and establishing a support system for technical and management initiatives
- Concentrating on the energy saving and emission reduction targets, accelerating the paces of key projects to make the most direct and impressive effect

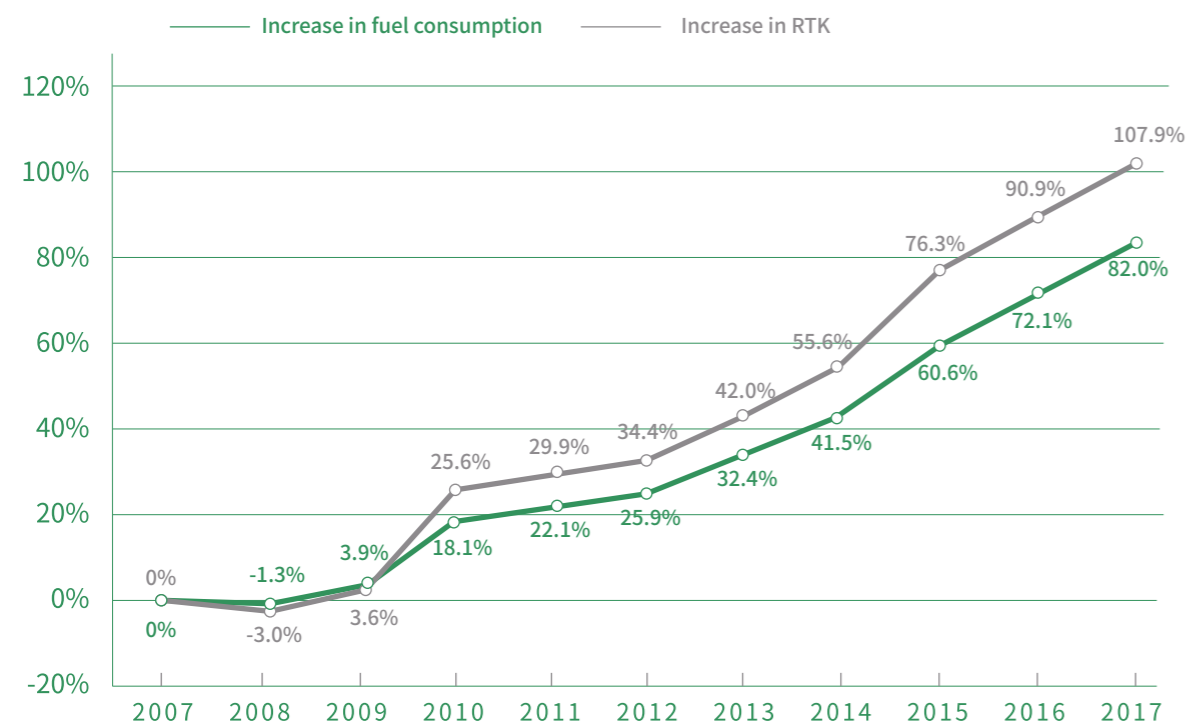
3



Persisting in assessment on both economic and environmental benefits

- Air China pursues sustainable development as its primary goal. While striving to produce more economic benefits, Air China calculated environmental costs in a scientific and reasonable manner, took appropriate measures to improve the effectiveness of its environmental protection efforts and included the environmental benefits in the assessment system

The principle of energy saving and emission reduction in "the 13th Five-Year Plan"



Improvement of Air China's Fuel Efficiency in 2007-2017

Our Actions

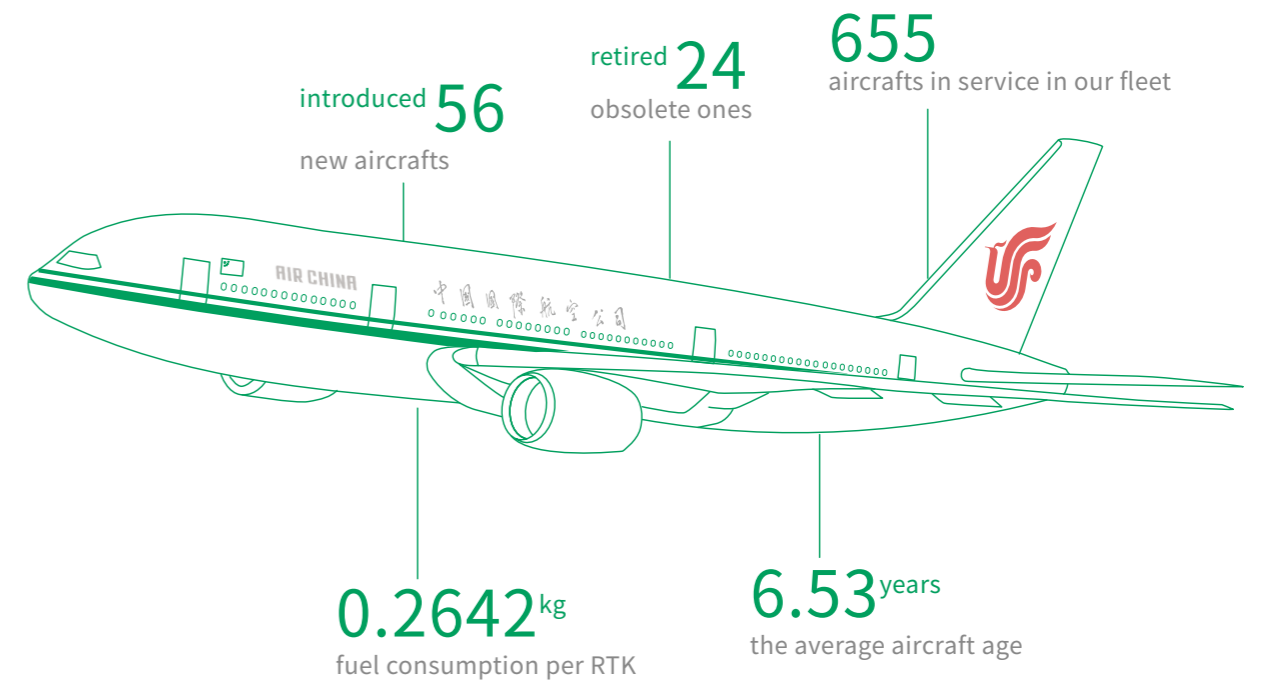
Operation

Build a Green Fleet

In 2017, Air China continued to explore the potential in energy saving and emission reduction, introduced new aircrafts that are more environment-friendly, and replaced old aircrafts with high energy consumption to improve the energy efficiency and reduce energy consumption of our fleet, so as to build a green fleet.

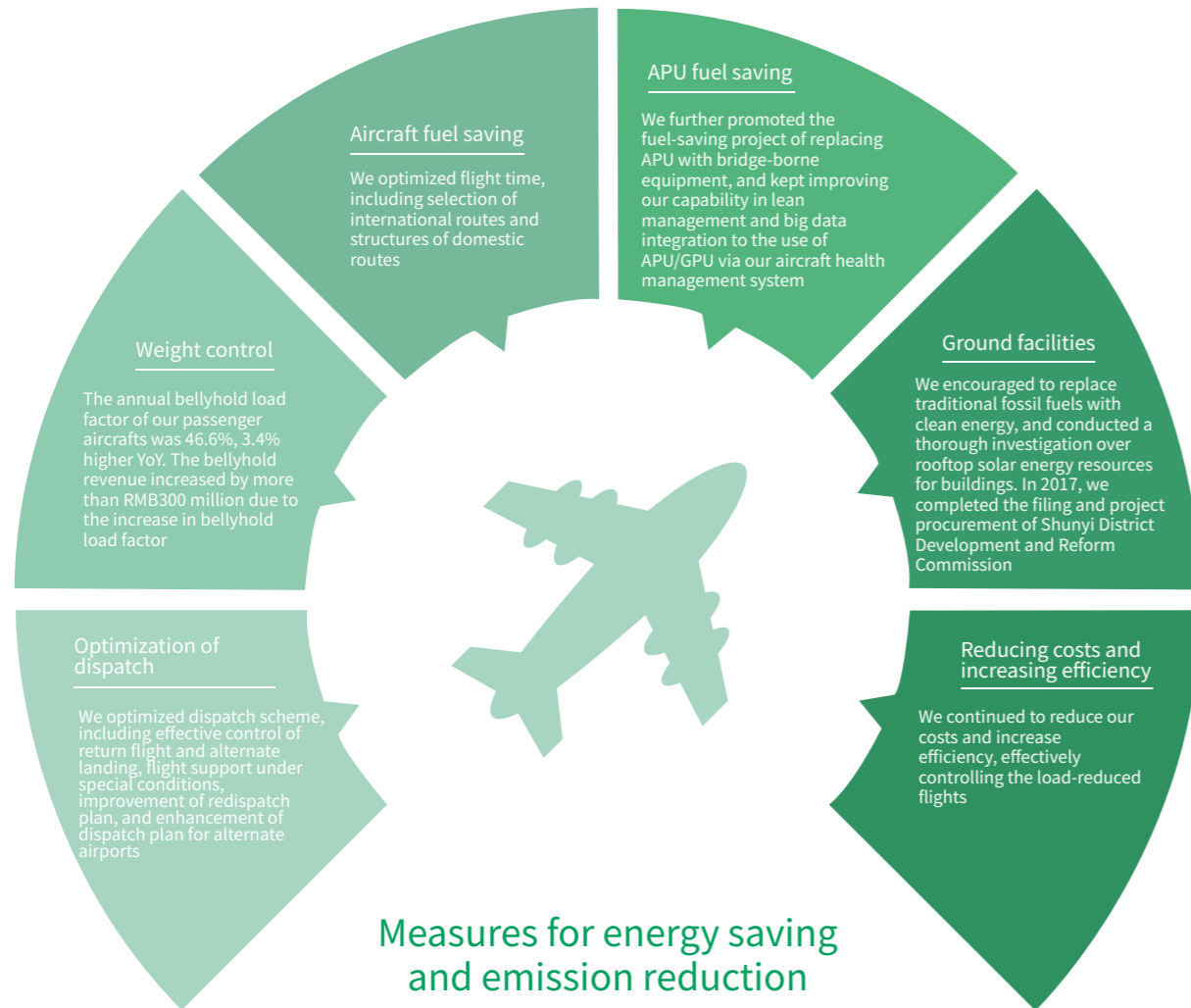
Boeing 737MAX8 and Airbus 320NEO, newly introduced by Air China, were all equipped with the new generation of engines and winglets, with 13%-14% and 15% increase in fuel efficiency respectively.

By the end of 2017:



Insisting in saving energy and reducing emission

Starting from fuel saving management and use of new technologies, Air China has kept reducing energy consumption in every detail through measures such as flight optimization, APU fuel saving, and ground equipment and facilities. We paid high attention to the development of new fuels, participated in relevant promotion activities, and reduced emission and pollution through implementation and research of projects including "oil to electricity", photovoltaic power generation, and low-nitrogen transformation of boilers.



✈ Case | The "oil to electricity" project of ground vehicles of Air China

In 2017, Air China focused "oil to electricity" project on special vehicles. We acquired 32 special vehicles driven by electricity for trials, accumulated operation experience related to special vehicles driven by electricity, and demonstrated that special vehicles driven by electricity could replace fuel vehicles in certain areas. In addition, we built charging piles in our self-run area in Capital Airport and Chengdu Shuangliu Airport, and the area of Air China Beijing to improve the efficiency of ground vehicle service.

Maintenance

Air pollution control

In terms of air pollution control, Air China strictly followed national environmental protection standard to control exhaust emission. In 2017, Air China invested RMB8.4 million in transforming exhaust treatment facilities, improving the efficiency of exhaust treatment and effectively reducing our exhaust emission.



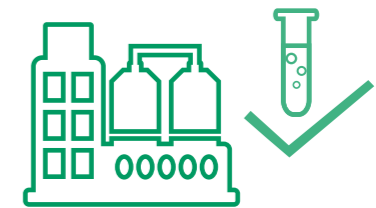
Management of waste materials

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 and adopted advanced equipment, technologies, and processes to reduce hazardous wastes produced and used during production and operation. For the non-hazardous wastes produced during flights, such as newspapers, magazines, tableware, headphones and other cabin wastes, Air China recycled them or engaged a professional waste disposal company to carry out harmless treatment.*



Water resources management

Air China discharged or collected all industrial wastewater to wastewater treatment stations where wastewater was discharged after reaching the given standard through treatment. In 2017, the wastewater treatment stations treated nearly 30,000 tons of wastewater. The canteen wastewater was discharged when it met given standards after oil and biochemical treatment. We engaged a qualified third-party testing agency every quarter to conduct sewage testing at the Company's general outfall, and all test results were all up to standard.



Recycling

In 2017, Beijing Aircraft Maintenance & Engineering Corporation (Ameco) launched the bathroom heat pump recycling project. By recycling the waste water from showers and using the residual heat generated by air compressors to heat shower water, we enabled the recovery and recycling of heat and replaced heat supply from boilers, saving about 60% of energy costs, or about RMB900,000 yuan per year.



* The Company has been continuously improving on the systematic collection of non-hazardous waste data, and such data will be disclosed progressively when the relevant collection is further improved.

Advocating Environmental Protection

Protecting our environment on the earth is an eternal theme for the mankind. Following the "green, healthy and positive" environmental protection philosophy, Air China promoted green office, organized environmental protection training, and supported the cause of environmental protection by organizing various environmental protection publicity activities.



Green office

Air China promoted environmental protection knowledge on energy saving and low-carbon life via posters, WeChat account, QQ group, energy-saving stickers and videos, to arouse the enthusiasm of all employees in low carbon and environmental protection.



Publicity and training of environmental protection

Air China intensified efforts in the publicity of low carbon and environmental protection, actively organized diversified environmental protection practices and training activities, with a view to increasing the awareness of employees and the general public in energy saving and environmental protection.



Biodiversity

Air China actively performed its commitment to the protection of biodiversity. We prohibited embarking shark fins, and took advantage of our platform to raise the awareness of passengers and partners in ecological protection.

➤ Case | Energy saving by all, a green world for all

On June 13, during the "China's Energy Saving Publicity Week", Cabin Service Department of Air China launched an activity on the flight CA1485 Beijing-Nanning with the theme of "Energy saving by all, a green world for all". The flight attendants asked passengers to provide tips for environment-friendly flights and communicate the importance of low-carbon life.



Environment protection themed flight

Our Stories

Little Prince of Information in Air China

Liu Jingze, the little prince of information, works in the Flight Information Office of Operation Control Centre, Air China Beijing. Since 2012 when he joined us, he has devoted himself to the study of professional skills. He has quickly learned how to develop domestic and international routes, select and optimize the Company's routes, adjust effective dates, and arrange seasonal changes, becoming a backbone employee in route data management.

With increasingly striking environmental problems, Liu got aware of the importance and urgency of "creating green routes" during the course of participating in route optimization. He, together with his colleagues, studied data and conducted route impact analysis to provide evidence and support for subsequent route optimization, made great efforts to promote the "Green Route Initiative" and achieved remarkable results.



Since the implementation of the Beijing-San Francisco Green Route Optimization Program on August 17, 2017, Air China has accumulatively saved 40 hours of flight time and reduced 533 tons of fuel. Liu and his colleagues also made the best of publicity forms including media report to promote energy saving and emission reduction and achievements made in green routes, creating an atmosphere favourable for "building green routes", making the concepts of energy conservation, emission reduction and low-carbon economy win strong support from people, and putting environmental protection into actions.

Voices of Stakeholders

Despite of the fact that it's increasingly difficult for the industry to improve fuel efficiency and the tremendous pressure to respond to international aviation emission reduction, Air China never forget what they are seeking for and have yielded fruitful results with ten years' relentless efforts. The Sino-U.S. green route blew the horn to challenge the best companies of the industry.

—Chen Jingjie
Professor of Civil Aviation University of China

On the "World Earth Day", I flew from Hangzhou to Lijiang on Air China's CA1915 flight. The crew organized a green environment promotion activity, including quiz and sharing of environmental protection stories. All passengers actively took part in the activity and greatly improved the awareness of environmental protection.

—Du Yuxin
A passenger of Air China

AIR CHINA

Corporate Social Responsibility Report

Helping Employees
Fulfil Dreams

Responsibility
for Employees



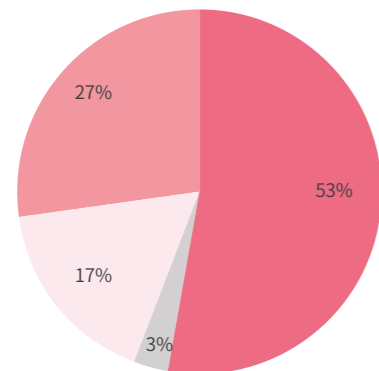
Our Strategies

Air China respects and treats every employee equally. Through protecting the legitimate rights and interests of employees, expanding employee development channels, protecting the occupational health of employees, and caring for employees' lives, we share more the Company's development results to benefit employees more and more equitably, so as to enhance their sense of belonging and improve corporate cohesion.

Our Actions

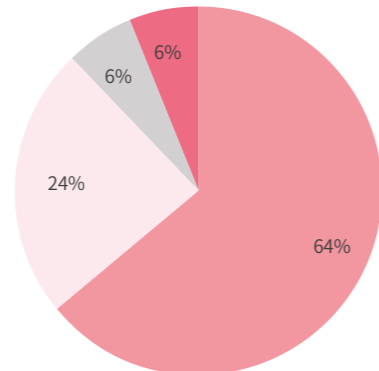
Attracting Diversified Talents

As an international company operating across countries, Air China hold on to the strategy of recruiting diversified talents. We regarded international talents as our valuable wealth and resources and strived to create a harmonious atmosphere that embraces multicultural and multilingual coexistence. In 2017, Air China recruited 961 new employees, including 58 flight attendants from Thailand, 12 from Russia, and 61 from Japan.



■ Aged 34 and below ■ Aged 35-44 ■ Aged 45-55 ■ Aged 55 and above

Employee distribution by age



■ Master or above ■ Bachelor ■ Junior college graduate ■ Graduate of secondary school and below

Employee distribution by education background

Case | Air China strengthened local recruitment

Air China took the opportunity of the "Belt and Road" Initiative to develop the "Air Silk Road", the Beijing-Islamabad-Karachi route, and established the Operation Division of Air China Islamabad. In order to meet local employment needs, Air China reserved positions for and trained international talents as planned and strengthened local recruitment. We recruited 4 Pakistani employees, actively integrated into local culture, and increased competitiveness in the local market.

Distribution of Air China employees by location



China

24,231



Foreign countries and regions (local employees)

937

Protecting Employees' Rights and Benefits

In strict accordance with the *Labour Contract Law* and other laws and regulations, Air China actively promote equal employment, maintain equal pay for equal work, eliminate the use of child labour, promote democratic management, improve employees' remuneration and benefit system, and respect and protect employees' legitimate rights and interests.



Labour contract management

Air China continued to promote differentiated labour contract classification management, comprehensively consolidated the hierarchical and full-chain labour contract system, and preliminarily established a differentiated labour management mechanism based on job management and graded authorization.



Remuneration and benefits

Air China purchased five kinds of insurances and made contributions to the housing provident fund for employees in strict accordance with the national social insurance policy. We made constant adjustment and improvement to the income allocation mechanism, enhanced the Company's competitiveness, and promoted the sustainable and sound development of the Company. In 2017, we studied and formulated a remuneration adjustment plan to achieve the parallel growth of employees' income and the Company's profits.



Democratic communication

Air China kept improving its employee representative meeting system, protected employees' rights to know, express, participate, and supervise, conducted equal dialogue with employees and improved the collective bargaining agreement system. In 2017, the collective contract covered 100% of all employees, and 100% of employees were protected by collective bargaining agreements.

Motivating Employees in Career Development

Air China attaches great importance to the growth of every employee and is dedicated to enhancing their comprehensive capabilities. We carried out specialized trainings to inspire employees' creativity, offered smooth talent development channels, and provided employees with a high-level, high-vision development stage to help them develop their personal values.



Youth Innovation Competition

Strengthening diversified trainings

In order to promote the sound development of employees, enhance their overall qualities, and support the strategy of building a strong company with talents, Air China developed training programs in consideration of employee training need, provided rich training programs and diversified training modes, and formed a unique training system of the Company.



Young employee training



Smooth career development channels

Air China established a post management system to form career development channels in terms of management, business, and technology and built development channels for various talents to help them grow.

Focus on talent development

Air China has broadened the talent selection channels and improve the mechanism for selecting talents to discover and train more outstanding employees. In 2017, we conducted a comprehensive evaluation and investigation of young cadres and key talents in two important business units across the Company through our own "talent evaluation centre".

Caring for the Livelihood of Employees

Air China adheres to the people-centred principle. To balance the work and life of employees and protect their occupational health, we made great efforts to organize a variety of leisure activities and created a good working environment for them.

Offering considerate services to employees

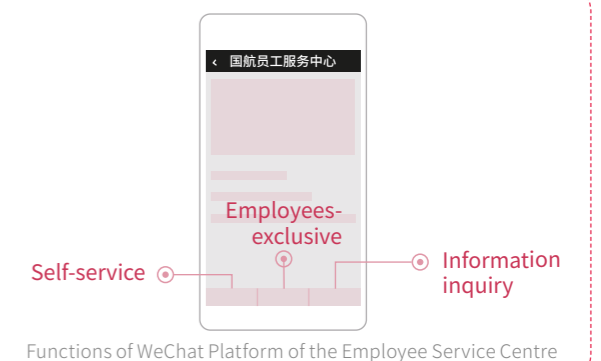
In 2017, Air China continued to improve the service platform and employee service system, increase service contents, innovate in service forms, streamline business processes, enhance employee service capabilities and service experience, and promote the construction of service sites outside Beijing to expand employee service coverage. The WeChat account of Employee Service Centre was followed by 30,000 people, and the average employee satisfaction with the centre was 92.8%.



Committed to building a "one-stop" employee service platform

Case | WeChat Platform of Employee Service Centre

Based on the concept of "employees service center, with serving employees in mind", Air China opened WeChat account of Employee Service Centre, and provided self-service, employee-exclusive, and information-inquiry functions, pushed information close to employees' work and life, including internal news, promotion activities, and business transactions, and offered convenient service including online consultation.



Health and safety

Air China attaches great importance to the health and safety of employees. We established employee health files, specified the rules for supervision of occupational disease prevention and rescue measures to ensure the occupational health of employees. We kept promoting "Happiness in Heart Plan" for employees, recruited and trained "happiness ambassadors", and built employees' mental health service team to provide mental health service. In 2017, Air China trained 89 "Happiness Ambassadors".



Caring for special groups

Air China kept optimizing and improving the support system and mechanism for special groups. By establishing files for and visiting employees in difficulty, we assisted employees to solve difficulties in their life, and set up "caring mother's hut" to offer a resting space to female employees in pregnancy and lactation, creating a harmonious internal atmosphere.



Established
files for

621

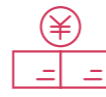
employees in
difficulty



visited

482

employees in
difficulty



Granted
money and
materials with
a total worth of

RMB **833**

thousand

Enjoying a colourful life after work

Air China actively developed colourful cultural and sports activities, organized activities such as professional skill competitions, basketball games, fitness trips, hikings and art festivals, encouraged employees to enjoy life, promoted employees communication and enhanced their cohesion and sense of belonging.



Professional skill competition for
civil aviation air police officers and security officers



Hiking contest

Our Stories

As fall wind hugs the chill dew, they outshine all worldly dates – Love in Air China

In October, during holidays of Mid-Autumn Festival and the National Day, people are looking forward to get home and meet their families. For the pilots, however, these are their busiest days. They must hold their positions to ensure the safe travel of more passengers.

From the perspective of families, Air China conducted the warm "Reunion and Gathering" event, and invited the wives of pilots to Air China to attend seminars and promote communication between families. We also asked pilots to share their family stories and promoted mutual understanding between the pilots and their families. We showed the families around the workplace to increase their understanding of flight work, cared about each pilot's family, and enhanced employees' sense of belonging.

Air China appreciated the contribution of every pilot to our aviation undertaking, the sacrifice they made for the reunion of thousands of families, and the wordless support of their families behind them!



Voices of Stakeholders

Walking out of the ivory tower to Air China, I was given the opportunity by the management intern program to receive a range of top-level trainings in the industry, and witnessed the close connection between each step of front-line process. During job rotation, I kept learning and challenging myself to develop my value, and I am prepared to work my whole life for Air China's vision of "becoming a world leading airliner".

—Huang Mingsheng
Management intern of Air China

When I was in college, I was looking forward to being able to work in the aviation industry very much. I was very grateful to Air China for providing job opportunities for the locals. I was able to gain broad career development space and higher income. I am proud to be able to work in Air China. I wish the friendship between China and Pakistan to last.

—Sabahan
An employee of the Business Office of
Air China Islamabad

AIR CHINA

Corporate Social Responsibility Report

Sharing a Community in Harmony

Social Responsibility



Our Strategies

The ultimate objective of enterprises, as main social citizens, is to benefit the society. Air China took advantage of its own resources to carry out social responsibility practices, assisted in resolving social problems in the places where the Company operates, supported special flight missions, promoted international exchanges, and participated in volunteer services to contribute to the development of the community.

Our Actions

Supporting Special Flight Missions

Air China has never been afraid of difficulties and losses in all kinds of special flights and major natural disaster flights at home and abroad, highlighting our missions and responsibilities as a flag carrier. In 2017, the Company successfully completed the transport support for the 19th CPC National Congress, the "Belt and Road" International Cooperation Summit, the 13th Conference of the Parties regarding the United Nations Convention to Combat Desertification, the 13th National Games of China, and other major events, as well as flight support for disaster rescues in Sri Lanka and Jiuzhaigou, winning the extensive compliments of all communities.

➤ Case | Rescue for Jiuzhaigou Earthquake

In August, a 7.0-magnitude earthquake attacked Jiuzhaigou County, Aba Prefecture, Sichuan Province. Air China set up an emergency command and support team at the first time to fully guarantee round-trip flights from Beijing, Chengdu, and Guangzhou to Jiuzhaigou, and assisted in the completion of the transport support tasks for rescue team members, stranded passengers, and relief supplies, ensuring smooth operation of the rescue efforts in all aspects.



Transport of relief supplies for Jiuzhaigou

➤ Case | Disaster relief in Sri Lanka

In May, persistent strong winds and heavy rains hit Sri Lanka, causing floods and landslides. In order to help Sri Lanka resist floods and disasters, Air China quickly launched a major transport support plan, deploying the B747-400 cargo aircraft to carry out tasks, and quickly completed the transportation of relief supplies.



Transportation of rescue supplies for Sri Lanka started

Promoting International Communication

Air China actively responded to China's "Belt and Road" Initiative and successively opened several routes along the "Belt and Road" from Beijing to Minsk, Budapest, Warsaw, Kuala Lumpur, Mumbai, Colombo, Islamabad, Astana, and Zurich, and made use of its own advantages to actively build a bridge of friendship between China and other places of the world, promote the friendly communication between Chinese and foreign people, and facilitate international political, economic, and cultural communication.

➤ Case | General Manager of Air China Europe was honoured as "Honorary Citizen" in Frankfurt

As the largest carrier travelling between China and Europe, Air China is committed to promoting the economic prosperity of both China and Europe and the development of bilateral relations. In December, Peter Feldman, Mayor of Frankfurt City, presented an "Honorary Citizen" certificate to Tian Yuqi, General Manager of Air China Europe, in recognition of Air China's outstanding contribution to the international and diversified development of Frankfurt.



Mayor of Frankfurt awarded the honorary certificate to General Manager of Air China Europe

"Air China has created jobs and increased tax revenue in Frankfurt and made important contributions to Sino-German cooperation."

—Peter Feldman, Mayor of Frankfurt

➤ Case | "Air China Cup" Chinese Speech Contest of Overseas Chinese in Japan

On December 2, the HQ of Air China Japan, the Japanese version of *People's Daily Overseas Edition* (monthly) and the Chinese version of *New Overseas Chinese in Japan* jointly hosted the "Air China Cup" Chinese speech contest for overseas Chinese in Japan. This event enhanced the connections between overseas Chinese and China, expanded the international influence of Chinese culture, and helped promote the "root-planting project" that carries on and communicates Chinese culture overseas.



"Air China Cup" speech contest

Inheriting the Volunteers' Spirit

Upholding the spirit of "dedication, friendship, mutual assistance and progress" for volunteer service, Air China encouraged and supported employees to carry out various forms of volunteer activities, thus promoting social harmony and integration. In 2017, Air China had 2,195 registered volunteers, conducted 250 "Young Volunteer" activities, and provided service to 29,800 internal employees and external customers.

✈ Case | Support to the 13th National Games of China

In order to ensure the success of the 13th National Games of China, Air China launched the campaign of "young employees of Air China support the Tianjin National Games", added a dedicated check-in counter for the National Games, and organized young volunteers from primary-level units and management support departments to guide passengers to check in, lending seamless support to volunteers of the National Games, so as to contribute to the success of National Games.



Volunteer service for the 13th National Games

✈ Case | "Star Route": Care for children with autism

Air China launched the "Star Route" to organize our young employees to help children with autism. In 2017, we organized 10 activities related to care for autistic children, 8 lectures on autism, 1 outdoor communication activity, and 6 charity bazaar events. We engaged about 400 employees to provide 1,600 hours of volunteer service and raised RMB50,000 yuan for 10 families with autistic children.



"Star Route": Care for children with autism

Our Stories

Volunteer teaching: Light dreams with love

In October, volunteers of Air China walked into Jiangkou Elementary School, Libu Elementary School and Guzhan Elementary School in Guangxi to carry out "Blue Sky Classroom" volunteer teaching activities, bringing students lectures on arts and culture, science, and aircraft.

Volunteers of Air China made careful preparations for voluntary teaching activities, communicated with the schools to negotiate curriculum arrangements, carefully prepared all kinds of teaching aids, and organized teaching trainings. At the same time, they also purchased more than 300 books for the children. Through interactive teaching, they inspired the interests of students and helped them develop enthusiasm and initiative in study.



Volunteer teaching presented interesting courses to children and left an unforgettable memory to the volunteers. This program was like a spark on an expansive prairie that ignited the passion in volunteers. We discussed profusely about volunteer teaching and paid close attention to poverty alleviation, forming a dense volunteer atmosphere where all want to help, can help and are willing to help.

Voices of Stakeholders




As the largest carrier travelling between China and Europe, Air China made outstanding contributions to Sino-German friendship and common development. Air China further strengthened the status of Frankfurt as an international metropolis by opening new routes, improving passenger service experience, and increasing passenger flow. Frankfurt has become Air China's largest gateway hub overseas and will also become an important window and bridge for Sino-German friendship and trade.


—Shi Mingde
Chinese Ambassador in Germany

Looking back at that week of volunteer teaching, my heart is full of joy and emotion. I felt fortunate that I could have this teaching experience. This extraordinary and rewarding week had already been written in my life, and will certainly be an incomparable wealth in my life. It would light up the road to my future in Air China.

—Gao Chao
An employee of Air China

Table of Major Indicators

Name of Indicators	2015	2016	2017
 Total assets (RMB100 million)	2,137.04	2,241.28	2,357.18
Operating income (RMB100 million)	1,089.29	1,126.77	1,213.63
Total profit (RMB100 million)	90.43	102.19	114.81
Tax payable (RMB100 million)	58.78	63.88	70.11
Number of registered aircrafts	590	623	655
Average aircraft age (years)	6.30	6.36	6.53
Safe flight hours (10,000 hours)	187.59	202.87	211.52
RTK (100 million)	218.07	236.98	253.85
Passenger carried (10,000 persons)	8,981.59	9,660.59	10,157.67
Cargo and mail carried (10,000 tonnes)	166.44	176.91	184.16
Social contribution per share (RMB)	2.589	2.822	2.768
Purchases from the five largest suppliers (RMB100 million)	336.80	375.47	350.59
Intellectual property rights registered	—	2,587	2,819
 Passengers' overall satisfaction (points)	87.20	87.32	88.00
Premium passengers' overall satisfaction (points)	87.00	87.26	88.20
Number of complaints received from passengers for the whole year	22,733	20,638	16,155
Passenger complaint handling rate (%)	100	100	100
Domestic luggage error rate (‰)	1.71	1.22	0.80
Overseas luggage error rate (‰)	4.85	4.90	3.75
Flight on-time performance (%)	72.6	76.7	70.9
Flight execution rate (%)	98.5	98.3	98.0
 Total energy consumption (10,000 TEC)	907.6	980.0	1,029.8
Aviation fuel consumption (10,000 tonnes)	613.1	662.4	696.0
Power consumption (MWh)	132,591.4	134,409.5	150,229.9
Gasoline consumption (tonnes)	1,734.5	1,491.9	1,603.6
Diesel consumption (tonnes)	6,389.4	6,761.5	7,276.5
Natural gas consumption (10,000 m ³)	841.4	900.3	939.8

Name of Indicators	2015	2016	2017	
Other energy consumption (TEC)	15,754.7	13,762.9	13,827.3	
Fuel consumption per RTK (kg)	0.2750	0.2722	0.2642	
Fuel consumption per 100 RPK (L)	3.49	3.44	3.31	
CO ₂ emission for 100 RPK (kg)	8.8	8.7	8.4	
CO ₂ emissions per RTK (g)	866	857	832	
CO ₂ emissions (10,000 tonnes)	1,931.24	2,086.46	2,143.26	
Total hazardous waste emission (tonnes)	374.51	323.44	356.69	
Water consumption (10,000 tonnes)	330.9	340.4	373.15	
Environmental protection investment (RMB10,000)	36,349	18,501	29,000	
 Number of employees in the post (persons)	27,104	23,258	25,168	
Number of foreign employees (persons)	1,062	1,155	1,113	
Number of minority employees (persons)	1,009	1,051	1,074	
Number of disabled employees (persons)	20	19	20	
Female employee occupancy ratio	36.3	40.3	45.2	
Total number of management staff and management supporting employees (persons)	6,519	5,719	6,443	
Labour contract signing rate (%)	100	100	100	
Employee turnover rate (%)	2.7	2.53	2.56	
			Distribution of employees leaving the Company	
			34 and below	46.36
			35-44	11.47
			45-54	11.78
			55 and above	30.39
			Male	50.54
			Female	49.46
			China	94.57
			Foreign countries and regions	5.43
Proportion of employees guaranteed by collective bargaining agreements (%)	100	100	100	
Total training hours (hours)	161,630	143,678	198,919	
Number of employees participated trainings (person-time)	109,212	83,997	94,190	
Total employee education expenses (RMB10,000)	1,826.4	1,892.2	2,121.0	

Notes:

- The information is based on the calibre of Air China Group, with part of financial data of previous periods being adjusted, among which, the information on services and employees is based on the calibre of Air China.
- CO₂ emissions include only the direct emissions from aviation fuel combustion, and other energy emissions have no national unified standards for calculation currently.
- Hazardous waste emissions include the emissions from AMECO hazardous waste.

Major Honours



Outlook for 2018

Economy

We will explore our potential in transport capacity resources, keep updating our aircrafts, improve our production and organization efficiency, and augment our reserve in resources of Traffic Rights. In 2018, the Company plans to complete 2.241 million flying hours and carry 109 million passengers, with ATKs and RFTKs reaching 39.27 billion and 8.00 billion, respectively.

We will firmly carry out our hub and network strategy with focus on Beijing hub, increase our competitiveness in expansion of route network, improve the allocation of our transport capacity, achieve better revenue quality, and continuously increase our benefits from route operation.

We will remain customer-oriented, speed up marketing innovation, and promote the transformation of business models. We will advance brand promotion systematically and devise more brand marketing solutions to promote our brands in core markets.

Safety

The Company will stop flight accidents, major and significant aviation ground accidents, significant aircraft maintenance accidents and will do our utmost to prevent any hijacking or bombing attempts and ensure that the safety of passengers and the security of aircrafts.

By mastering regularities, we will continue to better our safety management system, improve our production plans and safety management approaches, enhance the level of risk management at key areas, and take specific measures depending on high risk items to effectively reduce operation risk.

We will invest more efforts to enhance our capabilities in specialized systems, carry out annual training plans, and meet the production support demand.

Services

We will improve our service management, intensify our risk monitoring, warning and emergency response for the transport of special passengers, new service demand and support for irregular flights, and update our service performance evaluation system.

We will offer better services to passengers, by creating an all-travel service information chain with the support of information system, and realize "smart services".

We will drive product upgrades, build and improve our product management system, strengthen the planned management and full life cycle management for five core products and route network support products, enhance the level of offering full-process service in full range, and provide passengers with better service experience.

Environment

We will keep improving our energy management system, complete the certifications of our energy management system in 2018, and push forward key energy saving and emission reduction programs, including "bellyhold loading improvement" and "use of solar photovoltaic", to improve our energy efficiency.

We will get deeply involved in the development of domestic and international aviation carbon trading rules, establish our own carbon trading management rules and procedures, increase our R&D efforts in the introduction of green and energy-saving technologies, and actively facilitate the reduction of emissions and energy consumption.

We will further promote environment protection, help our passengers and employees develop awareness and habit of environment protection, and create an ecology-friendly air transport environment.

Employees

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

We will continuously strengthen our talent development mechanism, provide employees with smooth promotion channels, organize employee competitions on professional skills, and provide them with a broad platform to study, so as to encourage their growth.

We will continue to optimize our employment rules, human resource management system remuneration and benefit system, enhance democratic management, and boost the vitality and development motivation of our workforce.

Community

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

We will further carry out the work on targeted poverty, strengthen our cooperation with targeted regions, boost sustainable development of their relevant industries, evoke and develop the inner motivation of such regions.

HK-ESG Index

HK-ESG	State	Page(s)	Description
Environmental			
A1: Emissions			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Included	44,47	In 2017, 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	64,65	In the 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	64,65	
A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Included	65	
A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Included	47	
A1.5 Description of measures to mitigate emissions and results achieved.	Included	44,45,46	
A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Included	47,65	
A2: Use of Resources			
Policies on the efficient use of resources, including energy, water and other raw materials.	Included	44,45,46,47	
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	64,65	
A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Included	65	
A2.3 Description of energy use efficiency initiatives and results achieved.	Included	44,46	
A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Included	47	
A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A		
A3: The Environment and Natural Resources			
General Disclosure : Policies on minimising the issuer's significant impact on the environment and natural resources.	Included	47,48	
A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Included	47,48	
Social			
B1: Employment			
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Included	52,53	In 2017, 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	52,65	
B1.2 Employee turnover rate by gender, age group and geographical region.	Included Partially	65	
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	56	In 2017, 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	56	

HK-ESG	State	Page(s)	Description
Social			
B3: Development and Training			
General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Included	54	
B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Included Partially	65	
B3.2 The average training hours completed per employee by gender and employee category.	Included Partially	65	
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	53	In 2017, 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 2017, Air China did not incur any cases of illegal employment
B4.2 Description of steps taken to eliminate such practices when discovered.	Included		In 2017, 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	24	
B5.1 Number of suppliers by geographical region.	Included	24	
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	24	
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	36,40	In 2017, 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	40	
B6.4 Description of practices relating to observing and protecting intellectual property rights.	Included	22	
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	40	
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	7	
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	7	
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	60	
B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Included	60	
B8.2 Resources contributed (e.g. money or time) to the focus area.	Included	60,61,62,63	

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.	3,16
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
	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
	G4-9 Scale of the reporting organization.	4,5
	G4-10 Workforce.	52,65
	G4-11 Percentage of employees covered by collective bargaining agreements.	53,65
	G4-12 Organization's supply chain.	24
	G4-13 Significant changes during the reporting period regarding size, structure, or ownership.	4
	G4-14 Explanation of whether and how the precautionary approach or principle is addressed by the organization.	7
	G4-15 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	20,48,60 61,62
	G4-16 Memberships in associations (such as industry associations) and/or national/international advocacy organizations.	4
Identified Material Aspects	G4-17 List all entities included in organization's consolidated financial statement.	4,22
	G4-18 Process for defining report content (how applied Principles).	10
	G4-19 List all material Aspects identified in the process for defining report content.	10
	G4-20 For each material Aspect, report the Aspect Boundary within the organization.	10
	G4-21 For each material Aspect, report the Aspect Boundary outside the organization.	4
	G4-22 Report the effect of any restatements of information provided in previous reports.	About CSR Reporting,15,60
Stakeholder Engagement	G4-23 Report significant changes from previous reporting period in the Scope and Aspect Boundaries.	About CSR Reporting
	G4-24 Provide a list of stakeholder groups engaged by the Organization.	11
	G4-25 Basis for identification and selection of stakeholders with whom to engage.	11
	G4-26 Organization's approach to stakeholder engagement (including frequency by type and stakeholder group, and any specific to report process).	11
Report Profile	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.	11
	G4-28 Reporting period (e.g., fiscal/calendar year) for information provided.	About CSR Reporting
	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.	70,71
	G4-33 Organization's policy and current practice with regard to seeking external assurance for the report.	74,75

	GRI index	Page(s)
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.	9
	G4-35 Process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	9
	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.	9
	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.	11
Organizational Profile	G4-56 Description of the organization's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics.	6
	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.	7
	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.	7
	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.	22
	G4-EC7 Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	4,16,17 18,19
	G4-EC8 Understanding and describing significant indirect economic impacts, including the extent of impacts.	22,23
	G4-EC9 Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	24
	Environmental	G4-EN1 Materials used by weight, value or volume.
G4-EN3 Energy consumption within the organization.		44,64,65
G4-EN6 Reduction of energy consumption.		46
G4-EN7 Reductions in energy requirements of products and services.		45,46
G4-EN8 Total water withdrawal by source.		65
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.		48
G4-EN19 Reduction of greenhouse gas emissions.		45
G4-EN27 Extent of impact mitigation of environmental impacts of products and services.		46,47,48
G4-EN31 Total environmental protection expenditures and investments by type.		65
Labour practices and decent work		G4-LA1 Total number and rate of new employee hires and employee turnover by age group, gender, and region.
	G4-LA2 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	53,54,55 56,65
	G4-LA8 Health and safety topics covered in formal agreements with trade unions.	56
	G4-LA10 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	53,54
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.	52,65
	G4-SO4 Communication and training on anti-corruption policies and procedures.	7,14
Product responsibility	G4-PR1 Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	36
	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	38,39,40
	G4-PR5 Results of survey measuring customer satisfaction.	40

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 2017 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 tenth CSR report for Air China, and Air China invites the third party to give independent assurance again.

Assurance Scope

- The report revealed the accuracy and reliability for key performance, information and management system which happened in 2017.
 - Assurance address is No. 30, Tianzhu Road, Airport Industrial Zone, Shunyi District, Beijing, China, where Air China 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 **08-09.03.2018**.

Assurance Methodology

Assurance process including following activities:

- Review the document information which provided 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 the Sustainability Reporting Guidelines (G4) of the Global Reporting Initiative (GRI), on balance, comparability, accuracy, timeliness, clarity, reliability, and give the evaluation;
- Refer to AA1000AS (2008) Assurance methodology;
- Refer to Environmental, Social and Governance Reporting Guide (HK-ESG) issued by Hong Kong Stock Exchanges.
- 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 2017. 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 responds to stakeholder demands and expectations from 'Social responsibility



management', 'Improvement of Development Quality', 'A Solid Foundation Built for Safety', 'Enhancement of Service Quality', 'Protection of Our Environment', 'Helping Employees Fulfill Dreams' and 'Sharing a Community in Harmony';

- The report attached 3 years key performance indicators, which can be comparable.

Suggestion for Improvement

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

- The social responsibility management system could be further constructed, and the responsibility focus, the responsible department and accountability planning could be clear defined.
- It is suggested that on the basis of the existing data disclosure, the designated management department of public welfare charity data should be clarified and relevant information should be further disclosed.

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;
- Because the economic data had been audited by the third party, we won't do double audit this time.

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: Xuemei (Olina) Li
Date: 28.05.2018

The Authorized person: Haining Song
Date: 28.05.2018

Note: in case of conflict between the Chinese and English versions of the declaration, please refer to the Chinese version



A STAR ALLIANCE MEMBER 



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