

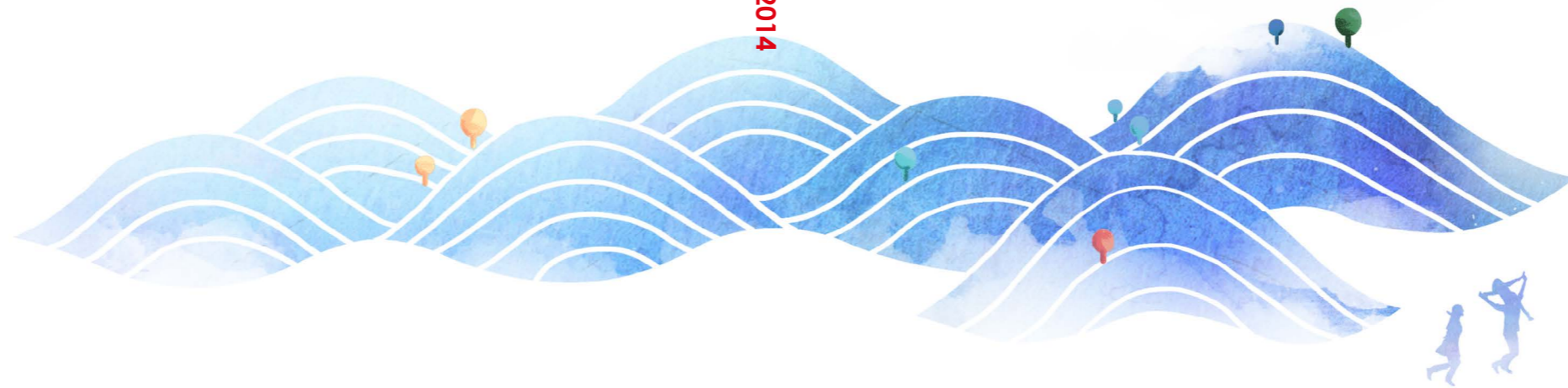


HNA Group Social Responsibility Report

2014

# Sharing Happiness

HNA Group CSR Report 2014



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## Message from the Chairman



Chen Feng

The Chairman of HNA Group

In 2014, the world witnessed many socioeconomic, political and cultural conflicts and challenges across all human society. The traditional economic growth model was constrained by a host of problems; and economic issues seemed intractable. In addition, an increasing number of religious conflicts led to an upsurge in terrorist activities, and global security has deteriorated daily. Humanity now stands at a crossroads.

At the same time, the Chinese economy has entered a phase of "New Normal" development. In the face of growing complexity in the external environment, the HNA Group made vigorous efforts to adapt itself to China's 'New Normal' social environment, following the financial crisis of 2007-2008 and the aftermath of the 2008-2012 global recession. We are doing this through business adjustments and transformation, and performing our social responsibilities conscientiously in line with our mission - to be a practitioner of the Buddhist principles of compassion, altruism and wisdom, and a creator and disseminator of the New Commercial Civilization; a global economy working in harmony.

### Healthy and rapid development under China's New Normal Model

The Group posted total revenue of nearly RMB150bn in 2014, with innovations carried out energetically by the subsidiaries in different industries, and major progress achieved on various fronts. Hainan Airlines was awarded 5-Star Airline rating by Skytrax for the fourth consecutive year, and ranked eighth safest airlines in the world by JACDEC in 2014, making it the only Chinese mainland airline in the Top-Ten list. HNA Holdings made solid progresses on all major projects - development of the new airport in Sanya and the Airport Industrial Park has entered the fast track and other key projects, such as the expansion of Haikou Meilan International Airport and CBD construction in Dayingshan, progressed smoothly last year.

Bohai Leasing, a subsidiary of HNA Capital, acquired Cronos, the eighth largest container-leasing company in the world. In one fell swoop, it became the largest container-leasing company in the world.

Through the creation of Guilin Airlines and Tourism Group, HNA Tourism developed an innovative tourism business model, integrating aviation and tourism services. Business transformation progressed at HNA Logistics, driven by the RMB12 billion private A-share placement of Tianjin Tianhai Investment (Tianjin Tianhai Marine Shipping) and the listing of HNA Sinosun Logistics on the New Third Board.

### Building an open service industry centered on "One Belt, One Road"

In line with the national "One Belt, One Road" initiative, the Group implemented swift deployments in 2014 and achieved very encouraging results: the launch of Urumqi Air consolidated the bond between the European and Asian mainland; the inception of Fuzhou Airlines serves as a key air traffic hub across the Taiwan Strait; plus Guangxi Beibu Gulf Airlines (GX Airlines) came into operation in Guangxi and is well on track to become the bridge between

China and ASEAN countries.

With its site selection finalized, the new airport in Sanya will contribute to the creation of an enormous free-trade area, connecting countries and regions along the coasts of the South China Sea. As a leading enterprise in Hainan, HNA will adhere to the development concept of being geared toward ASEAN, reinforcing development with Japan and South Korea, while attending to South Asian countries', and continue to serve the needs of One Belt, One Road". Ultimately, this will help make HNA the 'pivot in the sky' for the development of the Maritime Silk Road of the 21<sup>st</sup> Century.

### Eco-friendly and sustainable development of the HNA Group

Strategically positioning itself as a champion of the green lifestyle, a green service provider, a green industry leader and a pioneer of eco-friendly development, HNA has introduced several energy conservation initiatives to minimize its own carbon footprint across different business segments, ranging from aviation and airports, to hotels and logistics. In March 2014, Hainan Airlines officially launched its energy management system certification project, revamping all production and business processes to optimize energy consumption performance. The certification was completed on 22 January 2015 - making it the first aviation company to obtain energy management system certification in the Chinese civil aviation industry.

### Enhancing the HNA brand image as a responsible corporate citizen

HNA has always been committed to the development of Chinese society giving back to the local communities. Since its founding in 1993, the HNA Group has donated an aggregate of over RMB900 million to various charitable causes. Up to 2014, the Group organized a series of charity campaigns including 'HNA Brightness Action'; 'HNA Wells for Acid Areas'; 'HNA Treasure Island Scholarship and Grants', 'HNA I-Run': 'HNA Send Love Home' and 'HNA Home Subsidy for Samaritans', and donated more than RMB80 million in 2014 alone to

charitable causes.

HNA Brightness Action scaled new heights in 2014. Marking the 10th anniversary of the program, 538 local residents in Ganzi (Sichuan) and Nangqian and Banma in Qinghai underwent cataract surgery to give them back their sight. Over 8,000 people were involved in this major event, and the working group travelled nearly 2,000 km, making it the largest HNA Brightness Action events to date.

In addition, in the aftermath of Typhoon Rammasun, HNA carried out rescue efforts, mobilizing our emergency response capabilities: 120 tons of relief supplies were delivered from outside Hainan, with a donation of RMB30mn; the Group organized a campaign called 'Straighten the trees and clean our city' which was joined by thousands of HNA employees, for a total of 9,000 'person times' (the number of times an HNA employee has taken part in a volunteer activity). Overall, the HNA Group actively promotes voluntarism and has over 3,500 registered HNA volunteers. In 2014, more than 100 volunteer service events were conducted involving participants of nearly 24,000 person-times and a total of 135,000 hours of volunteer service.

As a Chinese company with a growing global influence, we are dedicated to providing excellent products and service to customers worldwide, and have high ambitions in this area. Looking ahead, HNA hopes to gain economic influence as a world-class enterprise and, more importantly, create a brand new commercial civilization by innovating traditional commercial culture and the existing mode of socioeconomic development.



The Chairman of HNA Group



## HNA Businesses and Brands

A fleet of **541** aircrafts

>**680** international and domestic air routes

Annual passenger carried >**68** million

**9** airports

>**440** domestic and overseas hotels

**151** travel service outlets

>**330** retail outlets

>**40** vessels

Overseas investment in **11** countries and regions

>**7000** overseas employees

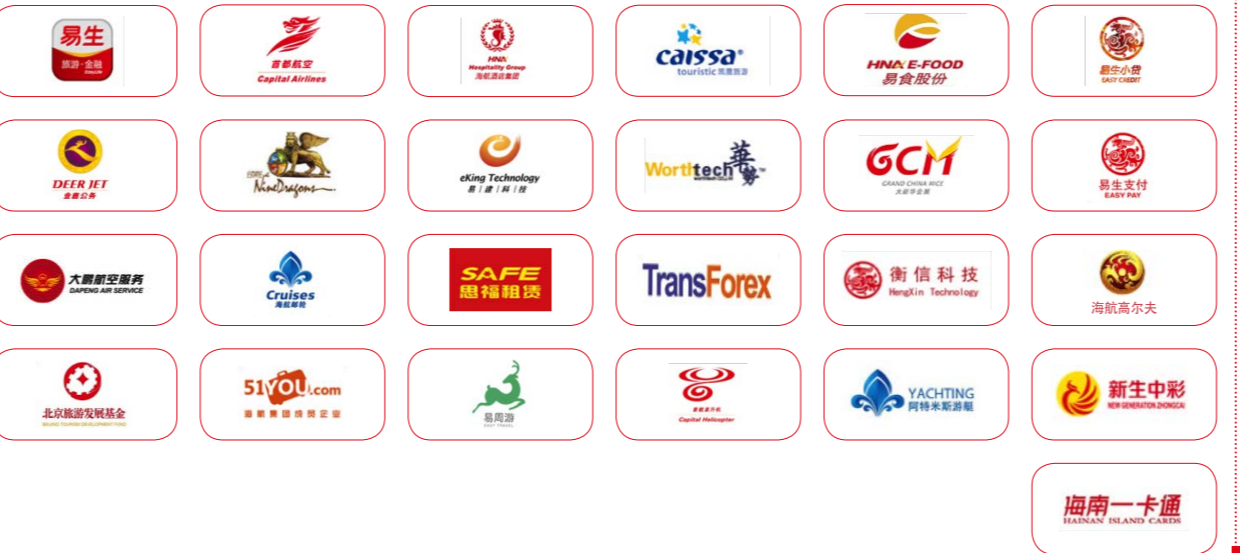
### HNA AVIATION



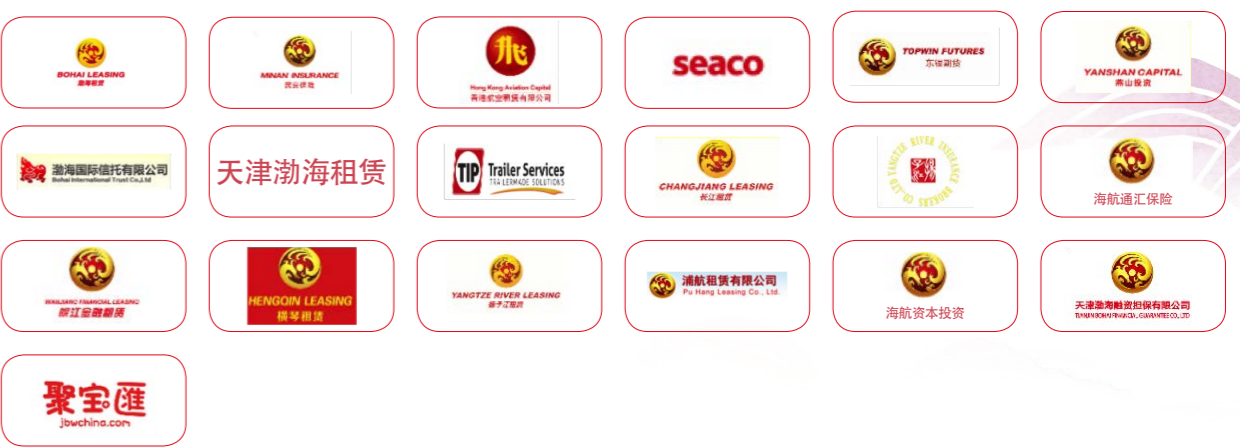
### HNA HOLDINGS



### HNA TOURISM



### HNA CAPITAL



### HNA LOGISTIC



### OTHER RELATED BUSSINESS





## Building a Better Future through "One Belt, One Road"

Leveraging our multi-industry resources, HNA is actively involved in the development of open service enterprises, centered on key areas of development under the "One Belt, One Road" framework.

### Investing in the European logistics market through the acquisition of TIP in the Netherlands

In June 2013, HNA acquired TIP Trailer Services Group (TIP) based in Amsterdam. TIP specializes in providing trailer rental, leasing, maintenance and other value-added service solutions to logistics clients in Europe. After the acquisition deal, HNA is now the owner of 48 TIP Trailer Services outlets in 16 European countries, as well as more than 100 rental points and 45,000 transport vehicles.

### Entering the aviation market in Western Europe through the acquisition of Aigle Azur

The HNA Group acquired Aigle Azur in October, 2012. Headquartered in Paris, the French company has nearly 1,000 employees with its airline network covering over 30 waypoints in Portugal, and Russia, plus including multiple waypoints in Algeria, Mali and Tunisia as the entry points into the North African markets. In particular, Aigle Azur has consistently maintained the largest market share (over 40%) in Algeria.

### Equity investment in the high-end Spanish hotel chain, NH Hotel Group

In February 2013, HNA signed an equity purchase agreement with the Spanish NH Hotel Group and, in 2014, further increased our equity ratio to become its largest shareholder. Ranking among the top-3 hotel management groups in Europe, NH Hotels was founded in 1976 and has been publicly listed in Madrid, Amsterdam and New York. It currently operates 60,000 rooms in over 400 hotels across 26 countries and regions in the world.

### Entering the African Market by establishing Africa World Airlines and investing in Astral Aviation

In 2012, HNA established Africa World Airlines (AWA) in Ghana jointly with China-Africa Development Fund, SAS Finance Group and SSNIT; in 2014, HNA signed a Memorandum of Understanding with China-Africa Development Fund, Astral Aviation and Consolidated Bank of Kenya to explore the aviation market in Africa.

### Acquisition of myTECHNIC and myCARGO as a "relay station" in the Middle East

In November 2010, HNA acquired the Turkish company, myTECHNIC, specializing in airframe maintenance, engine overhaul and aircraft painting services. In July 2011, HNA acquired the Turkish cargo airlines operator, ACT (later renamed myCARGO), specializing in international charter air businesses, ACMI, web-leasing and dry-leasing services.

### Urumqi Air: Fueling the take-off of the Silk Road Economic Belt

Urumqi Air, the first local airline operator in the city, was officially launched into operation as a subsidiary of the HNA Group on 28 August, 2014. It will help Ürümqi establish itself as the gateway connecting inland China with central and west Asia.

### Becoming the world's largest container leasing company

In December 2011, the HNA Group acquired the Singapore-based GE Seaco, the fifth largest container leasing company in the world. In November 2014, we acquired 80% of equity in The Cronos Group and thus became the largest container leasing company worldwide. We're well-equipped to support the development of the Maritime Silk Road with our fully-developed container fleets, diversified product mix and extensive service network.

### Guilin Airline and Tourism Group: Boosting tourism and trade businesses in Southwest China

On 18 June, 2014, the HNA Group signed a strategic cooperation agreement with Guilin Municipal Government to sponsor the establishment of Guilin Airlines and Tourism Group Co., Ltd. The company will facilitate the development of local tourism and air logistics industries in Guilin, aiming to bring about an 'upgrade' in local tourism products and management.

### Guangxi Beibu Gulf Airlines (GX Airlines): Stimulating economic growth in Beibu Gulf through the development of the new Silk Road

GX Airlines, the first local airline operator in Guangxi, was officially launched as a subsidiary of the HNA Group on 13 February, 2015. As a valuable addition to the multimodal transportation system in Guangxi, it will further consolidate the status of Guangxi as the gateway between China and ASEAN.

### Fuzhou Airlines: Boosting the development of Fujian economic zone on the western coast of the Taiwan Strait

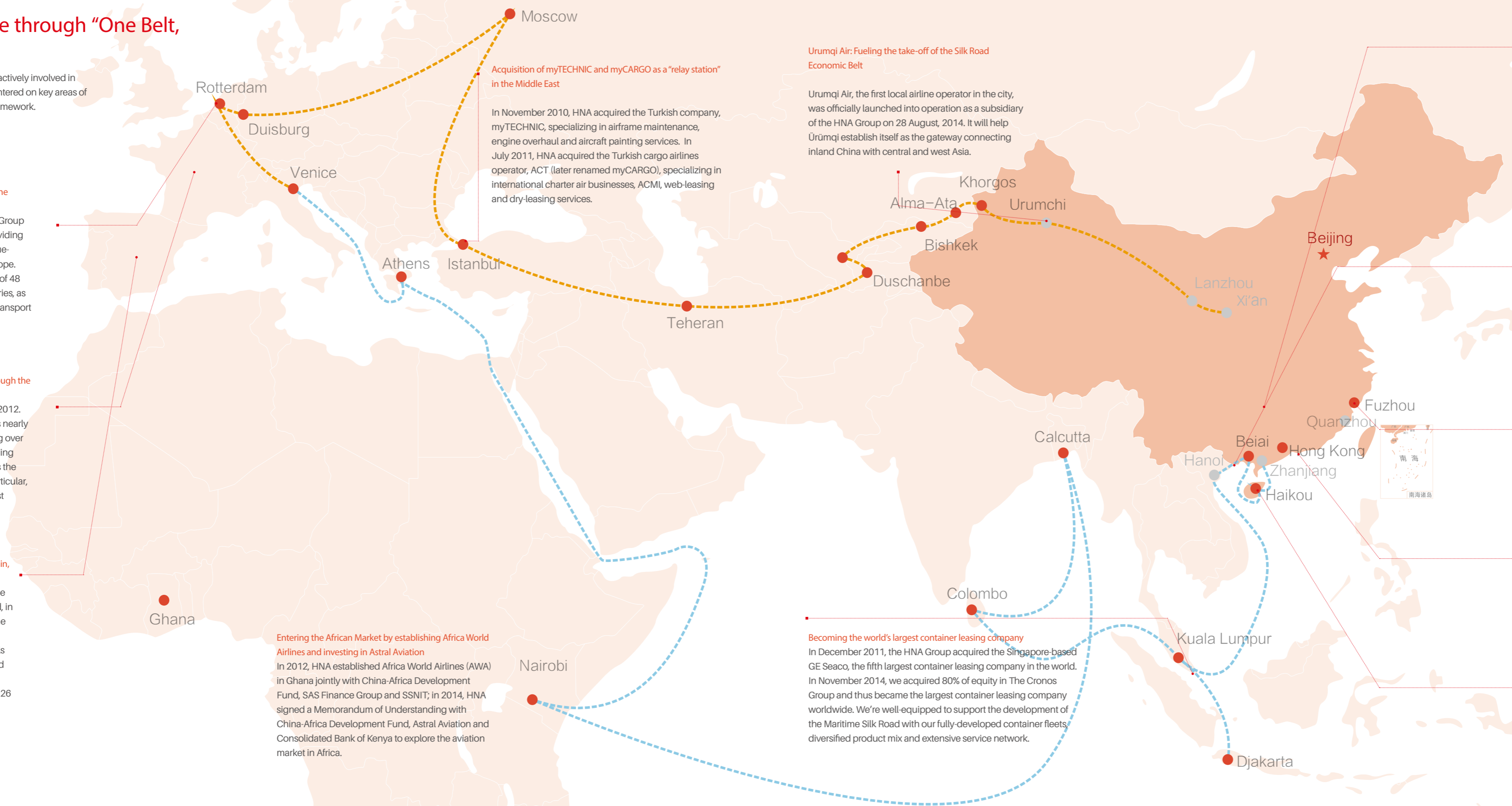
Fuzhou Airlines, the first local airline in Fuzhou, was officially launched as a subsidiary of the HNA Group on 30 October, 2014. Boasting unique geographical advantages, it seeks to develop a regional airline network based in Fujian, oriented toward markets across the Taiwan Straits, contributing to the integration of the western coast economic zone in Fujian and expanding cross-strait exchange and cooperation.

### Deployment in Hong Kong as the bridgehead for marching into the global market

In 2006-2007, HNA restructured Hong Kong Airlines and Hong Kong Express and become the second largest aviation groups in Hong Kong. We entered the local business jet and tourism markets shortly thereafter, and expanded our presence in financial leasing, securities and futures businesses, and began global shipping operations.

### Consolidating our foothold in Hainan: Building a 'pivot in the sky' for the development of the Maritime Silk Road of the 21<sup>st</sup> Century

As one of the largest enterprises in Hainan Province, the HNA Group has been actively developing new routes to serve the countries along the routes of the "One Belt, One Road". This is in line with our 'development orientation toward ASEAN while taking into account cooperation with Japan, South Korea and South Asian countries' commitment, fully leveraging multi-industry resources under HNA brands, including civil aviation, Holdings, tourism, capital and logistics businesses. The ultimate objective is to develop high quality tourist routes and tourism products unique to the Silk Road.



# Putting into Practice the New Commercial Civilization

Annual revenue~ RMB **150** billion

Total assets > RMB **500** billion

Overseas total assets RMB **97.8** billion

Overseas investments in **11** countries and regions worldwide

## The value system of 'HNA spirit'

Through more than two decades of effort, we established the HNA Group as an outstanding enterprise with increased business presence and corporate assets. As a Chinese company with growing global influence, we are dedicated to providing high quality products and service for customers worldwide while practicing our corporate social responsibilities -to promote social development and evolution. To this end, the Group formulated the value system of 'HNA spirit' where the core values of the 'HNA spirit' are defined in terms of a common vision, beliefs, pursuit and philosophy. This is the driving force and ultimate aspiration of what we do at the HNA Group.

**Common ideal:** 'Contributing toward the well-being of mankind and a peaceful world'.

The objective of our internationally-oriented business and development vision is that the whole of humankind can share the fruits of globalization.

**Common beliefs:** 'Heaven keeps the good out of harm's way, we make our own decisions and are the master of our own fate'; spreading the boundless kindness in our quest for 'truth, goodness and beauty'.

Our beliefs are of an inclusive nature. We respect different faiths, lifestyles and others' right to choose.

**Common pursuit:** 'Recognized by the public, participated by the public, achieved by the public, shared by the public.'

We believe in 'doing good for society, and doing good for others', striving for maximum economic benefits as well as social achievements.

**Common philosophy:** 'Integrity, performance and innovation'.

'Integrity-based quality' is our commitment to staff, society and the world; performance is the driving force behind sustainable development; and through innovation we maintain our vitality.



## Developing a shared economy

Enterprises, by nature, are the mechanism of resource allocation, and exist for the purpose of optimizing socioeconomic resource distribution and minimizing transaction costs. As information technology and the online community continue to develop and new social issues arise, a development philosophy oriented toward “shared growth” is being increasingly accepted and practiced by many leading enterprises. In 2014, the HNA Group incorporated emerging technologies and innovation principles into all aspects of corporate development and governance and product innovations. An innovation incubation system has been introduced and all staff members are encouraged to embark on entrepreneurial undertakings. Many collaborations were implemented with different stakeholders, such as the Government, to develop HNA as a social enterprise and stimulate local socioeconomic growth.



## Case: HNA China Town, designed for a happy life

Located between downtown Tianjin and Binhai New District, next to Dongli Lake and Qilihai, HNA China Town commands a total area of around 2,000,000 m<sup>2</sup> (or ~2000 hectares). HNA China Town seeks to provide residents with fully developed public amenities, business facilities and an enjoyable environment in keeping with the design concepts focusing on “centralized urban-rural development and integration, industry-city interaction, intensive development and energy conservation, eco-friendliness and harmonious development”. Once completed, HNA China Town will accommodate a permanent population of 50,000 and generate 35,000 job opportunities; promising significant benefits to the local community in both societal and economic terms.

## Building a Chinese Brand

We believe a good brand represents the values and cultural traditions of its native country and people. Chinese companies have achieved miraculous growth during the past three decades, since the introduction of national reforms and the economic opening program in China. Over this time, a group of leading Chinese brands, with a unique cultural identity, have gained worldwide recognition. They are creators of many technological innovations, and their success stories have become entrepreneurial legends, spreading traditional Chinese culture to other parts of the world and laying a solid cultural foundation in our pursuit of the ‘Chinese Dream’.

As one of these legends, HNA began as a RMB 10 million firm and has become a Fortune 500 company within the space of 22 years. Today, we own several hundreds of billions of Yuan worth of assets, over RMB 100 billion in revenue, and more than 100,000 employees worldwide. We have achieved three major transitions during our history - we have grown from a local airline operator to a national aviation enterprise group; from an aviation enterprise group to an operator of integrated modern services; and from a large Chinese enterprise to a world-class brand.

As a subsidiary of the HNA Group, Hainan Airlines is one of only seven airlines globally and the first airline in China to receive a 5-Star Airline rating by Skytrax. We have received the 5-Star rating for four consecutive years (2011-2014), and were also awarded Skytrax’ “Best Chinese Airline” and the “Best Service in China” awards. We won “World’s Leading Airline - Business Class” in 2014 and “World’s Leading Airline Economy Class” in 2013 from the prestigious World Travel Awards (WTA).

In 2015, Hainan Airlines was ranked the eighth safest airline in the world by JACDEC. Hainan Airlines is the only airline from Mainland China in the top 10 list, and has achieved this honor for three consecutive years, from 2012 to 2014.

In 2009, HNA Group's Tianjin Airlines won the "Best Domestic Regional Airline of the Year", presented by the Centre for Asia Pacific Aviation.

Haikou Meilan International Airport is the ninth airport in the world and the second in China to receive Skytrax' 4-Star airport rating, and has the highest rating among Chinese airports.

Sanya Phoenix International Airport, which is ranked among the World's Top 100 Airports, by Airports Council International (ACI), was awarded the AIC's "Best VIP Terminal in the World" award in 2013, and "Best Improvement in Asia-Pacific" award in 2012.

Our Tangla Hotel won the "Six Star Diamond Award" by the American Academy of Hospitality Sciences and is the world's sixth hotel brand and the first in Mainland China to win this prestigious global award.

### Spreading 'boundless kindness'

*"a thriving civil society depends upon a people's habits, customs, and ethics – attributes that can be shaped only indirectly through conscious political action and must otherwise be nourished through an increased awareness and respect for culture." (Francis Fukuyama).*

The HNA spirit value system represents the common philosophy shared by everyone at the HNA Group. They are universal values cherished by many human societies alike, and combine all our positive aspirations 'Truth, Goodness and Beauty', love, innovation and justice. The essence of the HNA spirit is kindness, which is selfless. It is consistent with Buddhist principles of 'compassion, altruism and wisdom. Indeed, our development history over the past 22 years is a journey of practicing and spreading the spirit of boundless kindness.

### Promoting the spirit of 'stewardship'

By promoting the spirit of 'stewardship', HNA extends the reach of its corporate social responsibilities through service to better support the needs of the general public. Always committed to 'doing good for society, and doing good for others', we use all means at our disposal to help people in need whenever help is required.



### Case: A 37-hour cross-border rescue – Deer Jet helps injured girl return to China from South Korea

On 19 March, 2014, Deer Jet, a subsidiary of the HNA Group, signed a strategic cooperation agreement for Chinese aeromedical jet services with Golden Meditech (Hong Kong) and CSOS (Shenzhen), inaugurating the official establishment of the largest and most professional aeromedical jet service provider – Deer Jet Medical Co., Ltd. The company serves as a lifeline for patients in danger, wherever they are in the world, through seamless integration of ground-to-air rescue operations.

On the evening of 21 October 2014, Ms. Li from Hangzhou in China was critically injured in a car accident in South Korea. Local media in Hangzhou reported the story on 27 October, appealing for help to send the girl back to China for medical treatment. Deer Jet reacted immediately and contacted her family to make aeromedical jet arrangements, so she could be transported from Seoul as soon as she was stable enough to be treated in Beijing. The plane took off from Shenzhen in the early morning of 2 November, arrived in Seoul at 3:00 AM, returned from South Korea at 8:25 AM, 3 November, and landed in Beijing at 10:20 AM. Ms. Li was transferred to the Tiantan Hospital immediately after the landing. The air rescue mission was a resounding success.

### Case: Delivering freshwater for people in Male

In December 2014, generator units at the desalination plant of Male, capital of Maldives, were damaged in a fire. The incident led to a severe freshwater emergency in the country, affecting approximately 150,000 local residents. Ten tons of bottled mineral water was donated by the Chinese government and delivered by Hainan Airlines flight HU7951 from Beijing to Male.

### The inclusive spirit of voluntarism

Staff volunteer service is the main vehicle for us to promote the ideals and practices of corporate social responsibility across the HNA Group, as well as an effective channel to spread the spirit of voluntarism to the public. By encouraging our employees to take part in volunteer activities, we strive to promote the HNA corporate culture of 'doing good for society, and doing good for others' outside the company, thereby raising the public's awareness of volunteer services and attracting more people to participate in volunteer events.

HNA Youth Volunteer Association was officially inaugurated in July 2006, followed by the launch of the HNA Volunteer Association in 2011. As of 2014, there are more than 3,500 HNA volunteers. We have implemented a large number of volunteer events throughout China, including 'Litter-Free Beaches 2014', HNA Hope Primary School', 'Caring the Elderly', 'Tree Planting Volunteer Action', 'Typhoon Ramasun Rescue' and 'HNA Brightness Action 2014', which were actively participated in by HNA volunteers (up to 24,000 person-times) and equal to 135,000 total hours of volunteer service.

As of 2014

**3500**

HNA volunteers registered

**135,000**

hours of volunteer service





### The readiness to support a just cause

Heroes who step forward to save the lives and properties of others in an emergency are indispensable in maintaining positive energy in society, and should be respected and rewarded as role models. Through its support for a just cause initiative, HNA appeals for more people to pay attention to the lives of our heroes, promoting the spirit of taking up supporting a just cause and spreading positive energy of our time.

In January 2014, the HNA Group began sponsoring "Pride of Hainan – Heroes Around Us (2014)" jointly with Hainan Provincial Committee of Communist Youth League, Hainan Foundation for Justice and Courage, Hainan Province Cihang Foundation, Hainan Radio and Television News Channel and HNNTV. Later in December, the Group donated RMB5mn for the 3rd consecutive year to China Foundation for Justice and Courage. HNA Home for Samaritans was launched in Ningxia, Guangxi, Hainan and Yunnan, benefiting 84 heroes in financial difficulties.



### Social innovation and Venture

Innovation and entrepreneurship are the driving forces behind social progress. At HNA, they are the key ingredients for dynamic business growth. By supporting private innovation and entrepreneurial undertakings, HNA contributed greatly to mass entrepreneurship and innovation initiatives.

HNA Group Social Innovation Venture Contest was held in Beijing in June, 2014. During the competition, higher education institutions, social organizations, enterprises, NPOs/NGOs and individuals across China were invited to contribute their plans and ideas about projects to protect public interest through social innovations through social entrepreneurship, offering solutions to achieve sustainable development of the Chinese economy and society.

The HNA Group Social Innovation Venture Contest

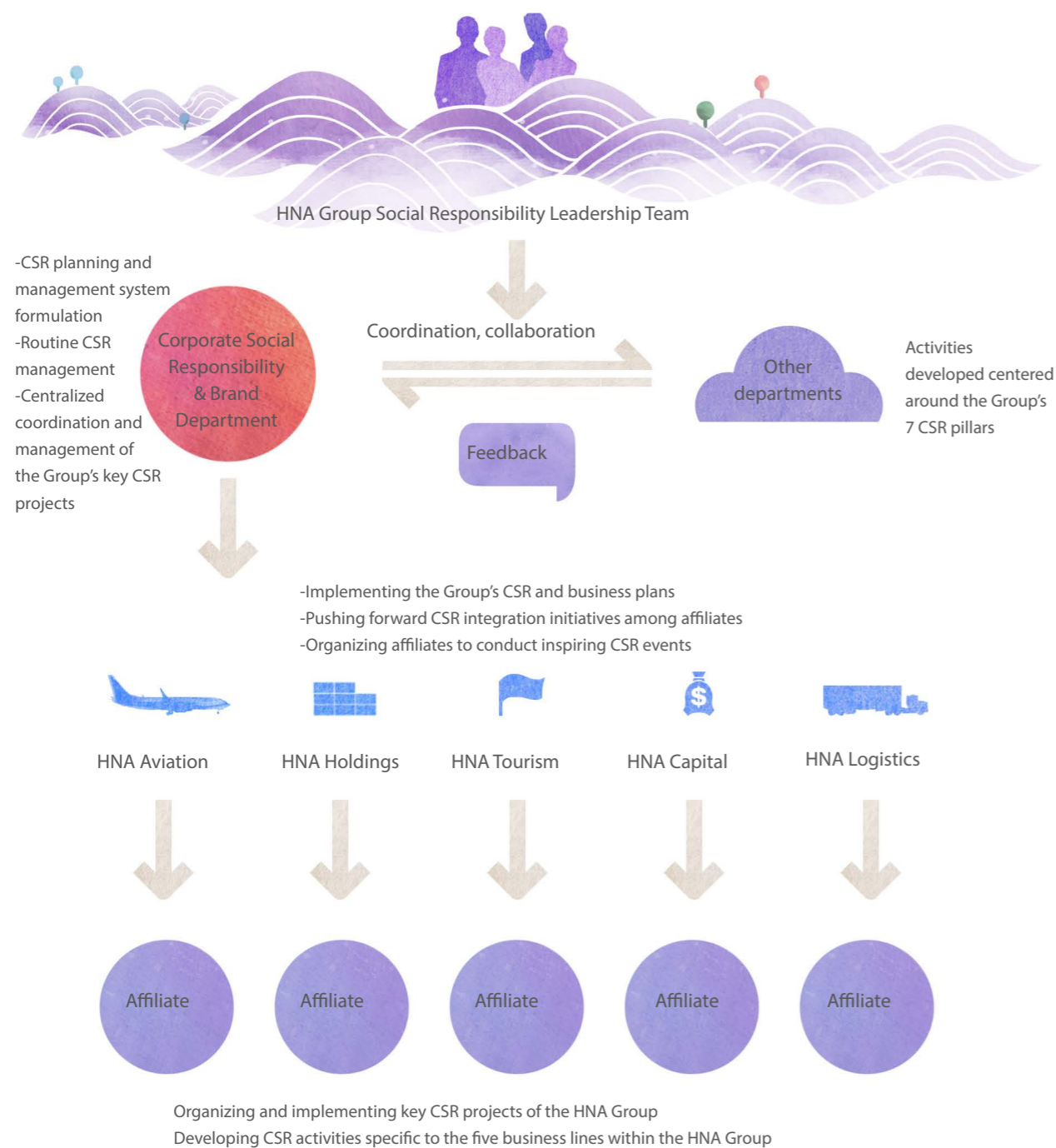
Year	Topic	Input
2011	Sustainable development in Hainan	RMB400,000
2012	Helping the disadvantaged	RMB1.2mn
2013	Education development	RMB4.71mn
2014	Environmental protection	RMB1.8mn





## Social Responsibility Governance

The HNA Group has established a social responsibility working team comprising the Group's social responsibility leadership team as the decision-making body and the Corporate Social Responsibility & Brand Department as the central management body, operating on the basis of HNA's three-tier management and control system.



## Corporate social responsibility development planning

In 2014, the HNA Group identified seven pillars around which to practice corporate social responsibility for the following three years in the HNA Group Corporate Social Responsibility Development Plan (2015-2017), formulated according to the international CSR standards, ISO26000.

CSR practice	Key points
Mission	Practitioner of Buddhist compassion, altruism and wisdom; and a pioneer of the New Commercial Civilization
Organization governance	Integrating CSR ideals into HNA's decision-making system; setting up a mechanism for involving stakeholders in CSR undertakings
Labor practices	Safeguarding employees' basic rights and interests; enhancing HNA staff satisfaction and well-being; developing a platform for company-staff shared growth
Fair operating practices	Operating in strict accordance with business and professional ethics to ensure legal compliance throughout production and business activities; asserting leadership to encourage partners across the value chain to fulfill their social responsibilities
Consumer	Respecting consumers' basic rights; providing universal services; promoting sustainable consumption
Environmental protection	Promoting eco-friendly, circular and low-carbon development; pushing forward the formation of a green consumption model
Community involvement and development	Giving back to the community; conducting active social investment in support of community development

## Communication with stakeholders

HNA places great importance on regular communications with all stakeholders, including shareholders, the government, partners, clients, employees, local communities, the media and non-governmental organizations, aiming to increase mutual trust and understanding, and strengthen collaboration between HNA and its stakeholders.





Stakeholder	Communication and collaboration in 2014
Employees	10 major public activities (e.g. 'My HNA, My Home' and 'HNA Send Love Home') were conducted 1.072 million copies of the 14 issues of HNA's internal publication, HNAer, have been distributed
Community and public	31 large charitable activities were organized; benefiting and involving a total of 1.52 million people 538 beneficiaries underwent cataract surgery through 'HNA Brightness Action', with an aggregate of over 8,000 participants HNA volunteer activities comprised nearly 24,000 person-times and a total of 135,000 hours of volunteer service The HNA Group posted 373 WeChat articles in full-year 2014; attracting over 400,000 readers and 340,000 responses; in addition to 1,392 microblog posts
NGO and social organizations	Continuous or newly established cooperation ties with 31 Chinese and international non-profit organizations and NGOs including UNICEF, UNESCO and WWF Teaching practice based in partnership with Peking University, Fudan University and Renmin University of China, Communication University of China
Media	Strengthening communication and public opinion monitoring conducted jointly with major media organizations and internet portals Organized media visits to HNA to help media organizations gain a better understanding of the company
CSR research organization	The fourth HNA Group Social Innovation and Business Venture was held jointly with 21st Century Business Herald, with the participation of 214 teams HNA participated in the "Journey of Responsibility Sharing" organized by the Research Center for Corporate Social Responsibility, Chinese Academy of Social Sciences HNA participated in two successive China Charity Fairs HNA has been actively involved in the United Nations Global Compact initiative

### Case: In-depth communication and cooperation with UN Compact

The United Nations Global Compact online forum was held in the Ethiopian capital, Addis Ababa, 10-11 June, 2014. HNA attended the event as the only Chinese participant, and shared its experience on sustainable development and challenges in routine operations during the special forum on sustainable development in Africa.

The Global Compact Network China Annual Conference to mark Chinese best practice was held in Beijing on 10 February 2015, where the HNA Group won the "Social Responsibility Management and Reporting Best Practice of 2014" award, presented by Global Compact Network (China).



# Making work more enjoyable

> **110,000**  
Total no. of employees

**76** Hours  
Length of training received per employee

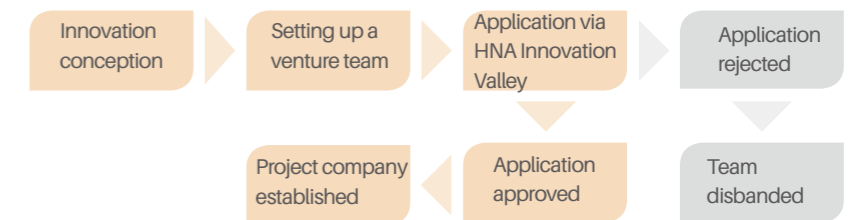
RMB **4.893** Million  
Financial aids for employees with financial difficulties

**16,339**  
No. of training sessions received by employees

**12.6** Days  
Average paid annual leave per employee

## HNA Innovation Valley – let your dreams take wing

HNA Innovation Valley was launched in February 2014 to attract innovation proposals from staff members and choose a select number to implement within the Group through its extensive technology and resources. The striking, geometric, blue logo HNA Innovation Valley logo was featured on the HNA Group intranet on 10 April and, within two weeks, had attracted 217 ideas. By the end of 2014, 160 proposals received through the HNA Innovation Valley were successfully implemented.



### Case: XIAO'ER Car Service

In 2014, the 'Hainan Tourist Car Rental' project was initiated by staff members at HNA headquarters within the framework of the HNA Innovation Valley. From concept through project assessment and team setup, it took only 48 days before XIAO'ER Car Service Technology Co., Ltd. ("XIAO'ER Car Service") was designed and passed project incubation assessment. In January 2015, the XIAO'ER Car Service App officially went live online. XIAO'ER Car Service is a B2B2C car rental platform based on the internet technology. It provides users with one-stop travel services and aspires to become a leading car rental platform for Chinese travelers visiting tourist attractions.



## Development starts with people

Since founding, HNA has always placed strong emphasis on staff development, with an orientation toward employees being the builders and creators of the HNA enterprise. The company is perceived as a stage for staff members to fulfill their personal values, improve living standards and achieve higher spiritual and cultural attainments. HNA is committed to grow together with our employees.

### A complete talent development system

In 2014, drawing its expertise and experience, the HNA Group introduced a talent development and management system which covers key elements such as talent appraisal, training, talent selection and appointment, and staff incentives. This system leverages best practices in China and abroad, and builds on HNA's 'managerial competency model' and the 'manager development path' as the basis. The system offers a platform for the development of potential management candidates.

### A complete set of facilities for personnel selection and succession planning

On the Group level, HNA developed the HNA Group successor program for core management positions; successor programs for core operations positions in HNA industry groups and affiliates, the HNA Group international talent team-building Three-Year plan, and the Group's High Potential Talent (HPT) initiative. HPT training program: HPT candidates are trained through temporary on-the-job training, training tours, internal experience sharing, and teamwork collaboration assignments, to provide them with more development opportunities.

### A high-tech human resources system

At HNA, a scientific HRM system is in place to realize data management for basic training resources, training process management and performance appraisal. In particular, the introduction of the e-learning platform gives every employee full access to an extensive range of training resources; ensuring equal opportunities for personal development.



## Case: WeChat-based learning platform

In order to set up a learning platform within the WeChat network - to enable easy and continuous transfer of knowledge, and encourage continuous, enjoyable learning among staff members - "HNA Retailing Mini-classes" went live on 20 May, 2014 to promote product knowledge, post-training expertise, managerial skills and industry current mini-courses to HNA employees. A total of 260 modules have been posted via the "Mini-classes" so far, and various activities such as quizzes and 'question competitions' were developed. These activities have gained the interest of more than 1,600 employees, making the online platform a new medium for knowledge sharing and exchanges among HNA staff members, as well as an effective tool to enhance team cohesion.

The HNA Group abides by international labor standards, and fully respects the principles of equal opportunity, staff diversity, equality of sexes (female employees currently account for 45% of HNA's total headcount) and races, and equal pay for equal work. In addition, during the internationalization of the HNA Group, we adhered to a strategy of global investment vs. localized operations and an open, fair and impartial employment environment. This safeguards against any discrimination on the ground of race, skin, religion, gender, nationality, ethnicity or age, and ensures that all employees are enabled to fulfill their full potential.

As of the end of 2014, the number of HNA employees working overseas increased to over 7,000; and foreign managers accounted for 57% of the management teams in HNA overseas subsidiaries. In the case of Aigle Azur (France) and myCARGO (Turkey), in particular, local residents represent 99.8% and 98.8% of the entire work forces, respectively.

In addition, we helped our employees balance work and family, making it easier for them to switch between roles at work and at home. In 2014, lectures on women's health and health checks for frontline workers were organized to give substantive attention to the health of our female staff members. 'Women as Advocates of the Rule of Law' lectures were conducted to raise women's aware of the importance of their rights under law; female fitness courses were provided together with ballet classes, to offer fun, leisure activities for women employees.

## Diversity and equal opportunity

As of the end of 2014

> **7,000**  
the number of HNA employees working overseas

> **57%**  
foreign managers accounted for 57% of the management teams in HNA overseas subsidiaries



### Building a participatory enterprise

The HNA Group hopes that labor unions at various levels will take staff representative conferences seriously as an important system for safeguarding employees' democratic rights and economic interests. These conferences serve as a platform to ensure the involvement of all staff members in democratic decision-making, management and supervision activities. In this way, employees are provided with a channel to express their wishes in a rational way, which serves as a procedural safeguard for the implementation of collective agreements reached through equal consultation.

Furthermore, the HNA Group has innovated a staff complaint and feedback platform with the introduction of new apps and channels to allow direct, online contact with the Group Chairman, and HNA Forum and HNA Correspondence communication channels, developed using latest internet-related information technologies. Since the introduction of the HNA Chairman Mailbox in August 2007, 2,048 emails have been received and replied to. The mailbox has proven an effective tool for two-way communication between the staff and the leadership.

#### Case: 'Dialogue with the Chairman'

Since 2008, the Labor Union of the HNA Group has organized several dialogue events between staff representatives and the HNA Group Chairman, covering a range of topics, including compensation and housing allowances. Similar dialogues with the president were also conducted by HNA industry groups. Staff members are invited to attend regular management meetings, and company leaders conduct face-to-face communications with grassroots level employees to seek their opinions and address their concerns. As a result, the internal communication mechanism at HNA has been improved, resulting in enhanced team cohesion and management standard.

### Work-life balance

#### Ensuring employees' mental health

Around the world, the accelerating pace of life and growing job stress have led to increasing psychological problems among the working population. HNA places great importance on the mental health of employees, and has been making serious efforts to support employees and help them build confidence and attain their full potential with a positive attitude toward life and work.

HNA Employee Assistance Program (EAP) advisor team-building: With the wide geographical spread of airline employee teams, external EAP consultation alone is not enough to support staff needs at HNA. Therefore, the Group selected approximately 100 EAP advisors in 2011 and 2012 to receive special training to help them support their colleagues. All EAP advisors have obtained the EAP Advisor Training Certificate issued by the Ministry of Human Resources and Social Security.

#### EAP training

EAP training is included in the onboarding program for new employees

EAP training is provided for junior management staff as part of their training course, in order that they can apply key mental health knowledge in their routine management activities.

“ The work of EAP is seminal. We give the seed to everyone and hope that it'll take root in our hearts and grow into a tree, sheltering our soul from harm. ”

—HNA Technik EAP Advisor, Wang Juan

#### Recreational activities

In 2014, the HNA Group held more than 1,000 recreational activities for over 100,000 employees. Every staff member has access to at least one event each month. These events play an important role in enhancing team cohesion and promoting a healthy lifestyle; in addition to enriching leisure.

In 2014

> 1,000

the HNA Group held more than 1,000 recreational activities

recreational activities for over

100,000

employees



HNA I-Run



# Dedicated customer service

84%

Hainan Airlines customer satisfaction index

88%

West Air customer satisfaction index

## Creating a new tourism ecosystem

Founded in 2007, HNA Tourism has developed a new tourism ecosystem integrating industry-specific resources at HNA affiliates ranging from aviation, tourism, tourism finance and hospitality to IT/internet and mobile internet for tourists. Today, brands under HNA Tourism include Capital Airlines, Deer Jet, Caissa Touristic, Hong Thai Travel Services, Tangla Hotel and Henna Cruises. With its extensive service network covering Asia, Europe and America, served by 144 planes; and routes encompassing 160 cities, HNA Tourism has the largest business jet fleet with more than 80 planes in Asia featuring the latest models. It also operates over 440 hotels in China and overseas, 525 cars for rental, 151 travel service outlets, and serves nearly 30 million tourists each year.

Capital Airlines, a subsidiary of HNA Tourism, enhances passengers' experience by incorporating a fashionable, cultural dimension into its services and offers a unique "Beijing style" fleet.

Caissa Touristic and Hong Thai Travel Services have won the trust of customers through professional services, showcasing an extensive global network of high quality travel services. Specifically, Caissa Touristic focuses on overseas market expansion, and has become the leader in China's outbound tourism market with an airlines + tourism cross-industry business model.

More than 440 HNA hotels are located in 170 cities in nearly 30 countries worldwide. They are divided into NH and Tangla hotels as the two main brands. Tangla, in particular, is positioned as a world-class hotel originated in Asia and open to the world. It is one of the first few accredited 6-Star deluxe hotels in China.

As the largest business jet operator in Asia, Deer Jet has received AGUS Platinum 5-Star rating and IS-BAO certification. Its fleet comprises 84 planes including all mainstream models today. Its operational network covers all major regions in the world.

HNA Tourism won the "Asia's Leading Travel Management Company 2014" and "China's Leading Travel Management Company 2014" awards presented by World Travel Awards, in recognition of its sustainable development approach, creative business model and outstanding global development achievements. It is the only Chinese travel service provider to win these major international travel awards.

8.95 out of 10

Tianjin Airlines customer satisfaction index

9.8 out of 10

Lucky Air customer satisfaction index

## Inclusive services

### 5-Star service renowned world-wide

HNA Aviation has expanded its global presence through its air transport subsidiaries; has entered all segments of the industry china by developing supplementary businesses including plane maintenance, repair and operations (MRO), general aviation (aviation school), business travel services (sales), ground support and air logistics; and begun financial, investment and other new ventures as new growth drivers. Its goal is to become a major, leading international aviation group, both in terms of company size and service standard. It will have a global orientation, supported by a firm foothold in the Chinese market.

As of the end of 2014, HNA Aviation had nearly 350 planes and over 600 routes in China and overseas, serving more than 200 cities all around the globe. HNA Aviation has logged 7 million hours in flight, free from accidents, and transports over 59 million passengers every year.



### HNA Holdings contributes to socioeconomic development

HNA Holdings seeks to establish itself as an industrial and financial group focusing on aviation, real estate and commerce as its three core businesses. As of January 2015, HNA Holdings had RMB180bn in total assets, with annual revenue exceeding RMB37bn. It owns five listed companies (Hainan Island Construction – 600515; Haikou Meilan International Airport – HK00357; Xi'an Minsheng Group – 000564; HNA Investment Group – 000616; and Shougang Concord Technology – HK00521); 9 airports; 15 holding properties; and 330 retail stores. HNA Holdings contributes more than 34,000 jobs to society.



### A world-class integrated tourism service operator

As a large modern tourism service group, HNA Tourism operates businesses in the aviation, tourism, IT/internet, investment and finance, hospitality and food sectors. Its extensive service network covers Asia, Europe and America, served by 144 planes; its routes cover 160 cities; HNA Tourism has the largest and most modern business jet fleet in Asia (more than 80 planes); operates over 440 hotels in China and overseas; has 525 cars for rental; 151 travel service outlets; and serves nearly 30 million tourists each year.

### Comprehensive financial services and financial transaction service provider

HNA Capital is a fully licensed financial services entity, including traditional and innovative financial businesses such as leasing, insurance, trust, securities, futures, investment banking, funds and factoring. In 2013 and 2014, its subsidiary, Bohai Leasing, acquired global container leasing companies, SEACO and Cronos, making HNA Capital the largest container leasing operator in the world. Another subsidiary, Yangtze River Insurance Brokers, is the first Chinese insurance intermediary licensed for online sales, and is widely recognized as the leader among all Chinese navigation risk management service providers. Jointly with SF Airlines and Hong Kong and Shenzhen branches of the Bank of Communications, Bohai Leasing completed the first SPV aircraft leasing project for two Boeing 737 cargo aircrafts in Qianhai bonded zone – the first bonded-zone SPV aircraft leasing project completed through cross-border RMB loans.

### Modern logistics operator and solution provider

HNA Logistics focuses on logistics-related investment, logistics finance, logistics technology, modern shipping, equipment manufacturing and professional logistics. The entity integrates finance and technology as its two core business drivers. As of 31 December 2014, HNA Logistics had total assets of over RMB70 billion, nearly 7,000 employees and revenues totaling RMB10 billion in 2014.



## Customer-oriented innovations

Innovation is the cornerstone and driving force for the long-term development of our businesses. At HNA, we optimize our corporate structure, carry out business restructuring and ensure sustainable growth by innovating service models and raising employees' service awareness. Based on an in-depth understanding of our customers and industry-specific needs, subsidiaries under the HNA Group adopt new technologies to improve service quality and information dissemination, and employ advanced devices enhance customer experience.

### Case: Life saving at Haikou Meilan International Airport

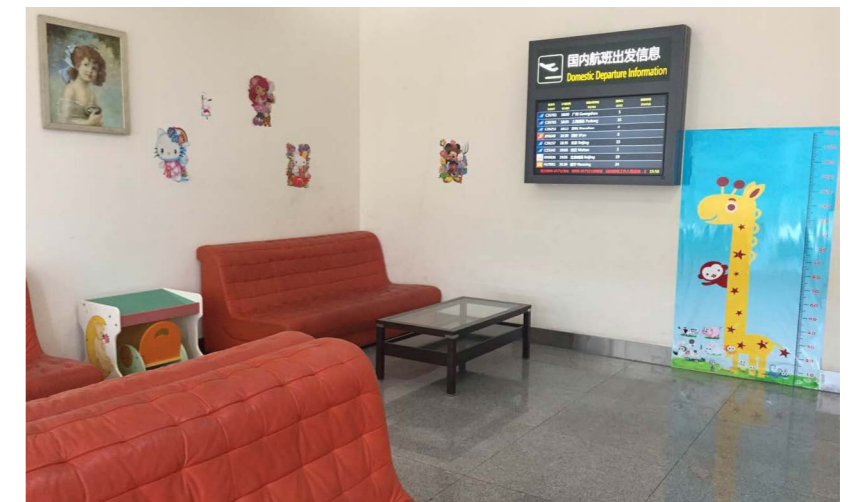
An Automated External Defibrillator (AED) is a portable medical device that works to restore the heartbeat of people suffering from cardiac arrest. To ensure passenger safety, 10 AED units were installed at the terminals of Haikou Meilan International Airport on 5 June, 2014. It is the second AED-equipped large civil airport in China, and the first in Hainan Province.

At 9:53 am on 25 November 2014, a taxi made an emergency stop at the police post near Entrance A of the domestic terminal. A young passenger had suddenly lost consciousness. The police helped the family move him out of the taxi and carried out cardiopulmonary resuscitation and defibrillation. The airport's medical staff were at the scene four minutes later, at 9:57, and continued with professional first-aid. By 10:33, the young man had resumed unassisted breathing and his blood pressure had returned to normal. He was then transferred by ambulance to Haikou Municipal Hospital for further treatment. Sudden cardiac arrest must be treated within 4 minutes for the best chance of complete recovery. In this case, the young man received timely first aid thanks to the swift response of the police and medical team at the airport.



### Case: '10m<sup>2</sup> of Kindness' for breast-feeding mothers and babies

With passengers' needs as the top priority, Meilan airport provides personalized services for customers. In 2014, it was approved as a certified airport for the "10m<sup>2</sup> of Kindness" initiative sponsored by UNICEF and National Center for Women and Children's Health (China CDC). Five well signposted, private spaces for breast feeding have been set up in the departure, secure and arrival areas of the domestic and international terminals. The initiative aims to encourage breast-feeding among new mothers and show respect for their choice in public areas.



### Case: China's first self-service airport check-in

On 21 April, HNA debuted self-service check-in at Baiyun Airport in Guangzhou, making HNA the first airline in China to introduce this type of service. It only takes about 20 seconds from printing the luggage tag to completion of the check-in process. All a passenger needs to do is to place the luggage (with the tag attached to it) on to the conveyor. Breaking the bottleneck of traditional manual check-in, this self-service check-in significantly streamlines the process and makes airport operations much more efficient.

## Enhancing customer satisfaction

### Customer safety first

The HNA Group reinforced process management in 2014, calling on its subsidiaries to implement a safety accountability system and perform safety supervision and management functions, focusing on role fulfillment and the results. With improved closed-loop management capabilities to identify and solve potential problems, the standard of safety operations was significantly enhanced. In 2014, HNA Aviation has experience zero accidents as a result of human error, and the company outperformed the industry average across all safety operation indicators.

Accident rate per 10,000 hours due to human error

0

General aviation accidents per 10,000 flights due to fault by airlines

0

Aircraft ground accidents per 10,000 flights due to fault by airlines

0

### Case: Hainan Airlines listed again among the “safest airlines in the world”

As the first Chinese civil aviation operator to implement a safety management system (SMS) pilot program, Hainan Airlines commits itself to creating a positive corporate culture centered on operational safety and minimizing core risks by applying risk management principles and incorporating quality management in all central safety management processes. As a result, the company has developed a mature and comprehensive safety management system, with active discovery and innovations made in aviation safety management and establishing a strong aviation safety culture. The latest JACDEC data, published in January 2015, ranked HNA as No. 8, making it the third time the airline has made the top ten list of safest airlines globally, and top in Mainland China.

### Consumer protection

The HNA Group always acts in strict compliance with the state’s laws and regulations, and does its best to protect customers’ interests and privacy. The Group holds customer-related events on these important topics, including ‘Respect your right to know’ and ‘Member Days’.

### Customer satisfaction management

HNA has a hi-tech, user-friendly and secure customer management system. The Group can constantly monitor and improve customer service quality through customer satisfaction surveys and data analytics capabilities.

	2014	2013	2012
Hainan Airlines	84%	84%	84%
West Air	88%	88%	89%
Lucky Air	9.8	9.70	9.00
Tianjin Airlines	8.95	8.49	9.21

Source: Customer satisfaction results of Tianjin Airlines and Lucky Air are referred to China Customer Satisfaction Index (CCSI)



### Case: Improving on-time flight performance through fast waypoint transit

To minimize the time needed for ground support operations and to improve on-time performance, HNA developed new fast-transit operation regulations. Fast-transit operations have been implemented from 20 October 2014, covering 3,276 flights up to 31 December 2014. Of these, 1,239 flights experienced no time delays, saving an average of 4.4 minutes per flight.

### Case : Fast-track rescheduling of disrupted flights

A self-service flight rescheduling feature was launched on HNA’s website in January 2014. This allows passengers on delayed or cancelled flights to reschedule their own journey onto another flight within a three-day time period. This feature offers a fast and convenient alternative to telephoning their travel provider. HNA also launched an interactive service option for irregular flights on its WeChat webpage on 17 November, 2014. Passengers affected by flight delays or cancellation and wanting to reschedule their flights, can interact with a customer services officer online via the website or by entering “BZCHB”, to access priority flight reschedule services.



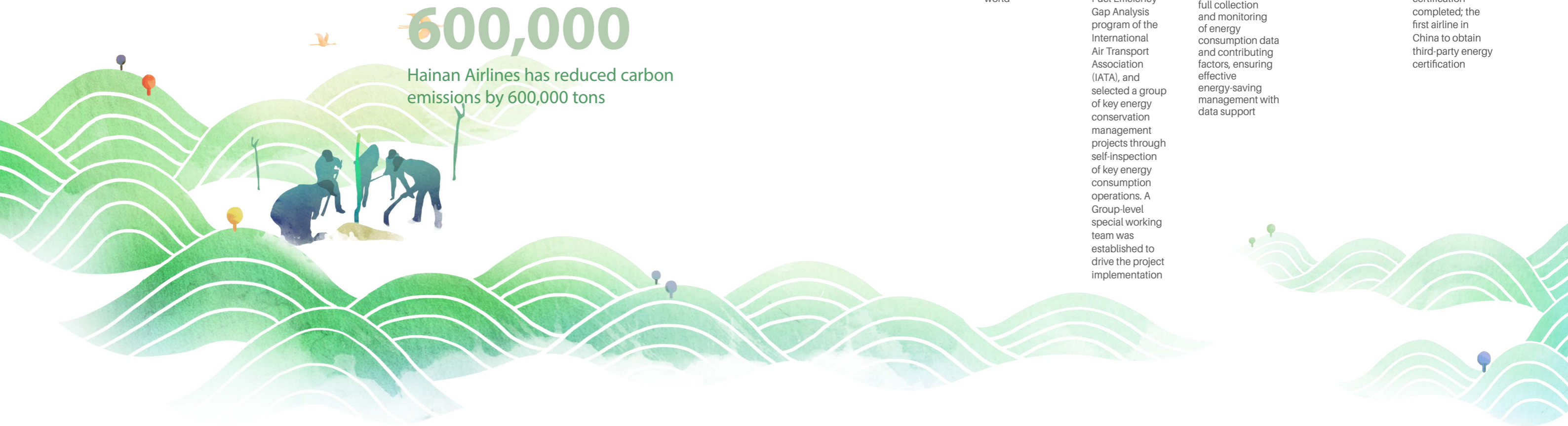
# Make the world a greener place

## 200,000

Since the launch of its energy conservation initiative in 2008, Hainan Airlines has saved an aggregate of 200,000 tons of oil

## 600,000

Hainan Airlines has reduced carbon emissions by 600,000 tons



### The first Chinese airline to achieve energy management system certification

Hainan Airlines initiated its new energy management system in March 2014. Based on previous fuel saving projects, the Company looked at various factors affecting energy consumption throughout the production and business operation process in accordance with national GB/T23331 standards and certification requirements for the transportation businesses. Systematic controls and management processes were put in place, together with transparent internal energy consumption data, which represented a significant step toward comprehensive energy consumption control. On 22 January 2015, Hainan Airlines' energy management system certification was officially completed, making us the first Chinese airline to obtain a third-party energy management system certification.

**2006**

Learnt from the experiences of energy-saving airlines in the world

**2008**

Took the lead among Chinese airlines in introducing the Fuel Efficiency Gap Analysis program of the International Air Transport Association (IATA), and selected a group of key energy conservation management projects through self-inspection of key energy consumption operations. A Group-level special working team was established to drive the project implementation

**2010**

Established a flight data integration and application system to realize full collection and monitoring of energy consumption data and contributing factors, ensuring effective energy-saving management with data support

**2014**

Energy management system officially commenced

**Jan. 2015**

Hainan Airlines' energy management system certification completed; the first airline in China to obtain third-party energy certification

### 'Green HNA' strategy

Strategically positioning itself as a promoter of a green lifestyle, a provider of green services, a green industry leader, and a pioneer of green development, the HNA Group strives to create a green corporate culture, promote green development, and ultimately achieve sustainable growth.



### Green procurement

In response to the government's call for green development and environmental protection, the HNA Group adapted its procurement strategy, with priority given to new products with energy-saving features, increasing the input in recyclable products, while minimizing the use of disposable supplies. In its aviation and hotel businesses, HNA has reduced the weight of disposable supplies by 20%, achieving win-win results in terms of long-term corporate development and environmental protection. In addition, we have amended supplier management processes to further standardize supplier introduction operations, specifying that production/manufacturing suppliers should submit environmental protection and social responsibility details for review, and their relevant operations must conform to the Ministry of Environmental Protection's standards, laws and regulations regarding water environmental protection, ambient pollution, soil pollution, nuclear radiation and electromagnetic radiation protection, among others.

### Reducing our environmental footprint

#### Aviation

As we build on our service standards and global influence, HNA attaches great emphasis on harmonizing environmental and economic benefits and practicing environmental responsibilities as a corporate citizen. Since 2009 the HNA Group has reduced flight fuel consumption through the introduction of new winglets and high-end electronic devices. As a result, we have achieved more eco-friendly flight operations, which have led to the increased competitiveness of the HNA fleet.

### Case: Airbus A320 installed with Sharklets

Sharklets are the wingtip devices developed by Airbus especially for the A320 series. According to statistics released by Airbus, for a long haul flight of 3,000 sea miles, Sharklets improve fuel efficiency by 3.5%. Based on the premise that every A320 plane flies 4,000 hours a year, fuel consumption can be lowered from the current 2.5 tons per hour to 2.4 tons per hour; Sharklets can also reduce carbon emissions by 700 tons every year. Although Sharklets are optional for existing A320 models, the HNA Group have ordered Sharklets be installed on all the 12 A320 planes to be delivered, borne out of economic and environmental considerations.

### Case: Boeing 787 engine performance upgrades

In the third quarter of 2013, GE released new configurations for engine GENX-1B (installed on Boeing 787) performance upgrades, and HNA opted for the performance upgrade to be applied before delivery for all six B787s pending delivery at the earliest opportunity. In addition, four B787 planes delivered earlier will also be upgraded to the new configuration during engine maintenance operations at GE. The upgraded engines reduce fuel consumption by more than 1.1%, equivalent to reducing carbon dioxide emissions by 1.1% relative to the original configurations. This translates to a saving of around 226 tons of fuel per plane a year.

### Hospitality

The HNA Group upholds its belief in providing consumers with healthy, suitable and highly efficient spaces, while minimizing resource consumption and pollution of the environment. HNA Hospitality Group has been exploring ways to reduce energy consumption and emissions in HNA hotels, by adopting energy-saving appliances, water-saving systems and waste separation and recovery.

### Case: NH Hotel Group launches "Cork2Cork" initiative

NH Hotel, a subsidiary of HNA, launched the innovative "Cork2Cork" program in 2011, whereby NH hotels in Spain, Italy, Germany, France, Belgium and the Netherlands recycle corks to reduce its impact on the natural environment. To date, 1,994 kg of corks have been recycled and made into 8,000m<sup>2</sup> of flooring and wall covering for hotel renovations and new hotel construction.





### Logistics

In 2014, HNA Logistics continuously improved the environment, safety and health management systems by applying advanced technologies to conserve energy in vessels and transportation.



#### Case: Building green, eco-friendly ships

In 2014, HNA's Jinhai Heavy Industry made a series of experiments to lower energy consumption in shipping.

-A "twisted rudder" has been adopted by some Jinhai Heavy Industry vessels, resulting in 2%-3% reduction in vessel energy consumption and improved propulsion leading to 5%-7% energy savings.

-Travelling at the same speed conditions, the adoption of new propellers saves 5%-10% of main engine power consumption.

-ESS energy-saving systems monitor operational status and makes appropriate adjustments to ensure minimum energy consumption while meeting operational requirements.

By applying drag-reducing, coating techniques, vessel hulls can be made smoother to reduce friction and, by extension, provide better energy consumption with improved fuel efficiency.

### Practicing green living

The HNA Group encourages its affiliates to conduct public environmental activities to put into practice a green development philosophy. In 2014, companies under the HNA Group mobilized their employees to take part in public environmental events including Earth Hour and A Clean Coastline.



The HNA Group  
Earth Hour

"Earth Hour" was held for the fourth consecutive year. Between 20:30 and 21:30, lights in HNA offices, decorative lighting in HNA hotels, reading lights and the entertainment system on HNA flights and lighting in staff working areas of HNA cruises were all switched off during the "Earth Hour".

HNA Aviation Green travel

During the Golden Week holidays, HNA promoted the philosophy of green travel for a cleaner world to travelers on its official website, WeChat and microblog accounts, and through passenger cabin platforms.

HNA Holdings' A Clean Coastline'

Affiliates of HNA Holdings participated in 10 environmental protection activities including A Clean Coastline and Blue Ribbon. More than 150 bags of garbage were recovered from the 50km coastline of Sanya, Haikou.

Tianjin Datong Construction  
'Building a Green Home Together' - Youth Day Campaign

Tianjin Datong Construction organized a Building a Green Home Together - Youth Day Campaign to promote its green philosophy to the public.

Hunan HNA Retailing  
Huxiang 100 km Trailwalker

Hunan HNA Retailing organized 45 volunteers to take part in the Huxiang 100km Trailwalker 2014 to advocate protection of water sources and wetlands.

# Caring for society

**>80** million  
 More than RMB80 million was  
 donated in 2014 alone

**900** million  
 Since 1993, HNA has donated RMB900  
 million to charitable causes

**30** million  
 RMB30million worth of donations  
 were made to relief efforts for  
 Typhoon Rammasun

## 10th anniversary of HNA Brightness Action

In 2003, in order to achieve the World Health Organization's global objective of eliminating avoidable blindness and implement a national blindness prevention programs, the National Prevention of Blindness technical steering group launched the "Brightness Action - Qinghai-Tibet Plateau" in the Great Hall of the People in Beijing. HNA responded proactively to the appeal and launched its 10-Year HNA Brightness Action program in Banma County (Qinghai Province) in July 2004, to provide cataract surgery for people with low-incomes. Since then, the HNA Brightness Action program has toured Banma and Nangqian in Qinghai, Litang in Sichuan, Xing'an League in Inner Mongolia, Korla in Xinjiang, Lintao in Gansu, and Yichang in Hubei. In 2010, as HNA's overseas businesses continued to grow, HNA Brightness Action was brought to Zimbabwe, Malawi and Mozambique in Africa. By the end of 2014, nearly 5,300 cataract surgeries have taken place.

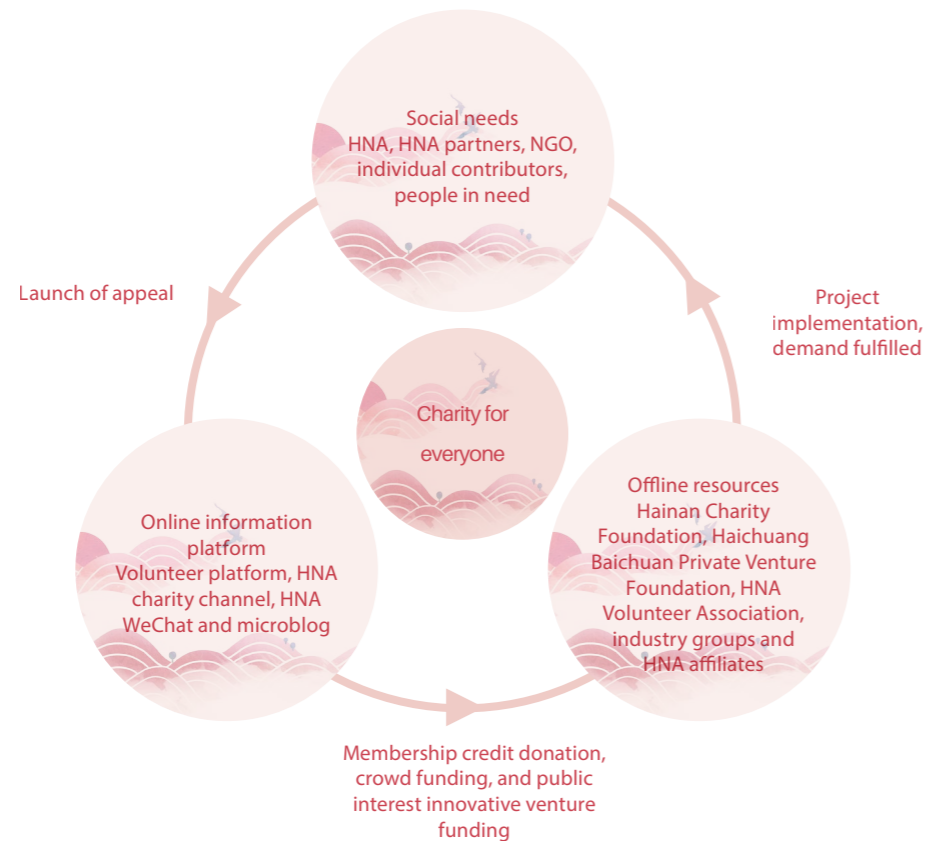
The 10th Anniversary of Brightness Action celebration was held in Beijing on 19 October, 2014. Through commendations and retrospective exhibitions of the journeys of Brightness Action during the past 10 years were replayed at the celebration. The HNA Group won the "Outstanding Contribution to Brightness Action" award.

Time	Location	Number of beneficiaries
July 2005	Lhasa, Nyingchi, Xigaze (Tibet)	200
October 2005	Litang (Sichuan)	200
July 2006	Nangqian (Qinghai)	60
August 2006	Xing'an League, Bayannaer League, Alxa League, etc. (Inner Mongolia)	300
December 2006 - May 2007	Hainan	500
September 2007	Korla, Ili (Xinjiang)	1000
December 2007	Lintao County (Gansu)	500
September 2010	Xiahe County (Gansu)	66
November 2010	Malawi, Zimbabwe	612
March 2011	Zimbabwe	514
September 2011	Mozambique	300
October 2012	Yichang (Hubei)	247
August 2013	Nangqian (Qinghai)	240
August 2014	Nangqian, Banma (Qinghai) and Ganzi (Sichuan)	538
Total		5277



### Exploring new corporate philanthropy models

In 2014, the HNA Group developed an effective model for how corporate philanthropic undertakings can solve social issues through innovative technology. A preliminary philanthropy model was also constructed integrating online and offline activities



### Hainan Province Cihang Foundation

In 2010, the HNA Group launched its private, charitable foundation, Hainan Province Cihang Foundation. In October 2013, the Group donated 20% of its equity to Hainan Province Cihang Foundation, making the Foundation the largest shareholder of the HNA Group. Hainan Province Cihang Foundation has served as an important platform for HNA to fulfill its corporate social responsibilities and give back to society.

### HNA volunteer platform

The HNA volunteer platform is a nationwide volunteer service platform sponsored by the HNA Group to manage basic information of volunteers and their service hours using IT. In addition, by developing volunteer service mapping, clock cards and local event functionality, the platform serves to facilitate participation in volunteer activities, and attract more participants. In the future, the HNA volunteer platform will tap into the resources available within the HNA Group which will be introduced to business partners, prestigious higher education institutions, local volunteer service organizations and the media. By broadening its boundaries, we hope to attract more volunteers to take part in philanthropic activities, sharing the service experience. Please add us to your favorites list for more updates.



### HNA Philanthropy Platform

The HNA Philanthropy Platform is designed to attract more members of the Chinese public to participate in public interest activities and projects. Specifically, the 'membership credit donation' element is an important section of the platform, calling for HNA members to show their support for HNA philanthropic undertakings by donating their member points or mileage. In 2014, two events - Take My Dream with You and HNA Send Love Home were organized through membership credit donations. The donations were transferred into a credit pool, converted to flight tickets on a regular basis, and then donated to children from remote rural areas or low-income university students to help them make home journeys. Please add us to your favorites list for more updates.

### Case: Gathering the power of love through innovations

During HNA 'Send Love Home' 2015, the HNA Group will leverage its technological edge in the mobile internet age to convert funds raised into membership points, combining industry with philanthropic causes. This will ultimately lead to the formation of an innovative "3 in 1" model for charity undertakings, characterized by business integration, crowd funding via membership points and participatory charity. As of December 2014, several crowd funding channels have been launched, including a membership credit donation on the online HNA Jimpeng member shopping mall and the Charity Jogging program, jointly sponsored with Gu Dong Jogging Software and the I RUN competition held by HNA in Haikou. The distance that participants ran during the competition was connected with Jimpeng Mileage and mini games on WeChat. In response to the appeal, members of the Jimpeng Club donated 50,000km of love mileage; participants in "Gu Dong" across China collected 1,957,737 km of kindness mileage; over 3,000 participants in the I-RUN marathon contributed 150,000km of love mileage; 25,318 people joined a Parkour game, promoted on the HNA Group's WeChat page and collected another 956,670km of love mileage. A total of 4,823,570km of kindness mileage was raised for HNA Send Love Home, equivalent to circling the equator 120 times!

### Case: "With Love, With You" – HNA Charity Night

With Love, With You HNA Charity Night 2014 was held in June 2014. All auction proceedings - close to RMB600,000 - were donated to the Hainan Province Cihang Foundation for poverty alleviation projects. In addition, the Caring for Children with Autism and HNA Send Love Home programs were conducted to raise funds to buy desks for children with autism at Haikou Tianyi Special Education Training Center, and pay the surgery costs for low-income children with congenital heart diseases in Hainan Province.

### Poverty alleviation

As of December 2014

91

91 HNA Wells were drilled in 18 cities and counties

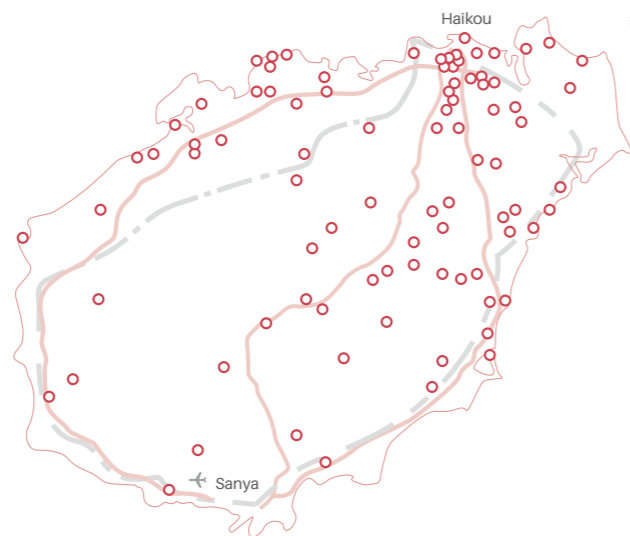
> 200,000

HNA Wells benefited over 200,000 local residents

### Wells for Acid Areas

Hainan is an island surrounded by the sea. However, the terrain is elevated in the middle of the island while the surroundings are flat, which is not beneficial to the storage of rain water, and rivers directly flow into the sea. The west has many basalt areas, so water cannot be retained by stones and most people store water in water containers which is not hygienic, and the agricultural industry is completely dependent on the weather.

In 2003, upon HNA's 10th anniversary, the 'Wells for Acid Areas' program was inaugurated to solve the issue of water shortage both for people's livelihood and agricultural irrigation. As of December 2014, the HNA Group has drilled 91 wells in 18 cities and counties including Haikou, Qionghai and Lin'gao, benefiting over 200,000 local residents.



"Were it not for this well, all our villagers here would still be drinking groundwater. The teeth of many villagers have turned yellow, because groundwater is not clean."

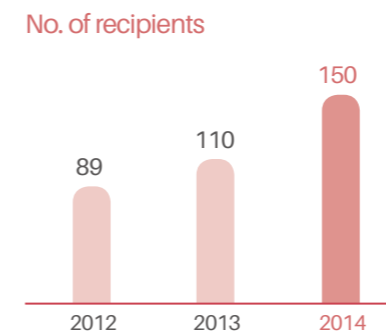
—A villager of Sanjiaoling village, Limushan, Qiongzong County

### 'Send Love Home'

The Spring Festival is the most important holiday for family reunions in China. However, some people cannot afford to return to their home towns due to financial difficulties or distance. The Hainan Province Cihang Foundation launched HNA Send Love Home in 2013 to offer free flight tickets for them to travel home and celebrate Spring Festival with their families. This program has been warmly received by people from all walks of life throughout the past two years since its inauguration.

In January 2015, the HNA Group kicked off its third Send Love Home event jointly with the Hainan Province Cihang Foundation, and free flights were offered to 150 university students from low-income families, Chinese students studying overseas, western development volunteers, migrant workers and their children and family members.

“ My family lives in a small town in Suixi County, Guangdong Province. It takes me more than 20 hours to go there by train. I'm so grateful for the free flight offered by HNA Send Love Home. It shortened the distance between me and my family to 8 hours, so I will be together with my family today, Valentine's Day. I'll pass this kindness on, and help more people whenever I can!  
Peking University student, OU Shuting took HNA flight HU7805 (Beijing-Guangzhou) back home  
14 February, 2015 ”





Disaster relief

The HNA Group is always there to help whenever a major natural disaster occurs. Super Typhoon Rammasun hit Hainan Island on 18 July 2014, and caused serious damage to local communities. Haikou, Wenchang and Qionghai were particularly badly damaged. More than 3.26 million people in 216 counties/ townships in 18 cities were affected by Rammasun, resulting in direct economic losses of RMB11.9 billion. Buildings in the worst-stricken areas in Haikou and Wenchang were completely flattened. The victims suffered severe food and water shortages, and lacked basic life necessities. In the face of the super typhoon, HNA reacted immediately and carried out company-led rescues, as well as contributing to disaster relief operations.

Main disaster relief donations in 2014	
Rammasun	RMB30 million
Donations to earthquake orphans in Yushu	RMB391,800
Earthquake relief in Ludian, Yunnan	RMB5 million

Educational assistance

Since its inception, the HNA Group has supported 47 education assistance projects with an aggregate investment of over RMB64 million, involving prestigious higher education institutions in Hainan, central and western regions and other parts in China. In 2011, the Group launched the HNA Treasure Island Scholarship and Grants program to support exceptionally talented students and local students in Hainan from low-income families. In 2014, HNA invested RMB1.5 million to assist 200 students in completing their studies. In September, HNA donated RMB1.4 million to send the fourth batch of 10 students from Banma Tibetan Language Charity School in Qinghai to study at Sanya aviation and tourism vocational college.



Charity program	Year	No. of beneficiaries	Investment(10,000)
HNA Treasure Island Scholarship and Grants	2011	70	60
	2012	70	60
	2013	97	90
	2014	200	150
Fourth group of students from Banma Tibetan Language Charity School to study at Sanya aviation and tourism vocational college	2011	9	97.24 (for 3 years)
	2012	9	119.08 (for 3 years)
	2013	10	93.42 (for 2 years)
	2014	10	46.7075 (for 1 year)



## Global citizenship

Our vision is to establish HNA as a world-class enterprise and global brand, contributing to the well-being of mankind and a peaceful world. We will fulfill our responsibilities as a global corporate citizen - this is the driving force for further organic growth and an important foundation for our global business expansion.

### Change for good

Hainan Airlines became the first airline in China to participate in UNICEF's Change for Good® on 1 September, 2013. We launched HNA Change for Good® on the Beijing=Haikou flights, appealing for passengers to donate their spare change to the UNICEF program and help poverty-stricken children to fulfill their full potential. On 21 October, 2014, the same appeal was made on 16 Hainan Airlines flights (Beijing-Sanya, Haikou-Pudong, Guangzhou-Qingdao and Beijing=Seattle, Toronto, Berlin and St. Petersburg), drawing passengers' attention to the health needs of Chinese children.

### Nutritious meal for Ghana schools

In 2013, the HNA Group signed a 5-year cooperation agreement with the World Food Programme (WFP), pledging to donate RMB2 million every year between 2013 and 2017 to WFP via Hainan Province Cihang Foundation, making a total of RMB10 million to be spent on the 'Nutritious Meal' program for Ghana schools, providing food that can be brought home for local schoolgirls. Since its launch in 2013, the program has helped provide 3,900 Ghanaian girls with a free lunch every school day, including 8 kg cereals, 33 g salt and 2 kg cooking oil per student per month. The efforts have been well received by people across the local communities.



### Saving children in Haiti

In July 2010, the HNA Group began a collaboration with UNICEF to support the global children protection initiative. From 2010 onward, we have made an annual donation of RMB2 million to UNICEF, donating a total of RMB10 million, to be used for UNICEF's Save the Children in Haiti program, dedicated to improving the local conditions for children.

### Education protection for women in Africa and Asia

In February 2014, the HNA Group began cooperation with UNESCO, pledging to donate a total of US5 million during the next five years to support UNESCO's women education protection efforts in Africa and Asia.

### Promoting cultural exchanges between China and Africa

During the Boundless Kindness Cihang Classic opera concert held on the evening of 24 December, 2009, the HNA Group promised to donate RMB1 million to the China-Africa cultural exchange project of Hainan Province Cihang Charity Foundation. The funds will be used to set up an HNA scholarship program at the three African Confucius Institutes - at Cairo University in Egypt; the University of Khartoum in Sudan and at Rhodes University in South Africa. Over the next four years, the Confucius Institutes will select 24 candidates from the scholarship applicants for financial assistance. So far, two batches of scholarships have been granted - with 24 students receiving scholarships. The final batch of scholarships will be granted to 12 more recipients in 2015. The HNA scholarship program has been developed to promote cultural exchanges between China and African countries.



### Continuous Improvement Plan

Through our dedicated efforts over the past two decades, the HNA Group has made great strides in its corporate social responsibilities. Nevertheless, we know there is still room for improvement – further development of our corporate social responsibility system; enhancement of our employees’ understanding and perception of corporate citizenship; and further integrating CSR activities with management, production and business operations.

The Group will continue to build and improved its operations until 2017 in six key areas, in accordance with the HNA Group Corporate Social Responsibility Development Plan (2015-2017): organizational governance, human rights and labor practices, fair operational practices, consumer-related issues, environmental protection, community involvement and development.



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## INDEPENDENT ASSURANCE STATEMENT

### Introduction and objectives of work

BUREAU VERITAS has been engaged by HNA GROUP CO.,LTD (hereafter referred to as "HNA") to conduct an independent assurance to 2014 CORPORATE SOCIAL RESPONSIBILITY REPORT (hereafter referred to as "the Report") of HNA. This Assurance Statement applies to the related information included within the scope of work described below.

This information and its presentation in the report are the sole responsibility of the management of HNA. Bureau Veritas was not involved in the drafting of the Report. Our sole responsibility was to provide independent assurance on its content.

### Scope of work

- Data and information included in the report for the **report period from 2014.1.1 to 2014.12.31**;
- Appropriateness and robustness of underlying reporting systems and processes, used to collect, analyse and review the information reported;
- The assessment team visited HNA head-quarters (located in HNA Plaza, No.7 Guoxing Road, Haikou, Hainan Province), HNA Aviation and HNA Technik (located in Hainan Airlines Air Base Meilan International Airport, Haikou, Hainan Province) and relative functional departments, BV did not visit other site and its stakeholders.

### Excluded from the scope of our work is any assurance of information relating to:

- Activities outside the defined assurance period;
- Positional statements (statements of beliefs, goals, future intention and future commitment);
- The financial data in Report which is separately audited by an external auditor and therefore excluded from the scope of the Bureau Veritas assurance.

### Methodology

As part of its independent assurance, Bureau Veritas undertook the following activities:

- Interviews with relevant personnel of HNA;
- Review of documentary evidence produced by HNA;
- Audit of sampled CSR performance data;
- Assessment of data and information systems for collection, aggregation, analysis and review.



Our work was conducted against Bureau Veritas' standard procedures and guidelines for external Assurance of Sustainability Reports, based on current best practice in independent assurance. For this assignment, we have used the verification rules and instructions IAS3000, AA1000 and GRI G4. The work was planned and carried out to provide reasonable, rather than absolute assurance and we believe it provides a reasonable basis for our conclusions.

### Our findings

On the basis of our methodology and the activities described above, it is our opinion that:

- The information included in the report are objective, reliable and free from material mistake or misstatement;
- The report covers branch and subsidiary companies of HNA Group, discloses HNA economic development, employee care, customer responsibility, environmental protection and community charity etc. CSR issues.
- During the process of assurance engagement, BV also identified some improvement opportunities to be included in the "Key areas for ongoing development".

### Key areas for ongoing development

Based on the assurance work conducted, the following opportunities for improvement have been identified for HNA:

- 1) On the basis of information system of HR, operation, safety, HNA consider to establish CSR quantitative index system according to GRI (G4) and ISO26000:2010 standards requirements.
- 2) In order to improve the report responsiveness, HNA considers to establish stakeholders participation mechanism for evaluating and selecting the key concerned CSR issues of stakeholders.

### Statement of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specialises in Quality, Health, Safety, Society responsibility and Environmental management with almost 180 years history in providing independent assurance services. No member of the assurance team has a business relationship with HNA. We have conducted this verification independently, and there has been no conflict of interest.

**HUBERT DE-BONAFOS**  
 Director for Greater China Region  
 Bureau Veritas Certification  
 2015-06-03

**May Huang**  
 Assurance Team Leader  
 Bureau Veritas Certification  
 2015-06-03





# *About this Report*

This is the sixth annual social responsibility report published by the HNA Group. It contains important information about the Group's fulfillment of its social responsibilities and how it creates shared value. Readers may find further details on the HNA Group website: [www.hnagroup.com](http://www.hnagroup.com).

## (1) Reporting period

January 1 - December 31, 2014 (certain information contained herein falls outside this time range)

## (2) Data sources

Sources of information contained herein include internal HNA statistics, documents and reports, as well as third-party studies or interviews.

## (3) Reporting standards

Wherever possible, social responsibility reports of the HNA Group are compiled in conformity with internationally accepted standards for corporate social responsibility reports and information disclosure, as well as reflecting the Company's business characteristics. References used in drafting the report include:

International Standards ISO26000: Social Responsibility Guidelines (2010);

Sustainability Reporting Guidelines (G4 Edition) of the Global Reporting Initiative (GRI);

'The HNA Group Corporate Social Responsibility Development Plan' (2015-2017).

## (4) Definitions

"HNA Group Co., Ltd." is referred to in the report as "the HNA Group", "HNA", the "Group", "We", "Us" or "Our".

## (5) Report attestation

The HNA Group has engaged Bureau Veritas and an independent third-party report attestation service provider for the 'HNA Group Social Responsibility Report 2014'.

Details of the attestation report can be found on page 54 to 55.