

2022

China Airlines Sustainability Report



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Guidance for Reading the Report



COVID-19 Icon
Explanation of actions implemented in response to the pandemic



2050 Net Zero Carbon Emissions Special Column Icon
Explanation of actions implemented to attain net zero carbon emissions by 2050



Event Icon
Explanation of special incidents



Performance Icon
Represent our achievements and performance



GRI Icon
The corresponding GRI disclosure items



Refer to Icon
More information on other pages of the Report



ESG Icon
The icon is used to specify environmental / social / governance issues



China Airlines



Mandarin Airlines



Tigerair Taiwan

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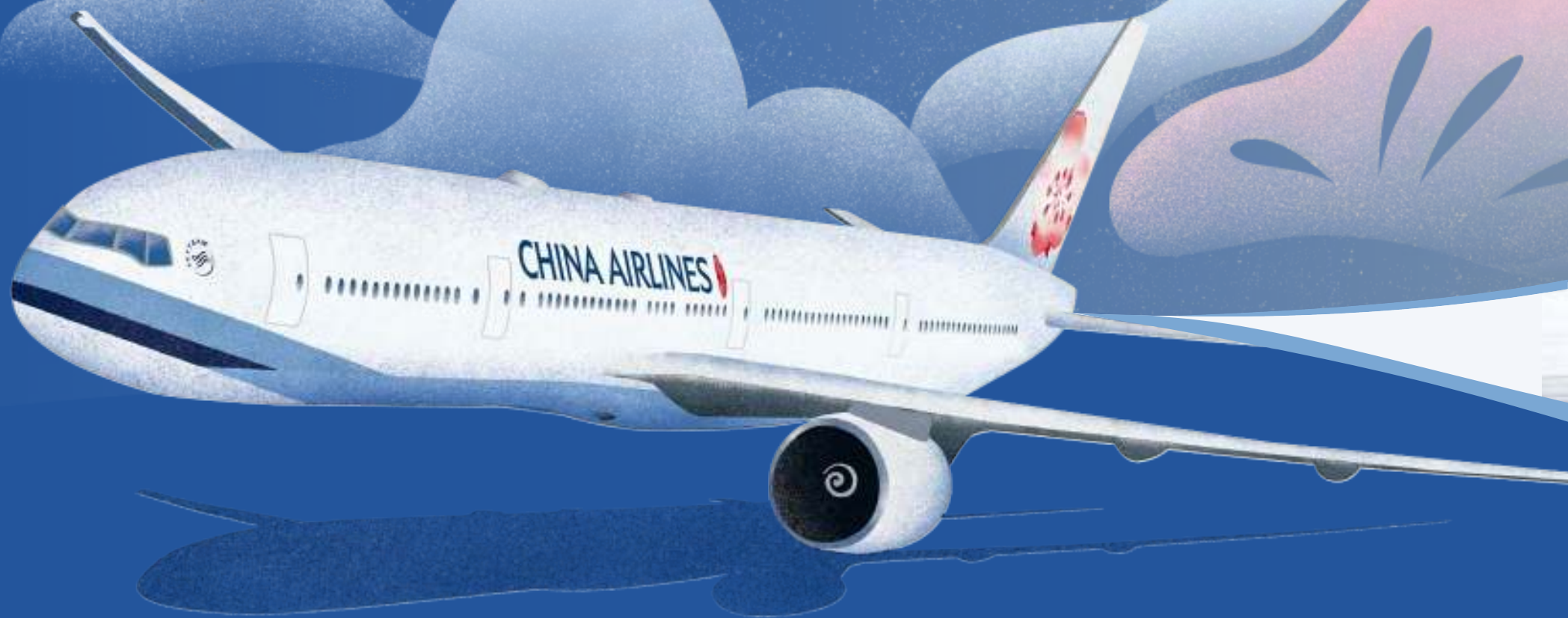
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About the Report (GRI 2-1, 2-2, 2-3, 2-5)

China Airlines (hereinafter referred to as "CAL") publishes corporate sustainability reports and discloses related information on its corporate sustainability website on a regular basis to maintain good and smooth communications with all stakeholders. During the novel coronavirus disease (COVID-19) pandemic, CAL remained committed to its mission and sense of responsibility for corporate sustainable development, and continued to promote sustainable environmental, social, and governance (ESG) practices. In the midst of the global pandemic, CAL continued to employ a flexible business strategy of focusing more on cargo than passenger operations, which demonstrated the resilience of its sustainable business operations. CAL provided assistance with multiple chartered and quasi-chartered passenger and cargo flights

and took on the burden of the transportation lifeline for Taiwan's economy and the fight against the pandemic. CAL became the only operator that sustained profits for three consecutive years despite the impact of the pandemic. CAL also continuously focused on climate change issues and became the first and only signatory of the Task Force on Climate-Related Financial Disclosures (TCFD) in the domestic aviation industry. To attain the target of net zero carbon emissions by 2050, CAL implemented the first large-scale carbon neutrality action with the "Net Zero Carbon Flights" in Taiwan in 2022 to jointly protect and pass on sustainable development of our home planet.



Cover Story



We used the return of passenger transportation in the post-pandemic era as the main theme of the design. Patterns of auspicious clouds trail from the empennage of the aircraft and famous sights from across the world adorn the design. They symbolize CAL's routes across the globe and communicates the idea that CAL has and always will take passengers to their dream destinations and into unknown excitement and adventures.

The cabin crew stretch out their arms as an invitation to everyone who yearns to travel. Join us and create unique and wonderful memories. Start your journey now! Collect and create your own travel stories from all corners of the world.

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Reporting Principles & Standard Disclosures

The Report is prepared in accordance with the International IR Framework published by the International Integrated Reporting Council (IIRC), Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, the GRI Standards Core Option published by the Global Sustainability Standards Board in 2021, the sustainability metrics of the Sustainability Accounting Standards Board published by the IFRS Foundation, Task Force on Climate-related Financial Disclosures (TCFD), and the United Nations (UN) Global Compact. The GRI Content Index, SASB Comparison Table, and UN Global Compact Comparison Table are described in the ESG Data and Appendix.

Basis of Report and Guidelines

- ✓ GRI Standards of the Global Sustainability Standards Board
- ✓ Sustainability metrics of the Sustainability Accounting Standards Board (SASB) by the IFRS Foundation
- ✓ Task Force on Climate-Related Financial Disclosures (TCFD)
- ✓ United Nations Global Compact
- ✓ United Nations Sustainable Development Goals (SDGs)
- ✓ Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies
- ✓ Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
- ✓ Corporate Governance 3.0
- ✓ Sustainable Development Guidemap for TWSE and TPEX Listed Companies

Note: The contents of the report follow the 8 major reporting principles of the GRI Standards: Accuracy, balance, clarity, comparability, integrity, sustainability, timeliness, and verifiability.



Report Period & Boundary

• Report Period

CAL discloses information from January 1, 2022 to December 31, 2022 in accordance with the GRI Standards. Some material information up to April 30, 2023 is also reported.

• Report Boundary

Considering commercial correlation between CAL and its subsidiaries and the financial materiality (Note), the Report discloses all information with a focus on CAL while information on Mandarin Airlines and Tigerair Taiwan is also disclosed and specified in certain parts of the Report. In consideration of future changes in the operations of the organization (e.g., mergers, acquisitions, and disposal), where it is necessary to display information for minority stakes in which CAL does not hold a controlling stake, a consistent methodology shall be adopted for information disclosure.

Note: China Airlines, Mandarin Airlines, and Tigerair Taiwan account for the 96% of the consolidated revenue.



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Guarantee of Truthful Reporting

Internal Audit

All data and information disclosed in the Report are provided by the responsible departments of CAL, included in the internal control system in accordance with the procedures for the preparation and verification of the Corporate Sustainability Governance Regulations and quality documents, proofread and examined by the Executive Secretary (Corporate Development Office), Corporate Sustainability Committee, submitted to the Chairman for review and approval, and then reported to the Board of Directors according to CAL Sustainable Development Best Practice Principles.

External Assurance

The Report has been verified by KPMG Taiwan in accordance with the GRI standards and the limited assurance of ISAE 3000. The truthfulness of the Report is guaranteed. Please refer to the ESG Data and Appendix for the Independent Limited Assurance Report

Data Quality Management

Financial data in the Report and data relating to ISO quality, information security, privacy information, environmental and energy management, greenhouse gas emissions, and occupational safety and health have been certified or verified by independent third parties.

Financial Data	Deloitte Taiwan
ISO 9001 Quality Management System	DNV GL
ISO 27001 Information Security Management System	TCIC
ISO 27701 Privacy Information Management System	TCIC
ISO 14001 Environmental Management System	DNV GL
ISO 50001 Energy Management System	DNV GL
ISO 14064-1 Greenhouse Gas Emissions	DNV GL
ISO 45001 Occupational Health and Safety Management System	SGS
TOSHMS Taiwan Occupational Safety and Health Management System	SGS



Publication History

This Report is published in both Chinese and English every year and available on the CAL's corporate sustainability website. The dates of release are as follows:

First edition release date	August 2014
Previous edition release date	June 2022
Current edition release date	June 2023
Next edition release date	June 2024

Note: CAL notifies GRI of the use of its Standards and the statement of use after the release of the Report each year.



Feedback

If you have any suggestions or questions about this report, please contact:

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Corporate Sustainability Website

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Letter from Management

(GRI 2-22)



Create Business Opportunities with New Ideas

Since the start of the pandemic, CAL has taken on the role of transporting pandemic prevention supplies such as masks, rapid test kits, and more than 120 million doses of COVID-19 vaccines between Europe, the Americas, Asia, and Oceania. Our commitment to providing high-quality transportation for medicine and outstanding services have not been hindered by the pandemic and we have worked hard with manufacturers of high-tech products and cargo distributors to ensure that all cargo shipments arrive at their destinations on time. CAL's performance in the global cargo transportation market in the two previous years was spectacular. As the world shook under the impact of the pandemic, we made full use of our advantages with continuous cargo flights that ensured non-stop delivery and maintained the economic connection between Taiwan and the world. CAL began developing cold chain logistics for pharmaceuticals in 2013 and took the lead in launching containers with active temperature control in 2014. CAL became the first aviation company in Taiwan to obtain the IATA CEIV Pharma certification in 2019 and renewed the certification in 2022, which ensured high-quality and stable cold chain transportation services. CAL is a pioneer in Taiwan's air cargo transportation market and has a wealth of experience in transporting precious antiquities, precision instruments, vehicles, large equipment, aviation materials, works of art, live animals, and other special goods.



中華航空
CHINA AIRLINES



Chairman
Su-chien Hsieh

S. C. Hsieh

President
Shing-hwang Kao

S. H. Kao



CAL is the designated carrier for precision instruments and machinery for renowned major manufacturers in Taiwan and abroad. During the pandemic, CAL quickly shifted its focus to cargo operations and fully utilized the capacity of its cargo aircrafts and belly cargo capacity on passenger aircrafts to attain outstanding cargo transportation records in the past two years. CAL also received international awards such as the Air Cargo Excellence Award from Air Cargo World and Air Cargo Executive of the Year Award for its professional services. CAL recently introduced the next-generation 777F cargo aircrafts to create a fleet of 22 aircrafts with the existing 747-400F cargo aircrafts. CAL continues to expand cargo operations and now serves 36 destinations across the globe.

As countries reopen, passenger transportation volume gradually recovered in the fourth quarter of 2022. The IATA estimates that the number of passenger flights in 2023 will return to 66% of pre-pandemic levels in 2023 and will fully recover in 2025. CAL continues its fleet renewal with the replacement of 737-800 by A321neo and replacement of A330-300 by 787-9 to target business opportunities in the recovery of the aviation market and optimize the flight network. We shall create business opportunities with new ideas to respond to the gradual recovery of the passenger travel market and business requirements.

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Sustainability Concepts and Implementation

CAL has always supported the United Nations Sustainable Development Goals (SDGs) and incorporated them into the Company's core philosophy and sustainability strategies to actively promote ESG and sustainability actions. During the pandemic, CAL took on its role of transporting pandemic prevention supplies, emergency medical care supplies, and COVID-19 vaccines. We transported a total of 120 million doses of vaccines across the world. CAL also obtained the IATA CEIV Pharma certification, which demonstrated CAL's capacity for high-quality transportation of pharmaceuticals. CAL's sustainability performance improves each year and the Company received the highest rating in the 2022 Dow Jones Sustainability Indices (DJSI). CAL distinguished itself among the 57 aviation companies included in the evaluation and ranked first overall in the global aviation industry. According to the results of the DJSI evaluation, CAL received the highest score in the global aviation industry in environmental and social categories. CAL received the highest possible score for environmental reporting, social reporting, human capital development, corporate citizenship and charity, passenger safety, sustainable marketing, and brand awareness, and received the highest score in the aviation industry in 10 categories including the environmental policy and management systems, efficiency of business and ecology, climate strategy, food waste and general waste disposal. The scores showed that CAL has successfully integrated its business strategy with sustainability and showed the sustainability of Taiwan's transportation industry to the world.

CAL has received wide acclaim in Taiwan and foreign countries for its long-term commitment to ESG and sustainability. In 2022, CAL received the "National Sustainable Development Award" from the Sustainable Development Committee of the Executive Yuan, the "National Enterprise Environmental Protection Award - Master Award" from the Environmental Protection Administration, and Silver Class in the S&P Global 2022 Sustainability Yearbook. CAL has also been selected consecutively as a constituent stock of the FTSE4Good Index Series and Taiwan ESG Index, and received recognition in the Global Corporate Sustainability Awards (GCSA) and Taiwan Corporate Sustainability Awards (TCSA). CAL pays close attention to climate change. We became Taiwan's first airline to sign and adopt the Task Force on Climate-Related Financial Disclosures (TCFD) and we published the first TCFD independent report in the global aviation industry. CAL also signed the Science-Based Target initiative (SBTi) and plans to complete target setting in 2023. In recent years, CAL accelerated the introduction of next-generation aircrafts that

are more environmentally friendly such as 777-300ER, A350, A321neo, 777F, and 787-9, optimized flight operations and ground service efficiency, used sustainable aviation fuel, set up renewable energy, enhanced aircraft repairs and performance maintenance, reduced the weight of aircrafts, and developed electric vehicles. We expanded our ESG sustainability management to the Group and the supply chain, and focused on improving flight efficiency and reducing the overall carbon footprint of operations to attain the highest carbon efficiency in the Asia Pacific aviation industry and actively pursue the goal of net zero carbon emissions by 2050.

CAL Takes to the Sky Against All Difficulties

As the global pandemic subsides, CAL continues its fleet renewal to increase market competitiveness. In addition to the brand-new 777F cargo aircrafts, CAL added brand-new A321neo narrow-body passenger aircrafts and plans to purchase 16 Boeing 787-9 passenger aircrafts to expedite business growth in the post-pandemic era. CAL provides services with a brand-new fleet and continues innovations to optimize the passenger experience such as upgrading the cabins of the 737-800 fleet to the first "in-flight wireless streaming video service" in the domestic aviation industry. Compared to narrow-body aircrafts of the previous generation, the A321neo fleet reduces fuel consumption by 15-20%, noise by 75%, and NOx emissions by 50%. It is also equipped with a cargo loading and unloading system, which increases cargo volume by 10-20%, free high-speed Wi-Fi text messaging, and upgraded cabin software and hardware services. When the eight new A321neo aircrafts were delivered to Taiwan, CAL made arrangements to use sustainable aviation fuels, as it did for A350 aircrafts to protect the environment. Sustainable aviation fuels reduce carbon emissions by 8% when compared with traditional fuel. CAL takes real actions to save fuel and reduce carbon emissions to support its commitment to net zero emissions by 2050, reduce greenhouse gas emissions, and protect the environment. CAL optimizes the expansion of routes to target the business opportunities in the economic recovery. We actively develop potential destinations in Southeast Asia and restore routes to Northeast Asia to satisfy citizens' demand for travel. We also gradually restore long-haul flights and increase the revenue from the six freedoms of the air. CAL is ready to take to the sky against all difficulties in the post-pandemic era.

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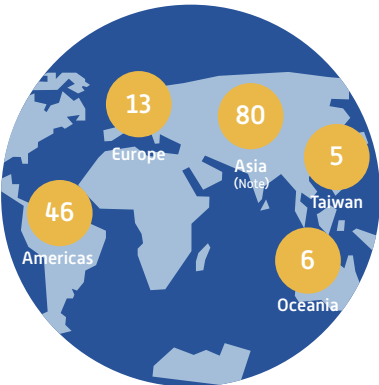
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Business Overview (GRI 2-1, 2-6)

CAL (2610) is the largest airline in Taiwan. Based in Taiwan Taoyuan International Airport, CAL mainly provides international passenger and freight air transport services. CAL has two subsidiary companies: Mandarin Airlines (serving domestic and regional markets) and Tigerair Taiwan (offering a low-cost business model). With three airline companies for market segmentation, shared resources, and mutual support, CAL provides a variety of options for customers. For more information on the business development of the fleet and route network, refer to Business Overview in [CAL's Annual Report](#). Through codeshare agreements with other airlines, the CAL and Mandarin Airlines offered flights to / from 29 countries and 150 destinations

worldwide, and Tigerair Taiwan served 28 destinations and 32 routes in 2022. The aviation industry faced tremendous challenges in 2022. With slowed global economic growth, geopolitical tensions, global inflation due to rising energy and food cost, tightened monetary policies implemented by central banks, resurgence of the pandemic, and interruption of the supply chain due to extreme weather events, and rising oil prices and wages have significantly increased overall operating costs (fuel, manpower, and quarantine costs). CAL Group's consolidated net profit was TWD 2.661 billion, and final profit after tax attributable to the parent company was TWD 2.86 billion. [Refer to 3-2 Operational Achievements](#)

Number of Destinations



Note: Excluding Taiwan

Passenger Load (including the CAL Group)

China	32.7%
Hong Kong	31.1%
Northeast Asia	34.1%
Southeast Asia	38.2%
Oceania	44.4%
America	52.3%
Europe	44.9%



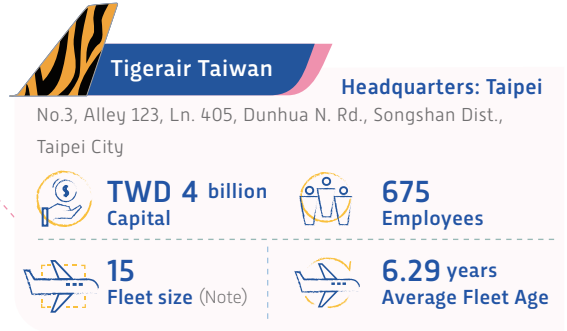
Destinations

(including the CAL Group and code-shared routes)

Destinations	150
Countries	29

Note 1: Statistics as of December 31, 2022.

Note 2: The latest destinations please refer to the [CAL website](#).



Note: As of April 30, 2023. For the latest operating fleet size and age, please refer to the [CAL website](#).

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2022 ESG Performance and Recognition



7th time selected for DJSI Emerging Markets Index

The only Taiwanese airline selected for DJSI Emerging Markets for six consecutive years and ranked in 1st place among the world's airlines.



7th time selected for FTSE4Good Index Series

Selected in the FTSE4Good Index Series for seven consecutive years.



Selected for the MSCI Index

Selected as a constituent stock of the MSCI Global Standard Indexes in 2022.



4th time in GCSA Award

CAL won the Sustainability Reporting Award for the fourth time and won the Gold Award in 2022.



9th time in TCSA Award

CAL won the Taiwan Corporate Sustainability Award for the 9th consecutive year and won the Sustainability Report - Best Report of the Year Award (Service Industry) for 2022.



4th time selected for FTSE4Good TIP Taiwan ESG Index

Selected in the FTSE4Good TIP Taiwan ESG Index for the fourth time.



6th time selected for the Sustainability Yearbook

CAL became the only airline company in Taiwan that was selected for the Sustainability Yearbook for the 6th time, won the Silver Award of the Sustainability Yearbook in 2022, and was ranked among the top 1% among aviation companies in the Sustainability Yearbook in 2023.



Taiwan Ratings maintained "stable" outlook

Despite the severe challenges to the industry during the pandemic, CAL demonstrated its resilience in operations in 2021 and the EBITDA remained positive, which was a stark contrast to the severe losses sustained by other international airline companies. In October 2022, Taiwan Ratings announced that CAL's long-term and short-term credit ratings were "twBBB+/twA-2" and the outlook remained "stable".



1st National Sustainable Development Award

Received the "Corporate Sustainable Development Award" in the first National Sustainable Development Awards organized by the Executive Yuan in 2022.



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Governance ③



Top 6%-20% of TWSE / TPEX listed companies

Selected as the top 6%-20% of the excellent corporation award in the Eighth Corporate Governance Review.



6th time selected for Taiwan EMP 99 Index and Taiwan HC100 Index

Selected in the Taiwan Employment Creation 99 Index and the Taiwan High Compensation 100 Index for six consecutive years.



1st Taiwanese airline to conduct and continuously enhance supplier sustainability audits

First Taiwanese airline to perform and continuously enhance supplier sustainability audits.



92 points In 2022, the score of supply chain sustainability risk assessment was 92 points

CAL has continuously implemented sustainable risk assessments for key suppliers since 2015. In 2022, the score of supply chain sustainability risk assessment was 92 points.



Core cyber security system passed certification

In 2019, the core information systems passed the "Information Security Management System (ISMS) ISO 27001: 2013 and obtained a certificate with a validity period of three years. CAL applied for and passed the recertification in 2022.



Added diverse payment functions

To provide passengers with more convenient and diverse payment methods, CAL started offering online LINE Pay payment functions on the CAL website and CAL app starting from July 19, 2022. CAL also offered LINE Pay services in marketing activities in the International Travel Fair (ITF) in Taipei for the first time and received enthusiastic responses from passengers.



11th time IOSA safety certification

CAL met the IATA Operational Safety Audit (IOSA) standards for the 11th time and continues to meet the highest international standards.



Co-organized the 2022 International Ground Safety Seminar

CAL organized the 2022 International Ground Safety Seminar in collaboration with the China Aviation Development Foundation, Flight Safety Foundation - Taiwan, and ROC Civil Aviation Society under the guidance of the Civil Aeronautics Administration of MOTC. The Seminar facilitated the sharing of experience and exchange of ideas between the industry, government, and academia to enhance the safety risk awareness of ground service personnel and continuously improve safety and quality in ground operations.



Co-organized the 2022 Aviation SMS Summit and 2022 Flight Operations and Safety Seminar

China Aviation Development Foundation and CAA organized the "2022 Aviation SMS Summit and 2022 Flight Operations and Safety Seminar" with the support of CAL to continue to promote effective operations of the flight safety management system in Taiwan and build a safe and stable air transportation service system.

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Environmental ⑥



The only winner of the “National Enterprise Environmental Protection Award – Giant Thumb Award” in the transportation industry

CAL received the highest honor of the Master Award in the fourth “National Enterprise Environmental Protection Award” of the Environmental Protection Administration, Executive Yuan.



DJSI

Highest scores in the global aviation industry in environmental performance of DJSI

CAL was selected in DJSI emerging markets index seven consecutive times and received the highest total score in the world for environmental performance, highest possible score in the environmental reporting evaluation, and the highest score in the aviation industry for the environmental policy and management systems, operational eco-efficiency, climate strategy, food waste and general waste disposal.



TCSA

9th Time in TCSA Climate Leadership Award

CAL has received the Climate Leadership Award for nine consecutive years since 2014, an unrivaled feat in Taiwan’s transportation service industry.



CDP

4th consecutive year with CDP SER Leadership rating

CAL has responded to the CDP climate change questionnaire for 11 consecutive years since 2012 and actively promotes and implements supply chain / value chain management.



1st company in Taiwan’s transportation industry to announce the “Forest and Biodiversity Conservation Commitment”

CAL became the first company in Taiwan’s transportation industry to announce the “Forestry and Biodiversity Conservation Commitment”.



Received green procurement in the private sector award from Taipei City Government

Mandarin Airlines implements environmental and energy management and encourages and promotes green procurement. It received an award for green procurement in the private sector from Taipei City Government in 2022.



Only airlines in Taiwan to use 10% sustainable aviation fuel (SAF)

CAL set a voluntary target for adding SAF and demonstrated its resolve for attaining net zero emissions by 2050.



1st to demonstrate “sustainable flights” and “net zero carbon flights” in Taiwan

CAL supported the SkyTeam in the “Sustainable Flight Challenge” by launching demonstrative sustainable flights and received the “Innovation Award – Best Sustainable Innovation Cargo” and “Collaboration Award – Best Employee Engagement.”

To celebrate CAL’s 63rd anniversary, CAL launched the first “Net Zero Carbon Flights” for all flights departing from Taiwan and purchased carbon credits for all passengers and cargo departing from Taiwan on the same day to attain carbon neutrality.

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Social



Over TWD 39.4 million in charity activities

CAL invested TWD 39,401,046 in charity activities in 2022.



10.8 million in donations

When the Russo-Ukrainian War broke out in 2022, CAL donated TWD 10 million in the name of the Group and the donation benefited approximately 4 million people. The TWD 800,000 in donations from the Pikachu Jet CI charity mini-tour was given to the Taiwan Fund for Children and Families and benefited approximately 50,000 people.



70,000 medical supplies transported

CAL transported relief supplies including 10,000 test kits and 60,000 masks to the people of Palau during the pandemic in 2022.



Over TWD 6.96 million in charity procurement

To support Taiwan's high-quality agricultural products and products of charity organizations, CAL purchased 2,443 cartons of pineapple sugar apples and 800 cartons of pomelos with a value of approximately TWD 2.11 million. CAL also purchased TWD 4.85 million in gift certificates of the Children Are Us Foundation to increase job opportunities and economic support.



Over 1,100 students

In 2022, the CAL Volunteers Club and Remote Rural Efforts Club voluntarily taught aviation courses in remote rural areas in full compliance with pandemic prevention regulations. The activities benefited 1,129 students.



370 senior citizens

senior citizens: Provided care for 370 disadvantaged senior citizens at three events in 2022.



98.41% union participation

98.41% of employees participating in corporate union.



Signature of the "Letter of Intent for Promoting Business and Human Rights in Taiwan"

In November 2022, CAL supported the government business and human rights campaign and signed the "Letter of Intent for Promoting Business and Human Rights in Taiwan".



Continuous Support for "TALENT in Taiwan"

CAL continued joining 2023 "TALENT in Taiwan" to jointly promote sustainable talent development with "CommonWealth Learning", and many other companies in Taiwan.

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2022/01

CAL has won 29 awards since its debut in the "Rose Parade" in the United States in 1987. This year, CAL worked with the Ministry of Foreign Affairs and the Tourism Bureau of the Ministry of Transportation and Communications to continue to promote cultural diversity in Taiwan. The float designed based on the theme of "Biking Around Taiwan" won the International Award in the Rose Parade.



2022/02

Received "Aviation Industry Silver Class" rating from global ratings institution S&P Global with a second-place ranking in the S&P Global Sustainability Yearbook.



2022/05

CAL won the "Best Cargo Sustainability Innovation Award" and "Best Employee Participation Award" in The Sustainable Flight Challenge (TSFC) of SkyTeam.



2022/06

Selected in the Taiwan High Compensation 100 Index for six consecutive years since 2017.

2022/07

Selected in the Taiwan Employment Creation 99 Index for six consecutive years since 2017.

2022/10

Selected as the Best Cargo Airline – Asia by Air Cargo News.



2022/11

Won the APEX Five Star Global Airline in 2023 from the Airline Passenger Experience Association (APEX) for the 7th consecutive year.



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2022/11



Received the highest honor of the Master Award in the fourth "National Enterprise Environmental Protection Award" of the Environmental Protection Administration, Executive Yuan.

The Administration Building of CAL Park received the "Diamond Green Buildings Label" from the Ministry of the Interior.

Won the Sustainability Report Awards in the Taiwan Corporate Sustainability Awards (TCSA) for the 9th consecutive year and the Global Corporate Sustainability Awards (GCSA) for the 4th consecutive year.



2022/12

Rated the "Best Airline in North Asia" by the renowned American travel magazine Global Traveler in the 19th annual reader survey.



Selected as a constituent stock of the Dow Jones Sustainability Index (DJSI) for the 7th consecutive year, which ranked first in the global aviation industry.



Received the "Corporate Sustainable Development Award" in the first National Sustainable Development Awards organized by the Executive Yuan in 2022.



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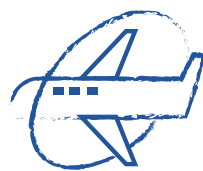
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2050 Net Zero Carbon Emissions Special Column

Attain Net Zero by 2050

CAL complies with the IATA and national carbon reduction targets by leading the industry in announcing the “target for achieving net zero carbon emissions by 2050” in October 2021. CAL also outlined short, medium, and long-term objectives for flight operations, ground operations, and use of sustainable aviation fuel. In addition, CAL has participated in discussions regarding SBTs since 2017 and discussed the reduction targets for the aviation industry through the IATA platform. CAL signed the Science Based Targets initiative (SBTi) in 2022 to ensure that related carbon reduction targets meet the global carbon reduction targets set in the Paris Agreement of the UN.



Strategy, Approach, and Carbon Reduction Path for Attaining Net Zero Carbon Emissions

CAL implements 5 core strategies to achieve long-term carbon emission reduction targets (as shown in the figure above; the area of each strategy represents its contribution to carbon reduction). They include: Fuel efficiency improvement (e.g., implementation of various fuel saving and carbon reduction measures and continuous improvement of load factor), upgraded TCFD operations and emergency response systems, promotion of the use of sustainable aviation fuel (SAF), timely participation in international carbon control mechanisms (e.g., CORSIA, EU TS, and UK ETS), timely introduction of new technologies (e.g., continuous introduction of energy-efficient aircrafts, and the monitoring and evaluation of developments of hydrogen-fueled aircrafts / short-range electric aircrafts, aiming to strive for the best price and timing of entry introduction). CAL also continuously strengthens international cooperation with IAGOS-PGGM. The data and information it collected help support international climate change research by the United Nations and strengthens CAL's route management and climate resilience in operations. CAL establishes a climate governance framework using its Sustainability Committee, Environmental Committee, and the TCFD operation platform. Key results are reported to the Board of Directors each year for supervision and management, ensuring the company's continuous progress on its decarbonization pathway towards achieving the 2050 net-zero carbon emission target.

Refer to **2-3-2 Climate Change Mitigation and Adaptation for the management framework and procedures**

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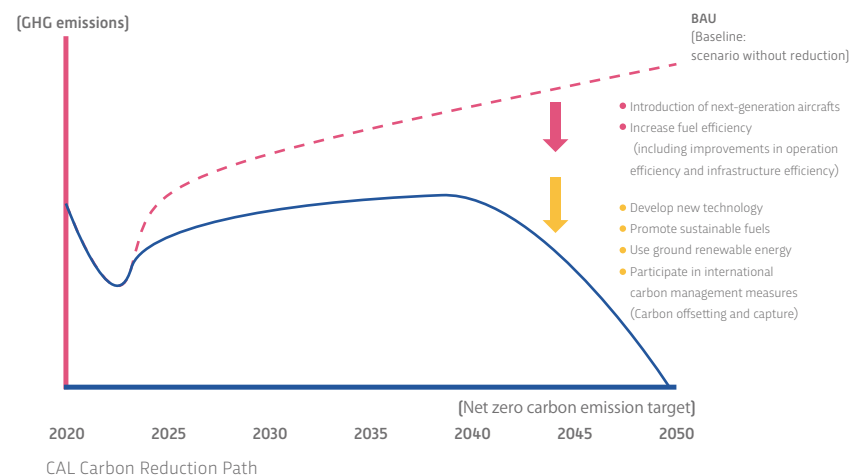
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Net Zero Carbon Flights – Invite Customers to Value Low-carbon Flights

CAL celebrated its 63rd anniversary (December 16, 2022) with “Net Zero Carbon Flights”. The “ECO Travel” carbon offsetting platform developed by CAL in collaboration with Climate Impact Partner, a British professional environmental protection organization, provided “Net Zero Carbon Flights” for all passenger and cargo flights departing from Taiwan by offsetting 7,000 tons of carbon emissions. CAL has partnered with professional environmental protection organizations to support the development of renewable energy projects and promote global energy transformation by selecting high-quality carbon credits with the international certification. We also hope that the large-scale “carbon neutrality” initiative, the first-ever of its kind in Taiwan transportation industry, can help us attain ESG sustainability and we invite passengers to support low-carbon travel by taking the first major step. We encourage passengers to take public transportation to the airport, use the Internet to check-in, pre-select meals, and bring their own duty-free eco-bags to support carbon reduction and reduce the burden on the Earth.



Net Zero Carbon Flights

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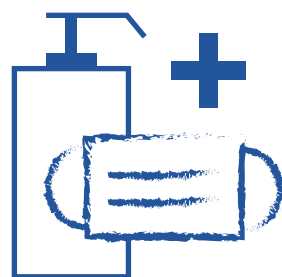
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COVID-19 Special Column

The “National Team of the Sky” Flying on for You — Transportation of COVID-19 Vaccines and Medical and Relief Supplies

CAL took on its role as the “National Team of the Sky” and delivered disease prevention supplies and emergency medical supplies, and transported COVID-19 vaccines Taiwan needed from Europe, the Americas, Asia, and Oceania. CAL made the highest number of COVID-19 shipments to Taiwan and transported 120 million doses of COVID-19 vaccines. Despite the progress made in response to the COVID-19 pandemic in 2022, CAL continued to serve as one of the main operators in the global aviation industry. CAL supported the policies of the Ministry of Foreign Affairs and transported relief supplies including 10,000 test kits and 60,000 masks to the people of Palau. In response to the outbreak of the Russia-Ukrainian War in 2022, CAL upheld the motto of “Taiwan Can Help” as a global citizen and took on the social responsibility by donating TWD 10 million in the name of the CAL Group. The donation benefited approximately 4 million people and demonstrated CAL’s commitment to international humanitarian aid.

Refer to **2-5 Society**

CAL complied with epidemic prevention principles during the pandemic, followed epidemic prevention regulations in all countries, and took on the air transportation of epidemic prevention supplies and emergency medical supplies during the epidemic. We adopted new ideas to create business opportunities and provided shipping services to support the economic growth of Taiwan. We focused more on cargo than passenger operations and optimized passenger and cargo transportation plans. As border control restrictions are lifted across the globe and passenger load gradually improves in the post-pandemic era, we leave the hardships of the pandemic behind and reconnect passengers to the world.



CAL Transported Relief Supplies

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COVID-19 Special Column

Protecting Public Health and Safety — Care for Passengers in Post-Pandemic Travel

CAL had set up a "Coronavirus Service Information" section on its website to provide passengers with epidemic prevention information and related services during the pandemic. It integrated major functions including quarantine hotel and taxi reservations, PCR test hospital information, mobile Wi-Fi hotspot devices, and immigration requirements of different countries. In response to the arrival of the post-pandemic era when border controls are lifted, CAL replaced the "Coronavirus Service Information" section on its homepage to "COVID-19 Service Information" section and continues to provide entry regulations of different countries and other information for passengers with the aim of providing the most updated border control measures and travel information in all parts of the globe.

Refer to [2-1 Trust](#)

Refer to [2-4 Human Resources](#)



Consolidate and Reactivate Passenger and Cargo Services — Internal Training and Consolidation for Future Growth

CAL adopted diverse strategies in operations in response to the pandemic, including making full use of air cargo transportation advantages, flexible adjustments of passenger routes, optimization of the scale of fleet operations, maintenance of finance stability, and obtaining relief. By adopting the business strategy of focusing on cargo instead of passenger transportation, we used passenger aircrafts for transporting large or special cargo to strengthen our position as a hub in Asia Pacific cargo transportation. We leveraged our operational resilience in times of high demand for cargo transportation. As border control restrictions are lifted across the globe and passenger load gradually improves in the post-pandemic era, we leave the hardships of the pandemic behind and reconnect passengers to the world.

Refer to [1-3 CAL's Sustainability Value](#)

Refer to [2-1 Trust](#)



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1-1 Sustainability Vision and Strategies

1-1-1 CAL's Sustainability Vision

CAL upholds its value of "Believe we can always do better" and embraces the mission to "Create more wonderful moments through flying" to "Become the preferred airline in Taiwan". CAL supports the 17 Sustainable Development Goals (SDGs) announced by the United Nations in 2016 and follows the SDG Compass and related sustainability reports of the International Civil Aviation Organization (ICAO), the Air Transportation Action Group (ATAG), and the international transportation industry. We originally focused on 11 SDGs and we added 2 SDGs (SDG 14 Marine Ecology and SDG 15 Land Ecology) in 2023 with the increase in international awareness of the loss of biodiversity. We now focus on 13 SDGs that form the basis of CAL's sustainability efforts for achieving sustainability and creating value for stakeholders.

13 Sustainable Development Goals Focused from CAL



1-1-2 Sustainability Strategy

CAL aims to "Become the preferred airline in Taiwan" and embraces the mission to "Create more wonderful moments through flying". We adopted "Safety" and "Governance" as the basis for sustainable development and incorporated our main strategies of "Fleet and Network", "Products and Services", and "Group Business" to continue to enhance CAL's "Brand Awareness" in the minds of customers. We initiated three action plans to enhance our sustainable development image including "Smart Resilience: resilient operations to combat extreme weather and changes in the business environment", "Localized Global Operations: taking Taiwan's local culture to the world", and "Youth Innovation: connect with the innovative generation with youthful thinking". The action plans reflect our lasting commitment to environmental, social, and economic / governance. The six sustainability strategies also support the UN's SDGs and we establish implementation strategies to create a strategic framework for sustainable development. The Sustainability Strategy is spearheaded by the Corporate Sustainability Committee under the guidance of the President and overseen by the Board of Directors, which is the highest governance body.



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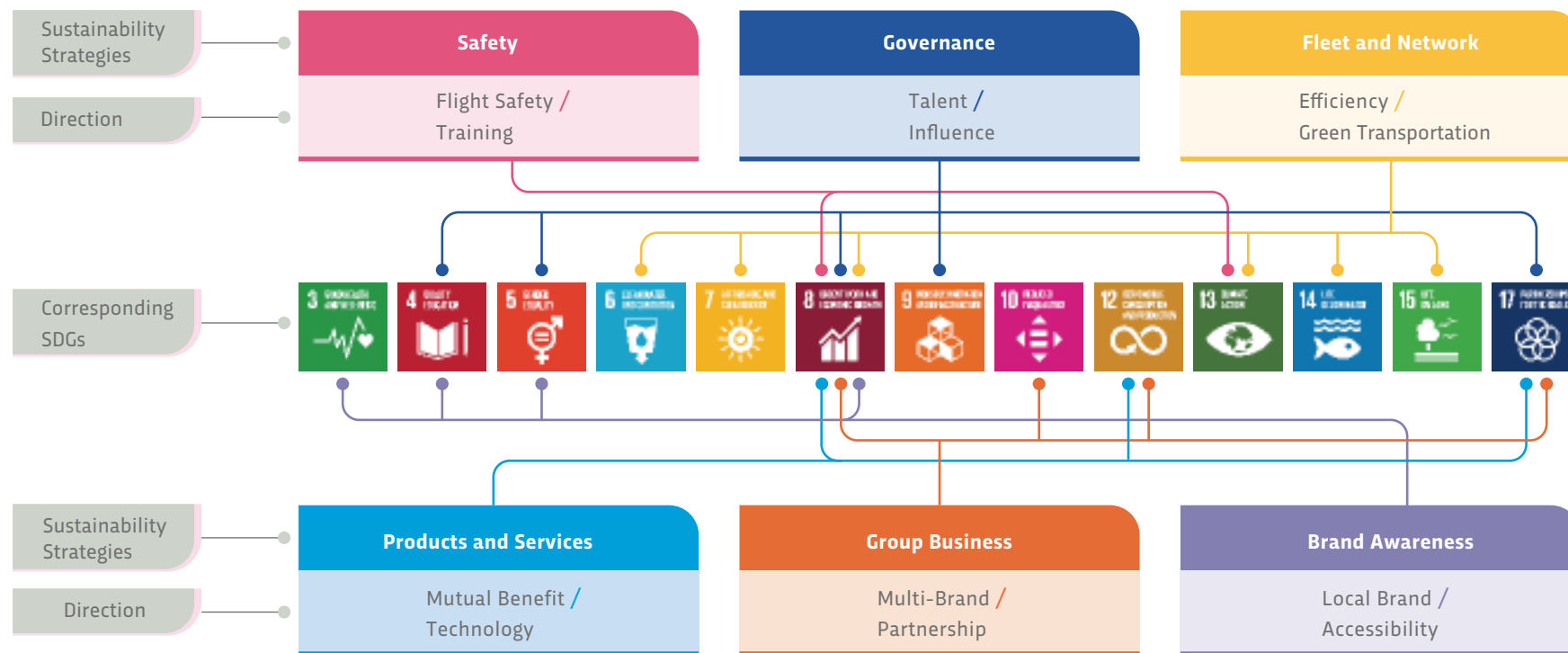
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Sustainability Strategy Framework



1-2 Sustainability Management Structure (GRI 2-9, 2-12, 2-13, 2-14, 2-16, 2-18)

1-2-1 Corporate Sustainability Committee

The Company established its Corporate Sustainability Committee in 2014, and established ESG Office in 2023 as the executive secretary, the highest governance body of sustainability promotion, to take charge of the development, authorization, and update of the vision, missions, and values, and to determine and manage the Company's impact on the economy, environment, and people (including human rights). The Corporate Sustainability Committee convenes at least two meetings each year. The Chairman of the Board of Directors attends the meetings and the President of the Company serves as the chair. The Corporate Sustainability Committee comprises six task forces and a risk management team which are responsible for setting and implementing sustainable development goals to enforce the sustainable development. It also reports the results of corporate sustainability governance and ESG as well as external communication to the Board of Directors each year to strengthen the connection between the Corporate Sustainability Committee and the Board of Directors and improve sustainability actions. As the highest governance body of the Company, the Board of Directors supervises and identifies CAL's impact on the economy, environment, and people (including human rights). It also established internal control and audit for due diligence of ESG information.

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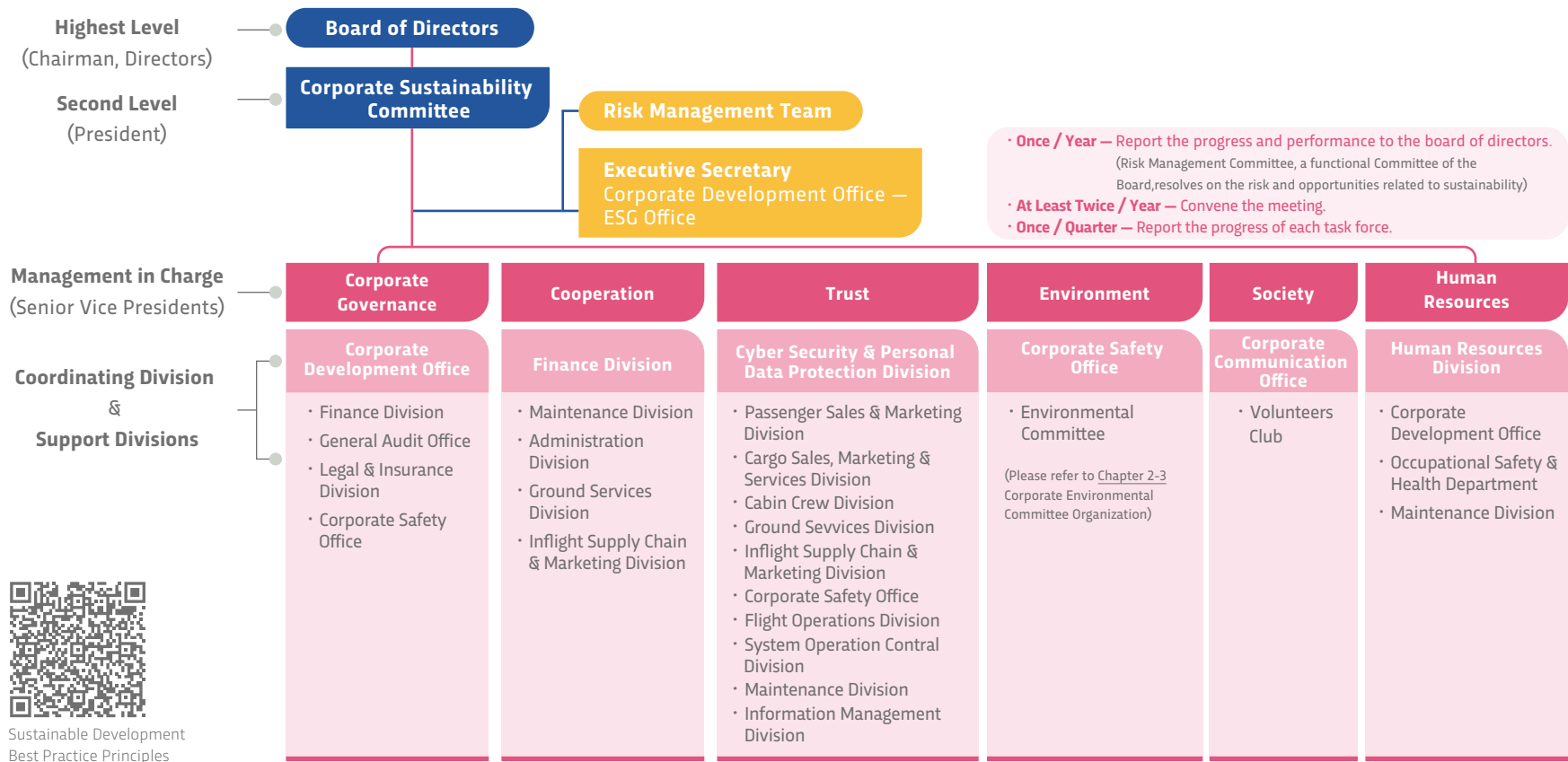
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The Board of Directors assigns senior executives to engage stakeholders through multiple communication channels and platforms to identify the impacts, which are detailed in [1-4-1 Stakeholder Engagement](#). In 2022, the Board of Directors held eight meetings to oversee the Company's due diligence and impact reporting on critical material events (Note), security management, operational risk management, financial conditions, greenhouse gas inventory and verification, climate governance report, human rights risks, and information security and personal risks, and to review the results of stakeholder engagement. CAL also established the performance evaluation procedures for the Board of Directors' supervision of the Company's impact on the economy, environment, and people (including human rights). It convenes at least two meetings of the Remuneration Committee each year to regularly review the overall compensation and benefits policies of senior executives. Refer to [3-1 Governance Framework](#)

Note: Critical and significant events include those that are communicated to stakeholders through the grievance mechanism. Material incidents that are verified are communicated and reported to the Board of Directors based on the nature of the events.

Corporate Sustainability Committee Organization



Sustainable Development
Best Practice Principles

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1-3 CAL's Sustainability Value



COVID-19 Special Column

Consolidate and Reactivate Passenger and Cargo Services — Internal Training and Consolidation for Future Growth

In 2022, CAL actively supports the health management operations of the competent authority of health. The Company's operations focused on cargo services as the main business and passenger transport as an added service. The Company adopted diverse strategies in response to rapid changes in the passenger and cargo market after the pandemic:



Optimization of Fleet Operations

CAL continues to optimize fleet operations and revitalize aircraft assets. To expand the high-efficiency and low-fuel-consumption fleet, CAL expanded both the passenger and cargo fleets. New A321neo aircrafts have arrived in Taiwan since late 2021 and they will be used for flights to Northeast Asia, Southeast Asia, and China. CAL also purchased 16 Boeing 787-9 passenger aircrafts which are expected to be delivered starting from 2025. They will be used as the main next-generation medium-load wide-body aircrafts. In terms of overall plans for the flight network, CAL flexibly schedules long-haul, medium-haul, and regional short-haul routes to support the dispatch of the fleet, increase market competitiveness, and support the continuous expansion of medium to long-haul passenger transportation networks. The next-generation fleets are now operational for expediting business growth in the post-pandemic era. They offer advantages in terms of aircraft design, operating performance, and product acceptability. They offer passengers a high-quality travel experience. Their outstanding fuel economy significantly reduces the cost and support CAL's plans to attain net zero carbon emissions by 2050. Five 777F cargo aircrafts were delivered in 2022 and new aircrafts will continue to be delivered to increase the cargo fleet to 23 aircrafts and provide momentum for the growth of a strong cargo fleet. New 777F cargo aircrafts will be delivered starting from 2023 and delivery will be completed by 2024. CAL will enjoy advantages of the largest passenger and cargo fleet in Taiwan and benefit from its dense flight network, which will continue to increase profitability.



Flexible Adjustments of Passenger Flight Capacity

In terms of passenger transport, CAL actively prepares to meet travel demand. As the pandemic subsided and countries relaxed border control, CAL planned additional flights and will flexibly adjust passenger flights in accordance with the government's regulations. CAL uses the A321neo aircrafts to optimize regional routes and enhance revenue from third / fourth freedoms to meet market and passenger expectations. In response to new developments in services due to the pandemic, CAL joined SkyTeam in the development of zero-contact services to optimize the airport check-in procedures and reduce contact during transfers. These measures help facilitate safer travel and increase passengers' confidence in air travel.

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Making the Best Use of Air Cargo Transport Advantages

CAL began developing cold chain logistics for pharmaceuticals in 2013 and took the lead in launching containers with active temperature control. CAL became the first aviation company in Taiwan to obtain the IATA CEIV Pharma certification in 2019 and renewed the certification in 2022, which ensured high-quality and stable cold chain transportation services. Since the start of the pandemic, CAL has taken on the role of transporting pandemic prevention supplies such as masks, rapid test kits, and more than 100 million doses of COVID-19 vaccines between Europe, the Americas, Asia, and Oceania. Our commitment to providing high-quality transportation for medicine and outstanding services have not been hindered by the pandemic. CAL is a pioneer in Taiwan's air cargo transportation market and has a wealth of experience in transporting precious antiquities, precision instruments, vehicles, large equipment, aviation materials, works of art, live animals, and other special goods. CAL is the designated carrier for precision instruments and machinery for renowned major manufacturers in Taiwan and abroad. During the pandemic, CAL quickly shifted its focus to cargo operations and fully utilized the capacity of its cargo aircrafts to attain outstanding cargo transportation records. CAL continues to expand its dense cargo flight network with 35 destinations across the globe. The Company also continues to optimize the cargo fleet and formulate strategies to meet market development trends and operational requirements and start a new chapter in the post-pandemic world.



Prioritize Disease Prevention to Ensure Flight Safety

CAL continued to use the COVID-19 information services section on its official website to respond to passenger needs. The platform provides passengers with regulations and information for entering and exiting different countries. It also strives to provide passengers with a safe, relaxing, and comfortable journey. CAL adopts enhanced measures from pre-flight preparation to arrival at the destination. In terms of the improvements of software and hardware equipment onboard in 2022 Q3, CAL offered online pre-selection of meals for premium business class / business class and premium economy class passengers, and launched an exclusive online menu for premium business class / business class passengers departing from Taiwan. The in-flight entertainment "Dynasty Sky Reading" cloud library and the "Fantasy Sky Wireless Entertainment System" of the 737-800 fleet create a personal reading and video experience. We have completed preparations for post-pandemic travel to make every journey comfortable.



Stable Finance and Sustainable Development

As the global economy gradually recovers in the post-pandemic era, there remains many uncertainties. In response to the severe impact of the pandemic, rapid changes in market challenges, and rising aviation fuel prices, CAL's management team remains cautious and adopts flexible response to changes in market conditions. We adjust the passenger and cargo sales plans to respond to market changes and leverage the advantages of our cargo operations to capture niche markets. CAL continues to promote sustainable corporate practices with proactive management of risks and creation of response strategies. We continuously adjust our management system in accordance with international standards for corporate governance and market conditions. We intensify the Company's voluntary culture of sustainable governance and continue to make progress and grow despite difficulties.

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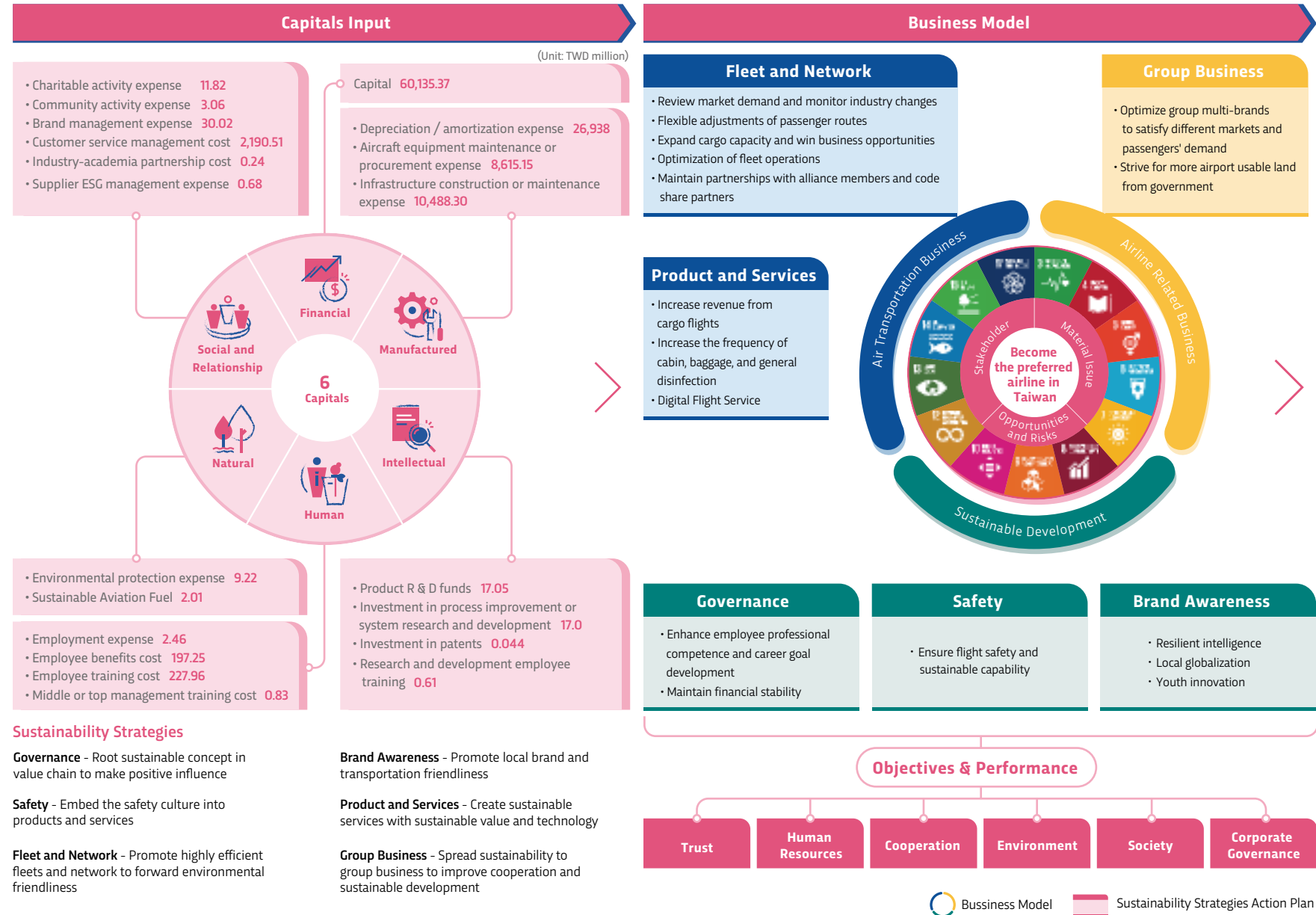
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1-3-1 Business Model and Value Creation



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Value Creation			
	Output	Outcome	Corresponding Chapter
Financial	Operating revenue: TWD 141,069.85 million	Revenue increased by 7% compared to 2021, the EBITA rate decreased by 20% compared to 2021.	3-2 Operational Achievements (P.177)
Manufactured	- New aircrafts in the fleet in 2022: 777F : 2 + A321neo: 8 - New passenger transport capacity created by the new aircrafts 1,440 seats - Punctuality rate of high-level repair and maintenance service: 100% - Number of incidents causing casualties or flight crashes: 0 - Number of existing destinations (including new ones): 72 passenger destinations / 36 cargo destinations - Number of passengers / Cargo world: 4,728.65 (million passengers-kilometers)/ 5,862.00 (million ton-kilometers)	- The 777F cargo aircraft is equipped with the GE90 engine, which is the same as that used in passenger aircrafts. This helps with engine management optimization and the lowering of maintenance costs. - The A321neo is a new narrow-body passenger aircraft with improved fuel consumption, unit cost, range, loading, and noise level. The fuel-efficient aircrafts will help reduce carbon emissions and protect the environment. - The A321neo has a brand-new cabin design and provides a diverse range of new software and hardware equipment that demonstrate CAL's unique brand and product competitiveness advantages. - Achieved the target punctuality rate of high-level repair and maintenance service (100%) - Promote a safety culture based on the spirit of "safety awareness, full participation, active management, and implementation" to achieve zero safety incidents - Number of new destinations: 1 passenger destination / no cargo destination in 2022 - Compared to 2021, global passenger transport increased by 744% while cargo transport decreased by 22.36%	3-2 Operational Achievements (P.177)
Intellectual	- Revenue / number of passengers (seats) created by improved products or services: 1,620 - Number of cost-saving patents: 200 - Number of patents obtained: 1 - Number of R&D employees trained: 44	- The 787 new aircraft project started the design and development of cabin equipment for 16 aircraft, and the first aircraft will be delivered in 2025Q1. - The A321neo new aircraft project provides 9 aircraft with in-flight video and audio services for passengers - Manpower saved 27.25 man-month / year - Saved TWD 368.8 million in cost - CAL's intellectual property rights were continuously maintained - The skills of information employees were enhanced in response to the development of or updates to information systems	2-1 Trust (P.53)
Human	- Number of new employees: 324 - New hire / recruitment retention rate in 2022: 91.05% - Retention rate of employees hired before 2022: 96.98% - Employee turnover: 4.95% - Total number of employee training hours: 451,309 - Total number of middle or top management training hours: 3,854	- The number of new employees in 2022 will increase by 232 compared with 2021 - Compared to 2021, the retention rate in 2021 increased by 8.01% - Compared with 2021, despite the impact of large-scale recruitment of talents in other industries such as technology, the turnover rate only slightly increased by 0.15%, remaining stable - Related training was organized based on the needs of business operations - Job-related training was organized to improve management knowledge and consensus	2-1 Trust (P.53)
Natural	- Electricity consumption: 32,464.1 kWh - Carbon reduction: 5,454,970.906 tons - Waste reduction: 2,346,250 kg - Water consumption: 99.21 thousand tons - Number and percentage of green buildings: 2 / 66.67% - Solar photo voltaic investment: Power generated: 110,205 kWh - Sustainable aviation fuel : 18,465L	- The number of new employees in 2022 will increase by 232 compared with 2021 - Compared to 2021, the retention rate in 2021 increased by 8.01% - Compared with 2021, despite the impact of large-scale recruitment of talents in other industries such as technology, the turnover rate only slightly increased by 0.15%, remaining stable - Related training was organized based on the needs of business operations - Job-related training was organized to improve management knowledge and consensus	2-4 Human Resources (P.129)
Social and Relationship	- Number of charitable activities: 12 - Number of beneficiaries: 4,048,790 - Number of community activities: 18 - Number of participants: 335 - Number of sponsorships: 19 - Number of brand promotion: 4 - Result of brand promotion: TWD 57.28 million - Passenger transport customer satisfaction rate: 90.5 - Number of passenger transport customer complaints: 3,746 - Freight customer satisfaction rate: 89.5 - Number of cargo customer complaints: 0 - Number of industry-academia partnerships: 2 - Number of industry-academia partnership projects: 1 - Number of participants: 2 - Coverage of sustainable supply chain management: 75.00% - The overall proportion of supplier ESG audits in the past three years: 100%	- Electricity saved through a sound energy management system: 1,185,899 kWh - Carbon emission reductions achieved through various carbon reduction measures: 38,970 tons - Waste reduction achieved through improved waste management: 543,391kg - Water saved through continuous water management: 3,970 - Elevator power recycled with power regeneration system: 11,213 - Power saved in 2022 : 110,205 kWh - Annual carbon reduction : 46 Tons CO₂e	2-4 Human Resources (P.129)
		- CAL makes good use of the unique resources and expertise of aviation and takes practical actions to care for and help the socially disadvantaged to improve their quality of life. Whether it is taking care of the elderly, disadvantaged schoolchildren, supporting small farmers in Taiwan through subscription actions, or international aid donations, etc., we hope to achieve Commitment to equal social well-being - CAL has long been investing in improving the development of local communities. Through volunteer teaching, students are encouraged to develop an international outlook. They also organize tree planting, beach cleaning, and respond to life-saving activities for associations with used shoes, hoping to promote environmental protection and regeneration, and the concept of sustainable love for the earth - In 2022, when COVID-19 is stabilizing, CAL is still responsible for the delivery of anti-epidemic materials, including the delivery of relief supplies, reagents and masks, and donating supplies to Taiwan's frontline medical staff, aviation police, anti-epidemic taxis and other units; in addition, it demonstrates the humanity of international rescue spirit, donate money to help the refugees affected by the war between Russia and Ukraine to be reborn; in addition, continue to support the development of Taiwan's tourism activities, sports players and competitions, and promote the international visibility of Taiwan's local brands - The company has been selected as a company in the DJSI for 7 consecutive times. In 2022, it won the highest honor in the TCSEA sustainability report category for the first time - the best report of the year, actively promoting the ESG in all aspects of sustainability, from core values to business strategies to implement the concept of corporate sustainability and produce a press release for the 2022 DJSI award-winning publicity - To meet the recovery of the air passenger transport market, assist business units in domestic and foreign regions to promote the China Airlines brand, and use "beautiful journeys start with us" as the main axis of publicity to produce travel image print advertisement drafts. The design of the advertisement combines the in-flight services of the company's flight attendants with the characteristics of the landscape, showing that the journey has already started from the time of boarding the plane, attracting more passengers to choose to take China Airlines - With the opening of Taiwan's borders on 10/13, international travel is expected to start to flourish. To grasp the timing of the recovery of the aviation industry after the epidemic, the company will participate in the 2022 Taipei International Travel Fair ITF - In response to the gradual easing of the new crown pneumonia epidemic and the opening of border policies in various countries, in order to welcome the recovery of the air passenger transport market and trigger the public's desire to travel abroad, assist business units in domestic and foreign regions to promote the China Airlines brand, and produce tourism image videos. The film advocates: It's time to explore the world again, "Let's go, write your travel story" - The score in 2022 is slightly lower than that in 2021 by 0.2 points. According to the analysis, it is because at the end of 2022, due to the slowdown of the epidemic situation, the border control of various countries will be gradually unsealed, and the number of passengers will increase. Or the support manpower is not in place at the same time, and passengers have higher requirements for cabin cleanliness, which affects satisfaction - Although it has slowly entered the post-epidemic era, the outstation is still affected by special circumstances such as manpower shortages due to the impact of the epidemic or flight delays due to sterilization operations, which in turn affects customer satisfaction - The pandemic has affected the balance of supply and demand in the air cargo market as well as the prices and cargo services. Customers' satisfaction with cargo services dropped slightly due to the changes in prices and cargo services - The purpose of industry-academia partnerships was to develop national aviation professionals - The coverage of sustainable supply chain management increase 21% in 2022 compared to 2021 - Supplier audits shall be conducted at least once every three years, with a 100% completion rate from 2020 to 2022	2-2 Cooperation (P.85)
			2-5 Society (P.152)

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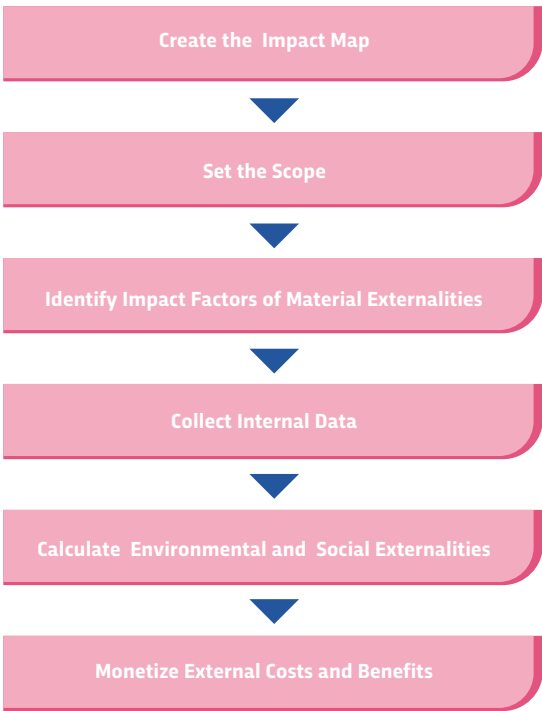
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1-3-2 True Value of China Airlines

In order to embrace mutual prosperity along with our stakeholders and endeavor to create sustainable value for all stakeholders, CAL based on China Airlines' economic, environmental, and social reporting boundaries has integrated six forms of capital (financial, natural, manufactured, intellectual, human, and social) to its corporate vision and strategy, introducing the concepts of true value to monetize the environmental and of social externality's costs and benefits. This true value is viewed as an important reference point for corporate sustainability, and it helps all stakeholders understand the Company's sustainability performance.

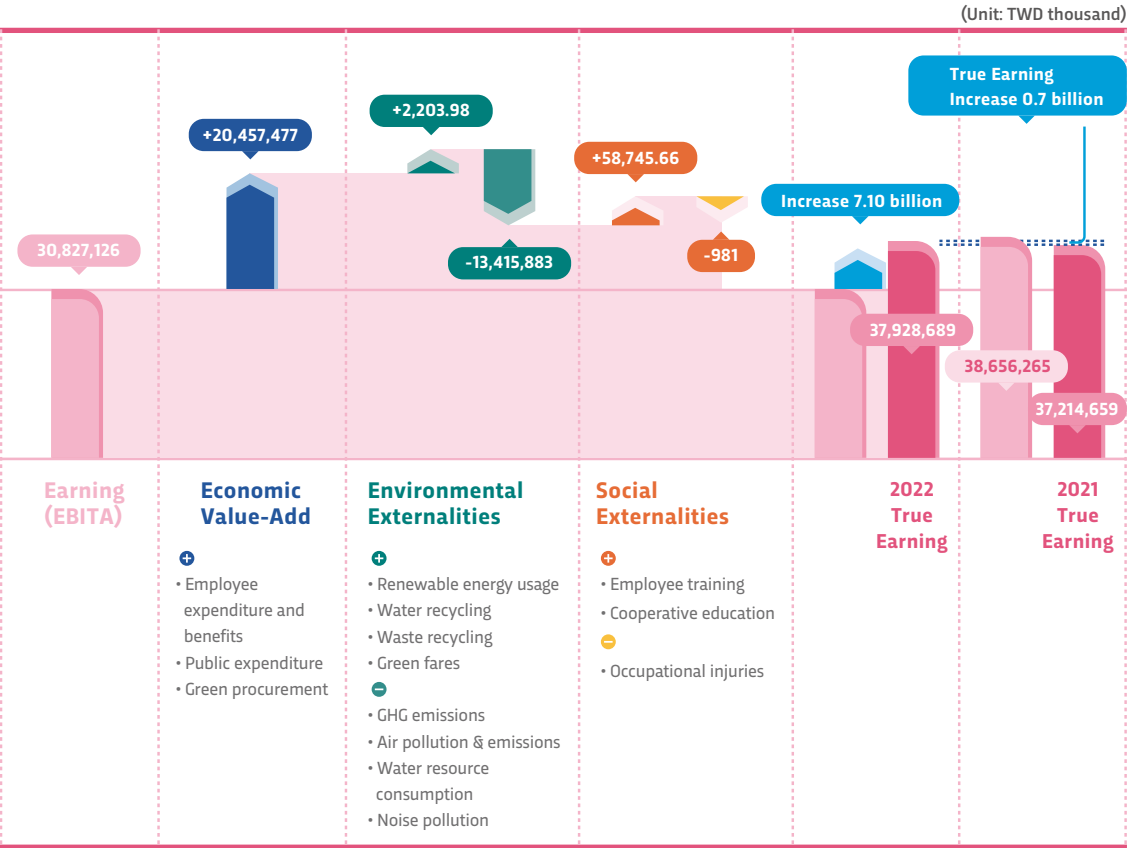
Procedures for Assessing True Value



True Value

According to the results, CAL's traditional financial performance (EBITA) was reduced by 20% to TWD 30.8 billion in 2022 compared to 2021. The true earnings generated in economic, environmental, and social aspects came to around TWD 37.93 billion in 2022, reflecting a increase of TWD 7.10 billion and TWD 0.71 billion compared to EBITA and true earnings in 2021 respectively due to the positive benefits created by the respective increases of 100% and 96% in "Water recycling" and "Green fares." In line with the characteristics of the aviation industry, "Greenhouse gas (GHG) emissions" and "Noise pollution" were the main sources of external costs. The negative benefits of GHG emissions and noise pollution were reduced by 19% and 27% respectively in 2022 from 2021, showing CAL's active engagement in environmental sustainability initiatives such as "GHG reduction," "Noise pollution," "Water recycling," and "Green fares." In CAL's true earnings in 2022, environmental external costs totaled TWD 13.41 billion, and positive benefits created by additional economic value and social externalities totaled TWD 20.52 billion.

True Value of China Airlines



1-4 Stakeholder Communication and Materiality Analysis

1-4-1 Stakeholder Engagement (GRI 2-26, 2-29)

CAL identified eight major stakeholders including Employees, customers, investors, government, partners (suppliers and contractors), community, media and associations (including aviation organizations). We include a diverse range of stakeholders such as business partners, non-government organization (NGOs and trade organizations), and disadvantaged groups when we evaluate the materials topics of concern to stakeholders. To understand our stakeholders' needs and expectations, we have established relevant, unimpeded communication channels and platforms based on stakeholders' attributes and needs. We also report to the Board of Directors in the first quarter of each year, to disclose details of communications with stakeholders, including key points and frequency of communication.

 On demand	 Daily	 Yearly
 Monthly	 Four to six times a year	 Once every year
 As needed every month	 Quarterly	 Twice every year
 At least once every 6 months	 As needed	 Once every three years
 Regularly		

Employees



We view our employees as our most valuable assets. CAL has improved and optimized working conditions and the working environment to establish a safe and growing workplace. CAL is dedicated to maintaining harmonious labor-management relations through unimpeded communication channels, thus creating a win-win situation

Material Issues

Customer Satisfaction

Positive impact topic: Maintain high customer satisfaction rate

Occupational Safety and Health

Negative impact topic: Occupational injuries

Attracting, Cultivating, and Retaining Talent

Positive impact topic: Employee Training and Hiring
Negative impact topic: Workplace discrimination and inequality

Labor Relations and Communication

Negative impact topic: Deterioration of labor-management relations

Communication Channels and Frequency

-  1. Labor-management meetings
-  2. Labor Unions
-  3. Employee suggestion boxes
-  4. Employee feedback website
-  5. China Airlines newsletter
-  6. China Airlines Retirees Portal
-  7. Meetings of the Occupational Safety and Health Committee

Corresponding Chapter Section

2-4 Human Resources | 2-3 Environment

Key Points of Communication

- Recruitment and Retention
- Employee development, rights and interests, healthy and safe workplace

Communication Results

Customer Satisfaction

The employee engagement survey was conducted in December 2022 and the score was 7.8 (score out of 10), which was higher than the score in the previous survey

Occupational Safety and Health

Reduced the Frequency-Severity Indicator (FSI) from 0.14 to 0.10, a decrease of 28.57%

The operations of the Head Office in Taoyuan passed the regular re-inspections for ISO 45001:2018, CNS45001:2018, and TOSHMS in 2022

Attracting, Cultivating, and Retaining Talent

The Company spares no expenses in employee training and development and invested approximately TWD 230 million in employee training in 2022

Labor Relations and Communication

In addition to prohibiting discrimination in its policies and setting up diverse communication methods, the Company also established regulations for registering complaints. The Company also discloses the statistics of processed complaints. The Company convened 6 labor-management meetings in 2022. The process were smooth and harmonious and there was no deterioration of relations

Highlights of Communication Results

On December 16, 2021, CAL and the China Airlines Employees Union signed a collective bargaining agreement which was the 6th agreement. They reached a consensus with 79 items and the agreement shall be valid for 3 years. Both parties shall maintain the existing labor conditions and benefits and will not be affected by the pandemic. They shall continue positive labor relations on the existing foundations. Both parties demonstrated their good will in the negotiations and worked together to take care of all employees. After CAL concluded negotiations with the Pilots Union, they signed a collective bargaining agreement on December 29, 2021. CAL has established the Occupational Safety and Health Committee in accordance with laws. It convenes a meeting every three months to review and coordinate occupational safety and health issues. The discussions are compiled into meeting minutes which are announced on the Intranet

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Customers

Customers are our main source of revenue. CAL listens to customers and protects their rights and interests in order to meet customers' expectations



Material Issues

- **Fleet Development and Innovation**
Positive impact topic: Increase the efficiency of fleet services and fuel consumption
- **Green Services and Sustainable Catering**
Positive impact topic: Green Services and Sustainable Cateringsumption
- **Information Security**
Negative impact topic: Failure of the information system
- **Flight Safety Management**
Negative impact topic: Flight safety incident risks
- **Privacy Management**
Negative impact topic: Leak of private and confidential information

Communication Channels and Frequency

- | | |
|--|--|
| 🕒 1. Customer satisfaction survey | 🕒 5. CAL's website, CSR website, Facebook / Instagram, e-mail, text messages |
| 1/Y 2. Global business meetings | 🕒 6. Customer-service hotline |
| 2/Y 3. Taiwan business meetings | +X 7. Corporate customer visits |
| +X 4. Discussions with travel agencies
(Note: adjusted in response to COVID-19) | |

Corresponding Chapter Section 2-1 Trust | 2-3 Environment

Key Points of Communication

- Customer Relations Management
- Protecting customers' rights and interests: privacy, food safety, and in-flight drinking water quality
- Providing an information integration platform for flight changes during the pandemic

Communication Results

- Passenger satisfaction rate was 90.5%
- Cargo satisfaction rate was 89.5%
- Maintenance factory satisfaction rate was 8.8 (score out of 10)

Highlights of Communication Results

The CAL websites continuously review the demand for transportation of different destinations from the perspective of passengers. We optimize the flight schedule information on the website and display the flights in aircraft icons to provide passengers with friendlier and better-visualized flight information

Investors

Regardless of amount, all investors are contributors to CAL. CAL treats all investors equally, and makes the information available to each investor as consistent as possible



Material Issues

- **Governance and Business Integrity**
Positive impact topic: Sound corporate governance
Negative impact topic: Corruption
- **Fleet Development and Innovation**
Positive impact topic: Increase the efficiency of fleet services and fuel consumption
- **Financial Performance**
Positive impact topic: Sound economic performance
Negative impact topic: Poor business operations
- **Climate Change Mitigation and Adaptation**
Negative impact topic: Exacerbation of climate risks

Communication Channels and Frequency

- | | |
|-------------------------------------|-------------------|
| Y 1. Shareholders' meeting | 1/Y 3. Road shows |
| 🕒 2. Shareholders hotline / mailbox | +X 4. Interviews |

Corresponding Chapter Section 3-1 Governance Framework | 2-1 Trust | 2-3 Environment

Key Points of Communication

- Operating results
- Flight safety and passenger transport
- Risk management model

Communication Results

Continue to announce and respond with operation-related results according to laws, regulations, and investors' demand

Highlights of Communication Results

- CAL held the shareholders meeting on May 26, 2022. During the meeting, shareholders raised questions regarding the conversion of the Company's passenger aircrafts to cargo aircrafts, stock prices, and employee welfare. All questions were answered and clarified by the chairman or designated staff. Please refer to the 2022 shareholders meeting minutes for details
- CAL was invited to road shows hosted by securities dealers on June 10 and December 9 in 2022. CAL presented an overview of the Company's business and the plans and outlook in post-pandemic operations. Please refer to the first and the second road show presentations in 2022 for details
- Despite the severe challenges to the industry during the pandemic, CAL demonstrated its resilience in operations in 2021 and the EBITDA remained positive, which was a stark contrast to the severe losses sustained by other international airline companies. In October 2022, Taiwan Ratings announced that CAL's long-term and short-term credit ratings were "twBBB+/twA-2" and the outlook remained "stable"

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Government



CAL is Taiwan's largest civilian airline. Supervised by the Ministry of Transportation and Communications
The China Aviation Development Foundation is the largest shareholder of CAL and exerts influence on CAL's operations

Material Issues

● Fleet Development and Innovation

Positive impact topic: Increase the efficiency of fleet services and fuel consumption

● Governance and Business Integrity

Positive impact topic: Sound corporate governance

Negative impact topic: Corruption

● Climate Change Mitigation and Adaptation

Negative impact topic: Exacerbation of climate risks

● Privacy Management

Negative impact topic: Leak of private and confidential information

Communication Channels and Frequency



1. Missives



2. Visits



3. Participation in projects



4. Participation in public hearings, seminars, and negotiation forums



5. Organization of or participation in business seminars and audits



6. Participation in initiatives



7. Audits

Corresponding Chapter Section

3-1 Governance Framework | 2-1 Trust | 2-3 Environment

Key Points of Communication

- Communication and implementation of relevant laws and regulations
- Sharing of important industry information
- Supporting campaigns for business development, establishment, and research activities in civil aviation

Communication Results

- Selected as the top 6%-20% of the excellent corporation award in the Eighth Corporate Governance Evaluation
- CAL was selected for the Taiwan High Compensation 100 Index and the Taiwan Employment Creation 99 Index
- Discussed flight safety issues and exchanged information in through seminars to improve flight safety
- Discussed and deliberated environmental sustainability issues on the industry and government communication platform

Highlights of Communication Results

- CAL organized the 2022 International Ground Safety Seminar in collaboration with the China Aviation Development Foundation, Flight Safety Foundation - Taiwan, and ROC Civil Aviation Society under the guidance of the Civil Aeronautics Administration of MOTC. The Seminar facilitated the sharing of experience and exchange of ideas between the industry, government, and academia to enhance the safety risk awareness of ground service personnel and continuously improve safety and quality in ground operations.
- China Aviation Development Foundation and CAA organized the "2022 Aviation SMS Summit and 2022 Flight Operations and Safety Seminar" with the support of CAL to continue to promote effective operations of the flight safety management system in Taiwan and build a safe and stable air transportation service system
- CAL attended six CAA meetings on the global carbon market working group, carbon offsetting and reduction plan review and training, and CORSIA training.
- Participated in the public hearings regarding CORSIA requirements in the "Regulations of Civil Air Transport Enterprise" of the CAA
- Supported and participated in the expanded meetings (seminars) of large-scale ICAO conferences organized by the Ministry of Foreign Affairs to share the Company's experience in aviation safety and sustainability governance

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Partners (Suppliers and Contractors)



Service provided by suppliers and contractors is one of the key factors for CAL to provide services that satisfy customers

Material Issues

- **Sustainable Supply Chain Management**
Positive impact topic: Sustainable Procurement
Negative impact topic: Sustainable Supply Chain Management
- **Information Security**
Negative impact topic: Failure of the information system
- **Privacy Management**
Negative impact topic: Leak of private and confidential information
- **Occupational Safety and Health**
Negative impact topic: Occupational injuries

Communication Channels and Frequency

- | | |
|----------------------------|--------------------------|
| ✕ 1. Telephone | ✕ 4. Business visits |
| ✕ 2. e-mail | 1-6M 5. Site inspections |
| ✕ 3. Coordination meetings | |

Corresponding Chapter Section

2-1 Trust | 2-2 Cooperation | 2-3 Environment

Key Points of Communication

- Sustainable Supply Chain Management

Communication Results

- The score of sustainability risk surveys averaged 92 in 2022, higher than CAL's target, and a general supplier conference was held at the end of 2022
- In 2022, CAL convened a meeting to communicate the Company's value chain environmental protection operations

Highlights of Communication Results

- A general supplier conference was held in December 2022. A total of 37 representatives of 24 suppliers attended the event. It served to raise sustainability awareness and knowledge among suppliers. We distributed the briefing materials of the event in Chinese and English to tier-1 suppliers in Taiwan and overseas who could not attend the meeting so that all suppliers can gain a better standing of CAL's sustainability philosophy
- CAL participated in the communication meeting organized by the international carbon management and verification company Verifavia to monitor and exchange ideas on the overall international aviation carbon market and sustainable aviation fuel



2022 Supplier Conference

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Social

Social support is the key to our success. As an economic entity in society, CAL continuously contributes to the economy while fulfilling our corporate social responsibilities.



Material Issues

● Social Feedback and Engagement

Positive impact topic: Charity and public welfare

● Environmental protection benefits and resource management

Negative impact topic: Environmental pollution caused by operations

Communication Channels and Frequency



1. Charity events



3. News releases



2. Community activities



4. Online mailbox

Corresponding Chapter Section

2-1 Trust | 2-3 Environment | 2-4 Human Resources | 2-5 Society

Key Points of Communication

- Support for social development
- Assumption of social responsibility
- Create a sustainable society

Communication Results

- A total of 4,853,610 individuals benefited from charity and public welfare activities with CAL contribution in 2022
- CAL regards environmental protection as a key business operation. There were no major environmental pollutions in 2022. We also actively promote energy conservation and carbon emissions reduction and invite passengers to join the "ECO Travel" carbon exchange program to fulfill environmental protection ideals and policies

Highlights of Communication Results

Despite the progress made in response to the COVID-19 pandemic in 2022, CAL continued to carry its critical responsibilities for transporting epidemic prevention supplies during the pandemic as one of the main operators in the global aviation industry. CAL supported the policies of the Ministry of Foreign Affairs and transported relief supplies including 10,000 test kits and 60,000 masks to the people of Palau. In response to the outbreak of the Russo-Ukrainian War in 2022, CAL upheld the motto of "Taiwan Can Help" as a global citizen and took on the social responsibility by donating TWD 10 million in the name of the CAL Group. The donation benefited approximately 4 million people and demonstrated CAL's commitment to international humanitarian aid.

Media

Media reports and comments on CAL affect CAL's reputation and image.



Material Issues

● Green Services and Sustainable Catering

Positive impact topic: Green Services and Sustainable Catering

● Flight Safety Management

Negative impact topic: Flight safety incident risks

● Governance and Business Integrity

Negative impact topic: Corruption

● Labor Relations and Communication

Negative impact topic: Deterioration of labor-management relations

● Financial Performance

Negative impact topic: Poor business operations

● Privacy Management

Negative impact topic: Leak of private and confidential information

Communication Channels and Frequency



1. News releases



3. Interviews



2. Press conferences



4. Active communication of industry information

Corresponding Chapter Section

2-1 Trust | 2-3 Environment | 2-4 Human Resources

Key Points of Communication

Collection of issues of stakeholders' concern and promotion of transparent communication

Communication Results

Released 123 announcements

(including press releases, statements, revenue reports, and news announcements) in 2022

Highlights of Communication Results

As countries relaxed border control measures, travel demand rose quickly and CAL actively announced new destinations and increased flights to prepare the flight network and provide passengers with a diverse range of flight options. CAL launched the "Dynasty Sky Reading" electronic publication service on all aircrafts and all routes to cater to post-pandemic zero-contact requirements and provide safe passenger services. The Company created a new fleet, introduced the next-generation environmentally friendly aircrafts A321neo, and ordered additional 777F cargo aircrafts and 787-9 passenger aircrafts. Cargo transport continues to play a key role in the post-pandemic era. CAL renewed the IATA CEIV Pharma certification. CAL received major domestic and international awards, including the selection as a constituent of the Dow Jones Sustainability Index (DJSI) for the 7th consecutive year and received 1st place ranking in the global aviation industry. CAL continued to promote environmental sustainability and supported the SkyTeam in the Sustainable Flight Challenge by launching demonstrative sustainable flights. The Company also launched "Net Zero Carbon Flights" for all flights departing from Taiwan to celebrate CAL's 63rd anniversary and actively pursue the goal of attaining net zero carbon emissions by 2050.

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Associations (including Aviation Organaizations)



CAL participates in association, international organization, and aviation alliance meetings and seminars, to exchange opinions and get an early grasp on changes to aviation- related laws and regulations, thus ensuring compliance of our business activities

Material Issues

- **Environmental protection benefits and resource management**
Positive impact topic: Effective use of resources and circular economy
Negative impact topic: Environmental pollution caused by operations
- **Energy Management**
Positive impact topic: Energy conservation and electricity savings
- **Labor Relations and Communication**
Negative impact topic: Deterioration of labor-management relations
- **Governance and Business Integrity**
Positive impact topic: Sound corporate governance
Negative impact topic: Corruption

Communication Channels and Frequency

- M** **+******* 1. Participation in project meetings
- +******* 2. Participation in work seminars
- R** **+******* 3. Organizing or participating in summits, executive summits, committees, and coordination meetings
- R** **+******* 4.Participation in government- convened meetings
- +******* 5. Telephone, e-mail, and exchange platforms

Corresponding Chapter Section 2-1 Trust | 2-3 Environment

Key Points of Communication

- Collection of trends at home and abroad and promotion of business operations
- Coordination of business relationships and promotion of mutual benefits
- Improvement of flight safety through discussions on safety issues, information exchange, and sharing security management experience

Communication Results

In 2022, CAL participated in meetings and projects organized by domestic and international organizations and aviation alliances such as IATA, SkyTeam, AAPA, and Taipei Airlines Association, including 8 professional seminars and conferences on environmental issues, to continue strengthening cooperation with airlines at home and abroad

Highlights of Communication Results

- CAL stayed in close contact with aviation alliances on flight safety and health topics during the COVID-19 pandemic in order to ensure effective safety management and health measures
- CAL communicated with TAA to request MOTC to extend airline relief programs and received positive support. The site usage fees, noise charges, land usage fees, property usage fees, maintenance hangar usage fees, and air traffic service charges for domestic civil aviation industries in the first half of 2022 were deferred
- When the epidemic subsided and Taiwan relaxed border controls, TAA lobbied the Central Epidemic Command Center to increase the total number of people permitted to enter Taiwan to increase the number of passengers between Taiwan and foreign countries to support the recovery of the aviation industry in Taiwan
- TAA lobbied government agencies to focus on the use of sustainable aviation fuel (SAF) for Taiwan's pathway and strategy for attaining net zero carbon emissions by 2050, and incorporate the challenges of the domestic SAF industry chain, future demand, and alternative solutions into consideration
- CAL expressed its support for the SkyTeam in promoting sustainable development and participated in the Sustainable Flight Challenge. CAL received the "Best Cargo Sustainability Innovation Award" and "Best Employee Participation Award"
- CAL attended 3 meetings of the IATA Sustainability and Environment Advisory Council (SEAC) and AAPA Environmental Working Group (EWG) for discussions and formulation of strategies for issues such as the targets and action plans for net zero carbon emissions of the international aviation industry by 2050, climate change, cabin waste, and sustainable aviation fuel (SAF)
- CAL participated in the IATA CO2 Connect flight carbon footprint calculator test program to monitor the improvements in international carbon footprint calculation tools
- CAL participated in 3 IATA meetings on environmental protection issues to discuss issues such as cabin waste and environmental protection knowledge centers
- CAL attended monthly meetings of the Taoyuan International Airport to discuss issues such as the recycling of coffee grounds, heat recovery in the incineration plant, and the construction of vehicle charging facilities

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1-4-2 Initiatives and Organizations (GRI 2-26, 2-28)

CAL maintains politically neutrality and has never provided lobbying fees or political donations to prevent lobbying expenditures or donations to other tax-exempt organizations that may damage the Company's reputation and incur corruption risks. CAL's policies for participation in initiatives and organizations and investment of resources and membership fees are mainly focused on international environmental protection initiatives and organizations as well as NPOs such as trade associations with the power to influence public policies in the international aviation industry. We aim to leverage our participation in initiatives and organizations to facilitate the exchange of ideas in the industry and create contributions and benefits. CAL therefore actively participates in business development, corporate sustainability, environmental and other specialized initiatives and organizations in the airline industry. As the COVID-19 pandemic slows down, CAL invested TWD 36.94 million to participate in initiatives (96.12% or TWD 35.51 million in business development for the airline industry and the other 3.88% or TWD 1.43 million in corporate sustainability, and environmental and other specialized initiatives) in 2022. Refer to [the ESG Data and Appendix - Organizations, Initiatives, Policies, Contributions and Other Expenses](#) for the actual expenses.

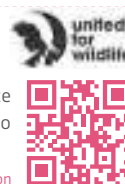
External Initiatives

2017-2022

Buckingham Palace Declaration

At the 73rd IATA Annual General Meeting in June 2017, CAL signed the Buckingham Palace Declaration against illegal wildlife trafficking. CAL has worked with 60 other airlines to stamp out the transport of illegal wildlife in conformity with the UN's SDGs.

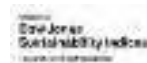
Signing of the Buckingham Palace Declaration



2016-2022

Dow Jones Sustainability Indices (DJSI)

Since 2015, CAL has taken the initiative to respond to the Dow Jones Sustainability Indices (DJSI) questionnaire, disclosing our management objectives, strategies and practices in terms of the environment, society, and economy/governance. In 2022, CAL was selected for the DJSI Emerging Markets for the seventh consecutive year. CAL ranked first in the global aviation industry and was only airline company in Taiwan to be selected. CAL was also ranked among the top 1% of the aviation industry in the 2023 Sustainability Yearbook.



2012-2022

Pacific Greenhouse Gases Measurement (PGGM)

Since 2012, the Company has participated in the PGGM by installing the In-service Aircraft for a Global Observing System (IAGOS) Package-1 in its aircraft cabins to collect trans-Pacific high-altitude gas data for global warming and climate studies conducted by science agencies around the world. As of December 31, 2022, CAL has collected high-altitude gas data from 16,456 flights. To strengthen greenhouse gas monitoring operations and collect more data on the types of high-altitude air and changes for global atmospheric and greenhouse gas research, CAL commenced collaboration with National Central University, In-service Aircraft for a Global Observing System (IAGOS) of the EU, and Japan Aerospace Exploration Agency (JAXA) to install Package-2, the add-on components for Package-1 in 2023. It will monitor changes in the concentration of NO_x, CO₂, and CH₄. CAL became the second airline company in the world and the first airline company in Asia to be fitted with laser sensors for precision detection of CO₂ and CH₄. The project also promoted collaboration in scientific research between Taiwan, Japan, and the EU.



2012-2022

Carbon Disclosure Project (CDP)

CAL is Taiwan's first service provider to independently review greenhouse gas emissions generated from its operations and respond to the CDP questionnaire. Since 2012, CAL has conducted greenhouse gas inventory training and surveys of greenhouse gas emissions for its affiliates on a regular basis and disclosed its climate governance, strategies, management of risks and opportunities, indicators and targets, greenhouse gas emissions, and reduction management and performance. CAL has been recognized as a benchmark enterprise. In the future, CAL will continue to review and improve carbon management strategies through participation in the CDP. Ranked Leadership in CDP Supplier Engagement Rating (SER) for the fourth consecutive year.



2008-2022

Earth Hour

CAL has supported the event since 2008 by working with the Group's partners, providing support through concrete actions, and urging the public to take notice of the impact of global warming and climate change through media outlets.



2018-2022

TCFD Climate-Related Financial Disclosures

CAL became Taiwan's first airline to publicly sign and adopt the Task Force on Climate-Related Financial Disclosures (TCFD) in 2018. CAL works actively to make TCFD part of the company's management system. In 2019, CAL assisted in completing the translation of TCFD to Traditional Chinese, and participated in several industry / government / academic campaigns to promote it. In January 2021, 2022 and 2023, CAL went on to publish annual independent TCFD reports. Results of management internalization are presented through press releases and social media.



TCFD Report

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Memberships

IATA Airline Development

International Air Transport Association

CSR Work Group, Carbon Offsetting and Reduction Scheme for International Aviation Work Group (CORSIA), Air Freight Carbon Footprint Work Group; observer of the Industry Affairs Advisory Council (IAAC)

CAL's Role and Participation

CAL kept in close touch with IATA headquarters and IATA North Asia and participated in meetings, industry committees and task forces; and served as a member of Sustainability and Environment Advisory Council. It was also involved in environmental discussions relevant to international civil aviation, and supports research and studies of related environmental subjects.

Contributions and Benefit

- CAL helped the Executive Committee under IATA plan, supervised and implemented the policies and strategies for environmental management and sustainable development of the global aviation industry to ensure that related carbon reduction targets meet the global carbon reduction targets set in the Paris Agreement of the UN.
- CAL kept itself updated with the development of international carbon management mechanisms, cabin waste, and sustainable aviation fuels, provided information for national legislation, and continued to implement industry training programs.
- CAL participated in the IATA CO₂ Connect flight carbon footprint calculator test program to monitor the improvements in international carbon footprint calculation tools.
- CAL participated in the IATA 25BY2025 program to periodically monitor aviation industry professionals, improve the gender balance, and enhance gender equality in the industry.

AAPA Airline Development

Association of Asia Pacific Airlines

Founding Member

CAL's Role and Participation

As a founding member of the AAPA, CAL has endeavored to connect airlines in the Asia-Pacific region and speak for them.

Contributions and Benefit

- In 2022, AAPA continued to monitor environmental issues and collected information on the implementation of CORSIA and difficulties from members. It also held video conferences to facilitate the exchange of ideas on response measures of the members.
- In 2022, AAPA continued to monitor environmental issues and convened several rounds of video conferences to obtain the opinions of members on the carbon reduction statement. It also worked with international aviation organizations to urge governments to adopt unified health certification mechanisms and prepare for health management of the industry in the post-pandemic era.

SkyTeam Airline Development

SkyTeam

Alliance Board and Executive Board Member

CAL's Role and Participation

CAL became the fifteenth member of SkyTeam on September 28, 2011, and was the first airline in Taiwan that joined SkyTeam. To optimize services and markets in the aviation industry, CAL attends working meetings at all levels, as well as annual meetings held by the Executive Board and the Alliance Board on a regular basis.

Contributions and Benefit

- SkyTeam helps CAL consolidate and strengthen our global flight network and cooperation with other member airlines enables CAL to connect Taiwan and major destinations around the world.
- In response to traveler's expectation related to safety on air travel in the post-pandemic era, CAL launched a series of contactless passenger services to improve public health and safety for passengers.
- IATA's 25BY2025 program included female manager training to help member airlines increase the ratio of female managers in the aviation industry.
- CAL participated in The Sustainable Flight Challenge (TSFC) to increase the Company's international visibility.
- CAL participated in the establishment of environmental protection and sustainability strategies and plans of the Alliance.



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TAA

Airline Development



Taipei Airlines Association

Director

CAL's Role and Participation

CAL is one of the founding members of TAA. Established in March 1990, TAA acts as an advisor and coordinator which connects the government and the industry. CAL participates in annual general meetings, as well as director, supervisory board meetings. CAL also participate in regular activities organized by TAA and attends meetings with governments to protect the rights and interests of the aviation industry.

Contributions and Benefit

- In response to the relaxation of border controls by the Central Epidemic Command Center, CAL advocated an increase in the quota of entries for domestic airlines to increase the number of passengers transported.
- In response to the net zero emissions by 2050 target, CAL lobbied the government to include sustainable aviation fuel (SAF) as a pathway for attaining net zero carbon emissions, and plan related measures and alternatives at the same time.

FSFT

Airline Development

Flight Safety Foundation-Taiwan

Managing Director, Technical Regulation Committee - Convener, Educational Training Committee - Convener

CAL's Role and Participation

CAL serves as the managing director and the conveners of the FSFT's Technical Regulation and Educational Training Team, to participate in governance decision-making, establish government-industry-university-institute cooperation mechanism to promote international regulations studying, strategic research and engagement related to international aviation safety and environmental sustainability.

Contributions and Benefit

CAL is responsible for the promotion and establishment of mechanisms for collecting and studying laws and regulations, educational promotion related to international aviation safety and environmental sustainability, and to give advice on amendments or countermeasures for improving national legislation and aviation industry competitiveness.

AAPT

Corporate Sustainability

Association of Atmosphere Protection in Taiwan

Director

CAL's Role and Participation

CAL participates in the decision-making of organizational management, and promote the strategic engagement of the government-industry-university-institute in response to the issues of global atmospheric protection and climate change.

Contributions and Benefit

CAL helped facilitate the communication between the industry, the government, and the academia about policies, laws, academic research, technology research and development, counseling, and services pertaining to atmosphere protection and climate in Taiwan.

TCCS

Corporate Sustainability



Taiwan Center for Corporate Sustainability

Advisory Director

CAL's Role and Participation

CAL acted as one of the advisory directors to participate in the training and operation of the Center for Corporate Sustainability. CAL served as the lecturer to communicate the Company's actions for sustainability from time to time based on the themes of the Center's meetings. CAL participated in a series of training courses on corporate sustainable competitiveness and seminars on the corporate sustainability report and related issues organized by the Center for Corporate Sustainability to improve its knowledge of industrial practice and latest trends.

Contributions and Benefit

The Advisory Council is the highest decision-making organization of the Center for Corporate Sustainability. Becoming a member and acting as a director of the Center for Corporate Sustainability allowed CAL to be aware of latest laws and regulations, policy review, technical regulations, and standards for sustainability and to have influence.

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1-4-3 Materiality Analysis (GRI 3-1, 3-2, 3-3)

CAL identified eight stakeholders in accordance with the five major principles defined in the AA1000 Stakeholder Engagement Standard (SES), and followed the Reporting principles of GRI Standards (accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability) to evaluate the significance of material issues every year in terms of their impact on the economy, environment, and other social challenges. They are used as the basis for planning the sustainable development strategies to identify material issues of stakeholders' primary concern. Different channels of communication are also established to respond to stakeholders' needs and expectations.

Step 1

Analyze the Organization

We analyzed the main activities of CAL and the airline industry, business relationships in the value chain, and risks and challenges of the industry in terms of the external legal environment, economy, environment, and human rights. We also identified stakeholders related to CAL's sustainability issues and referenced material issues related to the sustainability evaluations and standards of the aviation industry to measure CAL's potential impact on the economy, environment, and people.

Step 2

Identify Actual and Potential Impact

CAL analyzed the organization and consulted experts to identify 16 sustainability issues related to CAL (divided into 21 sustainability topics with positive/negative impact). The members of the task forces of CAL's Corporate Sustainability Committee and unit managers discuss the opinions and feedback of stakeholders and identified the level of impact of CAL on the economy, environment, and people in each sustainability issue. They also identified business relationships with negative/positive impact and actual and potential impact to effectively manage the impact of material issues.

Step 3

Evaluate the Significance of Impact

After establishing sustainability issues, the Company conducted an internal identification of material issues and survey. In terms of external entities, CAL consulted key partners at its annual supplier conference and conducted a survey to effectively incorporate internal and external perspectives. We organized a survey on our sustainability website to collect feedback and assess the impact on the economy, environment, and people (including human rights). We evaluate positive and negative impacts through different approaches based on their actual and potential as well as positive and negative impact and probability of occurrence. In the process, we also used the principle of double materiality to assess the scale and severity of an individual impact of on each part of the value chain. We also assessed the financial impact on China Airlines based on whether the impact was actual or potential. After scoring, we analyzed and compiled a list of material, minor, and ongoing issues of concern.

- Negative impact: Evaluate impact based on the severity and probability of occurrence and consider the negative impact of human rights violations
- Positive impact: Evaluate impact based on the scale and scope of the impact and the probability of occurrence

Step 4

Set Priorities for the most Significant Impact

The representatives of the Corporate Sustainability Committee issued questionnaires to evaluate the level of impact of sustainability issues, connected them to related material issues in the sustainability ratings and standards of the aviation industry, and discussed with experts to identify the top three significant material topics with the highest positive and negative impact and produced the results of the 2022 materiality analysis. The Corporate Sustainability Committee, the highest governing organization of corporate sustainability, passed a resolution on the materiality analysis and used the chapters of the report to explain the material topic management policies and respond to the material issues of concern to stakeholders on CAL's Corporate Sustainability Site for external disclosure.



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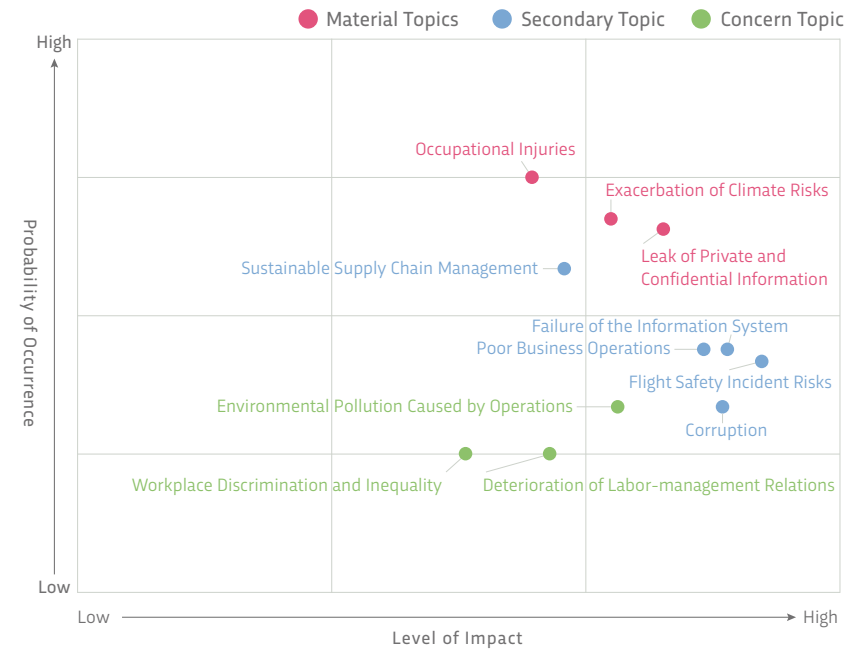
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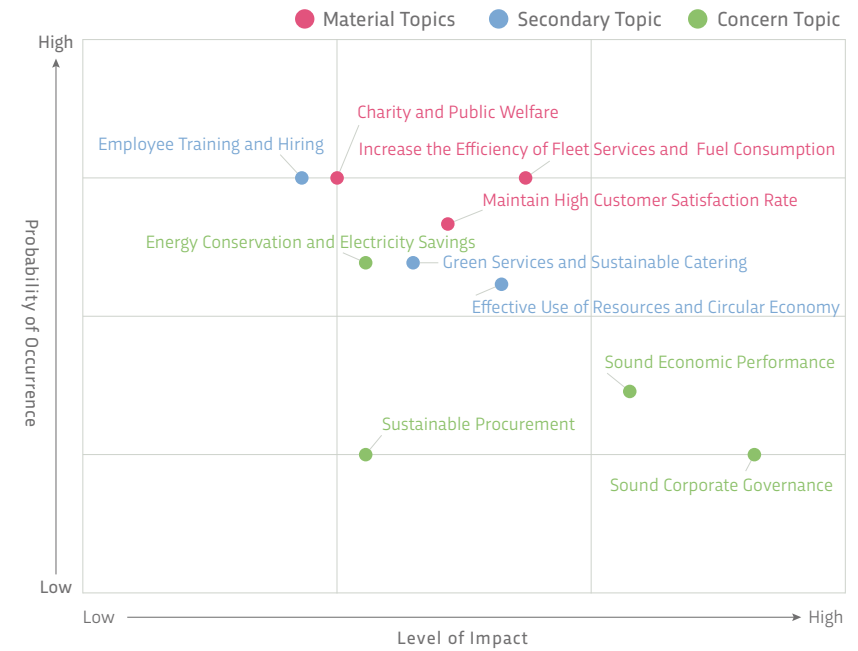
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2022 Materiality Analysis Matrix

2022 Materiality Analysis Matrix - Negative Impact



2022 Materiality Analysis Matrix - Positive Impact



Note: CAL identified, assessed, and adjusted the rankings of material issues in terms of the two aspects according to the reporting principles for material issues in GRI 2021. The X axis shows the level of impact (including negative impact and positive influence); the Y axis shows the probability of occurrence. CAL identified 3 material topics with positive impact, 4 secondary topics, and 3 topics of concern that require continuous monitoring; 3 material topics with negative impact, 5 secondary topics, and 3 topics of concern that require continuous monitoring. The 21 material topics were placed on the materiality matrix with material topics labeled in red.

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Importance of and Changes in Material Topics for 2022

	Sustainability Issue No.	Sustainability Issues for 2022	Issues of Concern to Human Rights at CAL	Positive / Negative Impact of Sustainability Issues		Significance of Impact	Corresponding Sustainability Topics in 2021
Environment	1	Climate Change Mitigation and Adaptation		⊖	Exacerbation of Climate Risks	Failure to effectively control greenhouse gas emissions will exacerbate global climate change and increase climate risks, resulting in a deterioration of the business environment for the aviation industry	Climate Change Mitigation and Adaptation
	2	Energy Management		⊕	Energy Conservation and Electricity Savings	The aviation industry consumes a vast quantity of fuel in its operations and it uses electricity in its ground operations. Energy management can help companies to effectively monitor the current state of energy use and adopt energy conservation measures	Energy Management
	3	Environmental protection benefits and resource management		⊕	Effective Use of Resources and Circular Economy	If a lifecycle model is adopted to effectively manage water and waste resources, it would help reduce environmental risks and increase the benefits for the ecology in the Company's operations	Environmental Risks and Business Efficiency Management
				⊖	Environmental Pollution Caused by Operations	Air pollution, wastewater, and waste from business operations impact biodiversity	Resource Management
People	4	Green Services and Sustainable Catering		⊕	Green Services and Sustainable Catering	Promote green consumption, implement green and local procurement, introduce innovative ideas to optimize services and operations to reduce the amount of product and food waste and its associated disposal costs, and remain committed to increasing the environmental friendliness of services	Green Services and Sustainable Catering
	5	Flight Safety Management	✓	⊖	Flight Safety Incident Risks	The highest level of achievement in the aviation industry is having zero flight safety accidents. Any severe flight safety accident can cause tremendous losses in human life and properties as well as customer trust.	Flight Safety Management
	6	Attracting, Cultivating, and Retaining Talent		⊕	Employee Training and Hiring	CAL establishes a sound training system and structure to attract and train aviation professionals; we value the development of employee competency in order to promote sustainable employment	Sustainable Employment and Talent Attraction
			✓	⊖	Workplace Discrimination and Inequality	Create an equal, diverse, and inclusive workplace environment, including equal pay for men and women, and a friendly work environment for minorities or disadvantaged groups	
	7	Labor Relations and Communication	✓	⊖	Deterioration of Labor-management Relations	If the Company cannot effectively communicate with employees and learn about their opinions, it will be difficult to maintain harmonious labor-management relations and provide a secure work environment for employees	Labor Relations and Communication
	8	Occupational Safety and Health	✓	⊖	Occupational Injuries	The problems of occupational accidents or health hazards for employees as a result of a poor workplace environment and labor conditions may affect the quality of services over time	- Occupational Safety and Health Management - Public Health and Safety

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	Sustainability Issue No.	Sustainability Issues for 2022	Issues of Concern to Human Rights at CAL	Positive / Negative Impact of Sustainability Issues	Significance of Impact	Corresponding Sustainability Topics in 2021
People	9	Privacy Management	✓	— Leak of Private and Confidential Information	If the Company fails to protect the personal information of employees and consumers and protect customer privacy, the security of personal information will be at risk and customer privacy will be infringed	Privacy Management
	10	Social Feedback and Engagement		+ Charity and Public Welfare	The Company uses its professional capabilities and devote themselves to social welfare and social responsibility to win the support of the society	Social Feedback and Engagement
Economy	11	Governance and Business Integrity		+ Sound Corporate Governance	A robust corporate governance framework and sound ethical corporate management are fundamental to corporate sustainability. We must strengthen corporate governance, implement ethical corporate management, protect the company's reputation and positive image, and gain the trust of investors and customers.	Governance and Business Integrity
			✓	— Corruption	Corruption and unethical business practices or advertising may result in loss of assets or damage to the Company's reputation, affect upstream and downstream suppliers, shareholders' equity, or harm human rights	Brand Management
	12	Financial Performance		+ Sound Economic Performance	The purpose of companies is to continuously improve business performance, increase profitability, and support capital market operations to contribute to the local, national, and global economies	Financial Performance
				— Poor Business Operations	Poor business operations will affect the Company's smooth operations and even cause losses to investors	
	13	Fleet Development and Innovation		+ Increase the Efficiency of Fleet Services and Fuel Consumption	By continuing to participate in aviation organizations and enhancing the CAL's influence in aviation organizations, we can help reduce greenhouse gas emissions by launching new aircrafts and new services, improving fleet efficiency, and retiring older aircrafts that consume large quantities of energy	- Fleet Development and Management - Sustainable Innovation and Development - Market Competitiveness - Passenger Services Management - Cargo Service Management
	14	Customer Satisfaction		+ Maintain High Customer Satisfaction Rate	Use comprehensive customer relationship management to optimize and improve the customer experience and increase customer retention and loyalty	Customer Relationship and Satisfaction
	15	Sustainable Supply Chain Management	✓ ✓	+ Sustainable Procurement — Sustainable Supply Chain Management	By implementing a fair and equitable selection procedures, we consider factors such as quality, delivery time, local raw material priority sourcing, and the ESG performance of suppliers to create positive feedback in the overall value chain When the Company selects suppliers, it must avoid environmental and human impacts caused by their activities, such as environmental pollution, child labor, forced labor, occupational accidents, and labor relations	Sustainable Supply Chain Management
	16	Information Security		— Failure of the Information System	An inadequately equipped information security system may cause the entire system to crash or be vulnerable to attacks by hackers, which may result in the leak of information and interrupt all business operations	Information Security Management

● Impact on the Environment ● Impact on People ● Impact on the Economy + Positive — Negative

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Sustainability Issues Corresponded to GRI Standards

	Sustainability Issue	Sustainability Topic	Corresponding to GRI Topic-Specific Standards	Positive / Negative Impact of Sustainability Issues	Initiatives and Organizations	Position of the Sustainability Issue on the Value Chain			Management Strategies (Corresponding Chapters and Page Number)
						Upstream (e.g., Suppliers and Contractors)	CAL Internal	Downstream (e.g., Customers and Travel Agencies)	
Environment	Climate Change Mitigation and Adaptation	Exacerbation of Climate Risks	GRI 305-1 Direct (Scope 1) GHG emissions GRI 305-2 Energy indirect (Scope 2) GHG emissions GRI 305-3 Other indirect (Scope 3) GHG emissions GRI 305-4 GHG emissions intensity GRI 305-5 Reduction of GHG emissions GRI 305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	—	Pacific Greenhouse Gases Measurement (PGGM), Task Force on Climate-Related Financial Disclosures (TCFD), Earth Hour, Carbon Disclosure Project (CDP), IATA, AAPA, AAPT	●	●	●	2-3 Environment - ESG Data and Appendix - Environmental Performance
	Environmental protection benefits and resource management	Effective Use of Resources and Circular Economy	GRI 303-1 Interactions with water as a shared resource GRI 303-2 Management of water discharge-related impacts GRI 303-3 Water withdrawal GRI 303-4 Water discharge	+		●	●		2-3 Environment - ESG Data and Appendix- Environmental Performance
	Environmental protection benefits and resource management	Environmental Pollution Caused by Operations	GRI 303-5 Water consumption GRI 306-2 Water discharge by quality and destination GRI 306-3 Waste by type and disposal method	—	Buckingham Palace Declaration	●	●		2-3 Environment - ESG Data and Appendix - Environmental Performance
	Green Services and Sustainable Catering	Green Services and Sustainable Catering	-	+	United Nations Global Compact (UNGC)	●	●	●	2-3 Environment - ESG Data and Appendix - Environmental Performance
	Energy Management	Energy Conservation and Electricity Savings	GRI 302-1 Energy consumption within the organization GRI 302-2 Energy consumption outside of the organization GRI 302-3 Energy intensity GRI 302-4 Reduction of energy consumption GRI 302-5 Reductions in energy requirements of products and services	+		●	●		2-3 Environment - ESG Data and Appendix - Environmental Performance

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						Upstream (e.g., Suppliers and Contractors)	CAL Internal	Downstream (e.g., Customers and Travel Agencies)	
People	Privacy Management	Leak of Private and Confidential Information	GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	—	United Nations Global Compact (UNGC)	●	●	●	2-1-6 Privacy Management
	Occupational Safety and Health	Occupational Injuries	GRI 403-1 Occupational health and safety management system GRI 403-2 Hazard identification, risk assessment, and incident investigation GRI 403-8 Workers covered by an occupational health and safety management system GRI 403-9 Work-related injuries GRI 403-10 Work-related ill health	—	United Nations Global Compact (UNGC)	●	●		• 2-4 Human Resources • ESG Data and Appendix - Relevant Data Statistics of Human Resources
	Social Feedback and Engagement	Charity and Public Welfare	-	+			●	●	2-5 Society
	Flight Safety Management	Flight Safety Incident Risks	GRI 404 Training and Education	—	FSFT		●	●	2-1 Trust
	Labor Relations and Communication	Deterioration of Labor-management Relations	GRI 2-30 Collective bargaining agreements GRI 201-3 Defined benefit plan obligations and other retirement plans GRI 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employee GRI 401-3 Parental leave GRI 402-1 Minimum notice periods regarding operational changes GRI 405-2 Ratio of basic salary and remuneration of women to men GRI 2-23 Policy commitments GRI 2-25 Processes to remediate negative impacts GRI 406-1 Incidents of discrimination and corrective actions taken GRI 412-1 Operations that have been subject to human rights reviews or impact assessments	—	United Nations Global Compact (UNGC)		●		• 2-4 Human Resources • ESG Data and Appendix - Relevant Data Statistics of Human Resources

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						Upstream (e.g., Suppliers and Contractors)	CAL Internal	Downstream (e.g., Customers and Travel Agencies)	
People	Attracting, Cultivating, and Retaining Talent	Employee Training and Hiring	GRI 404-1 Average hours of training per year per employee GRI 2-7 Employees GRI 2-8 Workers who are not employees GRI 202-2 Proportion of senior management hired from the local community GRI 401-1 New employee hires and employee turnover	+	United Nations Global Compact (UNGC)		●		2-4 Human Resources - ESG Data and Appendix - Relevant Data Statistics of Human Resources
	Attracting, Cultivating, and Retaining Talent	Workplace Discrimination and Inequality	GRI 405-1 Diversity of governance bodies and employees	-	United Nations Global Compact (UNGC)		●		2-4 Human Resources - ESG Data and Appendix - Relevant Data Statistics of Human Resources
Economy	Fleet Development and Innovation	Increase the Efficiency of Fleet Services and Fuel Consumption	GRI 2: General Disclosures 2021 2-1 Organizational details 2-6 Activities, value chain and other business relationships	+	IATA, SkyTeam, AAPA	●	●		Preface, Business Overview
	Customer Satisfaction	Maintain High Customer Satisfaction Rate	-	+			●	●	2-1-4 Customer Relations Management - ESG Data and Appendix - Customer Satisfaction Table in 2022
	Sound Corporate Governance		GRI 2-9 Governance structure and composition GRI 2-10 Nomination and selection of the highest governance body GRI 2-11 Chair of the highest governance body GRI 2-15 Conflicts of interest GRI 2-17 Collective knowledge of the highest governance body GRI 2-19 Remuneration policies GRI 2-20 Process to determine remuneration	+	TAA, TCCS, United Nations Global Compact (UNGC)		●		3-1 Governance Framework 3-4 Regulatory Compliance - ESG Data and Appendix - GRI Content Index
	Governance and Business Integrity	Corruption	GRI 2-23 Policy commitments GRI 2-24 Embedding policy commitments GRI 2-25 Processes to remediate negative impacts GRI 2-27 Compliance with laws and regulations GRI 412-2 Employee training on human rights policies or procedures GRI 205-2 Communication and training about anti-corruption policies and procedures GRI 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	-	TAA, TCCS, United Nations Global Compact (UNGC)	●	●	●	3-4 Regulatory Compliance - ESG Data and Appendix - Management of Material Human Rights Issues in 2022

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Sustainability Issue	Sustainability Topic	Corresponding to GRI Topic-Specific Standards	Positive / Negative Impact of Sustainability Issues	Initiatives and Organizations	Position of the Sustainability Issue on the Value Chain			Management Strategies (Corresponding Chapters and Page Number)
					Upstream (e.g., Suppliers and Contractors)	CAL Internal	Downstream (e.g., Customers and Travel Agencies)	
Financial Performance	Sound Economic Performance	GRI 201-1 Direct economic value generated and distributed	+			●		3-2 Operational Achievements - ESG Data and Appendix - Financial Performance
	Poor Business Operations		-			●		3-2 Operational Achievements - ESG Data and Appendix - Financial Performance
Sustainable Supply Chain Management	Sustainable Procurement	2-6 Activities, value chain and other business relationships GRI 204-1 Proportion of spending on local suppliers	-	United Nations Global Compact (UNGC)	●	●		2-2 Cooperation
	Sustainable Supply Chain Management	GRI 308-2 Negative environmental impacts in the supply chain and actions taken GRI 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk GRI 414-2 Negative social impacts in the supply chain and actions taken	+	United Nations Global Compact (UNGC)	●	●		2-2 Cooperation
	Information Security	Failure of the Information System	-		●	●	●	2-1-5 Information Security Management

● Impact on the Environment ● Impact on People ● Impact on the Economy + Positive - Negative

Note: The sustainability topics impact assessments cover all CAL internal, upstream and downstream operation activities of the value chain, with a coverage rate of 100%.

1-5 Achieving Sustainable Development Goals

Sustainable Development Goals for Six Value Task Forces

Task Force Corresponding SDGs	2022 Objectives	Illustration of Progress	Key Results and Performance	Short-term Goals (2023)	Medium-term Goals (2025)	Long-term Goals (2030)
Foundations for Sustainability Development  ● Governance and Business Integrity ● Financial Performance ● Fleet Development and Innovation	Achieving 100% of sustainability tasks for the year and establishing the employee awareness improvement plan	✓	• Provided employee CSR awareness training and added mandatory online courses for new employees	Achieving 100% of sustainability tasks for the year and implementing the employee awareness improvement plan	Regularly reporting progress on CSR tasks to the Corporate Sustainability Committee and holding at least two CSR training sessions for affiliates	Disclosing sustainable development of airline transport affiliates
	Implementing operating mechanisms for SDGs	✓	• Reviewed SDGs for each task force on a rolling basis • The Corporate Sustainability Committee reviewed the progress of each task force every year • The task forces delivered status reports on a quarterly basis	Implementing operating mechanisms for SDGs	Assisting industry partners in building up capacity for sustainable development	Supporting global sustainability initiatives to expand the industry influence
Trust  ● Customer Satisfaction ● Information Security ● Flight Safety Management ● Privacy Management	Implementing personal data management systems, in accordance with GDPR and personal data protection laws	✓	• Created a personal information management system • Conducted personal data inventory and personal data risk assessments • Encouraged all employees to complete personal data training • Created a personal information audit system • Organized a personal data management review meeting	Implementing personal data management systems, in accordance with GDPR and personal data protection laws	Receiving ISO 27701 Privacy Information Management certification in the collection, processing, and use of personal data in the Passenger Service Management Procedure (including Taiwan and EU headquarters)	Maintaining validity of ISO27701 Privacy Information Management certificate. Keeping a score of 90 or higher in the DJSI personal data protection criteria
	Increasing the cargo service customer satisfaction to 88%	✓	The cargo service customer satisfaction was 89.5% in 2022	Cargo service customer satisfaction 88% 89% 90%		
	Continuously participating in aviation organizations and increasing influence	✓	CAL attended 13 meetings of international aviation organizations and domestic flight safety seminars in person or via video conference or telephone • International Civil Aviation Organization 2022 AAPA CaSWG meetings (3 times), 2022 AAPA FOSWG meetings (3 times), 2022 International Air Safety Summit (IASS), IATA Safety, Flight and Ground Operations Advisory Council (SFGOAC) meeting, Building a Sustainable Aviation System: Safe and Green seminar • Domestic flight safety seminars "2022 Aviation SMS Summit", "International Ground Safety Seminar", "2022 Flight Data Analysis and Application Seminar", "Flight Operations and Safety Seminar"	Performing aviation data study and analysis for future release	Publishing the results of flight operations studies to improve the technical capacity of the aviation industry	Developing innovation plans with other airlines to drive innovation momentum

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Task Force Corresponding SDGs	2022 Objectives	Illustration of Progress	Key Results and Performance	Short-term Goals (2023)	Medium-term Goals (2025)	Long-term Goals (2030)
Trust  ● Customer Satisfaction ● Information Security ● Flight Safety Management ● Privacy Management	Strengthening the promotion of a just culture	 - CAL administered e-learning online courses for building a just culture in accordance with the recommendations in the 2020 safety culture evaluation to create a positive culture of safety. A total of 10,747 employees in domestic and foreign units completed the training. - Organized the “Taoyuan Metro Corporation Visit and Communication Event” to build upon the spirit of management by walking around. The in-person visit helped employees learn about the daily operations and safety management of the Company and share experience. - Organized the “Civil Aviation Legislation and Practice Seminar” to help unit managers of flight operations strengthen their knowledge, understanding, and applications of aviation standards and regulations. We invited a senior technical specialist from the Flight Standards Division of the CAA to give a speech on aviation operations titled “Amendments of Civil Aviation Legislation and Avionics”.	Continuing to pass IOSA certification standards and improve safety risk management	Continuing to pass IOSA certification standards and improve the safety management system	Continuing to pass IOSA certification standards and improve corporate safety culture	
	Optimize internal operating procedures and customer service mechanisms	 - Continued to promote robotic process automation and related applications - Continued to optimize the customer service bot to answer questions	Securing development of core business information application systems and infrastructures, organizing annual disaster recovery exercises, and launching innovative application services as needed to increase revenue and reduce costs for the company and increase work efficiency	1. Promoting a smart airport: Establish a smart airport at Terminal 3 of Taiwan Taoyuan International Airport and increase customer satisfaction with digital and innovative technology application 2. High-speed ICT network: Set up a dedicated optical fiber and terminal system network to increase data and audio connection performance and increase operating efficiency 3. Continuous improvement of disaster recovery plans: Provide on-site redundancy with sufficient hardware and software capacity to respond to anomalies in the core database system and ensure high availability of the database system	1. Promoting smart tourism: Achieving horizontal and vertical integration of tourism-related industries to provide a one-stop smart travel eco-system 2. Evaluate the adoption and applications of new technologies and continuously optimize and expand the disaster recovery capacity	

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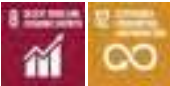
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Task Force Corresponding SDGs	2022 Objectives	Illustration of Progress	Key Results and Performance	Short-term Goals (2023)	Medium-term Goals (2025)	Long-term Goals (2030)
Human Resources  ● Attracting, Cultivating, and Retaining Talent ● Labor Relations and Communication ● Occupational Safety and Health	Organizing four expert seminars that provide an opportunity for internal cross-disciplinary networking	⬆️	Due to the continuous impact of the pandemic in 2022, we only completed three expert seminars (on aviation-related topics including asset management, hospitality, management of aviation materials, and cargo operations) in 2022. A total of 722 people attended the events. However, we have organized 7 sessions from 2021 to 2022, and we are set to complete the short-term goal of "organizing 8 expert seminars" for 2021 to 2023.	Organizing eight expert seminars that provide an opportunity for internal cross-disciplinary networking	Completing the establishment of all internal online training materials for all specialties	Applying to Taiwan's aviation talent development
	Establishing CAL's aviation management talent pool	✔️	Optimizing talent pools for different levels of management (including a master talent pool, management training courses, and advanced management courses) and related training mechanisms to develop talent for the company over the long term and lay the foundation for passing on knowledge and experience	Optimizing CAL's aviation management talent training mechanisms	Establishing the optimal learning path for CAL's aviation management talent pool	Promoting Taiwan's aviation talent development
	Percentage of female managers reaching 24.5%	★	The percentage of female managers has risen to 28.46% in 2022	Percentage of female executives reaching		
Cooperation  ● Sustainable Supply Chain Management	Maintain SAQ score at 87 points	✔️	• 5 high-risk suppliers were identified in the 2022 sustainability self-assessment questionnaire • The average annual score was 92 in 2022	Maintain SAQ score at		
				87 points	87 points	89 points
	Optimize risk management for sustainable supply chain, implement SAQ, and audit 30% of critical tier-1 suppliers	✔️	Met the target of auditing 78% of the 56 key first-tier suppliers in 2022 Completed auditing all 5 high-risk suppliers in 2022	Optimize risk management for sustainable supply chain, implement the SAQ, and audit 70% of critical tier-1 suppliers and 50% of critical tier-2 suppliers by 2023	Optimize risk management for sustainable supply chain, implement the SAQ, and audit 100% of critical tier-1 suppliers and 100% of critical tier-2 suppliers by 2025	Providing supply chain training, improving assistance mechanisms, and implementing ongoing SAQs

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Environment  - Climate Change Mitigation and Adaptation - Energy Management - Environmental protection benefits and resource management - Green Services and Sustainable Catering	Improving annual aviation fuel efficiency by 1.5% (flight operations)	⚠️	Maintain leading position among Asia Pacific airlines with fuel efficiency at 0.2409 tons per 1,000 RTK Used 10% SAF for the delivery flights of new aircrafts Implemented 12 SAF improvement plans	Improving annual aviation fuel efficiency by 1.5% and achieving carbon-neutral growth (CORSIA CNG2020) (Attain net zero emissions by 2050)		
	A 39% reduction in carbon emissions from ground operations compared to 2009	✅	Reducing carbon emissions in ground operations by 43% compared to 2009 Implemented 78 environment and energy improvement plans	A reduction in carbon emissions from ground operations compared to 2009		
	Implement TCFD management and disclosure operations	✅	Reported climate governance reports to the Risk Committee of the Board of Directors Continued to publish climate-related financial information	Enhance the integration of decision-making mechanisms with climate-related financial information	Implement and optimize internal carbon pricing operations	Formulate a sustainable aviation fuel strategy for Taiwan
	Reducing general waste (non-recyclable) by 3% compared with 2018	⚠️	Increased output in 2022 by 15% compared to 2018	Reducing general domestic waste (non-recyclable) in relation to 2018		
	Increasing industrial waste recycling ratio to 41%	★	Industrial waste recycling ratio reached 70% in 2022	Industrial waste recycling ratio		
	Reducing water consumption from ground operations by 2.2% compared to 2018	★	Reduced water consumption from ground operations in 2022 by 33% compared to 2018 Implemented equipment updates, pipeline inspections, and employee education	Reduced water consumption from ground operations compared to 2018		
	Reducing paper consumption by 8% compared to 2018	★	Reduced paper consumption in 2022 by 43% compared to 2018 Expanded the digitalization of services and administrative operations	Reduced paper consumption compared to 2018		
				41%	44%	50% (net zero emissions by 2050) with renewable energy installed capacity reaching 10% of the contract capacity
				5%	7%	12%
				43%	45%	50%
				5%	7%	10%
				14%	30%	50%

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Task Force Corresponding SDGs	2022 Objectives	Illustration of Progress	Key Results and Performance	Short-term Goals (2023)	Medium-term Goals (2025)	Long-term Goals (2030)
Environment       ● Climate Change Mitigation and Adaptation ● Energy Management ● Environmental protection benefits and resource management ● Green Services and Sustainable Catering	Embargoing transport of endangered species and prohibiting use of illegal species as food ingredients	✓	CAL did not transport illegal wild animals and plants and planted 143 trees Continued the practice of embargoing transport of endangered species and prohibiting the use of illegal species as food ingredients; expanded advocacy campaigns to increase customers' ecological conservation awareness	Embargoing transport of endangered species and prohibiting use of illegal species as food ingredients		
	Reduction of total in-flight waste compared to 2018	☆	Reduce total in-flight waste in 2022 by 68.09% compared to 2018	25%	50%	65%
	Reducing use of disposable plastics for in-flight services	✓	Reduce use of disposable plastics for in-flight services by 30%	Reduction in the number of disposable plastics		
	Reducing average food waste produced per person for in-flight services from 2020 levels	☆	Reducing average food waste produced per person for in-flight services by 74.23% from 2020 levels	5%	10%	25%
	Organizing at least one long-term charity project	✓	CAL continued to provide support in 2022 and organized 3 long-term charity projects. CAL also continued to support international relief initiatives by transporting relief supplies to Palau and donations to Ukraine to help improve the health and benefits for Ukrainian refugees.	Supporting international initiatives and organizing at least one long-term charity project	Supporting international initiatives and organizing at least one long-term charity project	Supporting international initiatives and organizing at least one long-term charity project
Society    ● Social Feedback and Engagement	Organize at least one education charity event in a remote rural area	✓	CAL volunteers taught aviation courses in 5 nearby elementary schools and 3 junior high schools/elementary schools in remote rural areas in Taitung to spread truth, good, and beauty in society and empower children's growth.	Organize at least one education charity event in a remote rural area	Developing opportunities for students to receive international education	Improving the quality of education in underdeveloped areas / developing countries
	Organize at least one charity event in collaboration with a local Taiwanese brand	✓	CAL organized a charity basketball camp with the Taoyuan Pilots of P. LEAGUE+ CAL organized a charity baseball camp with baseball stars Wei-Yin Chen and Wei-Chung Wang. Both charitable activities involved the sharing of personal experience which encouraged young athletes to pursue their dreams with courage.	Developing PR gifts in collaboration with indigenous peoples or local independent farmers and empower the disadvantaged to gain equal social opportunities	Promoting economic growth and employment assistance in underdeveloped areas / developing countries and improving social well-being	Enhancing the benefits of sponsorships

● Environmental ● Social ● Governance ☆ Goal Exceeded ✓ Goal Attained ⊖ Goal Not Attained

Note: The importance of material issues to CAL may correspond to more than one task force; table lists only most relevant task force.

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2-1 Trust

HIGHLIGHTS



Core information security system passed certification

In 2019, the core information systems passed the "Information Security Management System (ISMS) ISO 27001: 2013 and obtained a certificate with a validity period of three years. CAL applied for and passed the recertification in 2022. The Company shall continue to implement monitoring, review, maintenance, and improvements to ensure the validity of the certificate and regulatory compliance.



Added diverse payment functions

To provide passengers with more convenient and diverse payment methods, CAL started offering online LINE Pay payment functions on the CAL website and CAL app beginning to July 19, 2022. CAL also offered LINE Pay services in marketing activities at the International Travel Fair (ITF) in Taipei for the first time and received enthusiastic responses from passengers.



Adjusted rules for free checked-in baggage to a system based on the number of bags

To increase CAL's market competitiveness and align with international practices, the Company changed the free checked-in baggage and switched to a system based on the number of bags on August 2, 2022. It provides passengers with more favorable free checked-in baggage to help passengers make better use of their permitted weight.



Organized the 2022 International Ground Safety Seminar

CAL organized the 2022 International Ground Safety Seminar in collaboration with the China Aviation Development Foundation, Flight Safety Foundation - Taiwan, and ROC Civil Aviation Society under the guidance of the Civil Aeronautics Administration of MOTC. The Seminar facilitated the sharing of experience and exchange of ideas between the industry, government, and academia to enhance the safety risk awareness of ground service personnel and continuously improve safety and quality in ground operations.



Co-organized the 2022 Aviation SMS Summit and 2022 Flight Operations and Safety Seminar

China Aviation Development Foundation and CAA organized the "2022 Aviation SMS Summit and 2022 Flight Operations and Safety Seminar" with the support of CAL to continue to promote effective operations of the flight safety management system in Taiwan and build a safe and stable air transportation service system.



11th IOSA safety certification

CAL met the IATA Operational Safety Audit (IOSA) standards for the 11th time and continues to meet the highest international standards.



Learning together to inspire teamwork

The "Cabin Crew Book Club" provides themed-based guidance, promotes openness and tolerance, helps crew members unleash their potential in their teamwork, and thus form a consensus to attain customer satisfaction targets.

Management Approach

Material Issues

- Customer Satisfaction
- Information Security
- Flight Safety Management
- Privacy Management

Importance of Material Issues

Zero accident is the foundation for creating sustainable value for customers. Therefore, providing reliable and safe service is not only the core value of CAL, but also our way to sustainability. As a professional transportation service provider, the sustainable operations of CAL depend on the quality of transportation service provided. To create sustainable value for customers, CAL is dedicated to protecting customers' privacy, providing premium service that meets their expectations and needs, and continuing optimizing the quality of service.

As a multinational airline company, CAL understands that information security and personal privacy protection are critical in all operations. In addition to continuous enhancement of personal data protection mechanisms, CAL also complies with the requirements of personal data protection legislation in different countries and continuously amends the personal data operation regulations and specify a reasonable scope of personal data collection. We also use the latest encryption technologies and regular inspections

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to implement management. CAL provides contact information in accordance with laws to help passengers exercise their legal rights granted in the Personal Data Protection Act. If there is a suspicion of a breach of personal data, CAL immediately takes action to preserve and protect the rights and interests of the parties.

CAL has always valued customer satisfaction with our services and their willingness to recommend CAL flights to their friends and relatives. In addition to distributing the survey to all members on flights, we also set up links at prominent locations on CAL's official website and app for all passengers to fill out. We continuously analyze related data from the survey and regularly review the service performance to remind ourselves to improve service quality based on passenger feedback.

Commitment and Long-term Goals



Commitment

Flight safety is CAL's most solemn and important commitment to customers and the public in its 63 years of history. We are committed to compliance with regulations and zero flight safety accidents and we pledge that we shall do all we can to ensure the safety of all passengers and cargo on each journey. We shall also uphold our consistent service ideals of respect for customers and protecting customer rights during the global COVID-19 pandemic by monitoring international development while complying with national policies and full consideration of customer interests to create a reliable and high-quality service experience. In the post-pandemic era, we shall uphold the motto of "Carve a Perfect Arc as You Reach for New Horizons" and create new stories with passengers on their journeys.



Long-term Goals



2023

1. Implementing personal data management systems, in accordance with GDPR and personal data protection laws
2. Increasing the cargo service customer satisfaction to 88%
3. Performing aviation data study and analysis for future release
4. Continuing to pass IOSA certification standards and improve safety risk management
5. Securing development of core business information application systems and infrastructures, organizing annual disaster recovery exercises, and launching innovative application services as needed to increase revenue and reduce costs for the company and increase work efficiency

2025

1. Receiving ISO 27701 Privacy Information Management certification in the collection, processing, and use of personal data in the Passenger Service Management Procedure (including Taiwan and EU headquarters)
2. Increasing the cargo service customer satisfaction to 89%
3. Publishing the results of flight operations studies to improve the technical capacity of the aviation industry
4. Continuing to pass IOSA certification standards and improve the safety management system
5. Promoting a smart airport: Establish a smart airport at Terminal 3 of Taiwan Taoyuan International Airport and increase customer satisfaction with digital and innovative technology application
6. High-speed ICT network: Set up a dedicated optical fiber and terminal system network to increase data and audio connection performance and increase operating efficiency
7. Continuous improvement of disaster recovery plans: Provide on-site redundancy with sufficient hardware and software capacity to respond to anomalies in the core database system and ensure high availability of the database system

2030

1. Maintaining validity of ISO27701 Privacy Information Management certificate Keeping a score of 90 or higher in the DJSI personal data protection criteria
2. Increasing the cargo service customer satisfaction to 90%
3. Developing innovation plans with other airlines to drive innovation momentum
4. Continuing to pass IOSA certification standards and improve corporate safety culture
5. Promoting smart tourism: Achieving horizontal and vertical integration of tourism-related industries to provide a one-stop smart travel eco-system
6. Evaluate the adoption and applications of new technologies and continuously optimize and expand the disaster recovery capacity

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Unit in Charge

Corporate Sustainability Committee — Trust Value Task Force, Corporate Safety Committee

Management Mechanisms

- The meeting of Corporate Sustainability Committee, at least twice every year
- The meeting of Corporate Safety Committee, every quarter on a regular basis
- The quality review and target setting meeting, every year on a regular basis
- The Trust Value Task Force reports the KPI progress to the Corporate Sustainability Committee, every quarter
- The information security and personal data review meeting, every year on a regular basis

Objectives and Plans

Key Point	SPI (Note 1) / KPI	2022			2023 objectives
		Objectives	Performance	Achievement	
Flight Safety	Fatal & Hull loss Accidents (Accidents Rate)	0	0	100%	0
	Runway Excursions (RE)	0	0	100%	0
	Controlled Flight into Terrain (CFIT)	0	0	100%	0
	Loss of Control in Flight (LOC-I)	0	0	100%	0
Customer Service	Overall Passenger Satisfaction	87.8	90.5	100%	90
	Overall Cargo Service Satisfaction	88	89.5	100%	88
	Overall Maintenance Satisfaction	8.4	8.8	100%	8.4

Note 1: SPI refers to Safety Performance Indicators.

Grievance Mechanism

Passenger: Passenger Branch Offices — Website
Cargo: Passenger Branch Offices — Website
Maintenance: Engineering & Maintenance Organization — E-Mail: emo.customer@china-airlines.com



Stakeholder Contact



Cargo Service



Passenger Branch Offices



Aircraft Maintenance

2-1-1 Flight Safety

Safety is the core value of CAL and our absolute commitment to customers. We always take a consistent and uncompromising stand on flight safety. With a zero tolerance on flight safety accidents, CAL has comprehensive control over flight safety through management systems. CAL continuously improves overall flight safety and endeavors to reinforce the corporate culture of safety to make sure that securities are fully in place to provide passengers with safe and reliable flights.

Safety Management System (SMS)

CAL follows the requirements in the civil aviation regulations of Taiwan and references the guidelines in the International Civil Aviation Organization (ICAO) DOC. 9859 Safety Management Manual (SMM). CAL has implemented the Safety Management System (SMS) since 2007. After more than a decade, we continue to meet international standards and national regulations with excellent results. CAL met the IATA Operational Safety Audit (IOSA) standards for the 11th time in 2022 and continues to meet the highest international safety standards. The core of CAL's SMS is safety risk management. CAL analyzes and manages operational risks systematically through continuous risk identification and management. We also set Safety Performance Targets (SPTs) for comprehensive tracking, control, and risk mitigation.

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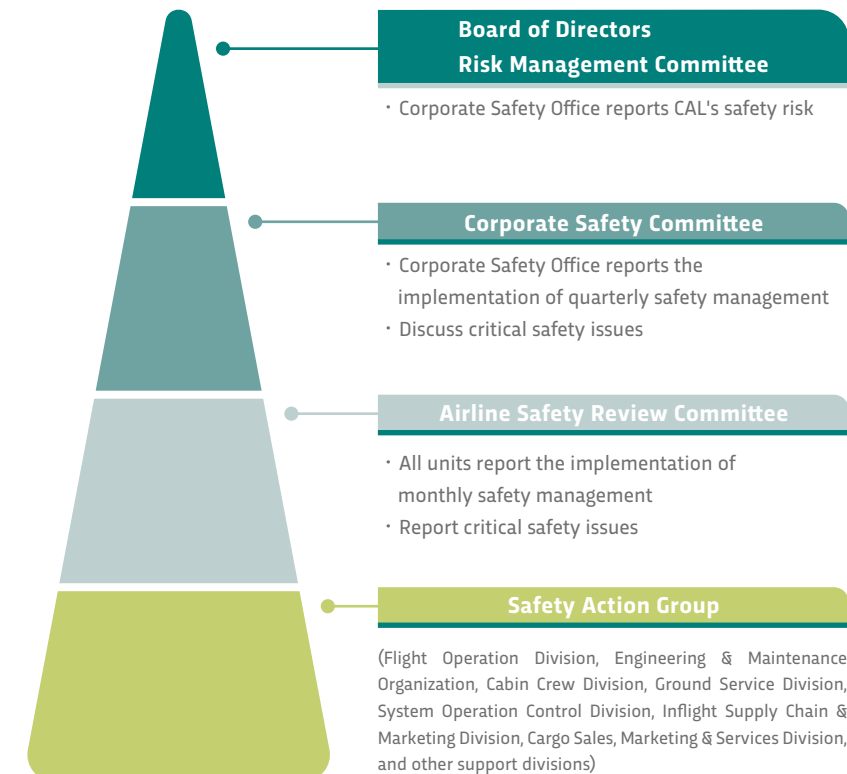


Safety Risk Management

1. Setting and Monitoring Safety Performance Indicators / Targets (SPI / SPT)

Based on past performance and Safety Reporting System, requirements of authorities in charge of civil aviation, plus official safety reports provided by international organizations, CAL sets its annual SPIs/SPTs. The annual safety performance indicators are monitored in executive meetings and reviewed and discussed in review meetings of the safety task force of each unit on a regular basis, to meet flight safety management requirements to meet domestic and international safety standards and attain the highest safety standards.

Safety Management Meeting



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2. Safety Reporting System

To enhance their awareness of flight safety, CAL encourages employees to use the Safety Reporting System to proactively identify potential risks and report possible safety issues in their daily work. Through information data collection and risk management, CAL prevents unsafe incidents from occurring and increases its overall safety and security level. In addition, CAL conducts risk analysis and assessments based on seasonality, trends of flight safety, and changes in internal and external environments. Making a further effort to control risks, we also communicate safety-related discipline and conduct to our employees in announcements or meetings. CAL has a reward mechanism in place to encourage employees to report potential safety issues. In order to encourage all employees willing to report any abnormality and safety reports, CAL introduced Mobile version of the reporting application software eReports (MER) in 2022. It allows all employees can conveniently complete the submission report. A total of 742 safety reports were received in 2022 and rewards were presented 37 times, demonstrating the effectiveness of the active reporting system despite a reduction in the number of flights due to COVID-19 pandemic. The Company has been ranked first in terms of the number of hazard reports filed to Taoyuan International Airport for 4 consecutive years since 2018.



3. Safety Risk Management

Through risk identification, risk assessment, risk control, monitoring, and review, CAL not only mitigates risks to a level as low as reasonably practicable (ALARP), but also predicts potential safety issues in normal system operations and solves

them early to prevent accidents from occurring. To instill the concept of risk management into the operation units and strengthen employees' use of risk management, CAL has, since 2015, provided regular safety risk management (SRM) training and assigned frontline units to implement self-evaluations and execute risk management operations. They must implement safety risk management in accordance with internal and external information, changes in the operation environment, adjustment of regulations, and changes in procedures and equipment. CAL identifies, statistics, and analyzes the main hazards and risks in the operating procedures. In 2022, CAL conducted enhanced training on wet/slippery runways/taxiways maneuvering and enhanced situational awareness under hazardous weather conditions and the potential risk of 5G C-band signals interference to radio altimeter performance in the US. CAL had implemented risk management measures and complied with the requirements of the aviation safety bulletins issued by the CAA of Taiwan to implement supervisory actions.



Active Alertness and Compliance with Laws and Regulations

In 2022, CAL voluntarily reported violations to the CAA and received penalties in two cases. In the first case, engineering personnel failed to evaluate the maintenance plan in accordance with company procedures; in the other case, personnel of ground handling agency neglected to double-check anomalies in loading operations. Both cases were caused by human error. However, CAL reviewed and improved operating procedures based on the investigation result of the events and established preventive measures to prevent human error. Related corrective measures were all approved by the CAA, and we will continue to implement safety management and maintain flight safety.

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4. Flight Operations Quality Assurance

CAL utilizes flight data monitoring programs and the Flight Operations Quality Information System (FOQIS) developed by CAL to quickly identify the potential risks of the flight crew operations and promptly provide guidance for them to take corrective measures in compliance with the Civil Aviation Act of the R.O.C and Flight Operations Quality Assurance (FOQA) of the Convention on International Civil Aviation. Apart from producing trend analysis monthly report of FOQA for CAL’s fleet as a reference, in case of a FOQA event (e.g., an anomaly in flight operation parameters), CAL shall conduct a necessary investigation and analysis, take corrective measures, and continuously monitor the effectiveness of subsequent improvements and corrective measures in accordance with the regulations for operations, thereby lowering flight operation risks and ensuring flight safety. In 2022, CAL worked with Taiwan Transportation Safety Board and leveraged its experience in flight data collection, analysis, and investigation to increase the depth and breadth of flight data applications and improve flight safety and quality.

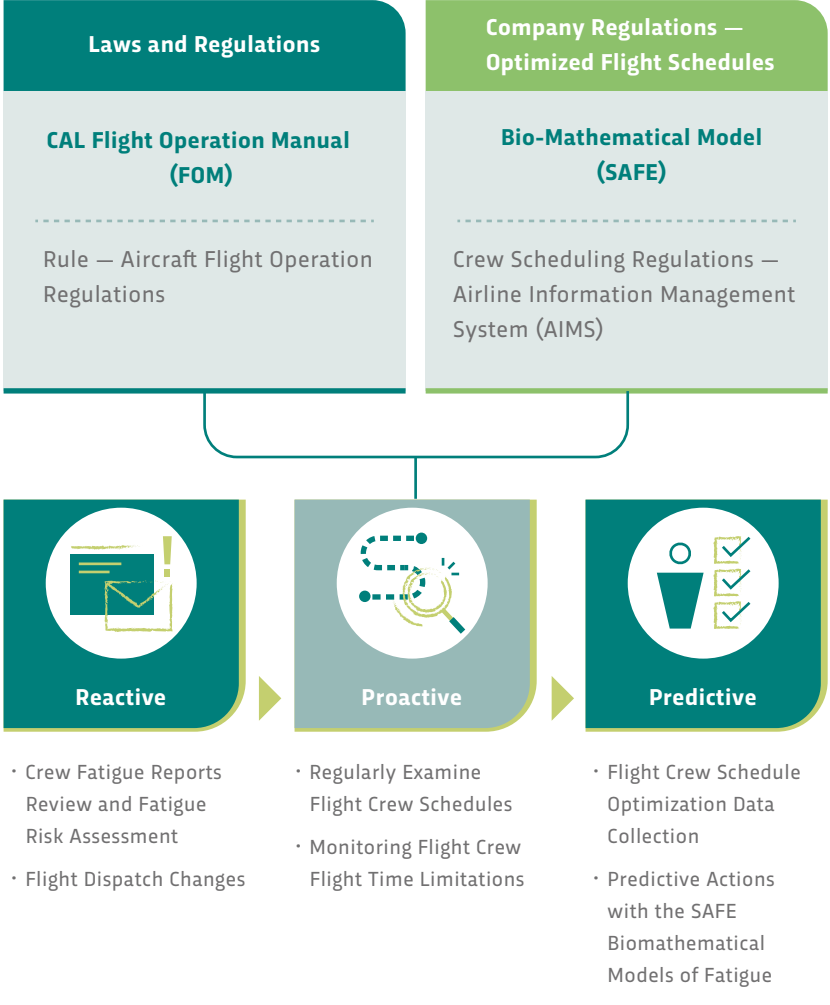
5. Fatigue Management

In addition to fatigue management regulations set forth in domestic civil aviation laws, CAL follows the Fatigue Management Guide for Airline Operators (2nd Edition) established by the International Air Transport Association (IATA), International Civil Aviation Organization (ICAO) and the International Federation of Air Line Pilots’ Associations (IFALPA) in 2015 to implement crew fatigue management mechanism using a prescriptive approach. In 2019, CAL incorporated the fatigue management system into the safety policy and introduced a new crew scheduling system (AIMS) and a flight crew fatigue management system (FRMSc-SAFE). Through predictive risk identification and proactive actions, CAL plans to optimize crew scheduling and fatigue management.

In 2022, we received 32 crew member fatigue reports and found in the review that all mission assignments complied with regulatory requirements and the Samn Perelli Seven-Point Fatigue Scale (SPS). The fatigue reports this year included changes in flight paths due to the impact of the Russia-Ukraine War which increased the flight time for flights to Europe and Americas, continuous mission assignments during the pandemic, and improvements for the environment for taking breaks at outstations. The Company has communicated with flight crew and adjusted the flight schedules

to improve the issues reported by the crew members and encouraged them to seek medical consultation for fatigue management based on their conditions to meet Taiwan’s quarantine regulations during the pandemic and the Company’s operation requirements.

CAL Fatigue Risk Management Framework and Implementation



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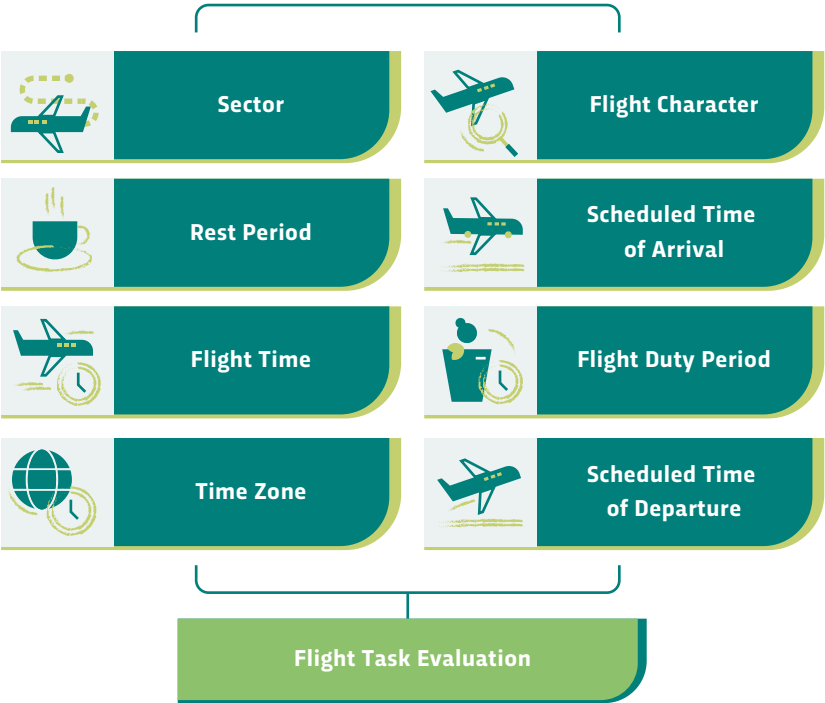
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Flight Task Evaluation



6. Alcohol Test Mechanism

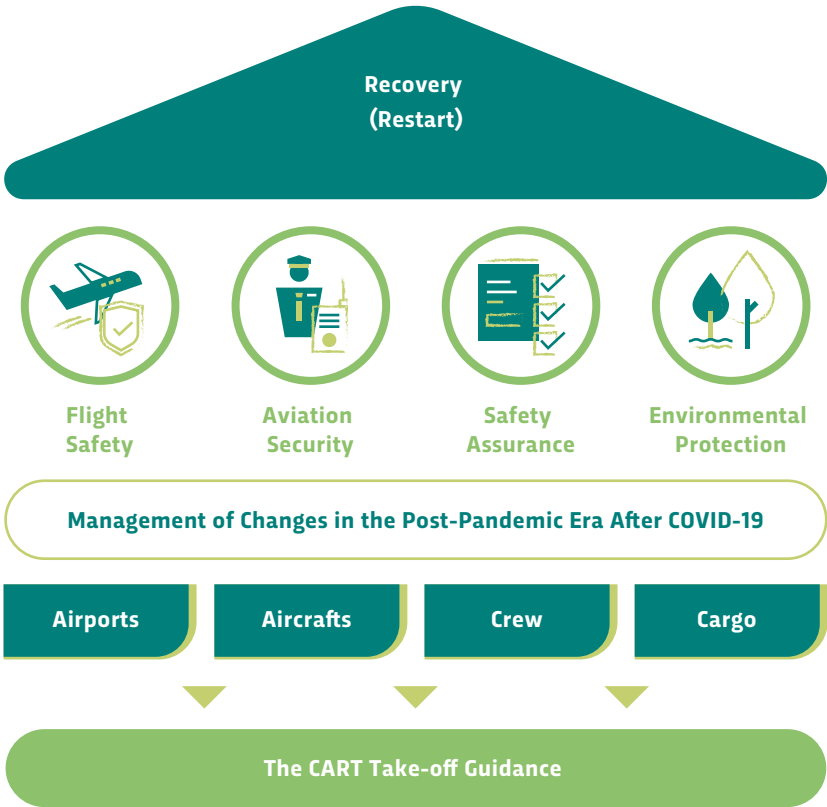
According to Article 199 of the Aircraft Flight Operation Regulations of the Civil Aeronautics Administration, CAL has established the alcohol test mechanism to conduct alcohol tests for operations personnel, such as flight crew, cabin crew, flight dispatchers, and maintenance personnel, and ensure they are not under the influence of alcohol while on duty. The number of tests on the aforementioned personnel must reach an average of 30% of the total average number of personnel each year (quarterly inspection rate of 7.5%). CAL administers alcohol tests to increase their alertness of related personnel and ensure flight safety and quality.

Implement Changes in Response to the Pandemic and Ensure Flight Safety Management

Due to the impact of the COVID-19 pandemic, the Company continued to reference the CART Take-off Guidance (TOGD) issued by the International Civil Aviation

Organization (ICAO) in 2022 for airports, aircrafts, crew, and cargo as well as the disease prevention regulations of Taiwan and disease prevention guidelines of civil aviation authorities in different countries to implement comprehensive flight safety risk management. We use comprehensive response and preparedness mechanisms to respond to the impact and changes brought forth by the pandemic. In the post-pandemic era, we use risk management to control and manage the restoration (restart) of operations in each phase. Domestic and foreign units and overseas branches have completed a total of 188 risk management evaluations based on their work duties and implemented mitigation measures based on risk trends to ensure continuous safe operations.

COVID-19 Pandemic Safety Risk Management



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Safety Promotion and Training

To ensure flight safety, CAL organizes educational and entertaining safety events every year to instill the significance of safety among all employees and constantly enhance their awareness of flight safety. The safety training activities in 2022 continued the essence of safety management for “safety identification, active implementation, participation, and continuous improvement”. We aimed to enable all employees to act safely through experiential learning and positive motivation together reinforcing the safety culture in CAL and achieve the highest flight safety standards. CAL actively promotes safety with external entities. We organized the 2022 International Ground Safety Seminar and co-organized the 2022 Aviation SMS Summit and 2022 Flight Operations and Safety Seminar with CAA.

1. Safety Promotion — Safety Experience and Safety Seminars

CAL organized the “Taoyuan Metro Corporation Visit and Communication Event” to build upon the spirit of management by walking around and share practical experience. CAL helps unit managers of flight operations strengthen their knowledge, understanding, and applications of aviation standards and regulations. We invited the competent authority of civil aviation to give a speech on aviation operations titled “Amendments of Civil Aviation Legislation and Avionics”.



Visiting Taoyuan Metro Corporation on October 6 and 13, 2022

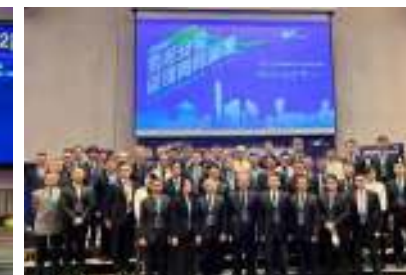


Organized the “Civil Aviation Legislation and Practice Seminar” on December 2, 2022

2. Safety Promotion — Organized International Seminars and Co-organized the 2022 Flight Operations and Safety Seminar



Organized the International Ground Safety Seminar on August 5, 2022



Co-organized the 2022 Aviation SMS Summit on March 8, 2022



Co-organized the 2022 Flight Operations and Safety Seminar on December 15, 2022



Organized the Safety Conference for Affiliated Enterprises and Agencies on March 11, 2022

3. Safety Promotion — Corporate Safety Journal

In 2022, China Airlines published a total of three quarters of corporate safety journals. Combining reader activities and special calls for papers, it promotes the acquisition of new safety knowledge for all employees by publishing domestic and foreign aviation safety information and sharing daily operational practices of each unit. The call for papers is “The Safety Impact of the Epidemic on Aviation Operations and Risk Management Actions.” Through sharing, all employees can more understand the efforts made by various units in maintaining the safety of aircraft operations and preparing for the resumption of business.

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“Corporate Safety Journal” in 2022 Q3

Flight Crew Management

Professional Training and Evaluation (GRI 404-2)

CAL recognizes risk factors and implements risk management based on the three perspectives of “prediction”, “proactive”, and “reactive” through appropriate training to respond to internal and external environmental change, such as the introduction of new airports, routes, aircrafts, systems and procedures, systematic flight training / qualification, flight operation quality assurance (FOQA), and recurrent evaluation of instructors and examiners etc. By means of pertinent training measurements to prepare flight crew members with the high level of professionalism and competency necessary to ensure passenger safety.

Note: FOQA aims to decrease the probability of accidents and hull damage by using past flight data and flight log excerpts to identify abnormal incidents and to analyze each fleet's operational characteristics. The outcomes are then assessed in order to identify and resolve any relevant safety risks.

1. Stringent Training and Objective Testing

In view of the increased demand for flight crew on the international market, CAL strictly enforces the stringent requirements of flight training and objective evaluation for flight crew in order to carry out its commitment to flight safety. To ensure solid flight training, flight crew shall complete the relevant training programs for new aircraft models, upgraded ranking, transferring between aircraft types and or requalification. In addition, cadet pilots are required to successfully complete a 10-month of ab-initial training programs at reputable flight training facilities in the United States or Australia.

CAL has implemented Evidence-Based Training (EBT) to replace the conventional proficiency training and check. The EBT is guided by risk and crisis management, and make use of data collection and analysis, individual behavior, fleet performance, operation sites, and records of incident events etc., to improve training for the capacity to handle unusual/abnormal situations. It enhances proficiency and competency of the flight crews to react to unusual and or abnormal circumstances. Since January 2018, CAL has implemented “Recurrent EBT” training and check, and achieved 100% EBT for a total of 2,305 flight crew in 2022.

2. Professional Training Facilities

As the first airline to introduce Flight Simulation Training Devices in Taiwan, CAL is equipped with various types of simulators for flight training. In addition to simulating various adverse weather conditions, simulators can incorporate a variety of contingencies for constant simulation training; they can also show the tolerance limits of aircraft designs and carry out training in any possible extreme and dangerous situations without incurring any risk during the exercise. The training process can also be recorded as a basis for reviewing and improving flight skill and expertise.

CAL has certified Full Flight Simulators approved by CAA and Cabin Emergency Evacuation Trainers which are provided for training for other domestic airlines. CAL optimizes training facilities and equipment, and launched the Logistic and Maintenance Management System in 2022. The System facilitates the digitalization of related maintenance and repairs records, work order operations, and material management, and is expected to significantly increase the operation efficiency of maintenance, repairs, and storage, and increase training equipment availability. CAL will continuously invest in and upgrade training equipment to ensure flight safety.

3. A Comprehensive Management System

In order to consolidate training course data and digitize training records, CAL unveiled the “Integrated Pilot Training System” (IPTS) in 2014, followed by completing the system connection and integration for IPTS along with the new scheduling system (AIMS) released in 2019 to ensure the efficient administration and utilization of training resources. In 2022, 336 flight crew members participated a variety of training programs for type-rating changing, upgrading, and new aircraft models.

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In response to the COVID-19 pandemic's consequences since 2020, in addition to arranging all flight crew members to regularly carry out flight simulator training, testing and actual flight in accordance with civil aviation laws and regulations. For flight crew members of the B738 model that have a greater impact on operating flights and the co-pilot of the long-haul model with relatively few landings, CAL also formulate and implement a continuous simulator flight plan to maintain their flight operation proficiency. Furthermore, CAL also evaluated and modified the training programs and course materials for the aircraft types it operated in order to enhance the standard requirements for flight operational safety.

As to the introduction of the A321neo and B777F aircraft, CAL has allocated flight crew to training for transferring between aircraft types since 2021, and 267 CAL crew members had successfully completed the program by the end of 2022. CAL also provided training programs that adhere to national civil aviation legislation, pertinent international regulations, and CAL quality standards in order to ensure that the operations of flight crew on new aircraft comply with international flight safety standards. These training programs were developed using the original airplane manufacturers' instruction manuals.

Management by Walking Around

1. Managers Implement Management by Walking Around

Fleet supervisors participate in the license inspections of flight crews and pre-flight briefings as needed to verify the completion of related operating procedures. Supervisors also conduct risk assessments for the flight operations of special sites and weather conditions, and provide operation recommendations for reference or compliance by the crew to ensure safety in flight operations.

2. Supervisory Flight (S-Flight)

Fleet supervisors and the Check Pilot (CP) conduct supervisory flights (S-Flights) as needed to review pilots' compliance with operating procedures, effectiveness in threat and error management (TEM), and their use of crew resource management (CRM) techniques. Through this process, crew's competencies which need to be enhanced could be identified and enhancement actions will be implemented accordingly to improve flight safety. 210 S-Flights were completed in 2022.

Health and Emotional Management

CAL sets strict standards not only for pilot training, but also for pilots' health and emotional management. CAL has adopted proactive planning, crew feedback and prediction in crew roster management to prevent and reduce the physical and mental stress of pilots in long-haul flight duties.

1. Life Management

To prevent and reduce the physical and mental stress of pilots in long-haul flight duties, CAL sets requirements higher than statutory ones and manages flight crew's physical and mental health so that all flight crew members are fully ready for each duty.

2. Stress and Health Management

To enhance flight crew's awareness of stress issues, human factors and crew resource management (CRM) are included in flight crew training and retraining courses. For the flight crew, appropriate stress can improve the quality of work, but excessive stress can affect attention and emotional issues. In view of this, the perception of personal stress is especially emphasized in training, and problem solving and emotional regulation are proposed for flight crew members to choose as the most appropriate way to deal with their stress. CRM training provides the concepts of teamwork and workload management to help flight crew properly face and deal with stresses caused by bad weather and schedule delays and any unexpected situation. CAL provides free psychological counseling service, where psychological consultants work with flight crew members to find feasible solutions to problems they face in their daily life.

3. Alcohol and Drug Management

CAL has established strict regulations and test procedures to prohibit the use of alcohol and drugs. This includes alcoholic beverages and food containing alcohol, as well as narcotic drugs or other drugs that may affect the normal performance of employees. CAL flight crews are not allowed to drink alcoholic beverages 12 hours prior to a flight. Since April 10, 2017, CAL has conducted alcohol test for all flight crew in accordance with the regulations of the Civil Aeronautics Administration.

4. Improved Communication and Crew Services

To improve communication with crew members and cohesion between them,

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CAL organizes all types of meetings on a regular basis to streamline the channels of communication and quickly respond to and resolve their problems and needs during flight duty period. Through improved communication, we hope to provide a comfortable and secure work environment for all crew members.

Since the outbreak of the COVID-19 pandemic in February 2020, CAL Flight Operations Division has implemented disease prevention measures so that the crew members can work in a safe environment. We also pay close attention to the mounting long-term stress accumulated by crew members on assignments, “crew member bubbles” in outstations, and home quarantine requirements when they return to Taiwan. Related response measures are as follows:

1. Ensure the delivery of the latest information

- Concentrate epidemic-related announcements for editing into electronic manuals for access by crew members at any time.
- Use diverse channels such as the Company's group email and instant messaging software to update epidemic prevention information and the Company's response measures.
- Set up a hotline and establish real time communication channels in CAL real time communication application to ensure instantaneous communication regardless of the time zone.

2. Minimize avoidable contact on assignments and in outstations

- Provide crew members with necessary disease prevention equipment when they are on duty.
- Increase in-flight bedding for crew members to prevent use of the same in-flight supplies and reduce risks of infection.
- Load meals in Taiwan for flight crews on both inbound and outbound passenger and cargo flights on the same flight.
- Plan disease prevention arrangements for outstation stays and request hotels hosting crew members to implement the Company's disease prevention requirements.

3. Implement adjustments quickly in response to changes in Taiwan's policies.

- Cooperate with Taiwan's home quarantine regulations and arrange for crew members to reside at Company's contracted hotels as the home quarantine site. Provide employees with baggage storage, uniform pick-up services, parking lot shuttle buses, and shuttle buses between Taoyuan and Taipei.

- Quickly set up comprehensive measures and logistical support in response to several rounds of significant adjustments of policies for the quarantine and test system by the competent authority in 2022.

4. Care for Crew Members

- Set up the care team and digital fence team to track crew members for epidemic prevention and digital fences and call them each day to inquire about their physical and mental health conditions.
- CAL offers a wide range of online courses and crew members under quarantine are prioritized for enrollment to support their physical and mental health.
- In addition to the Company's existing counseling services, we also added a 24-hour counseling platform for crew members.

Proactive Planning

- Monthly review and discuss next month schedules with fleet office.
- Better rosters for flight crew's dispatch and rest time.
- If crew members performed a night flight, the maximum duty duration is reduced by 2 hours.
- Monitor crew pairing by their performance in each fleet.
- Schedule a day off after a specific flight duty.
- Plan home quarantine dates in accordance with the regulations of the CDC and CAA during the pandemic.

Crew Feedback

- Investigate crew report regarding fatigue issue and mitigate by adjusting flight duty, crew number or layover as appropriate.
- The dispatcher immediately adjusts the schedule of flight crew if they report fatigue or ask sick leave. The care team also inquires about flight crew's physical and mental conditions.

Prediction

- Crew number and crew pattern for new routes will be determined by fleet office after evaluation. The evaluation will also include the regulations of different countries during the pandemic.

Inflight Monitoring and Control

To ensure that passengers can arrive safely and on time at their destinations, CAL System Operation Control Division monitors all flight-related ground operations to ensure that they are carried out promptly, monitors all flights and site operations

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in real time, and monitors the operations of aircrafts in the air. In the event of abnormal flight operations, it gathers all necessary information and formulates response plans to ensure the safety of the flight and passengers.

Timeliness of flights and reliable dispatch rates are important indicators for the Company for ensuring timely and normal flight operations. In 2022, CAL's internal flight on-time rate was 89.40%, which was 6.4% higher than the KPI on-time rate target (KPI 83%). 49,090 flights were completed in the year, with a total of 182 abnormal flights (return, diversion, ground taxi back, cancellation, etc.) and a reliable dispatch rate of over 99.62%; According to the "international and cross-strait passenger flight punctuality rate" published by the CAA, the Company's punctuality rate was 88.36% for international flights and 95.58% for cross-strait flights, which was higher than the average performance in the domestic industry (the punctuality rate of another domestic airline was 76.00% for international flights and 94.44% for cross-strait flights).

CAL System Operation Control Division monitors flight operations around the clock to ensure smooth flight operations and flight safety. It sets up designated seats for different operations and it uses communication tools to ensure real-time monitoring and control of all factors that cause abnormal flight operations (e.g., geopolitical shifts, epidemics and epidemic prevention policies of different countries, weather conditions at different airports, emergencies, and status of ground operations). The main seats in the Control Center include the air traffic control seat, weather monitoring seat, flight dispatcher seat, repair management seat, flight status monitoring seat, and Taoyuan International Airport management seat. They monitor flights and flight schedules (air traffic control seat), provide the latest hazardous weather updates for aircrafts in the air (weather monitoring seat), plan routes and fuel quantities (flight dispatcher seat), monitor flight maintenance status (repair management seat), verify the normal operations of airports (flight status monitoring seat), and supervise the inbound/outbound operations of the Company's main hub (Taoyuan International Airport management seat) to continue to effectively improve operations and meet flight control requirements. It also continues to improve the software and hardware used for monitoring and control to enhance the decision-making abilities of the Control Center. We connect with domestic and international airport CDM systems to obtain information on flight movements and we connect to aircraft tracking systems to verify the positions of aircrafts in the air. We also use TPE Airport CCTV system to ensure smooth inbound/outbound operations, and we

use the weather monitoring software WNI to monitor hazardous weather at each airport to help aircrafts avoid hazardous weather periods at airports and help pilots avoid hazardous areas. These measures are implemented for us to keep track of a variety of abnormal conditions and reduce risks in flight operations.

However, the punctuality of flights is still largely determined by local conditions and the Company will continue to rise up to the challenge. Although other countries reduced epidemic prevention requirements and relaxed or canceled quarantine requirements in 2022, CAL still supported the epidemic prevention operations of the Central Epidemic Command Center. All passenger/cargo aircrafts are disinfected upon arrival. As a result, aircrafts require an additional 30 minutes of turnaround time in domestic airports. In addition, international developments also affected flight operations. Airports in Mainland China continued to implement closed-loop management, which resulted in long turnaround time. As a result of the Russo-Ukrainian War, Russia's airspace could no longer be used and it increased the duration of flights to Europe and North America. The availability of ground service personnel dropped significantly in airports due to the impact of the pandemic. As a result, the recovery of ground service personnel could not keep up with the recovery of international travel and thus delayed flight departure operations. Although the domestic epidemic prevention policies were relaxed by the end of 2022, the domestic flights remained plagued by the lack of ground facilities at Taoyuan International Airport which led to congestion in the baggage transfer of connecting flights. The construction of Terminal 3 also reduced the available space for aircrafts and delayed departures.

As countries across the world shake off the impact of the pandemic in 2023 and gradually relax border control measures, Taiwan also relaxes border control policies and people are willing to travel abroad again. We are optimistic about the recovery of transportation capacity of passenger flights. However, international factors and ground service conditions remained the same as 2022 as airports struggle to restore their manpower and ground services to pre-pandemic standards. CAL System Operation Control Division actively embraces these challenges and pays close attention to developments and changes of the epidemic, duration of long-haul flights, and ground service for connecting passengers. It closely monitors flight operations and makes adjustments for abnormal flights to actively ensure smooth flight operations.

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Maintenance Quality

Ensuring maintenance quality is an important foundation of flight safety. With the Company's Reliability Control Program, we proactively manage the maintenance status of all aircraft. By compiling and analyzing data related to common abnormalities and technical parameters from daily operations, appropriate maintenance strategies and plans are developed. This allows us to maintain the reliability of all systems on the aircraft to enhance maintenance quality and flight safety.

1. Maintenance Quality

CAL's maintenance organization is certified by 11 countries and regions, including the European Union, the US, and China. We have the largest modernized maintenance facilities in Taiwan, including two hangers that can accommodate five wide-body aircrafts, as well as an engine test cell capable of measuring up to 120,000 lbs of thrust. The Company's maintenance capability can satisfy different level of maintenance checks for various type of aircrafts. CAL has expanded maintenance service to airlines in East Asia and East Asia since 2021 and applied for maintenance plant certification from Japan Civil Aviation Bureau (JCAB). We completed the review and obtained the maintenance plant certification in June 2022 and we will continue to expand maintenance and repairs services for customer aircrafts and third-party equipment.

2. Establishing a New Maintenance Training Center

In response to rapidly growing demand for maintenance service at home and abroad, CAL was certified to establish the CAL Technical Training Center (CTC) in 2015. In 2017, CTC also obtained certification from the Civil Aviation Administration of China. CTC was the first certified institution in Taiwan to provide aircraft maintenance training for CALEMO and other airlines. Since CTC's foundation, a total of 258 training courses have been offered, and 2,713 trainees have completed training.

3. Elevating the Quality Management System

CAL acquired ISO 9001 certification for the repairs organization in 1996 and continuously maintained the effectiveness of the system. In May 2017, the EMO

became the first repair station in Taiwan to receive certification for the AS9110 Quality Maintenance Systems - Aerospace from the International Aerospace Quality Group (IAQG). CAL continuously renewed its re-evaluation contracts with the accreditation institution each year. Consistent with its pursuit of improvement of quality, CAL-EMO will periodically conduct Plan-Do-Check-Act (PDCA) through the quality management system for continuous improvement and customer satisfaction.

Note: IAQG members include Boeing, Airbus, GE, and Rolls Royce. To manage and regulate the quality of suppliers, suppliers are required to comply with a series of established standards for quality management system, including AS 9110.



2-1-2 Passenger Service



Protecting Public Health and Safety — Care for Passengers in Post-Pandemic Travel

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Optimize Official Website Information with Thoughtfulness for Passenger Ticket Purchases

CAL had set up a "Coronavirus Service Information" section on its website to provide passengers with epidemic prevention information and related services during the pandemic. It integrated major functions including quarantine hotel and taxi reservations, PCR test hospital information, mobile Wi-Fi hotspot devices, and immigration requirements of different countries. In response to the arrival of the post-pandemic era when border controls are lifted, CAL moved the "Coronavirus Service Information" section on its homepage to "COVID-19 Service Information" section and continues to provide entry regulations of different countries and other information for passengers with the aim of providing the most updated border control measures and travel information in all parts of the globe. In addition, the travel reminders on the official website also replaced the "COVID-19 Information on Services" previously provided on the official website with entry regulations of different countries to provide passenger with more thoughtful services.

Passenger flights remained disrupted despite the relaxation of entry restrictions in different countries in 2022. The CAL website continuously optimized the flight schedule information on website to meet passenger requirements and display the flights in aircraft icons to provide passengers with friendlier and better-visualized flight information.



Official Website Service Optimization



Online Booking
Information



Focus on Professional Skills and Core Value

In response to the gradual reopening of borders and downgrade of domestic epidemic prevention alert level, the Cabin Crew Division seeks to identify the most valuable segments to reach passenger expectations. It completed organizational structure change ahead of schedule to enhance management effectiveness, strengthen disciplinary management, and uplift sustainability. All cabin crew members shall complete the recurrent training courses and assessment in a nominated cycle to maintain their qualification which complies to CAA and associated regulations. CAL plans service refresher training based on the recovery of the industry to optimize service proficiency. We use e-Learning, video conferencing, classroom courses, and evaluations to verify employees' competencies and qualifications and ensure that cabin crew members are ready to return. Cabin manager shall request for completion of In-charge cabin crew overall oral assessment by Cabin Crew Division to maintain the required competencies and coordination of cabin procedures applicable of normal, abnormal and emergency situations within the effective period. Cabin Crew Division also gradually assigns two cabin managers for long-haul flights and adopts the two-way evaluation for cabin crew members. On duty instructors perform in-flight self-inspections to comprehensively review cabin safety, aviation security, and the key performance of overall cabin services. We implement internal and external changes and take real actions for cabin crew management.

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Internal Training and Consolidation for Future Growth

As the pandemic subsided, the need for self-awareness and retraining of skills for crew members become ever more pressing than before. We initiated action plans in 2022 to help crew members enhance their professional skills and encourage them to strengthen competitiveness. We accumulated more than 95,000 hours of training for qualified crew members by practicing most tasks and associated competencies to maintain their proficiency to meet the standard requirement and organized A321 safety and service training based on the fleet renewal program. We designed the "Cabin Crew Interaction Channel" internal enhancement program, which is an inter-generational communication program conducted through scenarios, role-playing, and livestream interactions. The total number of hours of digital and remote training increased by 153% compared to 2021 as we intensified our diversity and sustainability course plans and implementation. In addition to providing abundant learning resources, we maintained the principles for employees' vacation and leave of absence during the pandemic. We also relaxed the rules for unpaid leave and allow employees to apply for leave based on their personal requirements. 533 employees applied for unpaid leave in 2022. As a gesture of appreciation for crew members' years of service and contributions, we provided customized programs for special leave of absence and approval for leave of absence with increased flexibility based on the nature of crew members' work till the end of September. A total of 743 applications were filed and 6,989 days of leave were granted. We allowed independent allocation and retention of the number of years of service and key benefits to accumulate the capacity for supporting employees. We took real actions to support crew members' work and life balance, career development, and to retain talents.



Digital Crew Member Sign-in with Real Actions for Sustainability

The Cabin Crew Division expanded digitalization from paperless operation manuals, forms, and documents to the management platform to support the Company's promotion of eco-friendly and sustainable development goals, attain carbon reduction targets, and continue to enhance competitiveness. We actively promote digitalization to reduce the risks of infections of crew members during the pandemic. As personal mobile devices and mobile apps became more popular, we allowed crew members to use the eCrew app on their mobile phones along with the eCrew portal check-in system when performing flight duty from April. After they adjusted routine processes, the number of users has increased each month. By August, the usage rate of eCrew app has reached 80%. It integrates management, dispatch, and other control mechanisms to reduce the time required for manual check-in at duty counters. It thus enhances overall operational efficiency and supports sustainability policies.



Passenger Loading has Increased Gradually as the Epidemic Haze is Waved Away

In the post-epidemic era, China Airlines is actively deploying its destinations with reviewing the travel demand by rolling basis, and allocate flight resources to destinations with high demand.

In year 2022, the long-haul and short-haul flight load factor was increased each by 33.08ppt and 20.73ppt compared to the previous year. RPK (Revenue Passenger Kilometer) was also increased by 931% in year 2022 compared to the previous year due to the gradual increase in the flights capacity and with the timely resumption of flights destinations service. As a result, passenger flight operations are gradually recovering with steady growth.



Adjusted Checked-in Baggage Regulations to Provide Passengers with Bargain Baggage Services

To increase CAL's competitiveness and collaboration with sister airlines, CAL switched the free checked-in baggage system to a one based on the number of bags on August 2, 2022. After the adjustment, passengers on routes with baggage limits originally governed by weight are eligible for additional free checked-in baggage. In addition, CAL also adjusted the payment standards for special baggage such as sporting equipment, pets, and musical instruments. We hope to satisfy passengers' needs for planning their travels with additional allowance for their checked-in baggage.



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Integrate passenger transport aircraft resources of CAL Group

As the pandemic subsided and demand for domestic travel increased in 2022, we integrated the resources of the CAL fleet and provided a total of 2,566,196 seats on domestic routes (including offshore islands such as Kinmen and Penghu) (AE/ATR-72 aircrafts: 1,504,160 seats or 59%; IT/A320 aircrafts: 1,035,540 or 40%; CI/B738: 26,496 or 1%). We also supported the Tourism Bureau's incentives for citizens to travel with discounts and subsidies to satisfy people's need for going home and travel. Mandarin Airlines launched its first Kaohsiung-Kinmen flight on January 27, 2022 to improve its flight network services for offshore islands. It immediately increased the transportation capacity for offshore islands during Chinese New Year. On September 18, an earthquake with a magnitude of 6.8 struck Taitung County. Mandarin Airlines immediately added flights between Taipei and Taitung on September 19 and 22 for passengers going to and coming from Eastern Taiwan. It also made use of the resources of CAL Group by leasing Tigerair Taiwan's 180-seater A320 to increase the size of the aircraft used to transport passengers in Eastern Taiwan.



Integrate Passenger Transport Aircraft Resources of CAL Group



First Kaohsiung-Kinmen Flight



Mandarin Airlines leased Aircrafts from Tigerair Taiwan's Fleet to Increase the Number of Flights and the Size of the Aircraft Used for Flights

Mandarin Airlines introduced the brand-new self-check-in kiosk to improve service quality and meet epidemic prevention requirements based on CAL Group's sense of mission and responsibility for sustainability. The external design was inspired by the corporate logo "baby gyr Falcon" and the fuselage was transformed into a cute baby gyr Falcon instead of a dull traditional self-check-in kiosk. The non-contact touch screen attracted many passengers to try out the new kiosk.



Brand-new Efficient Baby Gyr Falcon Self-check-in Kiosk

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Flight Punctuality

In 2022, CAL's internal flight on-time rate was 89.40%, which was 6.4% higher than the KPI on-time rate target (KPI 83%). 49,090 flights were completed in the year, with a total of 182 abnormal flights (return, diversion, ground taxi back, cancellation, etc.) and a reliable dispatch rate of over 99.62%. According to the "international and cross-strait passenger flight punctuality rate" published by the CAA, the Company's punctuality rate was 88.36% for international flights and 95.58% for cross-strait flights.

The flight punctuality rate in 2022 was lower compared to 2021 (an average of 94.43% for the year) mainly because of the gradual improvements in the global COVID-19 pandemic in 2021. As countries gradually normalized activities and opened borders, tourism travel recovered quickly. The recovery of airports from the layoffs and loss of personnel due to the cancellation and reduction of flights during the pandemic could not keep up with the growth in the number of passengers. As a result, the manpower shortages in security checks and baggage handling toward the end of the pandemic persisted and caused frequent flight delays. The need to quickly recover from the shortage of manpower in airports and restore normal ground operations remains a challenge in the post-pandemic era.

Continue to Connect with the Innovative Generation with Youthful Thinking in the Post-Pandemic Era

The Company continues to pursue the goal of increasing "Brand Awareness" in the sustainability strategy. On board the A321neo passenger aircrafts delivered in 2022, all passengers can use their mobile phones and Bluetooth headphones to connect to the in-flight entertainment system. They also have zero-contact detection faucets in lavatories and HEPA high-efficiency air filtration system for the entire cabin. The 737-800 fleet also features the upgraded Wireless Entertainment System. Passengers can enjoy a wide range of multimedia streaming services during flights with their personal devices. The travel image video "Travel for New Chapter" was released in 2022. We constantly think of new ways to travel and create more value for passengers. We connect with the innovative generation and invite passengers to "write new travel stories" together with CAL through a series of activities.



CAL operated official social media fan page to interact with passengers and maintain positive relations. It was used to remind passengers to pay attention to border control measures of different countries and flight changes. It also organized small online activities to continue to engage passengers and provide the latest information on the resumption of flights and tourist destinations after the pandemic. CAL organized travel activities in full compliance with the government's disease prevention policies. They included the Pikachu Jet CI charity micro-trip for which CAL invited healthcare workers and children from the Taiwan Fund for Children and Families (TFCF) non-profit kindergarten to take part in the micro-trip. We also participated the immensely popular International Travel Fair and the European Christmas Market. CAL also donated a total of 100 metric tons of carbon credits on behalf of all passengers to offset the carbon emissions in the mini-tour. We helped every passenger experience and attain a carbon neutral flight and we spared no efforts in social welfare and sustainable development to maximize our brand influence.

All ads and marketing materials of CAL abide by the following ethical commitments: 1. Provide accurate and balanced information for all products and services; 2. Truthfully disclose the Company's ESG actions; 3. Protect customers with weaker capacity to access information by providing accurate and sufficient information; 4. Abstain from misinforming customers on competitors' products and services. We uphold the principles of integrity and accountability to convey CAL's commitment to providing customers with a great travel experience and promoting sustainability. CAL connects with the innovative generation with youthful thinking and continues to receive international awards and recognition. CAL received the APEX Five Star Global Airline in 2023 from the Airline Passenger Experience Association (APEX) for the 7th consecutive year and was named the Best Cargo Airline - Asia by Air Cargo News.

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Customer Health and Safety and Sustainability

Food Safety

To ensure food safety and environmental sustainability, CAL requires catering service providers to strictly comply with international safety and health standards mechanisms. This covers each process from preparation, storage, and transportation at a standard temperature. Microbiological examinations are required for all products, materials, and food equipment. In addition, quality audits are carried out from time to time, and aimed at requesting catering service providers to correct nonconforming items within given time limits. If these conditions are not met, penalties will be imposed in accordance with their contracts. Training courses are also organized regarding HACCP and catering services, in order to increase employees' awareness of food safety and quality.



International In-flight Catering Certification



ISO 22000



HACCP



Malaysia Halal Kitchen
Certification

Onboard Drinking Water Safety

The quality of potable water is an important part of a premium customer's experience. The quality of potable water is strictly controlled by our industry-leading In-flight Potable Water Management Procedures, which are stricter than environmental regulations and bottling facility sanitation regulations.

- The safety of potable water is included in the preliminaries of new destinations.
- We have rigorous safety standards for our drinking water suppliers. Every year, audits are performed to ensure compliance.
- CAL conducts safety audits on potable water at outstations.
- CAL implements a maintenance plan for potable water facilities according to the manufacturer manual.

Local Procurement

CAL plans and designs meals in line with the "Responsible Consumption and Production" goal and moves toward renewable energy, carbon reduction, and local procurement to achieve "Decent Work and Economic Growth". From 2019 to 2021, we actively used local brands and high-quality products such as the procurement of large and small bottles of mineral water and sparkling water from renowned domestic brands. When the pandemic subsided in the second half of 2022, we actively expanded collaboration with domestic companies in different industries to focus on promoting local food ingredients and supporting high-quality agricultural products, local cultural and creative industries in Taiwan. For instance, we worked with Yang Ming Spring", a restaurant that specializes in creative vegetarian cuisine with a Michelin Star, for passengers to pre-order vegetarian dishes produced with domestic agricultural products. We also organized exhibitions on select flights for offering products from small-scale farms and increasing their visibility to attain the goals of responsible consumption and production and environmental protection by reducing the carbon footprint, and fulfill our social responsibility to the Earth.

Service Optimization in the Post-Pandemic Era

As the pandemic subsided and countries relaxed border controls, the number of flights has gradually recovered and we commenced restoration training for ground service personnel. In addition to increasing their familiarity with basic operating procedures and system operations, we also request employees to use polite words when interacting with passengers during check-in and boarding and provide passengers with thoughtful services.

We formulated suitable service greetings for counter and boarding gate services and strengthened the crowd diversion for boarding in waiting rooms to help guide passengers and maintain order. We assign ground service personnel to interact with passengers in the waiting room to provide boarding information, check whether there are passengers who require assistance, and improve the overall service quality.

Highlight Services

In 2022, CAL introduced a number of innovations and employee training programs to passenger services to improve service quality; in addition, CAL continuously studied sustainable practices in order to maintain customer service to the highest standards and stay in a leading position in the aviation industry; relevant achievements are listed below:

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1. Reopening of the CAL VIP Lounge after the Pandemic

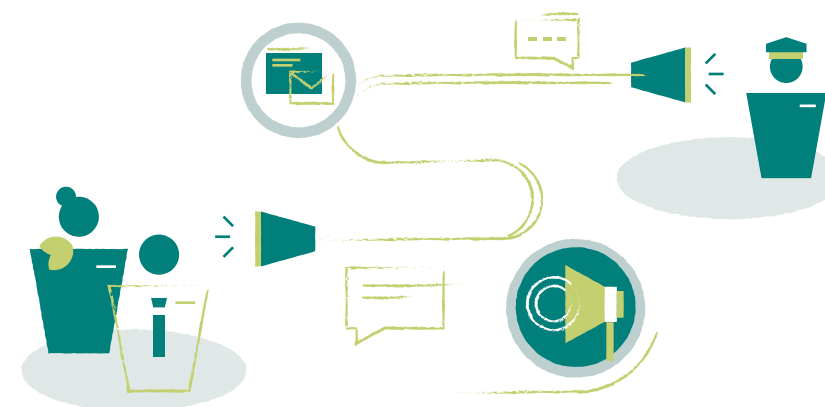
The collaboration between CAL and Novotel resulted in the low-profile luxury five-star catering services in the VIP lounge in Terminal 1. The chef made extensive use of local ingredients from Taiwan and presented the food with Western culinary styles to create an extravagant feast of the senses. Recommended five-star dishes include fried shrimp cake in bun with avocado, noodle with spicy nuts sauce, Peng-Chieh Wang's champion bread, and the vegetarian dish lion's mane mushroom soup stewed over low heat. They provide passengers with the unique culinary experience of the VIP lounge.

The design of the VIP lounge in Terminal 2 was inspired by red plums and ink wash painting. Coupled with the calligraphy wall, it shows the essence of Eastern culture and helps passengers experience the splendor and magnificence of Taiwan from a corner of the lounge. The unique fresh-made food includes the three top dishes of the CAL VIP lounge — beef noodles, sweet potatoes, and tea eggs. They form some of the most unforgettable moments in the minds of the passengers.



2. Listen to the Needs of Cabin Crew and Establish a Mutually Beneficial Partnership

In response to post-pandemic trends and passenger expectations, CAL has implemented personnel protection standards and enhanced the cleaning frequency of cabin lavatories. We also progressively adjusted our service procedures to provide an in-flight service experience that strikes a balance between "passenger-oriented approach" and "health and epidemic prevention". To build consensus and expand the effective interaction mechanisms of the "Cabin Crew Division Careing Team" provided during the pandemic. From March to April, we used digital surveys and extensive interviews to create an atmosphere of mutual respect and support employees' expression of opinions. We also announced updates to communicate changes in regulations in accordance with the adjustments of epidemic control measures in Taiwan and overseas. Since July, we have continued to hold the work shop and seminar with themed-based guidance and learning in small groups to create an open and inclusive workplace that supports diversity. Crew members could unleash their potential and attain a sense of accomplishment, and the activities also enhanced the team spirit. We used feedback and recommendations from the Customer Service System to implement continuous tracking and correction and review response measures, technical skills, and collaboration to attain high customer satisfaction.



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2-1-3 Cargo Service



Consolidate and Reactivate Passenger and Cargo Services – Internal Training and Consolidation for Future Growth

CAL responded rapidly during drastic changes in the cargo market in the early stages of the pandemic and shifted its operations to cargo transport. Starting from March 2020, we assigned passenger aircrafts to carry cargo with their belly capacity and the high demand for epidemic prevention supplies drove the rapid rebound of overall air transportation. Basic protective equipment such as masks, protective clothing, and respirators, as well as hardware equipment for the stay-at-home economy, work from home, and long-distance learning could only be delivered to users quickly by air transport. The importance of air transportation persisted during the middle and later stages of the pandemic with the widespread use of vaccines and cold-chain container. CAL was selected as the Best Cargo Airline – Asia by Air Cargo News in 2022. We also renewed the certification of the IATA Center of Excellence for Independent Validators in Pharmaceutical Logistics, CEIV Pharma with international recognition of our expertise in logistics.

Airline companies were devastated once again by the COVID-19 pandemic but the demand for epidemic prevention supplies and consumer products persisted. Air transportation became critical for the stability of supply chains, connecting international trade, and transporting goods. By adopting the business strategy of focusing on cargo instead of passenger transportation, we used passenger aircrafts as well as large cargo aircrafts for transporting large or special cargo to strengthen our position as a hub in Asia Pacific cargo transportation. We leveraged our resources and created profits due to the high demand for cargo transportation.



Ramp Loading and Unloading Operations

Cargo route optimization: The Company has supported quarantine measures in many countries and adapted to changes in the market since the start of the pandemic. CAL concentrated its capacity on the Chicago and Los Angeles Airports in the United States and strengthened deployment in cross-strait and Southeast Asia. We complied with domestic border quarantine requirements and optimized crew member dispatch efficiency to increase cargo aircraft capacity to meet demand for e-commerce, consumer electronic products, and high-price charter flights. In terms of business operations, we continued to implement route revenue management and differentiated pricing strategies to satisfy the demand for transportation services of different customers.



Cold-chain Transportation



Special Cargo (Long Cargo) Transportation

Quality Cargo Service

According to the latest IATA statistics, CAL's FTK ranked seventh worldwide and first in Taiwan in 2021. CAL is committed to green transportation. We used cargo aircrafts with higher fuel consumption to perform additional transportation tasks during the pandemic. As demand weakens, they will be gradually decommissioned due to fuel and maintenance costs. The Company is also implementing adjustments to the cargo aircraft fleet and continues to optimize fleet deployment to expand the cargo flight network, meet market development trends and operational requirements, and ensure capacity availability and cost control. CAL currently has 22 cargo aircrafts including 17 744F and 5 777F. One additional 777F will be delivered early next year and the 777F fleet will be expanded to 10 aircrafts. CAL can deploy different types of aircraft in response to different market demands while taking into account the flexibility of aircraft scheduling and crew assignments. We can thus fully utilize our advantages in cargo aircrafts to enhance the performance of cargo operations.

1. Special Cargo Service

CAL cargo aircrafts fly around the world and have a wealth of experience in carrying general goods, precision instruments, large equipment, precious antiquities, live animals, and other special goods. CAL makes good use of the Boeing 747 and 777 cargo aircrafts to transport special-sized goods to provide safe and professional transportation services under the close supervision of dedicated CAL personnel. CAL often transports critical national cultural relics and relief supplies. With its diverse experience in transportation and excellent quality of service, CAL

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has promoted cultural exchanges between Taiwan and other countries. In response to the pandemic, CAL also provides new service models such as cargo flights with passenger aircrafts and using the passenger cabin for cargo transport. These measures help ensure employee safety and support disease prevention policies as we actively develop a variety of flexible cargo transport business models to ensure continuous operations of international logistics. Since the start of the pandemic, CAL has taken on the role of transporting epidemic prevention supplies such as masks, rapid test kits, and more than 120 million doses of COVID-19 vaccines between Europe, the Americas, Asia, and Oceania. CAL upheld the spirit of “giving back to society and creating value for society” and demonstrated our commitment to providing high-quality transportation for medicine and outstanding services has not been hindered by the pandemic. In addition to supporting disease prevention, we also actively supported international relief initiatives by transporting COVID-19 vaccines and test kits to countries in need. We spared no effort in supporting social development.



Ramp Operations



Transportation of Live Animals (Day old chicken)

2. Upgraded Cold Chain Service

In response to increased demand for air transport of goods (such as pharmaceuticals and vaccines), CAL has significantly improved its cold chain service. This included transportation of temperature-controlled containers, SOP for active / passive temperature-controlled cargo, and upgraded refrigeration / freezing equipment. CAL became the first airline company in Taiwan to obtain the CEIV Pharma certification. In September 2022, CAL passed rigorous inspections for the renewal of the certification to provide diversified and quality temperature-controlled cargo service for customers around the world.

During the most difficult period in the COVID-19 pandemic from 2021 to 2022, CAL leveraged its professional competencies and sophisticated cold-chain technologies in the use of large quantities of dry ice to transport vaccines stored at extremely low temperatures through comprehensive risk assessments, staff training, and preparation of supporting measures to ensure safety. CAL developed active/passive temperature-controlled container products and actively provided logistics solutions to major vaccine and pharmaceutical companies, thereby making contributions to the protection of the

health of citizens. CAL will continue to demonstrate the innovation and flexibility of the CAL cargo transport team and support customers in the post-pandemic era.



Temperature-control Containers

3. Cargo Safety Management

CAL has strengthened risk management measures, such as Safety Report System, cargo service management platform, ground damage database, and abnormal weather reporting mechanisms. CAL has also established a risk prevention mechanism with the risk assessment of the Safety Report System to prevent irregularities. In addition, CAL implemented walk-around check to enhance the management of warehouse and apron operations. CAL also implements improvements based on the feedback provided in the quarterly service quality questionnaire for the ground service agency to ensure the quality of services.

4. e-Air Waybill & e-Freight

CAL promotes the e-Air Waybill and electronic data exchanges with forwarders, which reduces the operating costs of airlines and forwarders and avoids delays caused by air waybill input errors and missing documents. Printed copies are no longer required during the transportation process, which reduces

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paper consumption and protects the environment as well. It also stops the spread of the virus during the COVID-19 pandemic.

In addition to paperless operations for cargo flights to and from Hong Kong, Singapore, Frankfurt, and the Americas, CAL continued to carry out paperless operations for cargo service to and from Kuala Lumpur, Penang, Tokyo, Osaka, Fukuoka, Nagoya, Amsterdam, etc. CAL also implemented random inspections for the implementation of paperless operations for EAW shipment to reduce contact in the delivery of printed documents and fulfill our responsibility for environmental sustainability.

5. Apron Mobility (Ramp Operation Digitalization)

Through wireless transmission, all cargo information and loading statuses are instantly transmitted to mobile devices for users to monitor cargo status after palletized from the warehouse and whole loading and unloading operations. It prevents errors and omissions in the loading of pallets and containers in aircrafts. By using Personal Digital Assistant (PDA) as a channel of communication with GHAs, CAL has reduced the idle time of ramp supervisors and improved cargo agents' productivity.



A Ramp Supervisor Uses a PDA for Ramp Monitoring Operations

6. Professional Training

CAL organizes professional training courses, including dangerous goods regulations training / retraining, live animal and temperature-controlled goods regulations training, and load balancing on a regular basis to improve service quality and ensure that goods are carefully managed and professionally handled throughout the transportation process. To transport special goods, CAL has also trained professional handlers and formulated operational regulations to provide safe and professional transportation services. As border restrictions are relaxed, the Company will organize more in-person courses to provide training for employees and agents across the world and improve the quality of services.



Special Cargo Delivery (Automobile)

7. Embargo on Illegal Animals and Plants

CAL supports IATA and UN's Sustainable Development Goals by signing the Buckingham Palace Declaration. CAL has also taken the following four concrete actions to fight against illegal wildlife trade and achieve environmental and ecological sustainability including "expression and demonstration of agreement to tackle the illegal wildlife trade," "information sharing and detection," "practical measures to stop the

transportation of illegal wildlife products," and "new mechanisms tackling illegal wildlife trade."

8. Authorized Economic Operator (AEO)

Being an authorized economic operator (AEO) helps CAL stay competitive in expanding business in the international trade supply chain and to cooperate with trading partners. After earning the AEO certification in 2012, CAL has carried out self-inspections based on safety evaluation items and certification standards every year and applied to the Customs for a field certification and audit every three years. Since October 2022, the Cargo Sales, Marketing & Service Division has formed a management committee comprising Cargo Sales, Marketing & Service Division, Corporate Safety Office, Human Resources Division, Information Management Division, Administration Division, Cargo Sales & Service, Taiwan, Engineering Division, and Inflight Supply Chain & Marketing Division, to assist in carrying out annual self-inspection and mutual audits. The meeting also addressed matters such as the onsite certification for customs and related training programs in 2023. The inspection data for 2022 were submitted to the Customs Administration by the end of the year and they were verified as having met related regulations in the review.



Authorized Economic Operator (AEO) Meeting

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2-1-4 Customer Relations Management

Due to the impact of the COVID-19 pandemic, the global aviation industry faced tremendous shocks and challenges in air travel operations. The Company continued to employ the Net Promoter Score (NPS) survey which was started in 2017 to effective monitor customer opinions and cautiously respond to market demand. We also started to collect passenger satisfaction rate with the Company's services starting from June 2022. We hope to learn more about the passengers' satisfaction with the Company's services and their willingness to recommend CAL, and thus formulate improvement strategies.

The Company upholds the motto of customers first and maintains high-quality services of flight crews and ground service personnel. We established a dedicated unit for managing customer satisfaction. In addition to organizing regular quality review and target setting meetings to address customer service issues (e.g., reservations, airport services, cabin crew services, cabin cleanliness, catering services, and entertainment) to review the service performance of the year and set service targets on a rolling basis, we also use the TABLEAU big data analysis system to process and analyze customer satisfaction questionnaires. When passengers have positive or negative feedback, they can use the CAL Customer Service System (CSS) to provide feedback. The Company will include them as reference for improvements. CAL continues to provide heartwarming services and high-quality experience to support the Company's quality policy of pursuing excellence and to ensure the quality of service meets passengers' expectations. To better understand customers' needs, CAL integrates all customer feedback in the CSS (In 2022, 48.8% of customer feedback was provided via CAL's website and 51.2% provided in other ways) and assigns units in charge of responding to customers within a given time limit with the aim of becoming passengers' most trusted airline.

In 2022, CAL recovered 44,065 passenger satisfaction questionnaires which accounted for approximately 3% of the total number of passengers (Note 1). The overall satisfaction rate was 90.5; the passenger satisfaction rate was 95.2; the Net Promoter Score (NPS) was 65.7. The Cargo Sales, Marketing & Service Division delivers customer satisfaction surveys to cargo operation sites across the world each year and encourages customers to provide feedback. In 2022, it collected results from 235 respondents in 38 stations and the satisfaction score was 89.5 points. The Maintenance Division delivers customer satisfaction surveys to customers of hull, engine, and equipment maintenance once every six months and encourages customers to provide feedback on the quality, progress, and delivery time of repairs, supply of parts and equipment, services, and feedback. In the first and second halves of 2022, it collected results from 20 respondents and the annual satisfaction score was 8.8 points.

Customer Satisfaction Category	Item	2019	2020	2021	2022	2022 Objectives	2022 Attainment	2023 Objectives
Passenger Customer Service Satisfaction	Overall Passenger Satisfaction	87.7	88.6	90.7	90.5	87.8	100%	— (Note 2)
	Passenger Satisfaction Rate	-	-	-	95.2	-	-	90 (Note 3)
	Net Promoter Score (NPS)	65.5	68.4	74.5	65.7	-	-	65
Cargo Service Customer Satisfaction		88.6	88.5	88.3	89.5	88	100%	88
Maintenance and Repairs Customer Satisfaction		8.73	8.57	8.24	8.8	8.4	100%	8.4 (Note 4)

Note 1: A total of 250,703 passenger satisfaction questionnaires have been sent in 2022 (both respondents and non-respondents), which accounted for approximately 17.2% of the total number of passengers.

Note 2: Starting from 2023, the passenger satisfaction rate will be used in lieu of the passenger customer service satisfaction.

Note 3: Added in June 2022.

Note 4: The maintenance and repairs satisfaction score is calculated based on a ten-point system.

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Ahead of other domestic airlines, CAL has set up a variety of communication platforms for different groups of customers, including Customer Service on Facebook and bulletin board on the Instagram and WeChat, to collect problems which passengers encounter during their journeys and provide the updated information. By responding to customers' needs with empathy and sincerity, we endeavor to improve their travel experience. In terms of the operation and maintenance of the official accounts on social media, CAL uses suitable online language in line with contemporary issues to engage fans. We also held online activities with fans from time to time to expand CAL's online sales channels. We support green energy initiatives for sustainability with the aim of taking real actions instead of adopting slogans to encourage other companies to fulfill their responsibilities for sustainable development.

Communication Channels

1. **Service Hotline**
2. **Regular Mail**
3. **Facebook Page:** CAL has created a fan page on Facebook to understand customers' needs and problems instantly and improve service quality accordingly. It is expected to increase adhesion among members and fans and develop new customers.
4. **Customer Service E-mail:** Instead of calling, customers can simply send e-mails to change reservations or confirm their itineraries.
5. **Customer Feedback — Online Feedback System**
6. **Online Customer Satisfaction Survey**

To provide passengers with a brand-new experience for purchasing tickets online, CAL focused on optimizing flight operation information on the official website and providing more diverse electronic payment methods and the updated travel service information. We aim to create new opportunities for online marketing in the post-pandemic era and the ratio of sales on the official website increased to 27.81% in 2022. We will continue to develop the official website to better meet the needs of passengers and win the hearts of consumers.



Social Media Post for Promoting "Earth Hour"

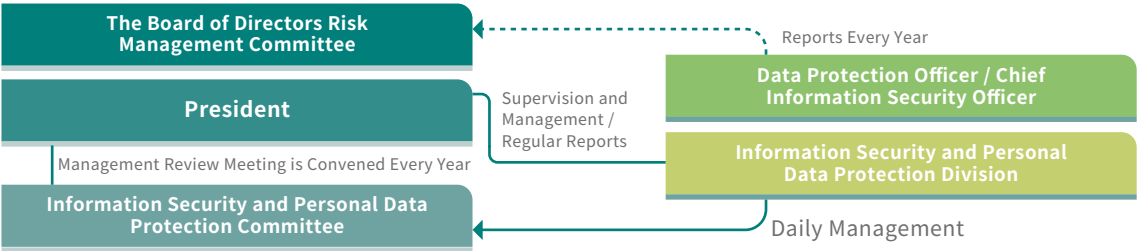


2-1-5 Information Security Management (GRI 418-1)

Information Security Framework

CAL implemented organizational adjustments in March 2022 to ensure that the Company's information security management operations meet international information security standards and domestic information security regulations. CAL established a dedicated unit for information security management and incorporated information security management into the "Information Security and Personal Data Management Division". The Data Protection Officer (DPO) and the Chief Information Security Officer (CISO) jointly lead the dedicated personal data and information security team. The CISO's duties are thus independent from the information management unit to ensure the independence of information security management. In addition, the Company periodically organizes the information security and personal data review meeting every year on a regular basis to verify the continuous and effective implementation of the information security and personal data management system. The CISO and DPO also report information security and personal data protection matters to the Board of Directors each year. Among the current board members, Independent Director Chin-Yung Huang has extensive experience in management and information. He implements timely monitoring of information operations from an independent and objective perspective.

Information Security and Personal Data Management Framework



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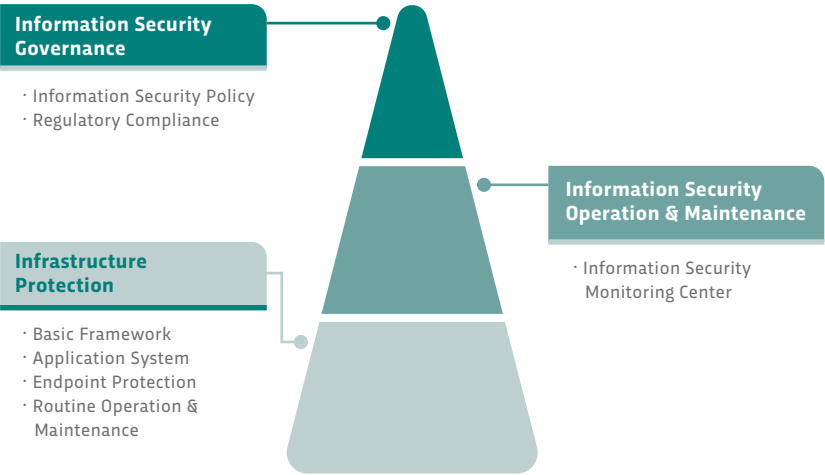
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Cyber Security Management

In response to the continuous cyber-attacks and information warfare in international developments, the Company continuously improves its cyber security defense and response capabilities and enhances the cyber security protection. We implement effective monitoring and protection to ensure the Company’s stability, development, and security in the use of services.



Cyber Security Operation & Maintenance

1. Regular Evaluations and Exercises

CAL conducts risk assessment of information and information and communication systems every year, and evaluates the requirements of the cyber security system and communication systems in terms of confidentiality, integrity, availability, and compliance. We also evaluate the core information and communication systems for flight safety, flight security, and flight convenience in accordance with the Aviation Security Manual (Doc. 8973) of the International Civil Aviation Organization (ICAO), and formulate business continuity plans. In 2022, we conducted two business continuity exercises and two computer disaster backup and recovery exercises for the cyber security and backbone network equipment with the widest impact, to ensure that the Company can rapidly and effectively restore normal operations and minimize potential losses. We also reviewed and evaluated the business continuity

plan to ensure the availability and integrity of the plan.

In addition, the Company completed the annual information security inspections in October 2022 to strengthen the Company’s overall information security protection. We reviewed information security matters (e.g., network architecture design logic and regional network allocation) and used the judgments of professionals to provide recommendations for improving information security and effectively reduce information security risks. We completed the core ICT system penetration tests in August 2022, which mainly includes information probing and error handling tests for meeting the requirements in the SANS 20 Critical Security Controls of the SANS Institute, the OWASP Top Ten Vulnerabilities announced by the Open Web Application Security Project (OWASP) and other standards for tests. The operations included preliminary tests and repeated tests to confirm that the vulnerabilities have been addressed.

Regular Exercises and Protection Measures	
Computer Disaster Backup and Recovery Exercise (Implemented twice)	- Scope: 39 Application Systems (completed in September) - Scope: 43 Application Systems (completed in December)
IT System Continuous Operation Exercise (Implemented twice)	- Scope: Medium network equipment (completed in January) - Scope: Backbone Router Switch (completed in September)
Information Security Examination (Implemented once)	Scope: Infrastructure facilities and system developer computers (completed in October)
Penetration Test (Implemented once)	Scope: Core cyber security system (completed in August)

2. Cyber Security Education and Training

Each year, all cyber security personnel receive at least 12 hours of cyber security professional program training or cyber security competence training. All employees must receive at least 3 hours of cyber security training every year. In 2022, we organized four rounds of cyber security training and four social engineering exercises for all employees (detailed in the table below) to strengthen employees’ information security awareness.

The Company has adopted diverse methods for cyber security training and requires all employees to abide by the Company’s internal regulations for cyber security and personal data protection. If there is any violation of regulations, the Company shall investigate in accordance with related reward and penalty regulations based on the

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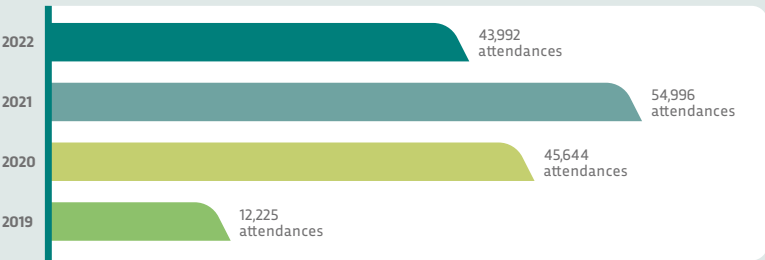
severity, and impose penalties ranging from warning to termination of employment. If such violation incurs legal liabilities, employees shall be held accountable in accordance with related regulations.

The Information Management Division conducts self-inspections and compliance assessments every six months. Audits are carried out by the audit unit independently to implement supervision and inspections ensure the operations of overall mechanisms. The results of training programs for cyber security personnel in 2022 are shown in the table below:

Training Program	Number of Trainees	Number of Trainees that Completed Training
Cybersecurity Analyst International Certification Course	1	1
Google Compute Engine Architecture Design	1	1
Microsoft Azure Administrator Certification Course	1	1
NINS Network Infrastructure and Network Services	1	1
27001:2013 Preliminary Training Courses for the Information Security Management System	4	4
ISO 27001:2013 Lead Auditor Training	4	4

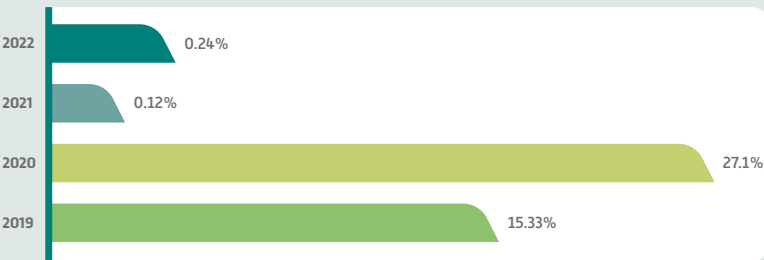
Number of Trainees in Cyber Security Education and Training

The Company organized information security training for all personnel in March, June, October, and December with 43,992 attendances to increase the information security awareness of all employees.



Social Engineering Exercise Link Click Rate

The Company conducted social engineering exercises with email four times (February, May, August, and October) and the link click rate was 3.67%, 3.2%, 0.19%, and 0.24%, respectively. We will continue to conduct exercises to increase employees' awareness and reduce information security risks.



3. Notification of Cyber Security Incidents

The cyber security incident notification, vulnerability reporting, and response mechanism is initiated based on the level of cyber security incidents to control their impact and implement post-incident recovery. Dedicated cyber security personnel determine whether there is a danger and take immediate notification and response measures when necessary. It also notifies units to implement preventive measures and share related information in the Airline Safety Review Committee and Corporate Safety Committee. To strengthen emergency response procedures and plans, develops the cyber security incident notification & contingency drill plan at the beginning of each year and completes internal cyber security exercise by the end of each year to ensure the effectiveness of incident notification mechanisms and procedures and ensure the results meet expectations.

Reporting information security threats and vulnerabilities

The Company's instant messaging software Team+ was used to send emails to all employees with 9 articles on information security awareness.



Notification Flowchart

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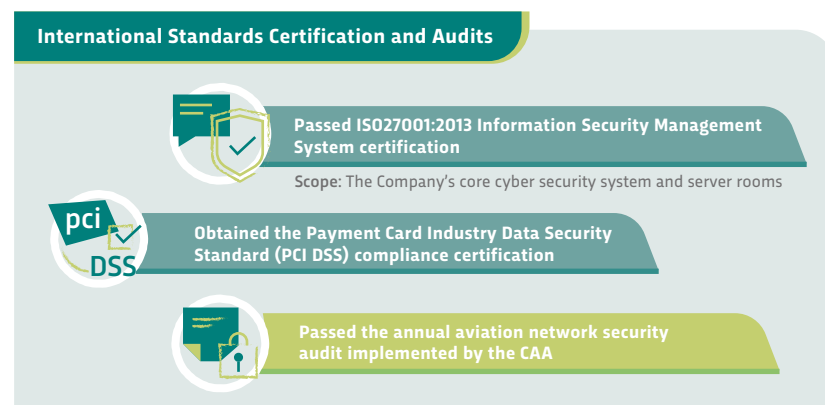
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Cyber Security Certification and Audit

The Company has established a more comprehensive management system to maintain the effectiveness of the certification. The Company completed the internal audit and re-inspection for the core ICT systems in 2022 in accordance with ISO 27001:2013 and obtained the system certificate in January 2023. The Company also obtained the Payment Card Industry Data Security Standard (PCI DSS) compliance certification in November 2022 to protect the Company's credit card transactions and protect the rights and interests of passengers. CAA conducted an annual cyber security inspection on the Company in May 2022 and there were no major discrepancies in the inspection results. Per examination by the Information Management Division in 2022, neither the monitoring or warning information from the defense system, which detects threats to cyber security, was confirmed to be a security incident caused by virus infection and were not punished by the competent authority.



Response to COVID-19

In response to the COVID-19 pandemic, the Company's Information Management Division regularly inspects firewall records and supervises network usage of virtual private network (VPN) connections in accordance with regulations. It also removes accounts without usage records, expired accounts, and accounts of transferred / former employees to reduce cyber security risks. The Company began enhancing the review of user access authority and device security starting in 2021 by taking inspection measures such as operating system security and antivirus software

code updates to strengthen risk management and block connections from unsafe devices. CAL also conducted an inventory of accounts with remote access for ground service and sales agents of foreign branches. We completed improvements for the use of shared accounts and set up a system that can identify individual accounts for use and authorization to prioritize cyber security and ensure the security of the infrastructure.

2-1-6 Privacy Management (GRI 418-1)

Personal Data and Privacy Protection

CAL respects the privacy of the personal data subjects and is committed to protecting personal data and customer privacy. We fully comply with the Personal Data Protection Act and Regulations Governing Personal Information File Security Maintenance Plan and Processing Method for the Civil Air Transport Enterprise of the Republic of China, as well as the General Data Protection Regulation (GDPR) of the EU. When consumers use products or services provided by CAL, the Company shall expressly inform consumers of related information for all personal data, privacy, and rights and interests, and will only collect and process personal data after obtaining consumers' consent. Related policies are disclosed on CAL's official website. The aforementioned policy applies to all of employees of the Company. When it is necessary for the Company to engage subcontracting activities of personal data, the Company also requires the suppliers and their personnel to comply with the policy. We include personal data protection clauses in the contracts signed with suppliers, formulate management operation documents for suppliers, and perform regular evaluations of suppliers and personal data audits. Please refer to CAL's official website for details.

Privacy Protection Policy
and Statement



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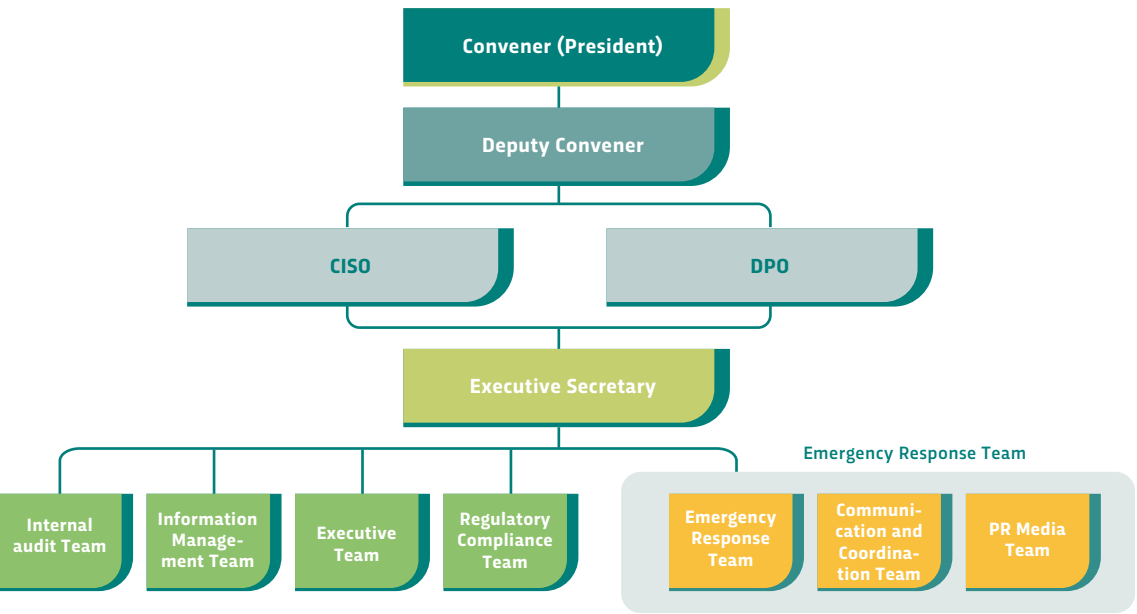
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Personal Data Management Framework

To enhance the Company's personal data management, we followed the requirements in the Regulations Governing Establishment of Internal Control Systems by Public Companies promulgated by the Financial Supervisory Commission and incorporated information security management into the "Information Security and Personal Data Management Division" in March 2022. We also appointed the Chief Information Security Officer (CISO) and provided the CISO with independent powers for coordinating and planning of information security policies and resource allocation in order to enhance the Company's implementation of information security management. The DPO and CISO jointly implement the supervision and management of the Company's personal data and information security to implement the most efficient corporate governance. They also report to the Risk Management Committee of the Board of Directors when necessary (e.g., as shown in 2-1-5 Information Security and Personal Data Management / Reporting Framework) so that the management can effectively monitor the Company's personal data and information security operations. The organization of the Company's Information Security and Personal Data Management Committee is shown in the figure below. The responsibilities of the units are described in the Company's standard operation document "Information Security and Personal Data Management Committee (DQ-010)".

Organizational of the Information Security and Personal Data Management Committee



Inquiry Channels for Personal Data Rights

CAL has established comprehensive personal data protection mechanisms to ensure the accuracy and security of personal data. According to the Privacy Protection Policy and Statement on the Company's official website, CAL must collect, process, or use personal data in a reasonably secure manner within the specific purpose authorized by the data subject, and may not use such data in secondary use other than the purposes authorized by the data subject. It also ensures that the data subject can exercise their rights to inquiries, amendment, deletion, restriction of processing, and withdrawal of consent under the applicable data protection laws and regulations. Where a data subject wishes to exercise any of the aforementioned personal data rights, the data subject may fill in the "Enquiry and Request for Personal Data" online form or write to the DPO (DPO@china-airlines.com). The Company shall assign a designated unit to process the case, and respond to the data subject within the statutory period specified in the applicable laws and regulations.

Personal Data Risk Assessment Mechanisms

To meet requirements of applicable personal data protection laws and regulations and identify the related risks in processing of personal data, the Company formulates standard operation documents for the classification of personal data files and implements regular review as the basis for planning the Company's risk management mechanisms. In the aforementioned personal data inventory, the members of the execution team shall review the business procedures under their management. They

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shall also conduct personal data inventories, assess the data protection impact assessment, implement self-audit, and perform risk assessments each year in accordance with regulations. If it is found excessively high risks in the evaluation, they shall propose risk improvement solutions and implement them thoroughly to ensure the effective implementation of the “Plan-Do-Check-Act (PDCA)” system.

Personal Data Breach Response Mechanisms

CAL has prescribed a contingency plan in accordance with the Regulations Governing Personal Information File Security Maintenance Plan and Processing Method for the Civil Air Transport Enterprise and the Company’s standard operation document “Personal Data Breach Response Management Procedures (DQ-007)” to address breaches involving inappropriate access, disclosure, or unauthorized use of personal data that damage the data subject rights. The personal data breaches are reported to the supervisor on the corresponding level based on the impact of the personal data breach. It speeds up the internal authorization process and helps increase the subsequent reporting and handling efficiency. CAL organizes response drill or tabletop simulations each year in accordance with the aforementioned operation document and reviews discrepancies after the simulation for improvements to ensure the effectiveness of operating procedures and strengthen the horizontal communication and response capabilities between units. In the case of subcontracted processing of personal data, we stipulate the deadline for filing notifications of personal data breaches, records of the liabilities of the breach, compensation, and regulations on penalties

in the contract signed with the supplier of subcontracted services. The Company shall require the retention of evidence and records related to the breach. The aforementioned contingency measures were adopted in the investigation and handling of suspected breaches in early 2023, for which reviews and improvements were made at the same time.



Personal Data Breach
Contingency Flow

Personal Data Internal Audit and Training

The Company established the “Information Security and Personal Data Audit and Continuous Improvement Management Procedures (DQ-012)” standard operation document to review whether the personal data management targets, management procedures, and safety management systems are fully implemented in accordance with plans. We organize internal audits on information security and personal data in Taiwan and overseas branch offices, and submit the internal audit results each year for review by the top management in the Information Security and Personal Data Management Committee to ensure the effectiveness of the personal data management system.

The Company provides all employees with regular training to enhance their personal data protection knowledge and code of conduct. The internal audit team regularly receives training for personal data management and audits. We also collected the important recent personal data related cases, information on new regulations, and key personal data management requirements to comply in the quarterly Personal Data Protection” newsletter. It is sent to all employees to share latest information and case studies regarding personal data.

The results of personal data protection seminars and training programs in 2022 are shown in the table below:

Training Program	Number of Courses	Number of Trainees	Number of Trainees that Completed Training
Executive Management Seminars	1	92	92
Personal Data Regulations and Management (Executives)	7	691	691
Information Security and Personal Data Awareness Training for All Employees	10	10,750	10,750
Personal Data Protection Training for New Employees	11	295	295
Personal Data Protection Newsletters	4	45,733	45,733



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CAL's Personal Data Protection Milestones in 2022

1. Expansion of personal data protection to oversea branch offices
2. Completed personal data inventory, internal audit, and risk assessment across unit in Taiwan and oversea branch offices
3. Issued quarterly "Personal Data Protection" newsletters as personal data protection education for all employees
4. Organized annual contingency drills on personal data breaches
5. Held the annual personal data management review meeting
6. Conducted additional personal data inventories for units with more deficiencies in the inventories of the personal data audit.
7. Introduced ISO 27001 ISMS and ISO 27701 PIMS certification and implemented management framework adjustments

Annual Personal Data Breaches

Number of personal data or privacy leaks in 2022: 0



Future Plans

Flight Safety

1. Renewing Flight Safety Certifications

After obtaining the IATA Operational Safety Audit (IOSA) certification in 2005, CAL has participated in revaluation every two years in accordance with IATA regulations to ensure flight safety. The Company passed the IOSA revaluation for the eleventh time in 2022. We upheld our commitment to safety and resolve to continue to meet the highest international safety standards and offer passengers high-quality and reliable services.

2. Routine Response Exercises for Abnormal Flight Operations and Case Studies

CAL will continue to enhance the capacity for emergency response of aircraft control personnel and organize response exercises and case studies each quarter. CAL shall organize reviews and exercises of response procedures for different weather conditions at random or review recent anomalies. We shall also set up case studies of anomalies in the past three years as mandatory review subjects for refresher training of control personnel each year. We aim to strengthen their capacity for emergency response to maintain the punctuality rate of flights,

reduce the Company's losses, protect the Company's interests, and provide high-quality services in aircraft operations.

3. Enhance the Dispatch System and Optimize Procedures:

To continue to improve the Lido flight planning system of the System Operation Control Division, the Company assigned dedicated personnel to work with Lufthansa on the development of graphic review functions. To continue to safely promote the fuel conservation program, we analyze the meteorological history and the characteristics of unique stations and designate recent high-risk stations in the system every month to remind dispatchers of the operational risks. High-risk stations require special consideration in terms of fuel quantity and backup landing sites.

4. Improve Internal Communication Efficiency

The Company continues to provide the internal communication system Team+ to the employees of front-line units and employees in outstations to help

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them monitor changes in flight information. In the event of a change in flight information, it immediately announces the change for all units to receive updates and implement flexible adjustments for their respective operations.

Passenger Service

1. Enhancing Mobile Devices and Official Website Services

We will launch more user-friendly APPs, website functions, and self-service initiatives online.

2. Cabin Lavatory Cleanliness Satisfaction and Internal Control Analysis

The cabin lavatory cleanliness KPI was attained each month in 2022. To continue to provide passengers with a safe flight environment, the Cabin Crew Division regularly incorporates data from the business intelligence portal (BIP) for each aircraft type, flight number, time period, departure station, cabin class, card category, and number of passengers. It employs internal control and analysis to effectively display passenger habits and characteristics of destinations. The information is shared in regular announcements and meeting information with the aim of facilitating concrete improvements for key in-flight services and converting them into customer satisfaction.

3. Upgraded Airport Services

As the pandemic subsided and flight operations gradually resumed, the Company will continue to use information technology along with the plans of different airports for activating self bag drop (SBD) and self boarding gate (SBG) to help passengers use self-service applications such as CUSS and eCheck-in. These measures will reduce the contact between passengers and airport personnel, improve the efficiency of self-service operations, and enhance convenience services as we make the transition to innovative and smart airports.

4. Continue to Implement Passenger Satisfaction Survey during the Pandemic to Maintain Service Quality

Cargo Service

1. Adjusting Capacity Flexibly in Response to Market Needs

During the pandemic, the quarantine issues for crew members constrained

the flight plans for cargo flights. When the fifth 777F entered operations at the end of the year, the Company shall continue to strengthen Taiwan's position as a transportation hub, expand into potential markets, and make full use of the freedoms of the air and cargo aircraft capacity. Specific measures include:

- Increased MIA flights and expanded the service network in North America.
- Responded to the demand for exports of the Japanese auto and precision instrument industries and continued to schedule cargo flights to Osaka (KIX) and Nagoya (NGO).
- Added cargo flights to AMS with stopovers in India (DEL and BOM) or Dubai (DWC) for cargo flights to Europe to increase revenue and expand the network in Europe.
- Added flights to Southeast Asia in response to ASEAN Free Trade Agreement which increased regional trade. We also increased transshipment efficiency and gained business opportunities in different countries.

2. New Aircrafts Equipped with Next-Generation "Cargo Loading System" Reduce Operation Time, Increase Cargo Load, and Maximize Revenue from Cargo Service

The delivery of the A321neo passenger aircrafts also enhanced CAL's competitiveness in regional cargo services. We opted for the cargo loading system in the belly of the aircrafts that can be flexibly adjusted to use pallets for loading cargo. It effectively reduces the need for manual labor, shortens the ground service time for flights, protects the cargo and passenger baggage. We also added heavy cargo sources that can be loaded and unloaded with greater ease. We adjusted the belly of the aircraft to bulk transport in accordance with the requirements of different airports to increase flexibility in aircraft dispatch. Compared to the 738, the new A321neo aircrafts' cargo load is increased by 10-20%. They will benefit current operations which are focused on cargo service.

3. Continuously Promoting Premium Air Freight Cargo & Customized Service

With extensive cargo handling experience and features, CAL aims to deliver more precision equipment, aviation supplies, temperature-controlled cargoes, and other high-priced cargoes, add more value to sales with excellent service, and promote revenue diversification.

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Customer Relations Management

Passenger Customer Service Satisfaction

- Starting from 2023, the Company use the passenger satisfaction rate and Net Promoter Score (NPS) in lieu of the weighted average of passenger satisfaction rate used in the past to portray the overall passenger satisfaction rate. It provides a more direct and comprehensive view of passenger satisfaction and helps the Company implement improvements.
- In addition to inviting Dysnaty members to fill out the passenger satisfaction survey, we also plan to expand the pool of respondents and the coverage of the surveys to obtain more comprehensive passenger feedback and improve the quality of services.

Information Security

Cyber Security Certifications and Related Planning

The Company obtained the PCI DSS compliance certification in November 2022 to protect the Company's credit card transactions and protect the rights and interests of passengers. We plan to renew the certification every two years to reduce information security risks.

The Company completed ISO 27001 ISMS certification in October 2022 and will continue to accept verification to meet international information security standards.

Privacy Management

1. Personal Data Management System

The Company activated the certification and introduction of ISO 27001 "Information Security Management System (ISMS)" and ISO 27701 "Privacy Information Management System (PIMS)" in March 2022. We completed ISO 27001 ISMS certification in October 2022 and will continue to introduce and complete ISO 27701 PIMS certification in 2023 to ensure that all personal data protection regulations of the Company meet regulatory requirements.

The Company continues to comply with occupational health and epidemic prevention guidelines after the pandemic and reviews the operating procedures for inbound/outbound quarantine measures of related units to ensure that all measures comply with the personal data regulations. We shall adhere to applicable personal data laws and regulations to use personal data within the

necessary scope for specific purposes to legally collect, process, and use data subjects' personal data. We shall fulfill data security maintenance obligations to reduce the risks of damage due to personal data leaks.

2. Personal Data Protection Audit

As the pandemic subsided and countries gradually relaxed border controls, the Company will gradually activate the personal data audit plan for overseas branch offices in 2023. We shall implement onsite audits to ensure that the personal data protection operations of overseas branch offices meet requirements in the Company's regulations and local laws.



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HIGHLIGHTS



7th time annual supplier conference

Taiwan's first airline to hold an annual supplier conference for seven consecutive years.



1st Taiwanese airline to conduct and continuously enhance supplier sustainability assessments

1st Taiwanese airline to perform and continuously enhance supplier sustainability assessments.



92 points In 2022, the score of supply chain sustainability risk assessment was 92 points

CAL has continuously implemented sustainable risk assessments for key suppliers since 2015. In 2022, the score of supply chain sustainability risk assessment was 92 points.

Management Approach

Material Issues

● Sustainable Supply Chain Management

Importance of Material Issues

CAL's vision of "becoming the preferred airline in Taiwan" has firmly established its reputation in Taiwan and around the world. We are committed to the pursuit of sustainable development. We deeply understand that only by cooperating with business partners can we truly implement corporate sustainable development and create sustainable value. Thus, we have formulated the CAL Sustainable Supply Chain Management Policy according to international standards and guidelines such as the United Nations Global Compact (UNGC), International Labour Organization (ILO), and ISO 26000:2010 Guidance on Social Responsibility. The Sustainable Supply Chain Management Policy applies to the suppliers and contractors of CAL and its subsidiaries and joint ventures. Hence, we urge that the principles of sustainable development be implemented as part of our overall supply chain management to jointly fulfill our corporate social responsibility.

Commitment and Long-term Goals



Commitment

To achieve supply chain sustainability, CAL has committed itself to the development and continuous improvement in the three dimensions of governance, society, and

the environment.



We are committed to

1. Conducting risk and impact assessments to ensure supply chain sustainability and establish fair, transparent mechanisms for supplier management.
2. Selecting economic and acceptable products and services by considering their environmental and social effects.



We require all suppliers and contractors to

1. Strictly abide by local and international laws and regulations.
2. Implement quality control systems that ensure the quality and safety of products or services provided.
3. Establish information security mechanisms that prevent the misuse of confidential and sensitive information.
4. Comply with local and international human rights and labor standards, and not follow child labor and discriminatory practices.
5. Provide a safe working environment and secure workplace over health and safety issues.
6. Discontinue forced labor and guarantee freedom of association as well as proper working conditions and pay.
7. Reduce the negative impact of products and services on the environment and society in accordance with sustainability-related regulations.



Sustainable Supply Chain
Management Policy Statement

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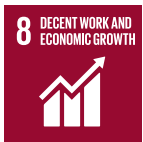
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Long-term Goals



2023

1. Maintain SAQ score at 87 points
2. Optimize risk management for sustainable supply chain, implement the SAQ, and assess 70% of critical tier-1 suppliers and 50% of critical tier-2 suppliers by 2023

2025

1. Maintain SAQ score at 87 points
2. Optimize risk management for sustainable supply chain, implement the SAQ, and assess 100% of critical tier-1 suppliers and 100% of critical tier-2 suppliers by 2025

2030

1. Maintain SAQ score at 89 points
2. Providing supply chain training,improving assistance mechanisms, and implementing ongoing SAQs

Unit in Charge

Corporate Sustainability Committee — Supply Chain Task Force
(in charge of aviation supplies, jet fuel, in-flight catering, and service procurement as well as general affairs)

Management Mechanisms

- The meeting of Corporate Sustainability Committee, at least twice every year
- Supply Chain Task Force reports to Corporate Sustainability Committee, every quarter
- The President is the highest-ranking decision maker for the Supplier Sustainability Management Plan.
- Expand the SAQ to cover the critical tier-2 suppliers

Objectives and Plans

KPI	2022			2023 Objectives
	Objectives	Performance	Achievement	
Convene Annual Supplier Conference	One session	Held at the Novotel Taipei Taoyuan International Airport on December 13	100%	One session
Conduct SAQ	Response rate at least 72%	Response rate at least 72%	100%	Response rate at least 73%
Critical Supplier SAQ Score	86 points	92 points	100%	87 points
ESG Training for Procurement Staff	Three sessions each year	Participated in three sessions of internal / external ESG online sustainability seminars	100%	Three sessions each year

Grievance Mechanism

CAL's suppliers access information on grievance mechanisms through the QR code below. Grievances will be handled by our dedicated personnel immediately.

General Products: Administration Division — **E-Mail:** tpeuo@china-airlines.com

Aviation Parts: Engineering Division — **E-Mail:** AOG_DESK@email.china-airlines.com

E-shopping / Duty free: In-flight Service Supply Division — **E-Mail:** e-shopping@china-airlines.com



Stakeholder Contact

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2-2-1 CAL Value Chain (GRI 2-6)

Compared with other industries, the aviation industry is unique in respect of safety concerns. As of the end of 2022, the CAL Group had established 29 joint ventures in business sectors including air transport, ground handling service, tourism, aerospace

technology, air transport support, and logistics and warehousing. By integrating their strengths, the Group will optimize its overall quality of service, competitiveness and value chain.

Material Procurement Types

Category (No. of Tier-1 Suppliers / Critical Tier-1 Suppliers)	 Aviation Materials Aircraft Parts (601 / 22)	 Aviation Fuel Fuel Required for Flight (29 / 6)	 In-Flight Catering In-Flight Meals Offered to Passengers (24 / 7)	 Ground Handling Service Airport Manpower (26 / 1)	 General Products Goods Required for Overall Operations (112 / 8)
Description of Importance	Aviation materials are critical for flight safety. Therefore, aviation materials must have certificates of qualification, and their airworthiness must be confirmed by related units / divisions / departments.	Fuel is vital for flight and its cost of procurement forms one contributor to operating costs.	In-flight catering stands as one of CAL's crucial quality services. CAL provides passengers with a complete in-flight experience based on the needs of long- haul and short-haul passengers and nationality requirements.	CAL provides excellent airport services, and improves passengers' satisfaction throughout the journey with the help of its ground staff and agents.	General products refer to basic supplies required for business operations to improve operational efficiency and quality.
Definitions of Critical Suppliers	1. Irreplaceable suppliers. 2. Yearly accumulated procurement amount is over certain percentage.	1. Irreplaceable suppliers. 2. The procurement amount is accounted for over certain jet fuel cost in whole year.	Suppliers offer long-haul service. (including the China Pacific Catering Services at Taipei Station)	1. Irreplaceable suppliers. 2. Exclusive ground handling agent which is not affiliated with airlines. 3. Yearly flights handling by the suppliers are accounted for over certain total flights of CAL.	1. Irreplaceable suppliers. 2. Yearly accumulated procurement amount is over certain percentage.
Definitions of Tier-1 Suppliers	All suppliers that received purchase orders for transactions in the current year.	Suppliers that supplied and produced fuel in the current year.	Suppliers that offer meals for flights with passenger services in the current year.	Ground handling agents that processed scheduled flights in the current year.	All suppliers with transactions in the current year.

Note: Material procurement types are defined by the volume of procurement.

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Note 1: The Company sold Jardine Air Terminal Services Ltd. in mid-2022.

Note 2: Dynasty Holidays, Inc. was dissolved in May 2022

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2-2-2 Sustainable Supply Chain Management (GRI 204-1, 308-2, 407-1, 414-2)

CAL has been promoting sustainable supply chain management since the beginning of 2014. Subsequently, we established a Joint Creation Value Team for important procurement categories, including “aviation materials, aviation fuel, in-flight meals, service procurement, and general business affairs”; formulated long-term sustainability goals based on the United Nations’ Sustainable Development Goals (SDGs); and established China Airlines’ Sustainable Supply Chain Management Policy Statement and Supplier Code of Conduct with reference to the Global Reporting Initiative (GRI), ISO 26000, United Nations Global Compact (UNGC), International Labour Organization (ILO), and other international standards. CAL has also established a risk investigation mechanism and performed audit operations. If a supplier violates the terms of the Supplier Code of Conduct, the Company may terminate the partnership. We also organize annual supplier conferences to improve suppliers’ sustainability risk awareness and regularly report the management results to the Corporate Sustainability Committee for follow-up inspection on a quarterly basis. The President is the highest-ranking decision maker of the Corporate Sustainability Committee.



Supplier Code of Conduct

Supply Chain Management Objectives and Plans

CAL’s main business and supply chains are located in Taiwan, which has the highest rate in the world with 46% of suppliers and 35% of CAL’s total procurements. It is followed by the Americas, Asia, Europe, and Oceania. In 2022, the outbreak of the Russo-Ukrainian War, respite from the COVID-19 pandemic, gradual opening of borders across the world, and reemergence of tourism have led to a labor shortage in airports of different countries. We continue to conduct risk assessments in each region to verify whether our suppliers’ upstream operations involve Russia and whether our partner suppliers use illegal forced labor in terms of human rights issues. CAL shall prioritize the selection of suppliers with good ESG performance to ensure the stability of the supply chain. CAL also uses the SAQ for sustainability risk assessments each year to track the identified actual social impact in the supply chain and observe whether there is potential negative social impact and regional political and economic risks.



Regional Distribution of Tier-1 Suppliers

Overview of Global Suppliers (Number of Suppliers)		
Taiwan	363	46%
Asia (Other Than Taiwan)	117	15%
Americas	206	26%
Europe	99	13%
Oceania	7	1%
Total	792	100%



Regional Distribution of the Procurement Amount from Tier-1 Suppliers

Overview Of Global Suppliers (Procurement Amount)	
Taiwan	35%
Asia (Other Than Taiwan)	19%
Americas	32%
Europe	12%
Oceania	2%
Total	100%

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Proportion of Procurement from Key Suppliers

Proportion of Procurement from Key Suppliers			
	Number of Tier-1 Suppliers	Number of Critical Tier-1 Suppliers	Proportion of Total Procurement Amount from Critical Tier-1 Suppliers
Aviation Parts	601	22	80%
Aviation Fuel	29	6	67%
In-Flight Catering	24	7	96%
Ground Handling Service	26	1	27%
General Products	112	8	78%
Total	792	44	68%

2022 Achievements

1. Sustainable Supply Chain Procurement Practices



Continue the Use of Sustainable Aviation Fuel to Protect the Environment

Compared to narrow-body aircrafts of the previous generation, the eight A321neo aircrafts delivered to CAL in 2022 reduce fuel consumption by 15-20%, noise by 75%, and NOx emissions by 50%. When the eight new A321neo aircrafts were delivered to Taiwan, CAL made arrangements to use sustainable aviation fuels, as it did for A350 aircrafts. This decision led to a reduction of carbon emissions by 8% when compared with traditional fuel usage. CAL takes real actions to save fuel and reduce carbon emissions to support its commitment to net zero carbon emissions by 2050, reduce greenhouse gas emissions, and protect the environment. After the new A321neo aircrafts arrive in Taiwan and preparation and certification are completed, they will be used for flights to Northeast Asia, Southeast Asia, and China to strengthen CAL's regional flight network.



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Environmental sustainability requires the transformation of the service model, business model, and values as support in order to improve the operational efficiency, attain co-existence with the ecosystem, and fulfill our commitments to the Earth with the effective use of resources, creation of a circular economy, and changes in consumer behavior. CAL shall continue to upgrade its fleet and use new energy-efficient passenger and cargo aircrafts such as B777F and A321neo. We shall also promote environmentally sustainable transformation in management,

implementation, and communication by supporting green procurement, improving energy efficiency of equipment and facilities, responding to environmental initiatives, and developing or participating in R&D projects to continuously improve and enhance the environmental performance and operational eco-efficiency. Due to the global COVID-19 pandemic and border control measures from 2020 to 2022, the procurement volume of environmental protection products has been adjusted to adapt to the operational environment and conditions.

(Unit: TWD thousand)

Item	Scope	2019	2020	2021	2022
Environmental Protection Equipment, Management System O&M, and Research Projects	Depreciation, renewal, operation and maintenance, of pollution prevention equipment, environmental testing, setup and implement of the environmental management system, and strategy research projects	25,346	23,390	29,811	27,081
Green Procurement	Category I, II, and III products prescribed in the Regulations for Priority Procurement of Eco-Products (dated January 15, 2001)	19,258	10,199	6,455	9,221
Waste Management	Waste disposal fees	4,062	3,854	4,107	4,261
Noise Prevention	Noise control fees	189,351	136,812	136,136	129,674
Air Pollution Prevention	Air Pollution prevention fees	753	819	589	615
Total Investment Amount		238,770	175,074	177,098	170,852

Note: Annual special investments and promotional projects are not included in this table. Please refer to financial yearbook for more detailed information.

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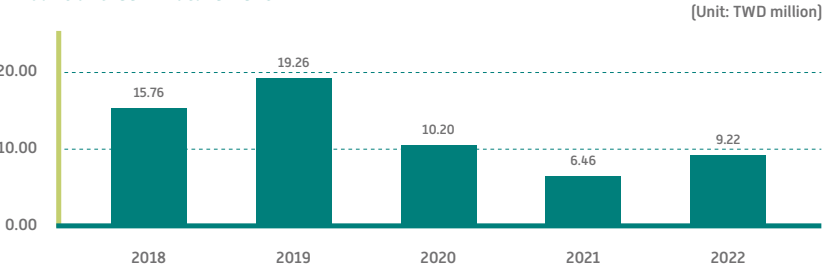
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Green Procurement

In 2022, CAL's green procurement amount increased by 43% compared to 2021. CAL shall continue to promote green procurement. We use products with environmental protection label certification for paper products used on aircrafts (including paper towels and toilet paper) and A4 paper used in offices and continues to improve system operations to reduce the use of paper. CAL also encourages units to incorporate the environmental impact of the service / product life cycle during planning and design and take real actions to reduce the impact on the environment.

Amount of Green Procurement

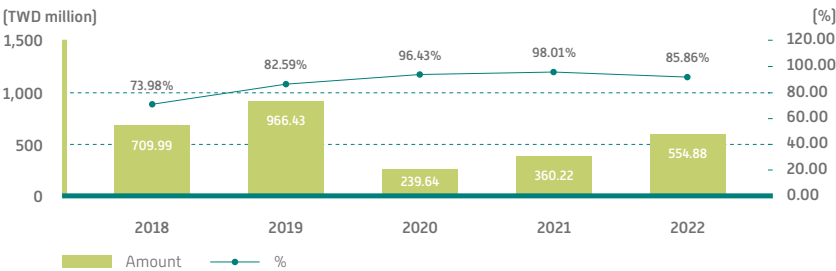


Note: Green procurement includes Category I, II, and III products prescribed in the Regulations for Priority Procurement of Eco-Products (dated January 15, 2001).

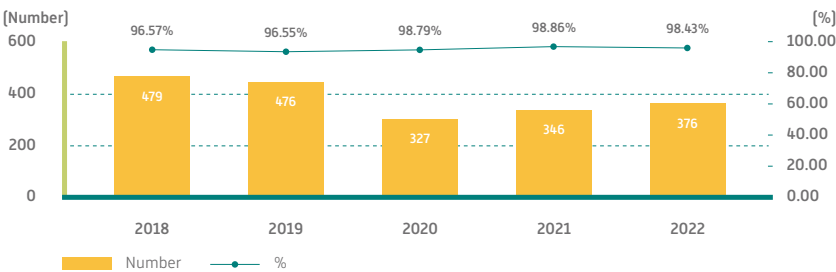
Local Procurement

Taiwan is a crucial hub of CAL. Except for certain aviation equipment, parts, and operations that are subject to international standards, CAL has managed to source parts from local suppliers (Taiwan, Penghu, Kinmen, and Matsu). We purchase high-quality agricultural products from Taiwan such as bananas, sugar apples, and pineapples. The welcome drink for business class passengers is made with local agricultural products from Taiwan and we also launched exclusive in-flight vegetarian dishes. Our partners support local produce and select the best ingredients, which are cooked with meticulously designed processes to reduce pollution in the environment and food waste, and thereby ensure sustainability with low-carbon and clean vegetables. The value of local procurement in 2022 rose by 54.04% compared to 2021 and the percentage of local suppliers remained 98%.

Amount of Local Procurement



Number of Local Suppliers



Note 1: The statistics include the Administration Division and the maintenance park and exclude the independent procurement of the fleet, In-flight Supply Chain & Marketing Division, and the Ground Services Division.

Note 2: Aircraft parts are not included. They are subject to special certification.



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2. Risk Assessment of Supply Chain Sustainability (Supplier Screening)

To strictly control supply chain sustainability risk, CAL has conducted a survey for supply chain sustainability risk and formulated our Sustainability Assessment Questionnaire (SAQ) since 2015 based on international initiatives and evaluations such as the GRI Standards, ILO, UNGC, Dow Jones Sustainability Index (DJSI), CDP, and the Universal Declaration of Human Rights. CAL also established a sustainable supply chain management system to improve the accuracy of the results of the SAQ in 2017, the functions of which include specifying the definition of critical suppliers, conducting the Sustainability Assessment Questionnaire (hereinafter SAQ), formulating regulations for review and designing relevant forms, setting different goals for short-term, mid-term, and long-term reviews, and improving the follow-up tracking mechanism. CAL continued to strengthen supply chain management in 2022 . CAL identified supplier risks at the beginning of the year, conducted due diligence in the middle of the year, and reviewed the improvements at the end of the year. Supplier training was also organized to fully control suppliers with high risks, and on-site audits were conducted further to reduce supply chain sustainability risks.

As for the SAQ, CAL conducted the SAQ with 44 suppliers in 2022, accounting for 68% of the total procurement amount of all critical tier-1 suppliers with a response rate of 75%. In addition, CAL also surveyed 3 critical tier-2 suppliers with a response rate of 66.67%. According to the results of the SAQ, the average score of the suppliers in 2022 was 92.00. The average scores in the four dimensions (please refer to the note) were between 86 and 97 points, showing that most of the suppliers have incorporated the concept of sustainability into these four dimensions. The scores in the four dimensions all improved compared to the previous year.

Note: "Governance" includes ethics and regulatory compliance. "Environment" refers to environmental protection. "Society" includes human rights and labor conditions, and occupational safety and health. "General" includes quality and safety and information security.

Procedures of Identifying Risk of Supply Chain Sustainability



Supply Chain Sustainability Risk Assessment Implementation Status

Suppliers	2021	2022
Tier-1 suppliers	708	792
Critical Tier-1 Suppliers (Share of Total Procurement Spent %)	38 (62%)	44 (68%)
Critical Non-tier-1 Suppliers	3	3
Risk Assessment of Supply Chain Sustainability		
Tier-1 Suppliers Assessed Annually	38	44
Critical Non-tier 1 Suppliers Assessed Annually	3	3
Tier-1 Suppliers Assessed in the Last 3 Years (Percentage of Total Tier-1 Suppliers)	162 (22.88%)	145 (18.30%)
Critical Non-tier 1 Suppliers Assessed in the Last 3 Years (Percentage of Total Critical Non-tier 1 Suppliers)	5 (100%)	5 (100%)
High-Risk Suppliers		
Number of Tier-1 Suppliers Classified as High-risk (Percentage of Total Tier- 1 Suppliers)	0 (0%)	0 (0%)
Number of Critical Non-tier 1 Suppliers Classified as High-risk	0	0

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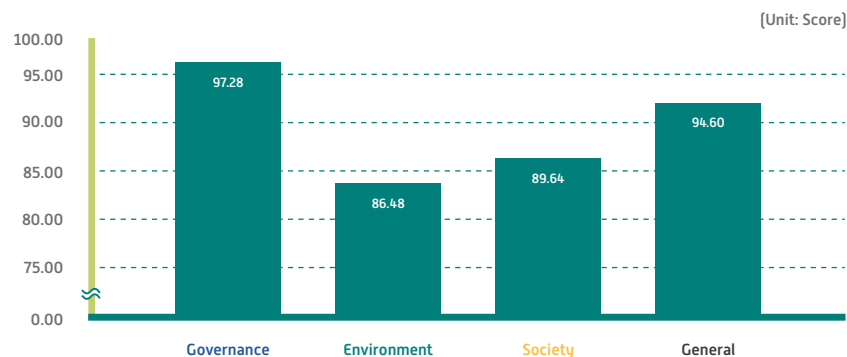
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2022 Risk Survey of Supply Chain Sustainability



Overall Performance of Supply Chain Sustainability

- In 2022, the score of supply chain sustainability risk assessment was 92.00 points.
- Governance:** The score (97.28) was an increase compared to the previous year (94.87) and has been the highest score overall. It shows that critical suppliers generally have internal management mechanisms.
- Environmental:** The score (86.48) was a significant improvement compared to the previous year (79.18) and it demonstrated the suppliers' increased resolve for responding to environmental issues. We will continue to ask suppliers to conduct environmental impact assessments and propose related environmental policies.
- Society:** Although the score (89.64) was an improvement compared to the previous year (85.10), there remains room for improvement. This area will still be the focus of our support for suppliers.
- General:** The score (94.60) was higher compared to the previous year (93.53), and the second highest score overall. We will continue our requirements and regularly review suppliers to ensure that they have set up quality management and information security systems.

Improvements to Be Made

- Governance:** We will continue to require suppliers to implement ethical and legal regulations and improve their governance.
- Environmental:** We will continue to provide training for suppliers to strengthen their understanding of environmental issues and encourage them to improve their internal environmental management policies. We will also review and advise suppliers that have high environmental risks.
- Society:** The suppliers have established related regulations for protecting human rights such as the freedom of association, ban on forced labor, ban on the use of child labor, and compliance with work-hour regulations. CAL shall continuously track suppliers with poor performance.
- General:** We will continue to require suppliers to improve information security, personal data, and privacy.

Improvement Action

In 2021 and 2022, there were no high-risk suppliers and CAL continues to periodically carry out supplier SAQ evaluations. If any high-risk supplier is identified, the Company follows up on improvements and continuously implements improvements for items with lower scores each year. At the end of 2022 when the pandemic restrictions were removed. Onsite visits help CAL understand the suppliers' real problems, provide guidance, and urge them to take corrective measures. CAL will also enhance the communication of human rights and environmental sustainability issues with the aim of improving the sustainability performance of suppliers. CAL will expand the scope of the SAQ risk assessment to all tier-1 suppliers.



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3. Sustainable Supply Chain Assessment

According to the SAQ analysis results, there were no high-risk suppliers in 2022 but 1 critical tier-1 suppliers exhibited both high environmental and social risks, 3 critical tier-1 suppliers exhibited high environmental risks, and 1 critical tier-1 supplier exhibited high social risks. To learn more about the implementation status of sustainable practices of our supply chain partners, CAL has set up different audit plans for sustainable supply chain management. From 2020 to 2022, 52% of the critical tier-1 suppliers' audit targets have been completed. CAL's audits are conducted on-site, in written format, or by correspondence. The method is determined based on the supplier's location, characteristics, and border control measures in response to COVID-19. The audit survey in 2022 showed that suppliers require improvements such as the establishment of an environmental management system, classification and recycling for recyclable waste, monitoring suppliers' environmental performance, and providing regular training on environmental management and regulations for employees. After CAL requested follow-up and training, most of the critical tier-1 suppliers have made significant improvements in environmental management. No critical tier-1 suppliers have terminated the partnership in 2022. CAL will continue to enhance support, follow-up, and requests for improvements for these environmental and social issues.



Supply Chain Sustainability Assessment Implementation Status

Suppliers (Critical Tier-1 and Non-tier-1) (Proportion of the Total Number of Critical Suppliers)	2021	2022
Suppliers Assessed via Desk Assessments or On-site Assessments	32 (78.04%)	9 (20.45%)
Assessed in the Past 3 Years	21.96%	79.55%
Overall Ratio	100%	100%
High-risk Suppliers (Proportion of the Total Number of High-risk Suppliers)	2021	2022
Assessed in the current year	0% (No high-risk suppliers in the current year)	0% (No high-risk suppliers in the current year)
Assessed At Least Once Every 3 Years	0%	0%
Overall Ratio	100%	100%
High-risk Suppliers with Corrective Measures and Completed Improvements	0% (No high-risk suppliers in the current year)	0% (No high-risk suppliers in the current year)

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4. Assisting Suppliers Reduce Risks

Convene Annual Supplier Conference

CAL convened the seventh annual sustainable supplier conference with 24 domestic suppliers (37 partners) on December 13, 2022. It was the first time the meeting was relocated from Taipei to CAL Park. In the conference, experts shared the global trends of sustainable development and CAL shared its environmental sustainability values. CAL elaborated on how it promoted the sustainable supply chain for the year and its future goals and plans for sustainable supply chain. CAL also explained its targets and plans for the sustainable value chain. CAL produced presentation materials in Chinese and English and delivered them to 100% tier-1 suppliers in Taiwan and overseas to strengthen suppliers' ESG and sustainability values. CAL explained the correct concepts for work to supply chain partners through workshops and interactions. CAL will also place more emphasis on the environmental dimension and social dimension based on the result of the SAQ of the year (supplier risk assessments were simplified and incorporated into the SAQ) and focus on improvements in future supplier conferences.

In Alignment with the Global Trend, Continuing Education and Training Courses on Sustainability

CAL will continue to provide training on sustainability for procurement personnel to enhance their knowledge of sustainability. This has been one of CAL's important goals for sustainability each year. In 2022, relevant procurement personnel continued to participate in training on the sustainable supply chain to better understand the standards, management practices, and current conditions in the international supply chain, and how to respond to the devastation of the COVID-19 pandemic on the global supply chain. We also focused on sustainability management to ensure that procurement personnel obtain the latest information on sustainability and adjust work plans for the sustainability of the supply chain. CAL will continue to invite external experts to provide education and practical training courses on sustainability audits for all procurement personnel so that future procurement can be conducted in accordance with CAL's sustainable supply chain management policies and operations of the management system.

In terms of the goals for 2023, CAL seeks to communicate with suppliers in the supplier conference and discuss concrete measures taken by CAL such as green building, use of water resources, and eco services for environmental protection and carbon reduction. We will continue to help suppliers understand sustainability requirements for ESG. CAL will build on the results in 2022 to strengthen suppliers' governance and focus on the impact caused by the pandemic on its sustainable supply chain. We will also communicate with suppliers on-site, in writing, by correspondence, or with other diverse methods.



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2-2-3 Enhancing Sustainability Value through Supply Chain Engagement (Building Programs)

Sustainable actions by supply chain/value chain partners are the key foundations for CAL's commitment to environmental sustainability and the implementation of environmental policies. Since 2018, CAL has invited 11 suppliers and value chain partners with close partnerships for setting up the Environmental Seed Development Plan. We use surveys, workshops, in-person / online courses and seminars each year to monitor and help the value chain understand their own environmental risks and opportunities and gradually build and continuously sustain comprehensive environmental management mechanisms. We also invited partners of the Group to

jointly take part in environmental protection initiatives and consolidate a consensus for environmental protection. With the active cooperation and hard work of partners, we have achieved significant growth in the overall environmental governance and performance of the value chain. CAL also targets specific international or industrial trends and invites suppliers to jointly develop environmentally friendly and sustainable products to add value to products or services of the partners of the Group.

Purpose	Engagement Model	2022 Achievements / Results
Monitor Environmental Risks and Opportunities	Distribute surveys, inventory energy and resource consumption, potential environmental risks and opportunities in operations	Assisted 11 partners of the Group with 100% completion of carbon inventory and the Scope 1 and Scope 2 emissions totaled 208,914 tons CO ₂ e
Improve Environmental Management Mechanisms	Organize themed workshops/courses, communication meetings, and seminars and invite partners of the Group 1. Incorporate environmental protection and energy conservation into new investment and procurement of equipment 2. Set up dedicated units for evaluating compliance for critical environmental impact with direct consequences 3. Set environmental performance targets and promote environmental protection and energy conservation measures	Assisted 11 partners of the Group in setting 21 energy and resource management targets with 100% attainment for 14 targets. Implemented environmental protection and energy conservation measures to reduce electricity consumption by 45,000 kWh and reduce diesel consumption by 3,000 liters
Expand Sustainability Influence	CAL encourages suppliers to set up environmental sustainability pages to disclose their environmental policies, targets, and performance Encourage suppliers to support environmental protection initiatives	Assisted 7 partners of the Group in disclosing environmental information on the official website / web page and support the Earth Hour initiative
Value-added Products / Services	Work with suppliers to add sustainable and environmental protection value to specific products or services, creating new environmentally sustainable products and services	Development of environmentally friendly catering stores (refer to the chapter on environmental protection) with rPET / coffee ground fabrics Broadcast 12 environmental sustainability videos on board Promotion of the voluntary Eco Travel Carbon Offsetting Program to passengers / shippers and Mandarin Airlines / Tigerair Taiwan