



A STAR ALLIANCE MEMBER 

The World is Closer
Because of Us



2019
**Corporate Social
Responsibility Report**
Air China Limited

About This Report

2019 marked the 70th anniversary of the founding of the People's Republic of China, which was also a crucial year towards achieving the first centenary goal of building a moderately prosperous society in all respects. This report reflected the commitments and performance Air China Limited delivered by following the instructions and requirements regarding social responsibility given by the Central Committee of the Communist Party of China (CPC) and the State-owned Assets Supervision and Administration Commission (SASAC) of the State Council. Leveraging its strengths in core airline operations, Air China made accomplishments in key areas of implementing national strategies, practicing the new development philosophy, building ecological civilization, safeguarding safe production and caring about employee's growth by strengthening its efforts in the management and information disclosure regarding social responsibility. We hope you can feel our passion through this report, and continue to support and help us in carrying out our reform and development.

Reporting Period

This report covers the period from 1 January to 31 December 2019, and some events might be beyond the aforesaid period.

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 Aircraft Maintenance and Engineering Corporation (Ameco) and Shenzhen Airlines Company Limited (Shenzhen Airlines).

Basis of Preparation

This report is prepared in accordance with relevant requirements, including *the Guidelines for National Enterprises on Fulfilling Corporate Social Responsibility* released by the SASAC 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)*, with reference to the standards and requirements such as *Global Reporting Initiative Sustainability Reporting Standards (GRI Standards)* of the Global Sustainability Standards Board (GSSB), *GB/T36001 Guidance on Social Responsibility Reporting* and additional guidelines for the aviation service industry.

Publishing of the Report

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

Sources of Data

All the financial data referred in this report, applying China Accounting Standards for Business Enterprises, are extracted from the audited annual reports of Air China Limited, while the other data comes from official internal documents and relevant statistics of Air China Limited.

Abbreviations

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

Accessibility of the Report

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

Electronic copies of this report in both Chinese and English are also available for downloading from the Company's website.

Website: www.airchina.com.cn

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An operating income of RMB136.181 billion and a total profit of RMB9.105 billion were achieved. The net profit attributable to shareholders of listed company was RMB6.409 billion, demonstrating reinforcement and improvement of the competitiveness of the main business. The Company was enlisted in the "BrandZ Top 100 Most Valuable Chinese Brands 2019", ranking top among other Chinese aviation companies.

The overall service satisfaction of passengers reached 81.4 points, and the passenger complaint handling rate was 100%.

Safe flight of 2.285 million hours and 1.454 billion kilometres were achieved, representing a year-on-year increase of 4.12% and 4.87%, respectively.

The energy conservation and environmental protection management systems were improved, and key projects including the "fuel to electricity" and the improvement of the carbon emission system were promoted. The Company was awarded the Outstanding Award of Corporate Environmental Protection of the China Environmental Award, which is the first aviation company awarded with such honour.

The poverty alleviation programs were fully promoted, with a voluntary poverty relief donation of RMB38.51 million given for the designated poverty alleviation counties, thereby achieving outstanding results regarding poverty alleviation.

The infographic features a central theme "The World is Closer Because of Us" with five main pillars: Economy, Service, Environment, Safety, and Society. Each pillar is represented by a 3D block with an icon and a corresponding SDG icon. The SDG icons are arranged in a grid: 1 (No Poverty), 2 (Zero Hunger), 3 (Good Health and Well-being), 4 (Quality Education), 5 (Gender Equality), 10 (Reduced Inequalities), 7 (Affordable and Clean Energy), 12 (Responsible Consumption and Production), and 13 (Climate Action). The top left and right corners also feature SDG icons 8 (Decent Work and Economic Growth) and 12 (Responsible Consumption and Production) respectively.

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Chairman's Statement



In 2019, under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, Air China fulfilled its political and social responsibilities as a central enterprise. In doing so, we studied and implemented the important instructions of General Secretary, Xi Jinping, carried out the decisions and arrangements of the Central Committee of the CPC and the State Council and fulfilled the requirements of building a world-class enterprise, thereby achieving new progress in all aspects, including safety, services, efficiency, employees, society and environment.

We are committed to the philosophy of high-quality development, building ourselves into a world-class aviation enterprise. We achieved a safe flight of 2.285 million hours and 1.454 billion kilometres, representing a year-on-year increase of 4.12% and 4.87%, respectively. The traffic measured by RTK (revenue tonne kilometres) was 25,364 million tonne kilometres, the passenger transportation volume was 115 million persons, and the cargo and mail transportation volume was 1.4342 million tonnes, with a year-on-year increase of 3.50% and 4.81% and a year-on-year decrease of 1.83% respectively. Air China achieved operating income of RMB136.181 billion and a total profit of RMB9.105 billion, and the net profit attributable to shareholders of listed company was RMB6.409 billion. The competitiveness of our core business was consolidated and improved. The overall passenger satisfaction reached 81.4 points and the flight on-time performance rate reached 81.83%. In response to the "Belt and Road" Initiative, we newly launched some international routes such as Beijing-Nice and Shanghai-London. Meticulous arrangements were made for the first flight and commencement of operation at Daxing Airport to facilitate the smooth and orderly operation for the plan of "two airports in one city" in Beijing. Besides, we have been committed to incorporate the guidance of the CPC into our corporate governance and management, we strove to deal with five big issues that will affect future development, including the Company's safety, development, reform, team building and Party building, and nine practical issues that are closely related to the benefits of employees.

We forged ahead in the three critical battles against potential risk, poverty, and pollution building a responsible image of a state-owned enterprise. Sonid Right Banner, one of the aid recipient county, was lifted from poverty, while Zhaoping county attained its annual target for poverty alleviation. In the assessment of our targeted poverty alleviation work by the central government we were rated "Excellent", the highest grade for two consecutive years. To actively prevent and control material risks, we enhanced our capability in risk compliance management and reinforced the foundation for system management. By integrating our development with the promotion of social ecological civilization, we kept on accelerating the progress in green development by doing our utmost to win the battle for prevention and control of pollution and the Blue Sky Protection Campaign. Apart from commencing the work for energy conservation and emission reduction in all aspects from air to ground, we also actively participated in environmental protection and public welfare projects to promote the idea of environmental protection. In 2019, Air China won the Outstanding Award of Corporate Environmental Protection of the 10th China Environmental Award.

The outbreak of COVID-19 epidemic happened at the end of 2019 and the beginning of 2020. Staying true to the Party's founding mission in our mind, we overcame all difficulties and challenges. We have applied effective measures to prevent and control the epidemic, aiming to protect the health and safety of our passengers and employees and actively fulfilling our social responsibility. As of 23 March 2020, air charter service of 65 flights in total for emergency relief and transportation was arranged with 6,596 epidemic fight personnel and nearly 454 tonnes of epidemic supplies transported, while 2,344 flights of normal flight and freighters were arranged to transport 3,030 tonnes of epidemic supplies. The Company also strived to minimize the impact of the epidemic by adjusting its capacity structure, optimizing yield management, strengthening cost control and placing more emphasis on risk management and control.

In 2020, China will complete the building of a moderately prosperous society in all respects to achieve the first centennial goal. By upholding the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era on an ongoing basis, Air China will adhere to and thoroughly implement the new development philosophy and requirements of high-quality development, thereby developing itself as a world-class aviation transportation group.

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

Company Profile

Stock Code

Shanghai Stock Exchange: 601111

Hong Kong Stock Exchange: 00753

London Stock Exchange: AIRC

US ADR OTC: AIRYY



A STAR ALLIANCE MEMBER

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

Air China is the only flag-carrier aviation companies in China and a member of the Star Alliance, the world's largest airline alliance. It was the official airline partner of the 2008 Beijing Olympics and the Paralympics, and it will also be the official airline partner of the 2022 Winter Olympics and Winter Paralympics in Beijing. Air China had the top brand value of aviation company in China, which was assessed to be RMB167.876 billion by the World Brand Lab in June 2019. In the lead among domestic airlines in passenger transportation and other related services, Air China also provides important international and domestic transportation services such as exclusive flight services to top-ranking foreign officials and visitors as well as emergency flight services. In 2019, Air China achieved the traffic measured by RTK of 25,364 million tonne kilometres, a passenger transportation volume of 115 million persons, and a cargo and mail transportation volume of 1.4342 million tonnes. An operating income of RMB136.181 billion and a total profit of RMB9.105 billion were achieved. The net profit attributable to shareholders of listed company was RMB6.409 billion, demonstrating reinforcement and improvement of the competitiveness of the main business.



Organizational Structure

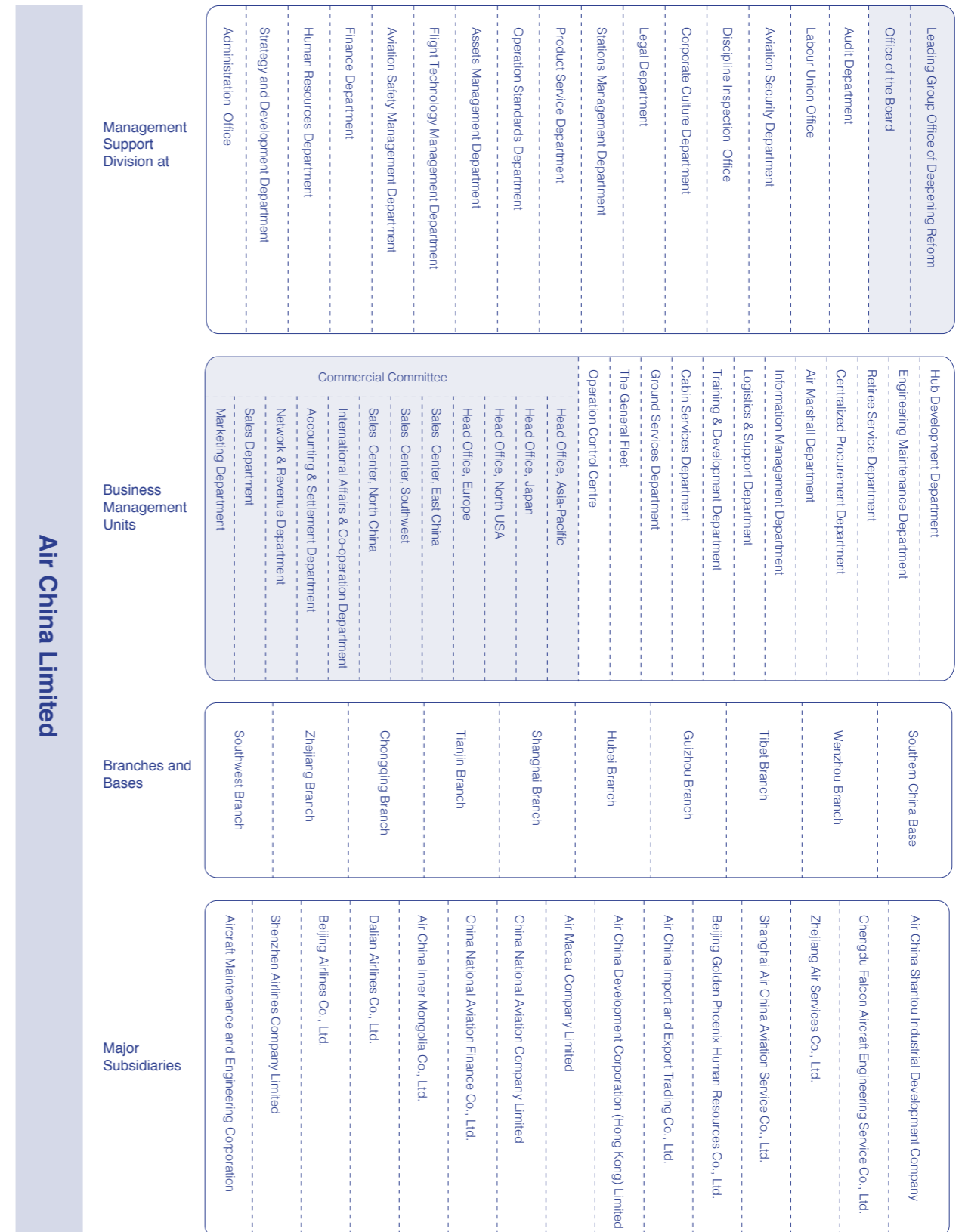


Image of Air China

2019

2019 marked the 70th anniversary of the founding of the People's Republic of China. Targeting at developing itself into a world-class aviation company with global competitiveness, Air China captured historical opportunities to carry out various tasks, such as safety, operation, services and environmental protection, in full efforts and achieved outstanding results.

January

The Company newly launched the Beijing-Phnom Penh route. In response to the "Belt and Road" Initiative, the Group actively established the new "Air Silk Road" between China and Cambodia. Air China continued to expand the global coverage of its route network with Beijing as the hub. While accelerating the expansion of air passage between China and Southeast Asian countries, the Company also devoted considerable efforts in expanding the coverage of its route network in regional major cities.

March

With the arrival of the blooming spring, a new semester of "Air China Class" begun. As an important part of the Group's targeted poverty alleviation work, the "Air China Class" received positive feedbacks from the society since its launch in 2017, and was well-received by children in the targeted poverty alleviation regions.



May

Air China was enlisted in the "BrandZ Top 100 Most Valuable Chinese Brands 2019" with a brand value of USD4,965 million, which is the highest ranking among aviation companies in China.

On 13 May, a Boeing 747-8 wide-body aircraft of Air China smoothly landed on the eastern runway of Beijing Daxing International Airport.

August

Being the official partner of 2008 Beijing Summer Olympic Games and 2022 Beijing Winter Olympic Games, Air China hosted the themed event "Support the Green Winter Olympics and Build a Beautiful Home Together" in August 2019 to celebrate the 2nd anniversary of signing with Winter Olympics.

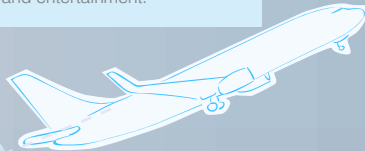


October

On 18 October, Air China was awarded the "Best Main Board Listed Company" at the 14th Award Presentation Ceremony and Summit Forum for Competitiveness and Creditworthiness Survey of Chinese Listed Companies under the theme of "Celebrate the 70th anniversary of the establishment of New China, Seek for New Economic Growth Drivers".

November

On 7 November, the self-operated lounge of the Company at Hangzhou Xiaoshan International Airport was officially put into operation. The new lounge occupied a total area of 332.19 square meters with about 100 seats. The optimized functional layout of the lounge provided passengers with better services and experience in aspects such as leisure, food and beverages and entertainment.



December

On 31 December, Mr. Cai Jianjiang, the Chairman and Secretary of the Party Committee, and Mr. Song Zhiyong, the Vice Chairman, President and Deputy Secretary of the Party Committee, welcomed the last flight crew at Beijing Daxing International Airport and Beijing Capital International Airport respectively, wrapping up Air China's achievement of a safe flight year of 2019. Air China achieved a total of 2.285 million safe flight hours and transported 115 million passengers safely throughout the year.



July

The Company signed a contract with Airbus SE for the acquisition of 20 Airbus A350-900 aircraft. Air China's business class on A350-900 passenger aircraft adopts a 1-2-1 layout, and were equipped with lie-flat seats in the layout of "reverse herringbone" for the first time. The newly introduced A350-900 passenger aircraft deployed in a number of domestic and international routes to offer more comfortable flights for passengers.

September

The Company launched marketing activities under the theme of "10 Million Gifts for 10 Million Members, You Must Be One of the 10 Million" to celebrate the number of registered member of Air China APP exceeding the 10 million threshold. The activity attracted user hit rate of 2.226 million times.

On 25 September, Air China CA9597 flight took off from Beijing Daxing International Airport, marking the successful completion of the preparation for operation and the maiden. With the commencement of operation of Beijing Daxing International Airport, the Company would expand into more route networks by leveraging the operation under "two airports in one city".



June

Air China entered into a strategic cooperation agreement with the National Image Research Centre of Tsinghua University, pursuant to which both parties would commence in-depth cooperation and exchanges in areas such as national image, public welfare communication, corporate brand and the "Go Global" strategy of Chinese culture.

April

With the official opening of the 2019 Beijing International Horticultural Exhibition, the "Wings of Dream" exhibition hall of Air China was officially opened.



February

The Company completed the 40-day guarantee work for Spring Festival transportation, and achieved the established goals of safety, smoothness and high quality. During the Spring Festival, a total of 34,343 flights were secured, carrying 5.9072 million passengers, representing a year-on-year increase of 4.01%.



Implementing

9

practical measures for caring of employees

1

Promoting the conversion of scheme for dispatched employees

2

Strengthening the guarantee of accommodation for employees

3

Solving the problem of commuting for front-line staff

4

Satisfying the needs for cultural and sports activities of employees

5

Improving working environment

6

Improving dining conditions of employees

7

Implementing the annual holiday system for managerial staff

8

Improving the accommodation subsidies for off-site staff

9

Strengthening the management over occupational health

Management of Sustainable Development

Responsibility Concepts

By upholding the social responsibility concept of meeting social needs and creating mutual value, Air China integrated social responsibility with the formulation of corporate strategy, management and operations, with a view to formulating a comprehensive sustainable development plan, consolidating the foundation of social responsibility management and improving the ability to fulfill social responsibility, so as to facilitate the harmonious integration of benefits of the economy, environment and society.



Incorporating Responsibilities

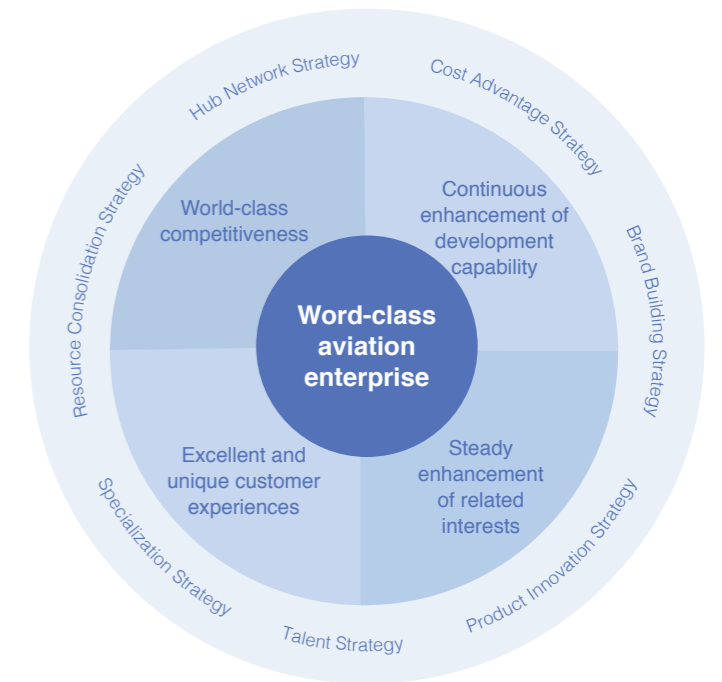
Air China established the CSR Leadership Panel, which was responsible for formulating corporate social responsibility (CSR) strategy and approving CSR plans, and guiding the promotion and implementation of CSR work. In 2019, taking into account the requirement of the SASAC to create a world-class aviation companies, Air China formed its own indicator system of fulfilling responsibility and milestone schedule by improving the arrangement, deployment and planning of CSR work, comprehensively enhancing the awareness of responsibility of leading departments for CSR and improving their ability to fulfill responsibility.



Air China Social Responsibility Work Management Framework

Corporate Strategy

By upholding the philosophy of high-quality development and striving to take a leading role in terms of safe operation and construction of hubs, Air China further optimized its allocation of international resources to maintain its leading advantage in terms of efficiency, further improve its service quality and enhance its international influence, with a view to building a solid foundation for the development of a Word-class aviation enterprise.



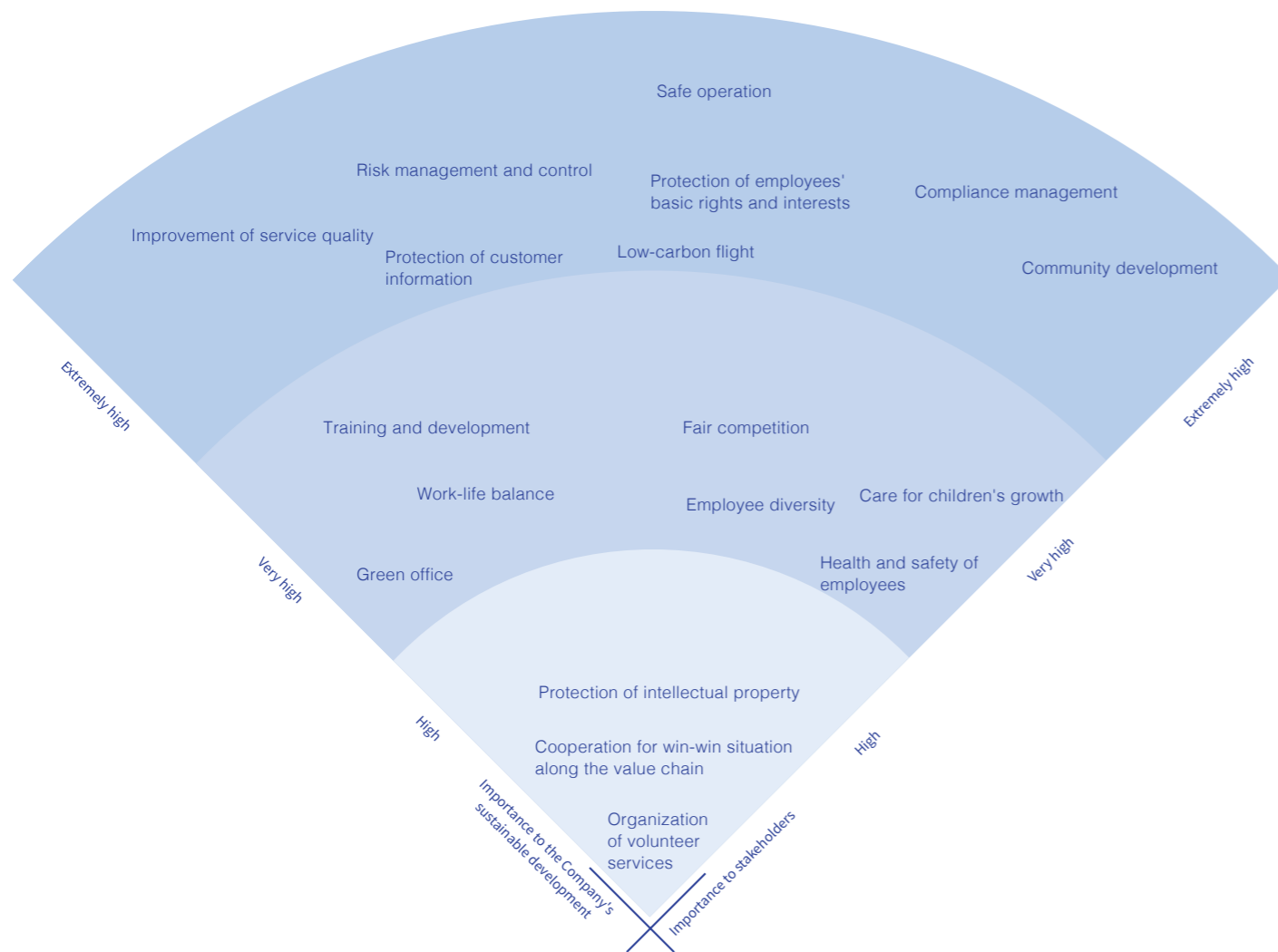
Focusing on five big issues regarding the development of Word-class aviation enterprise in the next five years

Responsibility Communication

Air China was committed to building a regular communication mechanism with stakeholders. Based on the issues regarding the fulfilment of responsibility, the Company gained understanding of the needs, expectations and suggestions of different stakeholders and strived to gain their understanding, recognition and support. Through innovative communication channels and methods, Air China accurately disseminated the Company's social responsibility concepts and responsibility fulfilment dynamics to create a responsible brand image and enhance the competitiveness in terms of responsibility.

Identifying Substantive Issues

By integrating China's national conditions and state policies, industry characteristics, the Company's business characteristics and expectations of stakeholders, we identified and screened out substantive issues that were important to both Air China and stakeholders based on the international and domestic standards regarding social responsibility, corporate strategy and focus of operation, and prioritized such substantive issues from two dimensions, i.e. "importance to the Company's sustainable development" and "importance to stakeholders".



Matrix of substantive issues

Stakeholder Communication

Participation of stakeholders was the key foundation of Air China's sustainable development. We conducted effective mutual communication with stakeholders by maintaining and innovating various communication channels, in order to facilitate continuous improvement and enhancement of Air China's social responsibility management.

Stakeholders	Communication channels	Expectations and appeals	Response from Air China
Government/Domestic and overseas regulatory authorities	Work meetings and briefings Information disclosure Cooperation with governments	Integrity, compliance and orderly operations Support for important and major events Zero accident relating to safety of operations Good corporate image Energy conservation, emissions reduction and environmental protection	Participating in the planning, research and formulation of policies Reports on special topics Monitoring and evaluation Support special flight missions
Investors/Shareholders	Information disclosure Shareholders' meetings Investors' meetings	Realizing standardized corporate governance Protection of investors'/shareholders' interests Sustainable profitability	Improving corporate governance and internal control system Strengthening the leading advantage in terms of efficiency Regular result announcements
Customers	Customer satisfaction surveys Complaint handling New media	Flight safety and on-time performance Provision of all-round and high-quality services	Establishing branded lounges Special initiatives for improving food quality Provision of intelligent services Improving release mechanism for information on irregular flights
Employees	Employee satisfaction surveys Internal BBS, magazines, emails and WeChat Employee representatives' meetings Establishment of labour unions and teams	Protection of rights and interests Focus on the Company's development strategy Participation in the Company's management and operation Smooth career development pathways Compensation and benefits	Building a multi-level developing channel and learning path for talents Facilitating the work of Staff Service Centre Launch of "Blissful-Heart Project" to offer psychological counselling Helping employees in difficulty
Partners/Suppliers	Daily business interactions Partners' meetings	Honesty and integrity in business operation Transparency in procurement Mutual development	Strengthening supplier management Revising and improving procurement policy Strengthening suppliers' capability for and awareness of environmental protection
Peers	Industry forums Industry conferences	Attention to industry development and trends Maintenance of a fair and orderly market	Strengthening alliance and cooperation Launch of joint operation Signing of cooperation memorandum
Community	Public welfare and charity activities Volunteer services	Promote economic growth of the communities Support public welfare events	Stepping up efforts in targeted poverty alleviation Engaging in public welfare and charity activities Disaster relief work
Media	Press releases Media calls and visits Official new media platforms	Important events of the Company Public image and influence Future planning	Publication of CSR reports Timely update of new developments via Weibo, WeChat and Douyin Media open day

Guidance of Party Building

In 2019, by studying and implementing Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and implementing the general requirements of construction and organizational path for a new era of the CPC, Air China commenced its education themed "staying true to the Party's founding mission and keeping mission firmly in mind", carried out the rectification tasks assigned by the Central Committee during their inspection visits and promoted the implementation of in-depth and stringent governance in all aspects of the CPC, with a view to achieving new progress in Party building involving the leading group, the grass-root level and Party members based on the main idea of "the year of progress for Party building of central enterprises".

Guided by the political construction of the Party to strengthen the leadership of the Party

Establishing a sound management mechanism to implement the important instructions of General Secretary Xi Jinping and important decisions and deployment of the Central Committee of the CPC

A sound learning mechanism

27 learning class and 15 group discussions and researches were organized by the party committee central group throughout the year.

A sound research mechanism

62 conferences of the Party Committee were convened, and 147 research topics were carried out throughout the year, with 30 measures regarding the implementation of the important instructions on civil aviation safety of General Secretary Xi Jinping and the proposal for developing a world-class enterprise formulated.

A sound monitoring mechanism

The work ledger was set up to review the checklist for monitoring, in order to carry out closed loop management for follow-up and checking the effectiveness on an item-by-item basis.

Air China commenced its in-depth education themed "staying true to the Party's founding mission and keeping mission firmly in mind". With one work plan, one progress checklist and an action framework of "1+1+N" constituted by various specific arrangements, Air China commenced investigation and research on specific issues based on the main tone of "grasping main issues with practical actions", thereby promoting the close integration of theories and practice.

The Company spared no efforts in collaborating with the Central Committee during their inspection visits. It made good preparation and carried out self-inspection, as well as reviewed and set up work ledger for relevant information to lay a solid foundation for the related supervision. It insisted on carrying out inspection and remedies simultaneously by studying and formulating "five big issues for the next five years" and "nine practical measures for caring of employees", with an aim to taking the Company's development to a new level and improving employees' sense of achievement.



Cai Jianjiang, Chairman and Secretary of Party Committee, conducted investigation and research on specific issues of the General Fleet and the Cabin Services Department on 5, 9 and 10 July respectively.



Song Zhiyong, Vice Chairman, President and Deputy Secretary of Party Committee, conducted investigation and research with the investigation and research team on specific issues of the Operations Control Centre and the Beijing Base of Ameco from 9 to 11 July.

Upholding the principle of laying foundation at the grass-root level to strengthen the political functions and organizational strength of Party organizations at the grass-root level

Reinforcing the fundamental organizations to promote general advancement and competency enhancement of Party organizations at the grass-root level

Establishing strong fundamental teams to further manifest the role of Party members as pioneers

Improving the fundamental system to strengthen and establish rules and regulations for Party building work

Enhancing the work in relation to cultivation of cadres for the Party and the formation of a loyal, clean and responsible team of cadres

Selecting the best cadres for the leading group

- ★ Coordinating the building of the leading group
- ★ Optimizing the structure of the leading group
- ★ Improving the political competence

Enhancing the cultivation of young cadres

- ★ Improving the mechanism for selection, cultivation, management and assignment
- ★ Conducting investigation and research on young cadres
- ★ Enhancing the training for young cadres

Enhancing the incentive of and monitoring over cadres

- ★ Optimizing the development of system
- ★ Strengthening management at all levels
- ★ Innovating the talent mechanism
- ★ Implementing stringent monitoring on cadres

Improving the propaganda of ideology and culture to encourage the high-quality development of the Company

- 🚩 Adhering to integrity and innovation and conducting the propaganda of ideology under the new situation
- 🚩 Focusing on flexible response to effectively strengthen the risk management and control regarding public opinion
- 🚩 Developing humanistic connotation within the Company and enrich the internal corporate culture

Devoting constant efforts to correcting unhealthy tendency, enhancing discipline and pushing forward anti-corruption to impel the comprehensive and strict governance of the Party in both depth and breadth

Carrying out the main responsibility to impel the comprehensive and strict management and governance over the Party

- ★ Improving the guidance for work
- ★ Strengthening the supervision on discipline and accountability
- ★ Promoting the reform of systems
- ★ Implementing consistent rectification for the problems of "formalism, bureaucratism, hedonism and extravagance"

Deepening political inspection to optimize the strategic layout of inspection

- ★ Carrying out follow-up after the inspection of the Central Committee
- ★ Promoting internal inspection in all aspects

Arranging united front work and group work to gather the strength for facilitating reform and development

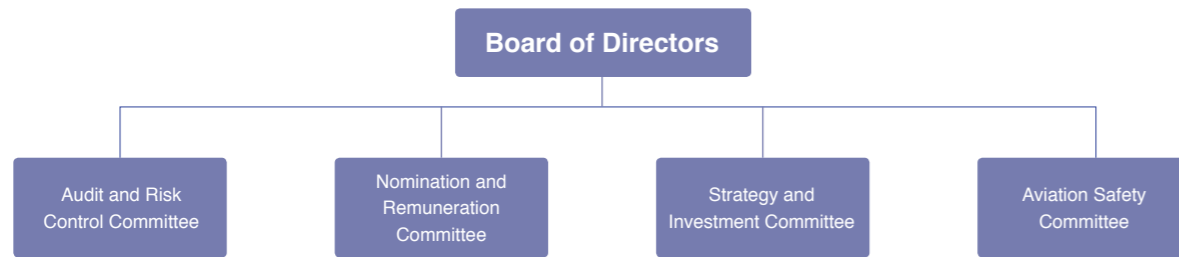
- 🚩 Strengthening the united front work to share the ideology with as many people as possible
- 🚩 Strengthening the group work to encourage the youth and employees to pursue their own achievement

Corporate Governance

Sound corporate governance and prudent risk prevention measures have always been the foundation of corporate development of Air China. The Company abides by the relevant requirements of laws, regulations and ordinances to regulate its daily operation, with a view to continuously improving the modern enterprise system, promoting the construction of the governance system and enhancing the level of corporate governance.

Each special committee of the Board exercised their power according to the respective working rules. They gained deep understanding of the production, operation and financial condition of the Company by convening meetings regularly, listening to specific reports and conducting examination, investigation and research, so as to provide various suggestions on the Company's development strategies, risk control, standardized operation, as well as nomination and appointment of directors and senior management, etc., which have demonstrated their professional advantage and support to the scientific decision-making of the Board of Directors (the Board).

In January 2019, Air China won the "Best Board of Directors Award" at the 14th "Golden Round Table Awards" of the Board of Directors of Chinese Listed Company sponsored by Directors & Boards magazine, the most authoritative corporate governance academic and evaluation institution in China. In October 2019, Air China was awarded the "Best Main Board Listed Company" at the 14th Award Presentation Ceremony and Summit Forum for Competitiveness and Creditworthiness Survey of Chinese Listed Companies under the theme of "Celebrate the 70th anniversary of the establishment of New China, Seek for New Economic Growth Drivers". In December 2019, Air China won the "Best Listed Company in terms of Corporate Governance" and "Listed Company with Best Investment Value" major awards from the Golden Bauhinia Awards hosted by Hong Kong Ta Kung Pao, The Listed Companies Association of Beijing and The Hong Kong Chinese Enterprises Association.



Corporate Governance Structure

Establishment of Corporate Governance System

In 2019, the Board attached great importance to the establishment of corporate risk prevention and control system, for which they considered and approved the General Requirements for Risk Control of Air China Limited, the Compliance Management Regulation of Air China Limited and the Codes of Conduct for Compliance of Air China Limited, with a view to laying a solid regulatory foundation for the establishment of a risk prevention and control system of the Company. Moreover, the Company streamlined the existing corporate governance systems with reference to the revised laws and regulations as well as domestic and overseas listing rules in all aspects, in order to ensure the compliance and effectiveness of the governance systems. Besides, the Company randomly revised and optimized corporate governance, information disclosure, investor relations, information research, manual and procedures for the management of equity according to rules and regulations, so as to optimize the standard, rules and procedures of its businesses.

Improve Quality of Information Disclosure

In 2019, the Company completed the preparation and disclosure of regular reports, holding announcements and shareholders' circulars with high quality in Shanghai, Hong Kong and Japan according to listing rules. During the reporting period, 49 domestic and 58 overseas holding announcements and one circular were disclosed.

Investors Relation Management

Air China strengthened sharing and communication with investors through various means, including road shows, conference calls, establishing investors relation website, setting up hotlines, organizing investors' on-site visits, and participating in investors' conferences, with a view to improving the Company's transparency and building a good image of the Company in the capital market. Monthly operation data was released while responses to investors' concerns and enquiries were timely updated to disseminate information to small and medium investors. In June 2019, Air China received the "Best Investor Relations Award (China)" and the "2019 China Financial Market Award – Best Board Secretary" award from the 2019 China Financial Market Award hosted by China Financial Market, a magazine in Hong Kong.

Standardize the construction of the Board

According to the overall requirements of the SASAC on standardizing the construction of the board of directors, Air China optimized the structure of the Board, streamlined and optimized relevant rules and regulations as well as processes, improved the management and the feedback mechanism for resolutions of the Board, hence consolidating the foundation of corporate governance standardization and process-based management. The members of the fifth session of Board of Air China was increased to nine, which demonstrated a more scientific structure and diversity of the structure of the Board.

Optimize the structure of the Board

To further integrate Party's leadership into corporate governance, Air China included a dedicated deputy secretary into the Board in 2019 to optimize the structure of the Board.

Optimize the system of the Board

The Company identified the provisions in the Articles of Association which were inconsistent with the existing laws, regulations and listing rules, and revised systems regarding corporate governance, such as the Rules and Procedures of Shareholders' General Meeting and the Rules and the Procedures of the Board, to ensure compliance and feasibility of the system of the Board.

Strengthen the guarantee of performance of duties by directors

The Company stepped up the investigation and research efforts of directors and explored the opportunity to build an incentive mechanism for independent directors. eight directors were organized to participate in learning and training.

Improve operation efficiency of the Board

The Company established the system for collecting Board resolutions, improved the scientific decision-making mechanism to strengthen monitoring, strengthened the reporting system of the Secretary to the Board and established the tracking and feedback mechanism and the post-assessment system for resolutions.

Develop the corporate governance culture

The Company set up a group for conducting research on corporate governance issues in 2019, with a view to enhancing systematic learning and research of corporate governance theories and developing the culture of corporate governance.



Measures for standardizing the construction of the Board of Air China

The Board organized regular discussion on the Company's CSR strategies and the commitment to ESG risk management and internal control. The Office of the Board is responsible for ESG information disclosure and responding to the relevant enquiries to ensure transparency of corporate operation.

In 2019



Performance of responsibility of independent directors

The Company continued to strengthen investigation and research efforts of directors to support their decisions. Independent directors of the Company honoured their duties in strict compliance with the Company Laws, the listing rules of the jurisdictions where the shares of the Company are listed, relevant requirements of the Guidance on the Establishment of an Independent Director System in Listed Companies, and the Company's rules such as the Articles of Association and the System for Independent Directors of the Company.

In 2019, independent directors of the Company conducted four domestic investigations and researches on the Information Management Department and Training and Development Department of Air China, Daxing Airport, Shenzhen Airlines and Zhejiang Branch, and conducted one overseas investigation and research on the "Belt and Road" route of Minsk-Budapest-Moscow. Leveraging their thorough understanding of the Company's existing operation condition, they have put their roles of independent director into full play, that was to provide opinions and advice on the standardized operation and business development of the Company with their expertise and experience, thereby maximizing the protection over interests of all shareholders.

Independent directors of Air China conducted investigation and research on Shenzhen Airlines

On 30 May, independent directors of Air China visited the command hall of operation control centre, staff activity centre and passenger service training centre of Shenzhen Airlines, and conducted investigation and research on such facilities. The professional production and operation, and the advanced facilities for business training of Shenzhen Airlines were highly rated. The investigation and research deepened the independent directors' understanding of Shenzhen Airlines, which helped to facilitate scientific and efficient work of the Board.



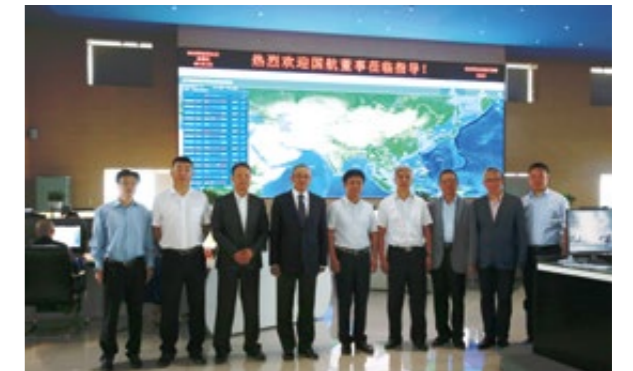
Independent directors carrying out investigation and research at Daxing Airport



Independent directors sharing with the Economic and Commercial Counsellor of the Chinese Embassy in Russia



Independent directors carrying out investigation and research at the flight training centre of the Training and Development Department of Air China



Independent directors carrying out investigation and research at the Training and Development Department of Shenzhen Airlines

Statement Made by the Board Regarding ESG Governance

The Board of Air China has undertaken that the Company abides by the disclosure requirements regarding environmental, social and governance (ESG) reporting of the stock exchanges of the jurisdictions where the shares of the Company are listed.

The Board of the Company is responsible for supervising the commitment and performance of Air China regarding key ESG issues. We will discuss and clarify the regulatory obligations of the Board and optimize the regulatory process of the Board by convening conferences regularly and other means, with a view to including ESG into the Company's business operation and its goals for long-term development, thereby ensuring true inclusion of ESG into the Company's corporate culture.

In 2019, with reference to the ESG Guidelines and the Listing Rules promulgated by the Stock Exchange, the Company actively learned, explored and developed its understanding of the new regulations, and benchmarked such against the research of the Task Force on Climate-related Financial Disclosures (TCFD), in order to prepare for the development of a world-class model enterprise.

In 2020, the Board of the Company will further optimize the risk management, information collection and reporting system regarding ESG, formulate strategies and goals for sustainable development and improve training regarding ESG, with a view to integrating the strategies and goals for sustainable development into its daily operation.

Internal Control and Risk Prevention

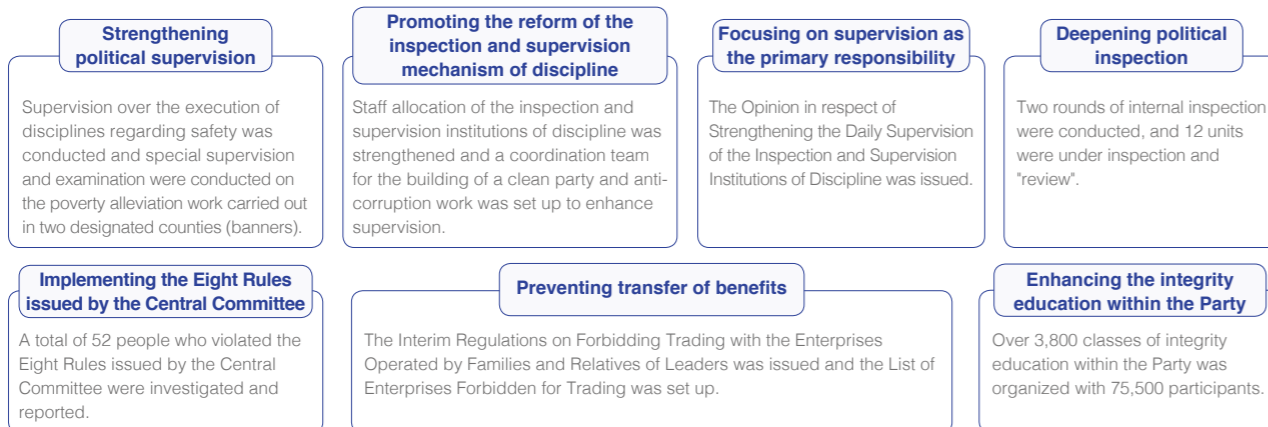
During the process of long-term development, Air China continued to optimize its capability of risk response by promoting its risk management and control as well as the establishment of a risk response system and formulating stringent management rules and requirements regarding risk prevention items within the Company, with a view to strengthening its capability of public opinion risk prevention and response and implementing timely rectification once problems are identified. In 2019, no substantial problem or substantial defect regarding internal control has occurred and the high-quality development has been maintained at all times.

Abided by Business Ethics

As a domestic pioneer of the industry, Air China always takes regulating ethical requirements of the industry and building a stringent business ethics system as its own obligations. We abided by laws and regulations, attached great importance to staff safety and health and opposed gender discrimination. We achieved balance in the proportion of staff gender within the Company, and formulated humanized working hours and a reasonable compensation and welfare system, with a view to implementing practical measures to protect the working environment, promoting our own growth while sparing no efforts in building a stringent business ethics system.

Anti-corruption

Being committed to correcting unhealthy tendency, enhancing discipline and pushing forward anti-corruption, Air China has continuously improved the conduct and anti-corruption practices of the Party, with a view to promoting the development of a mechanism under which no one dares to or can be corrupted or thinks of committing corruption, thereby building an effective anti-corruption mechanism in the long run. In 2019, by carrying out the main responsibility of the Party Committee to improve the conduct of the Party and the supervisory responsibility of the Discipline Inspection Committee, the Company formulated and issued the Guidelines for Risk Prevention and Control Regarding Corruption and conducted special rectification actions for risk prevention and control regarding corruption. Typical disciplinary cases would be used as the bad example for warning education, thereby providing a strong guarantee for the healthy development of the Company.



Promoting Compliance Management

Air China promoted the construction of a compliance management system, enhanced the ability of corporate governance and compliance management according to laws and effectively controlled operational risks, in order to ensure the healthy development of the Company. In 2019, Air China established a compliance management system consisting of 12 elements in four aspects, i.e. organizational system, rules and regulations system, operation mechanism and cultural development, which initially formed a comprehensive, shared and normalized compliance training system within the Company. We improved the Company's rules and regulations system by setting up, revising and abolishing relevant rules and regulations. In accordance with the reform of adjusting the supervision mode of the civil aviation industry, Air China carried out statutory self-inspection to promote production and operation in compliance with laws and regulations.

Management of Intellectual Property

Air China continued to enhance its brand value by optimizing the entire management process of intellectual property rights, encouraging innovations and creations and stepping up efforts in exploring applications for new intellectual property rights, protecting its legitimate rights and interests and combating infringement. In 2019, Air China realized dynamic management of more than 2,700 registered trademarks and over 320 registered patents both within and outside China.

Corporate Culture

In 2019, under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, Air China's corporate culture work focused on consolidating cultural confidence and strengthening cultural transmission by adhering to the main tone of building "Humanistic Air China". In doing so, Air China established a mechanism for organizing series of regular classes on humanism, filmed the documentary series "Touching", and organizing themed talks, composition activities and ritual and culture development projects, with an aim to implementing the general requirement of the Central Committee to strengthen cultural confidence, thereby providing ideological support for the Company's overall development and implementation of strategies.

Organizing activities for cultural communication

ten sessions of classes on humanism were organized throughout the year with over 4,000 participants, which helped to create an environment for developing an enterprise with humanism. Besides, staff working overseas has one of the main focus of the documentary series "Touching".

Facilitating the establishment of cultural platforms

The establishment of cultural platforms, including Air China channels, exhibition halls and cultural corridors, were arranged and promoted. Books on corporate culture were released, while products on corporate culture were designed and manufactured to enhance the communication of corporate culture via multiple means and channels. Over 120 videos and programs were produced and broadcasted throughout the year and more than 100 visits were received at the exhibition hall of Air China.

Organizing classes on ideology and politics under the theme of "Humanistic Air China" to cultivate strivers for a new era

On 25 May, the class on ideology and politics under the theme of "Humanistic Air China" was organized and nearly 30 teachers and students of the University of Chinese Academy of Social Sciences were invited to Ameco for a visit and sharing.



Teachers and students of the University of Chinese Academy of Social Sciences at Ameco

Passing on cultural heritage under the theme of "Humanistic Air China"

Air China has always adhered to the philosophy of taking culture as connotation and has been committed to promoting the creative transformation of excellent traditional Chinese culture and improving the humanistic connotation and quality that matches the first-class aviation company. The cultural lectures under the theme of "Humanistic Air China" were based on the excellent traditional Chinese culture to nurture and carry forward the core values of socialism, so as to create a good atmosphere for exploring humanities, advocating humanistic ideology and pursuing humanistic care, thereby improving the cultural soft power of Air China.



Deng Xiaonan, professor of the Peking University, explains culture of the Song Dynasty

Poverty Alleviation

Winning the Battle for Poverty Alleviation and Taking Social Responsibility

In respect of poverty alleviation, Air China implemented the decisions and deployment of the Central Committee regarding the three-year plan of winning the battle for poverty alleviation and adhered to the concept of sustainable development. By integrating its advantage with the actual situation of poverty-stricken areas, Air China implemented practical measures within its responsibilities and focused on targeted and in-depth poverty alleviation, with a view to promoting and optimizing the special poverty alleviation model of "8+2", thereby assisting the designated poverty alleviation areas in fulfilling the task of quality poverty alleviation as scheduled and achieving coordination with the rural revitalization strategy. With the assistance of Air China, significant results were achieved in poverty alleviation of Sonid Right Banner of Inner Mongolia and Zhaoping County, Guangxi. The former has been out of the list of national-level poverty-stricken counties since April 2019, while the latter is planned to be lifted out of poverty in 2020.



- **RMB38.51 million** was invested as cost-free capital to the designated counties
- **RMB45.37 million** was used to procure agricultural and animal husbandry products from designated counties leveraging our employees' efforts
- A total of **1,100** cadres and talents were trained for designated counties

Strengthening Leadership to Reach a Consensus

In 2019, Air China confirmed the general concept of poverty alleviation, which was "to implement practical measures within its responsibilities and focus on targeted and in-depth poverty alleviation", under which it spared no efforts in supporting Sonid Right Banner of Inner Mongolia and Zhaoping County, Guangxi to fulfil the goal of being lifted out of poverty. Leveraging scientific, efficient and modern project management skills to promote designated poverty alleviation, Air China was dedicated to its responsible mission of lifting them out of poverty with launched practical measures.



Subordinated leaders for poverty alleviation of Air China conducting investigation and research at Zhaoping County

Active coordination to draw consensus in poverty alleviation

We met with key leaders of Sonid Right Banner of Inner Mongolia and Zhaoping County and also the Party and government investigation mission of Xilingol League, in order to share in-depth opinions and draw consensus regarding poverty alleviation, with a view to sparing no efforts in winning the battle for poverty alleviation.

In-depth investigation and research to assess the effectiveness of poverty alleviation

Adhering to problem-oriented and results-oriented approach, the Company led 11 in-depth investigation and research campaigns on Sonid Right Banner of Inner Mongolia and Zhaoping County to coordinate the work for poverty alleviation and focus on the issue of sustainable development of the local people in need.

Communication among three parties to work out good strategies

Leaders of Sonid Right Banner of Inner Mongolia and Zhaoping County were invited to visit each other and also Anji County, Zhejiang for on-site investigation and research, through which they learned from each other regarding the experience in poverty alleviation. Three sharing sessions among the three parties were organized to discuss on good strategies for poverty alleviation.

Optimizing the poverty alleviation model of "8+2"

From the aspects of direct poverty relief, development-based poverty relief and intelligence-oriented poverty relief, 23 specific projects for poverty alleviation were expanded to cover various areas, including industrial development, consumption, education, tourism, ecology and healthcare, etc.

Optimizing the system of poverty alleviation areas

The Regulations on Capital Usage for Designated Poverty Alleviation (《定点扶贫资金管理的规定》) was revised and optimized to specify the usage and management of capital designed for poverty alleviation from budget management, capital management, daily management and capital supervision to ensure targeted and efficient poverty alleviation.

Connecting and sharing
Improving the system

Focusing on Targeted Measures and Innovations

Air China persisted to focus on targeted measures as the standard and prerequisite of our poverty alleviation efforts. Key and designated projects of poverty alleviation must be discussed and considered by the poverty alleviation leading group before implementation to ensure the implementation and promotion of targeted and practical measures, thereby achieving effectiveness. Leveraging multiple innovative ways and adhering to the core standard of "No Worry about Food and Clothing with Compulsory Education, Basic Medical Services and Safe Housing", Air China provided assistance to Sonid Right Banner of Inner Mongolia and Zhaoping County for the purpose of "really help the poor and help the real poor".

Teaching technology: poverty alleviation through industrial development

For better development of local and unique natural resources, Air China established partnership with professional institutions, with a view to helping poverty-stricken areas in planning their development path for the long run and preparing the industrial development plans, thereby ensuring stable and long-lasting performance of the Company's poverty alleviation.

Innovation and exploration: poverty alleviation through ecology

Air China made a capital contribution of RMB1.59 million to launch the pilot project of "ecological restoration and poverty alleviation through ecology" at Sonid Right Banner in collaboration with China Environmental Protection Foundation and Chinese Academy of Forestry, to develop local industries with methods that were applicable to the drought and adverse ecological environment lacking rainfall.

In respect of Zhaoping County, which was rich in natural resources but with lagging development and usage of agriculture and forestry resources as well as weak production, Air China made a capital contribution of RMB2.88 million to launch projects such as the planting demonstration area of camellia oleifera, the planting demonstration area of forest economic crops and honey processing plant, in collaboration with Chinese Academy of Forestry and Chinese Academy of Agricultural Sciences.



"Project of Ecological restoration and poverty alleviation through ecology" at Sonid Right Banner

Broadening thinking: poverty alleviation through culture

Air China focused on the process of overcoming poverty of the designated areas. In the large-scale television program "Hand in Hand - State-Owned Enterprises Working on Targeted Poverty Alleviation" filmed by China Central Television, the story of Sonid Right Banner and Zhaoping County overcoming poverty with the assistance of Air China was told. The unique natural landscape and historical culture of the county (banner) were promoted and key leaders of the county (banner) were invited to participate in the "hand in hand" session, which helped to raise the reputation of Sonid Right Banner and Zhaoping County with an all-rounded promotional manner. As at the end of 2019, over 20,000 travellers visited the two areas for sight-seeing.

Achieving win-win situation: poverty alleviation through consumption

Leveraging its own advantage in resources, Air China boosted the development of special resources of these two places. Employees bought agricultural and animal husbandry products from Sonid Right Banner and Zhaoping County on a voluntary basis. Meanwhile, a poverty alleviation section was launched on its self-owned e-commerce platforms "Phoenix Best Buy" and "Phoenix Miles E-Shop", which helped to promote and sell special agricultural and animal husbandry products online. In 2019, Air China organized a "Charity Market" event at Airbus SE, its working partner, to exhibit and sell the special agricultural and animal husbandry products of Sonid Right Banner and Zhaoping County, further expanding the sales channels.



Beef and mutton from Sonid Right Banner and organic tea from Zhaoping County were offered at **34** routes of Air China

The sales of poverty alleviation section on e-commerce platforms reached **RMB600,000**.

Canteen of Air China procured black fungus in an aggregate amount of **RMB46,000** from Jiangkou Village, Zhaoping County

Employees of Air China helping with poverty alleviation through procurement of agricultural and animal husbandry products



Gathering all strength: poverty alleviation through collaborative efforts

Air China gathered collaborative efforts with sincerity. In July 2019, Air China, cooperating with Airbus SE, organized a one-week aviation summer camp named "Landing with Dreams" in Beijing for 16 outstanding teenagers from poverty-stricken areas. Leveraging each other's advantages and resources in technology and humanities, Air China and Airbus SE helped outstanding teenagers from poverty-stricken areas to fulfil their dreams.

Air China introduced Airbus SE and the Red Cross Society of China to participate in collaborative poverty alleviation in 2018. Since then, over 10 enterprises and institutions, including China Foundation for Poverty Alleviation, Chinese Academy of Forestry, China Environmental Protection Foundation, Honeywell International Inc. and Ting Hsin International Group, have allocated their resources in meeting the needs of poverty alleviation of Sonid Right Banner and Zhaoping County, with a view to providing assistance to their sustainable development.

Poverty alleviation through healthcare service for Zhaoping County in collaboration with the Red Cross Society of China



In 2019, to tackle the livelihood issue of "difficulty in seeing a doctor" in Jiangkou Village, Air China commenced poverty alleviation through healthcare service in collaboration with the Red Cross Society of China by establishing two health stations in Jiangkou Village with a capital contribution of approximately RMB480,000. Upon completion of the health stations, convenient and quality primary care services would be provided to nearly 5,000 people in Jiangkou Village, Zhaoping County, providing medical service and medicines for local people at their doorsteps.



Health stations under construction in Jiangkou Village



Villagers receiving medical service at the health station in Jiangkou Village



Photo of senior management of Boeing with teachers and students from the kindergarten of Jiangkou Village, Zhaoping County



Outstanding teenager representatives from designated areas visiting the Beijing branch of Airbus SE

In 2019

China Foundation for Poverty Alleviation donated **21,000** school bags to Zhaoping County with a total value of **RMB2.10 million**.



Mercedes-Benz donated professional equipment to the professional education centre in Zhaoping County and donated pianos to Jiangkou Primary School, with a total value of **RMB180,000**.

The Jiang Kun Charity Fund donated books and accordions with a total value of **RMB290,000** to Sonid Right Banner and Zhaoping County, respectively.



Honeywell International Inc. made a capital contribution of **RMB500,000** to aid the construction of the first aviation pavilion for teenagers in Zhaoping County.



Airbus SE donated **500** T-shirts with a total value of **RMB80,000** to Sonid Right Banner and Zhaoping County, respectively.



Targeted poverty alleviation carried out by Air China in collaboration with Honeywell International Inc.



In order to provide teenagers in remote areas with an opportunity to learn about knowledge of aviation and stimulate their interest in learning, Air China cooperated with Honeywell International Inc. to aid the construction of the first aviation pavilion for teenagers in Zhaoping County, Guangxi their support. On 18 June, the aviation pavilion was officially opened to provide local teenagers with a window to explore the world.



Grand opening ceremony of the construction-aided aviation pavilion

A gathering with love and warmth across thousand kilometres



On 20-22 June, Air China organized a charity event named "Flight with Love and Mutual Support" with Mercedes-Benz Beijing in Zhaoping, Guangxi. Major customers, working partners, members with golden and platinum memberships of Air China and more than 50 representatives of Mercedes-Benz car owners visited Jiangkou Primary School in Zhaoping County to provide the children with interactive classes. Besides participating in the poverty alleviation of Zhaoping County, the parties have brought Zhaoping County into the sight of more people, thereby motivating the society to take part in charity and poverty alleviation.



Interactive class at Jiangkou Primary School delivered by the guests

Promoting charity and poverty alleviation in collaboration with Ting Hsin International Group



On 25 June, Air China and Ting Hsin International Group signed a cooperation agreement, under which the two companies would commence cooperation in terms of charity work, targeted poverty alleviation, humanitarian aid and teenage development, in order to give full play to their advantages in industries, brands and technologies as well as the advantage of modern corporate management system respectively, thereby helping local people in need to enhance the ability in self-development.



Contract signing ceremony with Ting Hsin International Group

Sailing for dreams: poverty alleviation through education

Adhering to the principle of "helping with both ambition and education", Air China took poverty alleviation through education as a key to block intergenerational poverty.

Cultivating employees from poverty-stricken areas

Adhering to the cultivation and development approach of "management, caring, cultivation and guidance", Air China implemented full process tracking management for employees recruited from poverty-stricken areas in their work, learning and daily lives. Flight attendants from Sonid Right Banner and Zhaoping County completed the initial training and have begun their independent in-flight service.

Cultivating cadres and skilled personnel for Party leadership

With the combination of voluntary and compulsory learning, cadres and skilled personnel for Party leadership were developed for poverty-stricken areas. The first training class on poverty alleviation was organized at the Party School of the Central Committee of the Communist Party of China, with a view to training personnel for the hospitality and services sectors of the two places.

Raising educational level of poverty-stricken areas

A pilot system building project of music program was conducted at Jiangkou Primary School of Jiangkou Village, Zhaoping County using the model of "experts + volunteers for supportive education" to improve the comprehensive competitiveness of children and teenagers of poverty-stricken areas.

Young voluntary supportive teachers were appointed to Sonid Right Banner and Jiangkou Village, Zhaoping County on a short-term basis to provide education in English, music, arts and other subjects.

Gathering strength for aesthetic education

To tackle the problem of lacking aesthetic education, Air China cooperated with the local government of Zhaoping County to commence the project of "Establishing and Optimizing Aesthetic Education of Jiangkou Primary School – Music Class" using the model of "scientific research". The project targets at developing music programs which has high adaptability and conforms to the general requirements of compulsory education as well as local characteristics. With the teaching of a team of music professionals, local teachers and volunteers of Air China participated in the research of program and the teaching process, with an aim to developing local music teachers at village-level. The teenage choir of Jiangkou Village was formed and nine music lessons were completed throughout the year. It is hoped that with the launch of this project, the aesthetic level of children can be raised, thereby providing them with a channel to express their feelings and to develop positive attitudes and facilitate all-rounded and healthy development.



Interaction between teachers and students



Volunteer teachers answered questions for children

Number of cadres trained for Party leadership: **365**
 skilled personnel trained: **763**
 Number of supportive education organized: over **20** sessions
 Number of hours of supportive education provided by volunteers: Over **1,300** hours in total



Aesthetic education initiated by Air China with appointed experts



"Landing with Dreams" summer camp



Art lesson provided by volunteer teachers

Epidemic Prevention

Go Where There is Epidemic, Fight it Till it Perishes

Since the outbreak of COVID-19 epidemic, Air China has been determined to implement the important instructions of General Secretary Xi Jinping and the decisions and plans of the Central Committee and the State Council regarding the success in the fight against the epidemic. Adhering to the principle of "Epidemic is the command, to fight is our responsibility", Air China has been determined to fulfill its responsibility and mission as an aviation company carrying the national flag and a key stated-owned enterprise in a highly responsible approach towards people, with a view to building up a strong fortress against the epidemic backed by strengthened leaders, all force, precise plans and practical actions, thereby sparing no efforts in prevention and control of the epidemic, rescue and transportation as well as production and operation, leveraging the advantage of Party leadership to facilitate Party organizations, Party members and cadres at all levels to maintain the similar conditions at war and stringent discipline. It is to stop the epidemic from spreading through aviation channels to the largest extent and protect the lives, safety and health of all people in order to maintain orderly operation of the economy and the society, and contribute to winning the battle against the epidemic.

Collaborate Efforts of Air and Ground Force to Achieve Timely Fight against Epidemic

Time is a crucial factor for the fight. The earlier the epidemic supplies and healthcare workers arrive, the more hopeful for us to defeat the disease. Air China has devoted all its resources to transport epidemic prevention supplies and healthcare workers in order to be the best backup in this war against the epidemic.

Led by the Party Committee of Air China, all operation support units along the business chain in all areas, including commerce, cargo transportation, flight service, passenger service, ground service, aviation security, engineering and branches, established the mechanism of guaranteeing significant aviation transport service within Air China to ensure due fulfilment of such mission under the standard of "top priority with no bargaining" with all human resources and close coordination.

As of 23 March 2020, air charter service of 65 flights in total for emergency relief and transportation was arranged with 6,596 epidemic fight personnel and 454 tonnes of epidemic prevention supplies transported, while 2,344 normal flights and freighters were arranged to transport 3,030 tonnes of epidemic prevention supplies, putting the mission and responsibility of serving the country with integrity of an aviation company carrying the national flag into practice.

Flight arranged to take our Hubei compatriots stranded in Japan back



According to the mutual plan of the Ministry of Foreign Affairs and the Civil Aviation Administration, On 5 February, Air China sent an A330-300 passenger aircraft to perform the air charter service of CA081, which flew directly to Wuhan from Osaka, Japan to take 223 Hubei visitors stranded there back. Meanwhile, over 200 items of epidemic prevention supplies of nearly 2.5 tonnes donated by all sectors of Japan, Chinese and overseas Chinese were transported there simultaneously.



Local staff in Japan and crew members completed the guaranteeing mission together

Eight air charter services for emergency relief in three days



At 20:47 on 27 January 2020 (the Third Day of the Lunar New Year), flight CA043 of Air China carrying 150 medical personnel and 1,476 items of medical supplies totaling over 13 tonnes took off successfully from Beijing Capital International Airport to Wuhan. This was the eighth air charter service for emergency relief in three days.



Flight CA043 of Air China carrying medical personnel and medical supplies departing for Wuhan

Safeguarding the Air Front for Prevention and Control of the Epidemic

By fulfilling its responsibility of joint prevention and control and strengthening the coordination, Air China spared no efforts in safeguarding this crucial check-point of prevention and control to stop the spread of the epidemic by formulating a scientific proposal to ensure flight operation regarding such prevention and control.

Preparing the Best Safety Net

To effectively stop the epidemic from spreading through aviation channel, Air China adopted multiple stringent measures regarding prevention and control of the epidemic for every flight, every process and every passenger to protect safety of aviation channel in all efforts.

- ★ Dining guarantee and separate seats were provided to travellers.
- ★ Stringent disinfection, temperature checking for passengers and separate queuing arrangement were implemented.
- ★ Data screening and phone communication were adopted and passengers who were not suitable for travelling were persuaded to cancel their schedule.
- ★ Passengers screening were performed at the boarding gate.
- ★ The cancellation and rescheduling service and seat coordination were arranged for passengers changing their travelling plans, while the service of planning new schedules were provided for transit passengers.
- ★ Anti-epidemic packs were provided for special flights, containing N95 masks, hand sanitizers, infrared thermometer, goggles, protective clothing and other anti-epidemic supplies.



On 3 February 2020, Air China donated **RMB10 million** to Wuhan City for prevention and control of the epidemic.

The "Convoy" for Rescue With Dedication and Diligence

Taking up the mission of a central state-owned enterprise, Air China arranged crews, flights and all production resources to fulfill the mission of emergency rescue and transportation. Priority was given to transporting epidemic prevention supplies and a designated check-in counter was set up for donated supplies with free transportation service provided and cargo space reserved in advance in the system. Strict measures were implemented for customs clearance, cargo transfer, coordination of the cargo space of bellyhold and reasonable integration of supplies, with a view to achieving more efficient transportation of epidemic prevention supplies back to China under the prerequisite of safety.

It is Air China to be depended upon at crucial moments

After the outbreak of the epidemic, Chinese Embassy in Belarus organized Chinese enterprises and chambers of commerce to immediately procure a large amount of medical masks, protective clothing, gloves and other anti-epidemic supplies for transporting to Hubei. To achieve fast transportation of supplies to the frontline, the operation unit of Air China in Minsk initiated an emergency transportation plan, under which personnel of chambers of commerce bought the air tickets to fly back to China while anti-epidemic supplies were transported as checked baggage for free. To ensure that the supplies are shipped out at one time, the operation unit in Minsk arranged the cargo space with the centralised guidance of the European Head Office and cooperation with the operation unit in Budapest. Integration of supplies were also adopted to maximize the usage of cargo space. On 4 February, 236 items at 1,300 kilogrammes of supplies arrived in China safely.



The operation unit in Minsk initiated an emergency plan for the transportation of supplies from chambers of commerce

"It is Air China to be depended upon at crucial moments."

—said overseas Chinese

668 medical personnel and 28 tonnes of supplies were transported to Wuhan

On 7 February, Air China arranged air charter service of two flights, CA041 and CA045, to carry 668 medical personnel and 28 tonnes of epidemic supplies to Wuhan. The largest number of medical personnel was transported in this single air charter service during the process of epidemic fight. During the flight, the captain made an announcement which warmed the hearts of all medical personnel.



The captain of Air China cheering up the medical personnel who were going to support Wuhan

Strengthening Coordination to Ensure both Epidemic Fight and Facilitation of Production

By strengthening, coordinating and responding in a prudent manner, Air China has closely integrated prevention and control of the epidemic, protection for rescue transportation and the efficiency of safety service by implementing various measures simultaneously, with a view to maintaining stable and normal operation, thereby promoting normal operation of the social and economic systems.

Implementing Active Measures to Avoid Disruption of Important Routes

With distinctive objective and direction on politics, Air China made active plans and actions by making suggestions and strategies considering the overall situation. Despite the huge burden of operation, Air China spared no efforts in avoiding disruption of important routes, including the ones under the Belt and Road Initiative, China-US routes and China-Europe routes.



The route of Chengdu-Frankfurt resumed service. eight tonnes of electronic products were loaded on board.

Sparing no efforts in prevention and control to protect the capital

As a central state-owned enterprise of the transportation industry based in Beijing, Air China is at a key position of the prevention and control network against the pandemic of the capital. Adhering to the responsibility principle of public prevention and control in joint efforts, Air China is determined to safeguard the first line of defence in terms of aviation channel of the capital by preventing imported cases and avoiding internal spread.



Staff checking body temperature for travellers

Implementing various measures to support resumption of work

Leveraging its role as a leading enterprise in the air transportation industry, Air China has put the requirements of "resuming work, supplying raw materials and transporting products for delivery" into practice, in order to resume the overall social and economic operation. For passenger transportation, Air China made use of the route network to ensure smooth passenger flow leveraging the advantage of Beijing being the international aviation hub and Chengdu being the regional aviation hub, thereby facilitating orderly resumption of work and production as well as reform and development. For cargo transportation, the resumption and addition of various international routes have met the needs of cargo transportation during the pandemic, safeguarding the normal operation of the global supply chain and the sound development of trading.



Air charter service was provided for 124 staff of Tibet Tengyur Engineering Company who resumed working



The team of the Ninth Branch of Hydropower under Power China took the flight CA4401 flying to Tibet for resumption of work

Safety

Stick to and Build on the Foundation for Development

"Safety first" is the foundation on which an air transportation enterprise is established. Air China improved its political status and deepened the establishment of systems in strict compliance with the relevant national laws and regulations, with an aim to protecting the safety of passengers, staff and flights by consolidating its foundation of safety management, improving the ability in safety management and control, and promoting the establishment of a culture of safety, thereby ensuring safe operation and stable improvement of quality of the Company.

Supporting the 2030 Sustainable Development Goals of the United Nations



Consolidating Safety Management

Adhering to the concept of safe development, Air China has adopted a zero-tolerance approach to hidden safety hazards and strictly implemented the accountability system for safety production, with a view to promoting the establishment of safety management system that is data-oriented and risk-oriented with performance being the standard of assessment to improve the ability in risk management and control and strengthen the emergency response system, thereby laying a solid foundation for safe development.

Strengthening risk prevention and control

To optimize the risk prevention and control mechanism regarding safety, Air China implemented the safety quality assessment system based on quantifying risk analysis. Such system regularly assesses and alerts the Company to key risks and sources of material risk, facilitating the Company to adopt timely management and control measures and to further reducing the overall risks. A three-level risk management and control system was adopted and piloted for flight system, establishing a new management and control system for sources of risk.



Enhancing emergency response

To continuously optimizing the management of emergency response, Air China promoted the development of an emergency response mechanism, upgraded the management system of emergency response, continued to revise and optimize the emergency plans and checklists, strengthened team building of personnel responsible for emergency response and enhanced emergency response capabilities. Various measures were implemented to improve emergency response. For example, the process of handling emergencies was optimized, for which transparency was enhanced to demonstrate the role of information monitoring. Besides, diversified emergency training drills were conducted while emergency plans were improved.

A drill practice of forced landing carried out by Zhejiang Branch



On 3 December, the Zhejiang Branch of Air China participated in the 2019 emergency rescue drill held at Hangzhou Xiaoshan International Airport. A total of 71 people from the Zhejiang Branch participated in this drill, under which crew members practiced forced landing successfully upon discovering malfunction of the aircraft. The aviation emergency rescue capability of staff was effectively enhanced through the activity.



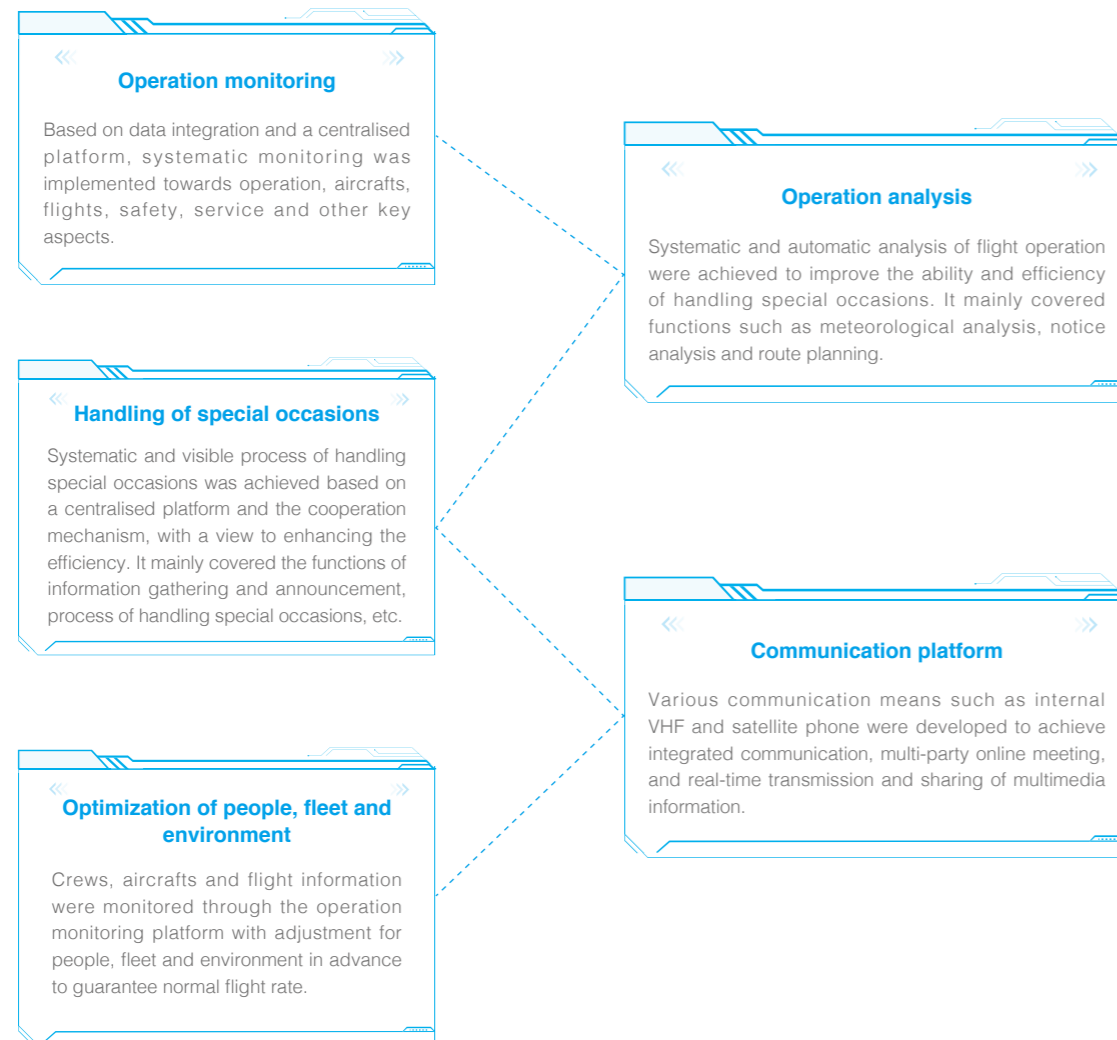
Medical personnel entering the aircraft to confirm casualties

Guaranteeing Safe Operation

"Establishing the concept of safe development to ensure continuous safety" has been set as the first goal of the "five big issues for the next five years". The development goals regarding the four safe operation systems, i.e. safety management, flight training, maintenance and operation management, capability enhancement plans and specific measures were developed. The "30 measures aimed at the continuous safety development" would be the key task of all units, which was to take practical actions to deepen the establishment of a safe operation system and consolidate the foundation of safety on an ongoing basis. In 2019, a safe flight of 2.285 million hours was achieved.

Improving operation management

Adhering to the idea of unified platform, information sharing and supporting system, Air China built an operation monitoring platform comprising four dimensions, i.e. operation monitoring, operation analysis, handling of special occasions and communication platform, with multiple perspectives to perform effective monitoring of crews, aircrafts and flight information, in order to achieve adjustment for people, fleet and environment in advance and scientific operation management, thereby improving the level of safe operation in full swing.



For flight training, Air China formulated training plans against safety risk nodes and unsafe incidents identified with reference to flight safety data. To cope with hidden aviation safety hazards, Air China strengthened the guidance, and conducted specific teaching seminars and training and joint drill on flight and passenger safety. Meanwhile, Air China revised the agreement for developing cadet pilots, which clearly defined the responsibilities and obligations, including safety. *The Emergency Management Scheme for Training in Aviation Academy* was formulated to stipulate the application scope and basic principles of emergency plans, with a view to enhancing the safety awareness and emergency response capability of cadets.



Training on full flight simulator



Training on fixed base flight simulator

Speeding up model updates

Air China replaced old aircrafts timely and invested in new types of equipment. In respect of improving safety margins, Air China would ensure flight safety and reliability while increasing capacity, with a view to further optimizing the overall layout of the route network, thereby enhancing its market competitiveness to meet diversified needs of travellers.

Optimizing the training system

Stringent flight training is an important approach applied by Air China to improve flight control technique. The flight training system was fully optimized by standardizing the management of flying techniques, exercising caution over quality of flight training and technical standards and adopting a new flight quality monitoring system, with a view to enhancing the relevance of training so as to ensure safe operation.



Standardizing the management of flying techniques

The new flight standard operating procedure manuals (SOP) of various aircraft models were adopted to unify flight operating procedures and flight control standards of our fleet. *The Working Manual of Tutors, the Working Manual of Flight Inspector and the Outline for Training of Pilots* were revised and optimized to enhance the standardization of the management of flying techniques.



Exercising caution over quality of flight training and technical standards

17,500 people received training on various theories of flight, while 990 people were assessed for different flying techniques. 58 regular/ random inspection were conducted on routes and flight simulators.



Adopting a new flight quality monitoring system

The flight quality monitoring system was adopted and the new monitoring standards were implemented, which greatly enhanced the handling efficiency and timeliness of monitoring with timely risk alert provided to all fleets. All flight units were able to conduct in-depth analysis and discussions on technological problems and targeted training was organized.



On 11 July 2019, an agreement was entered into with Airbus SE, pursuant to which, 20 A350-900 aircrafts would be acquired from Airbus SE.

Improving maintenance management

Air China improved maintenance management by continuously consolidating the foundation of information technology to facilitate business integration. By stepping efforts in the research of new models and the development of maintenance ability, Air China, focusing on the system review at all levels, enhanced maintenance quality control and further developed the maintenance system and technology application to enhance flight safety capabilities. In 2019, Ameco ranked sixth among the top ten suppliers of airframe maintenance and repair.



Consolidating the foundation of information technology

With the development of a centralised system platform, information silos would be broken down to facilitate business integration. The system integration of SAP HANA would be facilitated to meet all business needs, while projects such as training and authorization system, integration of engineering system and performance management would be commenced to build a solid foundation of information technology for the management of all businesses.



Integrating the maintenance quality management system

Quality management manuals would be unified to establish a standardized process structure, which would be production-and-operation-oriented, so as to continuously optimize the standardized processes.



Strengthening the development of new aircraft maintenance capabilities

A technology research model for new aircraft models was developed to identify the technological problems and risks of aircraft fleet and formulate the corresponding management and control measures for maintenance engineering. For new models such as A320Neo and A350, the authorization of terminals, development of maintenance capabilities, staff training and other work were completed.



On 20 May, the Company was awarded the first maintenance license issued by the Civil Aviation Administration after the reform of "integrating certificates into one", achieving the goal of "integrating ten certificates into one" and promoting the consistent standards and processes as well as optimizing resources sharing.



On 25 September, Ameco won the Annual MRO Award of the second Red Crown Award at MRO China 2019 themed "Focus on Innovation and Future".

Promoting the Safety Culture

Air China continued to strengthen the commitment on its responsibilities. In respect of internal strategies, it focused on safety education and training, inspection and supervision, and organized exchange sessions for safety culture. In respect of external strategies, it took stepping up efforts in promoting aviation safety as the principal means of promoting safety culture. It strengthened internal and external coordination by enhancing the concept of safety responsibility of staff of all levels and helping travellers raise their safety awareness when travelling, thereby protecting a safe aviation environment in concerted efforts.

Valuing safety training

Air China conducted various forms of safety training and safety promotion campaigns while encouraging more experience sharing and interflow to further elevate the mastery of safety management methods of safety management personnel, with a view to achieving more professional and regulated safety work, thereby laying a sound foundation for safe production and operation.



On 18 October, Air China organized and convened the eighth session of cabin safety forum to facilitate the building of a team of flight attendants who would be more occupational, professional and standardized by adhering to the main tone of "firmly establishing safety responsibility to strengthen risk management and control".

In 2019

Total training hours of employees **210,701** hours
Number of participants in training **110,206** person-time

Performance of pilot training

Number of participants in safety training **50,170** person-time
Number of participants in flight simulator re-training **13,652** person-time

Number of participants in hazardous goods retraining **4,965** person-time
Number of participants in emergency re-training **7,126** person-time

Enhancing safety promotion

Air China incorporated safety promotion into its daily work. Leveraging the opportunity of safe production month and the "Health Cup Competition", consultation on safety was widely conducted and news were released through channels such as internal publications and Aviation Resource Net to promote aviation safety culture to the public.



On 10 August, Air China held an activity named "First Lesson on the Sky" for the cadet pilots of 2019, in order to remind them of adhering to Air China's mission of "safety first", their responsibilities and commitment.



On 16 June, Shenzhen Airlines held the promotion and consultation day regarding safe production of the aviation industry to raise the safety awareness of travellers.



Service

A Heartwarming Journey

Excellent services and reputation are the responsibility and the goal of dedication of Air China towards its passengers. Staying true to the Party's founding mission, Air China consolidated the foundation of management, optimized service processes and continuously improved service level, striving to provide travellers with comfortable and convenient travelling experience.

Supporting the 2030 Sustainable Development Goals of the United Nations



Improving Service Management

In 2019, focusing on the goal of building a "world-class air transport enterprise", Air China implemented refined measures, such as raising the standards of service systems, improving the quality of hardware regarding service provision, upgrading soft services and products and developing professional service teams. Through such measures, Air China fulfilled its responsibility and actively responded to the expectations of the society regarding service provision, so as to improve travellers' experience and focus on enhancing service quality.

Improving service management system

The Company continued to revise the service management system and promoted the building of a quality management system. In 2019, Air China issued the *Manual on Service Standard of All Processes* and the *Service Guide of Passenger Service*, which stated 106 standards to improve the service capability of all processes. Besides, the Company kept improving the service information of all processes and promoted the signing of the *Agreement on Commission Service of In-flight Network Platform*. As of the end of 2019, a total of 90 aircrafts among the aircraft fleet of Air China provide in-flight network service for passengers, including ten A350 aircraft with air-ground interconnection function and 80 aircrafts with in-flight Wi-Fi.

Keeping abreast of global standards

- Benchmarking ourselves against the Star Alliance to become more international
- Enhancing the core competitiveness of the "three principal products"
- Improving the cleaning condition inside and outside of the aircraft

Implementing full-process governance

- Promoting the establishment of a quality management system
- Improving the management of standards for products and services
- Opening up the information flow for the whole process of service

Defining development goals

- Providing "world-class" service



Major goals of Air China for the service sector

Improve the travelling experience in an all-round way

- Integrating catering services
- Creating in-flight cultural entertainment scenarios
- Creating an amicable service brand
- Enhancing the forecast capability of flight monitoring

Adhering to reform and innovation

- Promoting convenient travel
- Providing luggage tracking service for the whole process
- Improving the operational quality of the hub network

Improving service for special groups

In 2019, Air China improved the service for special passengers regarding their needs for wheelchairs. In response to the recent trend of increasing unexpected situations, such as sudden illness of passengers while on board, Air China facilitated the cooperation with professional institutions to provide in-flight medical support, with a view to arranging more professional and efficient treatment when dealing with the sudden physical condition of passengers, thus reducing the harm on passengers due to such medical incidents.

Promoting innovation and development of services

Air China continued to create innovative services, striving to improve passenger experience and establish good reputation for its service.



Leveraging "intelligent airport" to strengthen hub development

40 domestic self-service baggage check-in devices and facial recognition-based self-boarding devices were set up in Beijing Capital International Airport, which created a self-service area for domestic travelling, thereby realizing a service model of "self-service-oriented, manual assisted" in the Beijing hub. The rate of self-service baggage check-in of domestic passengers reached 30%. The "paperless" convenient travel service was promoted in full swing by putting into service the QR code e-boarding pass clearance service in 100 cities within China. Moreover, the first international route adopting "paperless" travel services was launched, i.e. the Beijing-Australia route. The rate of self-service check-in reached 75%.



Enhancing the support of information system for the improvement of service quality

The promotion of luggage reconfirmation system at 59 domestic and overseas terminals, the message reporting of luggage handling at 24 terminals and the message reporting to the Star Alliance regarding source of luggage of all terminals were completed. International luggage error rate was 4.24 pieces/ thousand people, while the domestic luggage error rate was 0.77 piece/ thousand people. The management system of flight dynamics information announcement was launched to improve the notification service of passenger information and voice navigation.



Improving the functions of e-commerce platform by integrating the whole service chain of the APP

The products of the whole process of the APP were sorted out and 18 system upgrades were completed. Various new functions were launched, such as "Air China's wallet and credit payment", non-voluntary self-service flight-ticket changing, domestic and international group buying, air-rail and air-bus interline operations, cross-platform ticket sales between Air China and Shenzhen Airlines, and irregular flight services.

On 26 September, the official Douyin account of "Air China" was launched. Short videos were uploaded to demonstrate the corporate image through industry stories and specific characters to promote Air China's brand through products and services.



Improving cabin service through precise identification of passengers' needs



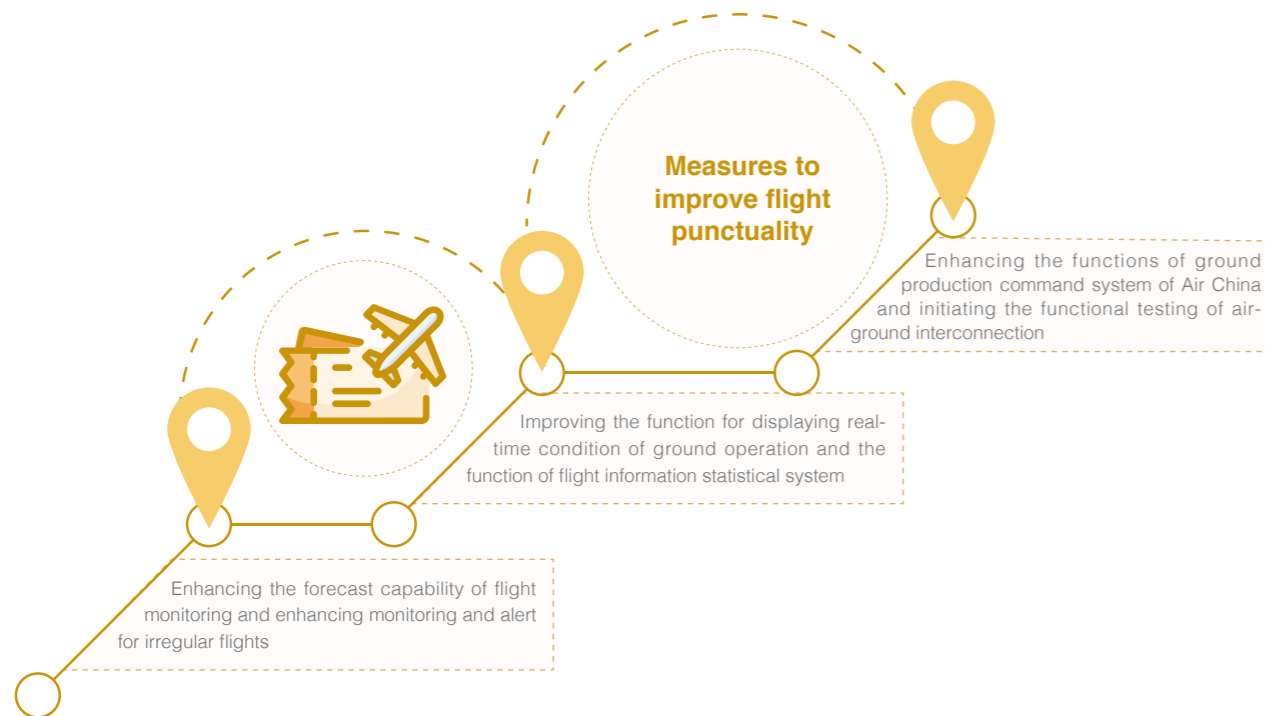
To further strengthen the protection over background information and identify customers' needs in a fast and accurate manner, the Company sorted out the data of passengers' image on the platform by integrating such data of six domestic boutique routes and uploading such data to pre-flight preparation module of cabin, in order to maximise the support for in-flight service provided by frontline staff. Meanwhile, in order to upgrade in-flight soft service, Air China developed good relationship with passengers through communication, and completed the establishment of a database containing information of cultural characteristics of all international (regional) airports. The brief introduction of these cultural characteristics of 45 international (regional) routes in total was issued, which enriched the knowledge of frontline staff, which has helped improving the cabin service.

Improving Service Experience

Air China strived to ensure flight punctuality by various means and set up several feedback channels for passengers, with a view to collecting passengers' opinions, thereby meeting their needs and protecting their legitimate rights and interests.

Guaranteeing the punctuality of flights

Guarantee for punctuality of flights is the key to enhance passengers' satisfaction. To further enhance flight punctuality and guarantee the normal operation of flights, Air China continued to reinforce its management by adopting various measures. In 2019, the flight punctuality rate of Air China reached 81.83%, representing a year-on-year increase of 1.47 percentage points.



Protecting rights and interests of passengers

Air China has always attached great importance to passengers' satisfaction and sense of acquisition. To protect rights and interests of passengers, Air China revised the *Management Procedure of Complaint of Air China* to require that substantive reply would be given to passengers within a specified timeframe, with reference to relevant requirements such as the *Management Measures Regarding Complaints from Consumers of Public Air Transport of the Civil Aviation Administration*. Air China established a sound mechanism of "on-site emergency services" to ensure providing timely resolutions to passengers' problems.

Complaint handling

In 2019, 12,373 complaints were received from passengers and the handling rate was 100%.

Customer satisfaction

In 2019, the overall service satisfaction of passengers reached 81.4 points and the overall satisfaction of premium passengers reached 82 points.

Privacy protection

Air China ensures personal information security of passengers and strictly controls the use of personal information of passengers. The *Privacy Protection Policy* has been published on the official website and mobile APP for passengers who are interested to learn more about the details. On the other hand, information encryption technology has been applied to the transmission of personal information so as to prevent leakage of personal information.

Warm help under cold weather



On 14 February, the flight CA1846 of Air China departed from Hefei to Beijing. Around 45 minutes before landing, the passenger at seat 29K was found ill. The crew immediately initiated the emergency rescue plan and first aid procedures while calling for doctor's help through in-flight announcement. The passenger gradually resumed breathing after receiving emergency aid and was out of danger. The earnest and responsible act of the crew demonstrated the responsibility and commitment of Air China's staff.

When there is our national flag, that's the way home



On 2 May, a Chinese couple in their 70s travelled to Rome, Italy with friends and relatives. Unfortunately, they were robbed on the second day upon arrival in Rome and lost all their passports, properties and medicines. On 11 May, the elderly wanted to go back home immediately after receiving their temporary travel documents. However, the tickets they bought were discounted fares which could not be rescheduled or cancelled. Staff of Air China rescheduled the flight tickets for the elderly, arranged check-in procedures and provided fast customs clearance according to the relevant standards of service recovery of the Company. The elderly were sent on board safely.

"We would like to thank the staff of Air China for providing help when we were in difficulty. It was your efforts that make us feel the warmth of our country, a big family."

—Mr. Yang and Ms. Fang

Economy

Becoming the World's Leading Enterprise

Through continuously optimizing the development strategies, enhancing the development of hub network and promoting the transformation of business models, Air China has always focused on high quality growth to achieve better revenue quality, enhance economic benefits and protect investor's interests, striving to establish itself as a world-class aviation transportation enterprise.

Supporting the 2030 Sustainable Development
Goals of the United Nations

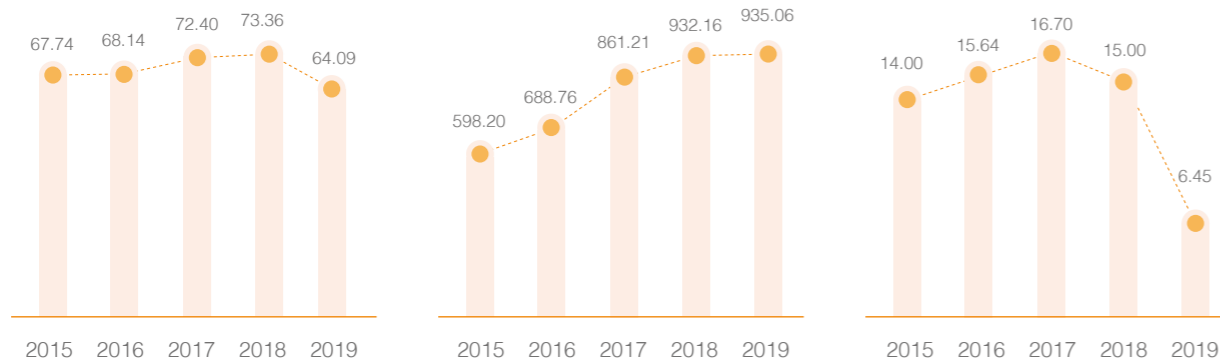


Creating Economic Value Together

Air China has always embedded the concept of sustainable development into its economic growth and insisted to thoroughly implement the requirements of supply-side reform. We continued to improve the level of resource allocation, closely monitor the latest industrial developments and formulate pragmatic development strategies to construct stable hub network and achieve harmonious and efficient joint economic development, thereby creating shared value.

Enhancing the layout returns of investors

The Company safeguarded the returns of investors by constantly improving its operating capability. In 2019, the Company continued to maintain a stable cash dividend distribution policy. The net profit attributable to our equity shareholders amounted to RMB6.409 billion whereas total annual dividends amounted to RMB645 million.



Net profit attributable to equity shareholders of the Company (in RMB100 million)

Net assets attributable to equity shareholders of the Company (in RMB100 million)

Total annual dividends (in RMB100 million)

Enhancing the layout development of hub network

In order to improve the route network planning for the 13th Five-year Plan, Air China has updated its international long-haul route layout; completed the route-division planning for the operation of "one airport and two terminals" at the Capital Airport; formulated the Beijing World-class Hub indicator system and development goals for the next three to five years; and responded to the national "Belt and Road" Initiative, with an aim to expanding global route network while strengthening the complex hub development in its principal base, Beijing.

The Company continued to expand the scale, breadth and depth of the route network. As at the end of the Reporting Period, the Company, Shenzhen Airlines (including Kunming Airlines), Air Macau, Beijing Airlines, Dalian Airlines and Air China Inner Mongolia operated a total of 770 passenger routes, including 137 international routes, 27 regional routes and 606 domestic routes. The Company's passenger routes reached 43 countries and regions and 187 cities, including 65 international cities, 3 regions and 119 domestic cities. Through cooperation with members of Star Alliance, the Company has further expanded its service coverage to 1,317 destinations in 195 countries and regions.



Air China has commenced operations at Daxing Airport

Air China successfully completed a maiden flight at Daxing Airport



13 May 2019

March 2019

Following the instructions of Civil Aviation Administration of China (CAAC), Air China initiated the preparation work to commence operations at Daxing Airport

Beijing Daxing Airport officially put into operation whereas Air China completed the first flight to Chengdu, Sichuan

25 September 2019

19 July 2019

Air China completed the first comprehensive drill at Daxing Airport. From July to September, totally 7 comprehensive drills were conducted

27 October 2019



Air China flight CA8187 flew from Daxing Airport to Chongqing, successfully completed the first flight of the new flight season. As of the end of 2019, Air China operated 11 routes in total at Daxing Airport

Driving Joint Development with Partners

During its development, Air China attached importance to communication and exchange with industry peers, fully safeguarded the interests of shareholders and value chain partners and constantly strengthened supply chain management, with an aim to achieving mutual benefit, win-win cooperation and sustainable development in a robust, quality, efficient and innovative manner.

Friendly partnership

Air China is committed to integrating the concept of sustainability into industry development in order to promote harmonious, efficient and orderly development of the industry. We implemented our exchange and cooperation with alliance partners, promoting mutual benefits and learning from each other.

Air China becoming a collaborative partner of ITB China

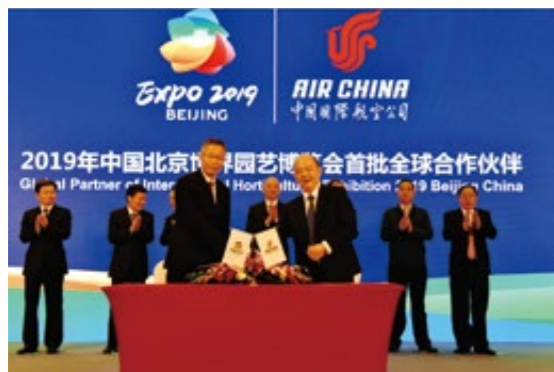


In 2019, Air China entered into a cooperation agreement with ITB China, a global leading international travel trade show, becoming the official partner airline of ITB China. Launching friendly cooperation and discussing on the latest development trend of tourism, the parties have innovated products, enhanced services and achieved joint development.

Air China's support contributing to the success of "Beijing International Horticultural Exhibition"



In April 2017, Air China became the global partner of Beijing International Horticultural Exhibition. By providing quality service assurance, extensive marketing promotion and efficient operation of Air China's exhibition hall, Air China made contribution to the success of 2019 Beijing International Horticultural Exhibition.



Air China became the global partner of 2019 Beijing International Horticultural Exhibition



Air China's exhibition hall at 2019 Beijing International Horticultural Exhibition

Strengthening supply chain management

In strict compliance with the Code of Conduct for Suppliers of Air China Limited, Air China strove to look for and select suppliers which can highly integrate social and environmental standards into their commercial acts. The Company specified standards and requirements for supplier admission, performance appraisal and evaluation as well as supplier relations management so as to implement the refined and differentiated management of supply chain.



Supplier admission mechanism

In order to enhance the quality of resources under suppliers' databases, Air China maintained the evaluation standards by focusing on eight main dimensions such as the truthfulness and validity of supplier information, suppliers' industry qualifications and operating conditions. Moreover, we classified the materials by category, updated and released the supplier information database on a weekly basis to facilitate real-time enquiry.

On 12 April 2019, Air China published the Management Regulations for Procurement in accordance with the principles of openness, fairness, honesty and integrity. Suppliers were required to fill in the "Compliance Self-examination Questionnaire", comply with applicable laws, regulations and standards, formulate effective environmental management system as well as undertake to operate in an environmental friendly manner.



Supplier performance appraisal and evaluation

Taking "quality, safety, customer satisfaction, costs, security of supply and innovation" as the core dimensions, the Company adopted an appraisal standard covering daily performance, annual performance and procurement evaluation, and fully applied the results of daily and annual performance appraisals of suppliers into its procurement operation to implement systematic management. Besides, the Company released annual reports on supplier performance appraisal and lists of ranked suppliers, thereby urging all units to carry out management based on the suppliers' rankings and to conduct performance interviews and rectifications according to the results of annual performance appraisals.



Supplier relations management

Air China always strives to establish long-term and stable strategic partnership with suppliers of important strategic materials which are highly qualified, financially strong and reliable in terms of quality, so as to enhance its sourcing capability of strategic materials and supply risk prevention and control ability and ensure the safety, punctuality and economic supply of strategic materials such as aircraft and jet fuel. Meanwhile, by leveraging the reputable brand names of itself and suppliers as well as industry resources, the Company facilitated strong cooperation in fields such as supplies on aircraft, "Phoenix Miles" E-shop, ticketing and travelling to form close, long-term and harmonious partner relations.

As of 2019 (excluding maintenance suppliers)



Number of procurement projects completed through public tender

67



Number of procurement project announcements published on the Company's official website

2,221



Total number of suppliers

3,392

Number of domestic suppliers

3,287

Number of international and regional suppliers

105

Environment

Building Beautiful Home Together

Air China adheres to its principle of green, low-carbon, circular and sustainable development. Through establishing sound energy conservation and environmental protection management systems as well as creating a green, low-carbon and circular operational model, the Company has made solid progress in the critical battles such as the pollution prevention and treatment and the Blue Sky Protection Campaign, with an aim to exploring a new and high quality development path that focuses on ecology first and green development.

Supporting the UN 2030 Sustainable Development Goals



Establishing Energy Conservation and Environmental Protection Management Systems

Air China implements the national policies on energy conservation and environmental protection, and abides by the requirements under the environmental laws and regulations. The Company has implemented the key missions of CNAHC Group's Three-Year Action Plan to Win the Blue Sky Protection Campaign, established environmental management organizations and systems and set up leadership teams and working offices for protecting ecological environment across the Company. With the introduction of the Company's Management Measures on Energy Conservation and Emission Reduction and Ecological Environmental Protection as well as the Implementation Rules for Energy Saving, Environmental Protection, Education and Training, the primary responsibility, work requirements and reward and punishment system have been specified, which is conducive to carry out relevant work. Moreover, the Company linked energy conservation and ecological environmental protection with performance-based contracts, and launched its first round of special inspection on energy conservation and environmental protection, thereby facilitating energy-saving and environmental protection works. In 2019, the Company won praise in SASAC's special surveys and researches of ecological environmental protection as well as CAAC's special inspection of the Blue Sky Protection Campaign.

By carrying out inspections on energy conservation and environmental protection, the Company has provided strong support to win the Blue Sky Protection Campaign

In September 2019, Air China carried out its first round of special inspection on internal energy conservation and environmental protection to assess and inspect the energy conservation, emission reduction and pollution prevention work performed by its subsidiaries and key departments. The first round of special inspection made crucial contributions so that the subordinate units "remobilized and reminded their staff to conduct new investigations and reposition themselves" for stepping up efforts in pollution prevention, thereby providing strong support for the Company to win the Blue Sky Protection Campaign.

Being distinguished as the first batch of exemplary companies in the first round of special inspection of the CAAC for winning the battle for a blue sky

In June 2019, the CAAC launched its first round of special inspection for winning the Blue Sky Protection Campaign. With an aim to facilitating the progress of the battle and a focus on speeding up the "diesel-to-electric" (replacement of diesel vehicle by electric vehicle) measure for ground vehicles and promoting the replacement of auxiliary power unit on aircraft with the use of ground equipment, the CAAC inspected the major domestic airports and bases of airlines. In this round of inspection, Air China (Beijing headquarters) was distinguished as the first batch of exemplary companies and its three IT system projects were selected as the first batch of highlighted projects.

Being awarded the Excellence Prize of the 10th China Environment Award (Enterprise Environmental Protection)

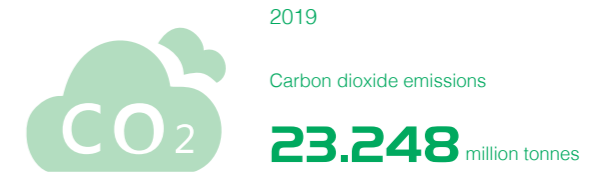
On 14 November, the 10th China Environment Award Presentation Ceremony themed "Ecosystems Flourish and Civilization Flourishes" was held at the Great Hall of the People. Air China won the Excellence Prize of the China Environment Award (Enterprise Environmental Protection), becoming the first aviation company that received this highest social award of China in environmental protection field. Over the years, Air China has adhered to the concept of ecological civilization, complied with the environmental laws and regulations and fulfilled its corporate environmental responsibilities through multiple approaches, receiving wide recognition from stakeholders.



Air China won the Excellence Prize of the 10th China Environment Award (Enterprise Environmental Protection)

Creating a Green Operational Model

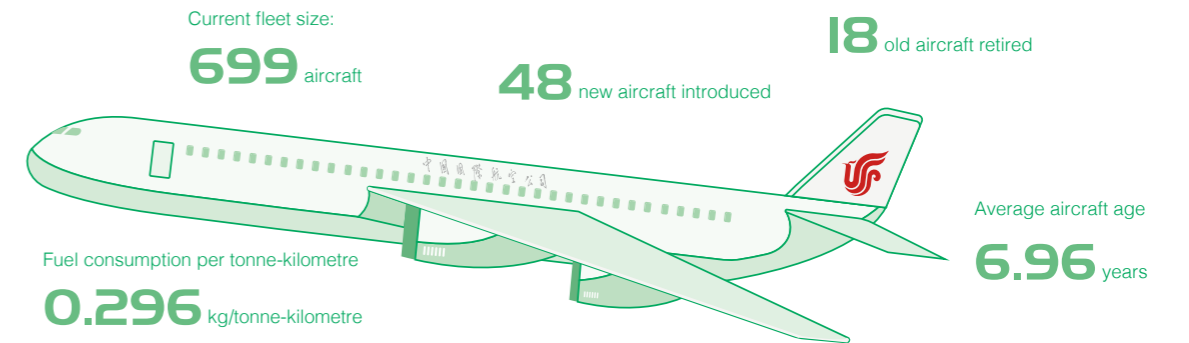
As an aviation company, the emissions of Air China mainly include air emissions and ground emissions. Air emissions mainly refer to the carbon dioxide generated from aviation fuel consumption whereas ground emissions include wastewater, waste gases, hazardous and non-hazardous wastes generated during ground operations. Air China has proactively managed, identified, and prevented pollutants generated during operations in order to conduct compliant waste treatment and fulfill environmental protection obligations.



Optimizing fleet structure

Through the continuous introduction of high-efficiency models, Air China phased out old-aged aircraft and built a young and technologically advanced fleet to further improve fuel efficiency.

As of the end of 2019



Implementing fuel conservation measures

Since Air China initiated the fuel conservation management, operating in a fuel conservation way has become a key integral part of Air China's daily operation management. By adopting a series of measures such as continuously promoting and improving flight take-off control, optimizing flying hours, pushing forward aircraft weight reduction and aircraft performance monitoring and management, computer-aided fuel management, flight route optimization and replacement of the APUs with ground power equipment, the Company has effectively reduced fuel consumption and controlled fuel costs.

Actively advancing the use of ground power equipment in place of aircraft's APUs

By promoting using 400Hz static power supply and ground air-conditioner equipment to supply power to aircraft parking at corridor bridges, Air China continued to advance the special work of using ground power equipment in place of aircraft's APUs to reduce fuel consumption and ground emissions during aircraft transits, which has achieved significant results for energy conservation and environmental protection. To date, Air China has applied the AeroBridge GPU power supply mode in 46 domestic terminals, including Beijing, Shanghai, Guangzhou, Shenzhen and Chengdu.

Increasing Investment in Green Support

Air China continued to strengthen its control and risk management of pollutants from the ground, implement the pollution prevention and control work regarding ecological environmental protection and enhance energy management efficiency, with an aim to minimizing the impact of our productions and operations on the environment during the operation of ground support vehicles and aircraft maintenance.

Energy management

Air China attaches great importance to energy conservation and resource protection. Since 2015, Air China (Beijing headquarters) has carried out energy management system certification work annually and the Southwest Branch was incorporated into the framework of energy management system in 2019. With the expanded coverage of energy management system, the Company has further improved the energy management level and the efficiency of energy utilization.

2019

Total energy consumption	Aviation fuel consumption
10.788 million TCE	7.289 million tonnes
Power consumption	Other energy consumption
195,539.2 MWh	4.8 TCE

Optimizing energy structure

By expediting the special work of "Application of New Energy Vehicles" for ground support vehicles, the Company has optimized the energy structure and reduced ground emissions and pollutions. As of the end of the year, Air China had 231 new energy vehicles. To support the protection of new energy vehicles, we invested RMB8.267 million to construct the 380 centralized charging stations and install 26 charging piles, which can charge eight special vehicles, three large shuttle buses and 19 general vehicles at the same time. This charging station is currently in use.

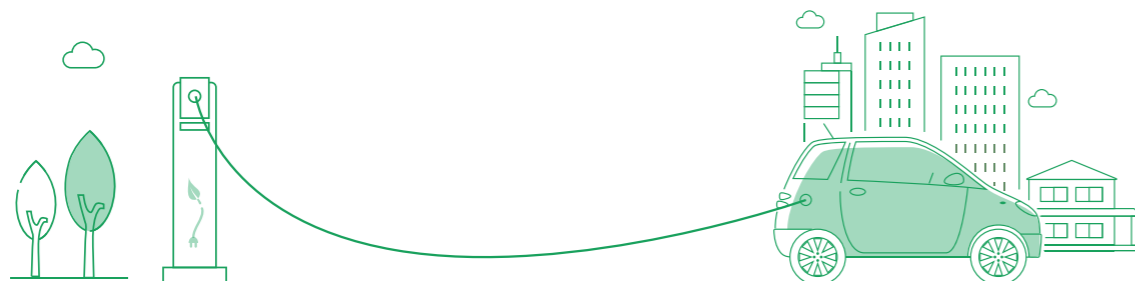
Implementing the "Application of New Energy Vehicles" to effectively reduce the impact of our production and operation on the environment



Air China has actively communicated with the airports where its operations are located and participated in the joint working group of such airports to jointly promote the implementation of the missions of "Application of New Energy Vehicles". In 2019, Air China invested RMB148 million to introduce new energy vehicles and equipment, basically covering all types of vehicles. Meanwhile, Air China implemented the elimination and upgrade work of existing diesel vehicles and already invested RMB467 million for vehicle upgrade, charging infrastructure construction and diesel engine tail gas treatment and modifications.



The new energy vehicles and equipment introduced by the Company



Management of waste materials

In the course of aircraft maintenance, Air China mainly generates waste materials including waste oil, mineral oil and chemicals produced during the painting process. These wastes are disposed of by the designated organizations in accordance with the relevant provisions on hazardous waste emissions. Air China has established a hazardous waste management system and adopted advanced equipment, technologies and processes to reduce hazardous wastes produced and used during production and operation.

Establishing the Phoenix Cultural Workshop to recycle retired aircraft



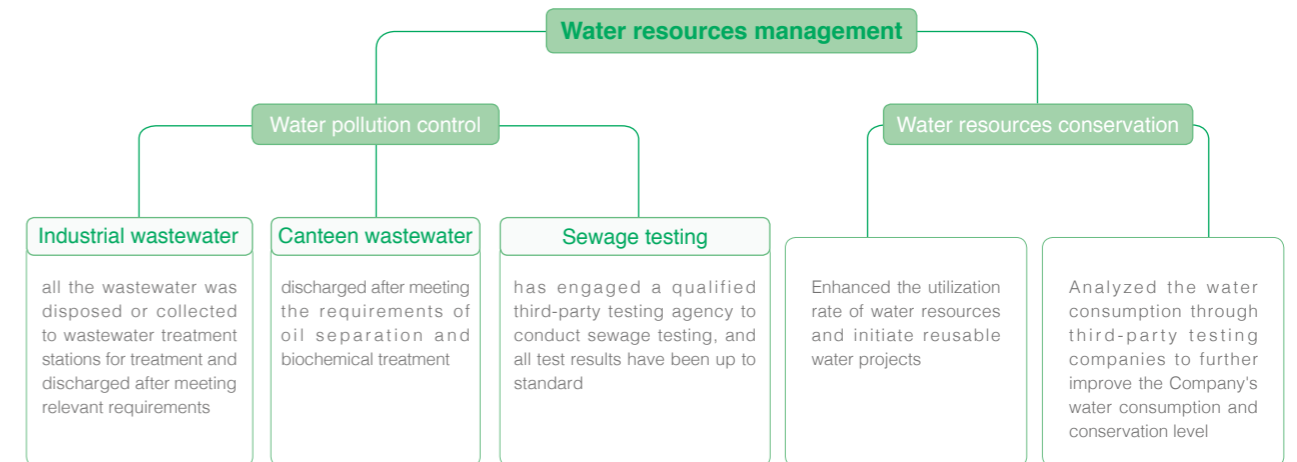
On 9 May, as promoted by Air China, the Phoenix Cultural Workshop jointly promoted by Ameco and CNAMC was officially formed. In the airline-themed cultural workshop, participants recycled and utilized scrapped aircraft materials such as aircraft skins, engine blades, chairs and components to design and produce green and environmental cultural products featuring air transport and relating to aviation culture, thereby promoting the environmental protection charitable activities of Air China.



"Turn Waste into Treasure", products created during the Phoenix Cultural Workshop

Water resources management

Air China pays attention to water resources saving and protection. By constructing a number of wastewater treatment facilities, taking a series of effective measures such as online monitoring to strengthen water resources conservation and water pollution control, closely cooperating with third-party testing agencies, improving the ability of water pollution management and control as well as water-saving technology, accelerating the development of reusable water projects and ensuring up-to-standard discharge of wastewater, the Company has managed to save water resources. In 2019, the wastewater treatment stations of Air China processed 576,000 tonnes of wastewater.





Coping with Climate Changes

Air China carried out management on carbon emission and carbon assets, improved its corporate carbon trading management system and process, established a carbon emission data monitoring and management system, and strengthened the capacity building in response to the global aviation emission reduction mechanisms. Meanwhile, under the centralized leadership of the Civil Aviation Administration of China, the Company also participated in the design of domestic and international carbon emission reduction mechanisms in order to play our leading role in the industry and fulfill our corporate responsibilities.

Domestic and international carbon emission trading

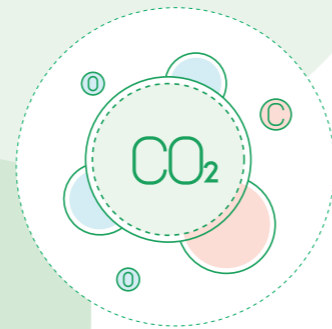
Air China has always paid close attention to and extensively participated in the preliminary work of the domestic and international carbon market and has given full play to its role of giving advice and assistance as the leading airline in the formulation of industry rules and engaged in the carbon trading market, making positive contributions to the design of China's future civil aviation carbon trading mechanisms and responding to the international aviation carbon emission reduction.

Participation in the policy research regarding international carbon emission

Under the centralized leadership of the CAAC, Air China participated in the working group on Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) of the International Civil Aviation Organization (ICAO) and joined the Sustainability and Environment Advisory Council (SEAC) of the International Air Transport Association (IATA), thereby participating in the policy research of topics regarding the sustainable development of aviation industry, making its voice heard broadly and protecting the interests of domestic aviation companies.

Centralized management of carbon assets

Air China has set up a preliminary management model for carbon assets. In 2019, the Company completed upgrading its carbon emission monitoring and analysis system. The new system can satisfy monitoring, reporting, verification and other work requirements set out in domestic and international standards of carbon emission and carbon trading, and covers carbon emission data of all aircraft of Air China, Dalian Airlines, Air China Inner Mongolia and Beijing Airlines, providing a powerful system for the centralized and informatization management of carbon assets.



Promoting Environmental Protection

Air China supports the country's environmental protection industry by embedding green and low-carbon concepts into major national projects such as the International Horticultural Exhibition and the Winter Olympic Games. Meanwhile, the Company advocates employees and passengers to honor the obligation of protecting the ecological environment; to practice the Eco-Environmental Code of Conduct for Citizens to live and work in a duly thrifty, green and low-carbon manner; and to voluntarily become a promoter, practitioner and demonstrator of ecological environment protection, thereby building a beautiful home with blue sky, green land and clean water together.

Organizing an environmental protection and public welfare flight event on "World Environment Day"



On 5 June, working together with China Environmental Protection Foundation, Air China organized an environmental protection and public welfare flight event themed "Blue Sky Protection, I am an actor" on "World Environment Day" at seven routes operated by itself. For the event, Air China designed environmental protection related interactive sessions for passengers such as "looking for environmentalists", "award-winning Q&A" and "soliciting environmental messages", thereby delivering the development concept of "Green operation and sustainable development" and promoting the idea of "Saving energy and reducing consumption to create low-carbon living" to passengers through various means.



Air China's staff interacted with passengers during the environmental protection and public welfare event on "World Environment Day"

Society

Building a Better Life Together

Air China pays attention to staff development and rights protection, cares for employees' life, participates in community building and practices social welfare with its original aspiration, with an aim to facilitating the mutual development of employees, communities and the Company.

Supporting the UN 2030 Sustainable Development Goals



Being Committed to Staff Development

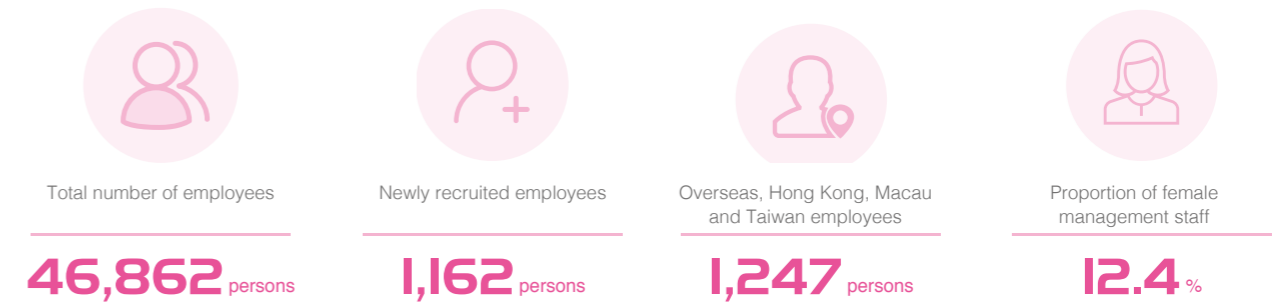
Air China has always adhered to the people-oriented principle by fully safeguarding the legitimate rights and interests of employees, improving our talent management mechanisms and training systems, providing vast and diverse channels and platforms for employees' development and promotion and putting emphasis on employees' life and health to create a harmonious, inclusive and diversified working environment for them.

Protecting fundamental rights and interests

Air China strictly abides by the *Labor Contract Law of the People's Republic of China* and other applicable laws and regulations. To enhance human resources management, the Company has developed a market-oriented employment system, with contract management as the core and position management as the foundation. The Company upholds an open and fair talent diversity strategy, and advocates fair and non-discriminatory employment policies. We undertake that there shall be no discrimination on gender, ethnicity, nationality, body condition, religion, political stance, marital status or any other factors, insist on the principle of same pay for the same job, and avoid child labor and forced labor, striving to establish harmonious labor relationship and protect the legitimate rights of our employees under the law. During 2019, Air China's labour contract signing rate was 100% and we were not involved in child labor or forced labor cases.



2019



In order to build a harmonious and stable labor relationship and promote the corporate development, Air China has formulated the sixth version of *Collective Contract*, the second version of *Special Collective Contract for Protection of Female Workers' Rights and Interests* and the second version of *Labor Safety and Health Special Collective Contract*. Through collective negotiation process and extensive solicitation of opinions from employee representatives, equal dialogue with employees was conducted. The Company convened two employee representatives' general meetings to consider the corporate major reforms and 14 material matters involving immediate interests of employees. Also, we regularly reported the Company's production and operation and encouraged employees to participate in democratic management, with an aim to protecting and safeguarding the legitimate rights and interests of employees.



On 22 January, Air China convened the 2019 annual work meeting and employee representatives' general meeting

Improving the vocational training system

The Company responds to the call of the government for "building an educated, skilled, and innovative workforce" and attaches great importance to the growth and development of every employee. Adhering to the work concept of "training as a service", the Company promotes the development of positional and vocational skill system, enriches the relevant training and appraisal methods, strives to provide everyone with training and learning opportunities and platforms, and enables training and learning to become an important support and strong guarantee for the career development of our staff and officers.

Employee level

The Company carried out special training after considering the attributes of the positions. Through the combination of online and offline methods, we continuously improved the employees' understanding of political theories and comprehensive qualities and capabilities. In 2019, we organized training programs such as the new employee training camp named "Phoenix Dance in the Sky", training for party affairs workers and nurturing targets, training for part-time instructors and qualification training for stowage staff and marketing staff of our air transport business.

Managerial level

The Company organized education and training projects by classification and grade for cadres including middle to high management staff, outstanding young cadres and line managers. Meanwhile, we further expanded the international training projects such as the Rolls-Royce Singapore Training and Learning Program and the exchange visits with United Airlines, and promoted online light training, thereby continuously improving our education and training library for cadres as well as nurturing and establishing a high-quality and professional cadre team formed by loyal, clean and responsible staff members.



The induction training for new employees named "Phoenix Dance in the Sky"



Training for project managers



The 15th Staff Position (Civil Aviation Passenger Transportation Personnel) Vocational Skills Competition



The 16th Staff Position (Civil Aviation Attendants) Vocational Skills Competition

Setting benchmarks and pushing forward team building



In 2019, Air China continued to strengthen team building and training for team leaders. We organized the evaluation of the demonstration teams and exchanges among outstanding team leaders to allow them to share team building experience and results; selected and commended 100 outstanding team leaders so as to give play to the guiding and leading role of excellent groups. Moreover, we organized the ninth session of training for the excellent team leaders and the fourth session of training for the new team leaders at Tsinghua University, where 249 grass-root team leaders participated. This was the first time that the model workers and craftsmen and technical experts of labor competitions joined the training session.



The ninth session of training for the excellent team leaders



Air China's evaluation of the demonstration teams and exchanges among outstanding team leaders

Expanding career path

According to the sequence of the three major positions (i.e. management, business and professional technical posts) and 12 subsequences thereof, Air China has established a staff promotion channel and a horizontally- and vertically-integrated career development path, offering various choices and paths for the growth and development of employees. The Company regards skill-based talents as a key integral part of its corporate development and holds staff skill competitions to provide a stage for employees to demonstrate and exchange their techniques and skills, thereby further enhancing the technical expertise and vocational ability of employees.

Acting as a pioneer of the era and promoting the spirits of model workers



To celebrate the 70th anniversary of the founding of the People's Republic of China and the "1 May" International Labor Day, promote the spirits of model workers and craftsmen and create a professional atmosphere of aspiring to honor and excellence, the Company held a publicity campaign of model workers and craftsmen themed "Acting as a pioneer of the era and backbone of Air China" and granted a license to the innovation studio of model workers. Through such activities, the Company encouraged and motivated its employees to learn the spirit of perseverance of model workers and craftsman, and to make contributions to developing the Company into a world-class aviation transportation group with global competitiveness.



The publicity campaign of model workers and craftsmen

Caring for employees' lives

Air China established and perfected the occupational health management system and the employee health management mechanism, prepared the *Manual of Occupational Health and Safety Management* and organized the comprehensive publicity and training; formulated the workplace occupational hazards examination plan and the occupational health body-check plan for operators. Besides, the Company has completed the examination work for all workplaces as planned to ensure the workplaces meet the national safety standard requirements; and completed the occupational health body-check for operators as planned to safeguard health of the employees.

Responding to employee's needs, Air China constantly strengthens the services for its employees and continues to promote the integration of human resources sharing service platform. With a focus on the optimization and upgrade of internal service resources, the Company taps the service potential, constantly expands its business capacity and service coverage, and develops related management systems and work standards under the sound and new service model so as to achieve stable operation of the integration of internal services. Meanwhile, the Company continuously promotes the 'Happy • Heart Program' for employees, implements the nine practical issues to show its care for employees, satisfies their demands for cultural and sport activities, and improves the supporting mechanism for special groups to make the employees in difficulty and female employees feel our solicitude. Air China also actively carries out a variety of cultural and sports activities so as to balance the work and life of employees and enhance their sense of belonging, sense of well-being and sense of achievement.



Cai Jianjiang, Chairman and Secretary of Party Committee, expressed sympathy and solicitude for front-line staff



Song Zhiyong, Vice Chairman, President and Deputy Secretary of Party Committee expressed sympathy and solicitude for front-line staff



The Company launched diversified activities for "8 March" International Women's Day



Satisfying staff's demands for cultural and sport activities, the Company has implemented nine practical issues to show its care for employees

Employee service center
Continuing to deepen the shared service platform
More than **43,000** registered employees and **95.5%** of satisfaction rate

Safeguarding health and safety
Carrying out **80** sessions of training on mental health, **100** sessions of group counselling, **50** training sessions for new employees, **9** sessions of "Exploring your psyche" and **12** Microlectures, covering **9,813** employees

Caring for employees
Registering **494** employee households in difficulty
Expressing sympathy and solicitude for **230** employees in difficulty
Providing poverty alleviation fund of **RMB746,000**
Issuing the Air China employees' allowance of **RMB1.21 million**
Issuing the Air China female employees' allowance of **RMB2.36 million**
Organizing advanced female workers to visit and study at China Academy of Forestry
Holding gathering activities for single employees

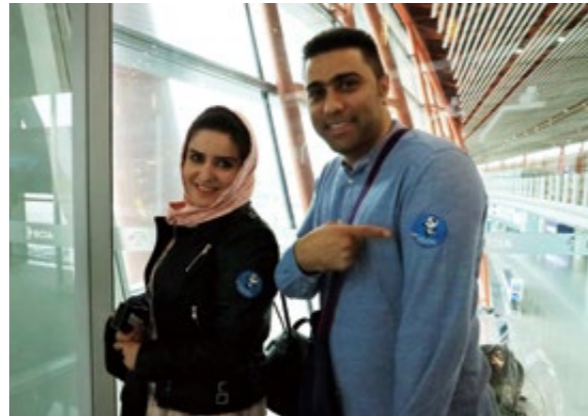
Colourful spare time
Organizing activities such as the 4th Basketball Champion Cup, the 5th Staff Health Walk and chorus festival for celebrating the 70th anniversary of the founding of the People's Republic of China.

Sincerely Giving Back to the Society

Air China actively fulfills responsibilities as a social citizen and devotes to create a social environment featuring harmony, beauty and friendliness. Air China has exerted advantages to support special flight missions and promote cultural exchanges. At the same time, based on the community development, we give assistance to the disadvantaged groups and share value of resources with the communities, thereby making contributions to the harmonious development of local communities.

Safety transportation tasks

In various flight missions relating to special flights and major natural disasters, Air China actively leverages the advantages of its main business of aviation to serve national strategies and promote Chinese culture, demonstrating the mission and responsibility of the carrier carrying the national flag. In 2019, Air China successfully safeguarded the provision of important transportation services involved in a total of 17 major transport events including the Spring Festival travel season, the National People's Congress and the Chinese Political Consultative Conference, Boao Forum for Asia Annual Conference, the second Belt and Road Forum for International Cooperation, International Horticultural Expo and Conference on Dialogue of Asian Civilizations, the 7th Military World Games, the 19th CPC Central Committee and the China International Import Expo.



Distributing promotional materials of the China International Import Expo to passengers

Air China's Hubei Branch successfully supported the provision of transportation service for the Military World Games

From 18 to 27 October, the 7th Military World Games was successfully held in Wuhan. During the event, Hubei Branch provided 136 inbound and outbound flights in total for the Military World Games delegation, carrying 2,852 athlete representatives and 3,532 pieces of luggage (including 477 pieces of luggage containing guns and bullets). With high morale and detailed organization, Air China's Hubei Branch successfully supported the provision of transportation service for the Military World Games.



Air China's Hubei Branch staff provided support for transportation service for the Military World Games

Community involvement

Air China assumes the social responsibility to contribute to community construction. With building a harmonious community as the Company's mission, we fully leverage our professional advantages to participate in community construction and promote cross-cultural communication.

Air China entering the campus to care for the growth and development of youth

Our four marketing centers located in Beijing, Shanghai, Chengdu and Guangzhou worked together to promote the activities themed "Air China into the Campus" which had been only implemented in Beijing. In addition to the universities in Beijing, Air China also cooperated with universities such as South China University of Technology, South China Normal University, Shanghai Jiao Tong University and Sichuan University to carry out the activities. As of the end of 2019, we have invited 12 universities (8,048 students in total) to participate in the activities, aiming to strengthen the school-enterprise cooperation and resource sharing, and jointly assuming the responsibility of enhancing morality education.



Opening a "green channel" for new students to pass the warmth of society

Air China opened a "green channel" for new students from remote poverty-stricken areas by offering 90% off Air China tickets for 115 freshmen from ethnic minority regions of the eight cooperating universities under the national special schemes for universities to facilitate the air transportation between their homes and schools.

Organizing a public welfare program to show our original aspiration to public welfare

Air China collaborated with the Beijing Youth Radio to create a campus program named "I Love My Country • New Youth" by co-launching 12 episodes with five renowned universities to demonstrate the spirits of the youth of the new generation and show Air China's original aspiration to public welfare. The program received more than 3 million of online views, listening rate and upvotes, and attracted more than 20,000 interactive comments.



Inviting university students to have a cultural tour in Air China

Through the activities themed "Air China into the Campus", we actively invited youth students to visit Air China and provided a cultural tour of central state-owned enterprise to them. 40 youth members of our "Phoenix Miles" program from seven cooperating universities were invited to have a site visit at Air China to learn about the development history of civil aviation and Air China and have a close contact with simulators. The event provided a cultural exchange and social practice platform for the youth students.



Organizing a cultural promotion event themed "Humanistic Air China into Inner Mongolia"

Air China organized a large-scale promotional activity themed "Humanistic Air China into Inner Mongolia" at the Chinese Embassy to Japan and launched a cultural promotion event themed "Humanistic Air China into Inner Mongolia - Nomadic Civilization" in Taipei, making contributions to the protection and promotion of the Chinese culture and the intangible cultural heritages in poverty alleviation areas.



Practicing social welfare with original aspiration

Advocating a harmonious social atmosphere and adhering to the volunteer service concept of "dedication, friendship, mutual assistance, and progress", Air China encourages employees to participate in volunteer service and social welfare activities, and strives to repay the society with loving care, deliver happiness and contribute with devoted love.



2019 "Spring Festival Transportation with Youth" event



Never stop providing volunteer services

On 2 April (the "World Autism Awareness Day"), our Zhejiang Branch and Zhejiang Dalaba Special Children Care Center organized an activity themed "Heading towards warmth – the journey", with an aim to offering unique experience to autistic children and encourage the public to eliminate their misunderstandings about autism as well as paying attention to the social integration of autistic children.

On 31 May, three cabin crew teams (namely the Xiangyi Team, "Wings of Dream" Team and Anyi Team) and the (1st team) Flight Team of Air China's Tianjin Branch visited Tianjin No.1 High School to hold an event themed "Colorful teenage, vitality, happy companionship and pursuing dreams".

Outlook for 2020

The year of 2020 is the final year for the 13th Five-year Plan, as well as a crucial year for completing the building of a moderately prosperous society in all respects and achieving the first centennial goal. Air China will thoroughly implement the new development philosophy by focusing on supply-side structural reforms and moving forward with reform and opening-up, in order to ensure success in the three critical battles. Meanwhile, Air China will effectively drive the modernization of its governance system and capability, thereby developing itself as a world-class aviation transportation company.

Consolidating the foundation of quality development. CNAHC is currently in a critical period of developing as a world-class aviation transportation group, and prepares to enter the final year for the 13th Five-year Plan, a year of linking the past achievements and future development. As safety is the lifeblood of the civil aviation industry, the Company must continue to thoroughly implement the important thoughts and instructions of General Secretary Xi Jinping regarding safety production, so as to continuously improve the political stance of safety work and lay a solid foundation for establishing itself as a world-class aviation transportation group from a higher level, starting point and target!

Striving to offer world-class products and services. By establishing a sound and hierarchical system for products and services, and accelerating the worldwide construction projects of ground support platforms, the Company has enhanced its capability to respond swiftly and make agile decisions under exceptional conditions. Besides, we have also stepped up the development of hub strategic products and continued to promote the applications of our baggage reconciliation system and radio frequency identification technology, thereby developing digitalized and intelligent innovation convenient travel products as well as promoting the construction of service innovation laboratories and application of the results.

Comprehensively motivating and nurturing various types of outstanding talents for Air China: Air China will adhere to the concept of people-oriented and utilize the democratic management function of labor unions. Based on the actual demands of employees, the Company will strengthen the selection and cultivation of outstanding young cadres to motivate the cadres of all ages. Moreover, we will improve the appraisal and fault tolerance mechanism as well as refining the system and methods of encouraging officials to undertake due responsibilities. The Company will also strengthen the team building of educated, skilled, and innovative workforce, and build a growth platform for youth in order to implement the youth support program.

Ensuring success in the three critical battles. With a focus on the fields and poverty alleviation projects which are conducive to the local sustainable development, the Company can ensure the stable and sustainable effect of poverty alleviation. Meanwhile, it will continue to implement the "Three-Year Action Plan to Win the Blue Sky Protection Campaign" by accelerating construction of the carbon emission system and the energy conservation and environmental protection management platform and propelling the "Application of New Energy Vehicles" efforts. Air China will improve the four-in-one management mechanism integrating risks, internal control, compliance and laws; and promote the establishment of internal audit system to prevent various operation management risks.

In the future, we will make concerted and aggressively excelling efforts to leverage our remarkable operation performances to lay a solid foundation for establishing itself as a world-class aviation transportation enterprise, and make greater contributions to the great accomplishment of completing the building of a moderately prosperous society in all respects!

Table of Major Indicators

Name of Indicators	2017	2018	2019
Total assets (RMB100 million)	2357.18	2437.16	2942.54
Total actual tax paid during this year (RMB100 million)	67.71	88.85	64.17
Number of registered aircraft (unit)	655	669	699
Average aircraft age (years)	6.53	6.62	6.96
Operating income (RMB100 million)	1213.63	1367.74	1361.81
Total profit (RMB100 million)	114.81	99.58	91.05
Safe flight hours (10,000 hours)	211.52	224.52	228.5
RTK (100 million tonnes kilometres)	253.85	275.18	253.64
Passenger carried (100 million persons)	1.02	1.10	1.15
Cargo and mail carried (10,000 tonnes)	184.16	190.84	143.42
Social contribution per share (RMB)	2.77	2.97	3.01
Purchases from the five largest suppliers (RMB100 million)	350.59	412.36	361.32
Intellectual property rights registered (pieces)	2819	3006	3080
Passengers' overall satisfaction (points)	88.00	90.6	81.4
Premium passengers' overall satisfaction (points)	88.20	89.5	82
Number of complaints received from passengers for the whole year (cases)	16155	13450	12373
Passenger complaint handling rate (%)	100	100	100
Domestic luggage error rate (pieces/1,000 persons)	0.80	0.98	0.77
Overseas luggage error rate (pieces/1,000 persons)	3.75	3.93	4.24
Flight on-time performance (%)	70.9	80.36	81.83
Flight execution rate (%)	98.0	98.4	98.19
Total energy consumption (10,000 tonnes standard coal)	1008.9	1094.2	1078.8
Aviation fuel consumption (10,000 tonnes)	680.5	738.5	728.9
Power consumption (MWh)	152054.5	167299.6	195539.2
Gasoline consumption (tonnes)	1917.8	2595.8	2709.9
Diesel consumption (tonnes)	8505.7	9363.2	7693.0
Natural gas consumption (10,000 m ³)	1732.9	1783.5	1579.2
Thermal Power (MKJ)	408225.0	378491.0	244341.1
Other energy consumption (tonnes standard coal)	26.9	24.5	4.8
Fuel consumption per tonnes kilometres (kg/tonnes kilometres)	0.274	0.274	0.296
CO ₂ emissions per tonnes kilometres (g/tonnes kilometres)	874.0	873.4	931.5

Name of Indicators	2017	2018	2019		
CO ₂ emissions (10,000 tonnes)	2170.7	2354.3	2324.8		
Total hazardous waste emissions (tonnes)	356.7	632.0	785.2		
Water consumption (10,000 tonnes)	469.5	512.1	492.4		
Environmental protection investment (RMB10,000)	29000.0	21931.1	26984.5		
Number of employees on the post (persons)	25168	28302	46862		
Number of foreign employees (persons)	1113	983	1247		
Number of minority employees (persons)	1074	1419	1972		
Number of disabled employees (persons)	20	15.5	17		
Female employee percentage (%)	45.2	43.56	50.9		
Total number of management staff and management supporting employees (persons)	6443	6721	6871		
Labour contract signing rate (%)	100	100	100		
Employee turnover rate (%)	2.56	3.30		3.47	
		Distribution of employees leaving the Company %		Distribution of employees leaving the Company %	
		Aged 35 and below	5.25	Aged 35 and below	4.57
		Aged 36-45	0.84	Aged 36-45	2.0
		Aged 46-60	7.87	Aged 46-60	0.39
		Male	2.69	Male	2.33
		Female	4.07	Female	4.56
		China	3.29	China	3.51
Foreign countries and regions	3.42	Foreign countries and regions	2.16		
Proportion of employees guaranteed by collective bargaining agreements (%)	100	100	100		
Total training hours (hours)	198919	207551	210701		
Number of employees participating in trainings (persons)	94190	119707	110206		
Total employee education expenses (RMB10,000)	2121	2219	1787		

Notes:

- For this year, the financial and operating data reported in this report is consistent with that of the annual report. Among which, there are changes in the consolidation scope for financial data, i.e. Air China Cargo is no longer in the scope of consolidation.
- The information on services and employees is based on the calibre of Air China. Among which, the total number of employees changed because of the factor of employee conversion. The number of disabled employees is based on the "Confirmation Regarding Verification of Employment of Disabled by Employers in Beijing" Beijing Shunyi Disabled Labor Employment Service Center.
- The information on energy consumption is based on the calibre of Air China, Shenzhen Airlines, Kunming Airlines, Dalian Airlines, Air China Inner Mongolia, Beijing Airlines and Ameco. Among which, 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's hazardous waste.

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Description:

1. In the aviation industry, discharge mainly comes from jet fuel, which accounts for over 99% of the total discharge, with a very limited amount of the other substances, which is not the main interests of management and disclosure of Air China
2. In 2019, Air China did not incur any serious environmental pollution or over discharge accidents

Third-party Assurance



Assurance Statement of Corporate Social Responsibility Report

TUV Asia Pacific Ltd. ("TUV NORD") has been commissioned by the Air China Limited ("Air China") to carry out an independent third-party assurance of Air China's 2019 Corporate Social Responsibility Report (the "Report").

Air China is responsible for the collection, analysis, aggregation and disclosure 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 2019 Corporate Social Responsibility Report prepared by Air China, for which Air China is responsible for the completeness and truthfulness of the information and data provided in the Report. This Report is the twelfth corporate social responsibility report publicly published by Air China, and TUV NORD is invited again to give independent assurance.

Assurance Scope

- Key performance and relevant information regarding social responsibilities in 2019 disclosed in the Report;
- Evaluation of management processes, including the collection, analysis and inspection of data and information, involved in the Report;
- Since the economic data has been audited by a third party, no double audit has been conducted during this assurance.

On-site assurance of the Report was conducted on 13 March 2020.

Assurance Methodology

Assurance process included the following activities:

- Review the document and information provided by Air China;
- Adopt online audit in view of the outbreak of COVID-19 epidemic; review the mail communication data of Air China report information collection staff and communicate with the staff through instant messaging tools;
- Visit the related websites and public information published by media; verify the data and information in the report through sampling method;
- Refer to GRI Sustainability Reporting Guideline (GRI Standards) for requirements on balance, comparability, accuracy, timeliness, clarity, reliability of social responsibility report, and conduct evaluation of the same;
- Refer to AA1000 Assurance Standard (2008);
- Evaluate the report by taking reference to the Hong Kong Stock Exchange's Environmental, Social and Governance Reporting Guide (HK-ESG) for reporting on the importance, quantification, balance and consistency requirements;
- Assurance activity is conducted based on TUV NORD CSR report assurance management procedure.

Assurance Conclusion

The 2019 Social Responsibility Report prepared by Air China Limited provides an objective view of the social responsibility work carried out by the Company in 2019 and the results achieved. The data of the Report is reliable and objective. TUV NORD did not find any systematic or substantial error, which meets the disclosure requirement of GRI Standards core option.

- The Report's overall structure is complete, and the disclosed information is clear, comprehensible and available;
- The Report responds to stakeholders' demands and expectations through five dimensions, namely "Safety - Holding the Bottom Line for Development; Service - A Heartwarming Journey; Economy - Becoming a World's Leading Enterprise; Environment - Building Beautiful Home Together; Society - Building a Better Life Together".
- The Report disclosed the social responsibility performance of Air China in the last three years in terms of responsibility performance, which can be comparable.



Suggestion for Improvement

Through assurance and evaluation, we have the following improvement suggestions on Air China's CSR practice and management:

- The social responsibility strategies and plans could be further refined by setting up clear responsibility goals;
- The performance data could be disclosed in a more comprehensive manner in order to improve the reporting balance.

Special Statement:

This assurance statement excludes:

- The activity beyond information disclosure;
- The position, idea, faith, objective, direction of future development, and promise stated by Air China;
- Since the economic data has been audited by a third party, no double audit has been conducted during this assurance.

Statement of Independence and Competence

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

TUV Asia Pacific Limited, one of the global branches of TUV NORD Group in Germany, affirms its independence so as to ensure that there is no conflict of interests with Air China Limited or its branches and stakeholders during the assurance process of this Social Responsibility Report. All information in this Report was provided by Air China Limited, and TUV NORD was not involved in preparing the Report.

TUV Asia Pacific Limited

Authorized person: Haining Song

Date: 30 March 2020

Team leader of Assurance: Xuemei(Olina) Li

Date: 30 March 2020

Note: In case of any conflict between the Chinese and English versions of the statement, the Chinese version shall prevail.

Feedback Collection

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