For our common sustainable development

2016 China Eastern Airlines

Corporate Social Responsibility Report
China Eastern was born with responsibility, and has been practising it all the years.

Fulfilling corporate social responsibility is our approach to contribute to the sustainable development of China and the world, as well as our source to realize sustainable and lasting business development.

The blueprint for the 2030 global sustainable development has been drawn. We will forge ahead together with our stakeholders for our common sustainable development.

What does corporate social responsibility mean to China Eastern?
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For our common sustainable development
China Eastern Corporate Social Responsibility Report
Purpose of the report
Since 2009, China Eastern Airlines has released the corporate social responsibility report annually. It discloses the Company’s CSR concepts and practices, promotes understanding, communication and interaction between the Company and its stakeholders, facilitates the establishment of trust and cooperation based on the same value identification, and fosters sustainable development of the Company and the society. This is the 9th corporate social responsibility (CSR) report released by China Eastern Airlines Corporation Limited, with the theme of “For our common sustainable development”.

Change in the report
The Fifth Plenary Session of the 18th CPC Central Committee of the Communist Party of China has clearly proposed the five development concepts of “innovation, coordination, green development, opening up and sharing”, which form the core idea of the 13th Five-Year Plan. With the framework developed on the basis of the above five development concepts and “security”, which serves as the core of the industry, this report responds to the 17 UN Sustainable development concepts and “security”, which form the core of the 13th Five-Year Plan. This report is based on the framework developed on the basis of the above five development concepts and “security”, which serves as the core of the industry, this report responds to the 17 UN Sustainable Development Goals and highlights the sustainable development capability of China Eastern.

Reporting period
The data and the contents in the report mainly cover the Company’s management and practice from January 1, 2016 to December 31, 2016. Some data and contents may extend beyond the time scope if necessary.

Reporting cycle
The report is published annually. The last report was released in March, 2016.

Scope of the report
The entire company (including its branches and wholly owned subsidiaries). Part of the practice may cover China Eastern Group and some subsidiaries whose stakes are partly held by China Eastern.

About the Report

Report compilation principles
This report was prepared in accordance with Guidelines to the State owned Enterprises Directly under the Central Government on Fulfiling Corporate Social Responsibilities issued by State-owned Assets Supervision and Administration Commission of the State Council (SASAC), Reporting Guide of Environmental, Social and Governance (HK-ESG) issued by Hong Kong Exchanges and Clearing Limited, Guidelines on Preparation of CSR Reports and Notice on Further Improvement of Poverty-Alleviation Work Performance Disclosure of Listed Companies issued by Shanghai Stock Exchange, Social Responsibility of GB/T 36001 Guidance, Sustainability Reporting Guidelines (G4) issued by the Global Reporting Initiative (GRI), Social Responsibility Guide (ISO 26000:2010) issued by the International Organization for Standardization (ISO), Writing and Compiling Guidelines of the Chinese Corporate Social Responsibility Reporting (CASS-CSRS) issued of Chinese Academy of Social Sciences (CASS), the UN 2030 Agenda for Sustainable Development, and supplement guidelines in aviation service industry. With systematic integration of crucial guidelines and standards, the report has served as a response to stakeholders’ expectations and requirements and highlighted industrial features and corporate characteristics.

Data source
Relevant information, data and case studies were collected from China Eastern and its subsidiaries and branches. All the materials have been reviewed by relevant authorities.

External audit
In order to ensure accuracy, China Eastern has authorized external audit institutions that are independently operated and have no conflict of interest with the Company to provide independent audit service for the Chinese CSR report, based on which an independent audit report was issued. Besides, China Eastern has completed materially disclosure service of Global Reporting Initiative (GRI), which further improved the materiality of the report.

Abbreviations
To facilitate presentation and reading, “China Eastern Airlines Co., Ltd.” in this report also was referred to as “China Eastern Airlines”, “China Eastern”, “the Company” and “We”; “China Eastern Air Holding Company” was referred to as “China Eastern Group”; The subsidiary “Shanghai Airlines Co., Ltd.” was referred to as “Shanghai Airlines”; “China United Airlines Co., Ltd.” was referred to as “China United Airlines”; “Eastern Airlines Technology Co., Ltd.” was referred to as “Eastern Technology”; “Shanghai Eastern Flight Training Co., Ltd.” was referred to as “Shanghai Flight Training”; “Eastern Airlines Logistics Co., Ltd.” was referred to as “Eastern Logistics”; “China Eastern Airlines E-Commerce Co., Ltd.” was referred to as “Eastern E-commerce”; “China Eastern Airlines Jiangsu Co., Ltd.” was referred to as “China Eastern Jiangsu”, “China Eastern Airlines Wuhan Co., Ltd.” was referred to as “China Eastern Wuhan”. All branches were referred to as “the name of region + branch”.

Access to related information
The report comes in both Chinese and English versions. In the case of discrepancies, the Chinese version takes precedence. The report was released in printed and electronic versions. The electronic version is available on the website of Shanghai Stock Exchange and the Company’s website www.ceair.com. If you need a printed report or have any suggestion, please contact us as follows:

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Zip Code: 200335
Message from Chairman

Newly, we are experiencing an unprecedented historical revolution. Despite of weak economic recovery, rising trade protectionism, and globalization, all issues such as climate change and terrorism, China has successfully ushered in the 13th Five-Year Plan period and has maintained a stable and healthy development of economy and the society. The new stage is largely attributed to the economic policy framework geared to the new normal of economic development, which has been established since the 18th CPC National Congress, the five development concepts of “innovation, coordination, green development, opening up and sharing”, and the grand and strategic vision of “the Belt and Road”. The achievement has assured us that only through development can we address global challenges; only through coordinated development of the economy, society and environment can enterprises better contribute to the sustainable development of the country and the society. The UN 2030 Sustainable Development Goals (SDGs) cover the common and interrelated economic, social and environmental issues in the process of global sustainable development, and illuminate enterprises’ path toward sustainable development. As a result, implementing “the five development concepts” has become the keynote of enterprises’ sustainable development during the 13th Five-Year Plan period.

Central SOEs are an important pillar for national economy and the backbone of “the Belt and Road” construction. As one of the central SOEs, China Eastern has always kept its mission and responsibility in mind, persisted in planning the enterprise’s reform and development under national strategy framework, and actively explored effective approaches to build a “Silk Road in the air” by strictly following “the Belt and Road Initiative”, making a big difference to corporate image while serving national strategies. At present, China Eastern Airlines has achieved a considerable increase in operational benefits and occupied a leading position in the industry in terms of key performance index such as the input-output ratio. The Company is now accelerating its transformation from a traditional aviation transport enterprise to a modern integrated service supplier in aviation industry.

Civil aviation industry is of strategic importance to China. While pursuing sustainable development, we have persisted in planning security work from the perspective of “national strategy and security”, unswervingly regarded security as the foundation of our development, and firmly put people’s life and property as the top priority. With zero tolerance of potential safety hazards, we have strictly implemented the safety responsibility system, adopted scientific and technological means to improve safety management, and substantially promoted the building of safety culture, which guaranteed aviation safety and aviation security, and helped us realize a safe year of 2018. Under constantly changing development circumstances, we have always highlighted revolution and innovation, cultivated innovation genes, and comprehensively enhanced reform and transformation, making innovation the first driving force to continuously promote transformation of the development model and supply-side structural reform. It is because of our perseverance in integrating practice with exploration, pursuing innovation in reforms, and seeking breakthroughs in development that our vitality of creativity has been released to gradually shape corporate charismas and also decided the future of the Company.

As an aviation service supplier, we have always put passengers’ essential interests and great concerns in the first place, provided passengers with warm aviation services, and facilitated China Eastern Airlines to prevail in and become part of people’s life and an important channel to solve people’s living problems and improve quality of life. We have actively participated in actions against global climate change, and promoted green aviation and energy conservation and emission reduction. We have actively responded to national calls for poverty alleviation and made enormous efforts in targeted poverty alleviation and targeted poverty elimination projects. Meanwhile, we have integrated the development of China Eastern into social progress, realized a win-win situation with stakeholders in and out of the industry and at the upstream and downstream of the industrial chain. Through joint efforts with stakeholders, we try to serve people’s production and life in a wider scope and promote social development, and enable the public to enjoy more fruits of development.

The achievement has assured us that only through development can we address global challenges; only through coordinated development of the economy, society and environment can enterprises better contribute to the sustainable development of the country and the society. The strategic vision of our opening up, provide Chinese enterprises with more room for global competition, and bring new opportunities to aviation enterprises just like China Eastern Airlines. We will regard opening up as the essential path to prosperity and development, seek global development with a globalized vision, strive to attract global elites, and actively serve global aviation transportation, advocate international business ethics and exhibit global influence of Chinese enterprises more broadly and widely on a higher level. “Over the past sixty years, we have overcome difficulties and made achievements”. The year 2017 witnesses the 60th anniversary of the foundation of China Eastern. In our history teemed with obstacles, every historical milestone is a new start for us to make progress and usher in a new stage of development. Standing at a new historical starting point, we believe, China Eastern will continue to serve the country for its construction and people for their happiness. We will embrace patriotism, repay stakeholders’ trust, and integrate China Eastern’s centennial dream into national centennial dream of the great renaissance of the Chinese nation with a strong sense of corporate mission and responsibility. We will build China Eastern into an honourable enterprise, strive to realize the strategic goal of “Creating a world-class airline, building a happy China Eastern”, and contribute our wisdom and power to common sustainable development.
January 1957 is the starting point of our great efforts. On that day, China Eastern began to fly to the sky with patriotic missions. For sixty years, China Eastern has developed a broad path for entrepreneurship, leaving impressive moments in the development history of civil aviation of China. The six-decade development of China Eastern is also a history of arduous entrepreneurship, bold advancement, grand reform, passionate innovation and glorious contribution. China Eastern has always prioritized national interests and shared weal and woe with the people, unveiling a wonderful chapter for serving national economic and social development and building an airline dedicated to invigorating our country.

**Chronicle Events of Corporate Development**

- **1957**
  - The squadron of Shanghai Bureau of Civil Aviation Administration of China (CAAC) was officially founded, with 7 “revolutionary” aircrafts equipped with Soviet engine and American fuselage and 3 routes from Shanghai to Beijing, Guangzhou and Lanzhou respectively.

- **1959**
  - The squadrons of Shanghai Bureau of CAAC and those of Guangzhou, Chengdu and Lanzhou Bureau were restructured into groups, which were further divided into 3 squadrons in terms of aircraft models (the group of Shanghai Bureau of CAAC comprised 2 squadrons).

- **1961**
  - China Eastern introduced MD-11 Aircraft to the international long-haul route from Shanghai to Los Angeles, which was China Eastern’s first “flight to the world.”

- **1991**
  - China Eastern joined International Air Transport Association (IATA).
  - China Eastern Group officially announced its establishment.

- **1993**
  - On April 27, Civil Aviation Administration of China (CAAC) approved of Shanghai Bureau of CAAC’s adoption of the new name of China Eastern Airlines Corporation in No.302 CAAC Document. On June 25, China Eastern Airlines Corporation was officially listed.

- **1997**
  - In 1997, China Eastern was respectively listed in New York Stock Exchange, Hong Kong Exchanges and Clearing Limited and Shanghai Stock Exchange, becoming the first Chinese civil airline simultaneously listed the three exchanges.

- **2005**
  - China Eastern Airlines Corporation Limited announced the acquisition of subsidiaries wholly owned by China Eastern Group (namely China Eastern Airlines Northwest Branch and Yunnan Branch) and obtained the control of all of their aviation business and related assets.

- **2011**
  - China Eastern together with its subsidiaries wholly its control held the celebration ceremony to announce its admittance into SkyTeam Alliance, becoming the 14th official member of the Alliance.

- **2014**
  - China Eastern held the Visual Identification System (VIS) Press Conference. The new VIS designed with China Eastern’s new logo, benchmark brand color, ancillary figures and complementary applications, was unveiled to the public.
  - China Eastern introduced the first Boeing 777-300ER Aircraft with a brand-new spray finishing and the new generation of Passenger Service System (PSS).

- **2015**
  - According to the latest statistics of global aviation transport industry released by IATA, the number of passengers transported via China Eastern maintained a robust increase in 2014, moving up to the 7th place in global ranking and becoming the 7th largest airline in the world.
  - China Eastern reached strategic cooperation with Delta Air Lines.

- **2016**
  - China Eastern reached strategic cooperation with Delta Air Lines.
Chronicle Events of Corporate Social Responsibility

1957
- When national economy was in difficult times, Shanghai Squadron introduced "revolutionary" aircrafts to guarantee the aviation transport capacity in urgent need of the country.
- China Eastern persisted in medical care and humanism. A total of 42 flights were dispatched to deliver medical personnel and medicines, half of which were night flights.
- Responding to the call of "Planting trees for a greener China", China Eastern embarked on afforestation by aerial seeding and seeded over 13 million mu of land within 30 years.

1960
- After the 1960 earthquake struck Tangshan, China Eastern participated in the disaster relief work for 10 days consecutively.
- China Eastern served Shanghai World Expo with quality service (sponsor, carrier, exhibitor, and service supplier) and was honored "Shanghai World Expo Advanced Collective".
- China Eastern was listed among the top 10 of Fortune’s ranking of 500 socially responsible global companies and ranked 1st in aviation industry.
- China Eastern Flight Safety Technology Institute, China’s first corporate institute in civil aviation industry, was founded.

1976
- Since 2003, China Eastern has been conducting fixed-point poverty alleviation work in poverty-stricken counties of minorities in Shuangjiang and Cangyuan of Yunnan Province.
- China Eastern completed the task of guaranteeing the emergent evacuation from Libya, which involved a total of 210 rescue flights of large aircrafts, bringing back 6,722 nationals safe and sound. China Eastern won the honor of “Outstanding Collective in Emergency Air Transport Service of Large-scale Evacuation from Libya”.

2003
- China Eastern participated in the disaster relief of Wenchuan Earthquake, dispatching a total of 498 flights to deliver 13,175 disaster relief personnel and wounded locals.
- China Eastern was honored "Advanced Unit of Central Enterprises Poverty Alleviation and Development Work" by State-owned Assets Supervision and Administration Commission of the State Council (SASAC).
- China Eastern won the highest award of “Diamond Flight Safety Award” by CAAC.
- After the 2011 Fukushima earthquake, B777 cargo aircrafts of China Cargo Airlines Ltd., an affiliate to Eastern Logistics, carried 100 tons of disaster relief supplies to the stricken area.

2008
- China Eastern was honored “Exemplary Enterprise of Targeted Poverty Alleviation” by World Philanthropy Forum.
- After the 2011 Fukushima earthquake, China Eastern sent 7 flights and evacuated 888 nationals from Nepal by air.
- China Eastern became the first airline that launched inflight internet service in China.
- China Eastern Group was honored "Exemplary Enterprise of Targeted Poverty Alleviation" by World Philanthropy Forum.

2010
- China Eastern was the first user of C919 large passenger aircrafts in the world.
- China Eastern became the first user of CS100 large passenger aircrafts in the world.
- China Eastern became the first airline of CS100 large passenger aircrafts in the world.
- China Eastern launched its maiden flight of Xi'an - Kashgar, symbolizing the opening of the “heaven” route connecting Shaanxi, Xinjiang and Tibet.

2011
- China Eastern served Shanghai World Expo with quality service (sponsor, carrier, exhibitor, and service supplier) and was honored "Shanghai World Expo Advanced Collective".
- Shanghai Eastern held the launching ceremony of the voluntary public welfare project – “Love in China Eastern”. Since then, Shanghai Eastern has systematically conducted public welfare activities such as community service and assistance to education.
- After Haiti Earthquake, China Eastern spent 66 hours evacuating nationals from Haiti to China with charted aircrafts, successfully bringing back the Chinese earthquake relief team and 48 Chinese citizens stranded in Haiti.
- China Eastern launched its maiden flight from Shanghai to Kashgar, building an air bridge to support Xinjiang.

2012
- China Eastern was honored "Advanced Unit of Central Enterprises Poverty Alleviation and Development Work" by State-owned Assets Supervision and Administration Commission of the State Council (SASAC).
- China Eastern launched its maiden flight of Xi'an - Kashgar - Ali route, symbolizing the opening of the “heaven” route connecting Shaanxi, Xinjiang and Tibet.

2013
- China Eastern completed the task of guaranteeing the emergent evacuation from Libya, which involved a total of 210 rescue flights of large aircrafts, bringing back 6,722 nationals safe and sound. China Eastern won the honor of “Outstanding Collective in Emergency Air Transport Service of Large-scale Evacuation from Libya”.

2015
- After the earthquake hit Nepal, China Eastern sent 7 flights and evacuated 888 nationals from Nepal by air.
- China Eastern became the first airline that launched inflight internet service in China.

2016
- China Eastern became the first user of CS100 large passenger aircrafts in the world.
- China Eastern Group was honored "Exemplary Enterprise of Targeted Poverty Alleviation" by World Philanthropy Forum.
The 60-year development course of China Eastern is a miniature of the growth of civil aviation of China growing from being small and weak to big and powerful. I expect that China Eastern, as a backbone civil airline committed to serving the national strategic layout and an airline setting top world-class counterparts as the benchmark, will strive to enhance its core competence and international competitiveness.

Feng Zhenglin, Administrator of CAAC

The 60-year development course of China Eastern has made a great contribution to promoting the economic and social development of Shanghai by building Shanghai into an international air transport hub and transforming it into a modernized cosmopolitan. I sincerely hope that China Eastern can inherit the spirit of preciseness, efficiency, passion and transcendence to serve Eastern China and the world with Shanghai as its base. I wish China Eastern further success in the years ahead.”

Chen Yin, Deputy Mayor of the People’s Government of Shanghai Municipality

“For the past sixty years, China Eastern has been dedicated to the cause of the CPC and serving the people, and has made great efforts to develop the aviation industry. While serving national strategies, economic and social development and the mass public, China Eastern has conscientiously fulfilled the sacred mission and responsibility as a central SOE. With enhanced scale, strength, development quality and profitability of the Company, China Eastern has made significant contributions to the modernization and reform and opening-up of China. I sincerely wish China Eastern a more promising future.”

Zhou Yubo, Vice Secretary of State-owned Assets Supervision and Administration Commission of the State Council (SASAC)

“As a corporation client of China Eastern, we have built up deep friendship with China Eastern through years of communication and cooperation. The 60-year development has laid a solid foundation for China Eastern’s future development. With such a historical inheritance and the robust foundation, China Eastern is bound to achieve much more in the future.

Chen Derong, General Manager of China Baowu Steel Group Corporation Limited

“China Eastern is one of the largest and most successful airlines in China. The Company has become a world-famous brand and provided quality services for global travelers. Just like a diamond of SkyTeam Alliance, China Eastern has added to values of the Alliance. I wish China Eastern a more promising future.”

Michael Wisbrun, Chairman of the SkyTeam Governing Board
Approaching China Eastern

Corporate Profile

Headquartered in Shanghai, China Eastern Airlines Corporation Limited originates from the first squadron of Shanghai in 1957. The Company is a Sino-foreign joint venture exclusively initiated by China Eastern Group and one of the three state-owned backbone airlines of China. Major businesses of China Eastern cover domestic and approved international and regional flights of passenger, freight, mail, and luggage transport as well as extended services. Other businesses include general aviation services, aircraft maintenance, aviation equipment manufacturing and maintenance, agency services for domestic and foreign airlines, insurance and agency services, E-commerce, air markets, wholesale, retail and other businesses related to air transport. The number of passengers carried by China Eastern has exceeded 100 million, ranking 7th in the world.

Fleet structure

<table>
<thead>
<tr>
<th>Aircraft model</th>
<th>2016</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Passenger aircrafts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B777</td>
<td>16</td>
<td>9</td>
<td>4</td>
</tr>
<tr>
<td>B767</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>B757</td>
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<td>0</td>
<td>5</td>
</tr>
<tr>
<td>B737</td>
<td>234</td>
<td>211</td>
<td>190</td>
</tr>
<tr>
<td>A340</td>
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<td>0</td>
<td>4</td>
</tr>
<tr>
<td>A330</td>
<td>51</td>
<td>51</td>
<td>44</td>
</tr>
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<td>A321</td>
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<td>100</td>
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<td>A319</td>
<td>35</td>
<td>35</td>
<td>29</td>
</tr>
<tr>
<td>EM9</td>
<td>0</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>Freight aircrafts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B757</td>
<td>0</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>B747</td>
<td>3</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

B757, A340 and EMB aircrafts have gradually been eliminated in the recent three years.

177 countries and regions worldwide
10 branches
59 overseas outlets and offices

1,062 destinations
21 subsidiaries
75,333 employees
Key Performance

- **Safe flight hours**: 1,625 (2014), 1,904 (2015), 1,956 (2016)
- **Operating revenue**: 89.746 billion yuan (2014), 93.844 billion yuan (2015), 98.560 billion yuan (2016)
- **Passenger satisfaction**: 90.77% (2014), 88.11% (2015), 89.70% (2016)
- **Unit fuel consumption**: 3.72 kg/100 passengers-km (2014), 3.63 kg/100 passengers-km (2015), 3.55 kg/100 passengers-km (2016)
- **The number of participants in “Love in China Eastern” public welfare project**: 4.21 thousand (2014), 2.61 thousand (2015), 4.84 thousand (2016)

- **The number of routes**: 870 (2014), 906 (2015), 936 (2016)
- **The number of passengers carried**: 83.81 million (2014), 93.78 million (2015), 101.74 million (2016)
China Eastern in 2016

Amazing 2016

January, 2016
- China Eastern held a conference in Shanghai to promote professionalism of the service system. With the theme of “Sincere service for brand building”, the front-line cadre employees of China Eastern service system came to the stage to share advanced service concepts, valuable service philosophy, concrete service connotations, and sincere service attitude, exhibited and released the powerful cohesion and positive energy of China Eastern service system. (Pic: B )

April, 2016
- China Eastern initiated comprehensive strategic cooperation with trip.com in aspects of business, equity and capital market, etc.
- The first China Eastern aircraft with Disney cartoons was unveiled. China Eastern signed strategic cooperation agreement with Shanghai Disney Resort.
- China Eastern signed agreements with Boeing and Airbus on aircrafts purchase to introduce the new generation of long-haul wide-body passenger jets including 15 B787 jets and 20 A350 jets. This step symbolizes that China Eastern has become one of a few airlines operating with both B787 and A350, the most advanced wide-body jets in the world. (Pic: C )
- The maiden flight of China Eastern “BlueSky Family” Project was launched, which is an innovative route featuring typical civil aviation characteristics and China Eastern spirit to promote Party building innovatively. (Pic: F )

May, 2016
- China Eastern held the ceremony themed “Bills Plus - Shining China Eastern” to officially announce the launch of “Eastern Miles” Platinum VIP card plan on June 18, 2016. China Eastern has integrated advantageous resources and innovatively built an exclusive service value chain to offer members a travelling experience of “relaxation, companionship and enjoyment”.

June, 2016
- Maiden flights of 4 newly developed routes connecting Shanghai to European cities of Saint Petersburg, Prague, Amsterdam and Madrid were launched. The number of flight destinations in Europe was increased to 9 from 5. A record that “4 long-haul routes to Europe launched within 8 days” was created. According to statistics, China Eastern’s air transport capacity of international (regional) routes has increased the most in 2016 compared to previous years. (Pic: B )

September, 2016
- China Eastern held the conference on internationalization strategies in September 2016. The conference focused on effort to build a “world-class” airline through foresighted and innovative planning and systematic “top-level design” of internationalization strategies, blueprinting a new direction of China Eastern development in the new era.
- China Eastern’s flagship VP lounge at Pudong International Airport was launched, which is the largest independent VP lounge at terminals in China. This is a new milestone of China Eastern in optimizing passengers’ traveling experience, promoting service upgrade and building an international aviation service brand. (Pic: B )

October, 2016
- Guangdong branch of China Eastern was founded. With Guangdong branch as the base, China Eastern aims to seize opportunities and enhance the route network in Southern China. With such a new strategic supporting point, China Eastern can improve and optimize its air transport hub network in China and the rest of the world. (Pic: B )
- The final of civil aircrafts maintenance personnel skill competition and the 2nd civil flight attendant vocational skill competition were successively held, both of which are listed as second class national competitions. (Pic: B )

November, 2016
- Dozens of mainstream media including CCTV, People’s Daily and Xinhua News Agency broadcast profound reports on “Reform Models”, deeply analyzed China Eastern’s practices and achievements in enhancing reform. SOEs are important power to boost comprehensive national strength, promote economic and social development, and guarantee and improve people’s livelihood. With active performance, China Eastern has made new breakthroughs in many pivotal areas and been regarded as a typical model of SOEs’ reform. (Pic: B )

December, 2016
- Mr. Liu was the 100,000,000th passenger of China Eastern in 2016, and it is the first time that annual passenger total of China Eastern exceeded 100 million. It is a new breakthrough of China Eastern as the 7th largest airline in the world, symbolizing the increasingly important role of China airlines in international civil aviation. The building of a nation of strong civil aviation and China Eastern’s international influence have been further exhibited. (Pic: B )
## Corporate Strategy and Governance

### Corporate strategy

The year 2016 is the first year of the 13th Five-Year Plan period. Adhering to national guidance on enhancing SOE reform and based on the Company’s positioning in corporate transformation, China Eastern has followed new requirements and industrial development rules to implement new tasks and proposed new targets and new approaches to enhance the reform. A new development plan featuring “one guideline, two focuses, three guarantees and two aspirations” has been formulated.

1. **Comprehensively deepening reform**

2. **Transformational development, brand building and capability improvement**

   - **Internationalized and internet-based development**
   - **A world-class airline, and a happy China Eastern**

### Corporate governance

China Eastern strictly complies with domestic and overseas listing rules and relevant laws and regulations, and constantly improves the modern corporate governance structure consisting of shareholders’ meeting, board of directors, board of supervisors and management which form a check-and-balance mechanism. In 2016, the Company assisted Shanghai Stock Exchange in the compilation of No. 19 Guideline on Industry Information Disclosure of Listing Companies - Air Transport and soliciting opinions on the compilation work. The shareholders’ meeting, board of directors, board of supervisors and the management perform their respective duties independently in accordance with the stipulation in the Articles. There are Nomination and Remuneration Committee, Audit and Risk Management Committee, Planning and Development Committee and Aviation Safety and Environment Committee to assist and support the Board of Directors. In 2016, the Board of Directors consisted of 11 directors, among whom four were independent directors. The Company held two shareholders’ meetings, nine regular conferences and meetings for board of directors and 16 meetings for special commissions under the board. A total of 48 key corporate issues were discussed and reviewed in 2016, ensuring the smooth advance of major projects of corporate development reform. Moreover, the Company organized its directors and senior executives to participate in business trainings, sent some of its independent directors to conduct field researches and inspect on overseas business outlets in various aspects including financial management, internal risk control, marketing and sales, and flight operation guarantee, etc.

The Company communicated with investors in an open and transparent way via face-to-face communication, telephone, fax and internet. In 2016, the Company held a few domestic and international roadshows, communicated with 16 media on site, held teleconferences with 157 domestic and international analysts and conducted face-to-face communication with 78 institution investors.

### Major honors in 2016

<table>
<thead>
<tr>
<th>Award name</th>
<th>Issuer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Finance Global 500 2016 – world’s 500 most valuable brands</td>
<td>Brand Finance</td>
</tr>
<tr>
<td>“BrandZ Top 30 Most Valuable Chinese Brands”</td>
<td>WPP</td>
</tr>
<tr>
<td>Hong Kong “Golden Bauhinia Awards” - The Listed Company with the Most Investment Value during the “Thirteenth Five-Year Period”</td>
<td>The Listed Companies Association of Beijing, The Hong Kong Chinese Enterprises Association, Hong Kong Takung-Wenwei Media Group</td>
</tr>
<tr>
<td>Asia Pacific Airline of the Year 2016</td>
<td>CAPA Asia Aviation Summit</td>
</tr>
<tr>
<td>“Poverty Alleviation Award of the Year 2016 of People’s Enterprises CSR Awards”</td>
<td>People.cn</td>
</tr>
<tr>
<td>“GoldenBee·Leadership Enterprises” award</td>
<td>Ministry of Commerce</td>
</tr>
<tr>
<td>“Best China Airline”</td>
<td>Travel Trade Gazette (TTG)</td>
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<td>“Exemplary Enterprise in Precision Poverty Alleviation”</td>
<td>World Philanthropy Forum</td>
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<tr>
<td>International Carbon-Value Award - Carbon-Value Social Citizen Award</td>
<td>The World Economic and Environmental Conference (WEC)</td>
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<td>“China’s Most Respected Enterprise” at the 14th Annual Conference of Most Respected Companies in China</td>
<td>The Economic Observer</td>
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<td>Asia Tourism - “Red Coral Award” “The Most Popular Airline”</td>
<td>Asian Tourism Industry Annual Conference 2016</td>
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<td>Civil Aviation Communications Summit 2016 “Best Brand Value Award” “Best Overseas Communication Award”</td>
<td>CARNOC</td>
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<td>“Award for the Best practice of Public Welfare Engagement”</td>
<td>China (Shanghai) Listed Companies CSR Summit (organized by Xinhuanet, The Listed Companies Association of Shanghai, Shanghai Federation of Economic Organizations, Financial Services Bureau of Shanghai Pudong New Area, and China Financial Information Center)</td>
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<td>Award for best sample corporations of “Annual Employee Care”</td>
<td>Invest in Green Future – CSR and Innovation 2016 (Shanghai Summit) (organized by Shanghai Observer of Jinjiang Daily, Shanghai Daily, and Eastday.com)</td>
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<tr>
<td>“Award for Units with Outstanding Practice of Civil Aviation Internet Technology Application 2016”</td>
<td>Civil Aviation Internet Conference</td>
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Organizational structure of China Eastern Airlines

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liu Shaoyong</td>
<td>Chairman</td>
</tr>
<tr>
<td>Ma Xulin</td>
<td>Vice Chairman, General Manager</td>
</tr>
<tr>
<td>Li Yangmin</td>
<td>Director, Party Secretary, Deputy General Manager</td>
</tr>
<tr>
<td>Xu Zhao</td>
<td>Director</td>
</tr>
<tr>
<td>Gu Jiadan</td>
<td>Director</td>
</tr>
<tr>
<td>Tang Bing</td>
<td>Director and Vice President</td>
</tr>
<tr>
<td>Tian Liwen</td>
<td>Director and Vice President</td>
</tr>
<tr>
<td>Li Ruoshan</td>
<td>Independent Director</td>
</tr>
<tr>
<td>Ma Weihua</td>
<td>Independent Director</td>
</tr>
<tr>
<td>Shao Ruiqing</td>
<td>Independent Director</td>
</tr>
<tr>
<td>Cai Hongping</td>
<td>Independent Director</td>
</tr>
</tbody>
</table>

Corporate governance framework

Nomination and Remuneration Committee
Audit and Risk Management Committee
Planning and Development Committee
Aviation Safety and Environment Committee
The Management

Approaching China Eastern
Compliance with laws and regulations

Compliance and integrity are preconditions for enterprises to achieve sustainable development. China Eastern has always complied with business ethics, continuously improved corporate compliance management, enhanced employees’ legal awareness, and cultivated a corporate culture of clean governance and compliant operation. The Company has observed laws and regulations on anti-trust and anti-unfair competition in countries and regions where it has established business and participated in market competition in an equal, fair and transparent manner. In 2016, the contracts fulfillment rate of the Company was 100%, with no occurrence of law suits against trust, and unfair competition and disputes over intellectual property rights.

China Eastern has thoroughly spread, studied and implemented the decisions of major conferences held by the CPC Central Committee. In 2016, the Anti-corruption of the Company was 100%, with no occurrence of law suits against trust, and unfair competition and disputes over intellectual property rights.

Risk control

The Company has taken a risk-oriented approach to constantly strengthen risk control, improve internal control system construction, and completed the task of sorting out risks. The Company has enhanced audit and supervision of high-risk business and affairs, established a normalized overseas audit mechanism, explored effective approaches to integrate risk management and control with traditional audit, and organized targeted trainings in risk control.

In 2016, the Company continuously promoted the construction of internal risk control system, printed and released the Manual on Updating and Maintenance Plan of Internal Risk Control (2016), and drafted regulations including Regulations on the Implementation of Audit Outsourcing Management and Regulations on clave Transfer of Audit Problems.

Information security

In 2016, the Company constantly promoted informatization infrastructure construction and established infrastructure assurance and globalization service system to ensure a stable information system; the Company also built a three-dimensional information security protection system to prevent security risks such as cyber invasion. In October, 2016, the information work team of China Eastern won the first prize in the 1st Civil Aviation Internet Security Protection Skill Competition.

As an airline in possession of massive passenger information, the Company has complied with laws and regulations and occupational norms, valued passenger information protection, and formulated regulations including Regulations on Frequent Flyer Information Utilization and Operational Risks Management and Regulations on Information Visit Control and Management. Moreover, the Company guaranteed reasonable, compliant and accurate operation of business, improved security and standardization of data collection, information utilization and storage, and effectively controlled passenger information security risks. In 2016, the Company did not receive any complaint about the leakage of private passenger information.

Passenger information protection measures of China Eastern

- Deploying multi-layer security equipment in the front end of passenger service system in internet
- Preventing over 10,000 times of internet attack per month
- Designing the application system according to principles of “access division, mutual constraint, and minimal access”
- Ensuring the constraint on access to passenger information protection and the recordable and retrievable passenger information system

Corporate risk classification & risk prevention and control measures

- Financial risks
- Legal risks
- Investment risks
- Enhancing internal audit
- Focusing on the superimposed effect of factors including USD rate increase, Brexit, foreign exchange risk, and bulk commodity price changes, etc., adjusting and optimizing debt structure, and ensuring the security of the capital chain
- Solving problems of legal adaptation during the process of internationalization

China Eastern continuously promoted anti-corruption work

- Formulating and releasing Regulations on Responsibility Fulfillment of Party Style Construction and Anti-corruption Work of China Eastern Airlines Corporation Limited CPC Branch Committee
- Conducting comprehensive supervision and inspection work on discipline inspection problems of “Four styles (formalism, bureaucracy, hedonism and extravagance)”
- Implementing audit of key databases
- Monitoring and warning against passenger information abuse and leakages
Corporate Social Responsibility Management

China Eastern has actively responded to the five development concepts of China and followed the development trend of global aviation industry. Moreover, we have catered to the expectations of various stakeholders, including customers, shareholders, employees and the society, by integrating economic, social and environmental responsibilities into corporate strategies and business activities, and working closely with stakeholders to maximize the comprehensive value.

Analysis of Sustainability

In recent years, the demand on air passenger service has maintained a steady increase. It is predicted that the number of global passenger flights will double in the coming fifteen years. With China’s implementation of the opening-up policy, the “the Belt and Road Initiative” and new strategies of regional development, the clustered development of cities and airports and the advent of “mass tourism” age have brought about significant development opportunities for China civil aviation. However, the complex and volatile international situation, and the increasing uncertainties in civil aviation development are putting much pressure on aviation safety. Meanwhile, the emission reduction of air transport has become a great concern. After the finalization of the 2030 Sustainable Development Agenda, development of cities and airports and the advent of “mass tourism” age have brought about significant development opportunities for China civil aviation. However, the complex and volatile international situation, and the increasing uncertainties in civil aviation development are putting much pressure on aviation safety. Meanwhile, the emission reduction of air transport has become a great concern. After the finalization of the 2030 Sustainable Development Agenda, development focus. China Eastern has always taken “safety” as the cornerstone of corporate development, focused on different aspects of corporate development based on “innovation”, “coordination” and “opening up”, performed in a “green” way to fulfill its responsibility of combating climate change and promoting energy conservation, persisted in win-win cooperation and “sharing” development results with stakeholders including employees, clients, partners, industries and communities.

Innovation Coordination Opening up Safety Green development Sharing Sustainable development

Identification of Material Issues

According to Sustainability Reporting Guidance (G4) of the Global Reporting Initiative (GRI), the Company has made analyses and modification of material issues in 2015 based on materiality disclosure in 2015, and major strategies and stakeholders' expectations in 2015. Based on 18 major material issues disclosed in the Company’s CSR report in 2015, we took into consideration feedback from internal and external stakeholders during the reporting period to complement the list of major material issues, and highlighted and refined core issues, providing references for the analysis of material issues in 2016. Furthermore, we made a deep analysis of macro policies and trends of global sustainable development in 2016, benchmarked the sustainability of aviation industry in terms of requirements and practices, and sorted out and formulated the material issues database of 39 issues based on corporate strategies and development focuses in 2016.
Evaluation

According to the principles of materiality and stakeholders’ engagement, we sequenced the identified material issues. After identifying 11 categories of internal and external stakeholders, including SASAC, CAAC, stock exchanges’ investors, local governments, clients, employees, peers/ industry associations, dealers, suppliers, industrial partners, communities/ NGOs/ media, we made analyses of the mutual influence between China Eastern and different stakeholders in terms of economy, the society (including the safety issue) and the environment, and sequenced the identified stakeholders so as to determine the weight of different stakeholders’ grading in materiality sequencing of the issues.

We adopted questionnaires surveys and interviews (on-site interviews and telephone interviews) to investigate 63 internal and external stakeholders. We made quantitative and qualitative analysis of priorities of issues and conducted a comprehensive sequencing of material issues in terms of stakeholders’ degree of attention and the importance to corporate development. Finally, we concluded the preliminary assessment results of material issues.

Verification

Based on the corporate strategy and business policy, we verified the preliminary results of the assessment of material issues, and listed top 29 material issues of great significance to both the Company and stakeholders through comprehensive analyses.

Disclosure of material issues

<table>
<thead>
<tr>
<th>Material issues</th>
<th>Aspect in the G4 Guidelines</th>
<th>Title in the report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operation performance</td>
<td>Economic performance</td>
<td>About Us</td>
</tr>
<tr>
<td>Compliance management</td>
<td>Economic performance</td>
<td>Strategy and Governance</td>
</tr>
<tr>
<td>Risk management and control</td>
<td>Governance</td>
<td>Strategy and Governance</td>
</tr>
<tr>
<td>Passenger information protection</td>
<td>Customer privacy</td>
<td>Safety Management System</td>
</tr>
<tr>
<td>Safety management</td>
<td>Indirect economic impacts</td>
<td>Safety Management System</td>
</tr>
<tr>
<td>Reform and transformation</td>
<td>Economic performance</td>
<td>Promotion of Reform and Transformation</td>
</tr>
<tr>
<td>Innovation of business models</td>
<td>Economic performance</td>
<td>Innovation of Business Models</td>
</tr>
<tr>
<td>Smart service</td>
<td>Product and service labeling</td>
<td>Intelligent Innovation</td>
</tr>
<tr>
<td>Flight punctuality</td>
<td>Product and service labeling</td>
<td>Improving Clients’ Experience</td>
</tr>
<tr>
<td>Luggage transport</td>
<td>Product and service labeling</td>
<td>Improving Clients’ Experience</td>
</tr>
<tr>
<td>Passengers’ well-being</td>
<td>Customer health and safety</td>
<td>Improving Clients’ Experience</td>
</tr>
<tr>
<td>Special passenger service</td>
<td>Customer health and safety</td>
<td>Improving Clients’ Experience</td>
</tr>
<tr>
<td>Staff diversification</td>
<td>Diversity and equal opportunity</td>
<td>Comprehensive Talent Development</td>
</tr>
<tr>
<td>Regional economic development</td>
<td>Local communities</td>
<td>Coordinated Regional Development</td>
</tr>
<tr>
<td>International development</td>
<td>Indirect economic impacts</td>
<td>Speeding Up Internationalization</td>
</tr>
<tr>
<td>Strategic cooperation</td>
<td>Indirect economic impacts</td>
<td>Enriching the Connotations of Opening Up</td>
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<tr>
<td>Environmental management</td>
<td>Environment</td>
<td>Improving Environmental Management</td>
</tr>
<tr>
<td>Combating climate change</td>
<td>Energy</td>
<td>Combating Climate Change</td>
</tr>
<tr>
<td>Recycling of resources</td>
<td>Energy</td>
<td>Combating Climate Change</td>
</tr>
<tr>
<td>Prevention and treatment of pollutions</td>
<td>Emission, Effluents and waste</td>
<td>Prevention and Treatment of Pollutants</td>
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<tr>
<td>Training and development</td>
<td>Training and education</td>
<td>Sharing Happiness with Employees</td>
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<tr>
<td>Rights &amp; interests and welfare</td>
<td>Employment</td>
<td>Sharing Happiness with Employees</td>
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<td>Occupational health and safety</td>
<td>Occupational health and safety</td>
<td>Sharing Happiness with Employees</td>
</tr>
<tr>
<td>Balance between work and life</td>
<td>Occupational health and safety</td>
<td>Sharing Happiness with Employees</td>
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<tr>
<td>Responsible procurement</td>
<td>Supplier environmental and human rights assessment, supplier assessment for labor practices and impacts on society</td>
<td>Win-win Cooperation with Partners</td>
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<tr>
<td>Supporting industrial development</td>
<td>Indirect economic impacts</td>
<td>Supporting Industrial Development</td>
</tr>
<tr>
<td>Engagement in communities</td>
<td>Local communities</td>
<td>Sharing Harmony with Communities</td>
</tr>
<tr>
<td>Targeted poverty alleviation</td>
<td>Local communities</td>
<td>Sharing Harmony with Communities</td>
</tr>
<tr>
<td>Support to local suppliers</td>
<td>Indirect economic impacts</td>
<td>Sharing Harmony with Communities</td>
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</tbody>
</table>
The SDGs that material issues disclosed in the report match

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Main issues of concern</th>
<th>Participation</th>
<th>Response from China Eastern</th>
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</thead>
<tbody>
<tr>
<td>SASAC</td>
<td>Operation performance</td>
<td>Working conference</td>
<td>P14, P22-23, P40-43, P56-60, P72-73, P78-79</td>
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<td>Civil Aviation Administration</td>
<td>Safety management</td>
<td>Working conference</td>
<td>P30-31, P35-37, P48-50, P66-68, P74-76</td>
</tr>
<tr>
<td>Stock exchanges/Investors</td>
<td>Operating performance</td>
<td>Company announcements</td>
<td>P14, P22-23</td>
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<td>Local governments</td>
<td>Compliance management</td>
<td>Routine communications</td>
<td>P14, P22-23, P56, P66-68, P74-76</td>
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<td>Clients</td>
<td>Safety management</td>
<td>Membership activities</td>
<td>P32-37, P44-45, P48-50</td>
</tr>
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<td>Employees</td>
<td>Compliance management</td>
<td>Staff congress</td>
<td>P30-37, P44-45, P48-50</td>
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<tr>
<td>Peers/industry associations</td>
<td>Compliance management</td>
<td>Communication conferences</td>
<td>P30-37, P46-63, P74-75</td>
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<tr>
<td>Dealers</td>
<td>Strategic cooperation</td>
<td>Project cooperation</td>
<td>P30-37, P46-63, P74-75</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Compliance management</td>
<td>Project cooperation</td>
<td>P30-37, P46-63, P74-75</td>
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<td>Industrial partners</td>
<td>Compliance management</td>
<td>Project cooperation</td>
<td>P30-37, P46-63</td>
</tr>
<tr>
<td>Communities/nonprofit organizations/media</td>
<td>Compliance management</td>
<td>Voluntary service activity</td>
<td>P30-37, P46-63, P74-75</td>
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<td></td>
<td></td>
<td>Medical visit</td>
<td>P30-37, P46-63, P74-75</td>
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<tr>
<td></td>
<td></td>
<td>Media interview</td>
<td>P30-37, P46-63, P74-75</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Social media</td>
<td>P30-37, P46-63, P74-75</td>
</tr>
</tbody>
</table>

- **Stakeholders Engagement**
- **Response from China Eastern:** P14, P22-23, P40-43, P56-60, P72-73, P78-79
- **Participation:** Working conference, Regular report, Business assessment, Inspection tour
- **Communication:** Media interview, Press conference
- **Supervision:** Supervision and check, Operational guidance, Auditing system

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**Safety**
- Safety management
- Occupational health and safety

**Innovation**
- Innovation of business models
- Smart services
- Reform and transformation

**Coordination**
- Flights punctuality
- Luggage transport
- Training and development
- Regional economic development
- Reform and transformation

**Opening up**
- Internationalized development
- Strategic cooperation
- Reform and transformation

**Green development**
- Environmental management
- Prevention and treatment of pollutions
- Combating climate change
- Improvement of resource utilization efficiency

**Supply chain management**
- Supporting industrial development
- Protection of basic rights and interests
- Balance of work and life
- Occupational health and safety
- Engagement in communities
- Targeted poverty alleviation
- Special passenger service
Strengthening Safety Foundation for Further Development

Aviation safety is of great significance to national security and national strategy, and it is also the top priority of airlines. High-quality security is the cornerstone of China Eastern's sustainable development. We always put people's life and property safety in the first place and make aviation security guarantee the most important mission and primary responsibility, through which we can properly cope with the security risk, ensure the flight safety, ground safety and air defense safety. We aspire to becoming the safest airline to ensure all passengers a safe flight.
SMS (Safety Management System) is a systematic approach for security management and basic guarantee for aviation security. Complying with Production Safety Law, acting under the guidance of Decision of the State Council on Further Enhancing Work Safety, and promoting system and mechanism construction as the foundation, we have integrated supervision and review into the flight and rooted security awareness into the heart of the crew to comprehensively prevent and control security risks, and consolidate the foundation for flight safety.

### Constructing Mechanisms and Systems

China Eastern has established a comprehensive safety management structure, including the Aviation Safety and Environment Committee at the Board of Directors level, (Security Management Committee at company level, Safety Supervision Department at departmental level, and safety regulatory body of different branches. We have formulated the Continuous Improvement Plan of Company Safety Management System to improve SMS from security responsibility and management ability, and to improve SaMS (Aviation Security Management System) from security regulation, security emergency control and air defense intelligence information. To ensure compliance with security laws and regulations, we have established a cooperation mechanism with the CAAC East China Regional Administration to keep updated about norms of approval of certification, unified operation and integration of maintenance.

China Eastern is continuously improving its rules and regulations to adapt to the new development of the industry and technology. We have completed the modification of the Ground Safety Management Manual, Hazardous Chemicals Manual, and Inspection List of Cabin Safety Equipment to ensure their compliance with actual production and operation such as ground safety and cabin safety. With special focus on rules and regulations, we have improved the security mechanism and normalized the one-over-one report of work safety to ensure the implementation of the responsibility system of work safety and the establishment of safety responsibility exemption assessment mechanism, so that the rewards and punishment of the security work will be more practical and fair.

### Strengthening Supervision and Review

After the security incidents in 2016, China Eastern set up an inspection group to supervise the security work in branch companies, reviewed the qualification of professionals, established the control element list and question library, and conducted on-site inspection of key nodes in operation process control.

We have established the regulation list of common violations such as not following the checklist or the standard propaganda, and assured its implementation through spot check of QAR (quick access recorder) and CVR (cockpit voice recorder). We have also installed the enhanced call recording equipment to avoid violations within the cockpit.

We have prevented and identified risks, optimized MORCS (MU Operation Risks Control System), updated the airport risk database and established the enhanced system platform with standardized meteorological procedures, as well as three other standard program platforms of typhoon, thunderstorm and fog to improve weather forecast and pre-warning. LOSA (Line Operational Safety Audit) is carried out regularly for special routes and high-altitude routes which have high risk level.

### Safety Culture Construction

The safety culture reflects the attitude to safety of every employee, every unit and every group. A good atmosphere of safety culture will promote initiatives safety behaviors in daily work. China Eastern seeks to establish security risk awareness and bottom-line thinking among all the staff, and improves the staff's safety awareness and creates a sound safety atmosphere through strengthened training and other measures like Safe Production Month and staff's Initiative Reporting on Safety.

#### Measures to improve staffs’ safety awareness

- **Strengthening training**
  - Strengthen the education and training related to violations of related regulations

- **Safe production month**
  - Making security publicity posters, cards and brochures

- **Employee safety reporting**
  - Enhancing the encouragement of active reporting of safety problems and suggestions, and including them in security brochures

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<table>
<thead>
<tr>
<th>Year</th>
<th>China Eastern</th>
<th>Industry average</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>0.074</td>
<td>0.396</td>
</tr>
<tr>
<td>2015</td>
<td>0.025</td>
<td>0.072</td>
</tr>
<tr>
<td>2016</td>
<td>0.072</td>
<td>0.564</td>
</tr>
</tbody>
</table>

Note: Data source - CAAC Security Information Statistics Analysis Report
Optimizing Flight Quality

Flight quality is closely linked with flight safety. Low flight quality will increase the probability of flight accidents. We have attached great importance to flight quality, strengthened management and control of the fleet structure and maintenance, and adopted innovative technology to improve flight quality, reduce safety risk and ensure flight safety.

Optimizing Fleet Structure

To ensure flight safety and stability and improve fleet operating efficiency, China Eastern has replaced the old types with the latest ones while expanding the fleet size. The passenger plane fleet is now an efficient and simplified fleet composed of the four main types of B737 series, A320 series, A330 series and B777 Series. In 2016, the company ordered 35 new-generation remote wide-bodied aircrafts (Boeing B787-9 and Airbus A350-900), and the fleet structure was further optimized.

Improving Maintenance Capability

The regular maintenance of the fleet to reduce maintenance accidents and errors is key to flight quality. Faced with higher request for maintenance capacity resulted from the expanding fleet size, the company has modified several documents including Maintenance & Engineering Management Manual and Aircraft Maintenance Schedule, strengthened inspection of key systems of the plane (e.g. the engine and the air conditioning system) and key nodes of special operational maintenance, and conducted real-time tracking of flight information through innovative technology, improving the maintenance capability in a comprehensive way. In 2016, two severe maintenance errors occurred in China Eastern.

Practicing craftsmanship to improve flight safety

In 2016, China Eastern held the Civil Aircraft Mechanical Maintainer Contest with China Employment Training Technical Instruction Center. The contest, listed as the national second-class competition, was a comprehensive display and review of China Eastern's maintenance skill level, and was aimed at inspiring and guiding the maintenance staff to study technology and improve maintenance capability based on the position so as to provide strong guarantee for aviation security. The contest covered basic business skills, troubleshooting and operation according to regulations, etc. 48 competitors from 16 units of China Eastern's maintenance system participated in the final contest, and the top three received the title of "national technical skill master".

Technological Guarantee

The application of technological innovation brings important change to flight operational mode and serves as the major support for flight safety. While actively promoting the application of new technology, China Eastern is monitoring its orderliness and normality at the same time to give full play to technological advantage, improve safety margin and ensure flight safety.

Main technological innovation projects of China Eastern

- Phase 2 of EFB project
- HUD operation
- GLS operation
- Expanding EFB application to B777, A320 and B737
- Promoting complementary qualification verification of HUD operation
- Acquiring approval for GLS trial operation
- Promoting Civil Aeronautics Administration's PBN route map based on performance
- Conducting routine demonstration and verification of aircraft tracking area

China Eastern becoming China’s first airline company with paperless

The traditional airborne paper navigational data weigh up to tens of kilograms. Omissions may occur during reading and timely update is not guaranteed. China Eastern has promoted the application of mobile-based EFB (Electronic flight bag) since 2011 and became the first company to use EFB with CAAC's approval in 2013. In 2016, all types of China Eastern's airplanes were approved of using EFB. China Eastern thus became the world's fifth, and the first non-American airline company with paperless navigational data equipped on the whole fleet of all types. The number of passenger planes using EFB ranks first in Asia.

"Wise Dispatch" to help avoid volcanic ash

Located in Russia, Shiveluch is one of the world's most active volcanos. The volcanic ash after its eruption in December 2016 affected several flights of China Eastern severely. China Eastern has independently developed a dispatch operation monitoring system with functions like weather warning display, meteorological report analysis and graphical display; it could also conduct real-time monitoring of flight information. When Shiveluch erupted, the system sent the warning level, warning time and warning details immediately, and worked out alternative routes according to the conditions of flights to help them avoid the affected area and arrive smoothly.

Voice from stakeholders

The change from the paper age to electronic age not only improves the operating efficiency, but also makes up for the possible deficiency of human brain and further ensures flight safety. In addition, the adoption of EFB means each flight weighs one passenger lighter, which has positive effect in saving oil consumption and enterprise cost.

Hou Jianjun, Former General Manager of China Eastern Airlines Control Center

Navigational data withdrawal ceremony of China Eastern
Flight Crew Construction

The crew is the backbone of each flight, and its qualification, capability and health are of great significance to civil aviation safety. We will always treat team management as the fundamental element of flight safety, and constantly improve skills of the crew to make them better guardians of safe flight.

Capability Improvement

The high-level flight capability is prerequisite for safe flight. We upheld the guidelines for ensuring the training quality, cooperate with Shanghai Eastern Flight Training Co., Ltd on crew training, and work on building a high-quality crew through special actions for capability improvement, innovation in teaching mode, introduction of teaching hardware, and research on flight technology.

*Main measures to improve capability of the crew*

- Manual control of flight path
- Ability to spot typical malfunctions
- Communication ability
- Opening captain preparatory class to enhancing the training of copilots
- Developing curricula targeting different aircraft models
- Centralized purchasing of simulators of new aircraft models
- Flight quality control and supervision standards
- Establishing “China Eastern Competence Model”
- Data-based self-adaption training management

"Captain Preparatory Class" to Cultivate High Qualified Captains

The captain is the soul of a flight, whose professional ethics, safety awareness, operational skills and working style mean a lot to flight safety. The flying hours of captains of medium-sized civil planes should be not less than 2,700 hours. To quickly improve the capability and training quality of co-pilots, China Eastern set up a preparatory class in 2016, which provided intensive training for co-pilots with 1,500 to 2,000 flying hours so that they could fully comprehend the necessary knowledge and capability of a captain. The class would also have follow-up supervision, evaluation and training based on these co-pilots’ performance. In 2016, the company held five sessions of the preparatory class, covering a total of 127 co-pilots. 112 co-pilots finally passed the examination.

Health Management

No matter what flight routes, flight time or weather conditions are, the crew should maintain good physical quality. China Eastern is concerned about the physical health of the crew, and carries out pre-flight physical examination to ensure they are in good health.

We have proceeded with the EAP (Employee Assistance Program) project by compiling EAP-related books, inviting well-known scholars to give lectures about psychological health, and organizing trainings themed “Human Self-Awareness”, “Recognition of and Response to Psychological Crisis”, “Our Life Experience”, “Emotion Management and Stress Management” and “Explore Three Different ‘Me’”. We have also introduced the V-Health platform integrating both physical and mental health to provide physical and psychological consultation for the crew and help them relieve mental pressure and improve emotion regulation, communication and emergency management.

Unit: Hours

<table>
<thead>
<tr>
<th>Year</th>
<th>Hours</th>
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<tbody>
<tr>
<td>2014</td>
<td>90,853</td>
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<tr>
<td>2015</td>
<td>99,121</td>
</tr>
<tr>
<td>2016</td>
<td>120,255</td>
</tr>
</tbody>
</table>

Training hours on simulators

On October 11, 2016, a flight conflict occurred between two airplanes in Shanghai Hongqiao International Airport. He Chao, captain of the China Eastern, handled the hazardous situation decisively and properly so that a potential severe flight accident was avoided and 443 lives were saved without heavy loss of state-owned assets. He Chao was awarded the first-class merit by CAAC and win nation-wide praise.

1,398 Participants in EAP in 2016, 3 times of the number in the previous year
Expanding Innovation to Lead Development

Innovation is the most important driving force for development. China Eastern always pursues innovation-driven development and keeps unleashing its vitality through innovation. The company, by adapting itself to the new situation, has worked hard on deepening innovation to step up its transformation. It has deepened the reform of state-owned enterprises by fitting a new balance between demand and supply thus satisfy the new demands of the society. The company has made a thorough change through technological renovation and open cooperation, building a new eco-system to provide global customers with better and smarter services.
Innovation of Management

The innovation-driven development starts from the innovation of management system. Adhering to the “1232” new development strategy, China Eastern has pushed forward the supply-side structural reform and brought together quality resources to lay a systemic foundation and create a sound environment for innovation. In this way, the Company endeavors to ensure the continued growth of its business through the innovation of management.

Innovation of Organizational Structure

The establishment of business transformation platform

To fuel the transformation of business, the business Transformation Office was set up in 2013 to formulate the top-level design of passenger transport transformation planning, in which three business transformation paths were decided - developing value-added aviation services, integrated transport services and multi-platform cashing business. As a trial to explore comprehensive reform, China Eastern Airlines E-Business Co., Ltd., the world’s first e-commerce with aviation industry background, was established in 2014, which has become the implementer of China Eastern’s transformation strategy of becoming a “modern integrated air service provider”.

China Eastern relies on the market-oriented E-commerce to explore and develop innovative business. Meanwhile, with the assistance of the Transformation Offices, the Company also uses its advantage in resources as a state-owned enterprise to boost its business. Such an organizational design enables China Eastern to properly allocate resources and make timely response to market opportunities. The Company’s development potential has been effectively tapped.

The establishment of the mechanism for promoting business transformation

In 2016, the Company formulated and released the China Eastern Airlines Business Transformation Promoting Plan (Interim), and drafted the management regulation for the innovation incubation platform. By providing institutional guarantee for business transformation and innovation, the Company’s management can be effectively improved.

By combining advanced tools like “Action Learning” with the actual situation of China Eastern in terms of transformation and innovation, the Company established a series of management mechanisms to serve as the institutional guarantee for the formulation of innovative programs. The Company released the Regulations of China Eastern Workshop Programs, which helped the Company realize group management of workshop programs undertaken by intermediary and senior executives. The Company facilitated the launch of innovation and management programs, and approved 31 senior executive workshop programs and 180 intermediary executive workshop programs and completed their corresponding annual plans.

Cultivation of Innovative Talent

The cultivation of innovative leadership

The company organized and launched workshop programs for intermediary and senior executives, providing project methodology training for 63 project managers and 3-month training for 136 key project executives on project promotion. All intermediary and senior executives were trained to master lean management and Six Sigma to improve their management.

Stimulating employees’ innovation ability

Employees’ innovation ability and behavior is becoming an increasingly important factor that helps a company to expand business, improve efficiency and optimize working processes. China Eastern has kept promoting a series of “We are young - we win” contests with innovative forms and contents, and improved the RVS internal entrepreneurship mechanism. During this contest, the Company provided targeted training such as business planning for young employees to improve their innovation awareness and ability. In 2016, the Company organized “We are young - we win” competition in which 43 innovation programs were collected. 5 of them, after reviews and roadshows, were to be incubated and implemented.

Furthermore, the Company also organized regular innovation salons for young people, and investigated the implementation of “mass entrepreneurship and innovation”. It facilitated the establishment of innovation alliances and created a healthy environment for “mass entrepreneurship and innovation”, which provided a constant comprehensive driving force for corporate growth.

Innovation of Information Technology

Aviation industry is undergoing the process of digitalization. By taking “Internet Based China Eastern” as the general goal of informatization, the Company has established necessary infrastructure and a global information service system. With information technology as one of the important means to fuel business and innovation, the Company works steadily to strengthen its core R&D and system delivery abilities with higher operation efficiency and better services.

Marketing

- Tracking and analyzing market, forecast market demand
- Developing and launching new products
- Conducting marketing research, market analysis
- Establishing marketing standards and procedures
- Developing and implementing marketing strategies
- Coordinating with other departments to achieve marketing goals

Logistics

- Ensuring on-time delivery
- Managing transportation costs
- Developing supply chain solutions
- Optimizing warehouse management
- Coordinating with suppliers and carriers

Maintenance

- Planning and scheduling maintenance activities
- Conducting preventive and predictive maintenance
- Managing maintenance records and history
- Coordinating with engineering and technical departments

Operation

- Developing and implementing training programs for staff
- Conducting performance evaluations and feedback
- Developing and implementing quality assurance procedures
- Coordinating with other departments to ensure operational efficiency

Flight

- Coordinating flight schedules and routes
- Developing and implementing flight safety procedures
- Coordinating with airport authorities and customs
- Conducting flight data analysis

Ground service

- Coordinating and providing ground support services
- Conducting baggage handling and cargo services
- Coordinating with air traffic control and weather services
- Conducting flight crew and passenger services

Innovation Application Award

The first large-scale Chinese airline to use EFB on all aircrafts
Wholesale management of FRMS from pilot training to orientation training
Self-help check-in for 60%
Finishing the optimization of the transfer decision-making system model
Report the number of abnormal flights

Accomplishing the 99% errorless examinations from three dimensions of human, aircraft and environment, and ensuring 24-hour real-time flight monitoring

Highlights of information application in China Eastern’s eight business domains

283
“We are young - we win” serial projects, 6.58 times the number of the previous year
Related honors
“2016 Shanghai Outstanding CIO Team”
China Transportation New Technology and Innovation Application Award
The only pilot enterprise of national civil aviation informatization and industrialization
Wang Sijia, Deputy Chief Information Office of China Eastern, was awarded “2016 Annual Contributor of Internet Technology Application in Civil Aviation”, and was consecutively honored “Top 100 CIO of China”
Promoting Reform and Transformation

China has been making constant efforts to promote and deepen the reform of SOEs so as to improve the competitiveness of state-owned economy and the sustainability of traditional SOEs. Meanwhile, the informatization of aviation industry keeps urging airlines to break the original development pattern and find a new development path. In 2016, China Eastern took on the task of SOE reform and transformation, released the 2016 version of Suggestions on Deepening Reform Comprehensively after revision, in which 19 specific tasks and 5 supporting measures were approved. By transforming the corporate mechanisms and systems, the Company aims to establish a modern corporate system and improve the quality, efficiency and sustainability of development.

New cooperation mode, new business pattern

Air transport and online travel agencies (OTA) are complimentary by nature in terms of their industrial chains, supply chains and value chains. In April, 2016, China Eastern and Ctrip reached strategic cooperation, aiming to open up the whole industrial chain of air transport and establish a new business pattern OOTA (Online Offline Travel Agent). By taking full advantage of their respective resources, the two sides can work together to share data, develop tourism products, exchange technologies and integrate their businesses, providing customers with integrated products to satisfy the demands of different levels of customers.

The innovative cooperation between China Eastern and Ctrip was an exploration into the cooperation pattern between airlines and OTAs. It blazed new trails for traditional enterprises and modern internet enterprises to seek common success and to form a sound and sustainable aviation ecosystem.

On April 21, China Eastern and Ctrip signed the strategic cooperation agreement. Chairman Liu Shaoyong delivered an address on the ceremony.

Optimizing industry structure

- Innovating core aviation business and making aviation the backbone in the development of national industries
- Promoting China United Airlines' transformation into a low-cost airline, establishing “multi-level and differentiated” aviation products and services, promoting market-oriented resource allocation, and pursuing a new innovation path of “reused ownerships” and multiple brands
- Keeping promoting the reorganization and integration of China United Airlines with Hainan Airlines, Eastern Logistics and other sectors of China Eastern

Mixed ownership reform

- Introducing external strategic investment to stimulate corporate development
- In 2015, Delta Air Lines invested USD 450 million in China Eastern, becoming its largest overseas shareholder
- In 2016, China Eastern reached strategic cooperation on business, equity, capital market and other aspects with Ctrip, com

Major moves in China Eastern's reform and transformation

Innovation of Business Model

Influenced by the internet technology revolution, the upgrade of consumption demand and the change of production mode, the aviation industry is facing the challenge and chance brought by upgrading traditional transport services and improving the ability to create value. China Eastern made timely response to the market demand both at home and abroad, and via on its renovated technology and talent pool, China Eastern shifted its business model and expanded cross-border businesses, working constantly to improve the competitiveness of its industrial chain and customer value.

Improving customer stickiness by expanding platforms

Enhancing the developing of contact resources
- Designing diversified contact scenarios to attract customers, such as “New Year Lucky Bag”, “China Eastern Helps Expressing Love on 5.20”, “Folding Fan in Summer” and “Package for Big Bump”

Integrating service contact and external resources
- Attracting customers' attention through advertising on tray table of cabin seats, handrails on airport shuttle buses, boarding gate, boarding pass, name card and other media

Encouraging passenger flow among different platforms
- Giving full play to cross-industry cooperation such as cooperating with Tencent Games

China Eastern deeply exploits and promotes “contact resources”

Accelerating the construction of one-stop travel solutions platform

While strengthening its core passenger transport business, China Eastern keeps building the one-stop travel solutions platform, aiming to expand customer service from passenger transport to travel solution design. For the increasing demand of tourism, in 2016, China Eastern took advantage of its abundant resources and cooperated with local hotels and ground transportation service providers to offer passengers customized travel solutions, such as Hong Kong individual tour and European town package tour. Passengers can place an order directly on China Eastern’s mobile APP.

Renovating freight transport business

China Eastern sets “becoming the most innovative logistics service provider” as its goal of freight transport development, aiming to provide customers with safe, efficient, precise, and convenient whole-process comprehensive logistics service. Relying on its airline network that covers the whole country and reaches to overseas places, China Eastern has provided sustained driving force and direction for its further transformation by adhering to the strategy of “One platform and two service providers” (namely “fast supply chain platform”, “high-end logistics solutions service provider” and “integrated ground service provider”).
The Company has boosted the transformation and upgrading of its whole service chain by taking innovative technologies such as mobile connectivity as the driving force. In 2016, the Company further improved the online service model with intelligence as its core and manual work its supplement. The "telephone + internet platform" service operation system was initially established. While optimizing the original self-service functions such as self-check-in and self-help flight information printing, the Company also added other new online functions such as involuntary refund and rescheduling and services for special passengers, providing customers with more convenient and faster trips.

Intelligent Innovation

Traditional check-in counters can no longer meet passengers' growing demand. Intelligent technologies are deeply integrated into the service industry, which also requires a much more intelligent air service. China Eastern keeps implementing its internet strategy, and improving its service by applying information technologies. It not only provides customers with more intelligent, quality and comprehensive services and more values, but has gained an edge in the fierce market competition through differentiation.

Improving Passengers' Self-service Experience

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Links

According to the survey by International Civil Aviation Organization (ICAO), 70% of passengers wish to print boarding pass remotely, 61% want to get access to their luggage information during the trip and 91% need real-time flight information.

--- Source: 2016 Annual Report of ICAO

Promoting Fly-Fi Service

China Eastern launched Fly-Fi service on several routes in 2015. Since then, all of China Eastern’s planes capable of providing Fly-Fi service were granted the permission to launch commercial operation test. China Eastern became the first airline in China to operate in-flight internet service in a large scale, ranking at the first place in the region in terms of the fleet scale, the number of air routes and passengers served. Fly-Fi service provides passengers with more entertainment options on board, and on the other hand, it helps the company ensure and improve its service quality and efficiency. For instance, the cloud video conference system based on Fly-Fi service makes it more convenient for cabin managers, crew members and flight attendants on duty to hold conferences, ensuring that any emergency on board can be efficiently managed.

In May 2016, a Chinese American mother and his son were going to take China Eastern’s flight MU717 from Shanghai Pudong International Airport to Chicago when the son suddenly had a heart attack. The crew made an emergency call for ambulance to take him to the hospital. And in consideration of the health condition of his mother, the crew assisted her to fly to Chicago in advance. The crew used Fly-Fi service to keep the mother informed of the real-time situation of her son during the flight to try to ease her concern. This incident proved China Eastern’s qualified emergency rescue ability and showed the value of Fly-Fi service in emergency rescue.

Honors

China Eastern APP was honored “Most Popular Airline Mobile APP among Frequent Flyers”

Innovation

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Overall Consideration and Balanced Development

Coordination is the inherent requirement for comprehensive development and the only way to realize sustainable development. With rapid expansion of the aviation industry, China Eastern faces a series of contradictions between insufficient control ability and rapid corporate development, service ability and customer expectation, which poses great challenges to the Company. We treat such imbalances in development seriously, considerate problems comprehensively and in a balanced manner, so as to correctly handle significant relations in development. By doing this, we intend to advance synchronous development among different regions to achieve fairer and higher quality sustainable development of the Company and society.
Reinforcing the Management Foundation

Management improvement can effectively guarantee the coordination between management level and business development, and it is also a crucial approach to consolidate development achievements and strengthen the stamina for further advancement. Focusing on key sectors of the value chain, China Eastern seeks for higher development and better development.

- Creating an intelligent decision-making platform to improve operation efficiency
- Adjusting flight route structure according to transport capacity
- Optimizing human resource structure
- Allocating flight resources reasonably
- Training and preparing flight crew according to actual daily utilization rate
- Expanding quality audit to cover all branches
- Revising service manual and formulating measures for handling abnormal flights and flight spill
- Continuing benchmark analysis

Major measures to improve the Company’s management in 2016

- Unit: Hours

<table>
<thead>
<tr>
<th>Year</th>
<th>China Eastern</th>
<th>Industry average</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>9.88</td>
<td>9.50</td>
</tr>
<tr>
<td>2015</td>
<td>10.03</td>
<td>9.50</td>
</tr>
<tr>
<td>2016</td>
<td>9.80</td>
<td>9.40</td>
</tr>
</tbody>
</table>

Informatization of flight management level

The Flight Resource Management System (FRMS), as electronic archives of the Company’s pilots and data sources for automated scheduling, plays an important role in the field of flight management. In 2016, the Company, based on its advantages in information technology, optimized the system for more accurate information maintenance, and revised and released the application of FRMS; at the same time, we connected the flight training resource platform with the data in FRMS to ensure timely updating of all kinds of qualification information of our pilots, so as to meet the constantly changing needs of flight management efficiently.

Improving Customer Experience

2016 is the first year that Civil Aviation Administration (CAA) has proposed the idea of “Sincere Service”. We have deeply recognized that improving customer experience is both a necessary approach to meet the growing demand for better services, and a key method to deepen supply-side reform and enhance the Company’s core competitiveness. Oriented by customer experience, China Eastern makes thorough analyses and tries to find proper solutions to service problems, and enriches the connotation and value of customer service. In this way, the “hard power” and “soft power” of service can be simultaneously improved, making the relation between customers and the Company more harmonious.

Voice from stakeholders

My home is in Hong Kong, but I usually work and live in Shanghai. I began to take China Eastern’s flights in 1999, and nowadays, I take China Eastern’s flights almost every one or two weeks, mostly traveling between Beijing and Shanghai. Over the past ten years or so, I have experienced continuous progress of their service, and what’s the most impressive is that China Eastern staff are becoming more and more outstanding and considerate.

Liu Jingjia, the 100,000,000th passenger of China Eastern in 2016

Flight Punctuality Management

Flight punctuality is among the highest concerns of customers when referring to air transport, and it’s also the key problem that Civil Aviation Authority trying to tackle in recent years. Flight delays are caused by a variety of complicated factors. The three major causes of flight delays in 2015 are air traffic control, weather and airlines, which account for 30.68%, 29.5% and 19.1% respectively*. In order to reduce delays caused by the Company itself, we will take the flight punctuality management as the focus of the Company’s work. We will analyze problems of our operation and flights with high possibility of delay in order to inform passengers of the delay information at the first time and enhance our aviation service quality.

Decision-making management

- Senior leaders conduct on-site command and guide take-offs according to conditions including weather

System and mechanism

- Under the coordination of departments responsible for operation control system, ground service, technical support and air route planning, working teams were formed to manage frequently delayed flights in 9 major airports. According to joint meeting mechanism involving 6 parties, workshops have been held on a monthly basis to adjust flight planning and arrangement. More than 500 air routes were analyzed and adjusted

Coordinated process

<table>
<thead>
<tr>
<th>Ground service</th>
</tr>
</thead>
<tbody>
<tr>
<td>The “5-Early” measure (early departure, early arrival, early stand-by, early reception, early closure) has been implemented to ensure each and every process is 5 minutes ahead of due time</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Flight failure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measures have been taken to check and assess causes of flight failures</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Flight attendant</th>
</tr>
</thead>
<tbody>
<tr>
<td>The minimum time span of duty handover by air service staff has been made clear</td>
</tr>
</tbody>
</table>

Measures to improve flight punctuality rate in 2016

- 89.7 points
  - Score of customer satisfaction index in 2016, a year-on-year increase of 1.8 %

- 421,690
  - Copies of customer satisfaction questionnaire survey issued, a year-on-year increase of 25.9 %

- 29.20 million
  - Passengers traveled with China Eastern in 2016, a year-in-year increase of 12.3 %

*Data source: Civil Aviation Flight Operation Efficiency Report 2015

Coordination...
When unavoidable abnormal situations happen, we rely on the Company’s information and technology advantages to promise passengers timely access to the information about the relevant flight, and to support relevant demands of passengers after rescheduling. In 2016, valid notice rate on abnormal flights of China Eastern has reached 99%.

Measures to improve abnormal flight service in 2016

- Taking the initiative to work out measures for flight normality rate increase
- Improving cabin services
- Raising luggage transport quality
- Facile service of the “Qiaoyan Team”

Improving cabin services

In 2016, focusing on improving the weak cabin service, we improved the cabin environment, radio, meals and other aspects. As a result, the customer experience was obviously uplifted according to the result of the passenger satisfaction survey.

- Valid notice rate on abnormal flights of China Eastern
- Normality of China Eastern flights
- Rate of abnormal luggage transport of China Eastern

Measures to improve abnormal flight service in 2016

- Expanding the coverage of message notification
- Ensuring efficiency of issuing flight delay certificate
- Refactoring: delayed or canceled flights at all channels

Measures to improve cabin services in 2016

- Texting message notification for delayed flights under plan has reached all 161 domestic sites and 3 overseas sites
- Strictly requiring dealers to offer accurate passenger information
- Flight information certificate (flight delay certificate) can be accessed online and verified through the only serial number
- Passengers can get a refund for the ticket of delayed or canceled flights that is purchased through any channels via mobile internet, cellphone app, vending machine. Refund will be paid to bank account or online account immediately

Measures to improve service quality in 2016

- Developing new dishes and improving fast meal at home and abroad
- Improving meal ordering forms and adding remote ordering
- Improving tableware

Facile service of the “Qiaoyan Team”

“Qiaoyan Team” (a service team of China Eastern) used intact parts on the damaged luggage boxes (such as handles, drawbars, wheels, etc.) to provide passengers to replace or repair damaged parts of passengers’ luggage, helping passengers to save the waiting time for luggage company’s time-consuming maintenance.
We attach great significance to a comfortable travel experience of special passengers, and have constantly improved personalized and professional services for them, optimized the special service application channel and the ability to cope with emergencies during the trip. In the busy season of 2016 summer, Shanghai Hongqiao passenger service center of China Eastern created sincere service trilogy including C18 caring service counter, love area and love car to provide special passengers with warm and sincere services.

Customer complaints and praises are the important channel for us to get their feedback. In order to improve the handling quality and management level of complaints and quick disposal cases, in 2016, the Company released the “Regulations on the Management of Complaint Solution Rate and Quick Disposal Case Upgrading of China Eastern (2016)”, and handled customer complaints in a timely manner with no major complaint with significant and negative impacts on the public happening in the whole year. According to the statistics from Civil Aviation Authority, China Eastern received a total of 1,056 complaints (excluding China United Airlines) in 2016, half of which were related to flight delays, followed by ticketing, refund and luggage problems. In view of those problems, we did an in-depth analysis of their causes, and made improvement plans to further enhance customer service management and improve service quality.

Serving Special Passengers

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207,782
Special passengers in 2016, a year-on-year increase of 58%
Comprehensively Promoting Talents Development

Talents are the foundation and power for enterprises to realize long-term development, especially when the whole aviation industry is in a context of transformation and rapid business development. It is the key to keep sustainable and healthy corporate development to systematically train different levels of high-quality and professional talents. With “shared development of employees and the Company” as our goal, we try to attract and nurture more talents to provide a strong support for the Company’s long-term development.

5,355 Employees newly recruited in 2016

Enlarging the Talent Pool

To realize the Company’s strategic objectives, we need to attract and motivate talents through systematic and targeted approaches. In 2016, China Eastern standardized and optimized the recruitment process and adopted a variety of channels to attract talents. We relied on the “Swallow, Wing, Flying and Eagle” programs to train talents at all levels, and used market-based incentives in some positions to stimulate organizational vitality and enhance the enthusiasm and efficiency of employees.

- Recruiting security personnel from the army
- Recruiting staff from overseas universities through “Swallow Program”
- Opening targeted training classes in 4 universities related to civil aviation

Diversified channels for attracting talents

Special recruitment
- Recruiting security personnel from the army
- Recruiting staff from overseas universities through “Swallow Program”

Targeted cultivation
- Opening targeted training classes in 4 universities related to civil aviation

* Swallow, Wing, Flying and Eagle* backup talents training system, as a personnel training mechanism with aviation features and corporate characteristics, has built a rapid growing channel for outstanding talents based on the principle of “hierarchy training, quick cultivation and staged growth”. In 2016, Combined with the international development strategy of China Eastern, the third “Swallow Program” overseas recruitment campaign was held, attracting 2,000 applicants from London, Los Angeles, New York, and Shanghai successively.

In addition, it was the first time to introduce the mentor system to the backup talent training program in 2016. We newly added the IDP (Individual Development Plan), optimized the action learning project, and highlighted the relevance between the project and Company’s strategies. We also strengthened the interaction among the programs of Swallow, Wing, Flying and Eagle, and formed a cross-level and interdisciplinary project team to promote the project output, while allow individuals to develop their competencies rapidly.

Innovating Training Mode

Under the guidance of the company’s “internationalization” and “internet” strategy, we have developed and improved the enterprise-university training and management systems, based on which we gave full play to the advantages of the Company’s informatization and integrated internal and external training resources to lay the foundation and provide support for comprehensive and harmonious development of the talent team. In 2016, the Company started the compilation of “Management Manual of China Eastern Corporate University”, and “China Eastern Corporate University Business Manual”, besides, the Company revised the “Training Management Regulation”, in which 28 related management systems were improved and revised.

- For the “Swallow Program” trainees recruited from the fresh graduates, we adopted rapid training methods like classroom, online, mobile class and other online learning platforms with the intelligent park operating platform to open a variety of learning channels for trainees.

Establishment of the intelligent park

In 2016, the upcoming Application Technology R&D center of China Eastern continued to promote the construction of the intelligent park. In the aspect of the hardware, we introduced facilities and equipment for the park, including crew and aviation security simulators and various teaching equipment. For the software, we launched the construction of the operating platform, One-Card system, cloud desktop technology, network communications and so on. At the same time, the Company gradually integrated China Eastern E-learning, Mobile Class and other online learning platforms with the intelligent park operating platform to open up a variety of learning channels for trainees.

- Approximately 39 hours Average training hours in 2016

- Over RMB 40 million Investment in training programs in 2016

- 1,253 Training projects held in 2016
- Note: excluding data of Eastern Technology and Shanghai Right Training

- 287,870 Participants in trainings in 2016
- Note: excluding data of Eastern Technology and Shanghai Right Training

- G4 Materiality Disclosure: G4-17, G4-20

- 6 series of books of China Eastern Management Practice
- 450 articles published in 20 issues of China Eastern Management; added the supplement of Reserve Talents
- WeChat class
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- WeChat class
- Online, mobile class, 287,870 participants
- Mobile class and other online learning platforms with the intelligent park operating platform to open up a variety of learning channels for trainees.

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- Mobile class and other online learning platforms with the intelligent park operating platform to open up a variety of learning channels for trainees.
As a backbone of national airlines, we take the problem of uncoordinated regional economic development into account, and make the greatest efforts to open routes to support local development in the western and other less-developed regions. Up to December, 2016, China Eastern had opened a total of 698 domestic routes, including 295 routes to the western provinces (Qinghai, Gansu, Inner Mongolia, Xinjiang, Tibet). Meanwhile, to promote the construction of the “Belt and Road”, we newly opened 20 routes including Kunming - Sydney, Beijing - Bangkok and others in the counties along the Silk Road.

China has a vast territory and different regions have different natural conditions, resources and historical backgrounds, which cause great development gaps among different regions along time. In response to the national strategies of comprehensively promoting development nationwide, “the Belt and Road Initiative”, Beijing-Tianjin-Hebei coordinated development and developing the Yangtze River Economic Belt, China Eastern has provided convenient aviation services to speed up the flow of production factors, promote economic and cultural exchanges and advance coordinated regional development.

Developing Advanced Talents

The ever-changing development environment puts forward higher requirements for the ability and quality of the Company’s advanced talents. We provide a platform for continuous growth and development of advanced technology and management talents to meet new opportunities and challenges.

Coordinating Regional Development

China has a vast territory and different regions have different natural conditions, resources and historical backgrounds, which cause great development gaps among different regions along time. In response to the national strategies of comprehensively promoting development nationwide, “the Belt and Road Initiative”, Beijing-Tianjin-Hebei coordinated development and developing the Yangtze River Economic Belt, China Eastern has provided convenient aviation services to speed up the flow of production factors, promote economic and cultural exchanges and advance coordinated regional development.

Measures for cultivation of advanced talents

- Combining training and ability assessment by utilizing professional ability assessment platform
- Developing highly skilled talents base
- Holding “Managerial Forum”
- Carrying out “Sailing Program” for newly promoted managerial staff
- Introducing LSS (Lean Six Sigma) to intermediary and senior executive workshop
- Senior executives participating in seminars held by GE and Rolls-Royce

Methods to promote regional development

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Deep Integration and Win-Win Development

The in-depth development of world multi-polarization, economic globalization and the constant promotion of social informatization and cultural diversity has led the world to share opportunities and profits, and achieve mutual benefit through opening up. China has also put forward strategies including “the Belt and Road” to build a new opening-up pattern. As China and the whole world is now standing at a new starting point of development and economic growth, China Eastern adheres to the concept of opening-up and develops comprehensive international strategies to strengthen foreign cooperation and communication. By doing this, China Eastern seeks to achieve mutual-benefit with other parties, and to promote the Company to achieve its goal of “Creating a world-class airline, building a happy China Eastern”.
Acceleration of Globalization

Internationalization is a concept of opening up. It is conducive to the free flow of production factors in the international market, and also helps enterprises to obtain comparative advantages in different countries. China Eastern continues to broaden its horizon, carry out cross-border business, strengthen cooperation with partners in aviation industry and accelerate the globalization process of the Company. Through all these efforts, China Eastern strives to create strong endogenous power to ensure a strong guarantee for national strategies.

Global Operation

China Eastern continues to promote the “Pacific Plan” and the “Europe Profitability Plan” to meet market demand. The overall arrangement in Japan, South Korea market, North American market, European market, Australian market and Southeast Asian market and other international routes and the newly-developed Kunming - Harbin, - Vancouver, Shanghai - Madrid, Beijing - Hangzhou - Sydney routes have optimized the structure of the Company’s route network. The Company has realized significantly enhancement in the operation and service quality, and facilitated customers’ access to the world.

In order to further optimize the market and better serve the foreign markets, China Eastern has set up five overseas marketing centers in Japan, South Korea, Europe, Australia, North America, and 59 overseas business divisions. Considering customers’ needs, the Company has customized a series of overseas services to enhance service quality for foreign customers.

International Cooperation with Industrial Counterparts

Cooperation with industrial counterparts contributes to the expansion of the resource supply and their effective distribution to help the Company to go global. China Eastern makes full use of partners’ resources to expand and strengthen code-sharing cooperation and strategic cooperation with Delta Airlines, Air France-KLM, Qantas and other world-class airlines. With the consolidated “Greater China Connection” normalized cooperation mechanism, China Eastern has expanded the route hub network, marketing network, and service security network, laying a solid foundation for the Company’s international strategy.

Promotion of International Brand Popularity

A good international brand image can be an effective international promotion for a company. It is also conducive to the Company’s internationalization process. China Eastern continues to strengthen international brand promotion. The Company took the opening of new routes as opportunities, held products promotion in Chicago, Madrid, Amsterdam, Prague and other places, “Discover China” cultural tourism lectures in Singapore and on-campus concerts in Taipei. Through innovative promotions, China Eastern managed to enhance its brand awareness. In 2016, China Eastern Airlines was selected into the “The World’s 500 most valuable brands 2016” by British brand organization Brand Finance for the first time.
### Enriching the Connotation of Opening up

Enhancing the level of opening up is conducive to enriching the connotation of opening up and achieving mutually beneficial cooperation. China Eastern strengthens cooperation with industrial chain partners, governments and other organizations to meet the challenges faced in the industry's development. The Company shares the achievements of cooperation with partners add better fuel enterprises' development.

#### Industrial Chain Cooperation

China Eastern carries out in-depth cooperation with upstream and downstream partners along the industrial chain. The companies give full play to their respective advantages in resources to achieve complementary effect and share of resources in order to enhance the competitiveness of the industrial chain and promote its healthy development.

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#### Cooperation with Governments

China Eastern actively cooperates with local governments to jointly promote the construction of local integrated transport system and civil aviation development. The cooperation accelerates the upgrading of local industrial structure, improves local investment environment and contributes to the opening-up. In 2016, China Eastern signed a number of cooperation agreements with local governments of Shigatse, Yantai, Qingdao, Xi'an, Wuxi, Yichang and other cities to develop local cultural tourism, economic and trade exchanges, and local transportation network.

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#### Cross-Industry Cooperation

Through cross-sector cooperation with enterprises from different fields, China Eastern and its partners take advantage of their own resources and highlight synergistic effect to consolidate and expand their advantages while jointly exploiting the market. In 2016, the Company launched a joint credit card with the Bank of China, China Union Pay and other financial institutions. The Company also carried out cooperation in information and communication, energy saving, new energy vehicles and other areas with China Potash and cooperated with Bright Food (Group) in supply chain areas. Through strengthened industrial linkage with partners, China Eastern strives to promote industrial upgrading and development.

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#### Cooperation with local governments to build an "Air Silk Road"

With the implementation of the "the Belt and Road Initiative", Xi'an has become the central area and important node of "the Belt and Road". Its position as a logistics hub has also become more and more important.

China Eastern signed a strategic cooperation framework agreement with Shaanxi Provincial Government and Xi'an Municipal Government to jointly promote the construction of "Air Silk Road". In December, 2016, China Eastern launched the first international direct route in the northwest region from Xi'an to Amsterdam. The route became the first symbolic achievement of the cooperation between China Eastern and Shaanxi Provincial Government and Xi'an Municipal Government, which directly links Xi'an and the international market and promotes the development of the city's export-oriented economy.

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#### Voice from stakeholders

China Eastern became the first user of the C919 in the world. This helps us acquire and absorb suggestions and opinions in a timely manner, implement the customer’s ideas and help them become familiar with the new aircraft products as soon as possible. This provides valuable experience for our introduction of products and promotes market development in the future. It is also an important cooperation which could contribute to the development of civil aviation industry.

Dang Tiehong, deputy general manager of COMAC's sales and marketing department
Respecting Nature for Sustainable Development

As green low-carbon development has become a global consensus, China Eastern bears the responsibility of its own rapid development as well as protecting ecological environment. We will integrate green development concept into all aspects of corporate development, face the adverse impacts on the environment caused by the development of the Company. The Company actively strengthens energy-saving and emission reduction to achieve green sustainable development while contributing to sustainable development of the industry and construction of social ecological civilization.
Environmental Management Improvement

Environmental management is the basis of green development. China Eastern strives to improve its organization, plan and system of environmental management over the whole process of environmental management. While strengthening the construction of energy management technology platform, the Company also actively promotes carbon-emission management to advocate energy saving and emission reduction and contribute to green and sustainable development.

As one of the first batch of airlines which have been listed in Shanghai carbon trading pilots, China Eastern conscientiously fulfills the carbon emission control responsibility and improves the carbon emission management system. The Company has actively completed the carbon emission quota and the Company’s measures to improve energy management.

Combating Climate Change

During the operation of airlines, carbon dioxide and other emissions caused by the use of aviation fuel have an inevitable impact on the climate. As a leading airline enterprise, China Eastern has been adhering to the ecological development concept of “green flight, scientific environmental protection”. The Company adheres to the scientific energy-saving and structural emission reduction. Taking full protection of flight safety as the prerequisite, the Company strives to explore green operation modes with low carbon emission. Focusing on controlling of energy use in operation, the Company promotes the development of green aviation and contributes to deal with climate change.

Managing and Controlling Energy Consumption in Operation

Monitoring and controlling energy consumption is the basis and an important part of energy management. In 2016, China Eastern improved its ground fixed energy consumption monitoring platform, ground mobile source detection platform, aviation fuel consumption statistical platform and other environmental management technology platform. The Company focused on the construction of ground energy consumption monitoring system. The system uses the framework of Shanghai’s municipal monitoring platform, which will become a group-scaled platform to monitor energy use in building, mobile sources (vehicles, planes), and environment (air, sewage).

Improving Fuel Efficiency

Improving fuel efficiency is an important measure for airline’s emission-reduction. Through effective optimization of technologies, fleets and operation, the Company focused on reducing fuel consumption to achieve energy saving and emission reduction. As the proportion of passenger aircraft continues to increase, tons of fuel consumption per kilometer of flight slightly increased from 2014 to 2016 while the continuous decreases of unit passenger fuel consumption conforms to ICAO’s goal of 2% increase of annual average fuel efficiency.

<table>
<thead>
<tr>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.70</td>
<td>3.63</td>
<td>3.55</td>
</tr>
<tr>
<td>2.95</td>
<td>3.00</td>
<td>3.01</td>
</tr>
</tbody>
</table>

Cost control and CI flight policies

8.2 tons \(\Delta\) 25.8 tons \(\Delta\)

Aviation fuel saved in 2016
Reduced emission of CO\(_2\) in 2016

Flight route optimization projects

8,700 tons \(\Delta\)

Aviation fuel saved in 2016
Reduced emission of CO\(_2\) in 2016

Ways to increase fuel efficiency

<table>
<thead>
<tr>
<th>20,000 tons</th>
<th>26</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aviation fuel saved in 2016</td>
<td>Old aircrafts eliminated in 2016</td>
</tr>
</tbody>
</table>

Managing and Controlling Energy Consumption in Operation
Pollution Prevention and Control

Pollution prevention and control is an important measure to achieve green development. We are keenly aware of the negative and destructive impact of environmental pollution. Therefore, we tried our best to properly handle waste and emissions to reduce the impact from the operational aspects on the environment, and create a harmonious ecological environment.

Waste Management

The Company strictly manages wastes generated in production and operation. According to Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes, Regulations on the Safe Management of Hazardous Chemicals, Directory of National Hazardous Wastes (2016 Revision), Law of the People’s Republic of China on Prevention and Control of Water Pollution and Regulation on Urban Drainage and Sewage Treatment, the Company has handled waste in a proper way. In 2016, the Company cooperated with municipal sewage treatment system to transform the 12 plots in the east part of Shanghai Hongqiao International Airport. Through the transformation, 9.5km of pipeline had been laid and 17 new monitoring wells had been built.

Disposal of High-Pollution Vehicles

According to the requirements of the Shanghai Clean Air Action Plan (2013-2017), Regulations on the Prevention and Control of Air Pollution in Shanghai and the Opinions on Promoting the Prevention and Control of Atmospheric Pollution by Non-road Mobile Machinery in the Municipality, the Company established a pollution vehicle disposal special leading group and working group to promote the disposal of high-pollution vehicles and other related work. In 2016, the Company completed scrapped work of all 144 yellow label vehicles, disposal of four high-pollution special vehicles, technical transformation of two cargo lift platform cars, help vehicles to meet Shanghai’s emission standards.

Sustainable Utilization of Resources

We uphold the energy-saving principles in our daily operation, improve sustainable utilization of resources through saving resources include water, electricity and office paper. In 2016, Beijing Branch built rainwater recycling system in maintenance area by the west of Beijing Capital International Airport. The system mainly consists of permeable pavement, concave green space, rainwater storage facilities and water pouring system. The total storage capacity of the impounding reservoir reaches 677 cubic meters. Through China Eastern’s technology for whole-body machine to use water wax dry cleaning instead of water washing, each machine can save about 70 tons of water from the next year.

Enhancing Environmental Awareness

Energy-saving and environmental protection is closely related to daily work and life. China Eastern advocates and implements the environmental protection initiatives, calling all employees to have a low-carbon lifestyle and to create a green office. Meanwhile, the Company also promotes the environmental awareness to its passengers and the general public through a variety of activities in a bid to create a green environment. In 2016, the Company launched a publicity campaign (from June 12 to 18) themed “Green Flight with Innovation in Low-Carbon”, which significantly boosted the employees’ awareness of energy saving and emission reduction.

“World Earth Day” flash mob public welfare activity

On the World Earth Day on April 22, young employees from Qingdao Flight Department and Cabin Service Department of Shandong branch brought a public welfare flash mob show themed “Live and Cherish a Green Life” to tourists in Qingdao Luining International Airport. Through environmental uniforms show, low-carbon green shopping bags giving, the Company advocated the public to save resources and live a green life.
Going Forward Hand in Hand for Harmonious Development

Enterprises are social citizens with an ultimate objective to increase people's livelihood and promote the overall progress of the society. In the sixty years of development, China Eastern has made outstanding achievements by the dedication and hard work of the employees, great help of partners, and full backing of the community. We have been appreciative for all the help we have received. It is our responsibility and mission to pursue mutual benefit, create shared values and advance on a path to a sustainable future with stakeholders.
Targeted Poverty Alleviation

Following the guidance of the Central Work Conference on Development-oriented Poverty Reduction and Fixed-point Poverty Alleviation by Central and State Organs and Relevant Units, China Eastern has insisted on targeted poverty alleviation. By taking comprehensive consideration of the situation of poor counties and giving full play to the advantages as an airline, we have improved the scientific assistance system, innovated assistance approaches and comprehensively arranged resource distribution. In order to realize comprehensive development of poverty-stricken areas, we have increased the input of money, intelligence and technology, and provided information and policy support in multiple levels and forms.

China Eastern undertook professional tasks, including calibration for new airport in Cangyuan Va Autonomous County and the flight test etc., and actively coordinated issues after the airport was put into use. On the October 25, Yunnan branch of China Eastern successfully accomplished the flight test at Cangyuan Washan Airport, which was meaningful for promoting the fast and steady development of regional economy.

Ma Xulun, general manager of China Eastern, conducted targeted poverty alleviation in the Autonomous County of Shuangjiang in Yunnan Province. China Eastern Group was honored “Exemplary Enterprise of Targeted Poverty Alleviation” by World Philanthropy Forum – Sub-forum of Targeted Poverty Alleviation of Enterprises on September 5, 2016.

10.336 million yuan
Poverty alleviation fund of China Eastern Group in 2016 (including goods and materials)

China Eastern has joined hands with China Foundation for Disabled Persons to create the project themed “Love Gathering – Rural Disabled Persons Poverty Alleviation Base”. The project covers assistance-oriented ecological farms, plants for preliminary processing of tea, massage centers of the blind, rehabilitation centers for the disabled, and Hongyuan Chicken Farm of Shungiang County. The innovative business model has provided a new platform for the entrepreneurship of disabled people.

By now, 21 disable people have been offered new jobs in Nimen Ecological Farm, Yuming Tea Preliminary Processing Plant and Blind Massage Center based in Cangyuan Autonomous Country. Mengdong Community Home-Based Elderly Care Center has served 2,420 disabled and aged people, offering another poverty alleviation path for locals.

Related honor
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Developing a sustainable poverty eradication path through the model of poverty alleviation base

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Employees are the builders and contributors in corporate development. We are always devoted to promoting the well-being of employees and protecting their interests. It's our responsibility to guarantee employees a sense of belonging and happiness. By fully motivating employees' enthusiasm and creativity, we integrate employees' wisdom and strength to form the great driving force for sustainable development of the Company.

Enjoying Rights & Interests and Benefits

Protecting the legal rights and interests of employees to the largest extent and providing them with proper benefits is conducive to the construction of a harmonious labor relationship. The Company strictly complies with the Labor Law and other regulations and international conventions on human rights and labor standards, adheres to employment principles of equality and fairness, respects and protects human rights, and forbids child and forced labor of any form.

In the year of 2016, in order to improve our service quality and capability, Employee Service Center promoted the E-evaluation system of staff service satisfaction and developed the WeChat service platform to provide diversified online services for employees. Employee Service Center also provides preferential offers and “Happy China Eastern” serial products and other value-added services for employees through external cooperation, such as the cooperation with Suning and China Construction Bank. Furthermore, a Dispatch Center has been founded in Pudong to transport crew members at fixed time and location for their convenient commuting and improved experience.

Sharing Happiness with Employees

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Enjoying Health and Safety

The Company strictly complies with laws and regulations as well as provisions in collective agreements on working condition and working hours, and arranges staff’s working hours reasonably. We have constantly improved Pilot Health Hierarchical Management Approach, Aircrew Physical Examination Records Management Regulations and so on. Adhering to national regulations, the Company provides security protection facilities such as radiation-proof suits etc. for employees, organizes health and recuperation programs among pilots and flight attendants, conducts publicity about knowledge about occupational diseases, organizes regular health examinations and establishes health records for employees.

In 2016, the Company established 8 recuperation points with nearby ones included. 22,538 employees participated in the recuperation program.

Enjoying Excellence and Warmth

In 2016, in order to enrich employee’s life and make more employees able to share our happiness, we organized diversified cultural and sports activities including reading and calligraphic workshops, the badminton match, singing competition etc.
Win-Win Cooperation with Partners

To achieve sustainable development is the common responsibility of all enterprises along the value chain including China Eastern. The company has established a fair and win-win cooperative partnership with a forward-looking vision. When our own responsibilities are properly fulfilled, we hope to transmit our experience to our partners such as suppliers and dealers, so that we can fulfill responsibilities with joint hands and share the fruits of development together.

Supply Chain Responsibility

China Eastern actively promotes responsible purchasing, and has formulated Procurement Regulation of China Eastern Airlines Corporation Limited and Detailed Rule for Procurement of China Eastern Airlines Corporation Limited. The Company has improved the strict access and evaluation mechanism, enhanced requirements of suppliers’ environmental protection, social contribution and employment system, and strengthened qualification inspecting. New suppliers are required to sign the Letter of Commitment on Social Responsibility. Bonus marks are given to the suppliers who had been actively fulfilling social responsibility during the appraisal. China Eastern has established a communication mechanism with long-term cooperating suppliers. Through mutual high-level visits and performance evaluations, suppliers are helped to grow and expand the space for cooperation.

The Company supports local procurement, provides small-sized suppliers with development opportunities and managerial experience, and helps local suppliers develop healthily.

<table>
<thead>
<tr>
<th>Number of suppliers by region</th>
<th>Domestic and imported</th>
<th>Zhejiang</th>
<th>Jilin</th>
<th>Northeastern China</th>
<th>Liaoning</th>
<th>Shandong</th>
<th>Shanxi</th>
<th>Jiangsu</th>
<th>Zhejiang</th>
<th>Guangdong</th>
<th>Anhui</th>
<th>Jiangxi</th>
<th>Fujian</th>
<th>Shandong</th>
<th>Henan</th>
<th>Hubei</th>
<th>Hunan</th>
<th>Hebei</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of suppliers</td>
<td>1,459</td>
<td>87</td>
<td>83</td>
<td>98</td>
<td>72</td>
<td>72</td>
<td>69</td>
<td>103</td>
<td>68</td>
<td>63</td>
<td>51</td>
<td>64</td>
<td>54</td>
<td>422</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Supporting Dealers’ Development

In 2016, the Company set up the sales supporting division for better management of dealers. It also formulated and released Cooperation Agreement of China Eastern with B2B Websites on Electronic Ticket Sales (2016) and Sales Agency Agreement of Domestic Passenger Transportation (2016) etc. An Incentive mechanism has also been established for dealers. Hierarchical management of dealers and localized management help regularize the order of dealer service market in civil aviation, and also help dealers achieve sustainable development.

Taking the lead in promoting Client Rescue Plan in civil aviation

In 2016, China Eastern formulated and implemented Regulation on Client Rescue Plan (hereafter referred to as Rescue Plan), and became the first Chinese airline to launch management measures for dealer incentives. The Company provides comprehensive sales support to dealers through the Rescue Plan, thus providing more refined and suitable products and services for clients.

Promoting Industrial Development

The healthy and sustainable development of the industry is at the stake of all civil aviation enterprises. As a leading enterprise in civil aviation, China Eastern not only concerns its own growth, but also pays attention to the development of the whole industry. The Company is devoted to promoting the industrial progress with its advantageous resources.

Cultivating Industrial Talents

Talents are the driving force of industrial development. As the senior talents cultivation base in Shanghai, the Company is devoted to developing a platform for talents training and communication for the creation of an enabling environment for the growth of skilled talents. Based on its own training qualification, the Company has cooperated with partners in the industrial chain such as COMAC to train talents in order to build up a talent pool of civil aviation and drive incremental improvements of the industry’s technological level. In 2016, the Company organized 448 external trainings for 9,048 persons, with the satisfaction rate of 98.7% among the third party.

The Company upholds the school-enterprise collaboration mode for cultivating professional talents. For the purpose of cultivating industrial talents and accumulating the driving force for the industry, China Eastern established “China Eastern-Wuhan Middle School Flight Experimental Class” where students are taught diversified special aviation courses.

Cultivating professional talents through school-enterprise collaboration

In February, 2016, China Eastern Wuhan and Wuhan City Vocational College officially signed a strategic cooperation agreement and launched co-operation projects. China Eastern Wuhan became the practice base for students of the college, and the college became a further training base for China Eastern employees. Wuhan branch established “China Eastern Class” to train flight security personnel for the Company. The two sides jointly established “Professional Teaching Guiding Committee”, which created opportunities for “double qualified teachers” to practice and be trained, and cultivated talents of airline service and civil aviation transportation to meet the needs of enterprises’ development.

Setting up Industrial Standard

China Eastern has joined many industrial associations such as China Air Transport Association (CATA) etc. The Company is dedicated to formulating and trying out industrial standards to the orderly and healthy development of the industry. In 2016, China Eastern undertook some subject projects including Study on Research of Judicial Adjudication Law Adaption in Civil Aviation Industry by CAAC. We also put forward the researches on the reform of market allocation in flight time table and unexpected mass incidents of domestic airlines. The Company also published Study of Selected Flight Management Regulations in China with other major airlines.

Voice from stakeholders

China Eastern is the first airline that has passed ICAO standard in China and an airline that has been qualified as large-scale by SMS of CAAC. The Company owns a group of international safety management experts and executives, who enjoy a high reputation in the industry. To enhance security management, the Company has established a flight safety institute, which, with the help of cloud technology and big data, can solve operation problems and eliminate operation. Numerous pilot projects related to new safety technologies in civil aviation were first tried and implemented by China Eastern, which provided experiences for formulating and implementing the standard of the industry as well as helped the Company obtain innovative achievements first and preemptive advantages, thus contributing to the reform and development of civil aviation.

Gu Qing, Director, Qualification Management Office, CAAC East China Regional Administration

Voice from stakeholders

China Eastern sets reasonable product standards and has high management capability. The high management requirements for suppliers can also accelerate suppliers’ advancement.

Liu Weiping, sales representative, Shaoxing Jinjiang Turbo Co., Ltd.
Sharing Harmonious Community

The long-term and steady development of China Eastern is inseparable from the trust, understanding and support from all stakeholders and people in all walks of life. We are devoted to social welfare activities, and spread love and share the achievement of harmonious development with the society.

“Love in China Eastern” Public Welfare Campaign

To push improve the management of public welfare projects and their process, the Company strengthened volunteer management of public welfare projects, and formulated and improved the related regulations, such as Management Measures on Application of “Love in China Eastern” Public Welfare Activities and Articles for “Love in China Eastern” Registered Volunteers. The modes for volunteer activities which are divided into 5 categories and 18 subcategories including community service, student aid program, transportation and travel service, and significant guarantee program have been well-established, through which the Company provides care and help for vulnerable group continuously.

145,300 hours
Service hours of “Love in China Eastern” public welfare project in 2016, a year-on-year increase of 49.3%

90,999
People received help in Love in China Eastern social welfare project in 2016, 2.27 times of the number in the previous year.

“In Love in China Eastern • Integrity Ticket” and “Western Project” of the Central Committee of Communal Youth League formally signed the cooperation agreement, through which China Eastern will provide 2,703 round-trip “Integrity Tickets” for volunteers of “Western Project” in three years to help young students to achieve the ideal of serving our country.

The project of “Love in China Eastern • Integrity Ticket” won the bronze prize in the 3rd Chinese Youth Volunteer Service Project Competition, and is selected into the incentives list of Action Plan on Implementing Joint Incentive for Trustworthy Young Volunteers and Accelerating the Construction of Youth Credit System which is jointly issued by 51 ministries and commissions of CPC Central Committee and the State Council. China Eastern was awarded the title of “Support Partner of China Youth Integrity Action”.

Guaranteeing Special Flights

As an essential part of the public transportation system and emergency rescue system, civil aviation plays an important role in ensuring the smooth progress of major events and the stable development of the society. China Eastern has been committed to the mission and made contributions to the development of the country, regions and social harmony by taking important transportation and emergency rescue flight missions.

204 Flights of special missions in 2016, a year-on-year increase of 92.4%
## Performance Indicators

### General

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Unit</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of aircrafts in operation</td>
<td>No.</td>
<td>497, 535, 581</td>
</tr>
<tr>
<td>Average age of aircrafts</td>
<td>Years</td>
<td>6.10, 5.42, 5.39</td>
</tr>
<tr>
<td>Transportation turnover</td>
<td>Billion ton-kilometers</td>
<td>16.12, 17.62, 19.71</td>
</tr>
<tr>
<td>Number of passengers carried</td>
<td>Million</td>
<td>83.63, 93.78, 101.74</td>
</tr>
<tr>
<td>Cargo, parcel and mail volume</td>
<td>Million ton</td>
<td>1.365, 1.359, 1.355</td>
</tr>
<tr>
<td>Number of routes</td>
<td>Routes</td>
<td>870, 856, 926</td>
</tr>
<tr>
<td>Number of countries and regions</td>
<td>No.</td>
<td>177, 179, 177</td>
</tr>
<tr>
<td>Number of destinations</td>
<td>No.</td>
<td>1,052, 1,057, 1,062</td>
</tr>
</tbody>
</table>

### Economy

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Unit</th>
<th>Data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>Billion yuan</td>
<td>163.542, 195.709, 210.051</td>
</tr>
<tr>
<td>Operating revenue</td>
<td>Billion yuan</td>
<td>89.746, 93.844, 95.580</td>
</tr>
<tr>
<td>Total profit</td>
<td>Billion yuan</td>
<td>4.120, 5.671, 6.507</td>
</tr>
<tr>
<td>Utilization rate of aircrafts</td>
<td>Hours</td>
<td>9.88, 10.03, 9.80</td>
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<td>Taxes and fees</td>
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<td>6.850, 9.038, 11.013</td>
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<tr>
<td>Interest expense</td>
<td>Billion yuan</td>
<td>2.540, 3.206, 3.448</td>
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<td>Contract compliance rate</td>
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<td>100%, 100%, 100%</td>
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<td>Number of suppliers</td>
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<td>Number of dealers</td>
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<td>Safe flight hours</td>
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<td>1.825, 1.804, 1.956</td>
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<td>Incident rate per ten thousand hours</td>
<td>No.</td>
<td>0.014, 0.025, 0.072</td>
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<td>Training hours on simulators</td>
<td>Hours</td>
<td>30.855, 29.121, 120.255</td>
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<td>Severe maintenance errors</td>
<td>No.</td>
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<td>2.550, 2.620, 2.350</td>
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<td>The number of passenger commendation letter</td>
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<td>26.16, 26.21, 25.19</td>
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<td>67.11, 68.09, 74.82</td>
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<td>Customer satisfaction</td>
<td>Points</td>
<td>90.77, 88.11, 85.70</td>
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### Service

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<td>Copies of customer satisfaction questionnaire survey</td>
<td>Million</td>
<td>0.156, 0.327, 0.421</td>
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<td>Complaints from passengers</td>
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<td>264, 415, 1,096</td>
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<td>Complaints handling rate</td>
<td>%</td>
<td>100, 100, 100</td>
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<tr>
<td>Intelligent technology investment</td>
<td>Million yuan</td>
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<tr>
<td>Number of special passengers carried</td>
<td>No.</td>
<td>105,077, 131,302, 207,782</td>
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<tr>
<td>Coverage of self-service check-in machines in domestic terminals</td>
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<td>Self-service check-in for international flights</td>
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<td>CO2 emissions</td>
<td>Kilotons</td>
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<td>Unit fuel consumption</td>
<td>Kg/100 passengers-km</td>
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<td>Energy consumption per ton</td>
<td>Tons of standard coal per 10,000 yuan</td>
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<td>Energy consumption per revenue</td>
<td>Tons per ten thousand kilometer</td>
<td>2.95, 3.00, 3.01</td>
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<td>Aviation fuel consumption</td>
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<td>4,757.4, 5,142.2, 5,941.1</td>
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<td>Manufacture gas consumption</td>
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<td>Diesel consumption</td>
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## GRI Content Index

This Report is organized and presented in accordance with the GRI G4 framework, using the “Core” option.

### Indicator | Page
---|---
**Strategy Analysis**
G4-1 Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization’s strategy for addressing sustainability. | P4-5 
G4-2 Provide a description of key impacts, risks, and opportunities. | P4-5, P94

### Organizational Profile
G4-3 Report the name of the organization | P12 
G4-4 Report the primary brands, products, and services. | P12 
G4-5 Report the location of the organization’s headquarters. | P12 
G4-6 Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report. | P12-13 
G4-7 Report the nature of ownership and legal form | P12-13 
G4-8 Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries). | P12-13 
G4-9 Report the scale of the organization. | P12-15 
G4-10 Report the total number of employees by employment contract and gender. | P74 
G4-11 Report the percentage of total employees covered by collective bargaining agreements. | P99 
G4-12 Describe the organization’s supply chain. | P78 
G4-13 Report any significant changes during the reporting period regarding the organization’s size, structure, ownership, or its supply chain. | P78 
G4-14 Report whether and how the precautionary approach or principle is addressed by the organization. | P29-23 
G4-15 List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses. | P24 
G4-16 List memberships of associations (such as industry associations) and national or international advocacy organizations. | P77 

### Identifed Materials Aspects And Boundaries
G4-17 a. List all entities included in the organization’s consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization’s consolidated financial statements or equivalent documents is not covered by the report. | P2, P20, P52, P55, P72 
G4-18 a. Explain the process for defining the report content and the Aspect Boundaries. b. Report why the organization has implemented the Reporting Principles for Defining Report Content. | P24 
G4-19 List all the material Aspects identified in the process for defining report content. | P25 
G4-20 For each material Aspect, report the Aspect Boundary within the organization. | P25, P52, P72 
G4-21 For each material Aspect, report the Aspect Boundary outside the organization. | P42, P43, P56, P58, P77 
G4-22 Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements. | P2 
G4-23 Report significant changes from previous reporting periods in the Scope and Aspect Boundaries. | P25 

### Stakeholder Engagement
G4-24 Provide a list of stakeholder groups engaged by the organization. | P29 
G4-25 Report the basis for identification and selection of stakeholders with whom to engage. | P29 
G4-26 Report the organization’s approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process. | P29 
G4-27 Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to these key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns. | P29 

### Report Profile
G4-28 Reporting period (such as fiscal or calendar year) for information provided. | P2 
G4-29 Date of most recent previous report (if any). | P2 
G4-30 Reporting cycle (such as annual, biennial). | P2 
G4-31 Provide the contact point for questions regarding the report or its contents. | P3
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| **Social**                                    |       |                                                                             |
| Employment and Labour Practices               |       |                                                                             |
| General Disclosure: Information on the policies, and compliance with relevant laws and regulations that have a significant impact on the issuer, relating to human rights, discrimination and other social issues | P54-55, P74 |                                                                             |
| **Operating Practices**                       |       |                                                                             |
| General Disclosure: Information on the policies, and compliance with relevant laws and regulations that have a significant impact on the issuer, relating to community engagement and sustainable development | P78-79 |                                                                             |

**Appendix**

<table>
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<th>Indicator</th>
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<td>KPI B2.3: Description of occupational health and safety measures adopted, how they are implemented and monitored</td>
<td>P37, P74</td>
<td></td>
</tr>
<tr>
<td>KPI B2.4: Description of measures to mitigate occupational health and safety risks and results achieved</td>
<td>/</td>
<td>No statistics for now</td>
</tr>
<tr>
<td>KPI B2.5: Total occupational injuries, by type (e.g., cuts, bruises, sprains, fractures), by geographical region, by age group and by gender</td>
<td>/</td>
<td>No statistics for now</td>
</tr>
</tbody>
</table>

Appendix
Assurance Statement of Corporate Social Responsibility Report

TUV Asia Pacific Ltd. (“TUV NORD”) has been commissioned by the management of China Eastern airlines Co., Ltd(“China Eastern” for short) to carry out an independent assurance of the 2016 Corporate Social Responsibility Report (“report” for short).

China Eastern is responsible for the collection, analysis, aggregation and presentation of information within the Report. TUV NORD’s responsibility in performing this work (assurance of the report) is in accordance with terms of reference agreed in the scope of engagement with China Eastern. China Eastern is the intended users of this statement.

This statement is based on the assumption that the data and information provided in the report is complete and true. This report is the eighth CSR report for China Eastern, and it’s the first time for China Eastern to invite the third party give independent assurance.

**Assurance Scope**
- The report revealed the accuracy and reliability for key performance, information and management system which happened in 2016.
- Assurance address is In No.99, the third airport road, Changning district, Shanghai, where China Eastern located. And we didn’t visit other branch, Subordinate units or the site of Projects.
- We evaluate the collection, analysis, aggregation of the information and data.
- Because the economic data had been audited by the third party, we won’t do double audit this time;
- Assurance of the Report was done on **15-17.03.2017**.

**Assurance Methodology**
Assurance process including following activities:
- Review the document information which provide by China Eastern;
- Interview the person who collected the report information;
- View the related websites and media reports, verify the data and information through sampling method;
- Refer to GRI Sustainability Reporting Guideline(G4) on balance, comparability, accuracy, timeliness, clarity, reliability, and give the evaluation;
- Refer to AA1000AS (2008) Assurance methodology;
- Assurance activity is based on TUV NORD CSR report assurance management procedure.

**Assurance Conclusion**
China Eastern CSR Report provide an appropriate and objective view of the sustainability & social programs and performances in 2016. The data in report is reliable and objective, TUV NORD didn’t find the system error or substantial error, Which meets the disclosure requirement of G4 core option.

- The structure of report is complete, the revealed information is clear, easy-understand and available;
- The report take “For our common sustainable development” as theme, take ‘innovation, coordination, green, open, sharing’ and industry key issue safety as frame, reveal China Eastern CSR idea, practice, result and typical cases, in addition, it attached 3 years key performance indicators, which can be comparable;
- Determining material aspects through stakeholder survey, which feedback stakeholders’ expectation and attention.

**Suggestion for Improvement**
Through assurance and evaluation, we had following improvement suggestion on CSR practice and management:
- For the key performance indicators in the environmental, social and governance reporting guidelines of the HKEX, it is necessary to establish a clear objectives, responsible person and accountability.
- Suggest further reveal the overseas practice of accountability;
- The analysis of the key performance could be strengthened.

**Special Statement**
This statement excluding:
- The activity outside information reveal;
- The position, idea, faith, object, future developing direction, and promise which stated by China Eastern Company.

**Statement of Independence and Competence**
TUV NORD Group is the world’s leader in inspection, testing and verification, operating in more than 70 countries throughout the world and providing services which includes management systems and product certification; quality, environmental, social and ethical auditing and training; environmental; social responsibility and sustainability report assurance.

TUV Asia Pacific Ltd. affirms its’ independence from China Eastern and confirms that there is no conflicts of interest with the organization or any of its subsidiaries and stakeholders when performing the assurance of the Report. TUV Asia Pacific Ltd. was not Involved in any manner with China Eastern, when the latter was preparing the Report.

The team leader: 胡莉
Date: 23.03.2017

The Authorized person: 宋海洋
Date: 23.03.2017
Feedback

Dear Sir/Madam,

Thank you for reading China Eastern Airlines Corporate Social Responsibility Report 2016. To enable our report to more systematic and scientifically offer you meaningful information, to facilitate monitoring of the CSR work and to improve the Company’s management and practice of social responsibility, we sincerely await your opinions and suggestions.

Please fill the questionnaire and mail it to us according to the following address:

Department: Party Publicity Department of China Eastern Airlines
Tel: 021-22331435  Fax: 021-62686883  E-mail: ceanews@163.com
Address: 92, Konggang No.3 Road, Changning District, Shanghai(200335)

1. You are one of our__________
A Passengers   B Shareholders    C Government   D Community   E Partners    F Media    G Social group    H Other (please note)

A. Very good    B. Good      C. Fair     D. Poor     E. Very poor

3. What’s your assessment of China Eastern’s social responsibility performance of economy, environment and society?
   - Economic responsibility
     A. Very good    B. Good      C. Fair     D. Poor     E. Very poor
   - Social responsibility
     A. Very good    B. Good      C. Fair     D. Poor     E. Very poor
   - Environmental responsibility
     A. Very good    B. Good      C. Fair     D. Poor     E. Very poor

4. What is your assessment of this report in responding and disclosing the issues that draw the stakeholders' attentions?
A. Very good    B. Good      C. Fair     D. Poor     E. Very poor

5. Do you think the information, data and indicators disclosed in this report are accurate, clear and complete?
   - Clarity
     A. Very good    B. Good      C. Fair     D. Poor     E. Very poor
   - Accuracy
     A. Very good    B. Good      C. Fair     D. Poor     E. Very poor
   - Completeness
     A. Very good    B. Good      C. Fair     D. Poor     E. Very poor

6. what is your assessment of the content and design of this report for reading?
   - Content
     A. Good    B. Fair    C. Poor
   - Design
     A. Good    B. Fair    C. Poor

7. Your comments and suggestions for China Eastern’s social responsibility work and this report:

Thank you for your attention!
60th Anniversary of China Eastern