Social Responsibility Report of Hainan Airlines in 2018
Hainan Airlines Holding Co., Ltd.

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Hainan Airlines Holding Co., Ltd. Social Responsibility Report 2018
Address from the Chairman

Dear friends,

Thank you for your help and support to Hainan Airlines as always!

The year 2018 was the 40th anniversary of China’s Reform and Opening-up and the 30th anniversary of the establishment of Hainan Province as a special economic zone. Presently, the Party and the state are fully supporting the construction of free trade pilot zone of the entire Hainan Island. As a national airlines brand based in Hainan, Hainan Airlines has ushered in the golden age for development.

Looking back at 2018, with difficult external operation conditions, Hainan Airlines fully implemented the work requirements of “Focusing on the Main Business of Airlines, Seeking for Healthy Development” of the HNA Group, strictly adhered to the safety bottom lines, vigorously improved operation quality and service quality, deepened the effectiveness of resource integration, fully promoted the improvement of operation efficiencies and realized the safe and stable operation of the Company.

In 2018, Hainan Airlines strived to connect the world with its network of airlines and access more untouched distant places with over 2,000 domestic and international air lines.

In 2018, we focused on details and brought surprise and amusement to the passengers in high-quality flight experience by adding highlights to originally bland flight experience with brand new fleet, comprehensive safety guarantee, all-round seamless aviation services. In 2018, we were awarded the SKYTRAX Five Star Award for the eighth time and ranked 8th among the best airlines in the world. We also established a safe flight record of over 7 million flight hours.

In 2018, we stayed true to the mission of green and low carbon responsibilities, intensified the promotion of the brand of “Green Airlines” and continuously worked on the Green Tour Program. With an annual oil saving of 125,000 tones and 30 new energy saving and emission reduction projects, the Company was awarded the honorable title of “Top 100 Green Gold Enterprises on Ecological Civilization”. In 2018, we implemented electronic release to help passengers to travel in a more environmentally friendly manner.

In 2018, we pulled together the “hearts” and forces and spared no efforts in realizing shared development and assisting in the construction of harmonious society. We actively undertook social responsibilities and completed various special missions with high standards and strict requirements. We sincerely cared for our employees, protected their interests and rights and helped them in personal growth and career development. We adhered to the corporate culture spirit of “Making Contributions to the Society, Making Contributions to Others” and carried on public welfare activities such as “Change for Good”, “Bring Love Home” and “For Future”. In addition, we granted subsidies to the sick, disadvantaged population and poor college students and repaid the society with gratitude.

Time and tide wait for no man. The year 2019 is the 70th anniversary of the founding of New China and the key year for the successful completion of building a moderately well-off society in an all-round way. At the historical period of realizing the Two Hundred-year Goal, we will continue to implement the work requirement of “Focusing on the Main Business of Airlines, Seeking for Healthy Development”, strive to build a new era, realize the dream of Hainan Airlines together, inherit the culture of Hainan Airlines, promote the spirits of Hainan Airlines, pull together hearts and efforts on development, and seek for new achievements with accumulated energies.

Chairman, Hainan Airlines Holding Co., Ltd.
Hainan Airlines
BOEING 787-8
Down-to-earth Development for 25 Years
Pooled Efforts Towards Glories for 25 Years

Responsibility Highlights
Staying True to the Mission for 25 Years, Forging Ahead with Numerous Honors

The remarkable achievements of Hainan Airlines are inseparable from the development opportunities given to Hainan Airlines by the great times. In the past 25 years, Hainan Airlines has seized and fully utilized the general trends both globally and historically. It has set examples for the pioneering efforts of enterprises in China with the great context of times of China’s Reform and Opening-up.

Down-to-earth Development for 25 Years

On November 16, 2007, Hainan Airlines successfully purchased its first Airbus A330-200 aircraft from Airbus (also the 500th A330-200 delivered by Airbus globally), marking the ability of Hainan Airlines in operating advanced wide-body aircrafts;

On December 1, 2009, Hainan Airlines was promoted to be a SKYTRAX four-star airline, which was the first SKYTRAX four-star airline in the Chinese Mainland;

On January 22, 2015, the Energy Conservation and Emission Reduction Project Hainan Airlines passed the energy management system certification, marking it the first airlines in China to obtain such third-party certification;


On May 16, 2017, Hainan Airlines was upgraded from an incorporated company to a holding company;

On January 10, 2011, Hainan Airlines was further promoted to be a "SKYTRAX Five-Star Airlines" for the first time, marking Hainan Airlines officially among the seven five-star airlines in the world;

On June 26, 2014, Hainan Airlines became the first airlines in Central and Southern Region of China to operate the Class I Electronic Flight Bag;

On November 21, 2017, Hainan Airlines successfully started the first biological fuel demonstration air line between China and the US, marking it the first airlines in China to use biological fuel for transoceanic passenger flights;

On January 17, 2018, Hainan Airlines became the first airlines within the civil aviation industry of China to allow the onboard use of portable electronic devices (PEDs);

On January 29, 2019, Hainan Airlines won three titles of Best Business Class Award in Asia, Excellent Passenger Cabin Service Award in Asia and Best Business Class Service Personnel Award in Asia at the 2019 World Travel Awards (WTA);

On May 21, 2019, Hainan Airlines won several SKYTRAX titles such as Five-star Airlines, Best Business Class Amenities, Best Airlines in China, Best Airlines Staff in China, Top 10 Airlines in the World;

It has also won the B&R Special Prize and Top 100 Best CSR Brands in the 3rd CSR China Education Award.

Pooled Efforts Towards Glories for 25 Years

Hainan Airlines has made safe flight for over 6.6 million flight hours accumulatively and kept an excellent record of 25 years in safe operation;

From 2001 to 2009, it has been awarded the Customer Satisfaction Quality Prize as appraised by passengers in civil aviation for 10 consecutive years;

In 2006, it was awarded the title of “The Most Admired Chinese Company” by Fortune (China);

In 2016, it was awarded the title of "World Five-star Airlines" by SKYTRAX for eight consecutive years and ranked eighth in the 2018 SKYTRAX Top 10 Global Airlines;

In July 2018, Hainan Airlines won several SKYTRAX titles such as Five-star Airlines, Best Business Class Amenities, Best Airlines in China, Best Airlines Staff in China, Top 10 Airlines in the World;

Since 2011, Hainan Airlines has been awarded the title of “World Five-star Airlines” by SKYTRAX for eight consecutive years and ranked eighth in the 2018 SKYTRAX Top 10 Global Airlines;
Responsibility Highlights

Concentrating Party Construction Responsibilities and Promoting Political Undertakings

Hainan Airlines fully implements the principles and policies of the Party and the state, continuously enhances the political awareness, overall awareness, core awareness and benchmark awareness of all employees, gradually improves the system and mechanism of Party construction, carries out the "Two Studies and One Action" in a steady and effective manner, deepens the clean government construction and maintains the stability of the personnel.

Implementing the Spirits of the Party

In 2018, the Company undertook the study, publicity and implementation of the spirit of the 19th National Congress of the Communist Party of China as an important political task. Guided by the Implementation Opinions of the Party Committee of the CPC HNA Group on Studying and Implementing the Spirit of the 19th Party Congress and 2017 Summary and 2018 Schedule on Major Tasks of Party Building Work of Hainan Airlines, efforts are being made to conscientiously implement the various work arrangements of the Party Committee of HNA Group, give full play to the political leadership and service guarantee role of Party building in the development of the Company.

Consolidating the Foundation of Party Building

In 2018, the Company further improved and perfected the Party organization, and newly established five Party organizations respectively in the Terminal Management Department, Aircraft Purchase Center, Board Office, Safety Committee and Business Committee. Presently, the Party Committee of the Company has 45 Party organizations at all levels, including 4 Party committees, 6 general Party branches and 35 basic Party branches. It has realized the coverage of Party organizations in all domestic units of the Company, which has further consolidated the foundation of Party building and organizations.

Enhancing Party Team Construction

In 2018, the Company adhered to the principle of "Administration of Cadres and Talents by the Party" and focused on building high-quality cadre and talent teams. The cadre team construction was enhanced. Among over 2,000 members of the Company, over 300 were taking management posts; talent team construction was also intensified; 57 excellent and model staff were included into the Party organization, laying firm talent guarantee and intelligent support foundation for the reform and development of the Company.

Enhancing the Ideological Education of Party Members

In 2018, the Company actively carried out "Three Sessions and One Lesson" and educational activities among Party Members. Efforts were made to strengthen the education of Party members and enhance the cohesiveness of Party members by holding 2017 annual party building work summary life meetings and democratic appraisal activities among Party organizations at all levels, carrying out the red theme education and practice activities of "Staying True to the Mission" and organizing movie activities among Party members.
Company Profile

Hainan Airlines Holding Co., Ltd. (hereinafter referred to as “Hainan Airlines”) was founded in January 1993 in Hainan Province, the largest special economic zone in China. Hainan Airlines is committed to providing passengers with holistic, seamless and high-quality service.

Since 1993, Hainan Airlines has achieved 25 years of safe operation equivalent to more than seven million hours of safe flights. Hainan Airlines’ fleet is composed mainly of new and luxury aircrafts of Boeing 737 and 787 as well as Airbus 330s. And Airbus wide-body A350-900s are also available in the fleet. As of the end of June 2018, Hainan Airlines and its holding subsidiaries had over 460 aircraft in operation and 24 base/branch companies established in Haikou, Beijing, Tianjin, Xian, Kunming, Guangzhou, Shenzhen, Changsha, Trump and other points. Hainan Airlines and its holding subsidiaries’ extensive network of routes covers China, numerous points in Asia and extends to Europe, North America and the South Pacific, operated on over 2,000 domestic and international routes to over 220 cities worldwide. It is dedicated to providing safe and comfortable travel experience for passengers.

"Fly Your Dreams", Hainan Airlines is determined to be a Chinese world-class excellent aviation enterprise and brand in the world.

Organizational Structure

Hainan Airlines continuously improves the operational transparency. In 2018, the Company revised related rules and regulations such as the Articles of Association and the Working System of the Secretary to further improve the transparency of business management and the effectiveness and standardization of information disclosure. In 2018, the Company held 4 network-based investor briefings and held the Reception Day of Independent Directors, which effectively smoothed the communication channels between investors and the Company.

Ethical Operation

In 2018, under the uniform deployment of the “Compliance Year” on strict governance of the enterprise, Hainan Airlines established and improved the comprehensive risk management system of the Company ensure the legal and compliance operation of enterprises in terms of compliance risk investigation, risk emergency disposal in key areas, etc.

Consummating corporate governance

Hainan Airlines attaches great importance to corporate governance, strictly abides by the requirements of laws and regulations and regulatory documents such as the Company Law, Securities Law, Corporate Governance Guidelines for Listed Companies and constantly improves the governance structure and strategic decision-making mechanism. In 2018, the Company had held a total of 11 shareholders’ meetings, 23 meetings of Boards of Directors, 15 meetings of committees under the Board of Directors, and 11 meetings of Board of Supervisors, which further enhanced the governance and operational capabilities of the Company.

Scientific Management

Hainan Airlines adheres to the continuous improvement of the modern enterprise system, strengthens corporate governance, improves the information disclosure mechanism, protects rights and interests of shareholders, and lays the foundation for the company to achieve stable operation and sustainable development.

Consummating the construction of the compliance legal system.

The basic work of risk control has been improved, and the legal and compliance operation of enterprises has been effectively guaranteed by comprehensively sorting out the business worklines, issuing various types of compliance and legal management systems covering aspects such as case management, contract management and management cadre evaluation.

Carring out investigation on key risk areas.

Through risk investigation in key areas such as crew hotels of Terminal Management Department and onboard supply management of the Cabin Management Department, risk management of key areas of business units has been continuously strengthened and the closed-loop risk management mechanism has been improved.

Improving the risk management mechanism for business operations.

By measures such as guaranteeing buy-out pre-sale, loss prevention of tourist accident and control on GDPR compliance, key enterprise operation risks within and out of the Company have been effectively handled, and stable and sustainable enterprise operations have been effectively guaranteed.
Responsibility Strategy

Hainan Airlines adheres to the guidance of the value system of “Hainan Airlines Spirit”, promotes social responsibility to the strategic height of enterprise development, firmly fulfills its basic responsibilities of government responsibility, shareholder responsibility, employee responsibility, customer responsibility and partner responsibility as well as extended responsibilities such as community responsibility, environmental responsibility and charity responsibility. And positively advances the construction of enterprise social responsibility.

Responsibility Participation

Hainan Airlines implements the concept of sustainable development in a deep-going manner, adheres to the high standards and strict requirements of “Five-star Airlines” in social responsibility practices and continuously advances the construction of the social responsibility system. It actively promotes green flights and motivates communication and exchange of social responsibility among partners so as to promote the continuous development of the overall social responsibility levels. Furthermore, Hainan Airlines vigorously promotes the corporate culture spirit of “Making Contributions to the Society, Making Contributions to Others”, serves the national strategies, make innovations in public welfare models, integrates charity into businesses, positively participated in charitable causes, cares for the healthy growth of the children, and positively shape the image of Hainan Airlines as a responsible brand.

Responsibility Performance

On July 17, 2018, as the first airlines in the Chinese Mainland to be named as the SKYTRAX Global Five Star Airlines, Hainan Airlines was awarded the title in the eighth consecutive year and once again awarded the “Top in Global Airlines” by SKYTRAX with an even better ranking of the eighth. In addition, it was awarded three prizes of “Best Business Class Amenities, Best Airlines in China and Best Airlines Staff” in China.

On August 20, 2018, with the “Change for Good” Onboard Donation Initiative, Hainan Airlines was awarded the Annual Responsibility Case Prize in the 2018 Corporate Social Responsibility Honor Ceremony sponsored by the Southern Publishing and Media and co-sponsored by the New Weekly.

On September 2, 2018, Hainan Airlines was awarded four prizes of the “Best Airlines Brand in Asia, Best In-Flight Catering in Asia and Best Business Class in Asia by the World Tourism Awards (WTA).”

On September 21, 2018, Hainan Airlines was awarded the Annual Responsibility Case Prize in the 2018 Corporate Social Responsibility Honor Ceremony sponsored by the Southern Publishing and Media and co-sponsored by the New Weekly.

On September 25, 2018, Hainan Airlines was awarded the Special B&M Award and the CSR TOP 100 Brands in the 3rd CSR China Education Award.

On November 16, 2018, Hainan Airlines was awarded the Best Chinese Airline in China by readers of Business Travel magazine.

On December 1, 2018, Hainan Airlines was awarded the title of Model Enterprise in Harmonious Labor Relations of Hainan Province.

Consolidating Responsibility Management


Hainan Airlines joined hands with China Green Carbon Foundation to continuously promote the “Green Tour, Carbon Offset” Hainan Dongzhaiyang Carbon Sequestration Forest Public Welfare Project, repairing 50 Mu (about 0.33 ha.) of degraded mangrove.

Hainan Airlines joined hands with UNICEF in launching the “Change for Good®” onboard fundraising plan for five consecutive years. All the onboard passenger donation has been used to support children in post-disaster reconstruction of Haiti as well as the exploration and establishment of children protection mechanism in 65 rural communities in three provinces of Yunnan, Guanzhou and Guizhou.

Hainan Airlines jointly launched the 6th “Bring Love Home” Initiative with its 6 branch airlines, which provided free air tickets to over 100 poor university students, overseas students, volunteers of the “University Students Serving the West”, left-behind children and migrant workers for them to reunite with the families during the Spring Festival.

Hainan Airlines has joined hands with UNICEF in launching the “Change for Good®” Onboard Donation Plan for five consecutive years. All onboard passenger donation has been used to support children in post-disaster reconstruction of Haiti as well as the exploration and establishment of children protection mechanism in 65 rural communities in three provinces of Yunnan, Guanzhou and Guizhou.

Hainan Airlines has joined hands with China Green Carbon Foundation to continuously promote the “Green Tour, Carbon Offset” Hainan Dongzhaiyang Carbon Sequestration Forest Public Welfare Project, repairing 50 Mu (about 0.33 ha.) of degraded mangrove.

Hainan Airlines has joined hands with the US New Life Foundation in China’s Poor Children and Orphans Charity Project for three consecutive years, providing preferential flights to poor children and their families in China for treatment of major diseases.
Start from the Heart to Promote Innovation-based Development

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Promote Management Innovation

Optimize organizational system

In 2018, in accordance with the work arrangement of the Group to focus on the main business of aviation, Hainan Airlines and its member airlines carried out in-depth resource integration, gradually form an integrated management and control model coned by "business system, ground service system, operation system and aviation material system", maximized the resource acquisition, internal distribution and value output of Hainan Airlines and its member airlines, and obtained remarkable achievements in resource integration.

Transform management models

In 2018, focusing on the "customer-oriented" concept, Hainan Airlines continuously advanced the construction of the service command system through measures such as operation system reform and service guarantee process optimization. It further promoted the service quality module of the Airlines Operation Center (AOC) as a dispatching unit at the service command system level, sorted up the relations among various functional units in the operating systems, clarified the main responsibilities and boundaries, and establish an operational management model featuring "Consistent Goals and Effective Coordination".

Prefect cabin services

By continuous global industrial benchmarking and cabin service innovation, Hainan Airlines has formulated and further consummated the Cabin Service Specifications, Cabin Flight Attendant Manual, Flight Attendant Management Manual, normalized service standards and procedures, upgraded cabin services, and launched Hai Series characteristic service products such as Haichef Catering, HaiStudio Entertainment, HaiDream Sleeping so as to provide new flight experience with more refined and caring services.

Enhance On-time Rate Management

In 2018, based on the concept of "penetrate management", Hainan Airlines established an on-time rate management mechanism the directly reaches the operation terminals, and conducted all-round management on the sources, processes and results of the operation. With a series of measures such as the establishment of a special working group on on-time rate improvement, establishment of cross-enterprise and cross-departmental on-time rate assessment system, establishment of a regional control center (RCC) to implement the localized accountability system for operation guarantee as well as formulation of quick pass guarantee solutions.

In 2018, the on-time rate of Hainan Airlines flights reached 80.34%, ranking first among the four major airlines in China, and the operational quality was remarkably improved.

Flight On-time Rate

<table>
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<tr>
<th>Indicators</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flight On-time Rate</td>
<td>77.11%</td>
<td>72.94%</td>
<td>80.32%</td>
</tr>
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Upgrade Entertainment System

Hainan Airlines launched the new version of the security instructions video called the rosy clouds. As the important video communication content for brand image promotion of the brand-new Hai Face, the new version takes the "Gate of Dream" as the core element and the stage property for scene change. The video has diversified scenes covering art gallery, hot air balloon, playground and cruise and displayed the images of different groups of passengers such as businessmen, families and children. And it highlights the theme of a safe and pretty flight experience for every trip.

Improve flight catering

In 2018, Hainan Airlines upgraded the Haichef series catering. It not only released the new menus but also invited Michelin-starred chefs at global destinations to customize special delicacies over the clouds. Business travelers can enjoy high-quality delicacies on board and enjoy the "Fly your dreams" experience of a SKYTRAX five-star airlines at an altitude of 10,000 meters.
Organize characteristic activities

In 2018, to enhance the cabin atmosphere and add more pleasures to passengers in the flights, Hainan Airlines carefully designed and organized special on-board activities for newly opened long-haul routes, new models, on statutory festivals and traditional festivals, which effectively improved the quality of flight services.

Handle customer complaints

To actively respond to customer complaints, Hainan Airlines has opened multiple channels such as customer service hotline, website, e-mail, Weibo WeChat and other channels to listen to opinions from customers. It strictly abides by the First Asking Responsibility System. It has formulated and issued the Procedures for Disposal of Customer Problems Collected by the Call Center and Proactive Reporting Process to proactively settle problems of the passengers and properly handle passenger complaints. Furthermore, it summarizes the complaint information, established related database, analyzes and shares the complaint data on a regular basis, and tracks and improves the problems found in the complaints so as to form a closed-loop management.

Customer information protection

To appropriately protect customer information, the Company has developed a series of standard systems and security measures for business system access rights, data security, account permissions, operation and maintenance security, etc. It monitors and manages the operation activities of customer information, ensures data security of the service process, implements sensitive information encryption protection, prevents sensitive data from being disclosed, and prohibits the transmission and storage of sensitive data to external third-party storage platforms. In addition, the company organizes all employees to receive information security trainings and learning, and strictly implements the Confidentiality Regulations of HNA Group, prevent information leakage risks and report information security incidents or suspicious security weaknesses in a timely manner.

Improve customer satisfaction

To improve customer satisfaction, Hainan Airlines has established a command center as well as a positive reporting mechanism. With the service tenet of “On-Demand Response, Carefree Trip”, efforts are made to strengthen the awareness of full staff and reduce the risk of passenger complaints. Member hotline services have been upgraded to provide more convenient membership services such as point inquiry and redemption so as to further enhance membership service experience. Efforts have also been made to expand the First-line authorization of the Call Center, enhance the one-off solution rate and work efficiency on customer problems, establish the emergency guarantee service team, increase the handling capacities of emergencies, establish the service inspection mechanism and correct the detected problems without delay.

In 2018, Hainan Airlines obtained 142,500 pieces of comments from passengers, which was 29.6 times higher than the traditional channel. Passenger satisfaction was steadily improved. The Company provided guarantee services for over 720 flights of great importance throughout the year, a year-on-year increase of 91%. The applause rate of cabin service guarantee was 100%.

Care for special passengers

Whether on the ground or in the air, Hainan Airlines provides warm and thoughtful caring for special passengers. During the boarding stage, the flight attendants provide boarding guidance services for special passengers and assist them in arranging baggage. Then, they take over the special passengers and related documents from the ground staff and introduce the use of cabin equipment for special passengers. During the flight, designated flight attendants provide caring and services for special passengers, including Care More special services for passengers with babies or family passengers.

Customer information protection

A thank-you note to Hainan Airlines from a Yang Mutian, a child passenger of Hainan Airlines.
Guarantee with the “Heart” to Enhance Coordinated Development

Enhance safe operation
Intensify quality and efficiency enhancement
Optimize route layout
Enhance Safe Operation

Hainan Airlines always adheres to the principle of “Safety First, Prevention Foremost, Comprehensive Governance”, firmly implements the concept of “safety is the life line for Hainan Airlines” and “safety is the best service”, consummates safety production responsibility systems, deeply promotes the construction of aviation safety management system in line with international standards, strengthens the control of key aspects of production and operation such as flight operation personnel ability and team management, and guarantees the continuous and safe operation from take-off to landing all year round in an all-round manner.

In 2018, Hainan Airlines had no serious incidents, man-made accidents or ground responsibility incidents, and the safety indicators ranked among the best with the country. As of 2018, the accumulated safe operation of Hainan Airlines exceeded 7 million flight hours, and it had maintained an excellent record of continuous and safe operation for 25 years and no serious incidents under the responsibility of the Company for 13 consecutive years.

Construct safety culture

Hainan Airlines focuses on the implementation of the positive safety culture. The safety culture of Hainan Airlines includes seven core aspects of integrity, discipline, responsibility, justice, communication, learning and love. For example, in terms of communication culture, the Company actively promotes a non-punitive voluntary reporting system and builds a communication work platform. Any employee can conveniently report the security risks around in form of resource reports. The Safety Monitoring Department directly receives and evaluates hidden danger reports from the front line from the top. It regularly assesses the collection of typical and positive voluntary reports and rewards the informers accordingly. And a security system with full participation has been established.

In 2018, Hainan Airlines received a total of 4,391 voluntary reports, an increase of 97% over the same period of the previous year, of which safety-related voluntary reports accounted for 48% and operational reports accounted for 52%. Hainan Airlines’ strict discipline culture is the key to ensuring that the safety red line is not violated. In 2018, Hainan Airlines combated 26 typical cases for the safety red line management regulations, such as prohibition of crew members from drinking alcohol before the flight and smoking during the flight.

Consolidate safety foundation

The production operation system is the “cornerstone” of the safety for the Company. The Company strictly follows the Principles of Large Aircraft Public Air Transport Carrier Operational Certification (CCAR121) and IOSA standards in building the production operation systems, establishes an international standard production operation organization structure, accepts strict supervision by the CAAC, receives IOSA safety standard audit every two years in accordance with ICAO requirements to guarantee continuous compliance.

The “basic level” team members includes personnel in flight, maintenance, dispatching and crew. Hainan Airlines attaches importance to the training of basic level teams such as first-line pilots and strives to build an ace flying team with “socialist-minded thoughts, tough styles and technical skills”. Safety team has been established and the principle of “Four Availables” (safety education available in the team, manual implementation available in the team, risk prevention and control available in the team, technical training available in the team) to enable a close-loop safety management.

Enhance safety management

Hainan Airlines actively establishes standardized safety management measures in accordance with related international standards and make efforts to enhance safety performance management based on active safety culture construction with risk management as the core and information as the motivation. Efforts are made to identify the source of dangers through extensive collection and evaluation of daily safety information and based on TEP Model. In addition, Hainan Airlines summarizes major international aviation accidents and serious accidents as the core risks to be under strict control of the Company, borrows ideas from the BOWTIE concepts in the formulation of management and control measures of the hazardous sources corresponding to core risks, continuously monitor the performance to identify performance bias, and guarantees that serious safety accidents can be avoided in the operation of the Company.

In 2018, the company regarded prevention of runway incursions, prevention of pushing out of the runway, prevention of out-of-control flight and prevention of controllable flight into the ground as a key and performance risk management items, and further set up an expert group to carry out special administration. There were no human-caused accidents occurred throughout the year.

Deepen technological innovation

To further improve the operational safety level and efficiency, Hainan Airlines attaches importance to the construction of operating system software, takes the lead in introducing the concepts of automated command system, and draws on the characteristics of voluntary centralized coordination, deep information collection and efficient command and decision. With such efforts, the Company has created an intelligent operation platform featuring risk intelligent alarm, information integration and collaborative decision-making. Hainan Airlines has jointly developed the X-CVR long-term cabin sound recording system software and hardware and developed an efficient decoding program accordingly. Presently, the equipment has been installed for 112 aircraft, providing powerful technical support for the cabin sound monitoring and enabling effective supervision of the cockpit discipline and operation specifications. Therefore, this has effectively improved the operational safety quality of the Company.
Strive to increase revenue and reduce expenditure

In 2018, Hainan Airlines actively implemented the deployment requirements on “increasing revenue and reducing expenditures” by the Group and issued the Outlines for Increasing Revenue and Reducing Expenditures of HNA Group in 2018. And the Company had worked on over 220 increasing revenue and reducing expenditure items such as overtime flight during Spring Festival, joint venture and co-management, freight rate adjustment, domestic and international flight optimization as well as development of cooperation business.

Conduct strict cost control

In 2018, Hainan Airlines actively promoted the implementation of cost control programs. Each unit involved developed refined management methods based on production and operation programs, improved and optimized production operation process standards and thus achieved significant cost control effects.

Strengthen operation monitoring

In 2018, Hainan Airlines worked on the construction of the business monitoring system from diversified perspectives such as revenue monitoring, cost monitoring, budget monitoring and quality monitoring. It took the lead in formulating cost control assessment plans, positively guided business units on income enhancement and cost control and promoted the achievement of the operation budget objectives of the Company.

Expand international routes

Hainan Airlines has vigorously expanded its international route network and participated in the construction of the B&R Initiative positively and actively. It is aimed to be the service provider with “air pivot” importance for the Silk Road Economic Belt and the 21st Century Maritime Silk Road and to provide a variety of convenient options for the passengers.

In 2018, Hainan Airlines launched the first direct flight from China to Ireland/Scotland (Beijing to Dublin/Edinburgh), the First direct route to Latin America by a Chinese airlines (Beijing - Tijuana - Mexico City), the first direct flight from the northwest/central part of China to the UK (Xi’an / Changsha = London) and the direct flight from Hakou to Melbourne. In 2018, Hainan Airlines opened a total of 31 international routes and operated about 260 international routes throughout the year. The number of passengers was expected to be up to over 5 million, a year-on-year increase of 15%.

Optimize domestic routes

While vigorously expanding the international route network, Hainan Airlines also actively optimizes the layout of domestic routes and attaches importance to the second and third tier cities in China. In 2018, based on the original Beijing=Yan’an route, Hainan Airlines opened new flights of Hainan=Beijing=Yorkshire, Beijing=Shanghai=Chongqing=Beijing, which further promoted route network of Yan’an and provided supports for Yan’an in the development of “Hub economy, portal economy and mobile economy”. Such actions were also of great help for Yan’an to be further integrated into construction of the B&R Initiative, strengthen foreign exchanges and cooperation and promote the development of the red cultural tourism industry.
Devote with the “Heart” to Deepen Green Development

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- Jointly Build Green Ecology 28
Hainan Airlines always adheres to green development, regards ecological civilization construction and low-carbon economy construction as the strategic orientation for the sustainable development of enterprises, combines corporate mission with protection and improvement of natural environment. It is committed to be the promoter, leader, pioneer and provider of “Green Aviation” and make its own contribution for the construction of China to be a civil aviation power.

Hainan Airlines adheres to the operational strategy of “Fly Safe, Fly Green”. It took the lead in China to promote the construction of energy management system and make lean management on fuel in the overall process from ground to air such as ground operation, air operation and aircraft weight reducing.

Enhance energy conservation and emission reduction

Hainan Airlines attaches importance to the application of innovative energy-saving and environmental protection measures and new approaches to improve energy conservation and emission reduction performance. By modifying and upgrading of the winglets of the Boeing 737NG and double-fin winglets, the resistance was further reduced, and the lift force was further enhanced. Fuel efficiency was increased by approximately 18%. After such modification, the average aircraft can save 114.7 tons of fuel and reduce carbon emissions by 881 tons per year.

In 2018, by enhancing the management of fuel-saving main bodies, Hainan Airlines launched 30 fuel-saving projects including replacement of APU by GPU, Circle Fly operation, and single-engine slip. Such efforts reversed the downward trend of fuel efficiency. The annual fuel saving was 152,000 tons, reducing carbon emissions by 293,000 tons. Since the initiation of energy conservation and emission reduction in 2008, Hainan Airlines has saved totally 552,100 tons of fuel and reduced carbon dioxide emissions by about 1,739,200 tons, equivalent to the one-year carbon dioxide absorption of 66,000 Mu (about 4,400 ha.) of forest. This has actively promoted the demonstration effect of green aviation.

Implement electronic release

To encourage more passengers to travel in a green way and lead a green lifestyle, on May 18, 2018, Hainan Airlines officially initiated electronic release on domestic flights, canceling all paper release materials except release orders and flight plans. Nearly 50% of paper release materials were reduced per flight. The implementation of electronic release has not only reduced the risk of work errors, improved the speed of data update but also saved a lot of manpower and material resources.

Promote advanced operation technologies

Hainan Airlines actively implements innovative projects such as “CIRCLE FLY” global operation, promotes advanced operational technologies and fulfills the corporate responsibility for green development. “CIRCLE FLY” takes advantage of the prevailing west wind in mid-high latitudes. It ends the conventional operation of the previous fixed-line return flight from New York and Boston heading west and achieved the eastward flights of both legs. At present, Hainan Airlines several routes with round trips operated under the “CIRCLE FLY” such as New York - Chongqing, New York - Chengdu and Boston - Beijing. The average flight time has been reduced by more than 30 minutes, and the annual carbon emission has been reduced by 4,500 tons, equivalent to the annual carbon dioxide absorption of 175 Mu (about 11.43 ha.) of forest.

Protect biodiversity

Hainan Airlines has joined hands with China Green Carbon Foundation to continuously promote the “Green Tour, Carbon Offset” Public Welfare Project for four consecutive years. The project calls for passengers to donate cash or Jieping Points to offset the carbon dioxide emission by the flight. The proceeds will be used for the plantation and protection of the HNA Forest in Dongzhai Harbor Mangrove Nature Reserve of Hainan Province. Up to present, the HNA Forest has accumulatively rehabilitated about 50 Mu (about 3.33 ha.) of degraded mangroves, restored and rebuilt the habitats where animals and plants depend, and provided an excellent living habitat for birds, plankton, benthic animals and insects. Therefore, our pretty home of earth is protected.

The HNA Forest has rehabilitated about 50 Mu (about 3.33 ha.) of degraded mangroves.
Share with the “Heart” to Advance Opening-up and Development

Promote Industrial Development
Join Hands for Mutual Benefits
As an integral part of China's civil aviation transportation industry, Hainan Airlines has actively played its leading role within the industry, prospered together with the industry, and actively contributed to the development of the aviation industry.

Strengthening supply chain management has become an important trend for enterprises to enhance their core competitive edges. Hainan Airlines deeply bears in mind that, to build a sustainable supply chain, the demands of stakeholders should be positively responded. Therefore, we strictly abide by laws and regulations related to bidding activities, adhere to compliance procurement, strengthen supplier management, and seek for sustainable development of the enterprise, environment and society by improving transparency as well as continuous communication and cooperation.

Enhance responsible purchase

In 2018, Hainan Airlines comprehensively sorted out the procurement behavior management documents of the Company, continuously improved the responsible procurement system and behavioral norms, and implemented the “Three Major Management Systems” of “strategy, execution and quality cost”. In terms of the management of the supply chain, more sustainable elements were integrated to drive the development of the overall supply chain. Hainan Airlines continuously monitors and manages the social responsibility performance of suppliers and makes regular communication in hope of enhancing the social responsibility awareness and management capabilities of partners within the supply chain.

Supplier management

Hainan Airlines has established a strict supplier evaluation system, where suppliers are made access evaluation, dynamic elevation and periodic evaluation according to related administrative measures of the Company. And suppliers are included, assessed or excluded based on the evaluation results.
Pull Together the “Hearts” and Efforts for Shared Development

Serve National Economy and the People’s Livelihood
Care for the Staff with Sincere Heart
Jointly build the harmonious society

Pull Together the “Hearts” and Efforts for Shared Development
Start from the Heart to Promote Innovation-based Development
Guarantee with the “Heart” to Enhance Coordinated Development
Devote with the “Heart” to Deepen Green Development
Share with the “Heart” to Advance Opening-up and Development
Hainan Airlines actively assumes its social responsibility, formulates a complete and important flight support manual, and implements special flight missions including major conferences, national defense mobilization and transportation of stranded passengers with high standards and strict requirements, and guarantees the successful accomplishment of each guarantee mission.

Serve National Economy and the People’s Livelihood

Hainan Airlines actively assumes its social responsibility, formulates a complete and important flight support manual, and implements special flight missions including major conferences, national defense mobilization and transportation of stranded passengers with high standards and strict requirements, and guarantees the successful accomplishment of each guarantee mission.

Assume special tasks

The Boao Forum for Asia Annual Conference 2018 was held from April 8 to April 11 in 2018 with the theme of “An Open and Innovative Asia for a World of Greater Prosperity”. The forum coincided with the 40th anniversary of Reform and Opening-up and the 30th anniversary of the establishment of the provincial special economic zone in Hainan Province, and was of great epochal significance and international influence.

As the designated air carrier of the Boao Forum for Asia Annual Conference 2018, a local enterprise of Hainan and the platinum-level partner of the Boao Forum, Hainan Airlines attached great importance to the services for the event. In strict accordance with the instructions of the Central Government and the Provincial Party Committee and the Provincial Government of Hainan and based on related work requirements of the industry authorities and HNA Group, Hainan Airlines made planning, deployment and mobilization within the Company in advance, and successfully accomplished the guarantee work of the annual conference. The service was highly praised by guests at home and abroad.

Assist passengers in evacuation

On September 6, 2018, an earthquake measuring 6.7 on the Richter scale occurred in Hokkaido, Japan, causing the Sapporo New Chitose Airport to be closed for two consecutive days with interrupted power and water supplies. The Japanese Office of the Market Department of Hainan Airlines started the emergency plan without delay, cooperated with the Sapporo Terminal of the Terminal Management Department of Hainan Airlines to actively coordinate local authorities, and positively cooperated with the staff of the consulate to organize assistance, confirmed the safety status of the resident personnel one by one, and purchased emergency materials reserves to satisfy the demands of on-site passengers.

Meanwhile, all business management units directly under the headquarters of Hainan Airlines highly coordinated and cooperated in the support of the front line and collectively accomplished the acquisition of delayed flight time and ground support resources. With such efforts, the 183 Chinese citizens retained in Japan after the disaster finally returned to China safely. The Chinese Consulate General in Sapporo sent a thank-you letter to express their appreciations to Hainan Airlines for the positive cooperation.

Defend the interests and rights of the staff

Hainan Airlines attaches great importance to its guidance role in the distribution of salary and benefits. It focuses on “performance improvements” and “performance incentives”, continuously optimizes the compensation structure, and motivated employees based on their performance. Corresponding performance models have been established for different levels to defend the basic rights and interests of the employees.

Hainan Airlines defends the rights and interests of the employees in multiple ways in accordance with national laws and regulations, combined with industry characteristics and company characteristics, while considering the actual demands of the employees. Among them, national statutory benefits include the social security fund, and the characteristic benefits of the Company include preferential air tickets, supplementary commercial insurance, subsidies for weddings, funerals, diseases and births, mutual aid funds for difficult employees, funds for cultural and sports activities, etc. In addition, for the flight specialties, the Company also provides pilot flight insurance, overseas flight visits, foreign pilots’ education policy benefits, etc. for related employees.
Assist in employee growth

Hainan Airlines attaches great importance to the growth of employees and regards the personal growth of employees as the driving force for enterprise development. It fully considers the background differences of different employees and provides personalized development platforms for different employees so as to inspire their innovative abilities.

Smoothen development channels: Hainan Airlines attaches great importance to employees’ demands for career development, takes a dual-channel approach of “management + technology” in career development, improves the career development system, and builds extensive development platforms for employees.

Consummate training system: We adhere to the consummation of employee training system and focuses on the four pillars of learning map construction, internal trainer training, talent echelon construction and corporate culture learning construction. Based on business needs and talent development rules, HNA Group focuses on establishing the training management system, improving the institutional system, optimizing the training processes, setting up personalized training courses and applying diversified training approaches to enhance the training experience of the employees.

Value physical health

Hainan Airlines attaches importance to the occupational safety and health of employees and has formulated specific systems and measures based on the characteristics of different jobs. Hierarchical management is made based on the extent to which health conditions affect flight safety and according to the annual physical examination and disease diagnosis and treatment results of the pilots. For aircraft members with a high level of health risk or requiring attention on their health, physical examination is conducted before the flight. In addition, other measures such as annual physical examinations for all full-time ground staff are also taken to comprehensively guarantee the improve the health levels of the employees of the Company.

Value mental health

Hainan Airlines attaches great importance to mental health care of the employees. It has established the Employee Assistance Program (EAP) Management Association and organized the mental health interview among the employees. In 2018, local departments of the Company organized one-on-one psychological interviews with 667 employees under the organization of EAP Association. Meanwhile, to improve the professional skills of EAP Association psychological counselors, the Company also organized key personnel of EAP Association to participate in mental health training organized by CAAC so as to broaden psychological counseling channels and professional knowledge.

Balance work and life

Hainan Airlines attaches importance to humanistic cares, encourages employees to balance work and life, organizes diversified cultural and sports activities, tries to relieve the pressure of the employees, works on close communication with employees so as to motivate the employees, enable them to work happily and live healthily, and enhance the sense of belonging and happiness of the employees. In 2018, the employee satisfaction was up to 80%.

Care for employee health

Value physical health

Hainan Airlines attaches importance to the occupational safety and health of employees and has formulated specific systems and measures based on the characteristics of different jobs. Hierarchical management is made based on the extent to which health conditions affect flight safety and according to the annual physical examination and disease diagnosis and treatment results of the pilots. For aircraft members with a high level of health risk or requiring attention on their health, physical examination is conducted before the flight. In addition, other measures such as annual physical examinations for all full-time ground staff are also taken to comprehensively guarantee the improve the health levels of the employees of the Company.
Hainan Airlines vigorously promotes the corporate culture spirit of “Making Contributions to the Society, Making Contributions to Others”, serves the national strategies, makes innovations in public welfare models, integrates charity into businesses, positively participated in charitable causes. In 2018, the Company focused on public benefit activities such as “Green Aviation”, “Change for Good Onboard Fundraising” and “Bring Love Home” and contributed to the construction of a harmonious society by rewarding the society with a grateful heart.

**Care for and protect children**

As the first airlines in the Chinese Mainland to join the UNICEF’s “Change for Good®” campaign, Hainan Airlines has launched an in-flight fundraising campaign for five consecutive years to relay the great love with warm hands and support the aids of the UNICEF for the children in difficulties.

In 2018, 46 domestic and international routes and 98 flights participated in the last round of “Change for Good®” campaign. The funds raised were used to explore and implement the establishment community child protection mechanisms in 65 rural communities in 5 counties of Yunnan, Guizhou and Guangxi, enhance the growth environment of children in rural communities, improve the self-protection abilities of the children, strengthen parental custody and help families in need to minimize the risks and impacts of violence and abuse on children.

**“Bring Love Home” brings warms to the way home from schools**

Hainan Airlines has innovated public welfare models and explored the new “three-in-one” public welfare model featuring business integration, point crowdfunding and public welfare. Six branch airlines under Hainan Airlines organized the 6th “Bring Love Home” activity. Free air tickets were provided to over 130 poor university students/overseas students to help them realize the dream of returning home and getting together during the Spring Festival. In the past six years, the initiative has provided free air tickets to over 930 people, which is the active fulfillment of the mission of “Making Contributions to the Society, Making Contributions to Others”.

**Conduct voluntary services**

Since the establishment of the Volunteer Service Association in July 2015, Hainan Airlines has carried out a number of social welfare activities with a wide range of influences, such as helping those in distress and aiding those in peril, helping the elderly and helping the disabled so as to respond the social anticipations and relay the endless love.

In 2018, Hainan Airlines actively carried out volunteer activities, and successively organized volunteer service activities such as “Warm Winter Initiative” for Spring Festival Transportation, “Safe Production Month” and “Protection Our Pretty Home”. Such activities enhanced the influence of the volunteer services and demonstrated a good social benefit image. Presently, a total of 388 cadres and employees have registered as volunteers within the Company.
Vision of the Future

We have glorious flowers in spring and solid fruits in autumn, though we have to be combed by the wind and washed by the rain. In 2019, we will celebrate the 70th birthday of the People’s Republic of China. With the interactions of historical progression and the transformation of times and the synchronous interaction of national development and enterprise growth, we will continue to make new achievements with the lasting spirit of struggling and unremitting reform so as to contribute to the development of the company and celebrate the 70th anniversary of the People’s Republic of China. New journeys are ahead in the new era. It is a new start for us towards new goals.

Keep moving forwards and assuming new missions.
We will continue to adhere to the corporate culture spirit of “Making Contributions to the Society, Making Contributions to Others”, being bold and courageous to make changes. We will also set an example in comprehensively deepening reform and open development, continue to expand and optimize the layout of international and domestic routes, and effectively improve the competitive edges of the airline networks.

Keep striving to make new blueprints.
We will open up the new situation of high-quality development of the Company with the self-confidence of being always the pioneer of the times. Efforts will be made to continue to promote and optimize service quality reforms, organizational system reforms and service efficiency reforms, and create a balanced development pattern of quality, efficiency and scale.

Share the dream and share the new life.
We will continue to join hands and stay true to the mission. Efforts will be made to deeply fulfill social responsibility, provide employees with more extensive stages for development, and satisfy the expectations for a happy and pleasant life of the employees; adhere to green development and build an increasingly complete and leading green aviation ecosystem, make in-depth work in public benefits and charities, help those in distress and aid those in peril, optimize and intensify voluntary services, and contribute the efforts of Hainan Airlines for the harmonious society.

Advance bravely in the new era and make new achievements in the new journey.
We will continue to implement the work requirement of “Focusing on the Main Business of Airlines, Seeking for Healthy Development”, make intensive explorations and keep refining. Based on safe operation, efforts will be made to implement solid-safety management to realize annual production and operation goals by focusing on improvement of market revenues and continuous enhancement of service quality and operation quality. We will continue to forge ahead in the forefront of the times with great determination and self-confidence and stay true to the mission. We are determined to make unparalleled and brilliant achievements of the times and build a world-class company with global competitive edges!
### Key Performance

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<th>Unit</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
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<tr>
<td>Total assets (RMB 100 million)</td>
<td></td>
<td>1,481.44</td>
<td>1,973.48</td>
<td>2,047.35</td>
</tr>
<tr>
<td>Operation revenues (RMB 100 million)</td>
<td></td>
<td>506.78</td>
<td>1,159.04</td>
<td>677.44</td>
</tr>
<tr>
<td>Net profits (RMB 100 million)</td>
<td></td>
<td>36.10</td>
<td>38.82</td>
<td>-36.48</td>
</tr>
<tr>
<td>Basic EPS</td>
<td>RMB yuan/share</td>
<td>0.210</td>
<td>0.182</td>
<td>-0.230</td>
</tr>
<tr>
<td>Total tax (RMB 100 million)</td>
<td></td>
<td>25.60</td>
<td>27.03</td>
<td>25.21</td>
</tr>
<tr>
<td>Available seat-km</td>
<td>10,000 seat-kms</td>
<td>9,444,154</td>
<td>14,086,320</td>
<td>16,432,897</td>
</tr>
<tr>
<td>Total turnover of transportation</td>
<td>100 million tons/km</td>
<td>84.45</td>
<td>121.66</td>
<td>139.99</td>
</tr>
<tr>
<td>Total flight</td>
<td>10,000 km</td>
<td>50,714</td>
<td>77,571</td>
<td>87,226</td>
</tr>
<tr>
<td>Total flight hours</td>
<td>Hours</td>
<td>779,520</td>
<td>1,231,388</td>
<td>1,349,240</td>
</tr>
<tr>
<td>Flight numbers</td>
<td>Numbers</td>
<td>322,675</td>
<td>538,972</td>
<td>579,318</td>
</tr>
<tr>
<td>Daily aircraft utilization</td>
<td>Hours</td>
<td>10.07</td>
<td>9.31</td>
<td>9.12</td>
</tr>
<tr>
<td>Volume of passenger traffic</td>
<td>10,000 man-times</td>
<td>4,702.31</td>
<td>7,169.00</td>
<td>7,987.66</td>
</tr>
<tr>
<td>Total mail volume</td>
<td>10,000 tons</td>
<td>40.74</td>
<td>47.93</td>
<td>55.91</td>
</tr>
<tr>
<td>Passenger seats utilization</td>
<td>%</td>
<td>87.83</td>
<td>86.07</td>
<td>84.53</td>
</tr>
<tr>
<td>Total number of aircraft in operation</td>
<td>Sets</td>
<td>238</td>
<td>410</td>
<td>463</td>
</tr>
<tr>
<td>Newly introduced aircrafts</td>
<td>Sets</td>
<td>41</td>
<td>49</td>
<td>73</td>
</tr>
<tr>
<td>Average aircraft's age</td>
<td>Years</td>
<td>4.6</td>
<td>4.7</td>
<td>5</td>
</tr>
<tr>
<td>Continuous safe flight time throughout the year</td>
<td>Hours</td>
<td>59.3</td>
<td>68</td>
<td>76.7</td>
</tr>
<tr>
<td>Number of pilots</td>
<td>Persons</td>
<td>1,881</td>
<td>2,101</td>
<td>2,443</td>
</tr>
<tr>
<td>Number of foreign pilots</td>
<td>Persons</td>
<td>222</td>
<td>336</td>
<td>404</td>
</tr>
<tr>
<td>Number of flight trainings</td>
<td>Man-times</td>
<td>6,458</td>
<td>7,507</td>
<td>9,106</td>
</tr>
<tr>
<td>Number of major and severe accidents</td>
<td>Times</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total number of suppliers</td>
<td>—</td>
<td>406</td>
<td>470</td>
<td>573</td>
</tr>
<tr>
<td>Total number of new suppliers</td>
<td>—</td>
<td>19</td>
<td>26</td>
<td>36</td>
</tr>
<tr>
<td>Number of domestic suppliers</td>
<td>—</td>
<td>263</td>
<td>316</td>
<td>294</td>
</tr>
<tr>
<td>Number of overseas suppliers</td>
<td>—</td>
<td>163</td>
<td>153</td>
<td>279</td>
</tr>
<tr>
<td>Total energy consumption</td>
<td>Tons of standard coal</td>
<td>3,495,626</td>
<td>4,097,047</td>
<td>5,937,877</td>
</tr>
</tbody>
</table>

### Key Indicators

<table>
<thead>
<tr>
<th>Key Indicators</th>
<th>Unit</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
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<tr>
<td>Aviation kerosene consumption</td>
<td>10,000 tons</td>
<td>2,375,714</td>
<td>2,779,688</td>
<td>4,029,497</td>
</tr>
<tr>
<td>Energy consumption reduction</td>
<td>10,000 tons of standard coal</td>
<td>9.6</td>
<td>14.3</td>
<td>18.4</td>
</tr>
<tr>
<td>Unit distance greenhouse gas tonnage</td>
<td>Tons/10,000 km</td>
<td>147.56</td>
<td>152.15</td>
<td>145.74</td>
</tr>
<tr>
<td>Greenhouse gas emission reduction</td>
<td>10,000 tons</td>
<td>20.6</td>
<td>30.6</td>
<td>39.4</td>
</tr>
<tr>
<td>Greenhouse gas emission</td>
<td>Tons</td>
<td>6,051,330</td>
<td>8,771,034</td>
<td>12,711,915</td>
</tr>
<tr>
<td>Annual water saving</td>
<td>Tons</td>
<td>2,570.33</td>
<td>2,685.75</td>
<td>3,166</td>
</tr>
<tr>
<td>Annual fuel saving</td>
<td>10,000 tons</td>
<td>6.5</td>
<td>9.7</td>
<td>12.5</td>
</tr>
<tr>
<td>Annual carbon dioxide emission reduction by fuel saving</td>
<td>10,000 tons</td>
<td>20.6</td>
<td>30.6</td>
<td>39.4</td>
</tr>
<tr>
<td>Total water consumption</td>
<td>Tons</td>
<td>513,645</td>
<td>808,731</td>
<td>84,303</td>
</tr>
<tr>
<td>Power consumption</td>
<td>10,000 kWh</td>
<td>598.18</td>
<td>768.65</td>
<td>847.05</td>
</tr>
<tr>
<td>Amount of complaints handled</td>
<td>Cases</td>
<td>314</td>
<td>1,417</td>
<td>939</td>
</tr>
<tr>
<td>Passenger complaint handling rate</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Passenger satisfaction degree</td>
<td>%</td>
<td>88.39</td>
<td>83.51</td>
<td>86.49</td>
</tr>
<tr>
<td>Project Eik rate</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Total number of employees</td>
<td>Persons</td>
<td>12,456</td>
<td>14,399</td>
<td>15,587</td>
</tr>
<tr>
<td>Total number of female employees</td>
<td>Persons</td>
<td>5,532</td>
<td>6,470</td>
<td>6,815</td>
</tr>
<tr>
<td>Number of minority employees</td>
<td>Persons</td>
<td>540</td>
<td>608</td>
<td>682</td>
</tr>
<tr>
<td>Total number of foreign employees</td>
<td>Persons</td>
<td>575</td>
<td>809</td>
<td>834</td>
</tr>
<tr>
<td>Coverage rate of collective negotiation and collective contracts</td>
<td>%</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Number of graduates recruited</td>
<td>Persons</td>
<td>2,617</td>
<td>2,905</td>
<td>3,225</td>
</tr>
<tr>
<td>Number of employee volunteers</td>
<td>Persons</td>
<td>350</td>
<td>365</td>
<td>388</td>
</tr>
<tr>
<td>Time length of voluntary activities</td>
<td>Hours</td>
<td>49</td>
<td>38</td>
<td>46</td>
</tr>
<tr>
<td>Number of employees reported work injuries</td>
<td>Persons</td>
<td>21</td>
<td>58</td>
<td>21</td>
</tr>
</tbody>
</table>

Note:
1. Annual water conservation: Referring to the reduction of drinking water on board, including only aircraft with external water meters in Haikou, Beijing, Yilan and Tuyasu.
2. The total water consumption and power consumption are only data from the Haikou Area of Hainan Airlines.
3. Data marked with "*" only refers to data from HNA Holding, Xinhua Airlines and Shanxi Airlines.
Notes to the Reports

Scope of Organization
This report covers Hainan Airlines Holding Co., Ltd. as well as its branches and subsidiaries. In this report, Hainan Airlines Holding Co., Ltd. is also referred to as “HNA Group”, “Hainan Airlines”, “Company” and “We”.

Time Range
This report is an annual report with a time span from January 1 to December 31, 2018. Some of the contents may be beyond this range.

Release Situation
This report is the fourth annual social responsibility report issued by Hainan Airlines Holding Co., Ltd.

Notes to the Contents
This report contains no false information or misleading statements, and Hainan Airlines guarantees the authenticity, accuracy and completeness of the contents thereof.

The financial data mentioned in this report is for reference only, and the financial data is subject to the annual report of the Company. Unless otherwise specifically stated, the amount disclosed in the report is measured in Renminbi.

Except where noted, the 2018 data of this report covers Hainan Airlines, Xinhua Airlines, Air Changan, Shanxi Airlines, Lucky Air, Urumqi Air, Tianjin Airlines and GX Airlines. The data with * only covers Hainan Airlines, Xinhua Airlines, and Shanxi Airlines.

Reference Standards
The report is based on the industry background, highlights the characteristics of the Company, and strives to meet related standards of social responsibility information disclosure of peers within the industry. Key references for report compilation include:

- Guidelines for the Preparation of the Report on Corporate Social Responsibility issued by the Shanghai Stock Exchange;
- GB/T 36001-2015 Guidelines for the Preparation of Social Responsibility Reports;
- Global Reporting Initiative, Sustainable Development Reporting Guidelines (GRI Standards);
- International Standards Organization, Social Responsibility Guidelines Standard (ISO 26000:2010);
- Chinese Academy of Social Sciences, China Corporate Social Responsibility Reporting Guide (CASS-CSR4.0).

Access of the Report
This report is available in both paper and online format. For a paper version report, please email hnapr@hnair.com or call +86 898-66739801. For an online version report, please view or download by visiting the official website of the Company (www.hnair.com).

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Opinions and Feedbacks

Thank you for reading the 2018 Social Responsibility Report of Hainan Airlines Holding Co., Ltd. To improve social responsibility efforts of Hainan Airlines, further enhance the ability and level of fulfilling social responsibilities, and strengthen communication with all walks of life, it is sincerely appreciated that you can provide your valuable comments and suggestions on our work and the report.

Personal Information

Name: ____________________  Tel: ________________

Work Unit: ____________________  Email: ________________

Multiple choice questions (please check at the appropriate position)

1. What is your overall rating of the Social Responsibility Report of Hainan Airlines?
   - Good
   - General
   - Poor (to be improved)
   - Not familiar with

2. What do you think Hainan Airlines is performing in terms of safety responsibility?
   - Good
   - General
   - Poor (to be improved)
   - Not familiar with

3. What do you think Hainan Airlines is performing in terms of stakeholders?
   - Good
   - General
   - Poor (to be improved)
   - Not familiar with

4. What do you think Hainan Airlines is performing in terms of customer services?
   - Good
   - General
   - Poor (to be improved)
   - Not familiar with

5. What do you think Hainan Airlines is performing in terms of employee development?
   - Good
   - General
   - Poor (to be improved)
   - Not familiar with

6. What do you think Hainan Airlines is performing in terms of contribution to the society?
   - Good
   - General
   - Poor (to be improved)
   - Not familiar with

7. What do you think Hainan Airlines is performing in terms of environmental responsibility?
   - Good
   - General
   - Poor (to be improved)
   - Not familiar with

8. Do you have any other comments on the social responsibility work of Hainan Airlines?