



A STAR ALLIANCE MEMBER 

Air China Limited

2020 Corporate Social Responsibility Report



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**2020**  
Corporate Social Responsibility Report  
Air China Limited

# About This Report

The year of 2020 was the final year for the 13th Five-year Plan, as well as a crucial year for building a moderately prosperous society in all respects and achieving the first centennial goal. This report reflects 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 in 2020. Leveraging its strengths in core airline operations, Air China made accomplishments in key areas of implementing national strategies, practicing the new development philosophy, building a 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 2020.

## 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 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 thirteenth 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](http://www.airchina.com.cn)

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# Chairman's Statement

The year of 2020 was the final year for the 13th Five-year Plan, as well as a crucial year for building a moderately prosperous society in all respects and achieving the first centennial goal. Under the strong leadership of the CPC Central Committee with General Secretary Xi Jinping as the core, Air China resolutely implemented the decisions and arrangements of the CPC Central Committee and the State Council, integrated political and social responsibility into corporate development, and coordinated pandemic prevention and control, safety, efficiency, and passenger services to minimize the impact of the COVID-19 pandemic.

We went all out to fulfill our political responsibilities and responsibilities in fighting the COVID-19 pandemic. In the face of the unexpected pandemic, Air China resolutely implemented the decision and arrangements of the CPC Central Committee, fulfilled the responsibility and mission of the national flag carrier, put all efforts in pandemic prevention and control, transportation security and operational efficiency. Our brave flight crew showed the spirit of dedication and the courage to shoulder urgent, difficult, and dangerous tasks, going through quarantine and medical observation more than 98,000 (including 68,000 pilots) person-times, with an average quarantine count of 2.6 times and lasting period of more than 36 days. We conscientiously implemented the requirements and arrangements of the three critical battles against potential risk, poverty, and pollution. We insisted on advancing and optimizing the special poverty alleviation model of "8+2" and did our best to assist the targeted poor areas in fulfilling the task of quality poverty alleviation as scheduled. We continued to implement the "Three-Year Action Plan to fight air pollution" 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. We have improved the four-in-one management mechanism integrating risks, internal control, compliance and legal affairs; and promoted the establishment of internal audit system to prevent various operation management risks.

As always, we earnestly fulfilled our responsibilities in terms of safety, economy, service, employees, and promoted sustainable development. In terms of safety, we bear in mind that safety is the lifeline of the civil aviation industry. We took a series of measures in implementing the work safety responsibility system, construction of safety systems, improving safety management capabilities, and consolidating the foundation of safety management, with an emphasis on the prevention and control of safety risks. We maintained a stable safety situation in the complex environment under the pandemic, achieved 1.553 million hours of safe flight, and ensured the safety of major transportation tasks. In terms of economic benefits, the pandemic brought unprecedented and serious impact on the industry. In the face of the severe situation, we strengthened our research and production organization and kept a close eye on the recovery of the domestic market. We dynamically adjusted capacity structure and carefully organized marketing and product investment to maximize the total marginal contribution. Since turning losses into profits in August of the year, we remained profitable for four consecutive months. We grasped the trend of freight supply and demand, strengthened the passenger-freighter convertibility,



and took the lead in implementing the “freighter” business model. We also implemented the most stringent cost control, matched costs with production pace, and restructured the cost system. In terms of service, we adhere to customer-centricity. We grasped changes in passenger needs and scientifically adjusted our service procedures to continuously enhance passengers’ sense of security and gain. By establishing a sound and hierarchical system for products and services and accelerating the construction of worldwide ground support platforms, we enhanced our capability to respond swiftly and make agile decisions under exceptional conditions. Besides, we also stepped up the development of hub strategic products and continued to promote the applications of our baggage re-confirm 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. We advanced the preparations for the Beijing 2022 Winter Olympics and Paralympic Winter Games in an orderly manner and completed a variety of preparatory tasks, demonstrating the Company’s image as a “Double Olympics” partner. In terms of employees, we adhered to the concept of people-oriented and utilized the democratic management function of labor unions. Based on the actual demands of employees, we strengthened the selection and cultivation of outstanding young cadres, and motivated the cadres of all ages. Moreover, we improved the appraisal and fault tolerance mechanism as well as refined the system and methods of encouraging managements to undertake due responsibilities. We also strengthened the team building of educated, skilled, and innovative workforce, and built a growth platform for youth.

The year 2021 marks the launch of the 14th Five-Year Plan. In the new stage of development, we will continue to uphold Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, and thoroughly implement the new development principles and high-quality development demands. We will seize opportunities, rise to challenges, and forge ahead. We will leverage our remarkable operation performances to lay a solid foundation for establishing the Company as a world-class aviation transportation enterprise and make greater contributions to global sustainable development!

Song Zhiyong  
Chairman  
Air China Limited





# Company Profile

Air China Limited was founded in 1988, formerly 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 September 30, 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 August 18, 2006.

## COMPANY PROFILE

Air China is the only flag-carrier aviation company in China and a member of the Star Alliance, the world's largest airline alliance. It is the official airline partner of the 2008 Beijing Olympics and the Paralympics, and 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. 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. Air China's overall operating performance in 2020 was not as good as in previous periods mainly due to the COVID-19 pandemic. By December 31, 2020, the Company's total market value was RMB98.04 billion. During the reporting period, there were no major changes in the Company's scale, structure, or ownership.

According to *The World's 500 Most Influential Brands 2020* issued by the World Brand Lab, the brand value of Air China is

RMB **186.52** billion.

RTK  
**13.29** billion ton-km

Passengers carried  
**69** million persons

Cargo and mails carried  
**1.11** million tons

Operating income  
RMB **69.50** billion

Total profit  
RMB **-18.48** billion

Net profit attributable to shareholders of listed company

RMB **-14.41** billion





## Air China Limited

Leading Group Office of Deepening Reform	Head Office, Asia-Pacific	Hub Development Department	Southern China Base	Air China Shantou Industrial Development Company
Office of the Board	Head Office, Japan	Engineering Maintenance Department	Wenzhou Branch	Chengdu Falcon Aircraft Engineering Service Co., Ltd.
Labour Union Office	Head Office, North USA	Retiree Service Department	Tibet Branch	Zhejiang Air Services Co., Ltd.
Discipline Inspection Office	Head Office, Europe	Centralized Procurement Department	Guizhou Branch	Shanghai Air China Aviation Service Co., Ltd.
Corporate Culture Department	Sales Center, East China	Air Marshall Department	Hubei Branch	Beijing Golden Phoenix Human Resources Co., Ltd.
Aviation Security Department	Sales Center, Southwest	Information Management Department	Shanghai Branch	Air China Import and Export Trading Co., Ltd.
Audit Department	Sales Center, North China	Logistics & Support Department	Tianjin Branch	Air China Development Corporation (Hong Kong) Limited
Legal Department	International Affairs & Co-operation Department	Training & Development Department	Chongqing Branch	Air Macau Company Limited
Stations Management Department	Accounting & Settlement Department	Cabin Services Department	Zhejiang Branch	China National Aviation Finance Co., Ltd.
Product Service Department	Network & Revenue Department	Ground Services Department	Southwest Branch	Air China Inner Mongolia Co., Ltd.
Operation Standards Department	Sales Department	Flight Crew Department		Dalian Airlines Co., Ltd.
Assets Management Department	Marketing Department	Operation Control Centre		Beijing Airlines Co., Ltd.
Flight Technology Management Department	Commercial Committee			Shenzhen Airlines Company Limited
Aviation Safety Management Department				Aircraft Maintenance and Engineering Corporation
Finance Department				
Human Resources Department				
Strategy and Development Department				
Administration Office				

Management Support Division

Business Management Units

Branches and Bases

Major Subsidiaries





## Responsibility Concepts





## Corporate Strategy

With the vision to become a leading carrier in the world, 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 build a solid foundation for the development of a word-class aviation enterprise.







## Air China's Guiding Policy for 14th Five-Year Plan

The year 2021 will mark the launch of the 14th Five-Year Plan. Air China has thoroughly implemented the essence of General Secretary Xi Jinping's important instructions for civil aviation and formulated its own 14th Five-Year Plan. In the next five years, we will continue to promote high-quality development, consolidate the results of pandemic prevention and control, and make overall plans for safety and development. We will strive to make a turnaround in operating efficiency, steadily and orderly advance the implementation of the 14th Five-Year Plan, and promote the comprehensive construction of a world-class aviation enterprise with global competitiveness.

### 01

#### Improving the presence in regional markets and building a new pattern of dual circulation focusing on the main business

We will optimize our presence in the domestic market in accordance with the national and regional development strategies and deepen the strategic coordination of our routes. We will adjust the structure of domestic and international transport capacity, consolidate our dominant position in the domestic cycle, and gradually increase investment in traditional European and American markets and markets along the Belt and Road based on the post-pandemic recovery, to inject new momentum into the international cycle. We will accelerate the construction of a world-class hub, seize the major development opportunities of "two airports in one city" in Beijing and Chengdu, and further enhance our competitiveness as the hub.

### 02

#### Adhering to innovation-driven development and promoting the application of transformational innovation

We will accelerate the transformation of our business model to optimize experience, reduce costs, increase revenue, and innovate technology. We will drive digital transformation with business transformation, focusing on passenger experience, employee capabilities, and asset operation efficiency. We will speed up technological innovation by improving the supporting mechanism for innovation, advancing innovation laboratories, accelerating the transformation and application of innovation results, and promoting the construction of a demonstration enterprise for scientific reform.



Establishing a firm concept of safe development to ensure continuous safety



Strengthening team building of staff to cultivate knowledge-based, skill-based and innovative employees and enhance their sense of belonging and achievement



Promoting high-quality development to achieve new breakthroughs in creating a world-class enterprise



Promoting deep reform on an ongoing basis to achieve new progress in important areas and key tasks



Adhering to and putting the concept of Party building conference for state-owned enterprises into practice to gain achievements in Party building

Five keys to building a world-class enterprise



03

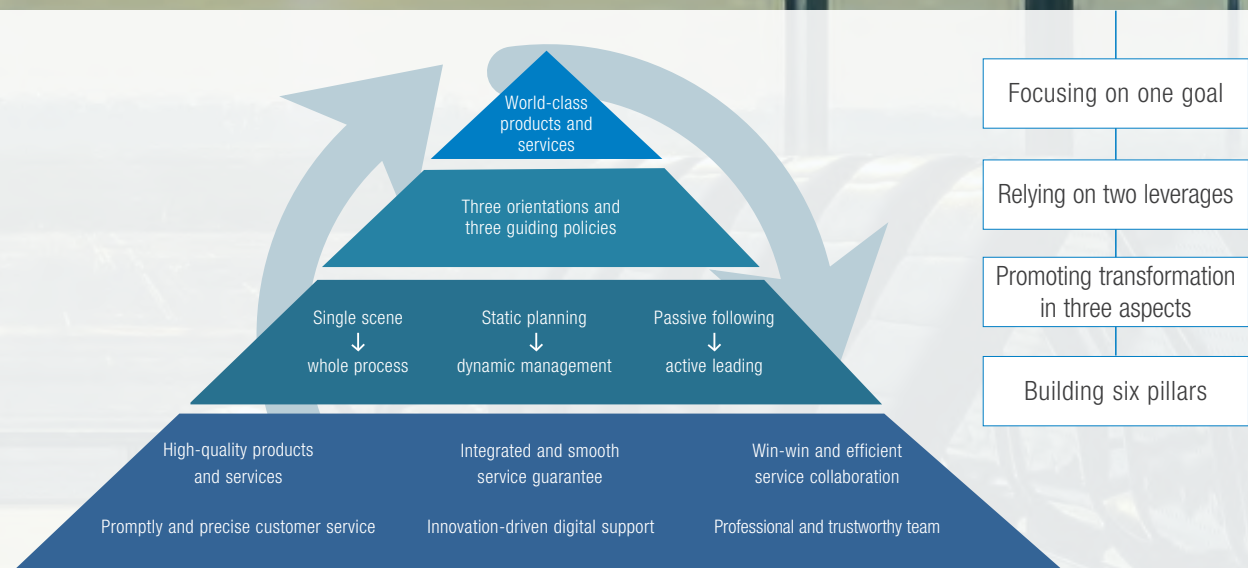
### Adhering to the systematic governance style and continuously improving customer experience

Air China will focus on one goal, rely on two leverages, promote transformation in three aspects, and build six pillars.

04

### Promoting deep reform 2.0 and constantly enhancing internal momentum

Air China will promote the drive of comprehensively deepening reforms to a higher level, focusing on four key areas, namely, the modern corporate system with Chinese characteristics, supply-side structural reform, construction of market-oriented operation mechanisms, and mixed ownership reform.





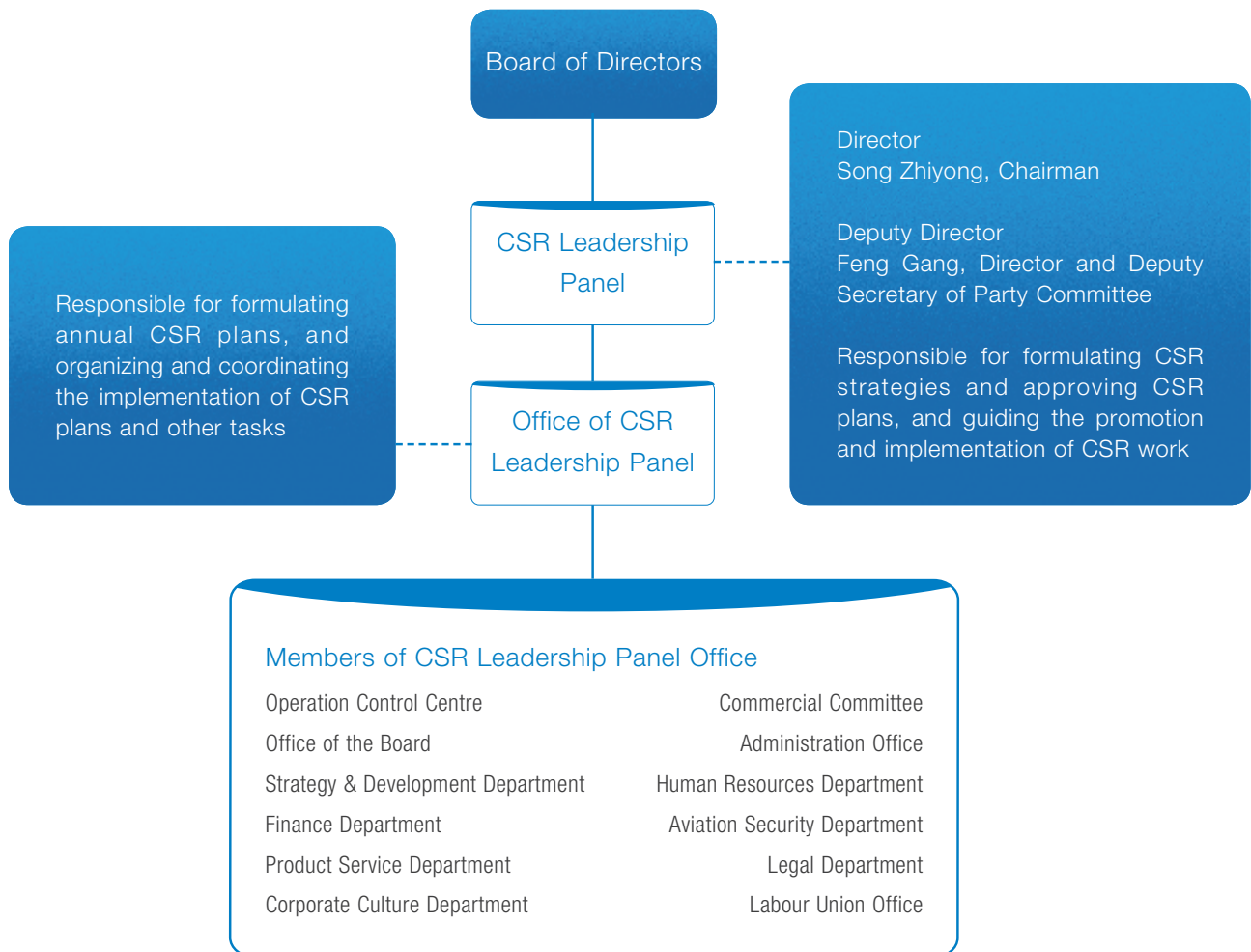


# Sustainability Management

Air China has improved its corporate social responsibility governance system. We integrated social responsibility governance into the Company's overall governance and operation, optimized the social responsibility governance structure, subdivided social responsibility management functions, and comprehensively improved the Company's social responsibility performance. The Company values the communication with stakeholders, responds to their needs, and promotes coordinated and sustainable development with all stakeholders.

## Social Responsibility Work

Air China adheres to the guiding policy of combining social responsibility concepts with corporate strategic deployment and has formulated a comprehensive plan for sustainable development and established a complete social responsibility management system. The Company has set up a CSR Leadership Panel and an Office of CSR Leadership Panel, respectively responsible for the formulation and implementation of corporate strategies for social responsibility under a clear responsibility and accountability framework. Together they have effectively improved Air China's performance in social responsibility.



Social Responsibility Work Management Framework



## Social Responsibility Communication

Air China values the communication with stakeholders. Under our efficient mechanism for stakeholder communication and feedback, we listen to the opinions and suggestions of stakeholders, including the government, shareholders, passengers, employees, and partners, via different channels, identify the feedback and expectations of stakeholders on the Company, and make targeted response to the needs of different parties.

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 Release of blue books	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 and reports on special topics Following regulatory requirements Monitoring and evaluation Participating in special training
 Investors/Shareholders	Information disclosure Shareholders' meetings Investors' meetings Official website of the Company	Realizing standardized corporate governance Protection of investors'/shareholders' interests Sustainable profitability	Improving corporate governance and internal control system Working on investor relations 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 Protecting passenger information
 Employees	Employee satisfaction surveys Internal BBS, magazines, emails, and WeChat Employee representatives' meetings Activities of the trade union Establishment of 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 Model workers' studios Cultural and sports activities Skill contests Helping employees in difficulty
 Partners/Suppliers	Daily business interactions Partners' meetings	Honesty and integrity in business operation Transparency in procurement Mutual development	Enhancing business communications and cooperation Strengthening supplier management Revising and improving procurement policy Strengthening suppliers' capability for and awareness of environmental protection
 Peers	Industry forums Industry conferences	Sustainable industry development 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	Providing anti-pandemic security Stepping up efforts in targeted poverty alleviation Engaging in public welfare and charity activities Completing important transportation tasks
 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 and regular performance reports Timely update of new developments via Weibo, WeChat and Douyin Open day

## Disclosure Principles

**Materiality:** With different forms of communication and exchanges with stakeholders and benchmarking analysis of the disclosure issues in peer companies' social responsibility reports, Air China has identified and selected the material issues of sustainable development. These issues are based on China's national conditions and policies and characteristics of the industry and business characteristics of the Company, follow regulatory requirements, including the Shanghai Stock Exchange's *Guidelines for ESG Information Disclosure of Listed Companies in Shanghai Stock Exchange* and the Stock Exchange Company's *ESG Reporting Guide*, and take into account the issues of concern of the capital market.



We sorted the material issues according to two dimensions, "importance to the Company's sustainable development" and "importance to stakeholders", and generated a matrix of material issues of Air China's social responsibility.



#### Medium materiality

- |  |  |
|--|--|
| 1 Integrating into the local community | 7 Communication with employees           |
| 2 Services for special passengers      | 8 Care policies for employees            |
| 3 ESG governance                       | 9 Work conditions and social security    |
| 4 Supporting special flight missions   | 10 Contributions to industry development |
| 5 On-time performance                  | 11 Prevention and control of pollution   |
| 6 Diversity and equality               | 12 Protection of customer privacy        |

#### High materiality

- |  |  |
|--|--|
| 13 Internationalized development       | 21 Lawful operation and compliance               |
| 14 Improvement of customer experience  | 22 Sustainable use of resources                  |
| 15 Innovation of products and services | 23 Protection of employees' rights and interests |
| 16 Internal risk control               | 24 Targeted poverty alleviation                  |
| 17 Occupational health and safety      | 25 Passenger health and safety                   |
| 18 Sustainable value chain             | 26 Flight safety                                 |
| 19 Employee training and development   | 27 Response to climate change                    |
| 20 Integrity management                |  |

**Quantitative:** Air China has developed a set of standardized management tools of ESG indicators, covering the Company's headquarters management support divisions, business management companies, branch bases, and major subsidiaries. Air China regularly collects data of key indicators of quantitative disclosure in all environmental categories and some social categories in the social responsibility report guidelines, and summarizes and discloses them at the end of each year. The calculation method and details of reference standards of the quantitative data in the environmental categories in this report can be found in chapters of the report.

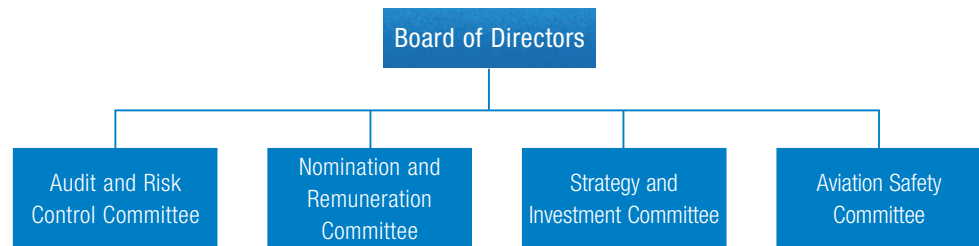
**Consistency:** This report has no major adjustments to social responsibility reports in previous years in terms of the scope of disclosure and employs consistent statistical methods for disclosure.





# Corporate Governance

Air China has improved corporate governance. We promote the construction of the compliance management system and regulate the construction of internal control systems and institutions to strengthen the Company's ability to resist risks. Each special committee of the Board of Directors of the Company exercise their power according to the respective working rules. They gain 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.



Improving operation efficiency of the Board

Air China organizes the General Meeting of Shareholders, the Board of Directors and its special committees, and the Board of Supervisors in accordance with laws and regulations, and strengthens the communication on proposals through report meetings of independent directors and board secretaries. We have improved the systems for the internal control of information disclosure and the collection of proposals for board meetings, and added 12 procedures, involving the assumption and departure of directors and supervisors and the management of web resources for corporate governance.

Deepening the theoretical exploration and practice of corporate governance

Air China conducted in-depth research and published three articles on improving the quality of listed companies and building the board of directors. We participated in the revision of the *Company Law* and provided opinions and suggestions to the Securities Regulatory Commission. In 2020, a total of 12 board reports and media releases and four director survey reports and media releases were compiled, and special corporate governance training was carried out to popularize governance concepts and promote governance culture.

Improving quality of information disclosure

Air China improved the information disclosure management mechanism with the view of ensuring equal access of all shareholders to the information of the Company and protecting the rights and interests of investors. In 2020, we successfully completed the compilation and disclosure of the regular reports and interim reports as well as shareholders' circulars in Shanghai, Hong Kong and Japan.

Enhancing investor relations

Air China participated in a number of domestic and foreign summits and investment strategy conferences, held nearly 50 one-on-one meetings and group meetings, and received more than 80 domestic and foreign institutions and companies for surveys and telephone conferences. Air China also held online annual and semi-annual performance briefings to update and answer investors' concerns in a timely manner.

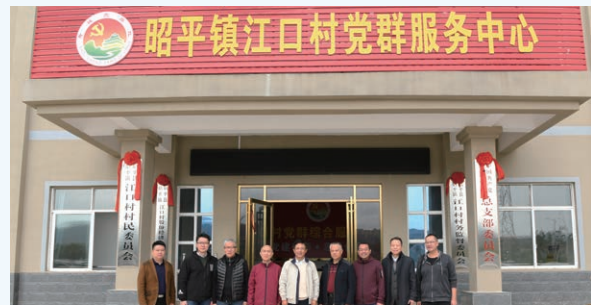


## Directors' inspection in Zhaoping County, Guangxi

From November 25 to 27, Air China's independent directors Wang Xiaokang, Duan Hongyi, and Li Dajin, went on an inspection trip to Zhaoping County, Guangxi, the Company's paired region for poverty alleviation. The inspection delegation visited the honey processing plant of the bee industry, demonstration base of ecological tea, planting base of passion fruit, and the Community Health Center in Zhaoping County to inspect the outcome of Air China's partner assistance and construction assistance projects and effectiveness of assistance. They had in-depth exchanges with local officials and held special seminars.



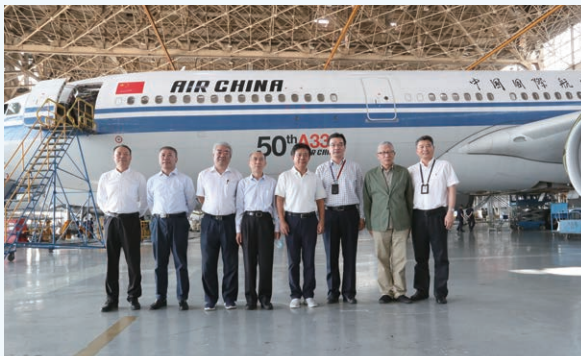
The inspection delegation at the demonstration base of ecological tea in Jiangkou Village



The inspection delegation at the Party-masses Service Center of JIANGKOU Village, Zhaoping Town

## Directors' inspection at Ameco

On September 22, independent directors Wang Xiaokang, Duan Hongyi, Li Dajin and employee director Xue Yasong traveled to Aircraft Maintenance and Engineering Corporation Limited (Ameco) for inspection. Independent director Hui Hon-chung, Stanley attended the meeting by phone. Through the inspection, the directors had a full understanding of Ameco's history, organizational structure, construction of maintenance and safety systems, market expansion and business development, and technological innovation, which was helpful for the directors in better performing their duties.



Air China's directors inspecting Ameco





2

General Meetings  
of Shareholders

7

Meetings of the  
Board of Directors

## Performance of Responsibility of Directors in 2020



8

Meetings of the Audit and  
Risk Control Committee

4

Meetings of the Nomination  
and Remuneration Committee

3

Meetings of the Strategy and  
Investment Committee

2

Meetings of the Aviation  
Safety Committee

## Governance Recognition and Awards in 2020

Top 100 Chinese Listed  
Company in 2020Golden Bee Excellent CSR Report 2020  
Evergreen Award (Two Star)CNR's 2nd selection of Listed  
Company Most Trusted by InvestorsBest New Media Operation on  
the Main BoardBest Listed Company  
Best Board Secretary of Listed Company





# Board of Directors ESG Statement

Air China's Board of Directors is the highest responsible and decision-making body for ESG affairs. It supervises affairs concerning ESG that may affect the Company's business or operation, shareholders, and other stakeholders by listening to reports by ESG implementation units at regular communication meetings to ensure the consistency between ESG concepts and corporate strategies. The Board shall be responsible for approving and confirming the results of communication with stakeholders and the identification of material issues and reviewing and approving the Company's ESG reports.

The Board has established a Corporate Social Responsibility (CSR) Leadership Panel, which is responsible for formulating CSR strategy and approving plans, and guiding the promotion and implementation of CSR work. It has also established an Office of CSR Leadership Panel, which is responsible for formulating annual CSR plans, organizing and coordinating the implementation of CSR plans and the progress of work tasks.



Based on the external macro socio-economic environment and the Company's development strategy, Air China regularly evaluates the importance of ESG issues, discusses and identifies the Company's ESG risks and opportunities, and regards the management and improvement of key issues as its annual ESG strategic work. The Board of Directors reviews and confirms the results of the materiality assessment, takes the key issues as part of the formulation of the Company's overall strategy, and supervises the management and performance of these issues.

In 2020, the Company set multiple ESG goals in greenhouse gas emissions, exhaust emissions, and work safety, and monitored them on an on-going basis. The Board of Directors regularly reviewed the progress of the goals and the implementation strategies and action plans of the annual objectives.

This report fully discloses the progress and outcome of Air China's ESG work in 2020, which was reviewed and approved by the Board of Directors on March 30, 2021.



## Guidance of Party Building

In 2020, in the face of the decisive victory of building of a moderately prosperous society, COVID-19 prevention and control, and the end of the 13th Five-Year Plan, the CPC Air China Committee thoroughly implemented the essence of General Secretary Xi Jinping's important speeches and the major decisions and arrangements of the CPC Central Committee and led and coordinated the staff to win the three tough battles in pandemic prevention and control, work safety, and operational efficiency. CPC organizations at all levels and Party members and cadres of Air China remained true to their original aspiration and kept their mission firmly in mind in the face of challenges and gave full play to their role as a battle fortress and an exemplary vanguard.

### Strengthening the leadership of the CPC Committee

The Party's strong leadership is the fundamental guarantee to deal with the risk challenge. We must give full play to the leadership of the Party Committee and strengthen its leadership responsibilities to guide the development of Air China.

First, Air China resolutely achieves "two upholds (to resolutely uphold General Secretary Xi Jinping's core position on the Party Central Committee and in the Party as a whole, and resolutely uphold the Party Central Committee's authority and its centralized, unified leadership)". Air China improved the "first agenda" system and the theoretical study system for Central Group of the Party Committee, established a pandemic briefing system, and strived to ensure that each of the CPC Central Committee's major decisions and arrangements was implemented or responded.

Second, Air China better arms itself with theory. We took studying and implementing the essence of General Secretary Xi Jinping's important instructions and the essence of the Fifth Plenary Session of the 19th CPC Central Committee as an important political

task in the near future, improved learning, education, and training systems, and promoted the study, upholding, and practice of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era.

Third, Air China upholds the leadership of the Party in every detail. Air China revised the *Rules of Procedure of the Standing Committee of the CPC Air China Committee* and clarified the pre-discussions; formulated a decision-making list of major issues, major personnel appointments and dismissals, basically clarifying the responsibility of each governance body; and further specified and institutionalized General Secretary Xi Jinping's instruction that we should adhering to the major political principle of the Party's leadership over state-owned enterprises' reform of establishing a modern corporate system.

Fourth, Air China thoroughly fulfills its primary responsibility. We formulated a responsibility list, improved the implementation mechanism, assigned

primary responsibility to different levels, and promoted fully exercising Party self-governance with rigor in an intensive manner at the primary level. We strengthened its political responsibility, attached importance to the follow-up work after the inspection, and consolidated and expanded the outcome of the inspection. We also worked tirelessly to oppose formalism, bureaucratism, hedonism, and extravagance, and carried out the campaign of "Month of Party Conduct Improvement and Integrity Promotion" to create a clean atmosphere.

Fifth, Air China assigns specific Party building responsibilities. We optimized our Party-building responsibility evaluation system, prioritized the performance of leading bodies and cadres in major challenges in evaluation, established a correct orientation, and strengthened the role of the "baton". We introduced management measures on strengthening the vertical management of the Party building work of local units and established a regional Party building pattern with clear responsibilities, distinct boundaries, and coordinated operation.

### Strengthening the organizational strength of Party organizations at the grass-root level

Primary Party organizations are the foundation of all work and fighting capacity and battle fortresses on the front line. We must highlight political functions, consolidate primary organizations and the foundation, and effectively transform organizational strength into fighting capacity.

First, Air China emphasizes initiative. We highlight stimulating the initiative, enthusiasm, and creativity of primary Party organizations and Party members. We organized a Party member commando team to the front line, steadily and orderly promoted the work of joining the Party at the front line, and called

on Party members, employees and the masses to voluntarily donate to support pandemic prevention and control.

Second, Air China emphasizes regulation. We enforced the *Regulations on the Work of the CPC Primary Organizations in State-owned Enterprises* and the *Regulations on the Election of CPC Primary Organizations*, organized surveys on primary Party officials, carried out special inspections on the recruitment of Party members, and launched an information system for Party building in central enterprises. We also encouraged Party organizations

at all levels to make up for their shortcomings.

Third, Air China emphasizes cohesion. We cared about its employees and allocated special funds to support primary Party organizations to prevent and control the pandemic. We stimulated the vitality of young people and organized a youth commando team for volunteer services based on the service needs, giving full play to the positive role of Air China's youth. We put efforts in the united front, improved the system and mechanism of the united front work, and extensively gathered forces from different sectors.





## Strengthening the support of cadres

Air China earnestly practices the Party's organizational line in the new era and improved the systems and mechanisms for Party cadres and talents. We have formed a loyal, clean, and responsible team of high-caliber and professional cadres for the needs of business development and cultivated high-caliber talents with both ability and political integrity to support high-quality development.

First, Air China strictly selects and appoints cadres. We improved its management system and built a "1+N" system framework around the reform of promotion, entry and exit, and salary adjustment: horizontally, focusing on the five systems for cadre management and improving management methods; vertically, completing the filing of cadre management

policies and improving the differentiation tiered and categorized management system.

Second, Air China selects the best cadres for the leading group. We strengthened the overall planning for the construction of the cadre team and improved the working mechanism. Through special seminars, we clarified the status of the second and third-level leading bodies and young cadres, established the principles for the use of young cadres, and optimized the team structure and age mix to enhance work synergy.

Third, Air China strictly supervises cadres. We promoted normalized supervision, improved the four joint mechanisms for information inspection, and carried out thorough investigation. We practiced "managing vital roles, key segments, milestones, and

critical moments".

Fourth, Air China attaches great importance to the construction of a talent team. We strengthened the top design and further opened up channels for talent development. We stimulated the vitality of talents, strengthened the construction of internal talent exchange platforms, significantly expanded the scope, depth, and breadth of talent exchanges, greatly improving the quality of exchange. We made scientific and accurate plans for the allocation of human resources, revitalized internal stocks of human resources, and enhanced the efficiency of human resources. During the pandemic, Air China innovatively established a "shared employees" management model to strengthen its support for pandemic prevention and control.

## Strengthening the cohesion force of Party members, cadres, and employees

Our greatest confidence in overcoming all risks and challenges lies in uniting cadres and employees to strive together. We must earnestly implement the mission of publicity and ideological work under the new situation and gather strong energy to overcome difficulties.

First, ideological guidance. Air China strictly enforced the ideological accountability system and earnestly carried out the work of publicity and public opinions on pandemic prevention and control. We worked on the key point of the publicity and ideological work of the year, highlighted positive publicity, and built a strong main position for publicity and ideological work.

Second, increasing cohesion. Air China put efforts in ideological and political work, focused on winning

the three tough battles in pandemic prevention and control, safety, and operational efficiency, and promptly started situation publicity and ideological mobilization, guiding employees to advance and solve problems together with the Company. We strengthened the publicity of models and showed the spirit of Air China staff members in fighting the pandemic and rising to challenges, condensing strong positive energy to overcome difficulties together.

Third, cultural promotion. Air China strengthened its overall planning and strength integration for corporate culture and brand development. We strengthened the construction of our cultural communication platform and promoted the deep

"immersion" of culture through the extensive participation of employees.

Fourth, image building. Air China focused on preventing the coronavirus from re-entering the country and undertook major transportation support tasks and poverty alleviation in targeted areas. Under heated themes such as "domestic-made aircraft carrying the national flag to the blue sky" and "the coating, first flight, linked flight of the Winter Olympic Snow Flight", we organized and planned a number of promotion campaigns and launched heart-touching works such as *Warm Broadcast from the Captain* and *The Flight to Spring*, effectively enhancing the corporate brand image.

## Strengthening Execution

In the face of risks and challenges, Air China remained stable, overcome the impact of the pandemic, and steadily promoted the completion of all tasks with high quality as scheduled.

First, sparing no efforts in the fight against poverty. Air China implemented the "four remainings (responsibility, policies, assistance teams, and oversight remaining in areas out of poverty)" and focused on poverty alleviation in targeted areas

without reducing its efforts and responsibilities. All counties and villages paired with Air China have been officially lifted out of poverty.

Second, making solid support for the preparations for the Winter Olympics. Air China strengthened the organization and leadership in the transportation support for the Winter Olympics and completed several important transportation support tasks, which was highly recognized by the Winter Olympics

Organizing Committee, the Beijing Municipal Government, and its service objects.

Third, firmly implementing the requirements of the central inspection and rectification. Air China implemented rectification and reforms with high responsibility and pragmatic and effective measures and put efforts in the follow-up work after the central inspection.



## General Risk Control

In 2020, the COVID-19 pandemic had an impact on the upstream and downstream industries related to the aviation industry and brought tremendous pressure on risk prevention and control. Air China accelerated the construction of its risk prevention, control, and monitor system. We revised our reporting mechanism for major business risk events and urges all of our investment companies to detail their risk level standards and major risk event reporting systems. We also applied information technology to launch and test-run a unified management platform for internal control manuals to manage internal control manuals in a centralized manner and maintain the standardization and effectiveness of versions of the Company's internal control manuals. By continuously improving the ability to prevent and resolve major risks, Air China promoted steady operation and sustainable development.

## Anti-corruption and Business Ethics

Air China strictly abides by national laws and regulations. We have formulated several internal rules and regulations, including the *Measures for Supervision and Discipline*, *Guidelines for Risk Prevention and Control Regarding Corruption*, and *Opinion in respect of Strengthening the Daily Supervision of the Inspection and Supervision Institutions of Discipline*. We have also strengthened the construction of institutions to make sure officials don't dare to, are unable to, and have no desire to commit corruption, and established a comprehensive supervision system to ensure that the Company's operation is clean and efficient. In 2020, Air China was not involved in any corruption lawsuits.



- In September, five activities under the theme of "Month of Party Conduct Improvement and Integrity Promotion" were launched, including an online quiz on Party disciplines and regulations.
- In 2020, 1,755 activities for Party conduct improvement and integrity promotion were held, covering 83,295 participants.
- The WeChat official account of "Clean Air China" was put into use and an online quiz on Party disciplines and regulations was carried out to all Party members at the Company.
- In the "Clean Air China" micro-video contest, 76 works were submitted, among which 29 were selected as excellent works.

Integrity Promotion Campaigns of Air China in 2020



## Management of Intellectual Property

Air China implements the *Guiding Opinions on Advancing the High-quality Development of the Intellectual Property Work of Central Enterprises* issued by the SASAC. We enhance its independent innovation capabilities, strengthen internal intellectual property management, and respect external intellectual property rights. In 2020, the Company provided a whole-process protection and support of intellectual property for the digital transformation innovation laboratory.



### Numbers of Intellectual Property

Registered trademarks at home and abroad

over **2,750**

Registered patents at home and abroad

over **310**

## Corporate Culture

In 2020, in terms of corporate culture, Air China worked under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics in the New Era and the essence of the 19th National Congress of the CPC, thoroughly practiced the core socialist values, and carried out cultural communication during the pandemic via multiple channels and in multiple forms, focusing on epidemic prevention and control. We carried out a cultural communication activity themed by "Fulfilling Responsibilities, Working Whole-heartedly, and Building a Better Future", which presented from different angles the Company's performance of responsibility in resolutely implementing the national strategy, steadily forging ahead in the three critical battles against potential risk, poverty, and pollution, and winning the "three tough battles". Air China's corporate culture work gave full play to the leading role of culture, highlighting "cultural progress" and "responsibility fulfillment", to provide ideological motivation for the Company's overall development and strategic advancement.



The anti-pandemic exhibition at Air China's exhibition hall



# Fighting Against COVID-19



## Milestones of Air China in the Fight Against COVID-19

January 22

The Air China Pandemic Prevention and Control Leading Group was established, with the primary responsible comrade of the Party Committee as the group leader.

January 25

Air China undertook the charter mission of the National Health Commission to send the first Sichuan medical team from Chengdu to Wuhan.

January 26

Air China undertook the charter mission of the National Health Commission and sent the first Beijing medical team from Beijing in two planes and the first Tianjin medical team from Tianjin in one plane to Wuhan.

February 5

Air China chartered flight CA081 traveled from Beijing to Osaka, Japan, to pick up 223 Hubei passengers stranded there back to Wuhan.

February 7

Air China took the lead in launching the "freighter" operation mode, using passenger planes to perform cargo flights to ensure the smooth flow of international cargo and the continuous flow of the supply chain, providing strong support for the smooth operation of the international logistics chain.

October 23

The Passenger Service Center of the Ground Services Department and three other units of Air China and Ge Peng from the Information Management Department, Lu Yan from Ameco, and seven others at Air China were awarded the honorary titles of exemplary teams and exemplary individuals in the national transportation system in the fight against the COVID-19 pandemic.

October 22

Air China Hubei Branch was awarded the national exemplary team, and four employees, namely, Chen Hongbing from the Commercial Committee, Cheng Xu from the Ground Services Department, Ren Honghong from the Logistics and Support Department, and Wang Yandong from the Air Marshall Department, were awarded the national exemplary individuals in SOE's fight against COVID-19 by the state-owned Assets Supervision and Administration Commission.

September 8

A national conference was held in the Great Hall of the People in Beijing to honor fighters against the COVID-19 pandemic. The Flight Crew Department of Air China was awarded the national exemplary team in fighting COVID-19, and chief purser Liu Tingting was awarded the national exemplary individual in fighting COVID-19.

September 3

Air China Flight CA746 arrived in Beijing from Phnom Penh, Cambodia, marking the official resumption of international direct passenger flights of Beijing.



Facing the difficulties and challenges brought by the COVID-19 pandemic, Air China resolutely implemented the essence of General Secretary Xi Jinping's important speeches on coordinating regular pandemic prevention and control and economic and social development and promoting the resumption of work and production, as well as the decisions and arrangements of the CPC Central Committee and the requirements of governing agencies. We coordinated and won the three tough battles in pandemic prevention and control, safety, and operational efficiency, strictly managed production organization, and strengthened the control over key links. Air China's employees were fearless of hardships and faced out the difficulties. They loyally fulfilled the political responsibility and social mission of the flag carrier.

February 7

Air China sent charter flights CA041 and CA045 to Wuhan with 668 medical workers and 28 tons of anti-epidemic supplies. Among Air China's charter flight missions in the fight against the pandemic, this was the largest number of people transported in a single batch.

February 26

Air China provided customized aviation services of charter flights for work resumption. Its flight CA4011 transported 124 returning workers from an engineering and technology company in the Tibet Autonomous Region from Chengdu to Qamdo Bangda Airport.

February 28

The Chengdu-Frankfurt CA431 flight flew directly to Europe from Shuangliu International Airport. This was the first intercontinental route resumed in Southwestern China under the influence of the pandemic.

March 31

As of that day, Air China had performed 31 charter flights for medical teams departing from Hubei and transported more than 3,500 medical workers to Sichuan, Inner Mongolia, Jiangsu, Shandong, Liaoning, Beijing, and other provinces and cities.

May 11

Air China issued the *Work Plan and Contingency Plan of Air China Group for Pandemic Prevention and Control in Air Transportation during the "Two Sessions"* and established a leading group for pandemic prevention and control in air transportation during the "Two Sessions".

April 17

Air China completed the Flight CA910 Moscow-Beijing mission, which was the first flight to implement nucleic acid testing for passengers before boarding.

April 15

Air China dispatched Flight CA042 to pick up the last batch of 185 national aid medical team for Hubei from Wuhan to Beijing.

April 8

Flight CA8221 carried 105 passengers from Wuhan, Hubei to Chengdu, Sichuan, marking the official resumption of Air China's passenger routes in Wuhan after the city was locked down for 76 days.

## Organizational Leadership in the Fight Against COVID-19

On January 22, Air China established a leading group for pandemic prevention and control, chaired by the primarily responsible comrade of the Party committee and set up a comprehensive leading mechanism for pandemic prevention and control. As the situation of the pandemic changed, we set up eight special working groups, covering production and operation, marketing, capital guarantee, internal prevention and control, comprehensive contingency response, public opinion, overseas pandemic, and international cooperation. Air China won the air-ground coordinated fight against the pandemic with its swift response and the standard of “top priority with no bargaining”.



### Party members being vanguards and role models

The Air China Party Committee gave full play to the role of Party cadres, organizations, and teams. 45 employees joined the Party at the front line and 205 Party member commandos and 141 youth commandos were formed, providing a strong support for pandemic prevention and control.



## Global Anti-pandemic Action

In the face of the pandemic, Air China kept the aviation mission in mind and insisted on the priority of life, the people, and the country. We worked hard to prevent the coronavirus from spreading within the city/region or beyond and made contributions to ensuring safety, supporting the fight against the pandemic, protecting our compatriots, stabilizing supply, and helping production resume.

Since the outbreak of the pandemic, Air China took the initiative to take responsibility and action. For major transportation tasks, Air China provided the guarantee of “top priority with no bargaining” and safely pickup up nearly 10,000 Chinese compatriots from Japan, Italy, and other places.



216

charter flights for anti-pandemic transportation

1,403 tons

of anti-pandemic supplies



31,000

people transported

Over

40

flights for evacuation of overseas Chinese



## Racing against time to transport anti-pandemic workers and supplies

On January 25, the first day of the Lunar New Year, Air China's first chartered flight carrying Sichuan's first medical team of 138 medical workers and more than 500 pieces of medical supplies left Shuangliu Airport, Chengdu, for Wuhan, which marked a quick start of Air China's fight against pandemic.



On January 26, Air China undertook Flights CA043 and CA041 to transport Beijing first medical team and first batch of medical supplies to Wuhan.



Shenzhen Airlines, Inner Mongolia Company, and Shandong Airlines undertook charter flights to transport medical teams from Jiangsu, Inner Mongolia, and Shandong to Wuhan for medical aid.



## “Linked flight” guaranteeing operation of international air routes

For the normal personnel exchanges between China and the US, Air China began operating the Beijing-Los Angeles-San Francisco and Beijing-New York-Washington air routes on February 11 and 12, respectively. It was one of the measures taken by Air China to cope with huge market pressures while resolutely fulfilling its political and social responsibilities at a time when foreign airlines suspended the operation of routes to China.



## Escorting the joint working group to the UK

At 11:26 am on March 28, Air China Flight CA085 carrying 15 members of the Joint Working Group of Shandong Province to the UK from Jinan Yaoqiang Airport arrived at London Heathrow Airport. Besides the members of the working group, this flight also carried 17.5 tons of anti-pandemic supplies.



## Anti-pandemic action by overseas staff members of Air China

Air China notified its overseas branches to give priority to transporting anti-epidemic supplies to the motherland, including donated masks, protective garments, and other medical and anti-epidemic supplies. Once the notice was issued, it received the response and full support of overseas regional sales offices and terminals. Overseas business offices and terminals of Air China in Paris and other places actively provided free transportation services for donated anti-epidemic supplies.



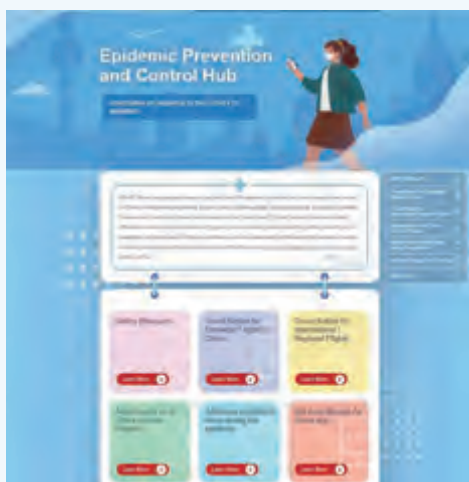
## The operation mode of “preighter”

To meet the air cargo demand during the pandemic and guarantee the smoothness and stability of the global supply chain, Air China made full use of its passenger aircraft resources and advantageous flight network and took the lead in launching the “preighter” operation mode, using passenger aircraft to undertake cargo flights.

To safeguard the travel experience and the basic rights and interests of passengers during the pandemic, Air China improved its services based on passengers' needs. We comprehensively upgraded the online information display, cancellation and rescheduling services, in-flight supplies, and meal preparing, committed to creating an air journey that allowed passengers to rest assured.

## Information update on the official website

Air China set up a "special section on pandemic prevention and control" on its official website and APP to publicize the effective measures taken by Air China for passengers under regular pandemic prevention and control. The section included six parts, namely, safeguard measures, travel instructions for domestic flights in China, travel instructions for international/regional flights, adjustments to Air China's service policies, instructions for carrying pandemic prevention and control items onboard, and introduction to auxiliary functions of Air China APP.



## Upgrades for the cancellation and rescheduling services during the pandemic

Air China attached great importance to the healthy travel of passengers, strictly enforced pandemic prevention and control policies such as reducing the flow of people, and earnestly implemented pandemic prevention and control instructions throughout the entire service process to ensure passengers' safe travel. Based on the actual needs of pandemic prevention and control, we adjusted the rules for cancellation and rescheduling of passenger tickets in a timely manner, with a total refund of RMB15.9 billion.



## New functions for international ticket booking/rescheduling

Faced with the ever-changing international developments of the pandemic, the introduction of the "Five Ones" policy (each country to send one flight per airline per week into its borders), and major changes in international flight operation, Air China strictly implemented the requirements of the *Notice of the Civil Aviation Administration on Further Clarifying International Air Ticket Sales during the Pandemic* and adjusted its international ticketing.

On April 27, Air China launched international ticket booking, rescheduling and waitlist functions on its APP. After the passengers filled in their travel needs, the APP system would automatically sort them out and arrange seats for them, better meeting their travel needs.





## Advancing Stability on the Six Fronts and Security in the Six Areas

Air China thoroughly implemented the requirements of the CPC Central Committee and the State Council on advancing stability on the six fronts (employment, the financial sector, foreign trade, foreign and domestic investments, and expectations) and security in the six areas (employment, basic living needs, operations of market entities, food and energy security, stable industrial and supply chains, and the normal functioning of primary-level governments). We scientifically studied and judged industry trends, turned pressure into motivation, and made solid progress in resuming work and production, stabilizing jobs, and expanding employment, which reflected our mission of sharing burdens for the Party and fulfillment of responsibilities for the country.



### Keeping employment stable

Air China actively responded to the SASAC's special action of "stabilizing employment and creating more jobs against the pandemic". Besides stabilizing in-position employees, it focused on ensuring the recruitment of key groups, including college graduates, migrant workers, and labor from poor areas.

Air China participated in the "Employment in Spring" campaign and continued to organize special job fairs in the paired assistance areas to effectively solve employment problems for laborers in poverty-stricken areas.





## Resumption of work and production

Air China actively promoted the resumption of work and production of its subsidiaries. Relying on our airline network, efforts were made to ensure the smooth flow of logistics and people. During the pandemic, Air China as an "escort team" undertook a total of **154** flights for resumption of work and production and reopen of schools and transported a total of **18,000** passengers for enterprises, institutions, and schools.

### Customized flights supporting resumption of work and production

On June 6, 78 technical experts of China Metallurgical Group took an Air China CA553 charter flight from Shuangliu International Airport, Chengdu, to Karachi, Pakistan. This was the first international passenger charter flight for resumption of work and production from Chengdu.



## Anti-pandemic Care for Employees

Air China took a variety of measures to help prevent and control the pandemic within the Company, protected the health and safety of employees, and provided anti-pandemic care for employees. We provided extensive care for employees, held online classes on pandemic prevention and control and emotional management, and provided regular online video consultation services to protect employees' mental health.



In 2020

47

online and offline one-on-one  
consultation held by the Company

78

online thematic classes

32,342 116

participants

group tutoring sessions for general  
staff and air crew in quarantine areas

Air China allocated special funds for the fight against the pandemic to provide support for employees to return to work.

01

Air China allocated special funds of RMB **9.58** million for pandemic prevention and control with preference for key areas and key positions.

02

Air China allocated a special subsidy of RMB **14.5** million for pandemic prevention and control to primary units and temporary relief and subsidy to employees in difficulties.

03

Air China purchased employer liability insurance for COVID-19 for all employees and provided timely anti-pandemic supplies.







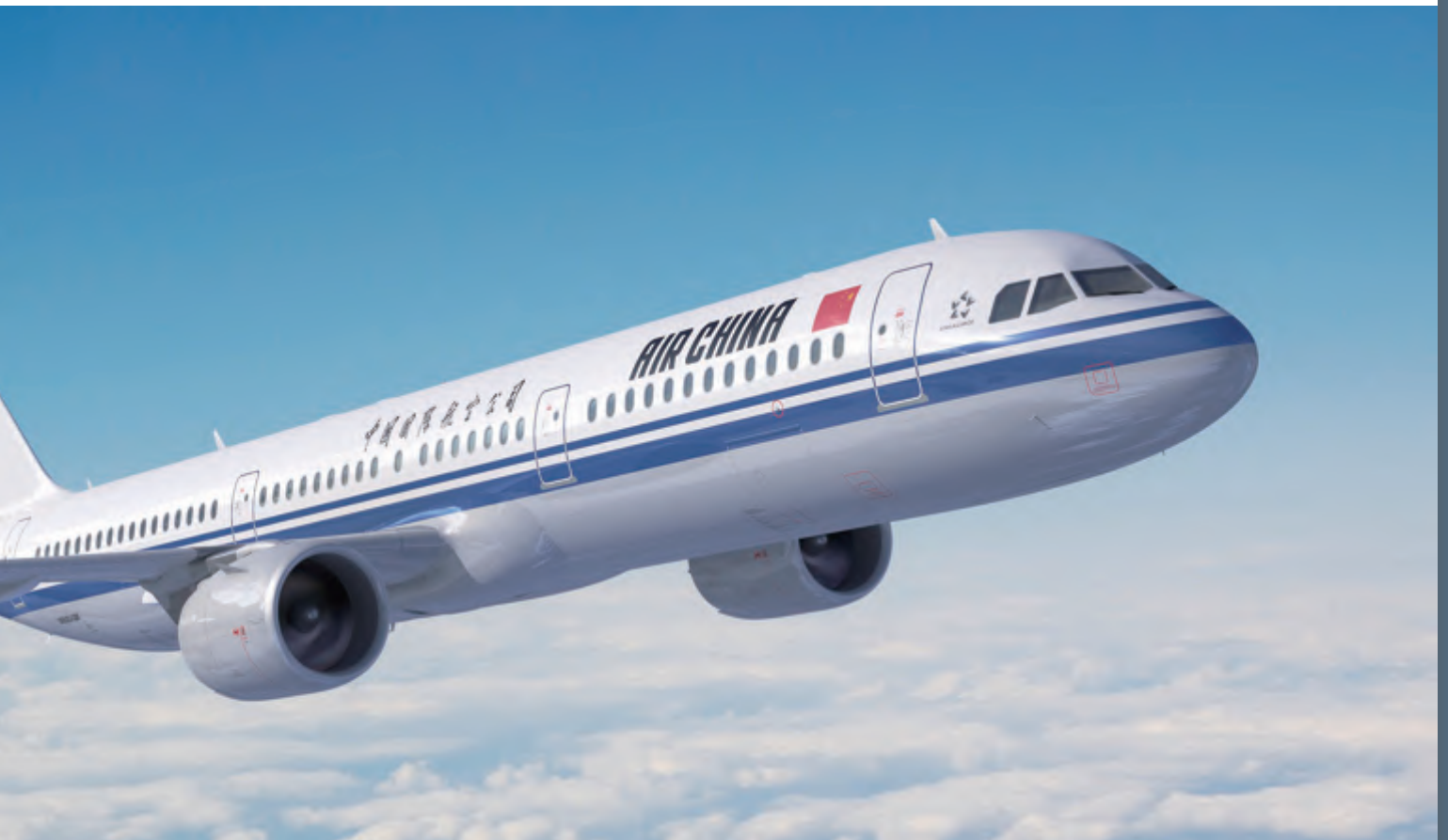
During the fight against  
the pandemic

RMB **500** million

was invested in pandemic prevention  
and control

**172,000**

nucleic tests were performed



## Air China' Contribution to the Fight Against COVID-19

Air China donated RMB **10** million in cash to Wuhan and reduced or exempted **149** small, medium, and micro enterprises in rent by about RMB **20** million. Air China employees donated about RMB **5.74** million.

Air China's Flight Crew Department was awarded the national exemplary team in fighting COVID-19, and chief purser Liu Tingting was awarded the national exemplary individual in fighting COVID-19. **7** departments or subsidiaries and **17** employees of Air China were commended by the SASAC and the transportation system.

The air crew of Air China showed the spirit of dedication.  
More than **98,000** (including **68,000** pilots) person-times went through quarantine and medical observation, with an average quarantine count of **2.6** times and lasting period of more than **36** days. The number of days of quarantine per capita in the Wide-body Plane Division of the Flight Crew Department was more than **100** days.



# Winning the Battle for Poverty Alleviation

In 2020, Air China thoroughly implemented the essence of General Secretary Xi Jinping's important instructions on winning the battle against poverty and closely followed the goals and tasks in the final and the toughest stage of the battle. We gave full play to our expertise and deepened the "Aviation + Poverty Alleviation: 8+2" model in assisting the targeted areas to win the battle against poverty. With the joint efforts of Air China and the local people, Sonid Right Banner and Zhaoping County were lifted from poverty as scheduled. In the performance

evaluation of targeted poverty alleviation, CNAHC was ranked "good", the highest rank, for three consecutive years. The "Aviation + Poverty Alleviation: 8+2" model of CNAHC was selected as one of the "Top 50 Integrated Cases of Targeted Poverty Alleviation by Enterprises" by the former Poverty Alleviation Office of the State Council. The Poverty Alleviation Office of CNAHC won the title of "National Exemplary Team for Poverty Alleviation".

RMB **40.03** million

invested in assistance programs for the targeted areas in 2020

RMB **10.36** million

raised for assistance programs

**814**

primary cadres trained

**4,076**

technicians trained

RMB **56.28** million

of farm and pasture products from the targeted areas purchased by Air China

RMB **10.73** million

of farm and pasture products from the targeted areas sold under assistance

## Leadership to Reach a Consensus

In 2020, Air China set the work requirements of "remaining the intensity, standards, momentum, and teams". Executives of the Company set an example took the lead to build consensus and implement tasks.



**2**

meetings of the leading group on poverty alleviation held



**6**

trips of inspection and supervision to the targeted areas



**15**

exchange meetings and conference calls with key leaders of the targeted areas



Chairman Song Zhiyong talking to shepherds in Sonid Right Banner



## Regulations and Institutions for Long-lasting Effects

Air China improved the systems, regulations, and management concerning poverty alleviation. We formulated and issued the *Promotion Plan for the "8+2" Key Projects for Targeted Poverty Alleviation in 2020* and the *Management Measures for the Targeted Poverty Alleviation Projects* and revised the *Regulations on Procurement of Special Farm and Pasture Products from Targeted Areas for Assistance*, further strengthening the management of the poverty alleviation process.

In September 2020, Air China launched a special audit and supervision, focusing on poverty alleviation funds and project management and the evaluation of the outcomes of the poverty alleviation projects. The purpose of this action was to urge the targeted areas to implement the main responsibility for poverty alleviation and support the poverty alleviation.

## Multiple Measures Designed for Practical Targets

### Assisting infrastructure projects for poverty alleviation

In 2020, Air China helped shore up the weak spots in people's livelihood. In Sunit Right Banner, Air China supported projects such as safe drinking water, improving the living conditions in farming and pastoral areas, and enhancing the diagnosis and treatment capabilities of community health centers. In Jiangkou Village, Zhaoping County, Air China carried out infrastructure construction projects, including village road hardening, street lighting, safe drinking water, canal renovation, and construction of public cultural facilities, promoting the improvement of the living conditions in rural areas.



The Red Cross Community Health Center donated by Air China



The storage pit donated by Air China

## Deepening the “aviation +” model for poverty alleviation

### Building an air bridge

On July 10, 2020, Air China's newly introduced passenger aircraft ARJ21-700 flew from Beijing to Xilinhot, increasing the density of Xilinhot's flights. By building an air bridge, we provided important traffic guarantee for tourism in Sonid Right Banner, Xilingol League.



Passenger Plane ARJ21-700 undertaking the Beijing-Xilinhot route for the first time

### Extensive communication and promotion

Air China leveraged in-flight magazines and videos, terminal lounges, hotel front desks, WeChat official accounts, Douyin, and other channels to set up poverty alleviation sections, and play relevant programs. We also organized media groups for special reports in the targeted areas, which greatly increased the popularity and reputation of these areas.



Zhaoping specialties shared at Air China Sharing Event



## Focusing on industry development

In 2020, to build pillar industries with local features, Air China built a core breeding farm for Sonid sheep and a camel farm in Sonid Right Banner, and a fully-automated tea production and processing plant in Zhaoping County. In May 2020, the Jiangkou Villagers' Cooperative was rated as one of the first batch of demonstration rural collective economic organizations in Guangxi Zhuang Autonomous Region for its outstanding economic performance and prominent demonstration effects. The former "hollow village" became a well-known "demonstration village".



Tea plantations in Zhaoping, Guangxi



The core breeding farm for Sonid sheep

## Intensifying poverty relief through consumption

Air China insisted on purchasing instead of donations and cash assistance. Relying on the Company's labor union, e-commerce platform, and airline catering, Air China called on employees to purchase, driven customers to source, and promoted the products among passengers, and assisted the two places in building and promoting local self-operated e-commerce platforms, such as Zhaoping Premium and Sonid Premium. We also launched Youth Air China, an innovative form of live broadcasting sales for poverty alleviation, on Douyin, with a special live broadcasting event of "I Have a Sheep in the Grassland".

## Exploring ecosystem services for poverty alleviation Focusing on green poverty relief

Air China joined hands with China Environmental Protection Foundation and Chinese Academy of Forestry to trial buffalograss in Sonid Right Banner, solving the problem of grassland degradation with technology and filling the technical gap in China's buffalograss breeding. This increased the income of farmers and promoted the deeper integration of the ecological chain, industrial chain, and value chain.



Air China exploring ecosystem services for poverty alleviation





## Stimulating internal momentum for poverty alleviation

Air China boosted the mutual promotion of Party building at the primary level and poverty alleviation. In Sonid Right Banner, Air China teamed up with ulaan mochir, the "red art pioneers" on the grassland, providing necessary musical instruments and costumes for them, to support them in creating more and better works so as to satisfy the diverse cultural needs of farmers and herdsmen. In Jiangkou Village, Zhaoping, Air China assisted in the construction of a Party-masses service center and provided necessary support for village-level organizations to unite the masses.



An art gala for poverty alleviation

Air China held a variety of training sessions and organized and operated training programs for enterprises in the targeted areas, including management training, e-commerce skills, husbandry planting and breeding techniques, and vocational skills.



Tourism professionals from Zhaoping County taking the hotel management training session organized by Air China

Air China carried out a diversity of volunteer teaching programs for poverty alleviation. We extended the permanent resident volunteer teaching model and selected seven outstanding young volunteers for long-term volunteer teaching in Jiangkou Village, Zhaoping. Focusing on aesthetic education, we established the Children's Choir at Jiangkou Primary School in Zhaoping County and helped to train many core music teachers in the local area. We also actively introduced assistance partners to deliver online classes and offer scholarship to children in the region, so as to gather poverty alleviation efforts.



Feng Gang, Director of the board and Deputy Secretary of the Party Committee of Air China, presenting the ceremony for the Children's Choir



The Children's Choir from Zhaoping invited to CCTV for the recording of a special show

# SAFETY

## BUILDING ON THE FOUNDATION FOR DEVELOPMENT

- "Safety first" is the foundation on which an aviation enterprise is established. "Establishing the concept of safe development to ensure continuous safety" has been set as Air China's first goal of the "five big issues for the next five years". In the face of the difficulties and challenges brought by the COVID-19 pandemic, Air China always strictly abides by the relevant national laws and regulations, with an aim to protect 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.



- **Supporting the UN 2030 Sustainable Development Goals**











## Consolidating Safety Management

Adhering to the concept of safe development, Air China strictly abides by relevant national laws and regulations and the *Rules on the Examination and Approval of the Operation Certification of Large Aircraft Public Air Transportation Carriers* (CCAR 121). We have 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-driven and risk-oriented with performance being the standard of assessment to improve the ability in risk management and control. In 2020, there were no accountable incidents of air transportation due to the liability of Air China, which maintained a leading safety performance.

### Fulfilling the primary responsibility of safety

- Improving the work safety accountability system and detailing the investigation for safety accountability
- Clarifying the responsibilities of directors at different levels

### Fulfilling the safety performance targets

- Assigning the safety performance targets of the Company to subsidiaries and to specific positions
- Clarifying the responsible persons, scope of responsibility, and evaluation criterion

## 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 to regularly assess key risks and sources of material risk.

**01** The database for sources of risk in flight, maintenance, and operation control systems was completed; the overall risk index fell by 22.6% from the year before.

**02** A three-level risk management and control mechanism of “Air China-Department-Front Line” was formed.

**03** Air China collected and processed different types of safety information and issued risk warnings for important hazards in a timely manner.

**04** Air China upgraded Analysis Ground Station system to improve the timeliness and accuracy of data monitoring.



## Enhancing emergency response

To thoroughly implement the *Civil Aviation Law of the People's Republic of China*, *Emergency Response Law of the People's Republic of China*, and *Work Safety Law of the People's Republic of China*, carry out General Secretary Xi Jinping's important instruction on emergency management, and promote high-quality development of emergency management, Air China has improved the emergency management system, comprehensively enhanced the emergency management capabilities, improved the emergency command system, and promoted the construction of emergency mechanisms. We upgraded our emergency management system and improved our emergency response capabilities. We have also strengthened the publicity of emergency management and innovatively promoted safety publicity and education.

01

- Continuing to revise and improve emergency plans and checklists

02

- Building stronger emergency response teams

03

- Carrying out targeted emergency training activities and emergency drills

04

- Improving emergency management information collection and the emergency information reporting mechanism

### Emergency drills

According to the *Emergency Handling Manual* and the *requirements of the Work Safety Month 2020*, the Operation Control Center of Air China organized the Company's operation support units to carry out the emergency drill of the year of 2020 in the Beijing Operation Control Emergency Command Center on June 29. The center raised practical and feasible improvement measures for the problems that arose in the drill, laying the foundation for improvement of emergency management and the Company's emergency response capability.



Emergency drill in the Beijing Operation Control Emergency Command Center

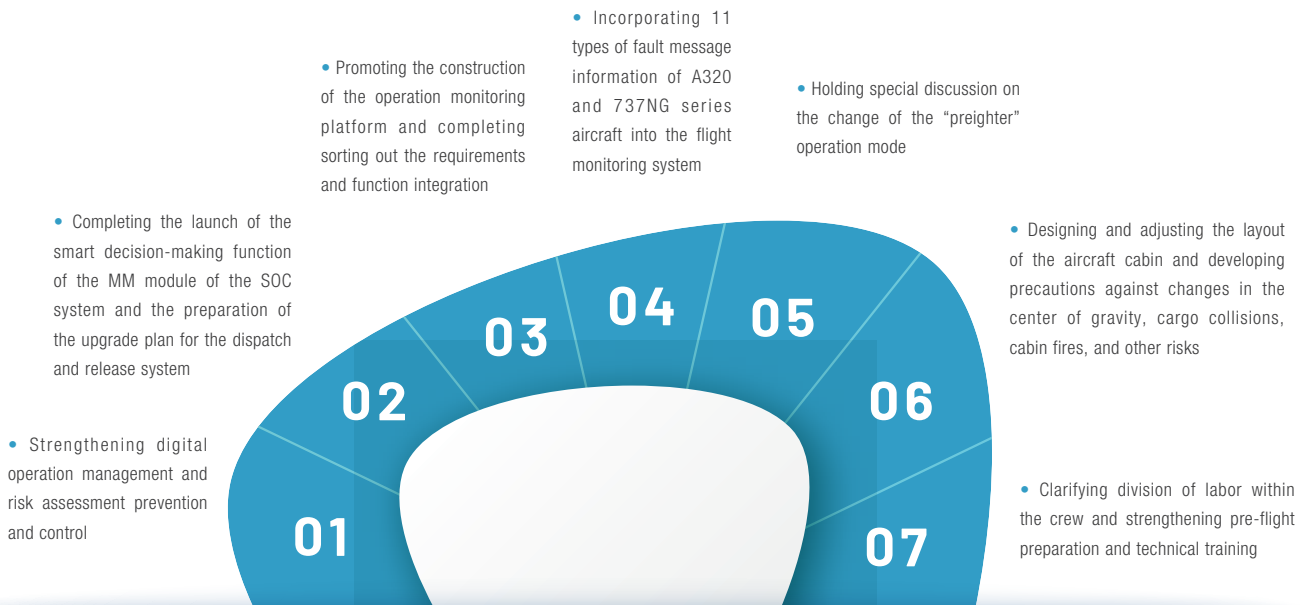
## Strengthening regular management

For the daily operation process, Air China has established daily and weekly reporting systems to keep abreast of the Company's safety dynamics in a timely manner. The Aviation Safety Committee held a meeting every month, where it arranged targeted safety tasks in a timely manner based on the safety operation of the Company and its units and the current characteristics of the safety issue of the industry, to continuously improve and enhance safety management capabilities.



# Guaranteeing Safe Operation

## Operation management



## Management of flight training

- 01 • Carrying out special training to consolidate captains' skill proficiency, summarizing the frequent unsafe incidents of key aircraft, and carrying out technical investigation and reassessment based on captains' refreshment
- 02 • Strengthening the construction of the flight inspector and instructor team and improving the construction of the full-time simulator instructor and ground instructor team by setting the position of technical pilot and the optimization of management functions
- 03 • Promoting the construction and application of the pilot qualification system and carrying out targeted training based on evaluation data
- 04 • Based on the characteristics of the flight season, sorting out the risks of the season and carrying out seasonal study and examination





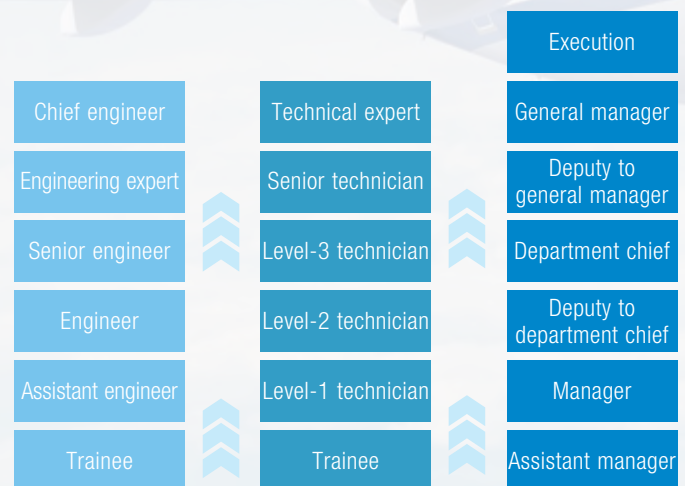
## Maintenance

Air China promoted consistent standards and processes for maintenance. We leveraged information construction to improve management and reduce maintenance errors. We also launched Q-smart, a digital system for safety and quality management, officially starting intelligent and modular management.



2020, Ameco ranking seventh among the top ten suppliers of airframe maintenance and repair

Focusing on employee development, the maintenance section set positions of engineer, technician, and management and conducted comprehensive inspection and training in performance, achievement motivation, management potential, and language proficiency.



Engineer

Technician

Management



## Fleet management

Safe operation in 2020

Safe flight hours

Accountable incidents of air transportation due to the liability of Air China

1.55 million hours

0

The Company ensured the safe operation of the new models. With solid preparations for the introduction of ARJ21, we formulated special measures to strictly control operational risks. In 2020, three ARJ21 planes joined our fleet and flew for 1,198 hours safely.



## Promoting the Safety Culture

Enhancing promotion of the safety culture

Air China strengthened the promotion of the safety culture based on positive cases. In regular safety education, professional training, and vocational skill competitions, Air China guided employees to form correct safety awareness and behaviors and created a positive safety culture and working atmosphere.

Air China carried out a three-month special rectification program promoting better working style. It also organized a learning session themed by "Respect for Life, Regulations, and Responsibility".



- Organizing various kinds of events, such as skills competition and themed writing contests, to consolidate and enhance employees' safety awareness

- Posting stories of exemplary employees on media to promote and practice the spirit of civil aviation in the new era

- Promoting civil aviation safety and culture to the public through channels, such as Air China's APP, official Weibo and WeChat account, and the activity on the National Safety Consultation Day





## Air China Vocational Skills Competition

In November 2020, the 17th Staff Position (Civil Aviation Pilots) Vocational Skills Competition was held. Under the theme of "improving flying skills and building a solid foundation for safety", the competition aimed at improving pilots' professional skills and all-round quality. More than 6,000 pilots participated in the training and learning sessions of this competition. In the end, two won the title of "National Civil Aviation Technical Expert" and ten won the title of "CNAHC Technical Expert".



Staff Position (Civil Aviation Pilots) Vocational Skills Competition

### Total qualification training hours (divided by specialty) Person-hour



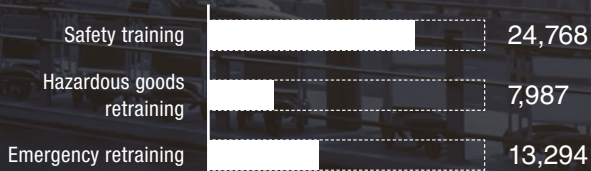
### Pilot Person-time



Training for employees to maintain specific qualifications\*

RMB **230** million

### Attendant Person-time



### Ground worker Person-time



During the pandemic, Air China developed and produced 119 online courses for qualification training and carried out theoretical training in the forms of online learning and livestreaming instruction.

\* Note: Employees' specific qualifications refer to the qualifications of pilot, flight attendant, ground worker, and dispatcher.



# 📍 SERVICE

## A HEARTWARMING JOURNEY

- Air China remains true to its original aspiration, keeps the concept of sincere service firmly in mind, benchmarks international peers, and puts efforts into innovation. We are committed to improving world-class service and passenger experience in the entire process, so as to create a warm journey of "Credibility, Convenience, Comfort, Choice" for every passenger.



- Supporting the UN 2030 Sustainable Development Goals







# Service Quality Management

To standardize passenger service management and improve service quality on the basis of punctuality of flights, Air China has developed its service management system. In 2020, in accordance with the *Guiding Opinions of the State Council on Launching Quality Improvement Actions* and the *Implementation Opinions on Central Enterprises Launching Quality Improvement Actions*, Air China prepared a special action plan for “building a service quality brand” to comprehensively improve service quality.

## Service management system

### Standardization of products and services in the whole process

34 standards were revised, including the *Member Service Standards*, *General Standards for Checked Baggage*, and *Compensation Standards for Products and Services*; one standard was added.

### Baggage transport

The *Manual for Passenger Baggage Transport Service* was revised. Handling of overbooking, abnormal baggage, and compensation for baggage were regulated.

### Cabin services

An *Operating Procedure for Cabin Service* was formulated to standardize the cabin service process and operation of flight attendants.

### Interpretation of standards

*Directions for Standard Interpretation* was compiled, which listed the standard and determined scenes for products and services in the entire process with interpretations.

## Service team building

Air China conducted various types of qualification and on-the-job service training. To enrich the training models, Air China developed *Crisis Service*, an online training video, relying on the e-Learning platform, which covered all employees in the service sector and comprehensively improved their service awareness and skills.

## Training of Employees in the Service Sector at Air China in 2020



Senior manager and above

507

Number of trainees  
(person-time)

General employee

27,369



0.52 million hours

Total training hours  
(hour)

Note: The service sector includes people from Sales Department, Ground Service Department, Cabin Service Department and Stations Management Department.





## Forging Sincere Service

### Guaranteeing the punctuality of flights

By ensuring the punctuality of flights and dynamically tracking the needs of passengers, Air China improved its service quality, put the national call of quality development strategy into practice, and comprehensively improved the brand building of service quality.

Punctuality of flights is the core of flight service quality and the key to enhance passengers' satisfaction. Air China strictly abides by relevant industry rules and regulations, such as *Policies and Measures of the Civil Aviation Administration on Controlling Total Operations and Adjusting Flight Structure to Improve Punctuality of Flights*, continuously improved management procedures and promoted the construction of a global ground support platform for flights to improve the rate of punctuality of flights.

Enhancing the forecast capability of flight monitoring and enhancing monitoring and alert for irregular flights

Assessing the on-time performance rate and the rapid transit success rate on a monthly basis

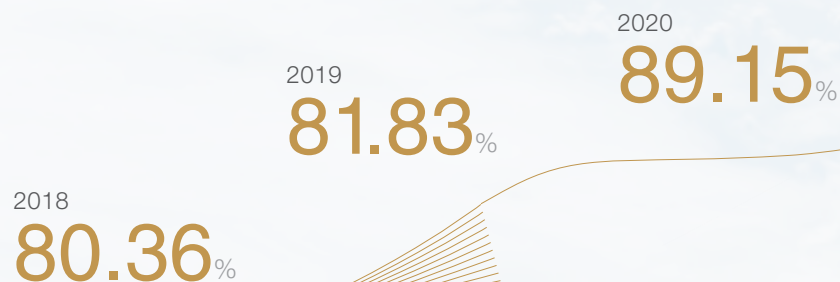
Preparing emergency plans for the flood season to ensure the normal operation of flights



Improving the function for displaying real-time condition of ground operation and the function of flight information statistics

Enhancing the functions of ground production command system and initiating the test of air-ground interconnection

Measures to improve flight punctuality



Punctuality of flights (caliber of the Civil Aviation Administration)



## Improving customer experience

Considering passenger experience as the core work and meeting passengers' needs, Air China actively innovated and optimized its service content and models to provide passengers with diversified and excellent services.

### Whole-process management of baggage

- Speeding up the whole-process tracking of luggage and promoting the Baggage Reconciliation System (BRS);
- Launching online inquiry for the whole-process baggage tracking service, with the baggage information collection function available at 8 terminals.



### Smart travel service

- Extending "paperless" services and piloting "facial recognition + self-boarding" at the Capital Airport, with a total of 107 domestic terminals supporting QR code boarding pass services;
- Promoting self-service check-in and baggage check-in, with the rate of fully self-service baggage check-in of 58%;
- Electronic compensation fully covering the production line;
- Developing a hotel reservation system for transit passengers with flight delay;
- Completing the upgrade of the self-service collection of excess baggage fees in fully self-service baggage check-in.

## Services for special passengers

Adhering to "life first", Air China improved the quality of services for special passengers and opened green channels for special passengers and special events.

### Update of management standards

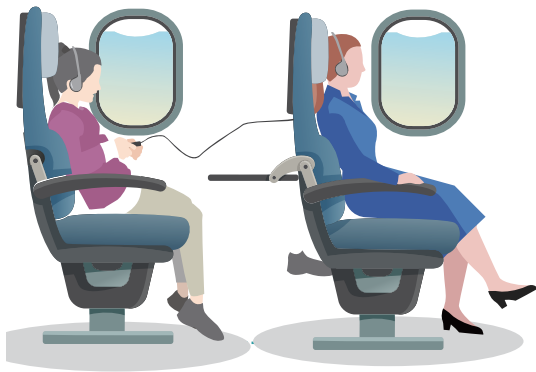
Setting requirements for the transportation quantity and seating arrangements of infants, children, the disabled, and injured and sick passengers based on the production needs of the new model ARJ21;

Modifying the applicable rates for children and unaccompanied minors and revising the refund requirements for stretcher passengers.



### In-flight entertainment system

- Revising systems for the media publishing, review, and assessment processes and updating the content review standard for in-flight entertainment programs from time to time;
- Promoting the wireless LAN modification in passenger cabins;
- Increasing the types and number of programs for domestic short-haul passengers according to the capacity of the route;
- For in-flight videos, creating new special columns in Air China's Winter Olympic-themed flights;
- The average points of passenger satisfaction for in-flight entertainment products reaching 78.5.



### In-flight food service

- Analyzing passengers' food habits with big data, launching new series food, and improving the quality of in-flight food.

### Improvement of special passenger experience

Replacing the "Letter of Exemption of Responsibility" with "Risk Notification" to inform passengers of travel risks in the form of risk warnings.

### Online service booking

Launching the special passenger service module on Air China's official website and APP; when taking domestic flights, passengers can apply online for six special passenger travel services including boarding wheelchairs and baby cradles.

### Availability of in-flight wheelchairs

Promoting the availability of in-flight narrow-bodied wheels in the entire fleet; the work was completed on all wide-body aircraft in 2020 and will be completed on narrow-bodied aircraft in 2021.





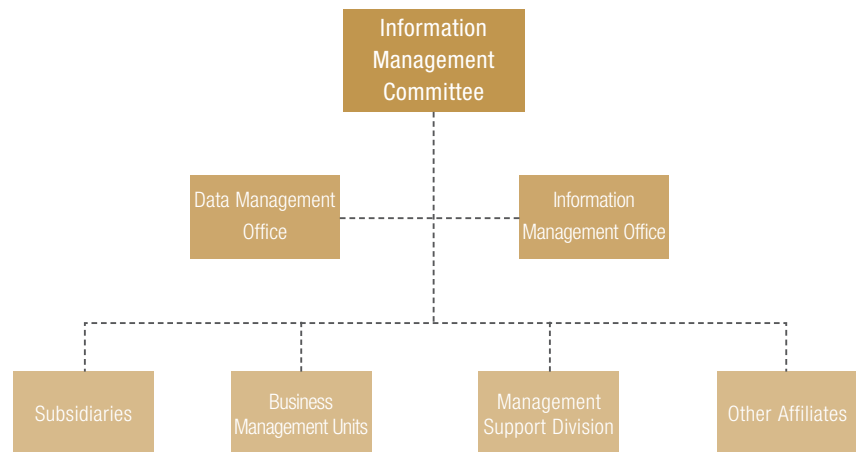
# Protecting Rights and Interests of Passengers

Protecting the rights and interests of passengers is the core foundation for Air China to build the service quality brand. We have given top priority to passenger privacy protection and passenger feedback and established sound systems and mechanisms for information security and passenger complaint feedback to continuously improve overall satisfaction of passengers.

## Passenger privacy protection

Against the background of the rapid development of information technology, airlines are obliged to protect passengers' personal privacy and information. To improve the Company's information security protection system, Air China has formulated some internal systems, such as the management measures for the access to passenger information, in strict accordance with the *Cybersecurity Law of the People's Republic of China* to regulate the use and protection of passengers' personal information. In addition, in response to the *EU General Data Protection Regulations*, Air China took actions on data protection regulations and supplemented, updated, and improved its *Privacy Policy* and *Cookie Policy*.

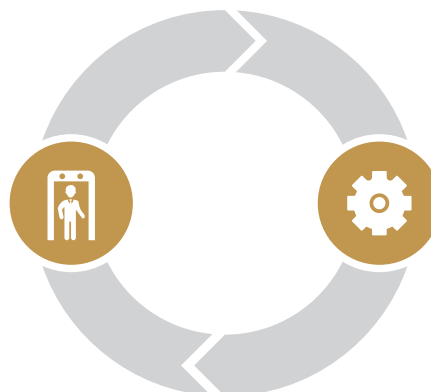
Air China has established a comprehensive organizational structure for information security management and established the Information Management Committee as the highest body for information security management, which reviews data management and is responsible for pre-decision-making on major issues concerning data management of the Company.



Air China's organizational structure for information security management

### Technical support

- Air China's data storage system has obtained the certification of the graded protection information system of the People's Republic of China (Grade 3) and the ISO27001 and PCI DSS certifications
- Air China applied conventional encryption technology in encrypting and storing users' personal information, and isolated it with isolation technology to ensure data security



### Administrative support

- Revising the multilingual privacy terms and updating them on all platforms in a timely manner
- Categorizing employees with access to data according to production requirements and strictly restricting access to passenger information
- Carrying out training on information security and privacy protection for employees to enhance their information security awareness



In the service handling process, we partially mask user's personal information to prevent accidental leakage.

We have added the itinerary protection function to protect passenger's itinerary message from malicious tampering.

In the transmission of passenger data, user information is encrypted to ensure data security in the transmission process.

Members can permanently cancel their account. After a member permanently cancels the account, all of his or her personal information will be deleted from the business system of Air China.

Protection of passenger privacy

## Protecting rights and interests of passengers

Air China attaches great importance to customer experience and integrated passenger feedback into management. We have established a centralized and comprehensive mechanism for complaint handling to understand passengers' needs in a timely manner and tracked passenger satisfaction in real time and improved our services and work based on these suggestions.

Complaints received from passengers

6,287

Complaint handling rate

100%

Passenger satisfaction score

83

Passenger satisfaction questionnaires collected

44,618

Overall satisfaction score of premium passengers

82.1

# ECONOMY

## BECOMING THE WORLD'S LEADING ENTERPRISE

 As a responsible corporate citizen, Air China adheres to the concept of sustainable development, attaches importance to the high-quality economic development of the Company, and emphasizes common prosperity and progress with the industry. We actively fulfill our responsibilities and give full play to our advantages, striving to build a world-class aviation company.



 **Supporting the UN 2030 Sustainable  
Development Goals**











## Creating Economic Value Together



Air China promptly activated the emergency response mechanism for performance, adopted a variety of unconventional measures in production organization, marketing, and cost management, and made every effort to increase revenue and reverse the decline in efficiency.

Air China kept abreast of market changes, dynamically adjusted the direction of capacity and capacity structure, and carefully organized marketing and product investment to ensure maximized total marginal contribution.

Air China took the lead in implementing the "freighter" business model to create marginal contributions and share the fixed costs of passenger aircraft, which contributed to the improvement of passenger aircraft operations. The freighters undertaken throughout the year were **13,120** flights.

Air China implemented the most stringent cost control and scientifically matching costs and production paces. It also reset the cost structure and system, carried out internal financing of funds to ensure the security and stability of capital flow.

Air China insisted on implementing demands of the supply-side reform and improved its resource allocation. We paid close attention to industry trends and formulated practical development

strategies. We have built a stable hub network and forged harmonious and efficient joint economic development to create common value.

## Reducing costs and increasing efficiency

In 2020, the COVID-19 pandemic brought an unprecedented impact on the industry. Air China's passenger flight volume, capacity input, passenger carried, daily aircraft utilization rate, and operating income all fell sharply compared with the year before.

In the face of the severe situation, the Company strengthened situation research and production organization, focused on improving quality and efficiency, and took a variety of measures to improve operation, stabilize profits, and prevent risks.



4 bases and sales centers, 50 domestic offices

4 regional headquarters, 85 international offices



## Enhancing the construction of hub network

1. The Beijing Capital International Airport hub was being renovated, with projects under progress as scheduled.
2. The "one airport and two terminals" operation of the Capital Airport was under progress as scheduled.
3. The construction project of Air China Base at Daxing Airport was promoted.
4. The construction of Air China Base at Chengdu New Airport was completed.
5. Guangdong Branch was under preparation.
6. Xinjiang Branch was under preparation.



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 **674** passenger routes, including **48** international routes, **6** regional routes and **620** domestic routes. In 2020, the Company's passenger routes reached **28** countries and regions and **147** cities, including **26** international cities, **3** regions and **118** domestic cities. Through cooperation with members of Star Alliance, the Company has further expanded its service coverage to **1,300** destinations in **195** countries and regions.





# Jointly Driving Industry Development

During its development, Air China attached great importance to communication and exchange with industry peers. We joined hands with suppliers and other partners to grow together by creating a sustainable value chain and the new pattern of mutual benefit cooperation.

## Strengthening supply chain management

Air China believes that good and stable partnerships are the cornerstone of a company's long-term development. In the process of achieving high-quality development, Air China has strengthened its supply chain management. We formulated the *Management Regulations of Air China for Suppliers* and carried out supplier management for the whole process, covering supplier Admission, performance appraisal, rating and information database construction. We were also transforming to responsible procurement and actively building a sustainable supply chain.

### Admission



- To ensure the sourcing principles of openness, fairness, impartiality, and honesty, in supplier Admission, suppliers were required to truthfully fill in the "Information Registration Form for Supplier" and "Self-examination Questionnaire for Qualification Compliance" and submit corresponding qualification certificates.

- A qualification compliance review group was established, responsible for the review of the compliance of qualification for potential suppliers, focusing on eight main dimensions such as the truthfulness and validity of supplier information, suppliers' industry qualifications and operating conditions.

### Performance appraisal



- Taking "quality, safety, customer satisfaction, costs, security of supply and innovation" as the core dimensions, the Company adopted an appraisal standard covering daily performance and annual performance, and fully applied the results of daily and annual performance appraisals of suppliers into its sourcing operation to implement closed-loop management.

- The Company held meetings with suppliers based on the results of daily performance appraisal and reviewed them regularly to urge them to formulate improvement measures for rectification. The Company has also established an archive for suppliers' daily performance.

### Rating management

- The Company adopted rating management of suppliers. According to the results of the annual performance appraisal, suppliers were divided into four levels: A, B, C and unqualified.
- The Company actively established long-term partnerships with A-level suppliers, urged B-level suppliers to carry out rectification, supervised

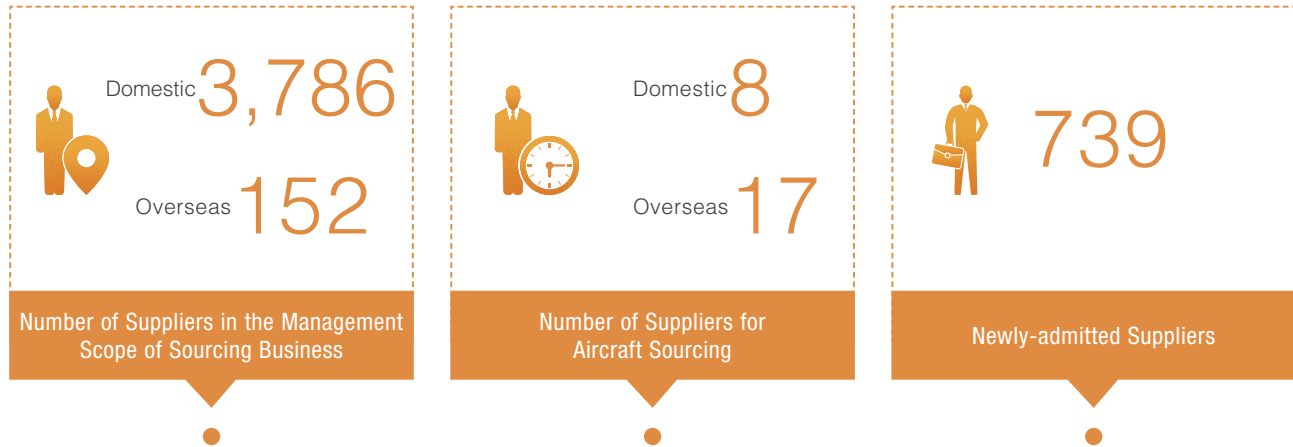
the rectification and improvement of C-level suppliers, and eliminated unqualified suppliers from cooperation.

- The Company established a supplier database and regularly updated it for real-time standardized management of suppliers.



Air China integrated the concept of environmental, social, and corporate governance (ESG) into its supply chain management, formulated the *Code of Conduct for Suppliers*, and practiced responsible procurement. A supplier's ESG risk and performance were covered by the review. Suppliers were required to fill in the "Questionnaire on Suppliers' Compliance with Proper Social Code of Conduct Based on Suppliers' Self-Examination". Their operations must meet the standards of health and safety, environment,

and labor rights. The sub-tier suppliers need to agree with the *Code of Conduct for Suppliers* that included the above indicators. In addition, Air China required suppliers to provide certifications according to national statutory environmental protection requirements and relevant qualification certifications such as the ISO to ensure that suppliers met ESG standards in various aspects and performed responsible sourcing from the root.



## On-going external cooperation

As a world-class airline, Air China integrated the concept of sustainability into the development of the industry, joined hands with outstanding peers to build a good industry ecosystem, and actively promoted exchanges and cooperation with alliance partners.

### Air China and Sinopec reaching cooperation intentions for the 2022 Winter Olympics

On November 20, Air China and Sinopec Group reached a cooperation intention at a themed event of Beijing 2022 Partner Club. With the common goal of serving and supporting the Winter Olympics, the two parties will carry out exchanges and cooperation in support, joint marketing, public welfare activities, protection of rights, and corporate culture, etc.



Air China and Sinopec reaching cooperation intentions for the 2022 Winter Olympics



## Air China at CITM 2020

From November 16 to 18, Air China participated in the China International Tourism Mart (CITM) held in Shanghai. Against the backdrop of effective control of the pandemic and the recovery of the domestic economy, the Company took this exhibition as an opportunity, where it showed a variety of whole-process aviation travel services and products based on the measures introduced during the pandemic, enhancing passengers' confidence in travel.



Air China's booth at CITM

## Exchanges with peer companies and suppliers

In 2020, Air China visited China Mobile, State Grid and other companies for exchanges on the benchmarking for supply chain construction. In the exchanges, the companies discussed construction scenes of the future smart supply chain, including the top-level design of supply chain systems, construction and innovation, intelligent procurement, digital logistics, and panoramic quality control. Based on the benchmarking, Air China has formed a development plan with the goal of creating a modern smart supply chain, focusing on supply chain management and digital transformation. This plan will be realized by promoting the transformation of sourcing from bidding to supply chain management, from transaction to construction of a strategic ecosystem, from centralized control to value enhancement, and from process management driven to intelligent management driven.





## Promoting Alliance-based Anti-pandemic Cooperation

Air China actively engaged in the setting of international standards to enhance the Company's international voice.

Air China joined the newly established Biosafety Working Group of the Star Alliance, and responded to the Star Alliance's call and voiced together with other members to make six commitments to protect the health and safety of passengers during travel.

Air China formed a special working group for international cooperation in pandemic prevention and control, established and improved working procedures and working mechanisms, and actively carried out international cooperation in pandemic prevention and control.



Air China supported the establishment and improvement of the Star Alliance Travel Information Center and provided transfer passengers with information on the pandemic prevention measures of the members and major hub airports.

Air China actively participated in meetings at different levels monthly exchanges on pandemic prevention of the Star Alliance, where presented China's anti-pandemic progress, pandemic prevention measures, and regulatory policies of the Chinese government.

Air China engaged in the concept discussion and feasibility evaluation of the health travel permit and advocated flexible strategies to lead the members to actively respond to the pandemic in the Star Alliance.

# ENVIRONMENT

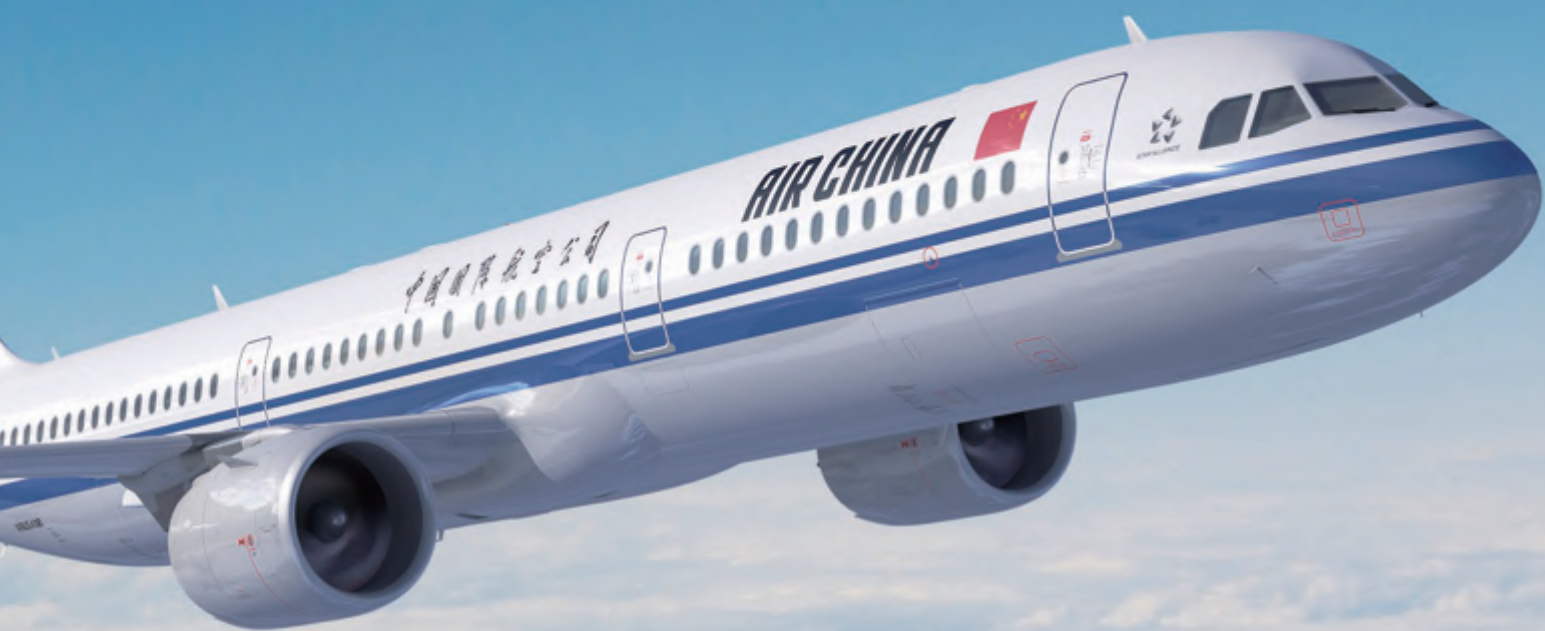
## BUILDING A BEAUTIFUL HOME TOGETHER

 Air China follows Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and upholds the development philosophy of "Green Operation, Sustainable Development". With the green, low-carbon, circular, and sustainable development approach, Air China achieved low-carbon growth by reducing unit energy consumption, promoted green upgrades by optimizing energy use structure, met the environmental protection standards by implementing system management and control, and performed the responsibility of central enterprises by promoting public welfare undertakings of environmental protection.



### Supporting the UN 2030 Sustainable Development Goals









## Improving Management Systems

Air China thoroughly practiced Xi Jinping Thoughts on Ecological Civilization and the essence of the 19th National Congress of the Communist Party of China and earnestly implemented the decisions and arrangements of the CPC Central Committee and the State Council and the requirements of the National Conference on Ecological Environment Protection. We have established a company-level leading group on ecological and environmental protection to promote energy conservation and environmental protection. We have also established a work priority briefing mechanism to regularly track the progress of the work, and formed a closed-loop management system for energy conservation and environmental protection that covers all units and reaching all levels.

Air China established a coordination working group for green development of the Company, introduced the *Implementation Rules for the Management of Special Funds for Energy Conservation and Eco-environmental Protection* and *Implementation Rules for the Supervision over Energy Conservation, Emission Reduction, and Eco-environmental Protection*. We carried out internal supervision over energy conservation and environmental protection in the Company, organized exchanges and study, and insisted on daily office energy saving. In 2020, Air China's Beijing and Southwest Branches obtained the certification of energy management system. In the same year, Air China was recognized as the exemplary team in the civil aviation industry in winning the Blue Sky Protection Campaign.



Award tablet of the exemplary team in the civil aviation industry in the action of fighting air pollution in 2020



Self-built charging stations



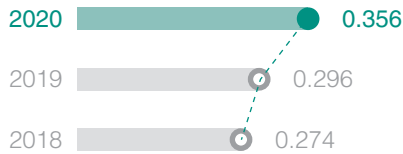
After being attached to the bridge, planes are powered by APU devices



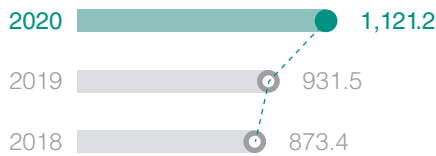
Large electric ferry buses



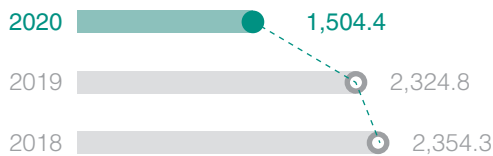
Fuel consumption per ton-km (kg/ton-km)



Carbon dioxide emission per ton-km (g/ton-km)



Carbon dioxide emission (10,000 tons)



## Insisting on Low-carbon Operation

### Low-carbon operation

Climate change has brought severe challenges to Air China. The Company actively responded to the central government's call for energy conservation and emission reduction and practiced green development and the low-carbon strategy to help the country achieving its goals of peaking carbon dioxide emissions and achieving carbon neutrality.

### Energy conservation and emission reduction of aircraft

Air China took the energy conservation and emission reduction of aircraft as a core task for reducing carbon emissions. By controlling carbon emissions in three key processes, namely, aircraft introduction and retirement, navigation, and landing, the efficiency of aircraft fuel usage was improved and greenhouse gas emissions were reduced. In 2020, under the impact of the COVID-19 pandemic, The company actively took the operation mode of "freighter". We made full use of the bellyholds of passenger planes, transformed the cabins of wide-body aircraft, and undertook cargo flights with passenger planes to increase the utilization rate of wide-body aircraft and improve fuel efficiency.

Air China's carbon dioxide emissions in 2020

15.04 million tons

Scope 1 CO<sub>2</sub> emissions

14.85 million tons

Scope 2 CO<sub>2</sub> emissions

0.19 million tons

6 old aircraft retired

Current fleet size  
707 aircraft

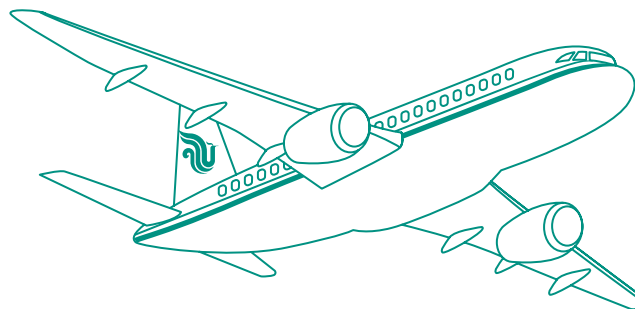
14 new aircraft introduced

Fuel consumption per ton-km

0.36 kg/ton-km

Average aircraft age

7.74 years



By the end of 2020



### Aircraft introduction

High-performance models were selected to build a young and technologically advanced fleet and promote the fuel efficiency of the fleet from the source.



### Aircraft operation

To save fuel consumption and reduce greenhouse gas emissions, a number of measures were taken, including controlling return and landing, deepening secondary release, computer-aided fuel management, aircraft weight reduction, aircraft performance monitoring, pre-allocation accuracy, and optimization of domestic and international air routes.

In 2020, Air China saved

**6,514** tons of fuel

reduced

**21,000** tons  
of carbon dioxide



### Aircraft parking

Air China was committed to promoting the use of ground power to replace the auxiliary power unit (APU) of the aircraft, using electricity to replace jet fuel consumption before, during, and after the flight.

In 2020, the APU alternate devices were used for

**297,000** times

for

**534,000** hours

saving

**81,000** tons of fuel

reducing

**256,000** tons  
of carbon dioxide emissions



## The Aircraft-ground Crossfeed Fuel System

The Aircraft Crossfeed-ground Fuel System (ACFS) is mainly about the use of the aircraft's own fuel pump power to achieve safe, clean, and efficient fuel transmission between the ground and the aircraft, so as to shorten the pumping time and save fuel.

The ACFS obtained three patents in 2020. On July 30, 2020, the system passed the expert appraisal organized by the Civil Aviation Maintenance Association of China. According to the experts, "the research and development of the ACFS with autonomous cleaning function fill the gap in civil aviation and achieve the purposes of reducing fuel waste, shortening fuel transmission time, and reducing airline operating costs. The system has significant economic and social benefits, which is innovative in environmental protection and well worth being spread for application.



ACFS





## Strengthening the management of carbon assets

By managing the Company's emission allowances, emission reduction credits, and related activities, Air China regularly monitored its carbon emissions, formulated carbon emission reduction mechanisms, strengthened capacity building in response to global aviation emission reduction mechanisms, and planned carbon asset management in a scientific and reasonable manner.

### Carbon asset management



#### Improving centralized management of carbon assets

Air China revised and improved its regulations on carbon emission management, regulated the carbon emission trading business, and effectively controlled and prevented carbon trading risks.



#### Constructing the carbon emission data monitoring and analysis system

Air China officially launched a carbon emission monitoring and analysis system to monitor and analyze carbon emission data. In this way, it realized automated data collection and review, met multiple sets of carbon trading requirements at home and abroad, and effectively improved its management and control of aviation carbon emission data.



#### Engaging in the work of several carbon emission systems

Air China completed the work of monitoring, verification, reporting, and agreement performing of carbon emission for the country, the EU, and the civil aviation industry. We also kept following carbon market information and regularly released carbon market briefings to provide decision-making support for corporate carbon asset management.



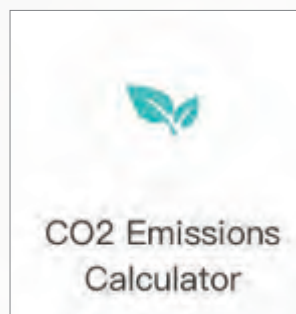
#### Engaging in the international research on carbon emission reduction and environmental governance

Air China was appointed by the Civil Aviation Administration of China to join the WG4 of the International Civil Aviation Organization for the discussion of the revision of the carbon emission MRV (Monitoring/Reporting/Verification) system documents.



## Air China launching a passenger carbon emission calculator

The Air China Passenger Carbon Emission Calculator was launched on the Air China APP, WeChat Mini Program, and Air China's official website in December 2020. Relying on Air China's big data of flights, it calculates the carbon footprint of passengers during their journey, such as origin, destination, cabin, number of people, and one-way/round-trip, to help passengers understand their carbon emissions during the flight. By December 31, nearly 4,000 passengers inquired about carbon emissions data through this online calculator.





## Strengthening Pollution Prevention

According to the report of the 19th National Congress of the Communist Party of China, pollution prevention was one of the three important subjects in building a moderately prosperous society in all respects. Air China insisted on green development, implemented the basic state policy of environmental protection, and actively assumed the social responsibility of green development, determined to win the Blue Sky Protection Battle.

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 reduce environmental impacts.

### Air pollution control



#### Optimizing the energy consumption structure of vehicles in the airport

By expediting the special work of "Application of New Energy Vehicles" for ground support vehicles, the company has expanded the scale of new energy vehicles in an orderly manner. As of December 31, 2020, Air China had **653** new energy vehicles.



#### Supporting NEV's need for charging

Air China built **195** charging piles in the operating areas at major airports, creating an efficient charging infrastructure operation network.



#### Ensuring vehicle exhaust emissions to meet standards

Air China attached importance to the exhaust emissions of diesel vehicles on site. It installed diesel particulate filters (DPF, an exhaust gas treatment device) in **1,431** diesel vehicles in major airports following the principle of "modifying all that can be modified", and established an exhaust gas self-inspection team to ensure that diesel vehicle exhaust emissions meet standards in the long run.





## Pollution control in aircraft maintenance

### Industrial wastewater

- All the industrial wastewater generated during Air China's aircraft maintenance was diverged or collected into the wastewater treatment station and treated and discharged meeting relevant standards. On-line monitoring was installed at the main outlet. Air China regularly commissioned qualified third-party testing agencies for wastewater testing, and the testing results met national and local emission standards. In 2020, **50.3** tons of industrial wastewater was treated and discharged meeting the standard.

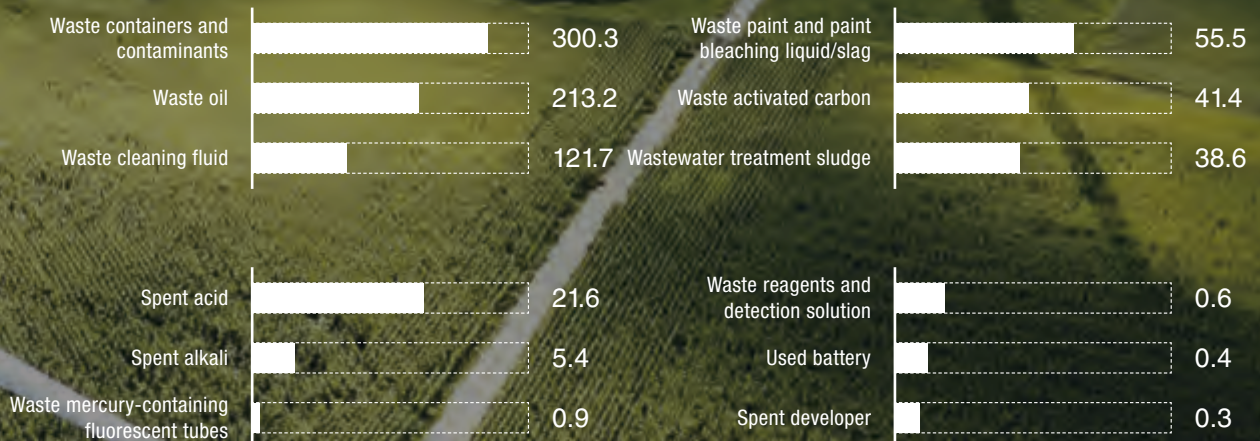
### Industrial exhaust

- Air China installed exhaust gas treatment facilities. Every quarter, it commissioned a qualified third-party inspection agency for inspections, and the results met national and local emission standards. The exhaust gas treatment facilities were renovated and activated carbon filter devices were installed, which reduced the annual VOCs emissions by **3.3** tons.

### Hazardous waste

- For the hazardous waste generated in the process of maintenance, Air China classified and collected it in accordance with the *National Hazardous Waste Inventory*, and handed it to qualified companies for disposal. In 2020, a total of **799.9** tons of hazardous waste was disposed.

Disposed hazardous waste from aircraft maintenance (ton)







# Promoting Environmental Protection

Air China actively promoted environmental protection, communicated concepts of environmental protection to the public, and supported building an environmentally friendly society.



## “Clear Your Plate” Campaign

In 2020, Air China saved nearly 700,000 meals (3% of food) by controlling the differentiation in catering.

September 27

August 1

On August 1, promoting food saving through online and offline channels: On WeChat public platform and other channels, Air China issued a proposal of “Avoiding Food Waste and Raising the Awareness of Conservation” to all employees and widely publicized and promoted the saving experience of all units of the Company. Publicity posters of “avoid food waste” were put up in conspicuous positions in the staff canteen, and the “Avoid Food Waste” promotional video was played on the TV screen in a loop to increase the awareness of food saving among all employees.

On September 27, optimizing the catering of economy class: Air China strengthened the research on refined meal catering, and adjusted the number of meal offers on some flights on the premise of meeting the meal needs of passengers, so that the number of meal offers was more reasonable.





## Air China's "Energy Conservation Promotion Week" campaign

On September 27, Air China carried out a general inspection of energy-consuming facilities, requiring all affiliates to self-inspect the energy conservation of their equipment and facilities and rectify problems immediately. Air China also issued targeted management measures for high-energy-consuming facilities.

September 27



Since August 15, Air China provided green products and services, actively introduced green products in hotels and pilot apartments, and guided guests to green consumption.

August 15

On August 1, Air China put up posters and slogans on energy conservation and emission reduction in conspicuous locations, including display screens in hotel and property lobbies and bulletin boards to raise the awareness of resource concerns and conservation awareness among employees.

August 1

June 1

On June 1, all employees participated in the online quiz on energy conservation and environmental protection. Air China promoted and practiced the resource concept of saving, intensive use, and recycling, improved resource utilization, and promoted publicity and education on energy conservation and low carbon among all employees, making energy conservation and environmental protection an issue of "concern, engagement, and supervision".

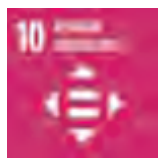
# SOCIETY

## BUILDING A BETTER LIFE TOGETHER

- Air China continues to care for the lives of employees, participates in community building, practices public welfare with its original aspiration, and contributes to building a better society and a better life for people.



- **Supporting the UN 2030 Sustainable Development Goals**









## Being Committed to Employee Development

### Protecting employees' fundamental rights and interests

Total number of employees

46,819

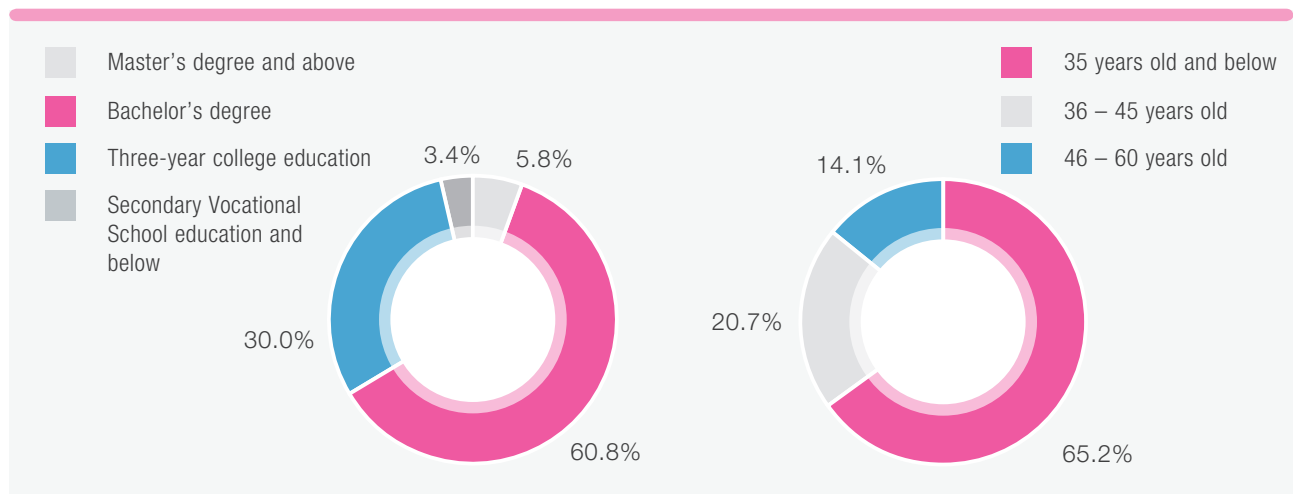
Proportion of female employees

50.8 %

Employees are the most important asset of Air China. The Company is committed to creating a good working environment for employees, attaching importance to their rights, and providing them with high-quality training and smooth development channels.

Air China strictly abides by the *Labor Contract Law of the People's Republic of China* and other applicable laws and regulations. In recruitment, the Company is against discrimination 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.

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* of Air China will expire in 2021. At the end of 2020, the Company initiated the drafting of a new version of the three collective contracts and solicited opinions and suggestions on the draft collective contracts from employee representatives. In 2020, 100% of Air China employees signed the labor contract.



## Democratic management

Air China improves the democratic management of employees, listens to its employees at employee representatives' general meetings, and safeguards their legitimate rights and interests. In 2020, Air China completed the re-election of the employee representatives' general meeting and labor union, further enhancing employee participation and representativeness.

Proposals submitted by employee representatives

35

General opinion proposals

19

Proposals for filing

16

Percentage of employees joining the labor union

95.61 %

Air China was awarded the honorary title of National Exemplary Unit of Democratic Management on Making Public the Affairs of the Enterprise.





## Employee ability improvement

### Development of the training system

Air China has established a sound training system and provided different training courses for employees in different positions in accordance with their aptitudes and needs.

According to laws and regulations on civil aviation

Establishing training systems for pilots, flight attendants, aviation safety officers, and flight dispatchers



According to the Company's production demand

Establishing training systems for air transport personnel, overseas personnel, and commercial personnel

According to the qualification requirements of civil aviation transportation

Establishing training systems for dangerous goods transportation and aviation security

Manager Training Program

General Capability Training

New Employee Training

### Development of the training system

Air China formulated the *Training Management Manual*, issued the *Management Regulations on New Employee Training*, and other training regulations, and revised the *Training Outline for Air Transport (Stowage Personnel)*, and produced relevant courses and management and operating tools for training, to make a reasonable and fully operable employee training system.

### Improving vocational training

Leadership training for middle and senior managers

Off-job trainees

345

Off-job training hours

14,778

Online trainees

1,411

Online training hours

98,022





## Leadership promotion training

In October 2020, the 17th Air China Leadership Promotion Training Program for General Managers was held in Beijing, which lasted for one week. Through this program, the comprehensive quality of the Company's management team was significantly improved, and team cohesion was also strengthened.



## State-owned Enterprise Management training for senior managers

In November 2020, the 48th Air China State-owned Enterprise Management Training Program for Senior Managers was held in China Business Executives Academy, Dalian, which lasted for two weeks. Through a variety of courses with rich content, the Company's management team improved management capabilities and personal overall outlook.





## Building innovative studios of model workers and craftsmen

In 2020, Air China actively built innovative studios of model workers and craftsmen to promote the development of the industrial worker team in the new era and build a sharing platform for model workers and craftsmen. Among them, Duan Huangke Innovation Studio, Zhixing Innovation Studio, and Accessory Maintenance Technology Innovation Studio of Ameco Beijing Base were recognized as the National Civil Aviation Model Worker (Highly Skilled) Innovation Studio by Civil Aviation Administration of China.



Accessory Maintenance Technology Innovation Studio of Ameco Beijing Base

## Ni Zejun, a national model worker

Ni Zejun, a senior engineer at Ameco, was awarded the honorary title of National Model Worker.



Ni Zejun, a national model worker

## Team building well underway

In 2020, Air China carried out annual team building evaluation and demonstration team assessment, summarized and presented innovative practices in team building, and selected benchmark teams to play a leading role in demonstration.

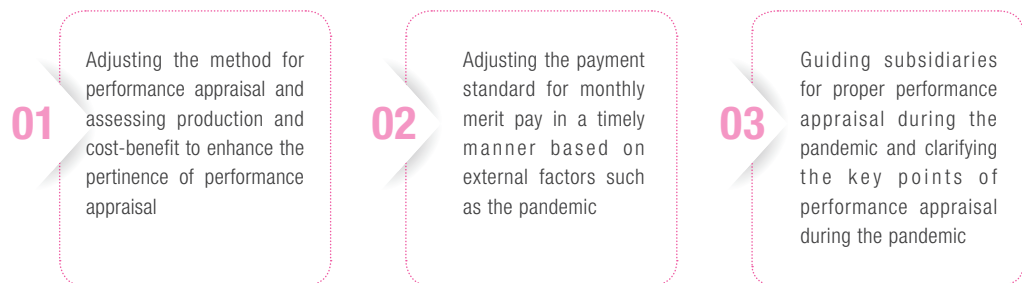
Besides, the Company carried out team building activities on safety and earnestly implemented the work requirements of civil aviation to strengthen primary organization, foundation work, and basic skills, and practice the respect for life, regulations, and responsibility. The activities were carried out with focuses on the formulation of safety behavior standards, the development of safety habits of teams and groups, and safety education. The results of the activities were showed in vlogs. This measure promoted the implementation of the new CCAR-121-R5 regulation and built the teams into a strong fortress to guard the bottom line of safety.



## Performance incentives

Air China is committed to providing employees with competitive salaries and incentives to encourage more employees to make achievements. Adhering to the concept of “paying for position value, personal ability, and performance” and focusing on enhancing vitality and improving efficiency, the Company continuously has improved the linkage mechanism of salary distribution and efficiency, implemented differentiated management of total salary budget. During the reporting period, the Company continued to deepen the reform of the salary and benefit system. It improved the market-based salary benchmarking system and established a sound salary determination and increase mechanism that scientifically reflects the level of the labor market. It also implemented differentiated salary adjustments to increase incentives for employees with constant outstanding performance. The Company has formulated several documents for the performance management system to improve performance evaluation and human resource management.

### Improving the performance appraisal system



## Employees' health and safety

Air China manages the health and safety of its employees in accordance with the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* and relevant laws and regulations. The Company 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. In August 2020, the Company established a service office for occupational health and safety and participated in the training on occupational health management for central enterprises held by the National Health Commission. In December, the Company held an occupational health management training session. Managers from 20 subsidiaries in Beijing participated in the training. Air China also attaches great importance to the mental health of its employees and has promoted the Employee Assistance Program (EAP) for all employees.

Employees' calls answered on the EAP service hotline

3,025

Thematic training sessions

166

Training sessions for new employees

34

Air China built service stations for outdoor workers at terminals and employees in positions of 24-hour change.

Group counselling sessions

150

Mental health counselling sessions for pilots and attendants in quarantine

7

Proactive psychological intervention cases

25

Air China supported the House of Workers program of Beijing Municipal Federation of Trade Unions and built 11 service stations on the production line.







## Care for employees

Air China has built an employee service center and a shared service platform to listen to employees' demands and help them solve problems.

Air China comprehensively optimized its offline and online business processes to improve the overall operating efficiency of the employee service center.

Air China has launched intelligent service to provide employees with real-time mobile online inquiry services on the WeChat official account of the employee service center, realizing online business consulting.



## High Education for Civil Aviation Workers

High Education for Civil Aviation Workers was a student assistance program for civil aviation workers initiated by the Civil Aviation Administration of China and the Open University of China. It provided civil aviation workers with online and on-the-job education of Bachelor's degree and three-year college education through around-the-clock mobile instruction services. Under this program, model workers, employees in difficulties received corresponding subsidies, and students with excellent academic performance received scholarships.

The enrollment in the fall of 2020 and the granting of scholarships for Classes 2018 and 2019 of High Education for Civil Aviation Workers were completed.

In the academic year of 2020, a total of **220** people from Air China applied for the program and **769** people received scholarships.



Speech by a student representative of Air China



## Cultural activities for employees

To help employees balancing lives and work, the Company organized a number of cultural and sports activities, enhancing communication and strengthening cohesion within the team.

### The “Civil Aviation Workers on New Year’s Eve” photography activity

Air China organized its employees to participate in the “Civil Aviation Workers on New Year’s Eve” photography activity held by the Civil Aviation Administration of China to capture the moments when the front-line workers performed their duties and provided sincere service.



### The Fourth Ping Pong Competition of the civil aviation industry in China

Oriented by employees’ needs, Air China constantly innovated cultural and sports activities for employees and created a variety of online-offline-integrated activities with full participation and coverage.



## Caring for employees’ lives

Air China allocated assistance and comfort funds to employees in need through the labor union to help them overcome difficulties. During the pandemic, Air China sent comfort supplies and funds to the Company’s frontline workers, key units of pandemic prevention and control, and employees in arduous areas through on-site and online activities, and provided temporary assistance to employees in need. On festivals, the labor union purchased presents and sent them to employees to give them holiday care.

- 1 Granting the Air China female employees’ allowance of RMB1.14 million to 57 female employees
- 2 Granting the Air China employees’ allowance of RMB2.12 million to 106 employees
- 3 Granting RMB643,200 to employees in need in the Spring Festival
- 4 Granting RMB227,000 to employees in need during the pandemic



On 31 December, Chairman Mr. Song Zhiyong, welcomed the last flight crew at Beijing Capital International Airport, celebrating Air China’s achievement of a safe flight year of 2020.





# Sincerely Giving Back to the Society

## Community involvement

Air China has always been committed to building a beautiful community. We have exerted advantages to support special flight missions. At the same time, based on the community development, we give assistance to the disadvantaged groups and share resources with the communities, thereby making contributions to the harmonious development of local communities.

Air China actively fulfills responsibilities as a social citizen and devotes to create a social environment featuring harmony, beauty and friendliness.

### Visiting a veteran

On September 2, Mr. Feng Gang, Director and Deputy Secretary of the Party Committee, visited a veteran named Li Shufan, a veteran, and offered best wishes to him.



Air China's visits to veterans

### The Buttonwood team's public welfare activity

The Buttonwood team of the Cabin Services Department of the Southwest Branch donated school bags, stationery boxes, and textbooks to a primary school in Yushu Tibetan Autonomous Prefecture, Qinghai Province.



The Buttonwood cabin services team of the Southwest Branch donating to a school in Yushu Tibetan Autonomous Prefecture

### Transport support mission for disabled athletes

On November 18, under the relay of several work teams of Zhejiang Branch, 39 athletes, coaches, and staff from the National Paralympic Swimming Team (Zhejiang Team) and Zhejiang Paralympic Swimming Team, who were preparing for the Tokyo Paralympic Games and the 11th National Paralympic Games, successfully took flight CA1753 from Hangzhou to Kunming for training.

"Thanks for Air China's support for our travel", said the National Paralympic Swimming Team (Zhejiang Team) and Zhejiang Paralympic Swimming Team.



Transport support for disabled athletes in relay





## A special event of the Beijing 2022 Promotion Team at Air China

On September 25, a special event of the Beijing 2022 Promotion Team at Air China, which was one of the serial publicity activities for the 500-day countdown to the 2022 Winter Olympics, was held at the Air China Headquarters Building. Seven people from different industries shared their Olympic stories from different perspectives. Nearly 200 people participated in the event. 1051 people watched the live broadcast on the "Youth Air China" account on Tik Tok.



Guo Dandan, a member of the Beijing 2022 Promotion Team, sharing her story

## Volunteer service

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 share a harmonious community.



In 2020, volunteers of Air China actively participated in the Blue Sky Classroom volunteer teaching program for poverty alleviation. Seven long-term volunteers taught in Zhaoping, Guangxi, with a total of 966 class hours of various teaching activities throughout the year. The cooperation between volunteers and local schools significantly improved the students' academic performance and lifted the average score of English at the primary school to the best in the county.





## Blue Sky Classroom

Blue Sky Classroom is a benchmark program for the Company to give back to the society in volunteering. In this program, volunteers meticulously prepared courses on traditional culture, ethics, art, and English for students, which served as a powerful supplement to school teaching and assisted in upgrading local education. According to the needs of local schools, Air China provided special training for 310 teachers from 91 primary and middle schools in Zhaoping.



CNAHC Blue Sky Classroom

## Voluntary services for pandemic prevention and control

Air China organized young volunteer service teams to fight on the front line for pandemic prevent and control. Volunteers from the Ground Services Department took the terminal as a position for volunteer services, where they patiently answered passengers' questions and actively helped them resolving their difficulties.

Young volunteer service teams organized during the pandemic

544

Young volunteers for pandemic prevention and control

3,309



## Honors for the volunteers

CNAHC Volunteers' Association won the Best Volunteer Service Organization in Beijing in 2020.

The CNAHC Blue Sky Classroom volunteer teaching program was named the Best Volunteer Service Project in Beijing.

Four volunteer service programs and four outstanding results in the collective anti-pandemic volunteering were showcased at the "Youth Volunteer Action" demonstration and exchange event carried out by the Communist Youth League National Civil Aviation Committee.







## Outlook for 2021

The year 2021 will mark the launch of the 14th Five-Year Plan. It is a critical year for China to consolidate development results, and further demonstrate its institutional advantages after taking the lead in achieving positive growth in the world's major economies in 2020. Air China will adhere to the general work guideline of making progress while maintaining stability and earnestly implement the tasks of ensuring stability in employment, financial operations, foreign trade, foreign investment, domestic investment, and expectations and security in job, basic living needs, operations of market entities, food and energy security, stable industrial and supply chains, and the normal functioning of primary-level governments. We will continue to improve the quality of development, consolidate the results of pandemic prevention and control, and make overall plans for safety and development. We will work hard for the rebound of operating efficiency and celebrate the 100th anniversary of the founding of the CPC with outstanding results.

**Continuing to promote the high-quality development of Party building.** Air China will insist on advancing work under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics in the New Era, continue to improve the systems and mechanisms of upholding Party leadership, and further strengthen the ideological, political, and action awareness of "two upholds (resolutely upholding General Secretary Xi Jinping's core position on the Party Central Committee and in the Party as a whole, and resolutely upholding the Party Central Committee's authority and its centralized, unified leadership)".

**Consistently carrying out pandemic prevention and control.** Air China will persist in the combination of regular and precise prevention and control with local emergency response, develop and improve the response plans for special situations, and continue to strengthen defense against inbound cases. We will implement the protection of professional teams in strict accordance with high standards, continue to secure pandemic prevention supplies, and carry out in-depth inspection and supervision of pandemic prevention. We will also strengthen education and guidance to raise employees' awareness of personal protection.

**Taking effective measures for work safety.** Safety is the lifeline of airlines and the prerequisite for the company's reform and development. We must firmly ensure safety, strictly implement the work safety accountability system, practically implement the key tasks in the three-year action for special rectification of work safety, enhance safety awareness, improve technical capabilities, and lay a solid foundation for safety.

**Striving for the rebound of operating efficiency.** Air China will pay close attention to changes in the operating environment, conduct in-depth market research and judgment, and seize market opportunities. We will strengthen the production organization and coordinate the domestic and international markets, passenger and cargo business.

**Continuing to improve the quality of products and services.** Air China will continue to strictly prevent and control the pandemic in its services, sufficiently inform passengers, optimize service procedures, and respond to passengers' needs for health protection and contactless services in a timely manner to ensure their health and safety.

**Resolutely promoting the deepening reform.** Air China will fully implement the three-year action plan for group reform, continue to improve the corporate governance system, and promote the modernization of the management system and management capabilities. We will advance the Group's industrial layout and structural adjustments and deepen the integration of main businesses.





# Table of Major Indicators

Indicators	2018	2019	2020
Total assets (RMB100 million)	2,437.16	2,942.54	2,840.71
Total actual tax paid during this year (RMB100 million)	88.85	64.17	29.05
Number of registered aircraft (unit)	669	699	707
Average aircraft age (years)	6.62	6.96	7.74
Total profit (RMB100 million)	99.58	91.05	-184.75
Safe flight hours (10,000 hours)	224.52	228.5	155.3
RTK (100 million tonnes kilometres)	275.18	253.64	132.85
Passenger carried (100 million persons)	1.10	1.15	0.69
Cargo and mail carried (10,000 tonnes)	190.84	143.42	111.37
Social contribution per share (RMB)	2.97	3.01	0.93
Purchases from the five largest suppliers (RMB100 million)	412.36	361.32	177.05
Intellectual property rights registered (pieces)	3,006	3,080	3,085
Passengers' overall satisfaction (points)	90.6	81.4	83
Premium passengers' overall satisfaction (points)	89.5	82	82.1
Number of complaints received from passengers for the whole year (cases)	13,450	12,373	6,287
Passenger complaint handling rate (%)	100	100	100
Flight on-time performance (%)	80.36	81.83	89.15
Flight execution rate (%)	98.4	98.19	98.9
Total energy consumption (10,000 tonnes standard coal)	1,094.2	1,078.8	696.7
Aviation fuel consumption (10,000 tonnes)	738.5	728.9	469.3
Power consumption (MWh)	167,299.6	195,539.2	184,219.9
Gasoline consumption (tonnes)	2,595.8	2,709.9	2,367.5
Diesel consumption (tonnes)	9,363.2	7,693.0	5,972.1
Natural gas consumption (10,000 m³)	1,783.5	1,579.2	1,355.4
Thermal Power (MKJ)	378,491.0	244,341.1	258,610.4
Other energy consumption (tonnes standard coal)	24.5	4.8	1.5



Indicators		2018	2019	2020
Fuel consumption per ton-km (kg/ton-km)		0.274	0.296	0.356
Carbon dioxide per ton-km (g/ton-km)		873.4	931.5	1,121.2
CO <sub>2</sub> emissions (10,000 tonnes)		2,354.3	2,324.8	1,504.4
Total hazardous waste emissions (tonnes)		632.0	785.2	799.9
Water consumption (10,000 tonnes)		512.1	492.4	439.9
Environmental protection investment (RMB10,000)		21,931.1	26,984.5	20,475.6
Number of employees on the post (persons)		28,302	46,862	46,819
Number of foreign and Hong Kong, Macau, and Taiwan employees (persons)		983	1,247	1,022
Number of minority employees (persons)		1,419	1,972	1,845
Number of disabled employees (persons)		15.5	17	16
Female employee percentage (%)		43.56	50.9	50.8
Total number of management staff and management supporting employees (persons)		6,721	6,871	6,770
Labour contract signing rate (%)		100	100	100
Ratio of employee turnover (%)	Aged 35 and below	5.25	4.57	1.52
	Aged 36-45	0.84	2.0	0.09
	Aged 46-60	7.87	0.39	0.01
	Male	2.69	2.33	0.44
	Female	4.07	4.56	1.18
	Domestic	3.29	3.51	1.62
	Overseas	3.42	2.16	0.004
Proportion of employees guaranteed by collective bargaining agreements (%)		100	100	100
Total hours of employee training for maintaining specific qualification (hours)		207,551	210,701	862,487*
Number of employees trained for maintaining specific qualification (persons)		119,707	110,206	106,897
Total employee education expenses (RMB10,000)		2,219	1,787	1,122

## 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, CO<sub>2</sub> 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.
- In 2020, due to the pandemic, most of Air China's training was carried out online, and the unit of total training volume was changed to person\*hour, which was different from that in previous years.



# Index

The HK-ESG content index is an index table of index content, disclosures, and page numbers formulated based on the index of the Hong Kong Stock Exchange.

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## Third-party Assurance



### ASSURANCE STATEMENT

#### SGS' REPORT ON SUSTAINABILITY ACTIVITIES IN THE SOCIAL RESPONSIBILITY REPORT OF AIR CHINA LIMITED FOR 2020

##### NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS-CSTC Standards Technical Services Co., Ltd. (hereinafter as "SGS") was commissioned by Air China Limited (hereinafter as "Air China") to conduct an independent assurance of the 2020 Social Responsibility Report of Air China Limited (hereinafter referred to as "the Report"). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text, and data in accompanying tables, contained in this report of Air China. Other disclosed data and information are not within the scope of assurance. We conducted on-site assurance for the (Group-level) data and information provided by Air China Limited located in 30 Tianzhu Road, Airport Industrial Zone, Shunyi District, Beijing, China.

The information in the Report of is the sole responsibility of its management and relevant functional departments. SGS did not involve in the preparation for 2020 Social Responsibility Report of Air China.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification with the intention to inform all Air China's stakeholders.

The SGS protocols are based upon internationally recognized guidance, including the Principles contained within the GRI STANDARDS for accuracy and reliability and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

The report has been assured at a moderate level of scrutiny using our protocols for:

- evaluation of content veracity;
- evaluation of the report against the core option of GRI STANDARDS

The assurance comprised a combination of pre-assurance research, interviews with relevant employees; documentation and record review and validation with external bodies and/or stakeholders where relevant.

Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

##### STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification with a global service network. SGS affirms our independence from Air China, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised of CSR Lead Assuror, CCAA Registered ISO 9001 auditor, ISO 14001 auditor, ISO 45001 auditor and ISO 50001 Verifier.



#### **VERIFICATION/ ASSURANCE OPINION**

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within the Report verified is accurate, reliable and provides a fair and balanced representation of Air China's sustainability activities in 2020.

The assurance team is of the opinion that the Report can be used by the Reporting Organisation's Stakeholders.

We believe that the organisation has chosen an appropriate option for the reporting.

#### **GRI STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS**

In our opinion the Report is presented in accordance with the core option for GRI STANDARDS and fulfills all the required content and quality criteria.

#### **PRINCIPLES**

##### **Stakeholder Engagement**

Air China has identified stakeholders related to its own activities, taken into account the reasonable expectations and interests of stakeholders, and established participation channels and platforms for stakeholders, and adopted certain methods to communicate and exchange with stakeholders. SGS recommends that Air China enrich the ways in which stakeholders participate in order to further identify the expectations of stakeholders.

##### **Sustainability Context**

Air China demonstrated its efforts in sustainable development from economic, environmental and social aspects, and demonstrated these performances in combination with the background of sustainable development.

##### **Materiality**

Air China focuses on issues based on the interests of stakeholders, which is a reflection of the important impact it has on the economy, environment and society, and reasonably discloses important issues and indicators that have a substantial impact on evaluation and decision-making of stakeholders.

##### **Completeness**

Air China's report covers identifiable concrete aspects and their boundaries, reflecting the important impact on the economy, environment and society, so that stakeholders can evaluate the performance of Air China during the reporting period. SGS recommends that Air China further enrich the relevant information of its subsidiaries.

##### **Balance**

Air China's report basically complies with the principle of balance, and truthfully discloses positive and non-positive information.

##### **Comparability**

Air China's report discloses the relevant performance indicators of Air China Limited in 2020. The key performance table discloses three years of data for their important performance indicators, which enable stakeholders to visually compare and understand their sustainable development performance.

##### **Accuracy**

Air China's report contains accurate information, which can publicly disclose qualitative and quantitative information about a number of performance indicators to stakeholders.



**Timeliness**

Our verification shows that the reported data and information are timely and effective of the indicated reporting cycle. Air China publishes social responsibility reports on time every year, and is very punctual overall.

**Clarity**

The report uses a variety of expressions such as text descriptions, data tables, graphics, and photos, combined with case analysis and narratives, to make it easy for stakeholders to understand.

**Reliability**

Air China collated all of the social responsibility reports, collections, and records and analyzed the information and data in the report in a timely manner. The information and data disclosed in the report are true and reliable.

**Management Approach**

The Air China report discloses management methods for selected special topics.

**General Disclosure**

The general disclosure of Air China meets the requirements of the GRI standards core plan.

**Topic-Specific Disclosures**

Air China discloses Topic-Specific topics related to the identified important economic, environmental and social substantive issues in accordance with the requirements of the GRI standards core plan.

**Findings and Recommendations**

The good practices found in the verification process, the sustainability report and the recommendations in the management process are described in the internal management report of the sustainability report verification and submitted to the relevant management departments of Air China for reference for continuous improvement.

**Limitations of assurance**

The limitation of this verification is that only the corresponding data and information at the headquarters level of Air China Limited were traced to the source.

**Signature:**

On behalf of SGS-CSTC Standards Technical Services Co., Ltd.

David Xin

Director, Knowledge

A-16/F Century Yuhui Mansion, No.73 Fucheng Road, Haidian District, Beijing, China

22<sup>nd</sup>, Mar, 2021

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# Feedback Collection

Dear reader:

Thanks for reading the 2020 Social Responsibility Report of Air China Limited, which is the thirteenth social responsibility report published by Air China. You are welcomed to provide us with your comments and suggestions on this report for consideration and adoption, enabling us to make continuous improvement in future report preparation and to improve our corporate social responsibility management and practice. We look forward to your valuable comments and suggestions.

1. Do you think the overall report is satisfactory?

☐ Excellent ☐ Good ☐ Fair ☐ Poor

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

☐ Excellent ☐ Good ☐ Fair ☐ Poor

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

☐ Excellent ☐ Good ☐ Fair ☐ Poor

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

☐ Excellent ☐ Good ☐ Fair ☐ Poor

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

☐ Excellent ☐ Good ☐ Fair ☐ Poor

6. Do you have any comment or suggestion to our social responsibility work and social responsibility report in the future?

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Please provide your information, we will keep it strictly confidential:

Name \_\_\_\_\_

Place of employment/occupation \_\_\_\_\_

Telephone \_\_\_\_\_

Email \_\_\_\_\_

Address \_\_\_\_\_

Postal code \_\_\_\_\_