



2016

Social Responsibility Report



FLY YOUR DREAMS

# CONTENTS

- 02 Letter to Stakeholders
- 04 About Hainan Airlines
- 08 Social Responsibility Management


*Ladies and gentlemen,*  
Welcome aboard a sustainable flight with Hainan Airlines. Guided by the 'Hainan Airlines Spirit' value system, we focus on sustainable development and provide responsible products and services, striving to create a sustainable flight experience for our passengers. You are invited to experience our sustainable flights that embody safety, quality, eco-friendliness, win-win, growth and kindness.  
Thank you!




14

 **A Carefree Journey**  
with Safety Guaranteed


24

 **A Happy Journey**  
with Care

38

 **A Win-Win Journey**  
with Integrity

50

 **A Low-carbon Journey**  
with Greenness

62

 **A Co-growth Journey**  
with Morality

76

 **A Harmonious Journey**  
with Kindness

- 86 Index
- 88 Feedback Form
- 89 About this Report

# Letter to Stakeholders



Hainan Airlines Company Limited  
President

## Dear friends,

Thank you very much for your support and assistance for Hainan Airlines.

The year of 2016 witnessed the popularization of the Charity Law of the People's Republic of China, wide support for the UN's 2030 Sustainable Development Agenda, the signing of the *Paris Agreement*, the official ratification of the first legally binding standard for restricting greenhouse gas emissions in the aviation industry, etc. Sustainable development has become the focus and strategic choice of global economic activities. Taken as a whole, the global environment has proposed higher requirements for the corporate social responsibility management of Hainan Airlines.

'Integrity and practice leads to sustainability.' We believe that with a good command of corporate social responsibility, and by drawing on the Company's core advantages in corporate social responsibility fulfillment, we can build Hainan Airlines into a leading world-class aviation company. We believe that by paying attention to changes in life and society, focusing on topics related to the mutual development of enterprises and stakeholders, and integrating social responsibility into corporate operation management, we can provide responsible products and services so as to make the world a better place.



“ 'Integrity and practice leads to sustainability.' We believe that with a good command of corporate social responsibility, and by drawing on the Company's core advantages in corporate social responsibility fulfillment, we can build Hainan Airlines into a leading world-class aviation company. ”

'Integrating CSR fulfillment with corporate development' is more than just maintaining the sustainable development of businesses. It requires the organic integration of social responsibly with products and services. As an eco-friendly enterprise, we have always aimed to provide more responsible aviation products and services, minimized the adverse impact of our operations on the environment and society, and undertaken out responsibility for every stakeholder to create shared value.

In the past year, we have put integrity first, deepened mutually beneficial cooperation with stakeholders including government and business partners, and accelerated the expansion of our global route network. Hainan Airlines has opened more than 1,000 international and domestic routes to over 100 cities across the world, providing a better air transport and life experience for more passengers from different regions. By inheriting the 'customer-oriented' service spirit, upholding 'Oriental Hospitality' and providing passengers with a brand new aircraft fleet, Michelin-rated delicacies and excellent airline services, we create a moving and amazing experience beyond passengers' expectations. Our

accumulated safe flight hours have reached beyond 5.6 million, earning us 3rd place in the JACDEC Airline Safety Ranking of the safest airlines in the world. With the working attitude of concentration, perseverance and perfection, we have made 'safety' the normal state of our flights. We value and respect our employees and provide them with sufficient care to help them realize self growth and value. In 2016, we realized RMB 40.678 billion in revenue, served 47.02 million passengers and earned a place in the Certified 5-Star Airline Rankings of SKYTRAX for the sixth consecutive year.

Greater responsibility comes with greater influence. We have long focused on the improvement of social and environmental issues, and devoted ourselves to public welfare services and environmental protection through the enterprise's core advantages. In the past year, we have persisted in green development. While continuously promoting the 'Green Tour' project, we have cooperated with the China Green Carbon Foundation to carry out the 'Green Tour - Carbon Offset' public welfare project. We are committed to building a world-renowned green aviation brand and the most

preferred airline for passengers. In response to national strategies, we have made innovations in public welfare patterns and integrated public charity into corporate business, striving to make greater contributions to society. In 2016, we reduced our fuel consumption by 54,000 tons, an amount which would have caused 170,000 tons of CO<sub>2</sub> emissions, which could only be offset by the absorption of 1.53 million trees; we also developed about 20 regular routes to remote and poverty-stricken areas to promote poverty elimination. Through such public welfare projects as 'Change for Good' and 'Bringing Love Home', we have helped more than 400 people including those who suffer from leukemia, children infected with AIDS, needy university students, left behind children in rural areas, handicapped individuals and so on.

'A man who is determined to travel a thousand miles will never give up halfway.' Dear friends, the sustainable development of Hainan Airlines needs your care and support. In 2017, we hope to make joint effort with you to promote the development and prosperity of the aviation industry, and strive to build a better and more sustainable future.

# About Hainan Airlines

## Company profile

Hainan Airlines is committed to 'Oriental Hospitality', the service spirit of 'customer first', the 'SMILE' service standards and the brand concept of 'Chance Encounter, Treasured Companion'. By offering a 'comprehensive and seamless' flight experience to every passenger, we aim to build a world-class Chinese aviation brand.

In 2016, Hainan Airlines was listed in the Certified 5-Star Airline Rankings of SKYTRAX for the sixth consecutive year. We have accumulatively served 47.02 million passengers for over 5.6 million hours of safe flights, and realized revenue of RMB 40.678 billion.

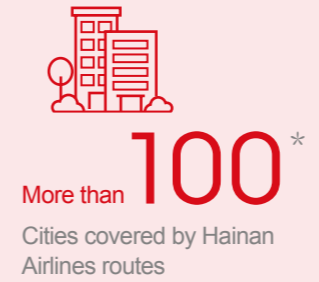
- **Company name**  
Hainan Airlines Company Limited
- **Date of foundation**  
January, 1993
- **Headquarters location**  
Haikou City, Hainan, China
- **Major business**  
Air transport

## Establishing a young and luxurious fleet for a more comfortable flight experience

Hainan Airlines possesses a young fleet that includes Boeing 737 and 787 series and Airbus 330 series aircraft.

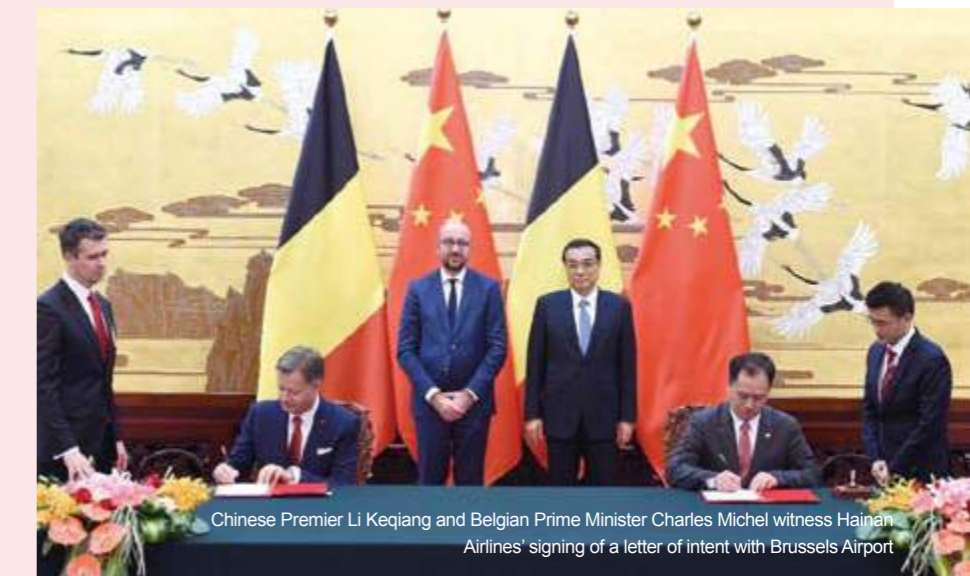


Note: The statistics marked with "\*" in the report cover data from HNA subsidiaries including China Xinhua Airlines Group Co., Ltd., Air Chang'an Co., Ltd., Shanxi Airlines Co., Ltd., Yunnan Lucky Air Co., Ltd., Urumqi Air Co., Ltd., Fuzhou Airlines Co., Ltd., Beijing Science & Technology Aviation Investment Co., Ltd. and others.

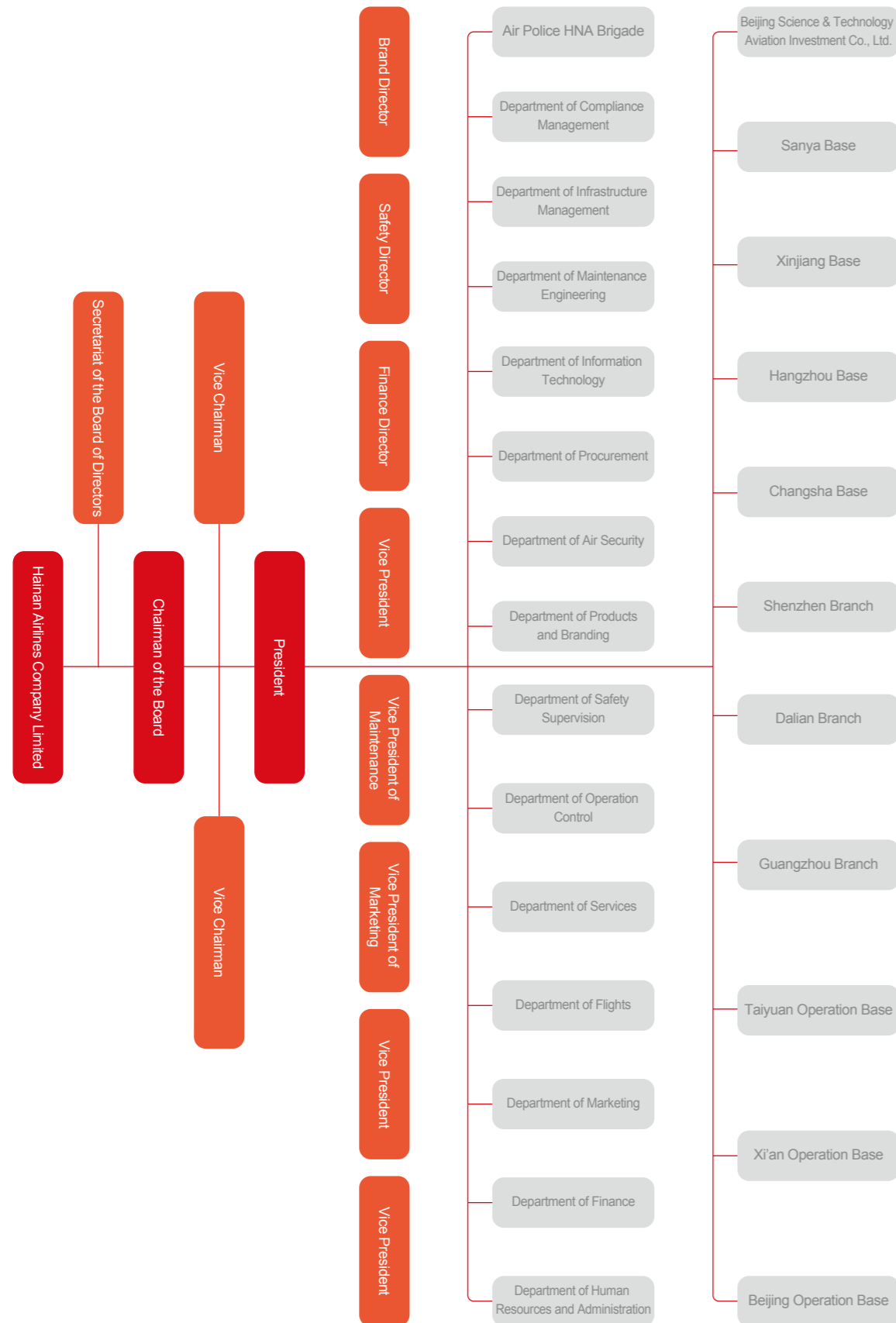


## Continuously improving our international route network to help you reach the world

Headquartered in Haikou, the Company has successively opened 10 bases or branch companies in Beijing, Xi'an, Taiyuan, Urumqi, Guangzhou, Dalian, Shenzhen, Sanya, Hangzhou and Changsha.



## Organizational structure



## Corporate governance

Hainan Airlines place great emphasis on corporate governance, strictly abides by laws, regulations and regulatory documents such as the Company Law, Securities Law, Code of Corporate Governance for Listed Companies in China and Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, and continuously improves its governance structure and strategic decision-making mechanism, forming a smooth operation mechanism with a clear division of rights, duties and labor. The Board consists of special committees including the Audit Committee, Strategy Committee, Nomination Committee, Remuneration and Assessment Committee, etc. These committees play an important role in such pivotal management, operations and decision-making processes as the formulation of corporate strategies, inspection and appraisal of internal control, regular report compilation and incentive mechanism improvement. The Board currently has 7 directors.

In 2016, Hainan Airlines was honored among the 'Top 30 Boards of Supervisors of Listed Companies' by the China Association for Public Companies, Shanghai Stock Exchange and Shenzhen Stock Exchange.

## Ethical operations

Hainan Airlines has always complied with business ethics, abided by laws and regulations, and continuously improved its compliance management system. Moreover, the Company has resolutely opposed bribery and corruption, advocated fair competition and integrated integrity and compliance into all aspects of its corporate operations.

**Promoting the internationalization of internal control.** The Company has completed the on-site appraisal of internal control in several overseas offices in Europe and America, and has standardized its overseas working processes and corresponding risk control points.

**Improving the awareness of compliance.** In 2016, the Company organized 10 compliance training sessions for over 500 employees including new university graduate employees, cadet pilots, and domestic and overseas staff.

**Conducting compliance inspection.** The Company has completed its compliance inspection and rectified violations against laws and discipline.



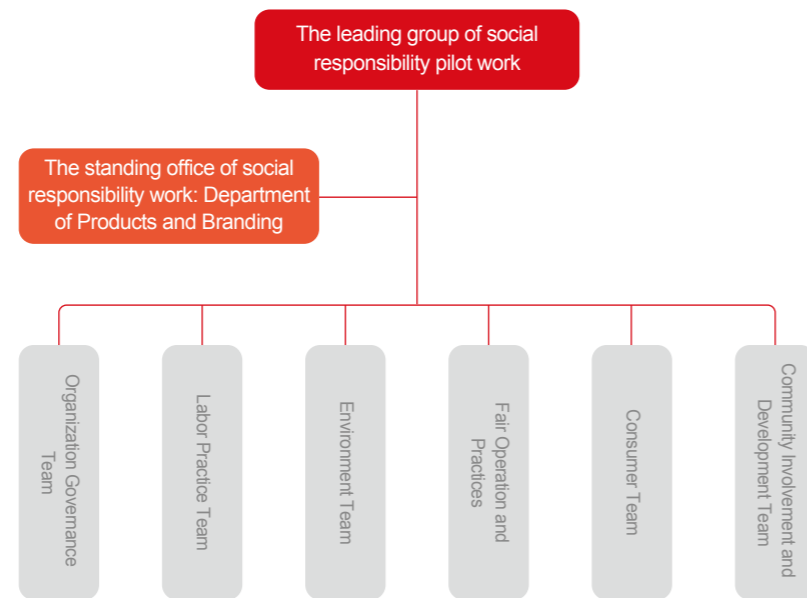
# Social Responsibility Management

## Social responsibility concepts

With our core brand value of 'Caring Love - Integrity', Hainan Airlines has always regarded CSR fulfillment as an important approach and foundation for building a leading world-class enterprise. It has persisted in fulfilling its basic responsibilities towards the government, shareholders, employees, clients, cooperation partners, etc., and expanded its responsibility fulfillment to cover communities, the environment, public welfare and charity.

## Social responsibility organizational structure

In order to fulfill its social responsibility, Hainan Airlines has established a leading group of social responsibility pilot work, a standing office and 6 project teams. Each team is led by its responsible department in implementing the relevant work.



## Social responsibility promotion

Under the guidance of the 'Hainan Airlines Spirit' and focusing on sustainable development, Hainan Airlines draws on its '5-Star Airline' status and the 'Green Aviation' concept to promote the building of its social responsibility system, research and compile social responsibility guidance, enhance communication and exchange on social responsibility, and integrate social responsibility into corporate business.

- Hainan Airlines compiled and released its first corporate social responsibility report: Hainan Airlines Company Limited 2015 Social Responsibility Report
- Hainan Airlines cooperated with the China National Institute of Standardization in the research and compilation of the Air Transport Industry Social Responsibility Implementation Guide
- Hainan Airlines held the 'Standards Facilitate the Air Transport Industry in Fulfilling its Social Responsibility' seminar at the 2<sup>nd</sup> HNA CSR Forum, enhanced exchange and communication on social responsibility standards in the air transport industry, and set a CSR benchmark in the industry
- Hainan Airlines was invited to attend the 11<sup>th</sup> International CSR Forum held by GoldenBee, at which it participated in a seminar on corporate social responsibility and the protection of children's rights
- Hainan Airlines launched the 'Green Tour' green aviation program and brand programs including the 'Change for Good®' donation program and the 'Love Wings' points for charity program

### Case Participating in the Research and Compilation of the Air Transport Industry Social Responsibility Implementation Guide

That standards facilitate the sustainable development of an enterprise has become a global consensus. As a great advocator of Chinese civil aviation reform, Hainan Airlines has cooperated with the China National Institute of Standardization to promote research into air transport standards, and compiled the *Air Transport Industry Social Responsibility Implementation Guide*. Serving as the first benchmark of social responsibility work in the air transport industry, the Guide is conducive to regulating and leading the sustainable development of the air transport industry.



Hainan Airlines participates in seminar on corporate social responsibility and the protection of children's rights at 11<sup>th</sup> International CSR Forum held by GoldenBee

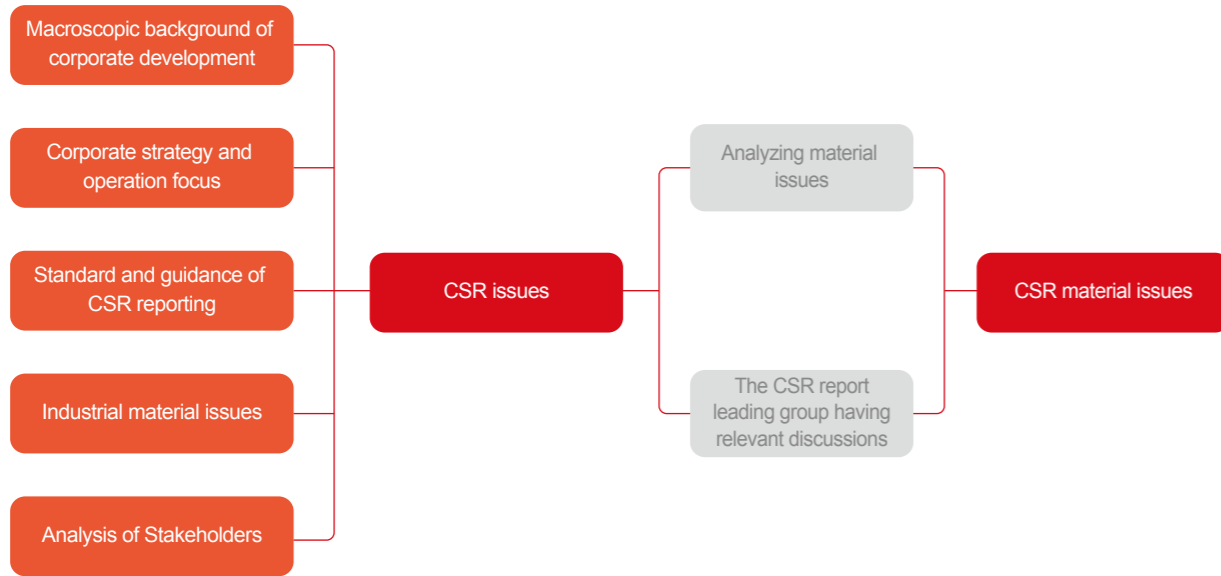


Hainan Airlines holds 'Standards Facilitate the Air Transport Industry in Fulfilling its Social Responsibility' seminar at 2<sup>nd</sup> HNA CSR Forum



## Identification of material issues

We have conducted regular communications with stakeholders to deeply analyze information concerning the domestic sustainable development context, national macro politics and industrial development trends. According to the characteristics of corporate development, we have identified and summarized the core CSR issues for Hainan Airlines and determined their order of priority:



Analysis of CSR material issues



Analysis of material issues (illustration)

## Stakeholder communication

Stakeholders	Aspirations and requests	Communication channels	Actions
<b>Government and regulatory institutions</b>	<ul style="list-style-type: none"> <li>Legal and compliant operation</li> <li>Paying taxes according to the law</li> <li>Creating employment opportunities</li> <li>Serving national strategies</li> <li>Preventing risks</li> </ul>	<ul style="list-style-type: none"> <li>Work reporting</li> <li>Attending conferences, major report meetings and symposiums</li> <li>Document and symposiums</li> <li>Subject to supervision</li> </ul>	<ul style="list-style-type: none"> <li>Legal operation</li> <li>Tax payment according to the law</li> <li>Providing employment opportunities</li> <li>Promoting regional development</li> <li>Enhancing risk management</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>Creating stable returns</li> <li>Improving corporate governance</li> <li>Enhancing management of investor relations</li> <li>Timely and comprehensive information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>Stakeholders' conference</li> <li>Regular announcements and road shows</li> <li>Analysts</li> </ul>	<ul style="list-style-type: none"> <li>Boosting profitability</li> <li>Improving governance structure</li> <li>Regulating information disclosure</li> </ul>
<b>Clients</b>	<ul style="list-style-type: none"> <li>Ensuring flight safety</li> <li>Maintaining service quality</li> <li>Protecting clients' privacy</li> </ul>	<ul style="list-style-type: none"> <li>Service quality supervision system</li> <li>Complaints mailbox</li> <li>Service hot line 95339</li> <li>Feedback card</li> <li>VOC passengers' satisfaction degree survey platform</li> <li>Passengers' satisfaction degree survey</li> </ul>	<ul style="list-style-type: none"> <li>Management and control of core risks</li> <li>Cultivating safety culture</li> <li>Making innovations in safety technology</li> <li>Improving membership services</li> <li>Increasing flight punctuality rate</li> <li>Conducting responsible marketing</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Safeguarding employees' basic rights and interests</li> <li>Improving the remuneration and benefits system</li> <li>Occupational health and safety</li> <li>Vocational training and career development</li> <li>Caring for employees</li> </ul>	<ul style="list-style-type: none"> <li>Symposiums for employees</li> <li>Petitions</li> <li>Chairman's mailbox</li> <li>Employees' satisfaction degree survey</li> <li>Performance appraisal interviews</li> </ul>	<ul style="list-style-type: none"> <li>Providing competitive salaries</li> <li>Creating career development channels</li> <li>Conducting educational training</li> <li>Organizing employee activities</li> <li>Employees home visit</li> </ul>
<b>Cooperation partners/other industries</b>	<ul style="list-style-type: none"> <li>Fair competition</li> <li>Integrity and mutual benefits</li> </ul>	<ul style="list-style-type: none"> <li>Visits and exchanges</li> <li>Industrial forums</li> <li>Meetings</li> </ul>	<ul style="list-style-type: none"> <li>Integrity and abiding by the law</li> <li>Persisting in win-win cooperation for mutual benefits</li> <li>Maintaining the healthy development of the industry</li> </ul>
<b>Environment</b>	<ul style="list-style-type: none"> <li>Combating climate change</li> <li>Energy conservation and emission reduction</li> <li>Comprehensive utilization of resources</li> </ul>	<ul style="list-style-type: none"> <li>International forum for green aviation</li> <li>Charitable environmental protection activities</li> <li>Industrial meetings</li> </ul>	<ul style="list-style-type: none"> <li>Building the energy management system</li> <li>Creating 'Green Tour'</li> <li>Training in environmental protection</li> <li>Advocating a green lifestyle</li> </ul>
<b>Communities and the public</b>	<ul style="list-style-type: none"> <li>Promoting local employment</li> <li>Participating in public welfare</li> <li>Driving the development of communities</li> </ul>	<ul style="list-style-type: none"> <li>Community communication and research</li> <li>Carrying out public welfare activities</li> <li>Voluntary services</li> <li>Disaster relief</li> </ul>	<ul style="list-style-type: none"> <li>Guaranteeing special flights</li> <li>Supporting regional economic development</li> <li>Charitable actions</li> </ul>

## CSR honors



On January 14<sup>th</sup>, 2016

Hainan Airlines was listed in the JACDEC Airline Safety Ranking as the 5<sup>th</sup> safest airline in the world, ranking highest among airlines of mainland China.

On June 6<sup>th</sup>, 2016

Hainan Airlines won the 'GoldenBee Ecological Civilization Award' in the 11<sup>th</sup> GoldenBee CSR Honor Roll.

On June 8<sup>th</sup>, 2016

Hainan Airlines, the only awardee among Chinese airlines, was honored the 'Prize for the Highest Web Sales Increase in 2015/16' by the global authoritative e-commerce institution Amadeus.

On June 30<sup>th</sup>, 2016

Hainan Airlines was honored among the 'Top 10 Domestic Airlines Highly Praised by Consumers' by the China Tourism Destination and National Image Forum and National Image Research Center of Tsinghua University.

On July 12<sup>th</sup>, 2016

Hainan Airlines, was listed in the Certified 5-Star Airline Rankings of SKYTRAX for the sixth consecutive year, the only airline to be given such an honor in mainland China.

On July 26<sup>th</sup>, 2016

Hainan Airlines won the 'Golden Footprint International Tourism Marketing Award & 16<sup>th</sup> IAI International Advertising Award' at the International Advertising Awards (IAI).

On September 22<sup>nd</sup>, 2016

Hainan Airlines won the first 'Hainan Province Government Quality Award'.

On October 8<sup>th</sup>, 2016

Hainan Airlines was named 'Excellent Employer of China 2016' by 51job.



Hainan Airlines was honored among the 'Top 30 Boards of Supervisors of Listed Companies' by the China Association for Public Companies, Shanghai Stock Exchange and Shenzhen Stock Exchange.

On December 15<sup>th</sup>, 2016

Global Traveler presented Hainan Airlines with the 'Best Airline in China' and 'Asia's Fastest Developing Airline' awards. Hainan Airlines has been honored as 'Best Airline in China' for five consecutive years.

On December 14<sup>th</sup>, 2016

Hainan Airlines was named 'Most Popular Airline in Mainland China' by Global Times - Global Travel.

On December 13<sup>th</sup>, 2016

Hainan Airlines won four awards at the 2016 World Travel Awards (WTA): 'World's Best Business Class', 'World's Best Inflight Service', 'World's Best Airline Cabin Crew' and 'World's Best Cabin Service'.

On December 3<sup>rd</sup>, 2016

Hainan Airlines won the 'Award for Overseas Promotion' of the Civil Aviation Resource Net of China (CARNOC.com).

On November 24<sup>th</sup>, 2016

Hainan Airlines won the 'Annual Award for Overseas Promotion of Chinese Enterprises' of PR Newswire.

On November 17<sup>th</sup>, 2016

Hainan Airlines won the 'Internationalized Talents Cultivation Program' of the International Society for Performance Improvement (ISPI).

On November 2<sup>nd</sup>, 2016

Hainan Airlines won four awards issued by the World Travel Awards (WTA): 'Asia's Leading Airline', 'Asia's Leading Airline - Business Class', 'Asia's Leading Cabin Crew' and 'Asia's Leading Inflight Food & Beverages'.


On October 15<sup>th</sup>, 2016





01 A Carefree Journey  
with Safety Guaranteed



Flight purser's broadcast 

All Hainan Airlines employees, whether in the airport terminal, hangar or cabin, visible or not, day and night, in China or overseas, are well-prepared to earn your entire trust. Our safe flight hours have exceeded 5.6 million, making us one of the safest airlines in the world according to JACDEC's report.



# Sustainable flight safe flight

## Safety in the air

### Pilots

- They are highly skilled and have a strong sense of self-management, duty and responsibility

### Flight attendants

- They check the safety details before takeoff and landing, and deal with emergencies during flights

### Operation control personnel

- They track and monitor flights and plan alternative routes in emergencies. They conduct aircraft weight and balance calculations

### In-flight security personnel

- They take actions as soon as they detect suspicious objects or passengers on board



## Ground safety

### Maintenance personnel

- They conduct routine inspections of aircraft before takeoff, during transit and after departure. They also carry out periodic aircraft maintenance checks

### Ground service personnel

- They hand out safety brochures to passengers and prevent major traffic accidents on the ground

# Sustainable development context

- Aviation safety is complicated around the globe with accidents happening from time to time.
- Environmental change and increasing pressure on runway safety bring new challenges.
- Stakeholders pay closer attention to aviation safety.
- Rapid increase of aircraft and flights requires better safety management.

## Our strategies

Safety is the priority of Hainan Airlines. By upholding 'Safety first' as the Company's guiding principle, we have become one of the safest airlines in the world. The Company is active in keeping pace with the highest international safety standards, and was the first Chinese aviation company to adopt the concept of the safety management system and tailor it specifically to its own needs. Rather than dealing with an accident after it happens, we prefer to prevent it. We have established the presystem safety management mode, combined interior and exterior safety supervision and inspection, and built a

**Constantly monitoring core risk indicators.** As soon as an alert is reported, we evaluate it, analyze it and produce a risk assessment report. We then formulate plans to prevent the risk or conduct remediation. In 2016, we released 15 risk assessment reports in total.

safety information management system that reports automatically. By detecting, reporting and solving problems, we continuously improve both our closed-loop management ability and safety operation level.

Risk management is at the core of Hainan Airlines' safety management system. It is also our turning point from passive to active management. We have listed 12 major risks and their specific indicators, enabling us to apply scientific mathematical models to comprehensively control the core risks.

**Promoting safety standard management step by step.** We held seminars for the discussion and formulation the *Hainan Airlines Safety Standards Management and Control Regulation*. In 2016, we selected 25 safety standards and included them in the Safety Management Manual. **Establishing a rapid-response mechanism for exterior safety alerts.** Our information channels and assessment procedures are upgraded and simplified so that exterior safety alerts can be promptly collected, assessed and used in the formulation of risk prevention plans.

### Case The First Aviation Company in Mainland China to take Risk Prevention and Control Measures against the Samsung Galaxy Note 7.

On September 10<sup>th</sup>, 2016, the Company heard about the US Federal Aviation Administration's ban on the Samsung Galaxy Note 7. On September 13<sup>th</sup>, after conducting risk assessment, the Company formulated the Notice on Preventing Mobile Phone Misuse Risks on

Aircraft, effectively preventing and controlling the risk of the Samsung Galaxy Note 7's battery burning or exploding. Hainan Airlines was the first aviation company in mainland China to take risk control measures against the Galaxy Note 7. On October 26<sup>th</sup>, the Civil Aviation

Administration of China issued the Safety Warnings on the Transport of Samsung Galaxy Note 7 by Air. Hainan Airlines responded immediately by announcing an all-out ban on carrying the Samsung Galaxy Note 7 on flights the same day.

# Our actions

## Overseas Security Control

With increasingly rapid internationalization, a severe global counter-terrorism situation and greater national attention to counter-terrorism, Hainan Airlines has equipped its staff with advanced security protection technology and instruments, and introduced training methods from world-class security companies to improve its security and emergency handling ability.

**Establishing an overseas security management system.** The Company has formulated the *Hainan Airlines Overseas Security Management System Construction Plan*, compiled an aviation security manual for overseas offices and improved the security training system. A long-term effective regulatory mechanism has been designed to regulate the related agencies. Communication channels have been created for the security information reports of overseas offices. The overseas security management system has also been built to suit the Company's development needs.

**Accomplishing the security work for new international routes.** Security risks along new international routes have been assessed and preparations have been made to ensure that they can operate on schedule.



## Safety culture construction

Safety is related to all employees and positions. Our safety education and training system covers every employee. We are devoted to building a safety culture with the core elements of integrity, love, discipline, responsibility, fairness, communication and learning. Safety culture is deeply rooted in every employee's heart.

### Educational training for special personnel

In-flight safety is the core of air transport safety, in which the pilots play a crucial role. Our training aims to improve the pilots' core competence. They are trained in many operation scenarios. The instructors are responsible for designing training contents, methods, evaluation standards and so on. With scientific training for special personnel, the quality of flight training has been greatly improved. We stick to a zero tolerance policy towards violations against safety culture, and every violation will be disciplined.

**Making innovations in training patterns.** By learning from our advanced pilot training experience, we have upgraded our pilot training patterns and become the first Chinese civil aviation company with a copilot preparatory course at the ACPC level.  
**Refining theoretical training.** We have clarified and proofread all question banks based on aircraft types. All training courseware is available in both Chinese and English, laying the foundation for refined theoretical training. The first flight theory teaching competition has been held to better develop the potential of theoretical training and improve teaching competence.

**Encouraging independent learning and experience exchange.** We divide trainees into study groups. After passing the performance tests, some of them will be selected for further training into excellent pilots. Command pilots will share their experience in meetings, and new pilots can learn from them to improve their operating skills and emergency handling ability.  
**Preparing copilots on key positions for instructional flight.** We make full use of flight instructors and train copilots on key positions. By assessing their instructional flight performance and conducting specific one-on-one training, the operating skills of copilots will be effectively improved.

#### Case Relieving the Pressure on Pilots for a Stable Team

Hainan Airlines cares about the mental state of its pilots and has established a one-stop service center for pilots. The center is devoted to training, educating and encouraging pilots, resolving their mental problems and motivating them, thereby enabling a stable pilot team to be built and ensuring safety.

We implement Party and government policies and create a united working environment

We provide comprehensive logistical support

We conduct proper daily management to motivate employees

We ensure the good mental health of pilots for a stable pilot team

### Safety training for all

With safety case studies, an online safety culture App and many other forms of safety education activities, all employees have been introduced to information about safety policies, safety management and risk control. Different training programs have been designed for various levels of employees and included in the Safety Management Manual to ensure that the safety training covers all employees.



The Company has developed a safety culture platform and an App. All employees can learn about the Company's safety policies and safety culture through this platform

The Company has compiled 3 issues of the safety periodical Flying Wings and printed and distributed 1,500 copies. It has also compiled the Aviation Safety Cases Collection 2015 and printed and distributed 1,000 copies

We summarize and comment on recent safety incidents in the Company and industry so as to alert the employees



Hainan Airlines' Aviation Security Competence Competition

### Safety knowledge popularization

Aviation safety is indispensable for the understanding and cooperation of the passengers. Since aviation safety regulations and procedures are too technical for passengers to understand, the Company has produced various versions of its 'Safety Instructions' videos which feature Peking Opera, the Calabash Brothers, travelling in Hainan and 'Superwomen'. This knowledge has also been spread on different social media platforms and in paper pamphlet form. Passengers can easily gain access to and learn aviation safety knowledge via such channels.



'Superwomen' safety instructions video



Scan the QR code to watch the 'Superwomen' safety instructions video

## Innovative safety technologies

Continual technological innovation activities and effective results have provided strong technical support for Hainan Airlines' safety management.

### Information security management

The Company is a forerunner in promoting an active security reporting system. By building both top-down and bottom-up communication channels between employees and management, frontline employees can better participate in safety management. These safety information reporting and collecting channels can collect, analyze and handle information of various types, forming Hainan Airlines' safety operation database in order to facilitate the effective operation of the safety management system and ensure safety. In 2016, the Company was selected as a Pilot Unit of Chinese Civil Aviation Safety Performance. Our safety management has been digitalized and fully prepared for developing future digital safety platforms.

#### Case Digitalized safety information management

In 2016, Hainan Airlines established safety performance models driven by safety information. At that time, the Company had finished the design of a total of 8 analysis models and 6 databases including the indicator database, key procedure checklist database, performance information database and danger source database, covering a total of 1,000 standard fields. The Company's security state is shown in 4 dimensions: operation state, safety performance, core risks and key procedures.

As for fleet maintenance, the maintenance team has upgraded the Boeing 787 fleet's reliability management and carried out reliable refitting by analyzing data and formulating improvement plans based on data control.

In 2016, our Boeing 787 fleet's rate of abnormal flights per thousand flights ranked 3<sup>rd</sup> in the world and 1<sup>st</sup> in China.

### Application of safety technology

It is obvious that science and technology are crucial for aviation safety in the modern aviation transport industry. We actively develop new technologies and have made many core technological breakthroughs in engine management, HORCS (Hainan Airlines Operation Risk Control System) and the flight condition management system of the Boeing 737NG. These advanced technologies greatly improve the safety management of China's aviation industry. In 2016, we continuously upgraded HORCS and added such functions as the real-time monitoring of flight risks and decision-making assistance. This provides objective information for flight dispatchers and pilots as they make real-time decisions, thereby reducing the likelihood of human error.

**Upgrading HORCS to improve the working efficiency of dispatchers**  
New practical functions have been added, including flight path optimization, restricted flight path and airport warnings for foreign crews, field elevation atmospheric pressure noted on dispatch releases, wider range of flight level change, etc.

**Introducing the SmartLanding system to reduce the risk of rushing out of the runway**  
If an aircraft does not meet the preset safety standards before landing, the system will alert the pilot with auditory and/or visual signals, enabling the pilot to react accordingly.

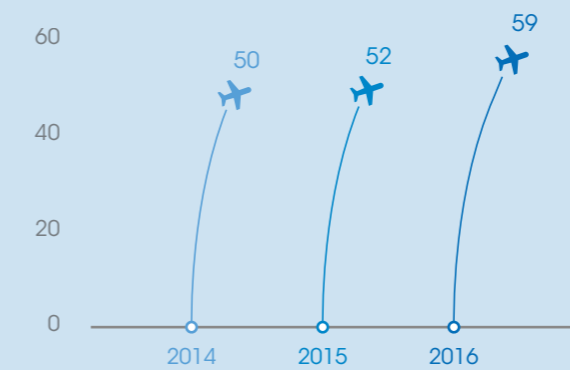
**Modifying the menu of the Boeing 737NG fleet's EGPWS (Enhanced Ground Proximity Warning System) to improve the crew's situational awareness and secure safe landing conditions**  
An outgoing alert will be sent out when the plane is 5 feet above ground level. On this basis, pilots can better control flight attitude, reducing the problem of heavy landing.

**Adopting Class II Standards in 7 domestic airports and 24 overseas airports**  
The ability to fly in poor visibility conditions has been improved to increase the rate of scheduled flights and the level of passenger service.

## Our performance

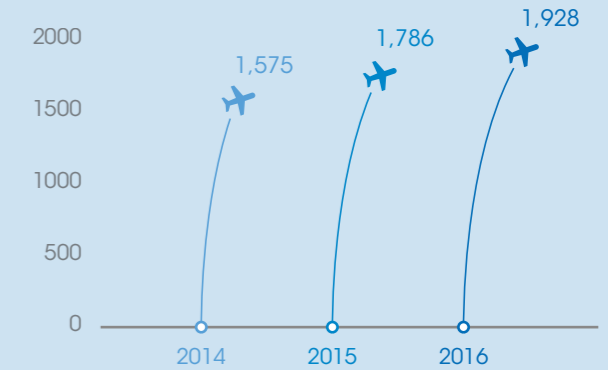
Key indicator	2014	2015	2016
Number of foreign pilots	83	119	198
Number of training flights	6,806	8,698	11,068
Rank in JACDEC's Report	8	5	3

Unit: 10,000 hours



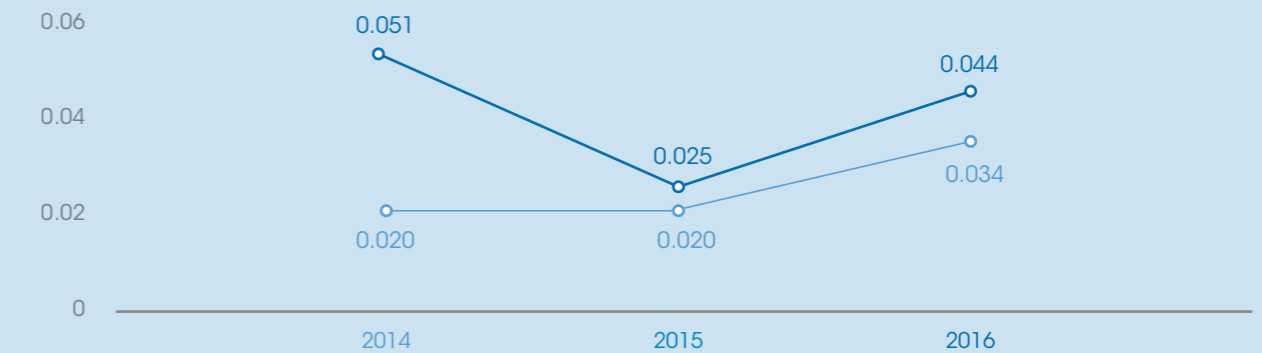
Safe flight hours

Unit: 10,000 hours



Number of pilots

Unit: %



○ Hainan Airlines incident rate per 10,000 flight hours

○ Incident rate per 10,000 flight hours of Chinese civil aviation companies



## 02 A Happy Journey with Care



### Flight purser's broadcast

In order to help you arrive at your destination full of energy and satisfaction, we have developed the 'Kitchen in the Clouds' service, cooking Michelin-rated delicacies high up in the sky. Our aircraft are also equipped with the best entertainment systems in the world and air-ground internet connection. With user-friendly and flexible services, you will enjoy a great journey beyond your expectations.



# Sustainable flight excellent flight

## In-flight Services



### Well-trained Crew

- The stability during takeoff, descent and landing is improved, reducing the discomfort of passengers caused by rapid changes in height and speed
- All attendants are strictly trained. They follow the SMILE principle and offer the passengers perfect services
- The attendants are observant. They think ahead and predict the potential needs of passengers
- Attendants with English and other foreign language skills have been recruited. Attendants from Taiwan or foreign countries have also been added. They are ready to serve passengers from all over the world



### Spacious and comfortable passenger cabin

- Hainan Airlines' flights bound for North America are using the world's most advanced aircraft –the Boeing 787. They have superior performance, are more stable and produce less noise
- We provide spacious business class cabins and comfortable seats
- Our passenger cabins are always clean and tidy

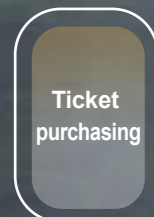


### Rich cabin services

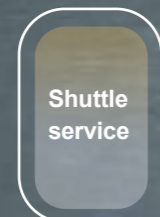
- We provide a healthy and diverse range of food and drinks
- We provide high-quality audio-visual entertainment systems with rich contents
- We provide colorful holiday activities
- We provide Hainan Airlines' exclusive fragrance and brand toiletries
- We provide the 'Care More' service for passengers with special needs



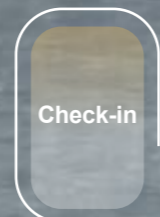
## Ground services



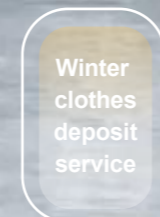
- Travelers can buy tickets via Hainan Airlines' App
- In cooperation with Shareco, Hainan Airlines has introduced multiple payment channels including WeChat, Alipay and so on
- Hainan Airlines has introduced 'Seat Upgrade' and 'Optimal Seat Selection' on some domestic and international flights



- A limousine service is available for international business class passengers



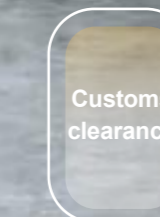
- Self-service check-in machines save passengers' check in time
- The guide dog database assists visually challenged passengers



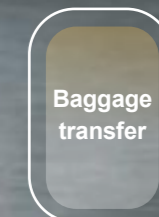
- In winter, passengers can deposit their winter clothes at the departure airport before they head to a warmer destination. They can then reclaim the clothes when they return to the airport



- Self-service baggage checking machines facilitate passengers' check-in procedures



- At Terminal 2 of Beijing Capital International Airport, the self-service customs clearance system is 4-5 times faster than manual checking



- With the 'Whole-Journey Check-in' service, passengers transferring from domestic to international flights do not need to pick up their checked luggage during transit

## Sustainable development context

- The demand for air transport is increasing globally, and the number of passengers is growing steadily.
- With the 'going global' policy in mind, Hainan Airlines aims to build a world-class aviation company and an international brand.
- Hainan Airlines has a responsibility to provide 'Oriental Hospitality' in its passenger services that surpasses passenger expectations.

## Our strategies

Hainan Airlines adheres to the standards of the aviation industry and advocates customer-oriented services. We care about every detail of passenger services and integrate 'Oriental Beauty' into every link of our operation. Every journey with Hainan Airlines is expected to be full of pleasure and surprise.

## Voice of the Customer

Based on the customer-oriented service principle, we conduct questionnaire surveys on the degree of customer satisfaction. Since 2015, an interactive multi-level VOC (Voice of the Customer) platform has been built to conduct customer satisfaction surveys. We manage and control the risks before accidents can happen. We have upgraded our customer complaints mechanism, increasing awareness of service problems. In 2016, we collected over 4,000 VOC suggestions and made improvements accordingly.

### Improvements

We have increased the rate of automatic checking and strengthened the management and control of manual checking. The ticket refund time has been shortened.

By shielding passengers' phone number information, we've reduced their chances of receiving fraudulent messages.

We punish and dismiss rule-breaking agents.

We have reduced the service hotline's rate of overflow due to cancelled or delayed flights, and we try our best to inform more passengers of special flights.



## Our actions

### First

Hainan Airlines is the first Chinese airline certified by the Ministry of Public Security to adopt the self-service custom clearance system

### 'Less is More' service

Better service does not mean more procedures. In regions where conditions permit, our ground service procedures have been simplified from 11 to 4-6, which saves time for the passengers.

#### Case 'Whole-Journey Check-in' Service for Transfer Passengers

With the 'Whole-Journey Check-in' service, domestic flight passengers transferring to international flights can enjoy whole-journey combined transport boarding at the domestic departure airport. Their luggage can be checked in to their final destination. Passengers only need to follow the instructions of the staff at the transfer station, confirm their 'Whole-Journey Check-in' service and go through the customs declaration formalities before they enter the international transfer lounge. They do not need to pick up their checked luggage during transfer. In 2016, international cities offering this service include Rome, Toronto and Seattle. Domestic cities including Beijing, Xi'an and 12 other destination cities also provide this service.





## In-flight audio-visual entertainment system

During their journey, passengers can enjoy a rich choice of contents through the high-quality audio-visual entertainment system. We have upgraded the entertainment system's interface and added more contents. The business class cabins on international routes are equipped with high-quality BOSE noise-cancelling aviation headsets, enabling passengers to enjoy audio-visual pleasure in the air.

**Large film bank:** The number of films in our entertainment system ranks 1<sup>st</sup> among domestic aviation companies. Our passengers have more choice.

**User-friendly:** The entertainment system is easy to use, and it supports high-definition images. An iPad will be provided if the screen is too far from the passenger because of the shape of the cabin.

**Low noise level:** In 2016, the business class cabins of Hainan Airlines' international flights were equipped with BOSE QC25 noise-cancelling headsets. Now 90% of environmental noises can be canceled, and passengers can enjoy music or films at very low volumes.

**Internet Connection:** Boeing 787-9 aircraft are equipped with onboard WiFi technology. Passengers can enjoy in-flight internet connection.



### Case 'Dream Plus and New Experience'

Passengers cannot tolerate an isolated, zero-interactive environment in the cabin in the internet age. Hainan Airlines has built a new cabin ecosystem in order to apply and promote air-ground internet technology. In June 2016, a ceremony was held to celebrate the first flight of Hainan Airlines' first Boeing 787-9 Dreamliner.

It was also the subject of a new product in-flight presentation broadcast live from high up in the sky. Netizens around the globe learned about this event through live broadcasting platforms. It was a new experience in internet communication. Passengers experienced the surprise provided by cutting-edge technologies.

In addition, with Hainan Airlines' new equipment including the Panasonic eX3 entertainment system and VR technology, and BOSE noise-cancelling headsets, passengers can enjoy panoramic video in the air.

## Five-star delicacies in the air

The stereotype 'Airplane food is bad' doesn't work on our planes. Our menu changes with the passengers' preferences, seasons and regions. For example, in the winter, departing passengers from Beijing, Haikou, Ningbo, Hangzhou, Xinjiang and many other places will be served a warm breakfast on the plane. They have many choices, including stir-fried noodles, porridge, desserts, fruit, etc.

We have rearranged the passengers' meal times and dining procedures. For passengers with special needs due to religion, health or food preferences, they can find more information or book special meals by visiting Hainan Airlines' official website, or calling the customer service hotline on 95339.



### Case Hai Chef

Cooperating with catering industry authorities, Hainan Airlines has trained professional catering attendants. The 'Kitchen in the Clouds' service for business class passengers offers a taste of various cuisines on the plane, meeting passengers' needs concerning health or personal preferences.



#### Providing a healthy menu

Our menus have been designed by five-star hotel chefs or Michelinstarred chefs. Business class passengers can enjoy healthier food and drinks.

#### Meeting the full range of customer needs

For passengers with different regional preferences, we will offer suitable food and drinks according to the season, as well as special offers from the airline's partner starred hotels.

#### Providing personalized recommendations

The catering crew communicates with passengers in advance and makes recommendations according to the passengers' food preference records of previous flights. The crew values the feedback and suggestions of our passengers.

#### Showing more professionalism

Our catering crew monitors many details of the business class cabin's food, including temperature, presentation on the plate, temperature after presentation and so on.

We are fully aware of the importance of in-flight food safety:

- Food safety
- Cooking oil safety
- Shelf life
- Temperature control
- Green packaging

In addition, we also care about:

- Diversity
- Taste
- Color and presentation



## VIP lounge upgrade

The VIP Lounge service is a key part of our five-star service. In 2016, Hainan Airlines spent nearly RMB 100 million on building and upgrading its VIP lounges.

**A more private space:** New VIP lounges have been built in Beijing, Xi'an, Hangzhou and Guangzhou. With more private space, passengers can have a better rest.

**A more elegant environment:** The elegant environment has been produced by top designers from their unique ideas and perspectives.

**More choices:** We recruit foreign staff and cooperate with international catering companies so as to offer more considerate choice.

**Environmentally friendly interior decoration:** We chose formaldehyde-free and pollution-free materials to be used in the renovation. We built the material processing rooms in the work zone, reducing environmental pollution while processing the materials.



## Increasing flight on-time performance

Hainan Airlines increases its flight on-time performance through a quality control system featuring regional improvement, daily management, refined procedure control and digitalized analysis tools.

In 2016, Hainan Airlines' flight on-time rate was 78.29%. In the 2016 campaign held by Beijing Capital International Airport authorities, the Beijing office of Hainan Airlines won the Highest Efficiency Award. In October 2016, Hainan Airlines' flight on-time rate ranked 1<sup>st</sup> among the top 10 civil aviation companies in China.



**78.29%**

Flight on-time rate

**100** times

Efficiency increase rate of cancelled or delayed flight notification through phone calls

**24** times

Efficiency increase rate of cancelled or delayed flight notification through text messaging

- **We have established clear standards for scheduled flights and designed a standard model.** Following the Hainan Airlines 2016 Plan to Improve Flight On-time Rate, we have established a special work group, made 16 specific improvements and completed the integrated alert system for the rate of scheduled flights.
- **We have realized planned improvements on scheduled flights.** In 2016, the schedules of 160 routes were improved. The flight on-time rate in winter and spring exceeded 98%. We are devoted to being on schedule from the airport of origin.
- **We follow the verification system of operation quality and constantly monitor rectification work.** In 2016, 192 issues concerning working procedures were improved.

The Hainan Airlines Command Center has been built to synchronize its passenger service information. It has developed from a manual query service to automatic alerts.

The operation personnel are responsible for specific signs of deviation or other near-crises during flights. The regular checking of emergency plans against cancelled or delayed flights has been arranged.



We have improved services and simplified transfer procedures for transfer passengers.

We have collected and analyzed various international and domestic cases of cancelled or delayed flights. The lessons from these case studies have been summarized and sent to related departments to improve their ability to handle long flight delays.

## Responsible marketing

In order to protect the rights and interests of our passengers, Hainan Airlines promotes responsible marketing and optimizes every journey.

We guarantee the lowest ticket price on our official website. Tickets bought from our official website have a higher cost performance than those bought in other channels.

We have improved the OTA platform's management and control, and we regulate the online ticket market.

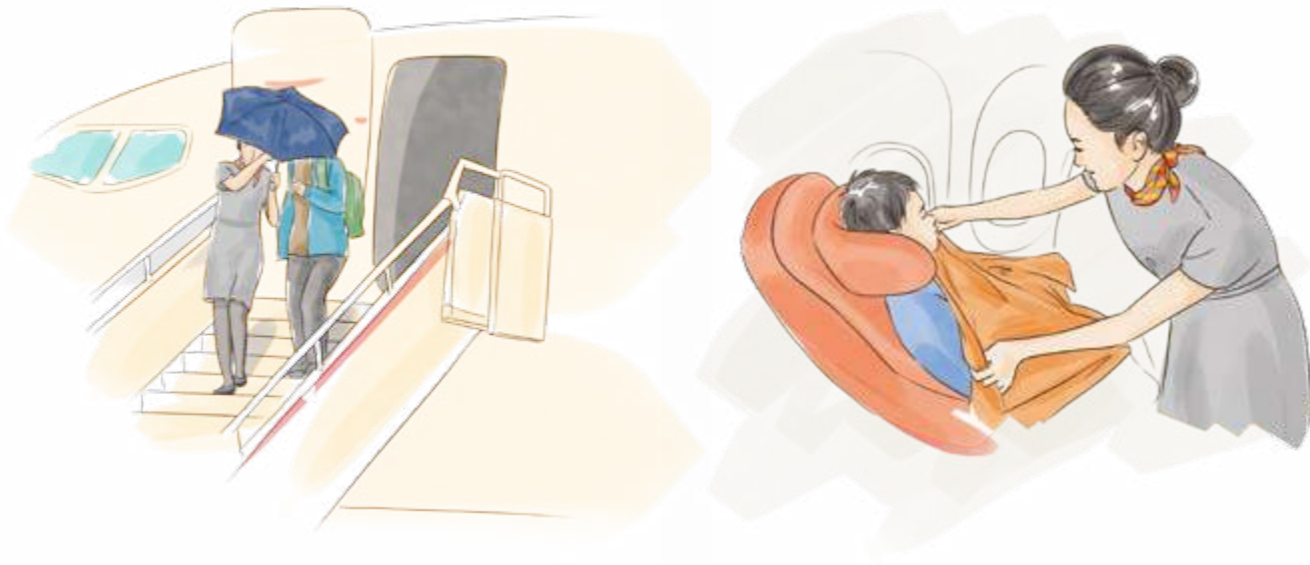
We have upgraded the functions of the system, including price information noted on the boarding pass, CRS system ticket information consistency and group settings, effectively avoiding illegal price raising.

We conduct credit investigations into domestic ticket selling agents. We have revised the agency agreement and improved the selling channels.

We appoint designated personnel to deal with customer complaints and make specific improvements.

## 'Care More'

There is always room for us to improve our services. Hainan Airlines treats every passenger equally and cares about them with kindness. We seek to surpass our passengers' expectations by asking one more question, taking one more look and doing a little bit more - our 'Care More' service.



### A caring journey

In January 2016, on a flight from Seattle to Beijing, the attendant team noticed that it was a child passenger's birthday. They prepared a cake, chocolate and a greeting card for the child. Also on the same flight, a lady had a heart attack. The cabin manager and shift attendant kept checking on her condition. Their patience and kindness moved the lady and nearby passengers, and they praised the team in the customers' book.

### In-flight oxygen users

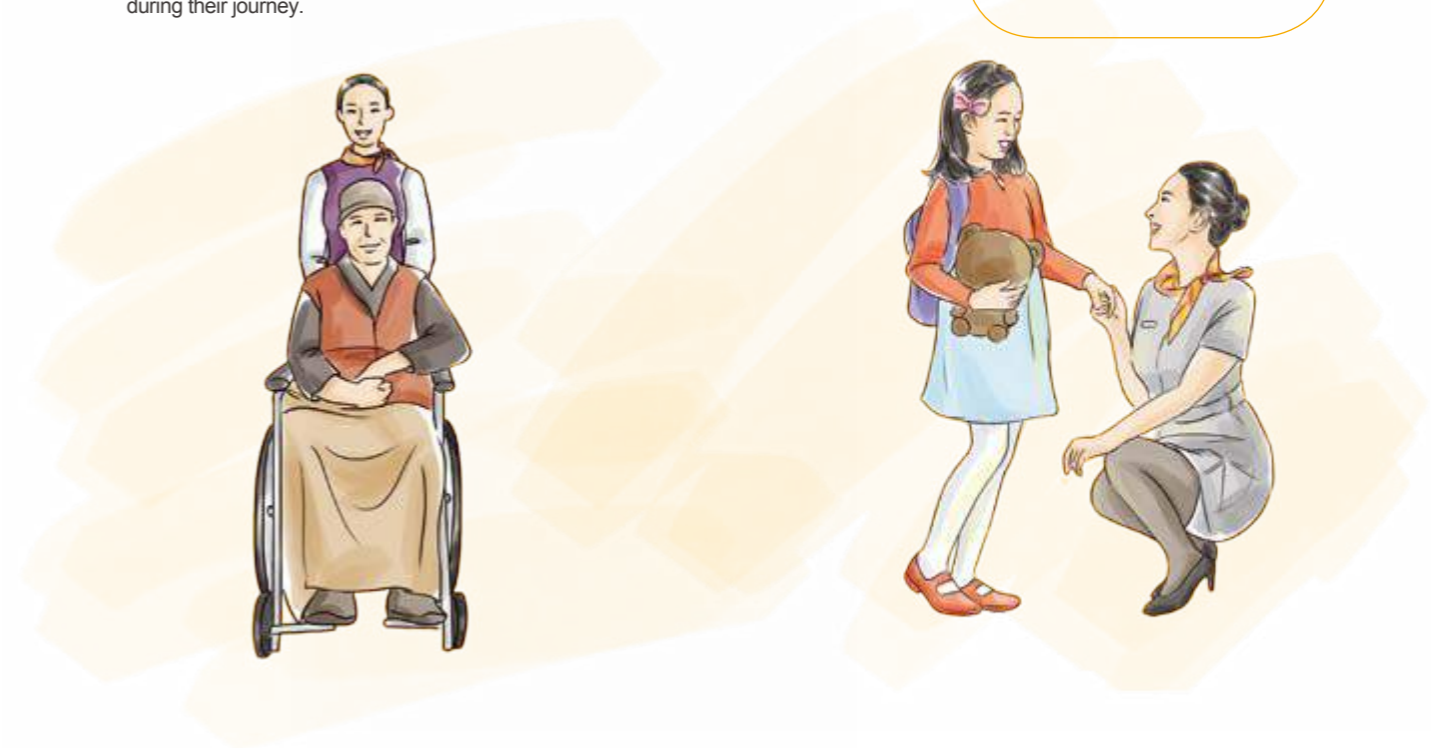
In mid-December 2016, during a flight from San Jose to Beijing, a passenger fainted and lost consciousness. The passenger was immediately given first-aid treatment and regained consciousness after oxygen inhalation. The flight attendant helped to adjust the passenger's seat and kept a watchful eye on the passenger afterwards. Before landing, the crew arranged a wheelchair service for the passenger. The passenger was deeply moved and wrote a thank-you letter to the crew.

## Personalized service for passengers' special needs

- For unaccompanied passengers (seniors, minors and expectant mothers), we will provide you with unaccompanied services, including boarding assistance at the departure airport, special care onboard and disembarking assistance at the destination airport.
- For passengers travelling with babies or passengers with impairments, we have prepared onboard wheelchairs and bassinets.
- We created 'Kids' World' in the entertainment system. Many great films and cartoons, as well as 30 kids' music albums and 15 children's games, are available for minors during their journey.

"Hainan Airlines, one of the world's leading airlines, has become a preferred airline of travelers worldwide by virtue of its quality services that embed the concept of 'Oriental Beauty' into everything it does. This has proven to be a distinct advantage as the airline competes internationally."

— Edward Plaisted  
SKYTRAX Chairman Edward Plaisted



### Services for passengers with impairments

At the end of September 2016, 16 members of the Shaanxi Association of Persons with Physical Disabilities headed to Taiwan for the 3rd Barrier-Free Forum on two Hainan Airlines flights. Eleven passengers were disabled and 7 of them needed help with emergency evacuation. The crew members on these two flights made detailed in-flight security plans. Their warm-hearted services embodied the service quality of Hainan Airlines.

### Lost and found

One day in March 2016, after a Xiamen-Xi'an-Lanzhou flight landed at Lanzhou Airport, while clearing the passenger cabin, a flight attendant found a purse that a passenger had left. The purse contained the passenger's ID card, bank cards and a large amount of cash. At the same time, the owner was anxiously looking for their purse in Xi'an. The flight was scheduled to go back to Xi'an later. After the staff confirmed the passenger's ID with the ground crew staff in Lanzhou and Xi'an, they sent the purse back to the owner as quickly as possible.

## Customer privacy protection

The Company is strict in its customer information procedure management, education and promotion. It has spared no expense in upgrading its safety technologies. There have been no cases of information leaks in which the Company was at fault.

The Company controls the access level of its work platform. Flight attendants can only gain access to the information of their in-flight customers by logging in to this platform with their work account and password. They can only log in through 3 different devices. This prevents the risk of stolen accounts and customer information leaks. It also improves the confidentiality of information.

## Upgrading membership services

In 2016, the Fortune Wings Club's new membership system was launched. Hainan Airlines offers 24 exclusive privileges for Fortune Wings Club members, who can experience its detailed five-star services.

## First

Hainan Airlines is the first aviation company in mainland China that enables passengers to redeem hotel rooms with Fortune Wings Club points online. They can redeem rooms in 100,000 hotels around the world with their mileage.

## Fortune Wings Club members enjoy exclusive discounts and a series of high quality services

We constantly raise the standards of our ground and air service, improving the flight experience.

A new Fortune Wings Club website has been created to keep up with developing technologies. It is available in many languages, serving club members around the world.

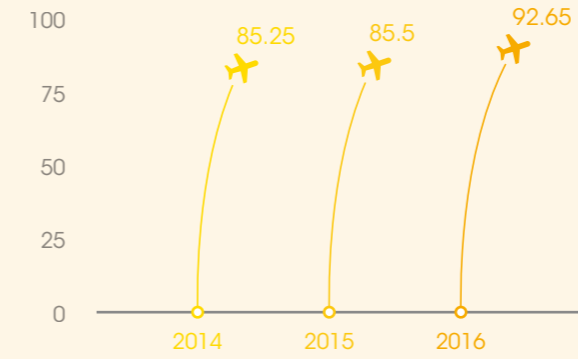
The Company cooperates with 3 world-famous online hotel booking platforms: Rocketmiles, Agoda and Kaligo.

The Company increases its efficiency of adding points into member accounts. It is well-prepared to provide better and more convenient services for club members.



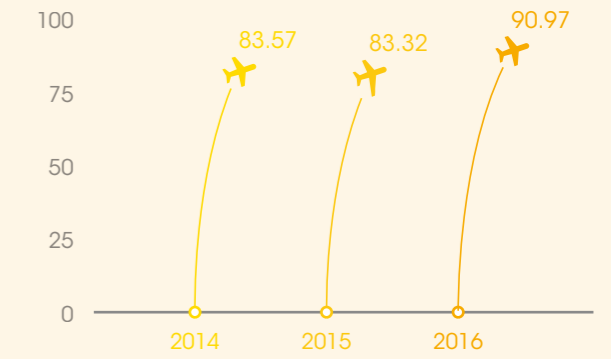
## Our performance

Unit: points



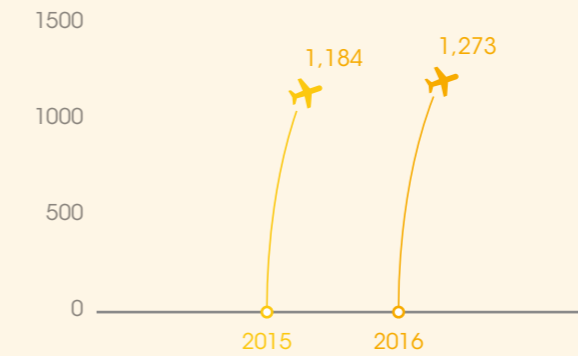
Customer satisfaction degree (cabin service)

Unit: points



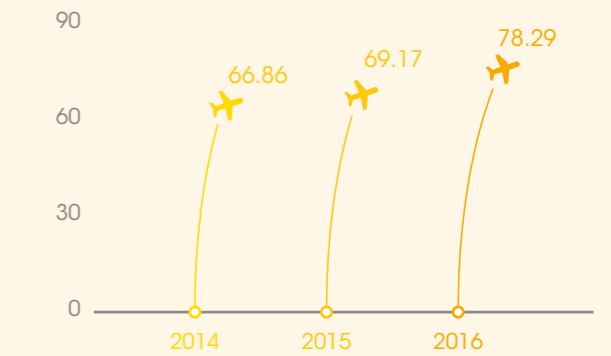
Customer satisfaction degree (ground service)

Unit: case



Number of complaints handled

Unit: %



Flight on-time rate

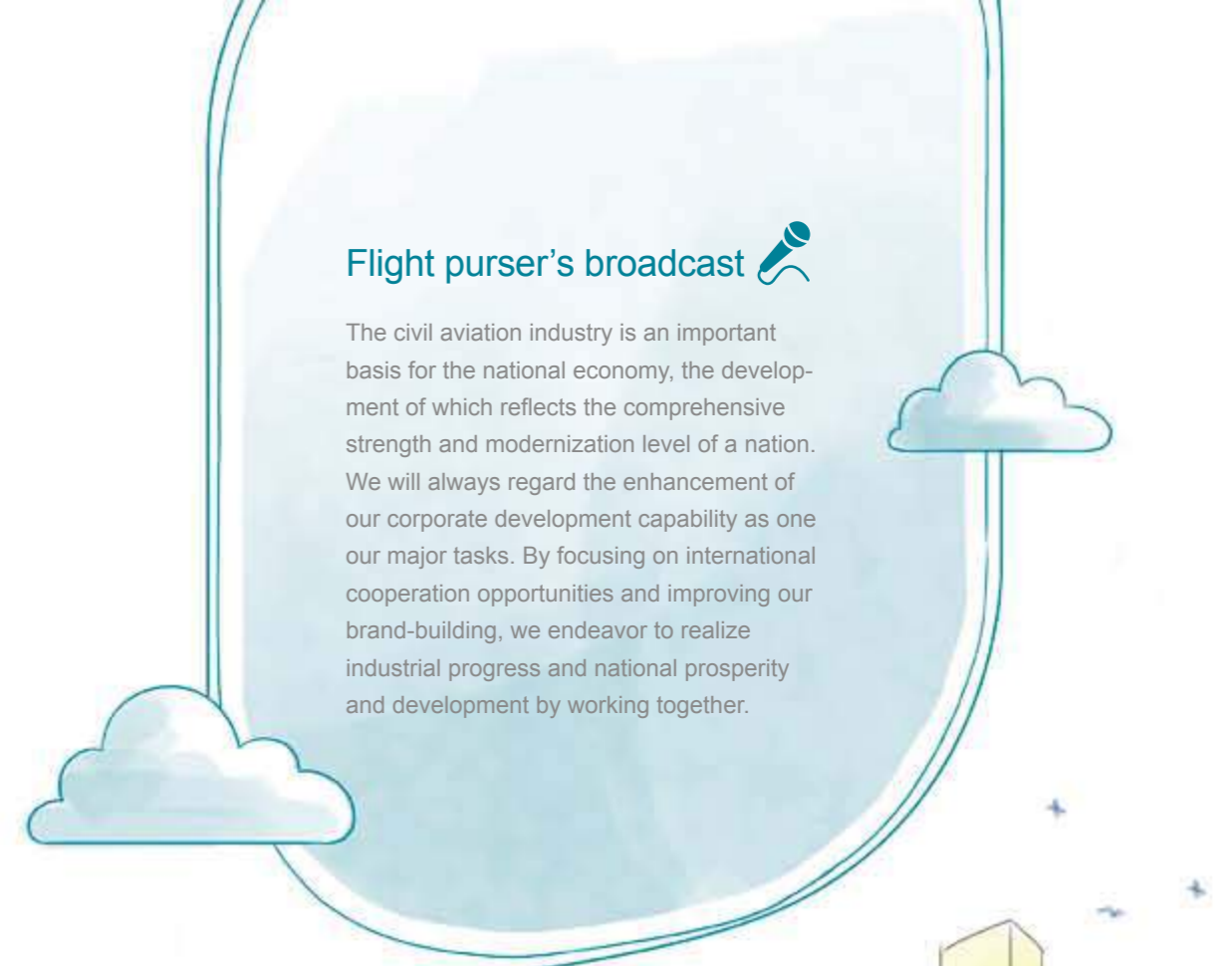


# 03 A Win-Win Journey with Integrity



## Flight purser's broadcast

The civil aviation industry is an important basis for the national economy, the development of which reflects the comprehensive strength and modernization level of a nation. We will always regard the enhancement of our corporate development capability as one of our major tasks. By focusing on international cooperation opportunities and improving our brand-building, we endeavor to realize industrial progress and national prosperity and development by working together.



# Sustainable flight flight for mutual benefits and win-win results

## Enhancing development capability

- Expanding international routes. Taking Beijing and Shanghai as the air transport hubs and focusing on key markets in Europe and North America, the Company tries to extend its flight routes to reach deeper into the first-tier cities of Europe and America, while seeking opportunities to expand its route networks in Eastern Europe, Latin America, Africa and other emerging aviation markets

- Building an international brand. Oriented by brand value improvement, we focus on international brand-building and continuously and multi-dimensionally improve our brand value and of brand premium capacity

## Promoting cultural fusion

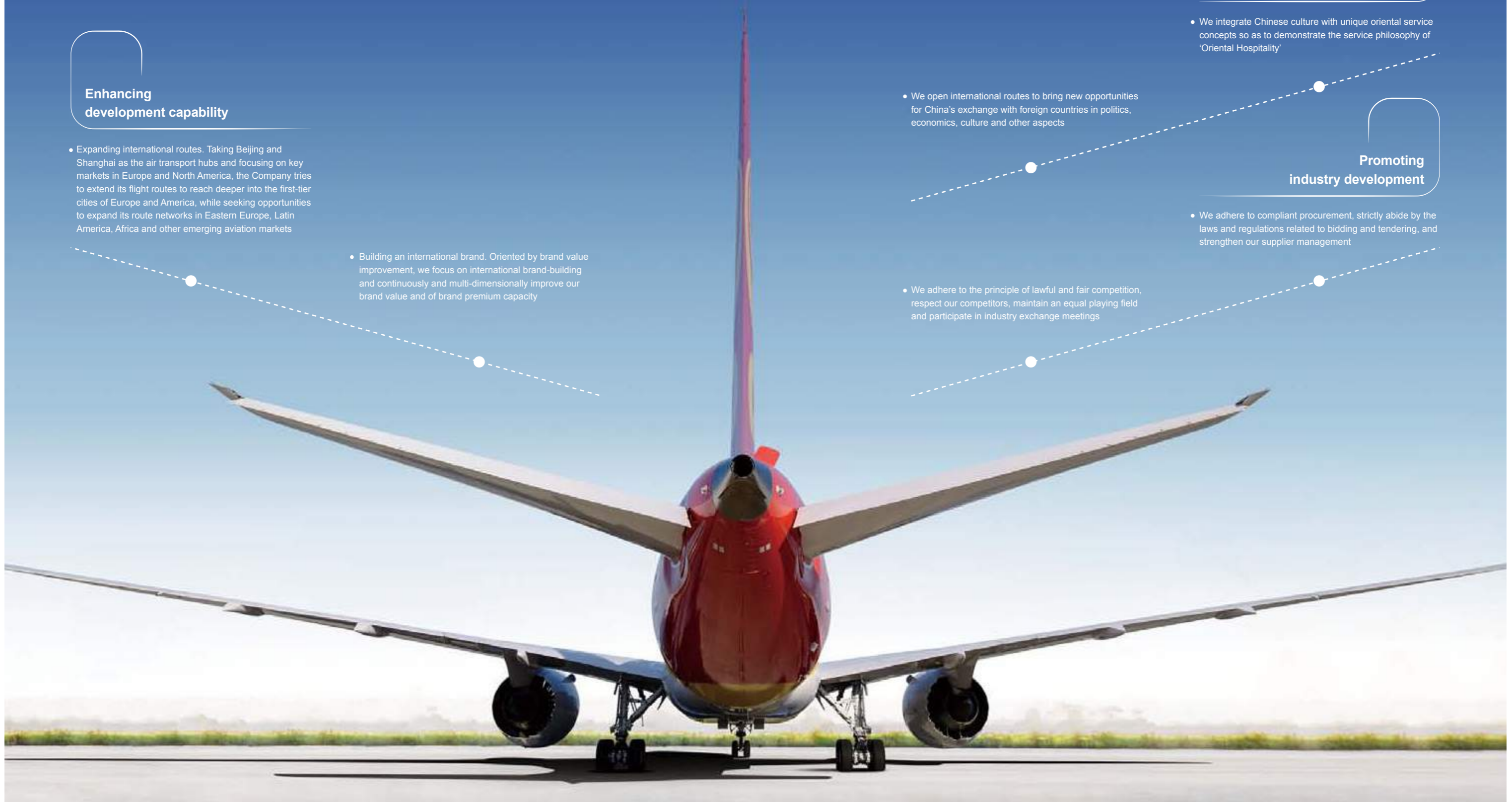
- We integrate Chinese culture with unique oriental service concepts so as to demonstrate the service philosophy of 'Oriental Hospitality'

## Promoting industry development

- We open international routes to bring new opportunities for China's exchange with foreign countries in politics, economics, culture and other aspects

- We adhere to the principle of lawful and fair competition, respect our competitors, maintain an equal playing field and participate in industry exchange meetings

- We adhere to compliant procurement, strictly abide by the laws and regulations related to bidding and tendering, and strengthen our supplier management



# Sustainable development context

- The numbers of domestic passengers and outbound travelers are growing.
- The internationalization strategy is the key project of China's civil aviation industry during the '13<sup>th</sup> Five-Year Plan' period. China has vigorously implemented the 'One Belt and One Road' initiative to build a platform for aviation companies to establish a global route network.
- With the development of the information technology and network society, as well as the emergence of various social problems, shared growth is gradually gaining the recognition of enterprises.



# Our strategies

Confronted with the complex economic context and environment of the civil aviation transport industry, Hainan Airlines has actively explored, innovated and combined traditional Chinese management philosophy with western advanced managerial expertise to build an internal purchasing and sales system featuring Amoeba Management, thereby guaranteeing accurate management and control. We continue to deepen the domestic markets, enhance our advantages in regional markets and accelerate the expansion of international markets in order to improve our international route network. By emphasizing shared achievements among partners in the upstream and downstream value chain, continually strengthening the responsibility management of suppliers and participating in industry exchange, we aim to improve our sustainability capability and jointly promote industry progress and national economic prosperity with our partners.



# Our actions

## Expanding the air route network

Hainan Airlines is devoted to creating a top world-class aviation route network featuring efficient interaction, high quality and a large scale so as to connect both domestic and international destinations. By closely following national strategies and implementing differentiated competition strategies, we have built up the second and third regional hubs in China, and accelerated market expansion in Europe, America and Australia, forming a large-scale operation. We have also made efforts to develop major business flight routes domestically, and fostered efficient interaction between the international and domestic route networks of major markets in order to establish regional network advantages.

### Case Direct flights from Beijing to Manchester have been launched

In June 2016, an Airbus A330 of Hainan Airlines took off from Beijing, flew non-stop for more than 10 hours and landed at Manchester Airport in the United Kingdom, marking Hainan Airlines' official launch of its Beijing-Manchester direct route. This further improves Hainan Airlines' high-quality intercontinental route network in Europe and provides more convenient choices for international passengers. The first direct flight between these two big cities, Hainan Airlines' route from Beijing to Manchester represents our support for the 'One Belt and One Road' initiative and 'Northern England Economic Center' cooperation plan. It not only establishes an air traffic bridge between the two cities, but also builds a new 'Silk Road in the Sky'.



## Building an international brand

To carry out international brand promotion, we take brand value increase as the orientation and implement brand planning in such aspects as brand strategy planning, international brand promotion, corporate social responsibility, etc. in order to devote ourselves to building the world's most outstanding aviation brand. In 2016, we conducted in-depth brand research, formulated a comprehensive brand development strategy and constantly enhanced the building of our service brand and safety brand. We also enhanced our domestic and international brand awareness and reputation, and continuously promoted our brand value through planning and organizing a series of activities focusing on celebrating the opening of direct international flight routes.



USD **833** million

Hainan Airlines' brand value in 2015



Hainan Airlines was listed among 'BrandZ Top 100 Most Valuable Chinese Brands 2015' for the sixth consecutive year by Millward Brown Optimor, a well-known brand and market research company, demonstrating Hainan Airlines' remarkable progress in deepening the development of international brands.



SKYTRAX has certified Hainan Airlines as a five-star airline for six consecutive years, the only airline in China to receive such recognition.



Hainan Airlines won four awards at the 2016 World Travel Awards (WTA): 'World's Best Business Class', 'World's Best Inflight Service', 'World's Best Airline Cabin Crew' and 'World's Best Cabin Service'.



The authoritative consultants of SKYTRAX who carry out airline and airport review and ranking award the five-star airline medal to Hainan Airlines



The organizing committee presents awards to Hainan Airlines



The award presenters give the trophy to Hainan Airlines



Children take photos with 'Kung Fu Panda'-themed aircraft

## Promoting cultural transmission

We adhere to the corporate culture of thinking globally and bringing benefits to all humans, uphold the essence of oriental culture featuring 'people first, harmony and unification', give full play to our advantages in the aviation industry during internationalization, and link social benefits with corporate benefits. Taking the spirit of the new commercial civilization as a guide to improving

service quality, we endeavor to shape an international service brand and further meet the needs of our customers through the combination of Chinese culture with the unique service concept of 'Oriental Hospitality'.

With Hainan Airlines' accelerated pace towards internationalization, more and more international routes have been

opened up. These new routes have brought new opportunities for China's exchange with foreign countries in politics, economy, culture and other aspects, and also have built new channels and bridges for contact and interaction between Chinese and Western cultures in the new era.

### Case Launching Recruitment in Taiwan Once Again to Promote Friendly Development between Taiwan and Mainland China

Taking civil aviation as the medium to promote friendly cross-strait relations. Following the first recruitment fair in 2015, Hainan Airlines launched another recruitment fair for cabin staff in Taiwan in 2016. This recruitment fair not only added more 'soft power' to Hainan Airlines' internationalization strategy, but also promoted cultural exchange between outstanding talents from both sides of the strait. Moreover, it played a positive role in promoting the peaceful development of cross-strait relations.





The launch of passenger aircraft themed after 'Kung Fu Panda' strongly promotes exchange and visiting between China and North America, and enhances the transcultural communication capability and international influence of Hainan Airlines.

### Case Promoting cultural exchange between China and the United States

In 2016, Chinese President Xi Jinping invited students from Lincoln Middle School in the United States for a one-week friendly visit to China. After the visit, the students took Hainan Airlines' HU495, a direct flight from Beijing to Seattle, back to the United States. Hainan Airlines' 'Kung Fu Panda'-themed aircraft provided a considerate, warm and comfortable return journey for both the teachers and students of Lincoln Middle School, and left an impression of traditional Chinese culture in the memories of both the Chinese and American cultural exchange emissaries.

#### Chinese culture decoration

The exterior coating and internal cabin decoration of the aircraft both include Kung Fu Panda as the main element; combined with the traditional Chinese paper-cut and Chinese knots, this made the students experience a rich atmosphere of traditional Chinese culture.

#### Chinese cultural activities

The cabin staff prepared writing brushes and ink for the students and invited them and other passengers to write the Chinese character 'fu' (福, meaning 'happiness' in Chinese), and present their own calligraphic work to one another, creating good wishes for a friendly Sino-US relationship.



A flight attendant teaches students of Lincoln Middle School to write the Chinese character 'fu', who later exchange their writing with Chinese passengers



406  
Supplier projects

## Creating a responsible supply chain

Strengthening supply chain management has become an important trend for enterprises to enhance their core competitiveness. We clearly understand that the construction of a sustainable supply relies greatly on positively responding to stakeholders' needs. As such, we strictly abide by the laws and regulations of bidding and tendering, adhere to compliant procurement and strengthen supplier management in the hope of jointly safeguarding the sustainability of the supply chain with stakeholders by means of enhancing transparency and continuous communication and cooperation.

## Promoting industry development

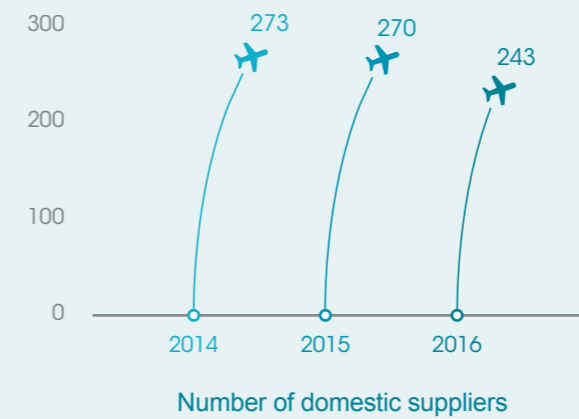
We adhere to lawful and fair competition, respect our competitors, preserve a fair playing field and uphold the idea of open development. Therefore, we have established a data sharing and exchange mechanism with the International Air Transport Association (IATA), Flight Safety Foundation, Federal Aviation Administration (FAA) and other safety organizations in order to promote industry development.

In 2016, Hainan Airlines participated in the 25<sup>th</sup> World AVSEC Conference jointly hosted by the International Air Transport Association (IATA), International Airport Association (ACI) and International Civil Aviation Organization (ICAO) so as to discuss current aviation security risks and future work objectives.

# Our performance

Key indicator	2014	2015	2016
Operating revenue (100 million)	360.44	352.25	406.78
Net Profit (100 million)	26.43	32.57	34.10
Total Assets (100 million)	1,219.82	1,253.81	1,481.44
Basic earnings per share (RMB/ share)	0.213	0.246	0.210
Available seat-km (10,000 seats * km)	6,826,853	7,511,215	9,444,154
Total traffic turnover (10,000 tons * km)	610,945	681,984	844,465
Total passenger turnover (10,000 tons * km)	523,529	584,152	731,308
Total cargo and mail turnover (10,000 tons * km)	87,415	97,832	113,157
Total flight km (10,000km)	38,269	41,315	50,714
Total flight hours	594,341	636,824	779,520
Number of flights	260,911	268,527	322,675
Aircraft daily utilization rate (hour)	10.40	9.67	10.07
Total passenger traffic (10,000 people)	3,559.67	3,859.77	4,702.31
Total cargo and mail traffic (10,000 tons)	36.07	38.47	40.74
Seat utilization rate (%)	86.86	88.19	87.83
Comprehensive flight carrying rate (%)	84.45	87.54	87.08

Note: The above data covers the relevant data of Hainan Airlines' subsidiaries including China Xinhua Airlines Group Co., Ltd., Air Chang'an Co., Ltd., Shanxi Airlines Co., Ltd., Yunnan Lucky Air Co., Ltd., Urumqi Air Co., Ltd., Fuzhou Airlines Co., Ltd., Beijing Science & Technology Aviation Investment Co., Ltd. and so on.





# 04 A Low-carbon Journey with Greenness



## Flight purser's broadcast

As a member of the aviation industry, we embrace the sky that carries our dreams with full enthusiasm and gratitude. We focus on our green philosophy in various aspects including energy saving and carbon reduction, as well as caring about climate change, biofuel energy, ecological civilization and the construction of a green aviation ecosphere. We wish to join hands with you to create a 'Green Tour' from the ground to the air.





# Sustainable flight green flight

## Reducing the discharge of the three wastes

- We protect water resources and reduce the discharge of waste water with new water cleansing equipment
- We reduce the discharge of solid waste through classifying rubbish
- We reduce noise pollution by adopting new passenger aircraft and controlling take-off speed



## Enhancing green awareness

- We promote solar energy and new energy vehicles
- We have launched the 'Carbon Offset' charity program to donate mileage points in exchange for carbon afforestation
- We try to reduce the use of disposable products on board by introducing such products as green pajamas intended for repeated use

## Promoting green office

- We archive all files and documents in electronic format
- We encourage employees to use such equipment as tablets, smartphones, computers, etc
- We apply a paperless fax management system and cloud printing equipment
- We conduct the detailed management of paper and printing ink
- We use recycled paper
- We adopt duplex or two-pages-per-sheet printing and copying

## Green flight

### ● A young and efficient fleet

- We optimize our fleet structure and eliminate old models with low fuel efficiency
- We implement aircraft transformation by upgrading the engine and installing carbon fiber composite aircraft winglets in order to reduce fuel consumption and noise during landing and take-off

### ● Aircraft weight reduction

#### We reduce the use of paper products on board

- We implement safety notifications to promote the use of PP plastic, thereby reducing the damage rate and increasing the reuse rate
- We use iPads instead of paper magazines

#### We reduce the weight of products on board

- We develop and use the Electronic Flight Bag (EFB)
- Carbon brake improvement
- Lightweight lifeboats
- Lightweight crew devices
- New-type lightweight kitchen facilities
- New-type aircraft coatings
- Lightweight unit load devices (ULDs)

### ● Technological emission reduction

- We optimize the flight route real-time basis
- We optimize planned code sharing
- We reduce climb thrust
- We formulate landing fuel-saving control plans
- We focus optimization control

### ● Ground emission reduction

- We have replaced the in-flight APU with ground power supply in order to reduce fuel consumption and APU maintenance costs
- We select preferential runways
- We optimize taxiways

# Sustainable development context

- The *Paris Agreement* proposes higher requirements for global green and low-carbon development.
- In October 2016, the 39<sup>th</sup> Session of the International Civil Aviation Organization (ICAO) Assembly announced the first global emission reduction market mechanism in the aviation industry.
- China's 13<sup>th</sup> Five-Year Plan sets out a clear goal to pursue a low-carbon transport industry. In addition, the air transport industry will be among the first batch of industries in the national carbon trading market that China plans to launch in 2017.
- Hainan Airlines' increasing passenger volume and cargo and mail traffic place greater pressure on energy-saving targets.

## Our strategies

With its strategic goal of becoming the 'advocator of the green lifestyle, leader of green industries, provider of green services and pioneer of green development', Hainan Airlines is committed to boosting green aviation development and becoming an industrial

benchmark. In 2016, Hainan Airlines established a Green Operation Group with the Company's President as the head and departmental general managers as deputy heads to work on promoting 'Green Tour' and 'Green Motor'.

### Comprehensive green energy management system

- Start out small
- From energy-saving technology transformation to management optimization
- We promote fuel saving and consumption reduction to gain competitive advantages from individual projects to the whole system

### Annual assessment of energy management system

- During the assessment process, no incompliance has been found
- We continue to hold our existing CSCRC energy management system qualification

Energy management system

### Case Pilots Implement Carbon-Reduction Action

Carbon emission reduction has always been the major concern of the Company and its employees. Hainan Airlines provides energy-saving training for pilots each year and provides fuel-saving awards to strengthen the pilots' energy-saving awareness. In this way, they can save fuel during the flight through temporary route optimization, shortening the route distance, applying for optimal flight altitudes, controlling average flight altitude changes, etc. after being approved by the control tower.

# Our actions

We actively participate in the construction of an international and domestic carbon trading market through negotiations on projects including the carbon market boundary, free quota distribution method, monitoring system, emission reporting system, carbon emission permission system and other projects. We are committed to becoming a world-class aviation company with 'zero carbon emission'.

## Creating 'Green Tour'

We hope to make joint efforts with our partners to protect the clear blue sky. We endeavor to create the 'Green Tour' through such comprehensive green actions as optimizing the fleet structure, implementing technological reform and conducting proper management through various means.

### Aircraft weight reduction through multiple approaches

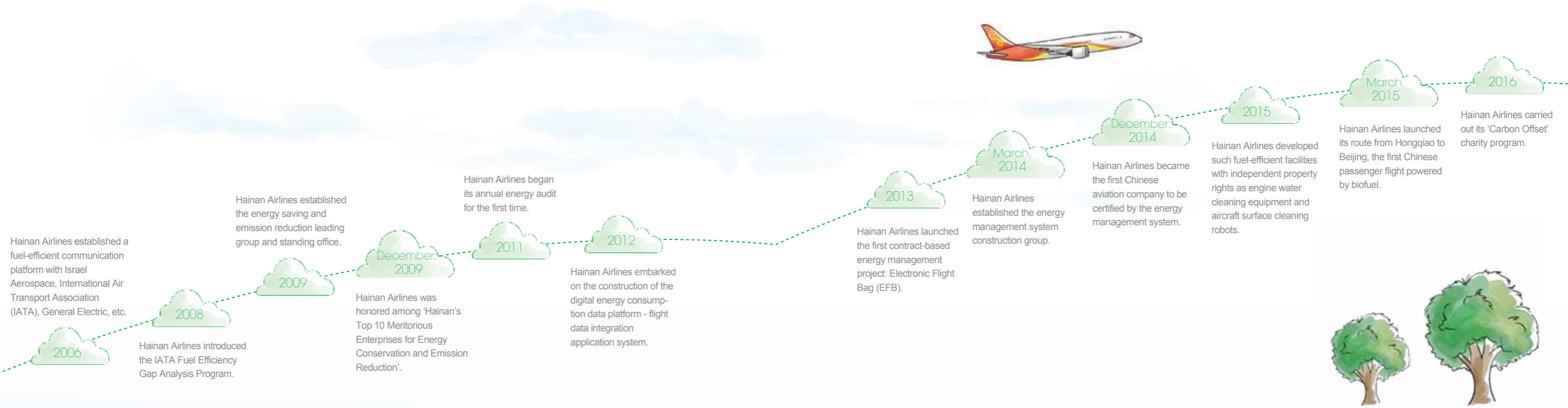
- **787 carbon brake:** We have adopted new carbon brakes with a reduced weight of 112 kg each, adding up to 368 kg of weight loss for the eight brakes on an aircraft.
- **New aircraft coating:** We have adopted the new BCCC aviation coating system to extend the coating cycle and reduce pollutant discharge during spraying. The 5-layer coating can reduce the weight of an aircraft by 15 kg.
- **Lightweight lifeboats:** We have adopted more efficient gas cylinders and reduced the number of gas cylinders in each lifeboat to effectively reduce weight.
- **Lightweight ULD:** According to the average container/pallet per plane, we use light/ultralight ULD that reduces the weight of each aircraft by 320 kg, meaning an annual emission reduction of 290 tons.
- **Lightweight crew equipment:** We have purchased new lightweight crew equipment to reduce aircraft weight by 7,248.9 kg. Each crew member has approximately 1,000 flight hours annually, which means a carbon emission reduction of around 900 tons.

"365 days a year, every day is a low-carbon day; 700 flights a day, each flight is low-carbon flight."  
—NDRC Climate Change Department Deputy Director General Sun Zhen fully affirms Hainan Airlines' efforts in energy saving and carbon emission reduction.

### Case New Parking Building Solar Project

Meilan Base has installed solar photovoltaic panels on part of the surface of the new parking building and adopted automatic synchronization technology to connect the panels with the city grid. The project covers an area of about 680m<sup>2</sup> and has a total installed capacity of 100 KW. It is estimated to save 167,600 kWh of electricity (about RMB 155,000) and 60 tons of standard coal per year (the coefficient for the conversion of electric power into the standard coal equivalent: 3.6). If the system can keep running for 25 years, the total amount of energy saved will reach 1,500 tons of standard coal.





**Case Adopting optimized routes to save energy and reduce emissions**

In 2016, a total of 38 aircraft from Fleet A330 and Fleet B787 enjoyed the service of the real-time identification of optimized routes. Through optimizing flight altitude and direct flight, 2,000 tons fuel can be saved per year according to the existing fleet scale and route structure. It is estimated that 6,300 tons of CO<sub>2</sub> can be reduced and an average on-board set-up time of 20 minutes can be saved for international flights.



Real-time preferred route selection system

**Case Making Innovations to Optimize China's First Transnational Domestic Route**

Hainan Airlines joined hands with Manzhouli Xijiao Airport to optimize the route from Beijing to Manzhouli and shorten the flight distance by passing through Mongolia. In February 2016, the opening of this route marked the first Chinese domestic flight to fly across another country's territorial airspace. The optimized route shortened the original travel distance by 159 km; in the case of B737-800 passenger aircraft, this means that RMB 700,000 in operation cost and 1 million tons of aviation fuel can be saved.



## Carrying out the 'Carbon Offset' charity program

Deeply concerned about the development of the aviation industry, we advocate more sustainable consumption to facilitate the green development of the aviation industry.

In 2016, we cooperated with the China Green Carbon Foundation (CGCF) to carry out the 'Green Tour - Carbon Offset' charity program and launch the carbon credit compensation plan. While guiding tourists to voluntarily conduct carbon offset when buying tickets, we have also established a tourists' green footprint database, making Hainan Airlines the first domestic aviation company to introduce a charity program through the form of carbon offset.

At the beginning of the program, the Company donated RMB 500,000 to the CGCF for the protection and restoration of the mangrove forest at Dongzhai Harbor of northeast Haikou, and for the publicity of the plantation and maintenance of trees to prevent and control smog and desertification in base cities. Hainan Airlines also organizes its annual 'Green Talent' program to focus the public's attention on green programs.



Launch of 'Carbon Offset' Program at Second HNA CSR Forum

### Read more ['Green Tour - Carbon Offset' charity program](#)

The 'Green Tour Carbon Offset' charity program is a voluntary program that allows passengers to use a carbon offset calculator to calculate CO2 emission derived from the flight; frequent flyers can then voluntarily choose between cash and Fortune Wings Points to offset carbon while buying tickets. All the donations will be given to the CGCF for environmental protection programs such as forest plantation to help offset the carbon emission derived from flights. Hainan Airlines will not seek any profits from these donations, and tourists are welcome to inspect the donated forests. The real benefits from such emission reduction programs are all certified by the CGCF.



Scan the QR code to participate in the Carbon Offset program



The green aviation promotion video snapshot



Scan the QR code on the video to watch

## Building a green ecosphere

To address global climate change, the development pattern of the green economy has become a global consensus. As the key link in promoting economic globalization, we proactively play an exemplary role in green aviation, strengthening the ability of all stakeholders to cope with climate change so as to hit the global emission reduction targets within a shorter period.

### Case Jointly Initiating the GAIN Program to Build a Green Industry Ecosystem

In June 2016, 28 sustainable development partners including Hainan Airlines launched the Green Aviation Initiative & Network (GAIN) at the First International Green Aviation Forum,

aiming at creating a new cooperation platform for the aviation industry featuring a global network, cross-border interaction, industrial collaboration and collaborative innovation.

The GAIN platform is the first green aviation network alliance initiative of enterprises with sustainable development as its core. It promotes the transformation of the focuses of the original aviation development pattern from services and safety to green development, encouraging more and more companies and organizations to become involved in green aviation activities so as to open a new path for the sustainable development of the global aviation industry.



### Case Supporting the compilation of China's first Green Aviation White Paper

Hainan Airlines firmly supported and participated in the compilation of China's first Green Aviation White Paper, which provided the industry with innovative green solutions. In

the course of its compilation, Hainan Airlines proactively engaged in discussions, shared practical cases of green aviation and hosted the communication meeting of stakeholders by

inviting the compilation panel and delegates to visit its Haikou operation base.

# Our performance

Key indicator	2014	2015	2016
Total energy consumption (tons of standard coal)	2,558,576	2,815,279	3,495,626
Aviation kerosene consumption (tons)	1,504,235	1,597,195	1,921,057
Unit km consumption (ton / 10,000km) <sup>①</sup>	45.44	46.31	46.85
Unit km consumption (domestic) (ton / 10,000km) <sup>②</sup>	44.06	44.46	44.52
Unit km consumption (international) (ton / 10,000km) <sup>③</sup>	56.28	56.90	57.87
Greenhouse gas emissions per RMB 10,000 of output (tons)	1.52	1.71	1.84
Unit km greenhouse gas emissions (tons / 10,000km)	143.13	145.88	147.56
Greenhouse gas emissions of the company (tons)	4,738,340	5,031,164	6,051,330
Number of new aircraft introduced in 2016	20	31	25
Water saved in 2016 (tons)	1,697.83	2,662.09	2,570.33
Total water consumption (tons)	577,488	481,152	513,645
Water consumption of Beijing operation base (tons)	356,879	266,354	326,564
Water consumption of Meilan operation base, Haikou (tons)	53,656	62,316	60,228
Total aviation scraps (items of plane supplies)	4,707	8,694	14,755

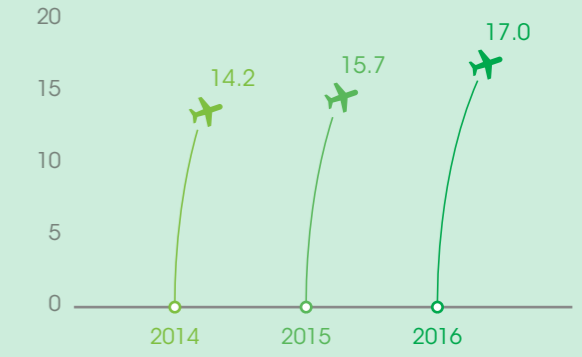
Note: Statistics marked with ①, ② and ③ are calculated on the basis of jet fuel consumption

Unit: ten thousand tons



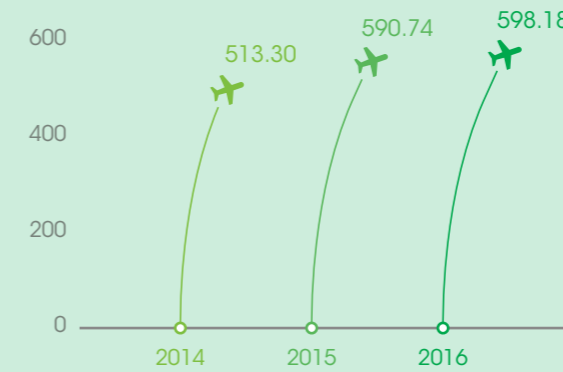
Annual fuel saving

Unit: ten thousand tons

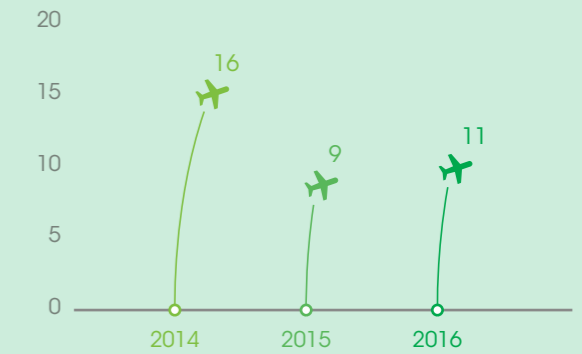


Emissions reduced due to fuel saving

Unit: ten thousand KWH



Power consumption



Old aircraft replaced



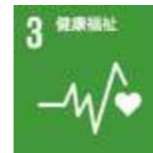


# 05 A Co-growth Journey with Morality



## Flight purser's broadcast

Employees are the most valuable treasures of a company. Only if they feel a sense of belonging and happiness can the Company be vigorous and energetic. Hainan Airlines is devoted to creating a positive and harmonious working environment for its employees, and creating more chances for them to realize their dreams. We want to grow with them and build a bright future together!





Sustainable flight

## flight for employees' development

### Respecting talents— giving employees a stronger guarantee

#### Equal employment opportunities

- We uphold the principle of equal employment opportunities, forbid employment discrimination and forced labor, and strictly prohibit child labor of any form
- We have established an open and fair recruitment platform that provides diversified recruitment channels and methods
- We sign labor contracts with our employees according to the law

#### Salary and welfare

- We adhere to equal pay for equal work for men and women, and improve the performance appraisal system
- We combine industry attributes and the Company's characteristics to improve the employee welfare system
- We have redesigned the remuneration structure to motivate employees with a performance-based floating salary

#### Democratic management

- We strengthen democratic management and improve the communication and feedback mechanism
- We adopt different approaches to listening to and adopting the opinions and suggestions of our employees

### Caring for talents - providing happier work and life

#### Physical and mental health

- We organize regular physical examinations and provide employer liability insurance and supplementary medical insurance
- We conduct EAP consultation
- We organize cultural and sports activities to carry out cultural exchange

#### Caring for employees

- We care for our female employees
- We send warmth, visit sick or injured employees and help needy employees

### Developing talents – further promoting career development

#### Employee promotion

- We carry out annual internal talent review and talent assessment and recommendation
- We introduce external international talents and industry professionals
- We provide such incentives as higher salaries and management positions

#### Employee training

- We have developed an annual training program
- We conduct orientation training for new employees
- We carry out the Talent Accelerated Development Plan

# Sustainable development context

- With the further opening of the domestic civil aviation market, major foreign airlines have successively entered China. Major foreign airlines, private airlines and aviation service enterprises derived from the civil aviation industry all require talents, which poses many challenges for related companies concerning retaining and developing talents.
- As employees expect more from their employers, employee incentive is becoming an increasingly necessary means for enterprises to attract and retain talents.

## Our strategies

As the ancient saying goes, 'Using talents properly is the key to developing the country'. Employees are one of the most important factors that make up the core competitiveness of an enterprise and the main force for an enterprise to realize sustainable development. Hainan Airlines promotes an inclusive and diversified corporate culture, and actively expands recruitment channels to attract different talents regardless of their age, gender, cultural background, race or nationality. In this way, we endeavor to balance the talent distribution structure and improve our remuneration and benefits system.

## Our actions

### Talent internationalization

With the deepening of globalization, we vigorously explore models for attracting and reserving international talents, and comprehensively implement our International Talent Introduction Project. Through deepened strategic cooperation with the world's top universities and colleges, top headhunting companies and well-known overseas organizations, we ceaselessly explore and attract potential global intellectual resources to assist in the Company's international development strategy.



10 Overseas recruitments organizations

230 Talents introduced from Hong Kong, Macao and Taiwan, as well as other countries



#### Improving the professional qualification for internationalization

We sort out international positions and organize our business departments to select 62 international business positions and 43 international functional positions. According to the relevance of each position to our international business, we make clear internal qualification requirements and differentiated promotion plans.



#### Establishing the English evaluation center

To improve the English competence of cadres among the employees, we established the Hainan Airlines English Evaluation Center, where we apply the virtual operating model for cadre promotion, talent selection and overseas project candidate selection. Up to the end of 2016, we completed the evaluation of 250 people in total.



#### Conducting internationalization-themed lectures

In order to enhance the international awareness and improve the overall quality of all our staff, we conduct a series of internationalization-themed lectures. In 2016, we held 10 lectures in total in Beijing, Shenzhen, Dalian, Guangzhou and other cities, which were participated in by over 1,000 people.

Measures for talent internationalization

#### Case 'International Talent Training Program' Wins China Best Practice Award for Performance Improvement

Hainan Airlines' 'International Talent Training Project' focuses on establishing an international talent team and exploring international talent management mechanisms. Through the implementation of the performance-oriented and value-creating performance improvement

theory, we achieved good results in talent training, which marks a successful application of the performance improvement theory in the aviation industry. In 2016, the 'International Talent Training Program' was awarded the China Best Practice Award for Performance

Improvement by the International Society of Performance Improvement (ISPI-China), making Hainan Airlines the first civil aviation company to win such an award.

#### Case Launching Global Recruitment to Accelerate Internationalization

Hainan Airlines has established a global crew recruitment network based on its newly-opened domestic and international flight routes. In 2016, Hainan Airlines held recruitment fairs in Chicago, Boston, Seattle, Tokyo, Brussels,

Manchester, Moscow, Paris, London, Taipei and other countries and regions, as well as more than 70 universities and colleges in domestic cities. Through cooperation with domestic and foreign universities and colleges, we try to

establish an order-based proactive and accurate crew training mode so as to accelerate the internationalization of talents, thus assisting the Company's international development strategy.



Hainan Airlines launches global recruitment

## Building a communication platform

As we pay great attention to the voices of the employees, we have actively built a smooth communication channel to encourage employees to communicate frankly with the management, effectively protecting employees' rights of democratic decision-making, democratic management and democratic supervision. We have established employee care stations in each operating base, branch and department, at which management cadres take a 24/7 shift schedule to listen to staff and provide them with assistance. In 2016, we provided a total of 518 people with assistance.

**81%**  
Employee satisfaction degree

### Employee communication channels

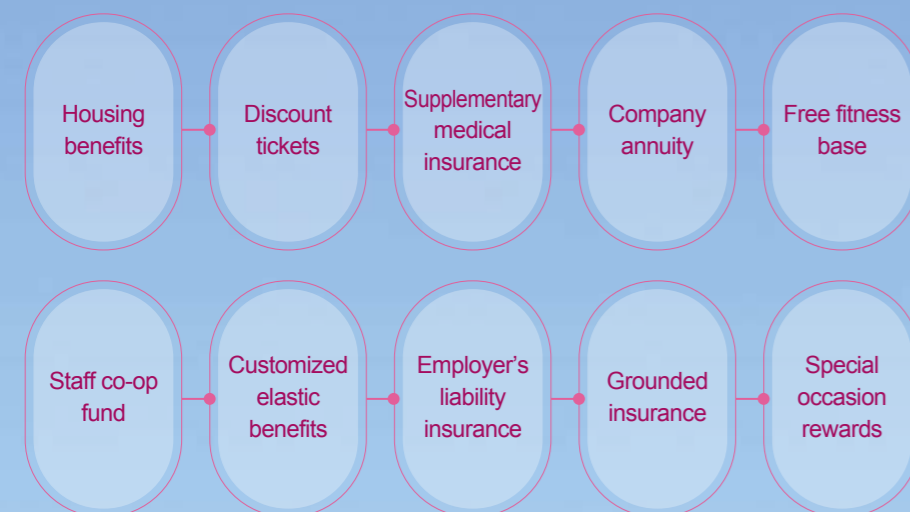


**10** days  
Per capita days of annual paid leave

## Improving the remuneration and benefits system

With a focus on 'performance improvement' and 'performance incentives', we have redesigned the pay structure to motivate employees and effectively guide different levels of departments to build supporting performance models. We have also optimized the welfare system. In addition to statutory benefits, we provide staff with a series of special benefits to stimulate their enthusiasm and passion for sharing in the growth of the Company.

### Special benefits



**¥**  
**656.9101**  
million  
RMB  
Training investment

**1,131**  
Number of employee training sessions

## Promoting employee development

In order to support the professional improvement and on-the-job learning ability of the employees, we constantly improve the training system to strive to build a variety of special high-quality training programs, advance the systematic construction of the internal

### Case Making Innovations in the Welfare System and Providing Preferential Insurance for Family Members

Hainan Airlines provides employees with a comprehensive welfare and security plan so that they can be promptly and reasonably assisted and compensated in the case of severe disease, accident, death, hospitalization, etc. At the same time, we also offer a comprehensive cost-effective security plan by which employees can purchase insurance for their family members at the same preferential prices offered to companies, providing a stronger guarantee for their health and allowing them to enjoy more value-added services. In this way, the worries of our employees can be lessened, and both the employees and their families can gain a stronger sense of well-being.

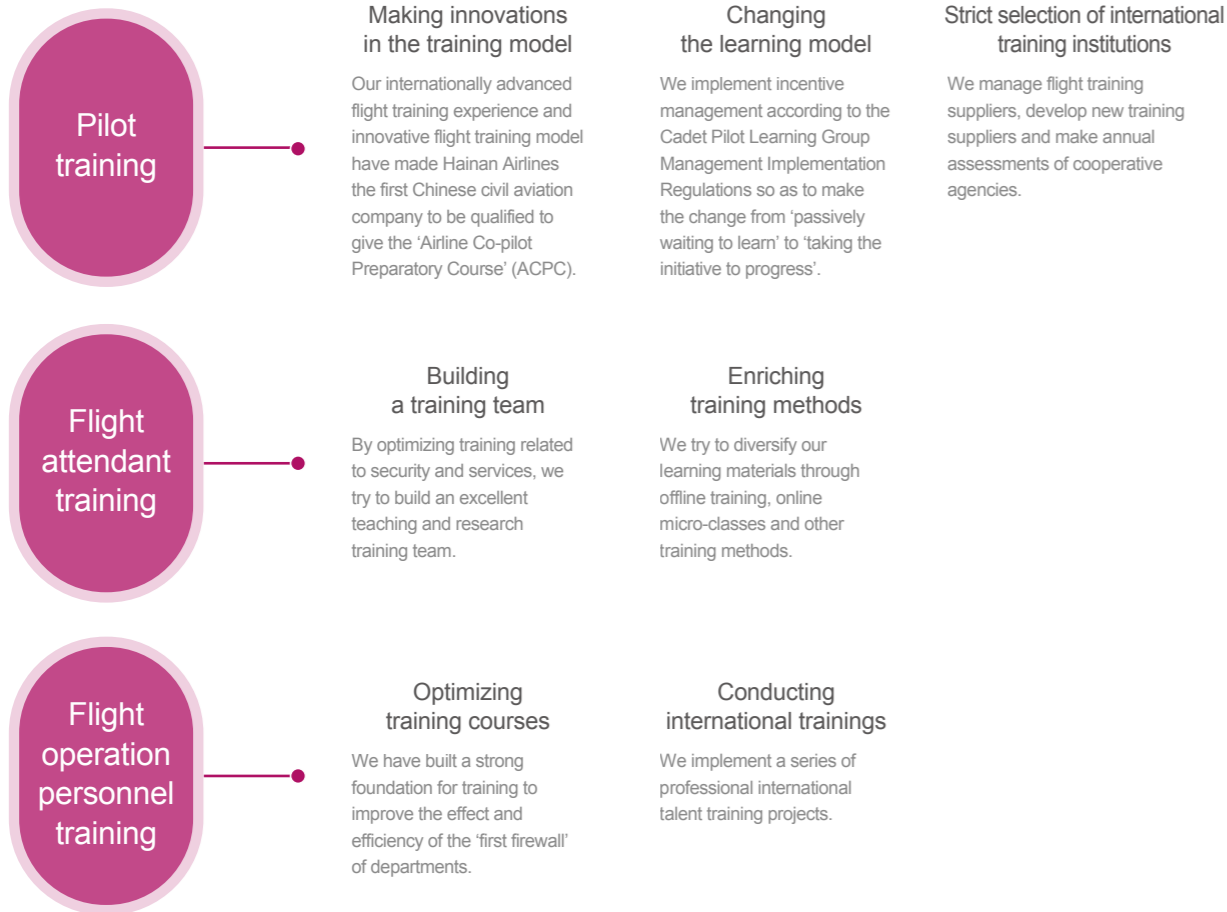
### Case Making Timely Adjustments to the Maternity Leave System to Highlight People-oriented Care

In 2016, the national population policy saw significant changes as China amended the *Population and Family Planning Law* to adopt the two-child policy, and Hainan Province released its *Decision on the Revision of 'Hainan Province Population and Family Planning Regulations'*. Therefore, we specifically revised part of the content of *Hainan Airlines Leave and Holiday Management Regulations*, including but not limited to 13 days of marriage leave, 188 days of maternity leave, 15 days of paternity leave, etc. to ensure its compliance with the relevant provisions and requirements of Hainan Province, and protect the legal rights and interests of our employees.

curriculum and faculty, and improve the relevance and practicability of training courses. For new staff, we carry out orientation training, make a 100-day team-building plan and change the mentor-based training model into a free and open education

model. For management, we tailor a special international talent training program which advocates the 'going out' of leading cadres to broaden their international vision.





Training measures

**Case Pilot training trilogy**

Pilots are the 'gold resource' of the airline's development. Paying particular attention to pilot cultivation, Hainan Airlines has formed a comprehensive training system with unique corporate characteristics, thereby creating an elite 'flying corps'.

<b>Multi-layer screening</b>	12 screening steps	high English competence
	high mental health standards	.....
<b>Comprehensive training</b>	military drills	safety management training
	flight training	.....
<b>Strict promotion</b>	hierarchical technology	multi-level promotion
	theory examinations	technology assessment
	.....	

## Ensuring occupational health

The rapid development of the aviation industry causes greater pressure and competition among employees, for which they need appropriate channels to relax. We are committed to creating a healthy and safe working environment for our employees. For example, we have carried out various health and safety programs to help our employees to develop a lifestyle of higher quality and strike a good balance between work and life. In 2016, we conducted EAP psychological counseling courses 35 times, helping more than 900 people with psychological counseling.

**Flexible physical examination packages.**

By cooperating with professional medical institutions and taking the gender, age, common disease spectrum and other factors of employees into comprehensive consideration, we provide various optional physical examination packages, allowing them to choose the most appropriate according to their own personal health conditions, and to target specific factors that may cause health risks.

**Preferential physical examination price.**

We negotiate with medical institutions to offer a discount price for staff on their selected packages in order to help them monitor their health status at a lower cost.

**Establishing fitness bases.**

We cooperate with chain fitness centers to provide places at which employees can work out free of charge.

**Conducting physical examinations.**

For the aircrew, we carry out physical examinations and identification to guarantee flight security; for the ground and window service staff, we carry out infectious disease checks to guarantee their well-being and safety during service.

**Case Psychological testing and counseling**

In order to help employees solve their psychological problems and better adapt to the working environment, Hainan Airlines and several professional psychological counseling agencies conduct psychological tests for the pilots, flight attendants and security personnel. Moreover, we help employees who under performing such tests to release their pressure through group interviews and telephone counseling, and conduct psychological intervention to resolve their emotional problems and stress.



EAP training



## Caring for employees

We care for and support every employee who needs help so as to enhance their sense of belonging and happiness. Taking the actual needs of the employees into account, we carry out various forms of cultural and sports activities to help them find a balance between work and life. For female employees, we provide special holidays and physical examinations, and give them special care during pregnancy, nursing and other special periods to help them better coordinate their work and life. We also established the Staff Co-Op Fund to help employees in need to solve their practical difficulties. By 2016, we had sent warmth to 95 employees in need and provided them with relief funds of more than RMB 300,000 in total.

### Female employee paid leaves

menstrual leave, paid leave for prenatal check-ups, maternity leave and breastfeeding leave

### Special paid leave for female employees

pre-maternity leave

### Female employee activities

'Colorful Goddess Festival', 'Happy June First' parent-child activities and so on

### Case Children's Day Activities

On Children's Day, the Hainan Airlines operation base in Beijing held a 'Balance for Love' expert lecture to publicize the correct concepts of marriage and childbearing. We also organized for employees and their children to participate in parent-child experience activities at Chi Mu Wu Shan Leisure Farm. By doing carpentry, climbing trees to collect spices, digging fire pits, preparing cooking ingredients and other activities, the employees and their children spent a healthy and cheerful Children's Day, and employees also managed to enjoy a wonderful day in their spare time.



One employee and two children play games



95

Needy employees assisted



Over RMB

300,000

Total relief fund for needy employees



Ping-pong match



Women's Day event



Women's Day event



football matchbasketball game



basketball game



Hainan Airlines 'Surprise for you' Christmas Market Fair



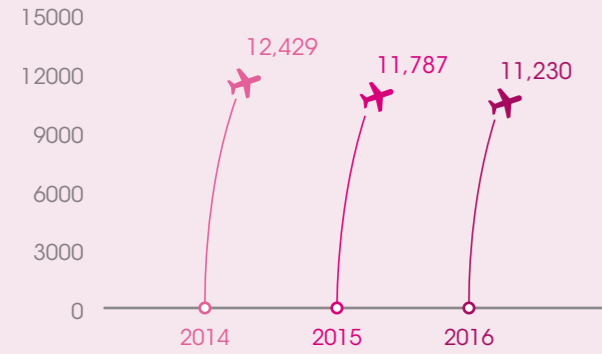
sending warmth to needy employees



Hainan Airlines 'Surprise for you' Christmas Market Fair

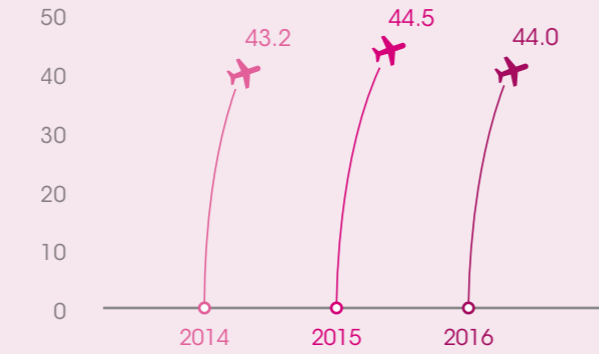
# Our performance

Unit: persons



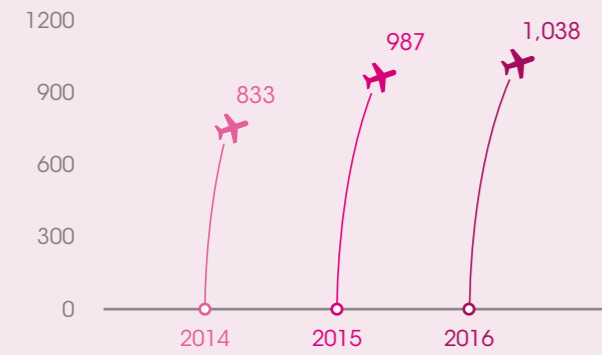
Number of employees

Unit: %



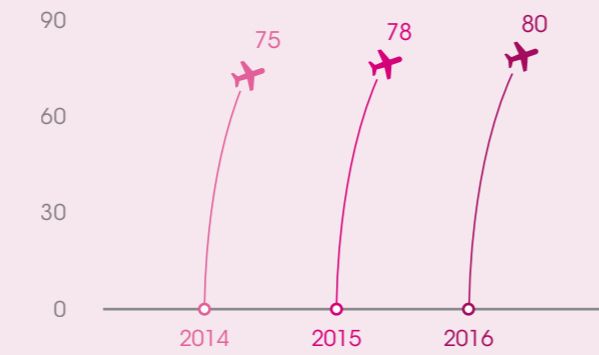
Female employee percentage

Unit: persons

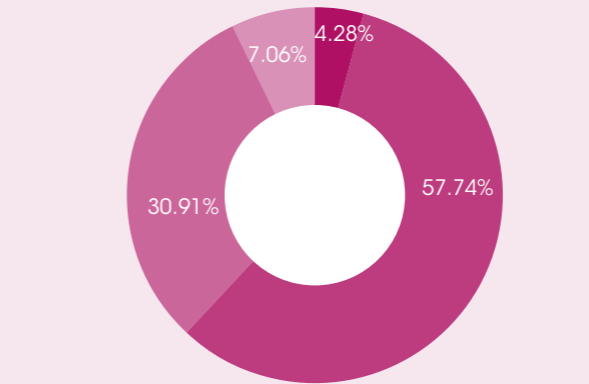


Number of minority employees

Unit: %

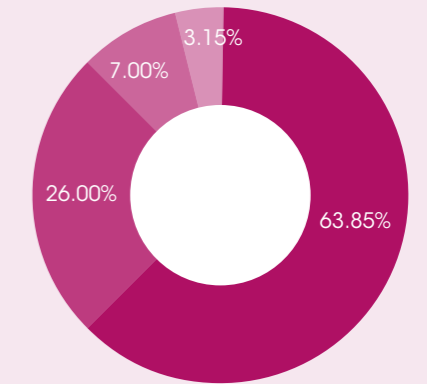


Collective negotiation and contract coverage



Post-undergraduates and above  
post-undergraduates  
college graduates  
non-college graduates

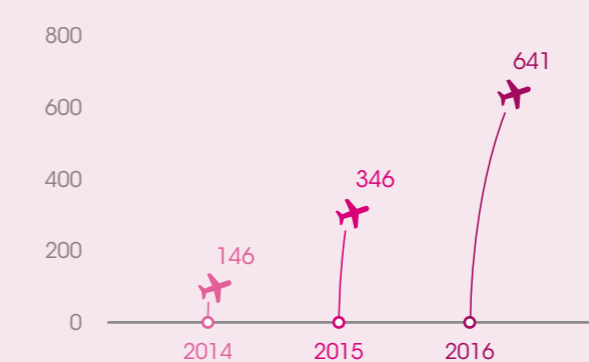
Education background distribution of employees



30 years old and below  
31 to 40 years old  
41 to 50 years old  
50 years old and above

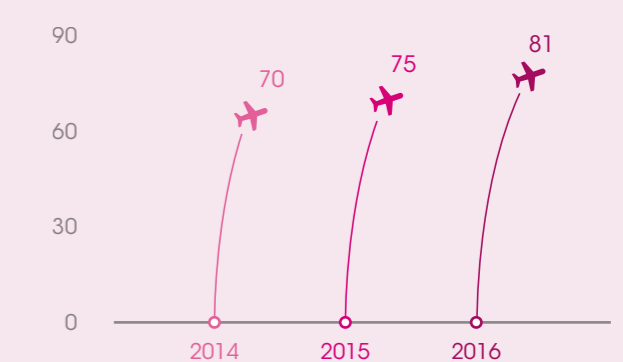
Age distribution of employees

Unit: persons



Foreign employees

Unit: %



Employee satisfaction degree

Key indicator	2014	2015	2016
Training investment (RMB 10,000)	26,654.39	25,288.03	65,691.01
Employee training times	1,235	1,268	1,131
Total employees trained person-time	74,455	95,261	58,728
Total employee training hours	219,240	666,827	182,312
Per capita training hours	18.94	18.85	14.64
Employees newly diagnosed with occupational diseases in 2016	0	0	0
Reports of work-related injuries	15	23	21
Deaths due to work-related injuries	1	0	0
Employees assisted by employee care stations	911	919	518

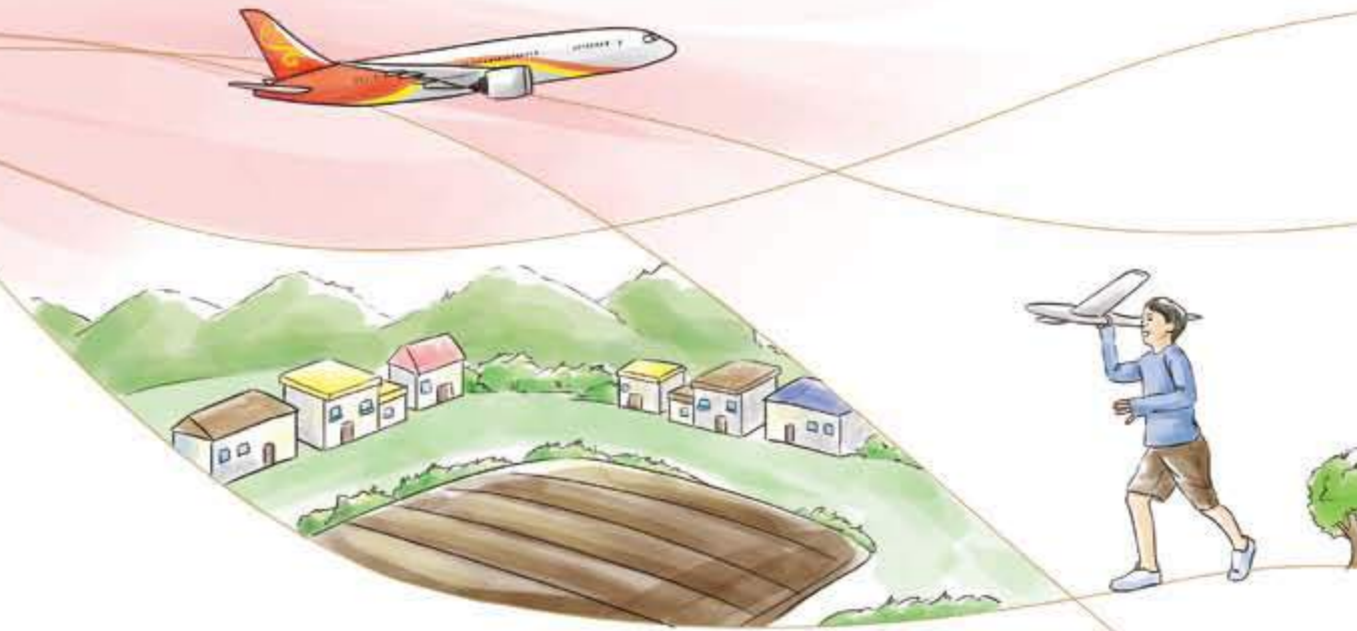


# 06 A Harmonious Journey with Kindness



## Flight purser's broadcast

Community is the foothold for enterprises which brings them nutrition for growth. We undertake our responsibilities and inject our love, wisdom and creativity into regional economic development and public welfare causes in order to seek development for poor and remote areas, and realize harmonious communities.





# Sustainable and charitable flights

## Our advantages

- Hainan Airlines has a global transport network which efficiently integrates information and resources to boost economic development
- Hainan Airlines has formulated contingency plans which play a significant role in dealing with natural disasters or other major emergencies

## Social problems

- China has put forward economic development strategies to promote regional economic development
- Poverty is one of the greatest challenges and problems in the progress of sustainable development
- Natural disasters have caused varying degrees of damage to human life and production
- For migrant workers and people with financial difficulties, transport expenses and school tuition fees are great burdens

## Charitable actions

### Boosting regional development

- We have enhanced our flight capacity in West China, opened up an operation base in Central China and established airways connecting first and second-tier cities in western Fujian to promote regional economic development
- We promote air transport development in underdeveloped areas

### Ensuring the special flights

- We initiate disaster relief to help transport relief supplies
- We have opened flights to Sansha City to support China's national defense
- We have offered chartered flights to the peacekeeping force in Liberia to support their work

### Advocating the public welfare activities

- 'Change for Good®': Encouraging passengers to become involved in helping poor children
- 'Bringing Love Home': Offering free tickets home during Spring Festival
- 'Love Wings': Helping with tuition fees for outstanding high school graduates in financial difficulties
- Voluntary services: Spreading boundless love

# Sustainable development context

- China has put forward its 'Western Development Drive' and other economic development strategies, and the characteristics of civil air transport must meet the needs of regional development.
- It is a solemn commitment of the Party and the state that poor people in poverty-stricken areas shall never be left behind in the process of building an all-round well-off society.
- Airlines play an important role in the social public service system and emergency rescue system.

## Our strategies

Making full use of our business strengths, Hainan Airlines is actively engaged in social responsibility practices and major national strategies so as to promote regional economic development and serve the overall economic and social development situation. We have completed special transport missions by deploying the resources of multiple parties, and made innovations in public welfare patterns to enhance public involvement in the sustainable development of public welfare causes, thereby spreading boundless love worldwide.



### Promoting the 'Western Development Drive'

We have increased the air transport capacity of Xi'an, Chongqing and other cities; improved the flight route network in the western regions; opened direct international flights from Xi'an to Rome, Paris, Melbourne, Sydney and Tokyo, and from Chongqing to Rome, to achieve connectivity between domestic cities and first-tier overseas cities; and enhanced the opening-up level of the western regions of China to improve the investment environment and thereby accelerate economic and social development.



### Helping with the rise of central China

We have established the Changsha base, added 6 overnight flights, improved the breadth and depth of Changsha's domestic flight route network, and accelerated its international expansion by opening intercontinental routes to Los Angeles, Melbourne, Sydney and other overseas cities, thereby providing more convenient transport conditions for business visits, tourism and scientific & technological and cultural exchange between Central China and Europe, America and Australia.



### Supporting the old revolutionary base areas in western Fujian

We opened the Beijing-Wuhan-Sanming, Beijing-Wuhan-Liancheng and Guangzhou-Sanming-Tangshan routes to connect western Fujian with first and second-tier cities including Beijing, Guangzhou and Wuhan in the air. We also enhanced tourism and business exchange between the old revolutionary base areas, the Beijing-Tianjin-Hebei region and Guangzhou, one of the birthplaces of the Maritime Silk Road, enabling Hainan Airlines to gain access to more talents, material, capital and information resources, and thus promoting the economic and social development of the former Central Soviet Areas of Sanming and Liancheng.

# Our actions

## Boosting regional development

In response to national calls and strategies, and by giving full play to the irradiating effect of the aviation industry, Hainan Airlines boosts regional development through its own strengths. We have helped to develop cities as secondary destinations and enlarged

our flight route network. We also strive to connect those destinations with domestic trunk routes, international routes to Southeast Asia, Japan, South Korea and other neighboring countries, and even European intercontinental routes. We aim to connect the remote areas with the

first and second-tier cities of China and realize interconnectivity between regional airports and major international air transport hubs. In this way, the aviation industry will function as an engine to boost local economic development.

### Case Supporting Targeted Poverty Alleviation to Improve Transport Conditions in Underdeveloped Areas

In 2016, in line with the national strategy of targeted poverty alleviation, Hainan Airlines actively participated in the air transport development of former revolutionary base areas, areas inhabited by ethnic groups, remote and border areas, and poverty-stricken areas. We opened nearly 20 branch routes and routes to those areas in order to strengthen communication between poor areas and the outside world, and build an air bridge to help such areas out of poverty.

### Case Participating in the Construction of Hainan Province to Promote Tourism Internationalization

As a native enterprise of Hainan Province, Hainan Airlines actively engages in the construction of Hainan International Tourism Island, and has endeavored to build an air bridge to connect Hainan with the rest of China and the world so as to improve its accessibility, enhance the internationalization of its tourism and help make Hainan an important communication platform between China, Asia and the world.

On July 19<sup>th</sup>, 2016, when China celebrated the 58<sup>th</sup> anniversary of the establishment of diplomatic ties with Cambodia, Hainan Airlines officially opened the new Haikou-Phnom Penh and Haikou-Siem Reap routes, the first direct flights to Cambodia to be opened in Haikou.

#### Domestic

We continue to increase our flight capacity in Hainan and improve our flight route network by increasing the number of third and fourth-tier city destinations and the frequency of main trunk flights.

#### International

We actively explores routes from Hainan to Southeast Asia and make efforts to form an aviation market connecting domestic cities with Southeast Asia via the transfer station of Hainan.



## Making innovations in public welfare causes

Upholding a belief in 'Serving our Community, Serving Others', Hainan Airlines devotes itself to public welfare work and makes innovations in its forms. Through charitable donations, cooperation with charitable organizations and voluntary services, Hainan Airlines conducts a wide variety of activities to contribute to society and spread boundless love, including disaster relief and support for the orphaned, poor, elderly and disabled.

### Change for Good®

Hainan Airlines is the first Chinese airlines to collaborate with UNICEF on the 'Change for Good®' program. This program is designed to encourage passengers to donate their spare change on board, and the collected donations are used to support medical and welfare programs to improve the well-being of vulnerable children in over 160 developing countries. By the end of 2016, Hainan Airlines had donated a total of RMB 6 million to UNICEF to support their child assistance programs worldwide.



RMB **6** million

Donations to UNICEF by the end of 2016

2013 - The signing and opening ceremony of the 'Change for Good®' program was successfully held at the Beijing Marriott Hotel Northeast, making Hainan Airlines the first Chinese aviation company to work with UNICEF on the 'Change for Good®' program. Hainan Airlines plans to raise no less than RMB 10 million for UNICEF in five years in support of its public welfare programs around the globe.

2014 - Following the 'Change for Good®' on-board donation program held on the Beijing-Haikou route, Hainan Airlines carried out the donation program on another 16 routes including Beijing-Sanya, Haikou-Pudong, Guangzhou-Qingdao, Beijing-Seattle, Beijing-Toronto, Beijing-Berlin and Beijing-Saint Petersburg to support UNICEF's child assistance programs.

2015 - Hainan Airlines launched the donation program on about 30 routes and raised over RMB 1.4 million. The donations were used to explore and establish a community-based child protection mechanism in five counties of Guizhou, Yunnan and Guangxi.

2016 - Hainan Airlines launched diversified donation activities on 35 routes, including the sale of charitable products, change donation on international flights and special holiday activities. Through such activities, Hainan Airlines raised a total of RMB 1.7 million in charitable funds.

Change for Good®

海南航空 零聚爱心

我们的一份钱  
他们的一份梦



### 'Bringing Love Home'

Hainan Airlines has held the 'Bringing Love Home' campaign for four consecutive years. During the Spring Festival travel season of 2016, Hainan Airlines offered free air tickets to 124 university students, overseas students and migrant workers to help them return home and reunite with their families.

"I'm really grateful for Hainan Airlines' 'Bringing Love Home' campaign. As an overseas student, I was very lucky to get a round-trip ticket during Spring Festival. The transport fee has always a headache for me when going home. Thanks to this campaign, I can save the ticket fare for school supplies and my internship. I hope this campaign will last and help more people in need."

- An overseas student from Kazakhstan



## 'Love Wings – My University Dream'

To help students with financial difficulties to fulfill their university dreams, Hainan Airlines has held the 'Love Wings – My University Dream' program for three consecutive years, offering free tickets to needy students through the Communist Youth League of the Hainan Provincial Party Committee.

Wang comes from Tunchang County, Hainan. He was admitted to the China Three Gorges University in 2016 but he couldn't afford the tuition fees and traveling expenses due to poverty. Through the 'Love Wings – A Dream 787 Trip' program jointly held by Hainan Airlines and the Organization Department of the Communist Youth League of the Hainan Provincial Party Committee, the traveling expenses of Hainan high school graduates with financial difficulties are paid, and Wang successfully received a free ticket to his university.



A staff member of Hainan Airlines provides check-in services for an assisted student

### Case Caring for Children in Yushu with You

Hainan Airlines is paying increasing attention to the growth of children with special difficulties. In 2016, in cooperation with the China Charities Aid Foundation for Children, we provided a four-day Hainan Airlines Experience Camp activity for Yushu children. They visited the Beijing Base of Hainan Airlines and attended the pre-flight preparation meeting held in the crew preparation area. After the visit, they boarded flight HU7182 dressed in steward uniforms, helped with flight catering and gave out chocolate and souvenirs of Hainan Airlines' public welfare activities to passengers. The program not only offered Yushu children a unique life experience, but also encouraged the involvement of passengers and Hainan Airlines staff in the growth of children with special difficulties.



Yushu children help the stewards give airplane models to passengers



Volunteers of 'Let Love Fly' campaign held by the Beijing Base of Hainan Airlines have lunch with the children

## Ensuring flight safety

At Hainan Airlines, we see special flight missions as our unshirkable duty. We make special contingency plans for urgent and dangerous transport tasks, and actively provide a transport guarantee for major activities, taking the initiative to assume corporate social responsibility.

### Case Offering Chartered Flights to Peacekeeping Forces in Liberia to Support their Work

In 2016, Hainan Airlines conducted two successive peacekeeping chartered flight missions from Beijing to Monrovia (capital of Liberia) in March and September. The two chartered flights flew across 21 countries in Asia, Europe and Africa, and delivered nearly 500 alternative peacekeepers after more than 25,000 km of travel.

### Case Delivery of relief supplies

Affected by Typhoon 'Dianmu', Hainan suffered from severe flooding. Hainan Airlines immediately launched contingency plans to coordinate its flight capacity and helped the Taiwan Compassion Relief Tzu Chi Foundation transport 560 kg of relief supplies. It ensured the timely arrival of the relief supplies in Haikou, bringing warmth and strength to people in the disaster area at the first opportunity.

### Case Opening Flights to Sansha to Support China's National Defense

Hainan Airlines attaches great importance to and fully supports China's national defense. The opening of flights to Sansha guarantees special military training in Xisha and the transport of new and old forces. The new route serves as a convenient airway for the Party, government and army to conduct investigations, surveys and visits. In 2016, to meet the army transport needs of the Logistics Department of the Military Commission and military operation theatres, Hainan Airlines carried out 54 arrival and departure flights to and from Sansha, transporting a total of 3,000 people.



A successful trial flight at the new airport of Subi Reef, Nansha



# Index

CONTENTS	Sustainability Reporting Guidelines (G4) released by the Global Reporting Initiative (GRI)
Letter to Stakeholders	G4-1/ G4-2
About Hainan Airlines	G4-3/G4-4/G4-5/G4-7/G4-8/G4-9/ G4-13/G-34/G4-56
Social Responsibility Management	G4-SO1
Social responsibility concepts	G4-56
Social responsibility organizational structure	G4-34
Social responsibility promotion	G4-50
Identification of material issues	G4-25/G4-26/G4-18/G4-19
Stakeholder communication	G4-24/G4-27
CSR honors	
A Carefree Journey with Safety Guaranteed	G4-56/G4-LA8/G4-PR1
Overseas security control	G4-56
Safety culture construction	G4-LA8
Innovative safety technologies	G4-PR1
A Happy Journey with Care	G4-4G4-PR5/G4-PR8
Voice of the customer	G4-PR5
'Less is More' service	G4-4/G4-PR5
In-flight audio-visual entertainment system	G4-4/G4-PR5
Five-star delicacies in the air	G4-4/G4-PR5
VIP lounge upgrade	G4-4/G4-16
Increasing flight on-time performance	G4-PR5
Responsible marketing	G4-PR5
'Care More'	G4-4/G4-PR5
Customer privacy protection	G4-PR8
Upgrading membership services	G4-PR5
A Win-Win Journey with Integrity	G4-EC1/ G4-EC6/ G4-EC9
Expanding the air route network	G4-EC6
Building an international brand	G4-4
Promoting cultural fusion	G4-EC6
Creating a responsible supply chain	G4-EC9
Promoting industry development	G4-16
A Low-carbon Journey with Greenness	G4-EN3/G4-EN5/G4-EN7/G4-EN15/G4-EN8/G4-EN18/G4-EN23/G4-15
Creating 'Green Tour'	G4-EN3/G4-EN5/G4-EN7/G4-EN15
Carrying out the 'Carbon Offset' charity program	G4-EN11/G4-EN12
Building a green ecosphere	G4-15
A Co-growth Journey with Morality	G4-LA2/ G4-LA6/G4-LA8/ G4-LA9
Talent internationalization	G4-LA12
Building a communication platform	
Improving the remuneration and benefits system	G4-LA2
Promoting employee development	G4-HR2/G4-LA9
Ensuring occupational health	G4-LA6/G4-LA8
Caring for employees	G4-LA8
A Harmonious Journey with Kindness	G4-SO1/G4-SO6/G4-EC7
Boosting regional development	G4-SO1
Making innovations in public welfare causes	G4-SO6/G4-EC7
Ensuring flight safety	G4-SO1/ G4-EC7
Index	G4-32
Feedback Form	G4-31
About this Report	G4-23/G4-28/G4-29/G4-30/G4-31/G4-32/G4-33



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CARRIER welcome aboard Sustainable Flight HU8888. We wish you a pleasant eco-trip.

航班 FLIGHT	日期 DATE	登机口 GATE	TCI 座位号 SEAT NO.
HU 8888	3月29日	8	8A
登机时间 BOARDING-TIME	始发地 FROM	目的地 TO	始发地/目的地 FROM/TO
08:08	Now	the Sustainable Future	现在 可持续未来
姓名 NAME	序号 SERIAL NO.	座位号 SEAT NO.	姓名 NAME(常旅客 FOT)
		8A	8A

备注 REMARKS



登机口于起飞前15分钟关闭  
GATE CLOSED 15 MINUTES  
BEFORE DEPARTURE

# Feedback Form

Thank you for reading the Hainan Airlines Company Limited 2015 Social Responsibility Report. To further improve our corporate social responsibility work and our ability and standards in conducting our work, as well as to enhance our communication with different stakeholders, we sincerely hope that you will spare a minute to provide us with your valuable comments and suggestions:

## Your Information

Name: \_\_\_\_\_ Organization: \_\_\_\_\_

Telephone: \_\_\_\_\_ Email: \_\_\_\_\_

## Multiple choice (Please tick the relevant box.)

1. What is your overall view of the Hainan Airlines CSR Report?

Good  Average  Needs Improvement

2. What is your view of Hainan Airlines' work performance with regard to our responsibility in safety aspects?

Good  Average  Needs Improvement  Do Not Understand

3. What is your view of Hainan Airlines' work performance in the area of stakeholder engagement?

Good  Average  Needs Improvement  Do Not Understand

4. What is your view of Hainan Airlines' work performance in the area of passenger service?

Good  Average  Needs Improvement  Do Not Understand

5. What is your view of Hainan Airlines' work performance in the area of staff development?

Good  Average  Needs Improvement  Do Not Understand

6. What is your view of Hainan Airlines' work performance with regard to its contributions to society?

Good  Average  Needs Improvement  Do Not Understand

7. What is your view of Hainan Airlines' work performance in the area of environmental protection?

Good  Average  Needs Improvement  Do Not Understand

8. Please share with us any other views you may have on Hainan Airlines' work in fulfilling our social responsibility.

\_\_\_\_\_

# About this Report

## Reporting Period

The time scope of the report ranges from January 2016 to December 2016, and some contents may extend beyond that time scope if necessary.

## Reporting Cycle

The report is published annually. This is the 2<sup>nd</sup> Corporate Social Responsibility Report of Hainan Airlines Company Limited.

## Scope of the Report

The contents of this Report cover Hainan Airlines Company Limited and its subsidiaries.

## Reporting Standard

This Report was prepared with reference to Report on Corporate Fulfillment of Social Responsibility released by the Shanghai Stock Exchange, Sustainability Reporting Guidelines (G4) released by the Global Reporting Initiative (GRI), Guidance on Social Responsibility (ISO 26000:2010), Guidance on Social Responsibility Reporting (GB/T 36001-2015), Chinese Corporate Social Responsibility (CSR) Report Preparation Guide (CASS-CSR 3.0) and Hainan Airlines Development Plan of Corporate Social Responsibility 2015 to 2017.

## Data Source

All the data in this report comes from internal statistics and public documents and reports officially published by the Company. Some data may cover subsidiary companies and are specified for notice.

## Reliability Assurance

This Report is free of any fraud, misleading representations or major omissions.

## Abbreviations

For convenience and readability, 'Hainan Airlines Company Limited' in this report may appear abbreviated as 'Hainan Airlines', 'the Company' or 'we'.

## Preparation Process

### Preparations for report compilation

- The report compilation working team was established.
- Reports published by industrial counterparts at home and abroad were analyzed.
- The standards for social responsibility reporting were studied.

### Launching report compilation

- The compilation of the report was launched.
- Specific discussions concerning the report were held.

### Collecting data for the report

- The responsible departments and business units collected the related data.
- Interviews and investigations were held concerning the related departments.

### Identifying the subjects of the report

- Issues related to social responsibility were sorted out and categorized.
- The demands of the stakeholders were analyzed.
- Social and environmental influences were analyzed.
- Suggestions were solicited from internal and external experts.

### Improving report compilation

- The working team compiled the report.
- The responsible department examined the report.
- Corporate leadership approved the report.

### Publishing and popularizing the report

- The report was published.
- The report was promoted on internal and external platforms.

## Report Access

This report is written in Chinese and English and is available in paper and electronic versions. To obtain the paper version, please send your request to the email address [hnapr@hnair.com](mailto:hnapr@hnair.com) or call us on +86 898-66739801. The electronic version is available at our official website : [www.hainanairlines.com](http://www.hainanairlines.com).

 This report is made with green paper



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