Cherished Experience
CONTENTS

02 About this Report
04 Message from the President
06 About Hainan Airlines

14 Strong Partnership to Create Mutual Business Value
15 Economic Performance Overview
16 Accelerate International Route Network Rollout
20 Support Regional Economy
22 Promote Sustainable Development in the Industry

24 Excellent Safety to Protect Our Passengers on the Journey
26 Enhance System Security with Technological Innovation
28 Ensure Flight Safety with Strict Management
33 Safeguard Information Security with Technology Upgrade

34 Five-Star Services Demonstrate Oriental Hospitality
36 A “Comprehensive and Seamless” Flight Experience
42 Provide Personalized Services to Special Passengers
45 VOC Guest Satisfaction Research Platform

46 Facilitate Environmental Sustainability through Green Travel
47 Pioneer on Energy Management System through Innovation
47 Internal Review to Focus on Energy-Saving Projects
52 Join Hands to Build Environmental Friendly Community

54 Caring Culture Enables Staff Development
55 Tailored Management for Diversified Team
59 Provide Immense Support on Career Development
61 Safeguard Employees’ Physical and Mental Health
62 Attentive Care for All Employee

66 Innovative Collaboration to Build a Harmonious Society
67 Special Flight: Contribute as an Aviation Company
69 Encourage Community Involvement through Innovation

75 About the Future
77 GRI Indicator Index
83 Feedback Form
About this Report

Report Objective

This report is Hainan Airlines Company Limited’s first Corporate Social Responsibility (CSR) Report. It aims to outline the company’s social responsibility philosophy and achievements. We hope the report will facilitate all-rounded communication and positive interaction between the company and its stakeholders, as we work together to promote the sustainable development of the business and our society.

Stakeholder Engagement

Hainan Airlines engages with our stakeholders regularly; namely our passengers, employees, suppliers, investors and the community. We believe that maintaining close contact with our stakeholders is an important element of our operations and business development. Hainan Airlines understands that our stakeholders have expectations and opinions towards the different aspects of social responsibility that we should undertake. This report proudly discloses for our stakeholders our recent achievements across the major corporate social responsibility aspects.

Reporting Cycle

This report will be released annually.

Abbreviations

“Hainan Airlines Company Limited” in this report may appear abbreviated as “Hainan Airlines”, “Company” or “we”.

Scope of the Report

Unless specified otherwise, the scope of this report covers our social responsibility performance during the reporting period.

In order to give our readers a more comprehensive understanding of our performance, some of the information may cover our branches, wholly owned subsidiaries, and other shareholding companies; such information will be referenced accordingly.

Reporting Standard

This report was prepared with reference to the Global Reporting Initiative (GRI) G4 and demonstrates Hainan Airlines’ unique corporate characteristics through illustration of our performance in social responsibility.

Timeframe

The data and content of this report is from January 1 to December 31, 2015, consistent with the company’s annual report.
As this is the company’s first Corporate Social Responsibility report, certain content will cover our achievements before 2015 such content will be noted in the report.

Accessing this Report

The Chinese and English versions of this report have been published on Hainan Airlines’ official website - www.hnair.com.
Your feedback and suggestions are valuable to Hainan Airlines for the improvement of our corporate social responsibilities so we look forward to hearing your comments. If you have any comments or questions about this report, please fill out the feedback form on the last page and send it to the address below or email it to hnapr@hnair.com.

To obtain a hard-copy of this report, or if you have any suggestions regarding the report, please contact us as below:

Contact Department: Hainan Airlines Company Limited. Brand Management Center of General Administration Office
Telephone: +86 898-66739801
Fax: +86 898-68875305
Address: Hainan Airlines, Brand Management Center of General Administration Office, No. 7 Guoxing Road, Haikou, Hainan Province
Zip Code: 570203
In 2015, after a period of weak economic development, the world economy is awakening with a series of adjustments and a new wave of technological revolution and industry transformation is about to begin. The Chinese economy is undergoing a significant transition and establishing a “new-normal”: Domestic passenger and outbound traveler numbers are growing, global oil prices are low, Chinese airlines are competing with global airlines, international supply is exceeding demand and the threat from global terrorist attacks constitutes a tough challenge. With such opportunities and challenges ahead, Hainan Airlines is holding fast to the direction set up by the government to drive forward deep transformation and capture the opportunities of the “One Belt, One Road” strategy. Under the guidance of our “Hainan spirit” and leveraging on the core principles of sustainable development, Hainan Airlines is determined to fulfill our corporate social responsibility by conducting a deep dive analysis and implementing improvement plans. In terms of community services, Hainan Airlines adopted an innovative model by engaging the community through a “Mileage for Charity” platform and successfully launched the “Bring Love Home”, “Charity Flight – My University Dream”, “Angel Act” and other charity projects to help over 300 children suffering from AIDS, underprivileged students, children left in the provinces, and physically handicapped individuals to realize their dreams.

This is Hainan Airlines’ first corporate social responsibility report. We sincerely appreciate your interest in our journey over the past year and how we are exploring new ways of achieving our dreams in sustainable development. We hope that through connecting with our stakeholders across all sectors, we are able to drive forward our work and reach new heights together. 2016 kick starts our nation’s “13th Five Year Plan”. It is also the “International Year” for Hainan Airlines. We are committed to establishing an innovative and green open concept, leveraging on our competitive edge to join hands with all stakeholders in driving mutual growth and prosperity. Together, we work towards a harmonious aviation industry and becoming one of the leaders in the aviation industry.
About Hainan Airlines

Company Name: Hainan Airlines Company Limited
Company Business: Provide passengers with a full range of seamless air services
Total Number of Planes: 202
Domestic and International Routes: More than 700
Number of Employees: 11,781

Global Business Structure and Layout

Established in Haikou in 1993, Hainan Airlines has operating bases or branch companies in Beijing, Xi’an, Taiyuan, Urumqi, Guangzhou, Dalian and Shenzhen. Our extensive network through China, Asia, Europe and North America, has more than 700 domestic and international routes, and reaches nearly 100 cities. Since establishment, we have operated safely for more than 5 million hours of flight time, and have been honored by JACDEC as one of the world’s ten safest airlines three times. Hainan Airlines possesses a young fleet that includes Boeing 737 and 787 series and Airbus 330 series, suitable for passenger travel and cargo transportation. Since 2011, with the high-quality service and continuous service innovation, SKYTRAX has certified us as a five-star airline for five consecutive years, the only airline in China to receive such recognition.

The Fleet

<table>
<thead>
<tr>
<th>Model</th>
<th>Number of Planes</th>
</tr>
</thead>
<tbody>
<tr>
<td>B737-700</td>
<td>16</td>
</tr>
<tr>
<td>B737-800</td>
<td>144</td>
</tr>
<tr>
<td>B767-300</td>
<td>3</td>
</tr>
<tr>
<td>B787-8</td>
<td>10</td>
</tr>
<tr>
<td>A319</td>
<td>9</td>
</tr>
<tr>
<td>A320</td>
<td>4</td>
</tr>
<tr>
<td>A330-200</td>
<td>3</td>
</tr>
<tr>
<td>A330-300</td>
<td>13</td>
</tr>
</tbody>
</table>

Total: 202

- 1993: Hainan Airlines celebrated the arrival of its first Boeing 737 aircraft.
- 1995: Hainan Airlines was listed on the Shanghai Stock Exchange with 71 million B-shares.
- 1997: Hainan Airlines was certified by SKYTRAX as a four-Star Airline and became the first Mainland Chinese airline to obtain such recognition.
- 1998: Hainan Airlines celebrated the arrival of its first Boeing 737-800.
- 2001: Hainan Airlines celebrated the arrival of its first Airbus A330-200 for passengers and cargo, the 500th Airbus A330-200 produced, landed at Haikou Meilan Airport at 14:10pm.
- 2004: Hainan Airlines A330 Business Class aircraft’s first flight was a major success.
- 2007: Hainan Airlines won three awards at the 2015 World Travel Awards (WTA); “Asia’s Best Business Class”, “Asia’s Excellent Cabin Service”, and “Asia’s Best Business Class Flight Attendants”.
- 2009: Hainan Airlines was further certified by SKYTRAX as a five Star airline, marking Hainan Airlines’ ascension to being one of the seven global 5-Star Airlines.
- 2010: Hainan Airlines hosted its “Journey of Harmony” cultural event celebrating naming the aircraft National Grand Theater.
- 2011: Hainan Airlines’ flights from Beijing to Toronto.
- 2012: Hainan Airlines’ A330 Business Class aircraft’s first flight was a major success.
- 2015: Hainan Airlines A330 Business Class aircraft’s first flight was a major success.
With the vision of "enriching mankind and promoting world peace" and the pursuit of "integrity, performance and innovation" in our corporate management philosophy, we leverage on the essence of traditional Chinese culture and advanced technology from the West to create a unique Chinese-Western corporate brand. Hainan Airlines integrates "Oriental Hospitality" and advocates a "customer-oriented" service spirit, abiding by the "SMILE" service standards to convey our brand concept, "Unplanned Encounter, Treasured Companion". The image of the roc spreading its wings in our corporate logo signifies Hainan Airlines’ international brand image "Oriental Beauty", signifying that we are ready to soar and build a world-class Chinese aviation brand.

Corporate Governance

Compliance integrity and trustworthiness are the bases for Hainan Airlines’ sustainable development. Therefore, we uphold the standards of business ethics and constantly improve the level of corporate governance, risk management and control mechanisms. Hainan Airlines strictly abides by the laws and regulations of countries, and is continuously improving the corporate governance structure formed by the Board of Directors, Audit Committee and management.

Hainan Airlines encourages all staff to be professional and ethical. We carry out compliance training sessions during new hire inductions and regular staff training. Given the company’s international strategic plan and the global implementation of the internal control management, we ensure our employees are able to perform proper procedures to prevent the occurrence of non-compliant behavior.

With regards to behavior governance, Hainan Airlines’ has a whistle-blowing program that allows employees to raise concerns on any non-compliance during recruitment, tendering or other services. Thorough investigations are conducted if any cases are reported.

Hainan Airlines developed a “Cadre Management” principle in order to ensure an honest, anti-corruption culture, and to set standards for management conduct.

Hainan Airlines Cadre Management Value Guidelines and Requirements

Justice
Kneeling the Law
Advocating Virtue
Fair and Equitable

Honesty
Not Gullible
For Fame
Mentoristic
ASDF

Integrity
Honesty
Cherished Reputation
Confidentiality

Responsibility
Slogan
Greater Pursuit of Excellence
Courage

Cooperation
Team Work
Industry Collaborators
Unite Colleagues

Loyalty
Loyal to Motherland
Loyal to Company
Loyal to Duty

Innovation
Driving Change
Keep Learning
Be Adventurous

Pragmatic
Realistic
Efficient
Excellence
Pursuit of Performance

SMILE service standards

S Safety & Punctuality
M Manner & Elegance
I Innovation & Passion
L Leadership & Teamwork
E Equality & Love

Social Responsibility Management

Hainan Airlines engages in social responsibility management by embedding it into the Company’s daily operations. The Company has been undergoing rapid development and expansion, while vigorously promoting the spirit of our culture, “Serving our Community, Serving Others”.

To fulfill our social responsibility, Hainan Airlines began a pilot social responsibility workgroup which is led by our Company’s president, and comprises department general managers, site managers, and the general managers of the subsidiaries. The Brand Management Center of the General Administration Office serves as the social responsibility office. Six project teams were set up: the Governance Team, Labour Practice Team, Environmental Team, Fair Operations Team, Consumer Team, and Community Engagement and Development Team. Each team has a leader that coordinates the implementation work of relevant departments.

In 2015, the Company engaged in a comprehensive behavior investigation through in-depth inspections and effective reporting. We identified several irregularities and took corrective measures accordingly. Through combatting non-compliant behavior, illustrating negative examples, and providing further education, we demonstrated our commitment to ethical behavior and promoted self-discipline among our colleagues.

For more information on Hainan Airlines’ governance in 2015, please refer to our 2015 Annual Report “Section 9 – Corporate Governance”.

About Hainan Airlines
Stakeholder Communication

As we implement corporate social responsibility, we are paying close attention to our stakeholders’ views. Through a broad range of channels, we actively communicate with all stakeholders on the various elements of our work in social responsibility.

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Communication Channels</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>Work Meetings, Memorandum and Notifications, Project Collaborations</td>
</tr>
<tr>
<td>Investors</td>
<td>Shareholders Meetings, Company Announcements, Periodic Reports, Results briefing meetings, Shareholder Open Day</td>
</tr>
<tr>
<td>Partner / Supplier</td>
<td>Business Communications, Regular Visits, Work Meetings, Phone &amp; Email Communications</td>
</tr>
<tr>
<td>Travelers</td>
<td>Service Quality, Monitoring System, Complaint Mailbox, Hotline 95339, Comment Cards, Flight Services, Terminal Services</td>
</tr>
<tr>
<td>Industry Peers / Industry Association</td>
<td>Industry Forum, Chamber of Commerce Meetings, Exchange Visits</td>
</tr>
<tr>
<td>Media</td>
<td>Press Releases, Media Visits, Official Media Platforms, Promotion Activity Interview</td>
</tr>
<tr>
<td>Society</td>
<td>Charity Work, Voluntary Work, School Cooperation Projects</td>
</tr>
<tr>
<td>Employees</td>
<td>Employee satisfaction surveys and communication, Process and Mechanisms, Regular Meetings, Employee Caring Activities</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abide by the Laws</td>
</tr>
<tr>
<td>Support Regional Economy</td>
</tr>
<tr>
<td>Tackle Climate Change</td>
</tr>
<tr>
<td>Improve Business Performance</td>
</tr>
<tr>
<td>Implementation of Risk Management</td>
</tr>
<tr>
<td>International Development Strategies</td>
</tr>
<tr>
<td>Promote Supply Chain Management</td>
</tr>
<tr>
<td>Pursuit Mutual Benefits</td>
</tr>
<tr>
<td>Share Development Results</td>
</tr>
<tr>
<td>Ensure Flight Safety</td>
</tr>
<tr>
<td>Maintain Service Quality</td>
</tr>
<tr>
<td>Protect Customer Privacy</td>
</tr>
<tr>
<td>Brand Image</td>
</tr>
<tr>
<td>Ensure Timely Delivery of Media</td>
</tr>
<tr>
<td>Continuous Contribution to the Community</td>
</tr>
<tr>
<td>Support Community Economic Development</td>
</tr>
<tr>
<td>Continuous Expansion of the Scope of Public Service</td>
</tr>
<tr>
<td>Provide Help to the Disadvantaged</td>
</tr>
<tr>
<td>Clear Career Development Opportunities</td>
</tr>
<tr>
<td>Protect Employees’ Rights</td>
</tr>
<tr>
<td>Effective Communication Mechanisms</td>
</tr>
</tbody>
</table>

2015 Accolades/ Awards

In 2015, our work in social responsibility work was recognized.

- **January 2015:** Hainan Airlines received its energy management system certification; thus becoming the first airline in China’s to obtain third-party certification.
- **July 2015:** The United Nation’s Global Compact China Network sponsored the annual China Summit on Caring for Climate focused on “Ecological Civilization – Beautiful Home”. Hainan Airlines’ energy-saving project was recognized as one of the “Top Ten Chinese Companies in Green Action”.
- **January 2015:** Jet Airliner Crash Data Evaluation Center (JACDEC) published the 2015 world’s safest airlines list. Hainan Airlines ranked 5th and had the highest ranking among all Chinese airlines.
- **November 2015:** Hainan Airlines maintained safe operation for 5 million flight hours, creating an outstanding record of safe operation for 22 years, and won the Civil Aviation Administration of China’s “Five-Star Flight Safety Award”.
- **June 2015:** Hainan Airlines was certified as the SKYTRAX five-star airline for the 5th consecutive time.
Strong Partnership to Create Mutual Business Value

Our fundamental responsibility is to ensure operation stability and sustainable prosperous development for the company. Hainan Airlines has embedded sustainable development concepts into its business operations by monitoring our impact toward the economy, society and environment. We endeavor to raise our economic strength as we stride towards globalization, and to create greater value for our staff, shareholders and business partners.

Economic Performance Overview

Air transportation is the most modern means of transportation, and an important infrastructure industry within our country’s economy. With continuous technological advancements, the aviation industry leverages on its unique advantages to drive the country’s development. Hainan Airlines actively expands the international network; we positively contribute to economic development, cultural exchanges and cross-border cooperation. As Hainan Airlines enhances its profitability, we are committed to creating more employment opportunities for the community as we create stronger economic value.

2015

Operating Income $35.2 billion RMB

Company Offered 2249 Job Positions

Shareholders’ Net Profit $3 billion RMB
Accelerate International Route Network Rollout

In 2015, the national civil aviation carried 436 million passengers and delivered 72.8 billion person-kilometers, year-on-year increases of 11.1% and 14.8%. In 2015, Hainan Airlines focused on creating a high-end quality route network aligned with the national strategy “One Belt, One Road” to create a “Silk Road in the Sky” and expanded our operations to Europe, United States and other regions. We focused on developing major business route networks in China, and fostered connections between international and domestic networks to better meet our passengers’ needs.

On October 23, 2015, Hainan Airlines announced that it would commence the Beijing-Manchester route in June 2016, the first direct flight between the two cities. President Xi Jinping arrived in the United Kingdom and accompanied by the Prime Minister, David Cameron, visited Manchester Airport for an introduction to the upcoming operation.

Case 12 Newly Opened International and Regional Routes

Hainan Airlines continues to grow in the core markets of Europe and America. In 2015, in addition to the Beijing and Shanghai flights to Europe and America, we commenced direct flights from Chongqing, Xi’an and other second-tier cities to Europe. Meanwhile, Hainan Airlines re-entered the Japan and Australia market and further enhanced our global flight network. A total of 12 international and regional routes were launched including Haikou, Bangkok, Beijing, San Jose, Rome, Xi’an, Beijing, Xi’an, Tokyo, Tokyo, Beijing, Birmingham. 

On October 23, 2015, Hainan Airlines announced that it would commence the Beijing-Manchester route in June 2016, the first direct flight between the two cities. President Xi Jinping arrived in the United Kingdom and accompanied by the Prime Minister, David Cameron, visited Manchester Airport for an introduction to the upcoming operation.
In addition to accelerating our global route network, Hainan Airlines has always considered on-time performance (OTP) as one of the most important business indicators. To improve the company’s OTP and thoroughly implement the spirit of CAAC’s OTP guideline, we have set up an OTP working group led by the company’s management, and developed guidelines. We also published the following documents to drive OTP into the norm and standard of Hainan Airlines: “Hainan Airlines 2015 On-time Performance Assessment Methods”, “Hainan Airlines Operation Abnormal Incident Investigation Regulations”, “On-time Performance Audit Regulations”, “100 Days Countdown for On-time Performance”, and “Early Warning on Low On-time Performance”.

In 2015, OAG, one of the most recognized aviation information agencies, in its Global Real-time Performance Report, named Hainan Airlines as one of the five airlines with the best improvement record, the only Chinese airline shortlisted.

Hainan Airlines also continued to focus on expanding cooperation with domestic and international organizations. In 2015, we had 87 joint operation partners and 10 codeshare partners. We also achieved breakthrough in our partnerships with the launch of a mileage exchange programs with Air Canada, Cathay Pacific and eight other major airlines and aviation platforms. Further, we also cooperated with Alaska Airlines for mileage, frequent flyer points exchanges and other VIP benefits to enhance our influence on the West Coast of the United States. Hainan Airlines’ cooperation with foreign airlines has greatly enriched the convergence of our domestic and international network, and provided a more comprehensive joint operation service for our global travelers.

In 2015, OAG, one of the most recognized aviation information agencies, in its Global Real-time Performance Report, named Hainan Airlines as one of the five airlines with the best improvement record, the only Chinese airline shortlisted.

In addition to accelerating our global route network, Hainan Airlines has always considered on-time performance (OTP) as one of the most important business indicators. To improve the company’s OTP and thoroughly implement the spirit of CAAC’s OTP guideline, we have set up an OTP working group led by the company’s management, and developed guidelines. We also published the following documents to drive OTP into the norm and standard of Hainan Airlines: “Hainan Airlines 2015 On-time Performance Assessment Methods”, “Hainan Airlines Operation Abnormal Incident Investigation Regulations”, “On-time Performance Audit Regulations”, “100 Days Countdown for On-time Performance”, and “Early Warning on Low On-time Performance”.

Hainan Airlines also continued to focus on expanding cooperation with domestic and international organizations. In 2015, we had 87 joint operation partners and 10 codeshare partners. We also achieved breakthrough in our partnerships with the launch of a mileage exchange programs with Air Canada, Cathay Pacific and eight other major airlines and aviation platforms. Further, we also cooperated with Alaska Airlines for mileage, frequent flyer points exchanges and other VIP benefits to enhance our influence on the West Coast of the United States. Hainan Airlines’ cooperation with foreign airlines has greatly enriched the convergence of our domestic and international network, and provided a more comprehensive joint operation service for our global travelers.

In 2015, OAG, one of the most recognized aviation information agencies, in its Global Real-time Performance Report, named Hainan Airlines as one of the five airlines with the best improvement record, the only Chinese airline shortlisted.
Support Regional Economy

The aviation industry provides a very convenient mode of transportation for long-distance travelers, and also plays a key role in connecting different locations. Hainan Airlines leverages on the advance development of the aviation industry and the international transport network to ensure the effective information and resource integration. Through talent development to enhance productivity, we promote social stability and economic development. Additionally, the creation of specific routes consequently boosts regional infrastructure and economic development.

Support Youth Development

Hainan Airlines recruits graduates from universities each year through campus recruitment events. Meanwhile, Hainan Airlines has developed a comprehensive induction program that enables new hires to grow and develop and to help us build our talent infrastructure.

Support the Development of Impoverished Areas

Poverty is one of the biggest challenges that society faces while progressing towards sustainable development. In response to the government’s call to address poverty reduction, Hainan Airlines increased regular flight routes to remote areas to facilitate local economic development and communication between these rural regions and developed regions in China.

- **Beijing → Yan’an route**
  - Every Day

- **Guangzhou → Chongqing → Yan’an route**
  - Every Monday, Wednesday, Friday and Sunday

- **Shenzhen → Liancheng → Hangzhou route**
  - Every Monday, Wednesday, Friday and Sunday

- **Guangzhou → Liupanshui route**
  - Every Tuesday, Thursday, and Saturday
**Promote Sustainable Development in the Industry**

As a member of the aviation industry, Hainan Airlines plays a leading role in fostering prosperous development. Leveraging on our competitive edge in international standards, safety and service management, we strengthened our cooperation with authorities and business partners to achieve mutual development with our stakeholders.

Hainan Airlines believes it is important to communicate closely with the global aviation industry by participating in conferences and seminars, industry associations and other organizations. In this way we can strengthen our collaboration and development in security technology, service quality, and cooperation for sustainable development.

Hainan Airlines attended the IATA Fuel Efficiency Seminar in North Asia and delivered keynote speech on energy management systems to representatives from other countries. As the first Chinese airline with an energy management system certification, we shared our energy-saving and emission reduction practices.

Hainan Airlines attended the IATA Cabin Operations Safety Conference and met with hundreds of airlines, aviation safety regulatory bodies and research institutions to share the latest development in safety regulations. Our representatives attended multiple seminars and sharing sessions for the discussion of the latest trend in civil aviation security management.

Hainan Airlines participated in the Aircraft Interior Expo in Hamburg, which exhibited the world’s latest innovative technologies and products for cabin interior, inflight entertainment and passenger comfort. Representatives also went to the Lufthansa premises to visit their cabin service and exchange knowledge in providing the best service for passengers.

**Emphasis on Supply Chain Management**

Hainan Airlines’ consistent and effective supply chain management is important to ensure the company’s sustainable development. Hainan Airlines follows the principle of achieving mutual benefits to strengthen the sense of responsibility amongst the suppliers, it enhances their capacity for sustainable development and establishing closer cooperation with responsible suppliers in order to achieve economic, environmental and social development together.

In 2015, Hainan Airlines reorganized and streamlined the Company’s procurement documentation file, which led to the improvement in the procurement system and the code of conduct in accordance to the 3-level Management Manual and the Purchase Management System Construction Measures. Integrating more elements of sustainable development in the supply chain management to accelerate the overall development of the entire supply chain. Hainan Airlines continued the supervision and management of suppliers’ CSR performance by regularly communicating with them to enhance social responsibility awareness and to help enhance the management capabilities of the supply chain partners.

### Number of Suppliers

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Number of Suppliers</th>
<th>Number of Domestic Suppliers</th>
<th>Number of Foreign Suppliers</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>334+ all OEM (aircraft parts) and aircraft manufacturers</td>
<td>273</td>
<td>61+</td>
</tr>
<tr>
<td>2015</td>
<td>331+ all OEM (aircraft parts) and aircraft manufacturers</td>
<td>270</td>
<td>61+</td>
</tr>
</tbody>
</table>

**Note:** Statistics provided based on the information on suppliers for the aircraft material and general supplies.
Since our establishment, we have been developing our safety management systems, embracing technological innovations and promoting a culture of safety. Our comprehensive safety standard governs our culture and systems, machinery and staff, to effectively safeguard every flight.

Hainan Airlines has always adhered to the “safety and prevention first, prevention focus” management approach. As a commitment to internationalization, we follow an international advanced management system. Hainan Airlines’ strict safety policies, positive safety culture and effective safety management system have enabled us to maintain an excellent safety record, while at the same time, achieving international and fast development.

By the end of 2015

Hainan Airlines had accumulated more than 5 million hours of safe flight.

Maintained an outstanding record of 22 consecutive years of safe operation.

Hainan Airlines also won the “Five-Star Flight Safety Award” from the Civil Aviation Administration of China.

Jet Airliner Crash Data Evaluation Center (JACDEC) published the 2015 world’s safest airlines list, with Hainan Airlines ranked 5th, and first among Chinese airlines.

Excellent Safety to Protect Our Passengers on the Journey

Safety is our most important core value. We cherish every “chance encounter” with our travelers and strive to ensure excellent safety standards for every flight.
Enhance System Security with Technological Innovation

The core of safety management is risk management. Hence it is important to build a strong safety management system (SMS). Hainan Airlines upholds four core concepts: safety policy, risk management, safety assurance and safety promotion. Through continuous improvement and innovation, we have created distinctive feature in the SMS to ensure safe operation and the healthy development of Hainan Airlines.

Solid Foundation of the Robust SMS System

Hainan Airlines’ SMS adopted a “proactive risk management” approach which ensures that risk is managed throughout the entire business operation.

Hainan Airlines was the first airline in China to introduce the SMS promoted by International Civil Aviation Organization (ICAO) in 2005. The SMS emphasizes proactive and comprehensive monitoring and management. It stresses that safety elements should be integrated into the company’s structure, processes, culture and daily training. Hainan Airlines SMS covers all aspects of operations, including flight, transport control, maintenance, ground and various other operations. By identifying the source of hazards, the hazard database is established to carry out risk assessments and formulate proactive control measures to minimize possible safety risks.

Hainan Airlines has established a comprehensive safety management structure. At corporate level, we have a safety management committee; at department level, a safety working group; and at team level, a safety team. Among them, the safety management committee is the highest governing body for safety management. They are responsible for establishing the company’s safety, security and other related policies. They review the company’s SMS status and organize safety meetings quarterly and annually to analyze the company’s safety performance, threats and potential issues. Through a red-yellow card system and appointment system, we are able to effectively resolve all security threats and maintain sustainable safety.

Ensure Safety with Technological Innovation

To continue enhancing our safety performance, Hainan Airlines developed a system with risk measurement, risk monitoring, risk suppression and intelligent decision support functions, known as HORCS (HNA Operational Risk Control System). HORCS combines risk management and technology seamlessly and looks into all factors that may affect the safety of each flight, for example, weather, pilot performance, the crew and airport conditions. By researching and analyzing more than 200 elements in operation and quantifying the risks, the system is able to provide pilots with timely and objective information thereby reducing the chance of human error.

International Safety Standards

In 2015, Hainan Airlines fully implemented E-IOSA audit (Enhanced IATA Operational Safety Audit), the accepting the higher standards of an authenticating mechanism in IOSA safety audit. We have completed the E-IOSA in July with full compliance; thereby strengthening the company’s ability to prevent risks.

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hainan Airlines Incident Rate / 10,000 Flight Hours</td>
<td>0.03</td>
<td>0.08</td>
<td>0.02</td>
<td>0.02</td>
<td>0.02</td>
</tr>
<tr>
<td>China’s Average Aviation Incident Rate / 10,000 Flight Hours</td>
<td>0.373</td>
<td>0.418</td>
<td>0.383</td>
<td>0.396</td>
<td>0.431</td>
</tr>
<tr>
<td>Safe Flight Hours (10,000 hours)</td>
<td>37</td>
<td>39.8</td>
<td>45</td>
<td>50</td>
<td>52</td>
</tr>
</tbody>
</table>

Note: The safe flight hours for Hainan Airlines include data from four companies.
Ensure Flight Safety with Strict Management

Keeping In Mind the Safety Culture

Safety culture is the spiritual pillar of Hainan Airlines’ safety management, providing a direction for safety development efforts. Awareness is deeply rooted in the heart of every employee and the concept of safety is a part of every aspect of work. The implementation of key risk management promotes the implementation of the Company’s safety management practice and fulfills the mission of providing five-star safety protection for our passengers.

The 7 core safety culture is integrated into every employee’s words and actions. From preparation to the implementation of each flight, the culture towards safe practices has become self-conscious, self-disciplined and self-corrected.

Safety Performance Prevent Risks

Hainan Airlines strictly implements safety and control standard management. In 2015, Hainan Airlines was selected by Civil Aviation Administration of China as the pilot unit to implement and develop safety practices. Through research and references, Hainan Airlines built a unique safety performance management model with operation overview, safety outcomes, core risks, and critical components. These four core dimensions form the safety map that reflects the company safety status.

Hainan Airlines established the safety working group at the departmental level to implement safety assessment methods. These are focused on each unit’s safety management performance review based on the “philosophy of equal importance of results and process”. This is to strengthen the safety responsibility of all departments. Through the implementation of the “equal importance of results and process” safety performance assessment, active reporting is done to reduce the liability of risk management and ensure the operations safety.

Flight Training Builds Our Foundation

Flight training is one of the foundations to ensure safety. The importance of flight safety is self-evident to pilots. Hainan Airlines adopted the IATA CBT/EBT concept as the basis, with the enhancement of pilot capabilities as a training objective, which includes a variety of scenarios, including comprehensive training content format, and inspection standards to effectively enhance the quality of flight training. In order to strengthen the management qualification of key flight positions, Hainan Airlines established a “pilot qualification dual firewall management system” in order to form a two-tier training qualification safety net for “company-group”.

Hainan Airlines has very strict daily training requirements for pilots and considers it important to create a healthy and productive working atmosphere for the pilots. We adopted a ‘led by example’ approach for pilots; each fresh pilot is led by a senior pilot to ensure better flight safety.
The world has recently been affected by terrorists and extremist groups. With the Chinese government’s determination to combat terrorism and our progress in making Hainan Airlines an international airline, we have devoted significant resources to countering terrorism.

In order to safeguard our passengers and colleagues, Hainan Airlines has established a security management system which is integral to the company’s business process. Our security department pays close attention to international terrorist threats and the latest developments and put security and counter-terrorism elements at the core of the company’s risk assessment and emergency response system.

Ground safety is mainly concerned with the ground equipment and vehicles or the related fire controls when an aircraft is taxiing on the ground. Hainan Airlines has an established ground control safety program and conducts regular inspections of equipment and staff, and training for the ground services team to raise overall ground safety.

Hainan Airlines has strict training requirements for pilots. Every new pilot in aviation school has to abide by the high standard technical training to ensure compliance with the requirements of our foundation. In addition, Hainan Airlines has a “qualified inspection unit” to keep track of each pilot’s progress and perform a detailed qualification examination to keep a strict control of flight safety.

Hainan Airlines CSR Report

Case Rigorous Training to Ensure Flight Safety

Hainan Airlines has strict training requirements for pilots. Every new pilot in aviation school has to abide by the high standard technical training to ensure compliance with the requirements of our foundation. In addition, Hainan Airlines has a “qualified inspection unit” to keep track of each pilot’s progress and perform a detailed qualification examination to keep a strict control of flight safety.

Case Comprehensive Staff Arrangement Ensures Ground Safety

Ground safety is mainly concerned with the ground equipment and vehicles or the related fire controls when an aircraft is taxiing on the ground. Hainan Airlines has an established ground control safety program and conducts regular inspections of equipment and staff, and training for the ground services team to raise overall ground safety.

Case Aviation Security – Anti-Terrorist Drill in Urumqi

The world has recently been affected by terrorists and extremist groups. With the Chinese government’s determination to combat terrorism and our progress in making Hainan Airlines an international airline, we have devoted significant resources to countering terrorism.

In order to safeguard our passengers and colleagues, Hainan Airlines has established a security management system which is integral to the company’s business process. Our security department pays close attention to international terrorist threats and the latest developments and put security and counter-terrorism elements at the core of the company’s risk assessment and emergency response system.
Safeguard Information Security with Technology Upgrade

Protecting passengers’ information is a crucial responsibility for the aviation industry. With the fast development of information technology networks, we have incorporated passenger information security in our corporate strategy and governance. At the same time, we have put in place data security measures in multiple operating platforms to ensure that our guests can fully enjoy our services.

By 2015, Hainan Airlines upgraded its information security management through its official website and WEB Application Security and Fortune Wings members’ personal information security in order to strengthen information security management for each operator access point and strengthen the ability to trace security incidents.

Official Website and WEB Application Security

Hainan Airlines conducts regular security monitoring of the WEB application and official website trojan incidents, sensitive content, tampered content, stability incident, IP analysis incident. We also issue weekly “website safety inspection reports”. Based on these results, we further improve on the usability, safety assessment and timely optimization of our website.

Fortune Wings Member Personal Information Security

Hainan Airlines’ Fortune Wings members’ personal information is recorded in this system. The access to the information is strictly controlled. Each business unit has authorization levels depending on respective job function. Fortune Wings has also issued “Hainan Airlines Frequent Flyer Regulation Information” for members to inform them about the strict requirements for information inquiry and usage.

Other than incorporating the anti-terrorism element into daily training, we carry out annual large-scale anti-terrorist drill. In 2015, we were able to carry out an emergency situation and combat training.

On October 23, 2015, Hainan Airlines and Urumqi International Airport held a joint hijack drill with 100 participants: Combustible materials were set on fire, and the participants and cabin crew were evacuated within a short period of time.

There were seven steps involved in the air hijack and ground emergency rescue:

- Deal with violence in the cockpit
- Manage explosives on plane
- Treat the injured passengers
- Transfer injured passengers to ground
- Handover terrorists
- Screen passengers identity
- Handover terrorists

Through this drill, emergency plans were tested for their practicability and effectiveness on all levels and the provided front-line aircrew with practical training. It allowed us to understand the importance of air safety and the seriousness of counter-terrorism and emergency rescue capabilities. It also strengthened our cooperative capability across all units.
Five-Star Services Demonstrate Oriental Hospitality

Hainan Airlines emphasizes the essence of heritage and integration of the traditional Chinese culture throughout our services. Since the commencement of Hainan Airlines, we have embodied the “customer-oriented” service spirit and are committed to providing a five-star flight experience to our customers on every journey.
Cloud · Dreams – Perfect Sleeping Environment with Our Comfortable Bedding Service

In order to create a homely sleeping environment, Hainan Airlines selects high-quality cotton mattresses, sheets, blankets, pajamas, slippers and other amenities for passengers to feel like they are on a cloud. Our wide-range of services not only minimizes the fatigue of our international long-haul business class passengers, but also demonstrates our fully-attentive service attitude. With our business class comfortable bedding service, our passengers enjoy a quality sleep, which reduces the fatigue caused by long-haul travel.

Cloud · Enjoy – Attentive and Fully Equipped Travel Supplies

Hainan Airlines is equipped with the internationally famous Bvlgari products, including body lotion, wet wipes and lip balm; and with disposable toothbrushes, combs, cotton sleeping masks, ear plugs and other daily necessities. In addition, Hainan Airlines carries sewing kits, nail clippers, stationery, pens, and other daily necessities, as well as commonly used non-prescription drugs, so passengers can cope easily with various situations along the journey and worry free during their flight.

Providing a comfortable sleeping environment

The 2015 SKYTRAX World Aviation Award was officially announced at the annual Paris Air Show. Hainan Airlines was the only airline from China that was awarded for SKYTRAX 5-star. In addition, we were also awarded “Best Airline in China” and “Best Airline Staff Service - China”. We are committed to becoming an international airline and striving to be one of the best airlines globally. For building the service framework for “Oriental Beauty”, we shall continue to build a top-level air service brand, in order to take a successful and solid step forward.

A “Comprehensive and Seamless” Flight Experience

Hainan Airlines is committed to providing passengers a “Seamless Air to Ground” flight experience; from product design to specific route service details, Hainan Airlines strives to demonstrate our deep understanding of Chinese culture and the Chinese travelers’ consumption habits.

We place considerable attention to provide convenient and comfortable five-star services to our passengers. Through managing every aspect of passenger and cabin service, as well as ongoing product upgrade, we hope every traveler enjoys our quality services, including cabin environment, amenities, entertainment, food and beverage, in order to enable our passengers to enjoy the best cabin service through our cooperation with the world’s top suppliers.

We hope that through the combination of traditional oriental culture and new oriental innovation, we will be able to develop Hainan Airlines’ unique “Oriental Hospitality”. By offering humanistic care, we bring “Comprehensive and Seamless” flight experience to every passenger.
“Cloud · Entertainment” – Extraordinary Pleasure with Advanced Entertainment Experience

Hainan Airlines Boeing 787 and Airbus 330 are equipped with the AVOD-managed audio-visual entertainment system for all cabins. Each seat is equipped with a personalized screen, with user-friendly design and rich content, to deliver the extraordinary experience of “Oriental charm, international perspective”. For some of the B737/B767 planes, all cabins are equipped with handheld entertainment devices with movies, music, games and shopping, meeting various needs of passengers.

“Cloud · Taste” – Enjoy Exquisite Taste with Cuisine in the Cloud

Hainan Airlines invited an internationally renowned chef to be our catering director. This director works closely with our professional in-flight catering team to design new and unique dishes. We regularly update our on-board drinks, cocktails, starters, main courses, bar snacks and specialty products. Our domestic and international passengers can enjoy both exquisite Chinese cuisine and savor the taste of well-known foreign cuisines, which vividly illustrates the cultural charm of Chinese and Western dining at 30,000 feet.

Excellent Services for Distinguished Passengers

1. Exclusive check-in counters: Frequent travelers can check-in at an exclusive check-in counter
2. Preferred seating: In accordance with frequent passenger’ seating preferences, and special allowance for luggage limit
3. VIP security channel: Enjoy fast inspection services, eliminating the need for queues
4. VIP Lounge: Comfortable seating environment, a wide selection of high quality food and beverages, newspapers, magazines, and high-speed Wi-Fi
5. Boarding service: Offer boarding reminders in the VIP Lounge and provide priority boarding channels

Hainan Airlines CSR Report
Our new aircrafts are equipped with the advanced Panasonic EX3 entertainment system and Air-Ground Wi-Fi network. Our current airplanes are upgraded with the latest GUI, differential coding and improved program clarity. We also provide on-board Wi-Fi services.

From 2014 to 2015, we launched the opera and Calabash Brothers version as Hainan Airlines’ 3rd Version “Safety” video. The number of movies available increased from 40 to 110, the number of TV series increased from 40 to 90, and the number of music albums increased from 500 to 750. The total amount of programs we have has reached the level of the top 10 airlines.
Provide Personalized Services to Special Passengers

In order to effectively serve our passengers, Hainan Airlines offers the “Care More” service for special passengers, including pregnant women, children, infants, older travelers, and other special guests. Treating everyone equally and with love is the spirit we have abided by for many years.

To better serve our passengers, we launched the Care More Project transportation plan so that more people can enjoy Hainan Airlines’ five-star service. The Care More Project includes various types of special services for passengers, such as for those traveling alone, children, elderly passengers, and visually and hearing-impaired passengers. Wheelchair passengers, in stretchers, passengers who need guide dogs, traveling patients, and passengers that need oxygen support, etc. Meanwhile, Hainan Airlines has been tuning in to our passengers’ feedback, constantly creating and improving our Care More service, in order to provide travelers with an even more comfortable travel experience.

Case Care More Services

Under the “SOP+SMILE” rule, “Hainan Airlines flight attendant 15 guidelines for core behavior,” Hainan Airlines’ flight attendants go the extra mile to ease every passenger’s concern and exceed their service expectations.

From our Hainan’s Most Beautiful Person, Fan Xuesong, our crew member, assisted an elderly passenger who was suffering from cerebral infarction and was unable to feed himself. Fan Xuesong, the crew member who sheltered an old passenger with his body and newspaper and brought him to a passenger car. These little moments might be mundane for Hainan Airlines’ flight attendants, but they reflect the caring spirit of the Hainan staff and are epitome of our service spirit.

Example 1

On December 8, 2015, 71-year-old retired Professor of Medicine Mr. Niu and his wife and children rode on the HU7302 flight from Zhengzhou to Haikou. The Professor was paralyzed after a stroke 2 years ago, so it was inconvenient for him to move and he was unable to feed himself. The elder was moved to tears when our crew member Fan Xuesong, kneeling on the floor to feed the Professor.

Example 2

In September 2015, it started to rain heavily after the flight from Beijing to Haikou landed, and the plane was parked away from the terminal. Crew member Liu Sheng helped two elderly passengers with mobility difficulty into a passenger car using his own body and newspapers to shelter the old men despite the heavy rain. This event won the applause from other passengers and friends. It perfectly reflects the company’s “customer-oriented” service concept of Hainan Airlines.

Case Organ Transport Special Mission

On November 29, a Hainan Airlines flight from Guilin to Beijing received a liver transportation mission. Four hours before departure, the Hainan Airlines airport counter in Guilin received a call from the Guangzhou Military 181 Hospital about the need for assistance from Hainan Airlines to complete the transportation of the organ. The stationed duty officer immediately called the company to consult and seek approval for the mission to safeguard the operation. The staff immediately launched the emergency protocol by contacting airport security and coordinating with other units to ensure a smooth process.

One hour before departure, the passenger with the organ arrived at the airport. The staff was well-prepared at the site and accompanied the passenger through check-in and boarding. Meanwhile, to prevent delay in baggage and cargo handling of flights, special staff was located to monitor the entire cargo handling to process.

Example
In addition to creating “Seamless Air-Ground” flight experience for travelers, Hainan Airlines values passenger feedback and satisfaction of our services. In 2015, Hainan Airlines began to build a platform to research on overall guest satisfaction for various services, named Voice of Customer (VOC). Standardizing the information management process flow and constructing a systematic services data warehouse to focus on customer’s comments. Using the passenger feedback, we can identify service risks, promote awareness of service issues, correct errors, speedily enhance our service quality and strengthen our proactive service risk management and control.

In 2015, Hainan Airlines used paper, website, ‘WeChat’, and mobile app questionnaires, and other methods to gauge our passenger satisfaction levels. According to the results, we exceeded our performance targets. Through our closed loop management of the “complete process”, we could conduct analysis and amend various indicators to enhance the quality of service for the coming year.

### VOC Guest Satisfaction Research Platform

In addition to creating “Seamless Air-Ground” flight experience for travelers, Hainan Airlines values passenger feedback and satisfaction of our services.

In 2015, Hainan Airlines began to build a platform to research on overall guest satisfaction for various services, named Voice of Customer (VOC). Standardizing the information management process flow and constructing a systematic services data warehouse to focus on customer’s comments. Using the passenger feedback, we can identify service risks, promote awareness of service issues, correct errors, speedily enhance our service quality and strengthen our proactive service risk management and control.

In 2015, Hainan Airlines used paper, website, ‘WeChat’, and mobile app questionnaires, and other methods to gauge our passenger satisfaction levels. According to the results, we exceeded our performance targets. Through our closed loop management of the “complete process”, we could conduct analysis and amend various indicators to enhance the quality of service for the coming year.

<table>
<thead>
<tr>
<th>Customer Satisfaction Index</th>
<th>2015 Goals</th>
<th>2015 Results</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>82 Points</td>
<td>84.13 Points</td>
</tr>
</tbody>
</table>

### Case Optimization of Animal Transportation Services

Hainan Airlines’ animal transportation services adhere to the IATA international standard and other top 10 airlines’ practices. We constantly update our regulations for animal transportation. Hainan Airlines successfully shortened the transportation time to meet the needs of the passengers transporting their animals. We provide a dedicated portfolio bag and kennel packaging, while communicating throughout the journey using our monitoring services; this highlights our love for animals and our embracing spirit. As of 2015, Hainan Airlines had transported up to 620 animals.

Guide dogs database provides convenient services for travelers.

---

Hainan Airlines had transported up to 620 animals.