

The Board and all of its members ensure that there is no false record, misleading representation or major omission in this report, and assume individual and joint liability for the truthfulness, accuracy and completeness of the report.

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About the Report

Principles for Preparation

The report is prepared in accordance with the ten principles set forth in the *UN Global Compact*, the *Sustainability Reporting Guidelines of Global Reporting Initiative (2006 edition)* and additional guidelines for the aviation service industry, and satisfies relevant requirements of the *Guidelines of the Shanghai Stock Exchange on Disclosure of Environment Information for Listed Companies* and the State-owned Assets Supervision and Administration Commission on the issue of a social responsibility report.

1. Scope of the Report

The report is primarily about Air China Limited, and also covers its subsidiaries, public organizations, management support entities, and Air China Cargo Co., Ltd. The reporting period is from January 1, 2010 to December 31, 2010.

2. Principles for Preparation

The report is prepared in accordance with the ten principles set forth in the *UN Global Compact, the Sustainability Reporting Guidelines of Global Reporting Initiative (2006 edition)* and additional guidelines for the aviation service industry, and satisfies relevant requirements of the *Guidelines of the Shanghai Stock Exchange on Disclosure of Environment Information for Listed Companies* and the State-owned Assets Supervision and Administration Commission on the issue of a social responsibility report.

3. Abbreviations Used

In this report, Air China Limited Corporate is abbreviated as "Air China" or "the Company", with Air China Cargo Co., Ltd. shortened as "Air China Cargo".

4. Report Assessment

To ensure and improve the quality of the report, Bureau Veritas Group was requested to provide an assessment report on the content and reporting against the GRI's G3.0 Guidelines.

5. Publishing of the Report

The report is published in both print and online versions. The online version can be accessed on the Company's website (www.airchina.com.cn). The report is presented in Chinese and English languages; where inconsistency arises with regard to the understanding of the two texts, the Chinese version shall prevail.

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Chairman's Message

Performance

Air China sticks to a guiding policy of prudential operation and sustainable development, and leverages the opportunities. It delivered the best performance for all the airliners globally while ensuring safe operation in 2010.

In 2010, China's economy continued to grow rapidly and steadily, with the global economy showing increasing signs of recovery. In particular, the Shanghai World Expo and the Guangzhou 16th Asian Games created unprecedented opportunities for the development of the China aviation industry.

By sticking to the policy emphasizing prudent operation and sustainable development and leveraging the opportunities, Air China outperformed global peers while ensuring operational safety. Revenue for the year came in at 12.21 billion yuan. We also safeguarded the interests of the stakeholders and further boosted the foundation for our sustainable development.

Living with its "prudent development, sustainable development" philosophy and recognizing a central role of improving basic management in safety assurance, Air China continuously pushed forward the building and application of its safety management system and improved its safety management across the organization. In 2010, the Company added 960,000 safe flying hours to an all-time total of over 5.6 million hours, and was awarded the "Five-Star Safe Flying" prize by the Civil Aviation Administration of China.

To leverage the robust growth in air travel demand in 2010, we stepped up our investment on carrying capacity by adding 20 planes and launching 31 domestic and international routes. As of the end of 2010, the Company operated 266 routes connecting 136 cities in 29 countries, with a rising position in the market.

We also continued with our convergence of strategic resources and significantly improved our sustainability. By becoming the controlling shareholder of the Shenzhen Airline, we built a presence in the South China region where we did not operate before, which represented a breaking progress for our hub network strategy and solidified our market position. Air China raised 6.5 billion yuan through a private placement of its shares, improved its capital structure and enhanced its strengths.

Air China improved the standards for its services and continued to improve service quality. Guided by customer demand, we strengthened the consistency of our products and services; increased service resources available to enhance our service capabilities; pushed forward the building of e-commerce and diversified the means for service to improve efficiency; promoted the adoption of service quality assessment system to quantify our service and spur the intrinsic motivation for continuous improvement. In 2010, the Company added the Through Check-in service in 11 terminals and launched online ticketing service in 18 domestic and overseas cities, with the baggage tracing system covering 73 cities globally.



In 2010 we actively participated in disaster relief and helped the affected areas. With its experiences from involving in major domestic and overseas relief efforts and an efficient disaster response system, Air China made exceptional contributions to the rescue and relief moves in Yushu of Qinghai province, Haiti, Chile and Pakistan.

Air China advocates green operation and strictly implements state policies on energy conservation and emissions reduction. In 2010, the Company introduced high fuel-efficiency planes, improved the compatibility between aircraft type and the market, and lifted the load factor to ensure higher fuel efficiency. In June, Air China became the first airliner in China to fly a "green flight", promoting the "green operation" with a record of zero emission achieved through carbon neutralization.

Inspired by our philosophy of corporate social responsibility "meet social demand, create mutual values", in 2011 the Company will accelerate the building of CSR management system, optimize the stakeholder engagement mechanism, improve the management and consolidate the development advantages, and better perform our social responsibility to build Air China as an excellent corporate citizen.

Chairman, Air China Limited

Corporate Overview and Strategy

Leading Position

Leading domestic airlines in both passenger and freight transportation and other related services, Air China is a member of Star Alliance, the world's largest airline alliance, and the only Chinese civil aviation enterprise which is listed among The World 500 Most Influential Brands.

1. Company Overview

1.1 Introduction of the Company

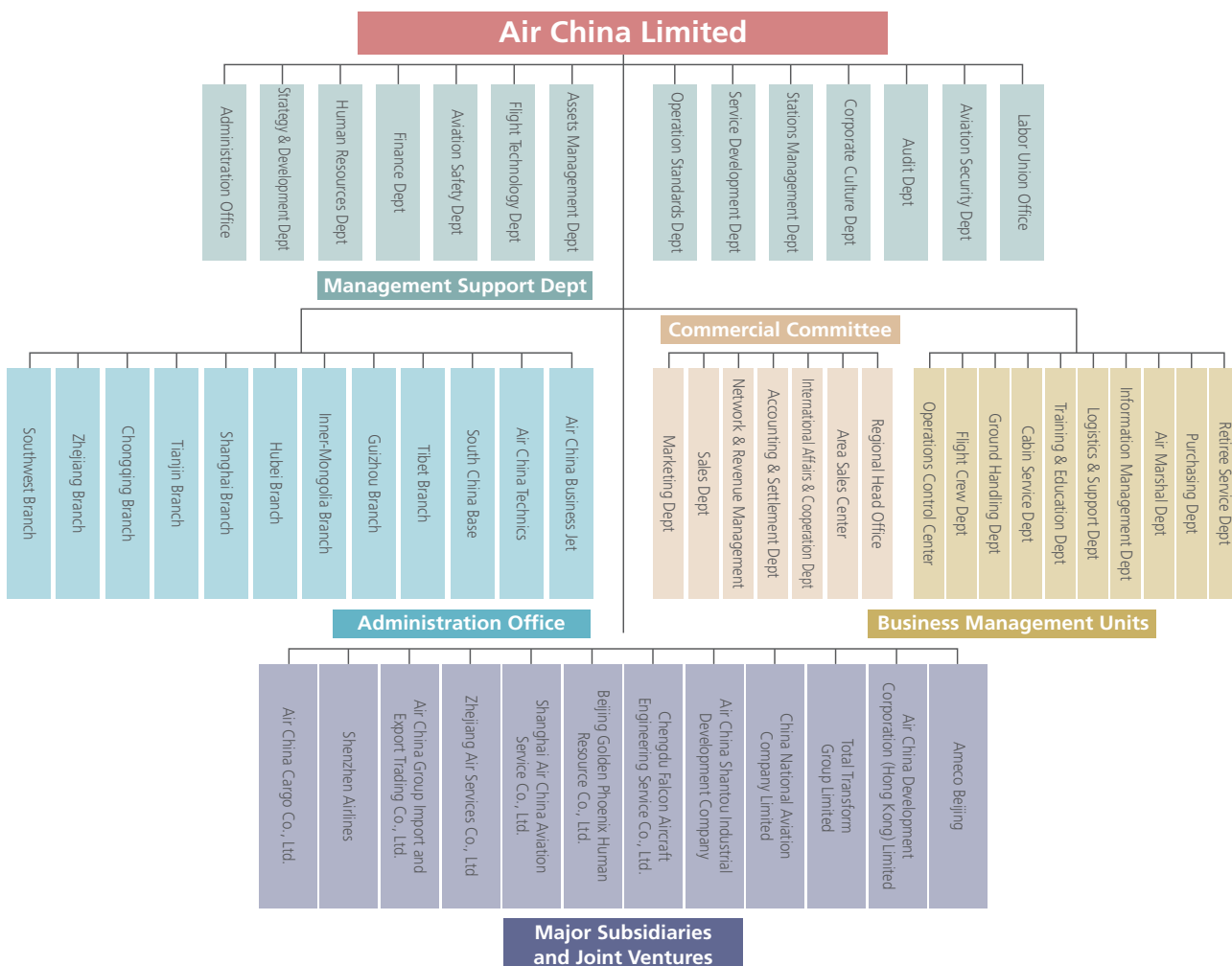
Company name	Air China Limited
Registration date	September 30, 2004
Headquarter location	No. 30, Tianzhu Road, Tianzhu Airport Industrial Zone, Beijing, China
Ownership	Stock Limited Corporation
Total shares	12.892 billion shares
Total assets	RMB155.220 billion yuan
Operating revenue	RMB80.963 billion yuan
Employees	52,108
Website	www.airchina.com

Total assets, operating revenue and number of employees are the figures of Air China and its affiliates as of December 31, 2010.

Air China Limited (hereinafter "Air China" or "the Company") was founded in 1988, and its predecessor was known as Air China International. In October 2002, Air China International absorbed air transportation resources of China National Aviation Company and China Southwest Airlines to form a new entity. On September 30, 2004, Air China Limited was founded in Beijing. The Company then listed both in Hong Kong (trading code: 0753) and London (trading code: AIRC) on December 15 of the same year, before floating in the domestic A-shares market (trading code: 601111) on August 8, 2006. As of December 31, 2010, Air China had a market capitalization of RMB147.8 billion, ranking the first among all listed aviation companies globally.

Leading domestic airlines in both passenger and freight transportation and other related services, Air China is a member of Star Alliance, the world's largest airline alliance, and the only Chinese civil aviation enterprise which is listed among The World 500 Most Influential Brands. As the only domestic airline which carries the national flag, Air China has been providing exclusive flight services to the government, important customers and top-rank foreign officials visiting China as well as emergency flight services. For years, our quality service has won us trust and honors from the government.

1.2 Organizational Structure of the Company



1.3 Aircraft Types and Routes

In 2010, Air China and Air China Cargo Co., Ltd. ("Air China Cargo") had 282 aircrafts, mainly Boeing and Airbus types, and regular flights serving 32 countries and regions, including 47 overseas cities, 91 domestic cities and three regions. Through cooperation with Star Alliance members and other airlines, we have successfully expanded our services to 1,160 destinations in 181 countries. In 2010, we completed 331,900 flights, carrying 46,242,600 passengers and 1,148,200 tons of cargo and mail.

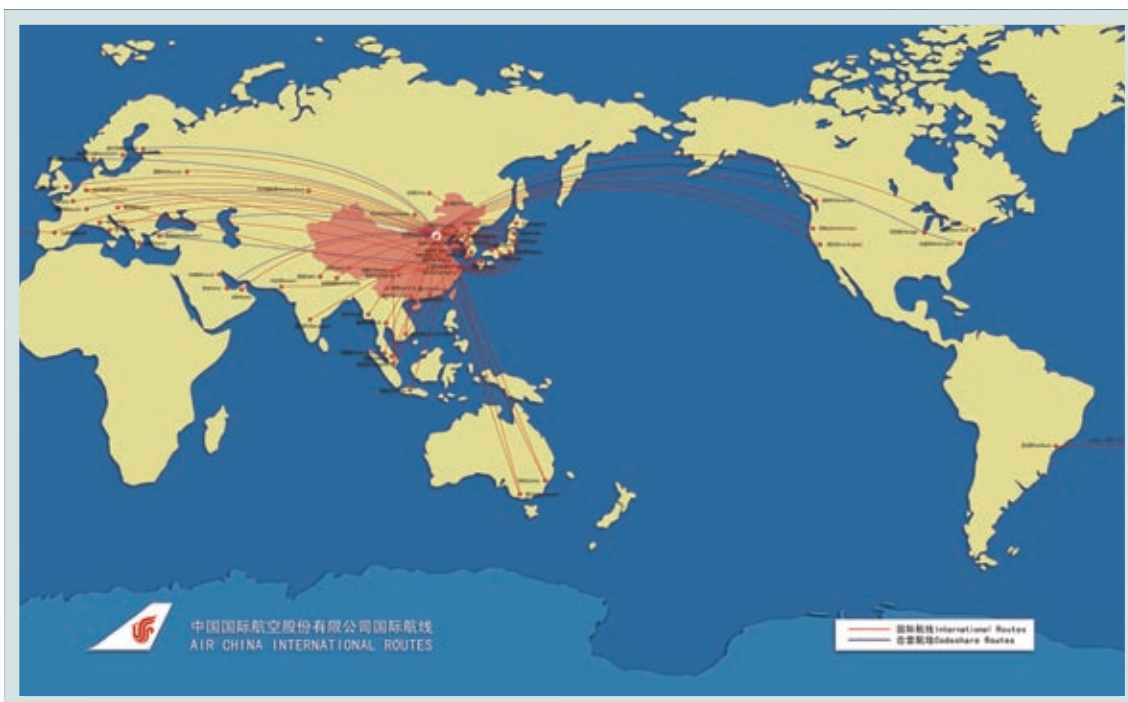
Fleet Overview

Purpose	Type	2008	2009	2010
Passenger aircraft	A319	33	33	33
	A320/A321	17	33	44
	A330	20	20	23
	A340	6	6	6
	B737 series	113	119	127
	B747 series	10	10	9
	B757	13	13	11
	B767	9	6	5
	B777	10	10	10
Freighter	B747 freighter	10	9	9
	TU204	1	1	1
Business jet	GIV	1	1	2
	A318	0	1	1
	Falcon7X	0	0	1
Total		243	262	282

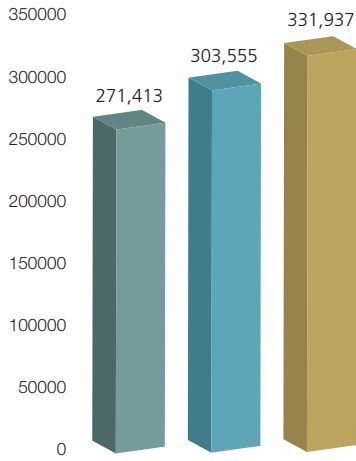
Domestic Routes



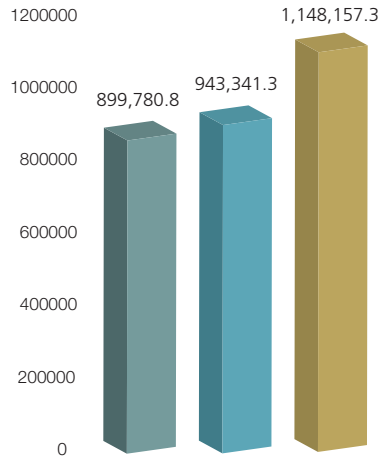
International Routes



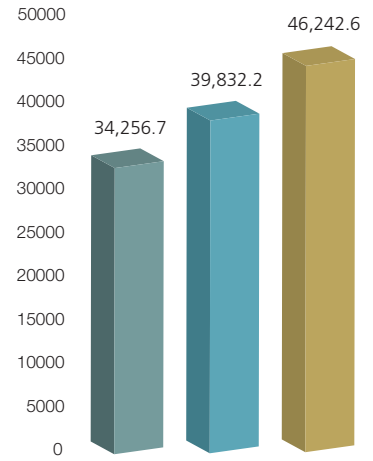
Flights Completed



Cargo and Mail (ton)



Passengers Carried (,000)



■ 2008 ■ 2009 ■ 2010

2. Corporate Governance

2.1 Structure of Corporate Governance

Air China strictly abides by domestic and overseas rules, laws and regulations governing listed companies, and constantly improves the corporate governance structure. Besides the *Articles of Association*, the Company has also set up and improved a series of regulations for operation of shareholder meetings, the Board of Directors and the Board of Supervisors, information disclosure and investor relations management, so as to improve governance, increase transparency and achieve long-term shareholder return.

Structure of the Board of Directors



Chairman Kong Dong greets employees at work



Vice Chairman Wang Yinxiang takes part in cultural event of the Company

Shareholders' Meeting

The shareholders' meeting is convened following the procedures set forth in the *Articles of Association* and the *Rules for Proceedings of the Shareholders' Meeting* to ensure the equality for all the shareholders, especially the minority shareholders, and the full exercise of their rights.

Board of Directors

The Board of Directors has 12 directors comprising 4 independent directors, 2 executive directors and 6 non-executive directors. Under the Board are the Audit and Risk Control Committee, Manager Developing and Compensation Committee, Strategy and Investment Committee and Aviation Safety Committee. All the directors perform their diligence and decision-making in connection with the duties conferred by the *Articles of Association* in accordance with the procedures and requirements set out in the *Rules for Proceedings of the Board of Directors*.

Board of Supervisors

The Board of Supervisors has 5 members, including 2 supervisors representing the employees. The supervisors perform their duties, independently supervise the Company's operations and financial status, and the legality and compliance of the directors and other executives' performance of their duties in accordance with the law, and safeguard the rights of the Company and the shareholder.

2.2 Risk Management and Internal Control

Air China implement comprehensive risk management. It has in place a series of bylaws such as the *Constitution of Risk Management Committee of Air China* (for trial implementation) and *Basic Process for Risk Management of Air China* (for trial implementation), promotes the implementation of various bylaws aiming for improved organizational structure and streamlined management process, and conduct risk assessment in a regular manner to provide assurance for the achievement of the Company's overall operational objective.

Aiming to ensure the legality and compliance of the operation and management, the truthfulness and completeness of financial statements and related information, and to the continuous improvement in operational efficiencies and performance, the Company has constantly engaged in a progressive building and optimization of its internal control system that is risk management driven, and continuously promoted the role of the internal control in the operation and management. In 2010, the Company further improved its internal control system, and streamlined and optimized the processes for fund management, centralized procurement, revenue management and aircraft maintenance management, with the objectives for internal control system building fulfilled.

2.3 Anti-corruption

Air China has developed a string of bylaws on anti-corruption intended for preventing occupational crime and triggering compliance and the *2008-2012 Work Plan for the Establishment and Improvement of the Corruption Prevention and Punishment System*, and implemented them in a planned, progressive way. To improve the awareness of the management, Air China also offers many integrity and anti-corruption trainings and ensures the completion and effective implementation of its prevention and punishment system.

2.4 Anti-monopoly

In the wake of China's enactment of the *Anti-monopoly Law* and relevant provisions, the Company amended and supplemented the *Manual for Anti-monopoly Law Training*, and stepped up publicity and education to increase employees' awareness and understanding of the law. During the execution, the Company has strictly abided by the requirements on pre-clearance to ensure the legality and compliance of the deal in question. The deals the Company completed in 2010, including the purchase of additional stake in Shenzhen Airlines, joint venture of Air China Cargo and the purchase of stake in the Sichuan S Aero-engine Maintenance Co., Ltd. obtained approval from the anti-monopoly regulators of the country.

2.5 Related Party Transaction Policy

According to the Provisions on Related Party Transactions of Air China (interim version), the Company conducts centralized management over related party transactions, and guides and standardizes related party transactions of its units in terms of negotiation, profile and risk prevention to control related risks. Air China strictly follows the procedures for decision making with respect to related party transaction, so as to ensure the timeliness and accuracy of related information disclosure and fairness of related party transactions. In 2010, the Company launched training on related party transaction across the organization, which improved employees' awareness and solidified the foundation for standardizing related party transaction management.

3. Social Responsibility Strategy

3.1 Philosophy of Social Responsibility

Air China establishes "meet social demand, create mutual values" as the philosophy of corporate social responsibility and seeks to achieve concurrent sustainable development of the corporate and stakeholders through the performance of safety, economic, social and environmental responsibilities.

Meet Social Demand, Create Mutual Values

Operation	Customer foremost, integrity and compliance
Safety	Safety first, prevention focused, sound system, vigorous approach
Service	Reliable, comfortable, convenient, receptive
Talent	Personality, passion, competency, performance
Environment	Green operation, harmonious development

3.2 Strategic Objectives and Focuses

"Meet social demand, create mutual values" is a principle shared and practiced across the Company. Corporate strategy is fundamental to Air China's long-term growth and the fulfillment of the mission. Air China integrates corporate social responsibility into the corporate development strategies and cares about the impact of our operation on the country, the community and the environment. In developing our development strategies, we communicate with the stakeholders in a planned way to identify their concerns, which are then included in our strategic development planning, and explore areas where corporate social responsibility and strategic objective may be converged to support the Company's sustainable development.

Air China's Four Strategic Objectives and Seven Strategic Focus

Strategy	Focus
Four Strategic Objectives	<ul style="list-style-type: none"> • Build up international competitive strength • Enhance sustainable growth • Provide excellent and unique experiences for passengers • Create values to all relevant parties
Seven Strategic Focuses	<ul style="list-style-type: none"> • Talent retention strategy • Brand building strategy • Specialization strategy • Product innovation strategy • Resources convergence strategy • Cost advantage strategy • Hub strategy

3.3 CSR Management Mechanism

Board of Directors

Social Responsibility Guidance Committee

Director: Chairman Kong Dong

Vice director: President Cai Jianjiang

Social Responsibility Executive Committee

Commercial Committee Strategy & Development
Department

Human Resource Service Department
Department Department

Corporate Culture Labor Union Office
Department

Board Secretary Office

Office of Social Responsibility Executive Committee

Air China in 2009 established a corporate social responsibility management organization, with the Social Responsibility Guidance Committee as the governing institution, which reports to the Board of Directors. Chairman Kong Dong serves as director of the committee and President Cai Jianjiang the vice director.

The Social Responsibility Guidance Committee is responsible for implementation, continuous improvement, supervision and assessment of the Company's work associated to social responsibility.

The Social Responsibility Executive Committee is Air China's executive organization of social responsibility work, and it is comprised of Commercial Committee, Strategy & Development Dept, Human Resource Dept, Service Development Dept, Corporate Culture Dept, Labor Union Office and Board Secretary Office.

The Office of Social Responsibility Executive Committee is the acting body for the Social Responsibility Executive Committee.

Based on this mechanism, the Company will gradually increase the compatibility between the CSR management system and the operation management system to improve Air China's management and impact relating to social responsibility.

3.4 Stakeholder Engagement and Communication

Communication with the stakeholder and response is an integral part of Air China's CSR management. A systematic stakeholder communication mechanism helps Air China understand stakeholders' concerns and requests and identify issues from the very beginning, which makes possible a targeted response in our social responsibility practice; it also enables the Company to participate more intensively in the resolving of the key social responsibility issues, to share and exchange experiences, and to seek solutions through joint efforts.

Air China's nine categories of key stakeholders are governments/domestic and overseas regulators, investors/shareholders, the media, customers, employees, suppliers, communities, peers and partners. In 2010, Air China developed diversified, systematic communication mechanisms for each category. We have highlighted Air China's response to the key issues raised by the stakeholders.

Stakeholder Communication Mechanisms and Expectations

Stakeholders	Communication Approaches	Expectations and concerns	Response by Air China
Governments/Domestic and overseas regulators	Meetings and information disclosures	Abidance of relevant laws and regulations; Compliant operation	Anti-monopoly Anti-corruption; Related party transaction management; Flying safety
Investors/Shareholders	Information disclosures Shareholder meetings Investor meetings	Achieve regulated corporate governance; Safeguard investors'/shareholders' interests	Economic indicators; Governance structure of the Company
Media	Press conferences Media interviews	Important events of the Company; Future plans; Image and influence	Flight for special needs Community service
Customers	Customer satisfaction survey, complaint handling	Provide quality services; Higher customer satisfaction	Service management; Ground service; In-flight service
Employees	Labor union Workers congress	Career development Salary, benefits and compensation Interests and rights protection	Employee caring
Suppliers/partners	Daily business communication; Partner meetings	Fair competition and integrity	Supplier management; Anti-corruption
Community	Public welfare and charity activities Volunteer activities	Driving force for economic growth of the community Support for public welfare	Local procurement drives economic growth; Charities and public well-being
Peers	Industry forums Industry conferences	Be concerned about industry developments and trends Maintain a fair and organized market	Anti-corruption Hub network Resource convergence

In 2010, Air China rolled out a work scheme centering on social responsibility, making remarkable progress in safety, efficiency, service, environmental protection and public wellbeing, and further improved the stakeholder engagement mechanism. Sticking to a proposition that incorporate our philosophy of social responsibility into the Company's general development planning, we'll continue to push forward the tasks relating to social responsibility, improve Air China's brand value, and maximize the value for stakeholders.

4. Honors for 2010

February

"2009 Best Corporate Citizen Image" prize from Sohu

April

"TTG Best Chinese Airline" prize

June

Ranked #25 by the World Brand Lab, the highest for all Chinese airliners

July

Air China's Southwest unit was rated as "Excellent Grassroots Party Organization for Earthquake relief" by the government

August

"Five-Star Safe Flying" prize by the Civil Aviation Administration of China";

Air China Business Jet was awarded the "Best Business Jet Manager in China" prize

September

Business Travel Asia Pacific's "Best China-based Airline" prize

Ranked among the "2010 Asia 500 Best Brands" list

October

Received the "Top 10 Public Climate Advertising Case Studies for Chinese Enterprises (SOEs)" prize

November

Received "Gold Phoenix Award" at the 6th China Securities Market Annual Conference organized by the Securities Daily;

Air China Cargo rated as one of the "2010 Ten Most Influential Logistic Companies in China" and one of the "Top 100 Logistic Companies with Highest Brand Value"

December

Featured in the "Top 500 World Brands" list with a brand value of 40.629 billion yuan;

"Best Domestic Airline" honor of the annual tourism service prize;

Received the "Excellent Corporate Award for Spanish Tourism", the most recognized honor in Spain's tourism industry.

Economic Responsibility

Economy

In 2010, Air China further improved the hub network, strengthened the production organization and marketing, deepened cost control, and stepped up resource convergence while ensuring the safe operation. The Company delivered its best ever performance in that year that also led the industry.

Indicator	2008	2009	2010
Revenue	52.970 billion	51.095 billion	80.963 billion
Profit	-9.149 billion	5.029 billion yuan	12.208 billion
Taxes paid	2.505 billion	3.345 billion yuan	6.5 billion
Market cap	41.5 billion	99.7 billion	147.8 billion
Earnings per share	-0.77	0.42	1.05

1. Hub Network

Air China continued to increase its carrying capacity for the Beijing hub by adding 19 planes. We improved flight connection to leverage the advantages of the domestic and international networks. In 2010, five routes between Beijing and Manila, Ulanhot and Jiuzhaigou were launched to expand the Beijing hub's coverage.

We went on with the building of the Shanghai international gateway. Gearing towards the World Expo, we launched three routes connecting Shanghai to Songshan in Taipei, and Yinchuan, resumed the routes linking Shanghai with Guilin, Yichang and Wuhan, and build up the carrying capacity on the Chengdu and Qingdao routes. An improved route layout, higher departure flight frequency, together with a better flight connection boosted our presence in Shanghai.

We also launched six domestic and overseas routes connecting Chengdu to Bangalore, Nagoya and Ngari while stabilizing the route network of the Chengdu hub. The domestic, regional and international routes are interconnected and interdependent, forming a more competitive network.

After gaining a controlling stake in Shenzhen Airlines, the Company constructed a diamond-shaped layout with Beijing, Shenzhen, Shanghai and the Shanghai gateway being the lattices and domestic and overseas destinations supported and dependent on each other, bolstering the Company's market position.

2. Cost Control

In 2010, Air China furthered process management and continuously enhanced its cost advantage through setting cost objectives, developing and implementing energy conservation initiatives and stepping up performance appraisal.

We began with a reasonable production organization intended for higher efficiencies with planes and other key resources and with fixed costs; secondly, we continued to promote the second dispatch practice, direct flight and route optimization and other fuel-saving measures, and refined our repair management, which helped our effective control of large operating expenses such as fuel and repair; we also opened new financing channels by introducing European export credit agencies without guarantees for the first time and promoting US dollar funding facilities, thereby the Company's debt structure was improved and financial risks were effectively reduced; in addition, the Company endeavored to explore its management potential and progressively introduced 28 efficiency management points, achieving remarkable results in relation to income growth and expenditure reduction. Air China continued to lead the domestic industry in terms of comprehensive cost level.

In 2010, Air China completed the placement of both its H and A shares, reduced the cost of its funds, and boosted the Company's resilience to risk and development strength.

3. Resource Convergence

Air China successfully became the controlling shareholder of Shenzhen Airlines, building a presence in the South China market where we did not operate with an improved network layout and boosted market position. Significant synergies were achieved through sharing of market, maintenance and repair, procurement and IT resources.

The partnership with Cathay Pacific on cargo was progressing smoothly, with the cargo joint venture contributing to the specialized operation of the Company's cargo business.

Air China completed the purchase of a stake in the Sichuan S Aero-engine Maintenance Co., Ltd. to become its controlling shareholder, a significant move for the improvement of the Company's maintenance and repair resource layout and formation of an M & R industry chain.

4. Brand Building

Brand strategy is one of Air China's key strategies. For years, Air China has maintained a stable profitability and strong performance in the capital market while assuring safe operation, actively involved in public wellbeing and charitable activities, with an enriching brand content and growing brand awareness and impact.

Due to an intensified building of hub network, promotion of strategic cooperation and membership in Star Alliance, Air China's market influence continued to grow; we also pushed forward service and product innovation and service diversity, optimized e-commerce and online ticketing service, which together improved guests' travel efficiency and their satisfaction.

In 2010, Air China ranked No. 383 on the 7th "Top 500 World Brands" list and No. 5 on the "Fastest Growing Brands" list.

5. Harmonious Operation

5.1 Supplier Management

As for supplier management, Air China established systematic management measures, launching the *Procedures for In-flight Supplies Procurement*, the *Procedures for Emergency Procurement* and texts for other standard procurement contracts, specifying procurement responsibility and the regulations and moral code of conduct for suppliers to comply with. The Company promotes supplier admission, assessment, and certification systems, and selects and evaluates suppliers on a fair, impartial and open basis. A win-win position has been built through strategic partnership with our suppliers. Air China conducts regular assessment on suppliers each year, and adjusts its supplier management strategy based on the assessment results.

Air China's southwest subsidiary pays attention to "green procurement", imposing environmental requirements on suppliers when implementing furniture, electro-mechanical equipment and other procurement projects and taking into account the impact of the operations on the environment.

5.2 Local Procurement Fosters Economic Growth

Air China has built a global footprint with its route network and businesses, and the Company's prudent operation has helped local economy and provided strong support for the sustainable development of regional economy. With the consideration of boosting local economic development, the branches prioritize local suppliers with advantages in after-sale service and logistics and distribution in their selection of procurement resources. This practice has contributed to the development of local economy. In Particular in the underdeveloped areas, Air China's local procurement policy has created significant jobs and won recognition of local governments and people. The value of local procurement of the branches in 2010 accounted for 50-80% of the total.

6. Analysis of Risks and Challenges in Sustainable Operation

With a fact-based approach, Air China recognized and analyzed the actual and potential risks and opportunities for 2010-2011 to identify the sustainable development strategies for the future.



President Cai Jianjiang Addressing the Company's Strategy Forum

Opportunities	Risks
1) Recovery of the global economy and rapid, steady growth of the China economy created a favorable environment for the aviation transportation industry;	1) Competition in both domestic and international markets intensified, with growing complexity seen in the competitive environment;
2) The public wellbeing priority principle established in the 12th Five-year Plan will further drive demand for China's aviation transportation industry;	2) Insufficient capacity of infrastructure, aerial resources, and technical professionals;
3) Advantages the Company has in the domestic market provide strong support for its overseas expansion;	3) Volatility of energy prices and fluctuation of RMB exchange rate;
4) Cost advantage is a driver for its participation in the global competition;	4) Uncertainty of the impact of high-speed railway on aviation passenger and cargo transportation;
5) Talent strategy helps improve its international operation management.	5) Further increase in environmental cost caused by greenhouse gas emission controls.

With the goal of becoming a major networked carrier with sustainable development, the Company will stick to "Four Strategic Objectives" and "Seven Strategic Focuses" in 2011, and face up to the opportunities and challenges with the following initiatives:

First, improve the network layout. We will stick to the balanced development of the domestic and international operations, and support the overseas operations with domestic resources to maintain and strengthen our leadership in the international market.

Secondly, improve resource efficiency. We will strive for optimized resource utility, integrated operation and organic growth by focusing on improving the efficiencies of fleets, crew, operations, assets and other crucial resources.

Thirdly, launch one-stop products and services. We will build and improve the service system to bring our service to a higher level.

Boost strategic coordination. We will step up strategic and market coordination with our controlled companies and the companies in which we have a stake, and explore new regulatory models driven by the market.

Safety Responsibility

Safety

Safeguarding passengers' life and property safety is Air China's essential task and duty, and the foundation for Air China's survival and development.



Air China officials and the crew

1. Safety Policy and Performance

1.1 Safety Policy

Air China sticks to the "Safety first, prevention focused, comprehensive management" policy to ensure safe operation.

1.2 Air China's Safety Performance

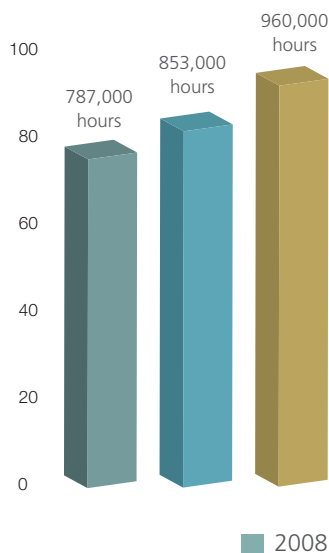
Air China achieved satisfactory performance in 2010, with its flying safety department receiving the "Five-Star Safe Flying" prize from the Civil Aviation Administration of China." The aerial defense and safety remained

stable. The Beijing headquarters passed the audit of the International Air Transport Association on safety of in-flight and ground operations, and Air China became the first domestic company to be certified by the ISAGO. The overall compliance and security of the Company further improved.

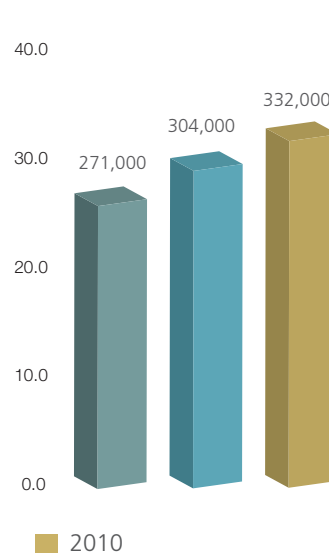
- Flying safety – safe flying hours came in at 960,000 hours for the year, bringing the total to 5.6 million hours.
- Aerial defense – no aircraft hijacking, bombing or other terrorist accident recorded in 2010.
- Ground safety – no major ground accident or classified aircraft repair accident recorded in 2010; no fire or ground traffic accident

The figures shown below include both Air China and Air China Cargo

Flying Hours



Flights



2. Safety Management

2.1 Safety Management System (SMS)

With safety at the core of its policy, Air China appropriately handled the relationship between safety and production, economics, and development; the Company has in place a work safety accountability system and established a safety management system focusing on risk management; it ensures the effectiveness and reliability of the emergency response system, implemented the safety management and assessment, improved the channels for information communication with the outside, and strengthened employee training to increase their security awareness. In 2010, Air China passed the supplemental operation review of the Civil Aviation Administration as the first company in North China ever to receive such a review, signaling a new level of the Company's scientific and standardized management.

2.2 Work Safety Accountability

To achieve the safety objectives, Air China established a work safety accountability system where the safety responsibilities are segregated to all the units according to their functions and then to specific work posts. It is top-down, surface-to-line segregation of responsibilities.

2.3 Management Platform

In 2010, Air China invested in the building of a "Flight Safety Management System" which is applied across the production units of the Company. The system records and analyzes tens of thousands messages it receives over time to provide data support for safety management and decision making.



Air China successfully completes the trial flight in Ali Airport in Tibet, and supports local economic development.

2.4 Flight Training

Air China pays much attention to pilot safety education and training, and has established a sound flight safety training system. In 2010, Air China's flight training adopted the SMS flight training management models across the board

aiming for management advancement driven by technical upgrading to improve training quality and capability, and to ensure continuous improvement in flight safety performance.



Simulated aircraft training



2010 "Ankang Cup" Flight Knowledge Contest



New building for simulated training of the Training Department

2.5 SOC System

In 2010, Air China's application of SOC system has expanded with significantly improved depth and coverage, enhancing the Company's operational quality, pushing forward management advancement with technical upgrading, and boosting the production and operation control.



Operation controller monitoring flights

2.6 Aircraft Repair and Maintenance

In 2010, Air China continue to strengthen and improve the building of R&M safety management system, promoting risk management in repair and maintenance and stepping up quality check and on-site supervision to ensure the implementation of safety requirements and measures. The Company also stepped up investment in plane remodeling to improve the intrinsic reliability. It launched and promoted a real-time failure monitoring platform for the B747/B777 fleet that improved failure monitoring capability and trouble-shooting efficiency of the fleet.

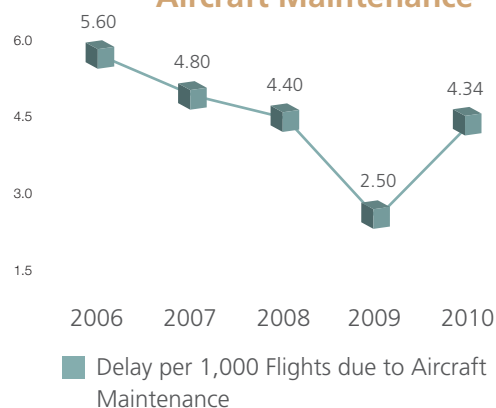


Aircraft repair personnel checking undercarriage

Aircraft Availability



Delays Per Thousand Flights Due to Aircraft Maintenance



3. Emergency Drills



Employees in emergency drill

To prepare itself with the possible emergencies during the flight, Air China developed several contingency plans, and invited relevant professionals to provide emergency drill and training to improve the speed and effectiveness of emergency response. In 2010, the Company coordinated and organized the "Emergency Rehearsal for Explosives Found during Flight", and helped the Beijing Capital International Airport successfully complete the "Blue Shield 2010 Anti-terrorism, Anti-hijacking Drill". For the whole year, Air China conducted 24 drills for aerial defense emergencies and improved its emergency response.

Customer Service

Service

As a service enterprise, Air China has been implementing a customer-oriented strategy that endows the Company with vitality. The strategic management of Air China in 2010 focused on the improvement of products and service system in order to further enhance the customer service concept and comprehensively improve the service management and control as well as deliver all-around and seamless services involved in the whole process.

1. Service Management

1.1 Service Quality Control

To improve products and service system, Air China continues to carry out service management and monitoring in accordance with the requirements of International quality standard ISO 9001:2008. Guided by the *Service Quality Management Manual of Air China and Measures for the Quality Supervision and Administration of Passenger Transport Service of Air China*, etc, the Company makes constant efforts to further regulate relevant standards. In 2010, the Company promulgated the specifications for services in the ticket counter, boarding registration, self-

run lounge, boarding and disembarking, catering provision in two cabins and inspection over passenger cabins and standards for catering, entertainment and supplies on board to achieve a more standard and unified quality management

In 2010, the Company passed the supervision and verification of ISO9001:2008 quality management system through a third party, thus ensuring the effective operation of quality management system.



1.2 Customer Satisfaction Survey

In order to improve the service quality, Air China conducts surveys upon the satisfaction degree of customers on a regular basis every year. In 2010, the surveys were conducted through questionnaires, text messages and emails in English, Japanese, Korean and other languages, collecting 130,000 effective questionnaires on 161 routes in total. The result shows people are more satisfied with the service in lounge, captain broadcast and luggage treatment, while less satisfied with the answering efficiency of sales service by phones and information convey of irregular flights as well as the updating of hardware facilities.

Through the customer service platform and internal and external supervision spots, Air China Cargo collects opinions of the cargo owners upon the freight service and timely addresses the existing problems to make them more satisfied.

1.3 Customer Relationship Management

On July 1, 2010, the Customer Relationship Management Center was officially put into operation to ensure timely settlement of issues upon receiving the complaints of customers. This approach not only improved the complaint settlement efficiency and the satisfaction of customers but also expanded the complaint channels and improved the customer complaint and appraisal mechanism.

2. Marketing Services

Air China works hard to promote the electronic ticket booking and purchasing system in order to provide more convenience to customers. In 2010, the Company established mobile phone E-commerce platform, enabling the terminal customers to book, pay tickets and handle check-in procedures through mobile phones. It also updated the international website to add functions for payment and refund.

Air China continues to improve its service for frequent travelers. In 2010, the Company further enriched service products to its members. The Member Service Center provided services 7/24 around the clock. In addition, it began to provide E-vouchers and mileage-based cabin upgrade products at the boarding gate. To attract high-end members, the Company expanded the customer manager service scope to 71 airport terminals around the globe to realize the full coverage services in the whole process.

3. Ground Service

3.1 Automated Ground Service

In 2010, Air China made constant efforts to upgrade the online check-in, mobile check-in, and airport automated check-in services to provide convenience to more customers. In 2010, about 26 automated check-in facilities were added with the service scope expanded to Tokyo and Hong Kong. The automatic check-in system has covered 45 cities in China so far.

According to statistics, there were about 8,157,700 customers using online check-in and airport automated check-in system of Air China in 2010, an increase of 41% compared with 2009.

3.2 Transit Service

The capability and efficiency of Air China on flight transfer has been the concern of customers. Till the year end of 2010, the Company had introduced the one-time check-in business in 25 international airport terminals and 61 domestic airport terminals. Based on the ACARS, some planes have been provided with the function of displaying information about flight transfer under the plane-carried entertainment system. The ground personnel may guide the travelers in real time, thus shortening the transfer time on the ground and improving the transfer efficiency.



3.3 Luggage Service

In 2010, Air China paid great attention to the luggage transportation service while enhancing passenger services. The error rate of luggage handling was reduced through approaches of adding facilities, standardizing operations and carrying out strict supervision and responsibility investigation systems. Travelers may inquire the information about their luggage on outside net of Air China through the World Tracer system, which has been applied in 73 airport terminals globally.

3.4 Emergency Flight Service

In 2010, the Company continued its efforts to improve information distribution process and strengthen the monitoring and control over the information transition links in order to achieve more efficient and higher quality transfer of irregular flight information and make passengers more satisfied.



Ensuring flight availability in heavy snow

On May 8, 2010, the volcano in Iceland's Eyjafjallajökull glacier erupted. Responding to this emergency, Air China established backup plans to deal with the flight delay and provided excellent services for passengers stranded due to cancelled or delayed flights. To avoid many being strapped at the airport, the company timely displayed the flights change information on the electronic display in the terminal building and assisted stranded passengers change the route or shift to another flight. On the 9th and 10th, these two days, the Ground Service Department in Beijing helped more than 2000 passengers change their passenger tickets.



Delivering in passenger ticket changing



Employee explaining to passengers

4. Cabin Service

4.1 Food Safety Management

Over the years, Air China has been strictly carrying out the catering distribution plans and food procurement plans of the Company in accordance with the *National Food Security and Sanitation Law* and relevant regulations on food in airline industry, insisting on the annual appraisal and checkup upon the food suppliers within its jurisdiction and carrying out spot checks for every batch. It also conducts preliminary control, process supervision and quality appraisal upon the food service and has established effective emergency backup plans. In 2010, there were no major complaints about catering, or food accidents, able to meet the requirements of the State upon the food safety in airline industry.

4.2 In-flight Entertainment

Air China continued to improve the entertainment equipment and program quality on board. In 2010, about 65 promotional video clips of international and domestic destination cities were completed and upgraded. At the same time, efforts were made to accelerate the upgrading of AVOD programs, shorten the adjusting intervals between films, television clips and music programs and add the first run overseas films and films in Japanese, French, Indian and other less popular languages in an effort to enrich the entertainment of passengers on board.



Features services during the Spring Festival, Olympics Games and Dragon Boat Festival

On January 30, 2010, on the flight CA 1230 from Yinchuan to Beijing, 30 minutes after the takeoff of the plane, a middle-aged man was suddenly stricken by a heart attack. Without hesitation, the purser immediately adopted first-aid treatment and asked the attendant to look for medical personnel on board through broadcast. Because the patient has totally lost his consciousness, the captain made a prompt decision to land at the nearest Hohhot airport. Thanks to the timely communication of attendants and resolute decision made by the crew, the patient was saved. Deeply moved, the traveler and his family presented a silk banner reading *People's Interest always Comes First, Love Always Shows Itself in Need to Air China*



4.3 Featured Services

To cater for the needs of different travelers in different periods and meet the enhanced requirements on service, in 2010, Air China deliberately planned and introduced a series of special services and activities, including Celebrating Spring in Tiger Year and activities with the theme of World Expo, Environmental Protection and Emission Reduction and Asian Games. The services delivered were more market-oriented: introducing tea culture titled "Savoring Zijin Tea", fresh brewed Italian coffee in Sunshine Café and self-made cocktail in "Half Air Lounge". These services aimed to provide more alternatives for travelers and add fun on the trip.

4.4 Emergency Response

Air China has been always taking the protection of the travelers' life and property as its own responsibility and doing its utmost to help them. In the early 2010, the crew of Air China made an emergent landing at Hohhot Airport to spare precious time for saving a passenger in deep coma.

Environmental Responsibility

Environmental Protection

To better protect the planet we live on and to jointly build up a sustainable community, the Company consistently adhered to the philosophy of "Green Operation and Sustainable Development", strictly implemented various policies prescribed by the PRC government in respect of energy conservation and emission reduction, and actively involved in campaigns to prevent climate change.

1. Environmental Perception and Policy

Perception: Green Operation, Sustainable Development

In order to develop itself into a world-leading and domestic advanced environmental friendly company, Air China is committed to the fulfillment of the following environmental policies:

- Observe laws and regulations of the State and all operation sites under the guidance of national policies
- Carry out energy conservation and environmental protection in all links of operation, and ensure all practices, which might exert negative impact upon environmental protection, will be under supervision and management
- Increase investment of capital and human resource in environmental protection
- Establish a challenging long- term objective of environmental protection for the Company
- Work out comprehensive measures to reduce pollution and energy & material consumption under the principle of improving energy efficiency and reducing greenhouse gas emission.
- Strengthen the environmental protection publicity in and out the Company to improve the awareness of the employees and the mass on environmental protection

- Pay close attention to new energy in this industry and promote its development and application
- Take active participation in the industrial and international cooperation, and boost relevant research on and application of the low carbon development in airline industry
- Keep the contact and communication with suppliers, clients and social groups as well as other parties involved to ensure the consensus and effectiveness between the Company and its partners on the environmental protection

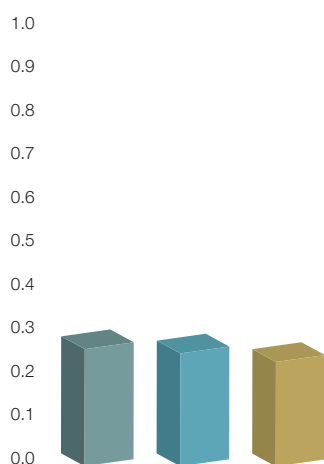
2. Emission Reduction Management

2.1 Energy Performance

Energy conservation and emission reduction is the focus of Air China on environmental management. The energy efficiency of airline companies has a direct bearing upon the operation cost and total amount of greenhouse gas emissions. In active response to the call of government and International Civil Aviation Organization for energy conservation and consumption reduction, Air China assumes its responsibility of environmental protection by taking multiple approaches to improve its technology and management and has achieved remarkable results. In 2010, the fuel consumption per RTK reduced by 6.6% compared with that in 2009.

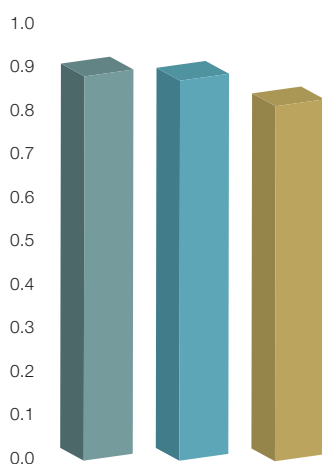
Fuel Consumption PTK

Kg / tonne-kilometers



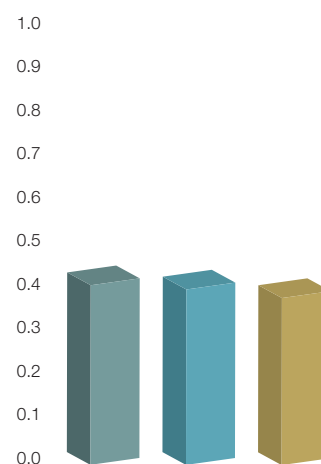
Carbon Dioxide Emissions PTK

Kg / tonne-kilometers



Overall Energy Consumption PTK

Kg standard coal / ton km



■ 2008 ■ 2009 ■ 2010

2.2 Power Consumption Reduction Initiatives

- **Continued aircrafts updating**

In 2010, Air China and Air China Cargo introduced 30 aircrafts with higher fuel efficiency and downsized 10 used and old ones, expanding the total scale to 280. At present, the average age of the aircrafts is 7.5 years old. The younger generation of aircrafts is expected to continue to improve the fuel efficiency of aircrafts of the Company.

- **To reduce take-off fuel through the Secondary Departure strategy and the optimization of alternative airports**

Air China continues to carry out the Secondary Departure strategy and optimize the alternative airports and routes. Through various technical approaches, the Company aims to reduce the takeoff fuel and trip fuel so as to enhance the fuel efficiency. In 2010, about 77% passenger routes adopted the strategy of Secondary Departure. 12 types and more than 7700 modes of aircrafts together with routes were coupled with alternative airports in the priority sequence: choosing the most economic airline among many may shorten the trip time. The above measures may effectively cut the fuel consumption.

Trial Flight with biological fuel trial

At present, the biological fuel is the only alternative fuel in the airline industry. The application of biological fuel bears strong significance to the reduction of greenhouse gas emission and global climate change as well as the realization of sustainable development.

In May 26, 2010, Air China, China National Petroleum, Boeing Co. Honeywell UOP company established a Memorandum of Cooperation under which the parties intend to start a trail flight with biological fuel in 2011. Till then, Air China will use the Boeing 747-400 aircraft with the Pratt & Whitney engine for the trial with a purpose of promoting the application of biological fuel, collecting data and accumulating experience.

2.3 Battle Climate Change

The Climate change caused by the greenhouse gas is an environmental concern facing all countries. The Chinese government has been taking active approaches to deal with the issue and put forward the specific target for the reduction of greenhouse gas emission at the Copenhagen Climate Summit for the first time, and also included it as a restrictive factor into the middle and long term plan of national economy and social development.

In October 2010, at the 37th conference held by the International Civil Aviation Organization, the target to improve the fuel efficiency by 2% in airline industry Worldwide was set up. To deal with the client change, Air China adopts the following measures based on the energy conservation and consumption reduction management

- 1) Gradually carry out the greenhouse gas supervision and inspection plan;
- 2) Adopt multiple energy conservation and consumption reduction and technological renovation measures;
- 3) Carry out trial flight with biological fuel to promote the development of alternative energy in this industry;
- 4) Promote energy conservation and emission reduction through Green Flight.



Bio-fuel material – *Jatropha curcas*

Green flight

In June 12, 2010, Air China initiated a green flight in the route from Beijing to Guangzhou, the first of this kind in China. In addition to the selection of A330-300 aircraft, which is well-known for the highest fuel efficiency, Air China also purchased the VER 57 tons to offset the carbon emission of this flight so as to realize zero emission. The proceeds from the carbon deal were used to fund the Shandong Wind Power Station in Hengdai, Huanan, Heilongjiang Province. Although the emissions reduction of the Green Flight was just 57 tons, it bears great significance to the realization of carbon neutrality through VER in China's airline industry.



"Green Flying" cabin low carbon event

3. Control Pollutant Discharge

To deal with the solid wastes in the operation, Air China, on one hand, addresses root cause by reducing consumption and on the other hand, has them collectively disposed at the garbage treatment plant in strict accordance with relevant rules and regulations to keep the pollution upon environment to the minimum.

4. Future Environmental Protection Planning

Under the principle of green operation and sustainable development, Air China will further strengthen and improve environmental management system. Till 2015, the energy conservation & environmental protection standard and the supervision & technology support systems will be completed; the energy conservation & environmental protection technology and the research & application of management measures will be enhanced; the concept of energy conservation & emission reduction will prevail among people; the comprehensive energy consumption of RTK will take the leading position in its domestic counterparts; and the plane noise monitoring and control will be implemented.

Care for Employees

Care

Air China values and follows the “people first” philosophy and has always been paying great attention to employees’ rights and interests. Air China actively creates career development opportunities for employees and strives for the synchronized growth of the corporate and employee value.

1. Our Employees

1.1 Diversified Employment

By adhering to relevant labor laws of the State, Air China has been making constant efforts to regulate labor contract management and safeguard the legitimate rights and interests of its employees employed in various ways.

Sticking to the diversified employment policy, Air China rules

out discrimination upon nationality, ethnicity and gender as well as forced labor and employment of children under 18. Till the year end of 2010, the total in-service employees was 37,638, and the proportion of males to females was 58:42, among which, minority employees account for 4.52% and the foreign employees account for 2.21%.

Indicator	Unit	Data
Total employee ¹	Person	37.638
Local employees in Hong Kong, Macao, Taiwan and oversea branches	Person	824
Percentage of male employees	%	57.58
Percentage of female employees	%	42.42
Percentage of female senior managers	%	15.84
Percentage of minorities	%	4.52
Percentage of foreigners	%	2.21
Local employees in oversea branches	%	66.94
Turnover rate ²	%	2.33

1. Including employees in Air China and Air China Cargo
2. The total turnover in 2010 divides the total number of employees on December 31,2010

1.2 Salary and Benefits

Through the reform of remuneration system, an incentive and restrictive remuneration mechanism reflecting the competitiveness and vitality of the enterprise has been fundamentally established in Air China. In 2010, Air China continues to adopt a remuneration philosophy that regards the value of posts of employees, individual competency and performance as the key determinants for their payment. Under the principle of compensating employees according to the workload and performance, the Company further improves the remuneration and benefits of employees so as to boost their enthusiasm and initiatives in work.

Air China pays for employees' pension insurance, medical insurance, employment insurance, maternity insurance, workplace injury insurance and contributes to the housing fund according to relevant laws and regulations. For employees at the Hong Kong, Macao, Taiwan and overseas branches, social insurances are paid according to laws in the region or country.



German attendants obtains qualifications after completing initial training

2. Training and Career Development

2.1 Employee Training Management

Air China has established a systematic talent training system. To train employees, it has established scientific training management flow, designed training syllabuses for each post, formulated management standard for trainers and trainees and strengthened the training supervision and assessment in order to improve the occupational skill and quality of employees.

Training data in 2010 are presented as follows based on preliminary estimates:

Index	Unit	Data
Total training cost in 2010	10,000 (rmb)	62,440
Flight crew trained	10,000 (rmb)	58,280
Maintenance crew trained	10,000 (rmb)	900
Other ground crew trained	10,000 (rmb)	3,260

2.2 Career Planning

In 2010, Air China continues to boost and improve human resource management system and established quality modules in flight operation, engineering technology, information technology, finance and administration guarantee, to provide standard and reference base for the selection, promotion and development of employees. According to the capability requirements of posts in different stages, the Company designed the systematic and scientific employee training plan, which is in close connection with the post qualifications for the next three years. Through the course development and the implementation of employees' cultivation and training programs, the Company aims to promote the career development of employees.

3. Protection for Employees

3.1 Health and Safety

In order to ensure the health and security of employees, Air China organizes regular physical checkups for employees and gynecology checkups for female employees every year in accordance with law to identify potential health issues in a timely manner. For people found with occupational contraindication, their posts will be properly adjusted to ensure their health and security. In 2010, the coverage of physical checkup was about 98.65% and no people died of occupational diseases.

Air China has been strictly abiding by *Rules Governing the Approval of Large Aircraft for Public Passenger Carrying Services* of Civil Aviation Administration of China on tour of duty and flight time of crew members to ensure their occupational health.

3.2 Involvement and Communication

The workers' congress system ensures employees' participation in the management and decision-making of the Company. The workers' congress will deliberate the operation principle, middle and long-term plans, financial system, annual reports and other major issues of the Company. The resolutions may come into effect only with the approval of more than half of the workers' representatives. Without the consent of the workers' representatives, no units or individuals are allowed to amend them.

The trade unions at all levels will discuss the remuneration, work hours, break and holidays, labor security and health, vocational training, insurance and benefits and other issues with the Company as representatives to safeguard the legitimate rights and interests of employees. In Air China, employees may safeguard and appeal for their rights and interests through multiple channels. The internal communication channels include management conference workers' congress, trade union, interviews, work discussing and conference, email and employees' complaint channels, etc.



Hubei branch holds employee workshop to solicit advice and suggestions



The 6th employee congress

4. Care for Employees

In order to enrich the cultural life of employees, improve the cohesiveness of the Company and establish a united and dynamic team, in 2010, Air China and its subsidiary companies organized all kinds of activities.

Home of workers

Responding to the call of All-China Federation of Trade Unions, Air China takes active approaches to assist the work of trade union, and help the trade unions at the grass roots carry out the construction of home of workers. In recent years, about 11 units were awarded with the title of model home of workers in China, and four with the title in Beijing area and 3 in the industry national wide.



Vice chairman Wang Yinxiang greets employees

Culture and sports activities

In order to make the spiritual and cultural life of employees more colorful, Air China established stamp collecting, fishing, photography, chorus and painting and calligraphy associations to carry out various activities. The stamp collecting association elaborately made 8 first-day covers to reflect the development process of Air China. Members of literature association added poems for photography works and after editing, published *Collection of Art, Calligraphy and Photography Works of Air China*, a presentation of their participation and devotion in the Olympic Games service, earthquake relief work and their respective posts.



Air China chorus wins the first prize in the 10th China Chorus Festival and the 2nd Xinghai International Chorus Festival



Air China holds the 3rd “Red Phoenix Cup” employee singer competition



Air China employees participate in the 2010 Beijing International Marathon

Community Service

Community Service

In 2010, Air China continued to promote public wellbeing and charitable activities, perform the corporate social responsibilities, and involved in accelerating the building of a harmonious society.



A visit to Taiyang Village

1. Flight for Special Needs

1.1 Major Events

To deal with the large passenger flow during festivals and major events and the surging demand for flights, Air China gets itself well organized and fully prepared in terms of flight operation, resource guarantee, information transfer and emergency management, etc., to ensure the smooth operation of flights. In 2010, the Company, in addition to excellent work during Chinese Spring festival, National Day

and other major festivals, successfully completed 19800 flights flying in and out Shanghai during the Shanghai World Expo period, transferring passengers 3.16 million. During the period of Asian Games, the Company successively guaranteed flights to and from Guangzhou. It also provided 56 chartered flights for hajj.



Serving Shanghai World Expo



Guarantee flights for Guangzhou Asian Games

1.2 Domestic and Foreign Aids

In the wake of a serious 7.1-magnitude earthquake that hit Yushu, Qinghai Province on April 14, 2010, Air China Cargo immediately made a detailed arrangement for the air transportation of emergent disaster relief materials and by taking full advantage of "Green Channel and Life Ark", provided ground support for air transportation of

disaster relief materials for disaster hit areas. Meanwhile, Air China and Air China Cargo actively participated in the rescue work of Haiti, Pakistan, Chile and other areas stricken by earthquake or other natural disasters, with the total chartered rescue passenger and cargo planes up to 28 around the year.



Delivering disaster relief personnel to Yushu



Air China Cargo delivering disaster relief materials to Yushu



Air China Cargo delivering disaster relief materials to Pakistan

2. Charitable activities

When developing its main business, Air China has always bearing in mind the mission to help the poor and support the needy, to relieve people in disasters and to promote the harmonious development of enterprises and the society. In 2010, the charitable donations of the Company and its employees totaled 3.8 million yuan.



Zhejiang branch donates money to Yushu, Qinghai, the earth quake hit area

2.1 Aid for Quake-hit Areas



Tianjin branch takes children in Yushu to Tianjin to celebrate Children's Day

2.2 Support for Students



Inner Mongolia branch launched a program titled *Air China Sending You to the Site of Asian Games*, which took 20 outstanding students from two schools, Ping An and Hope Primary Schools in Chifeng and Ulanqab, and local volunteer teachers to Guangzhou to watch the Asian games.

As one of the initiators for PRC Special Fund for Children's Insurance, Air China has been paying close attention to the healthy development of children by actively initiating on-line donations through selling tickets and donations on planes. Since the foundation of the organization in April, 2009, Air China and warm-hearted travelers have donated more than 1.8 million yuan.

In May 2010, Air China Cargo successfully transferred the second batch of books donated in the name of Project

Hope to Kuala Lumpur, Malaysia by joining hands with China Youth Development Foundation. It is another move of Air China after free delivering books donated in the name of Project Hope to overseas for the first time in 2009, expressing its concern over the development of youth and earnest support for public welfare activities.

In September 2010, Air China delivered charitable donations for free in the good will visit of United Nations Children's Fund in Liangshan Yi Autonomous Prefecture in Sichuan.



The Southwest branch have offered tickets free of charge for 10 consecutive years to children of poor employees in Sichuan province to help their college education in other provinces.



Hubei branch donates money to No. 1 middle school in Panlong City

2.3 Care for Underprivileged Population

Air China has been long involved in activities to help the poor and the needy, assist the elderly and aid the disabled. Zhejiang, Chongqing and Inner Mongolia branches have been offering aid to the specific groups for a long time. Through helping them build production infrastructures and providing knowledge, they strive to improve the production and living conditions of local people.



Representatives of the Youth League visit the Wuhan Children Welfare House to stage the "Hand in Hand" event



Air China donates backpacks, pencils and other school things to the children in the Inner Mongolia Deaf Children Rehabilitation Center

3. Volunteering Activities

More than 500 employees have joined the Air China Volunteer Association. In 2010, the association carried out a series of activities such as providing service to World Expo, popularizing aviation safety knowledge and promoting public welfare and environmental protection, etc.

3.1 Public Welfare Promotion

The volunteers of the Company played a vital role in the Transition of T2 Terminal of Hongqiao Airport in Shanghai and major missions of World Expo.

Volunteers of Hubei Branch carried out diversified public welfare promotion activities. They participated in the opening ceremony of "Joint action in transportation system, superior service to World Expo", and provided training programs to promote people's knowledge about World Expo and Asian Games as well as organized Awarded Questions and Answers.



Volunteers providing guidance service for passengers



Young volunteers provide guidance service for passengers in transition of T2 terminal of Hongqiao Airport around the clock



Zhejiang Branch establishes the Youth Volunteer Association

3.2 Environmental Volunteering Activities

Hubei and Zhejiang branches carried out the name signing activity with the theme of "Join Hands in Promoting Environmental Protection" to enhance people's awareness on environmental protection.



Opening ceremony of joint action in transportation system and superior service to World Expo



Chongqing Branch donates to the "Greening Yangtze River in Chongqing" program

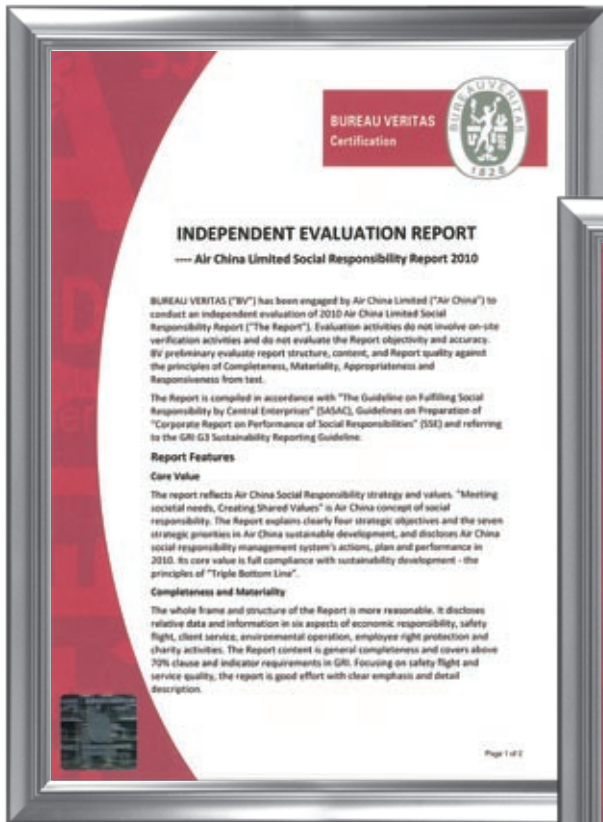


Hubei branch participates in name signing activity with the theme of "Join Hands in Promoting Environmental Protection"



Employees in Zhejiang branch serve as green envoy to promote low carbon and environmental protection

Appendix



Feedback

Dear reader,

Thank you very much for reading the 2010 Air China Social Responsibility Report. Any advice or suggestion is appreciated. You are encouraged to email your feedback to csr@airchina.com. We value your advice and suggestions and promise to protect your privacy.

Thank you!

Air China
March 2011

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26	4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks	10-11
27	4.2	Indicate whether the Chair of the highest governance body is also an executive officer	10-11
28	4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members	11
29	4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	11
30	4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives and the organization's performance	–
31	4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	11
32	4.7	Process for determining the qualifications and expertise of the members of the highest governance body	11
33	4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance	10-11
34	4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance	13-14
35	4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	13-14
36	4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	11-12
37	4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses	43-48
38	4.13	Memberships in associations and/or national/international advocacy organizations	14
39	4.14	List of stakeholder groups engaged by the organization	14
40	4.15	Basis for identification and selection of stakeholders with whom to engage	13-14
41	4.16	Approaches to stakeholder engagement	13
42	4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns	13-14

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43	EC1	Economic value generated and distributed	17
44	EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	18-19
45	EC3	Coverage of the organization's defined benefit plan obligations	37
46	EC4	Significant financial assistance received from government	–
47	EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	–
48	EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	18
49	EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation	37
50	EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	45-47
51	EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	17-19

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52	EN1	Materials used by weight or volume	33
53	EN2	Percentage of materials used that are recycled input materials	–
54	EN3	Direct energy consumption by primary energy source	33
55	EN4	Indirect energy consumption by primary source	33
56	EN5	Energy saved due to conservation and efficiency improvements	33-34
57	EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	33-34
58	EN7	Initiatives to reduce indirect energy consumption and reductions achieved	33-34
59	EN8	Total water withdrawal by source	–
60	EN9	Water sources significantly affected by withdrawal of water	–
61	EN10	Percentage and total volume of water recycled and reused	–
62	EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	–
63	EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	–
64	EN13	Habitats protected or restored	–
65	EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	33/35
66	EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	–
67	EN16	Total direct and indirect greenhouse gas emissions by weight	33-34
68	EN17	Other relevant indirect greenhouse gas emissions by weight	–
69	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	34
70	EN19	Emissions of ozone-depleting substances by weight	–
71	EN20	NOx, SOx, and other significant air emissions by type and weight	–
72	EN21	Total water discharge by quality and destination	–
73	EN22	Total weight of waste by type and disposal method	35
74	EN23	Total number and volume of significant spills	–
75	EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	–
76	EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff	–
77	EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	33-35
78	EN27	Percentage of products sold and their packaging materials that are reclaimed by category	–
79	EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	–
80	EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce	–
81	EN30	Total environmental protection expenditures and investments by type	33-35

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83	LA2	Total number and rate of employee turnover by age group, gender, and region	37
84	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	37
85	LA4	Percentage of employees covered by collective bargaining agreements	38-40
86	LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements	38-40
87	LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advice on occupational health and safety programs	38
88	LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region	38
89	LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	37
90	LA9	Health and safety topics covered in formal agreements with trade unions	38-40
91	LA10	Average hours of training per year per employee by employee category	37-38
92	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	38-39
93	LA12	Percentage of employees receiving regular performance and career development reviews	38
94	LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity	37
95	LA14	Ratio of basic salary of men to women by employee category	37
VIII. Social Performance: Human Rights			
96	HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	–
97	HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	–
98	HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	38
99	HR4	Total number of incidents of discrimination and actions taken	38
100	HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	–
101	HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor	37
102	HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor	37
103	HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	38
104	HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	–

No.	GRI No.	GRI Contents	Pages
IX. Social Performance: Society			
105	SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities	45-48
106	SO2	Percentage and total number of business units analyzed for risks related to corruption	11
107	SO3	Percentage of employees trained in organization's anti-corruption policies and procedures	11
108	SO4	Actions taken in response to incidents of corruption	11
109	SO5	Public policy positions and participation in public policy development and lobbying	42-43
110	SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	43-48
111	SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	11
112	SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	–
X. Social Performance: Product Responsibility			
113	PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	21-25
114	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle	–
115	PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements	21-25
116	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	–
117	PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	28
118	PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	28
119	PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	–
120	PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	28
121	PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	–