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0-1 About the Report

China Airlines (hereinafter referred to as “CAL”) issues the corporate sustainability report and discloses related information on its CSR website on a regular basis to maintain good and smooth communication with all stakeholders. CAL introduces the “Sustainability Logo” in 2019 to reaffirm its commitment to sustainable development. The Sustainability logo in the corporate logo features a plum blossom. Two red petals in the middle connect to form an infinity symbol signifying “sustainable”, and three blue petals represent “economic”, “environment”, and “social”, the three main aspects of “Sustainability We Care”.

Cover Story

The new visual element “Journey Curve” indicates that CAL strives to offer passengers a journey full of pleasant amazement and take them home safe and sound (Show You the World, Take You Home). The Journey Curve connects to the Sustainability Logo and drives the five sustainable values of CAL, namely “trust”, “human resources”, “cooperation”, “environment”, and “society” to enhance the stakeholders’ perception of the values.
Reporting Principles & Standard Disclosures (GRI 102-54)

The Report is prepared in accordance with the GRI standards Core Option published by the Global Sustainability Standards Board and the United Nations (UN) Global Compact. The Report and the GRI and UN Global Compact content index are described in the appendix.

Report Period & Boundary (GRI 102-45, 102-50)

• Report Period
The Report discloses CAL’s information from January 1, 2018 to December 31, 2018; some material information up to April 30, 2019 is also reported.

• Report Boundary
The Report discloses all information on CAL. Considering commercial correlation between CAL and its subsidiaries and the financial materiality, Mandarin Airlines and Tigerair Taiwan are also disclosed in some index in the Report.

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

Guarantee of Truthful Reporting (GRI 102-56)

• Internal Audit
All data and information disclosed in the Report are provided by the responsible departments of CAL, 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 Corporate Social Responsibility and 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 appendix for the Independent Limited Assurance Report.

• Data Quality Management
Financial data in the Report and data relating to ISO quality, information safety, environmental and energy management, and greenhouse gas emissions have been certified or verified by independent third parties.

Financial Data | Deloitte
---|---
Quality Management ISO 9001 | DNV GL
Information Safety Management ISO 27001 | DNV GL
Environmental Management ISO 14001 | DNV GL
Energy Management ISO 50001 | DNV GL
Greenhouse Gas Emission ISO 14064-1 | DNV GL

Publication History (GRI 102-51, 102-52)
The Report is published in both Chinese and English every year and available on the CAL’s CSR website. The dates of release are as follows:

First edition release date | August 2014
Previous edition release date | June 2018
Current edition release date | June 2019
Next edition release date | June 2020

Feedback (GRI 102-1, 102-53)
If you have any suggestions or questions about the Report, please contact:

**CAL**

Unit | Strategic Planning Department, Corporate Development Office
TEL | 886-3-399-8530
E-mail | csr@china-airlines.com
Address | No.1, Hangzhan South Road, Dayuan District, Taoyuan City, Taiwan
In the face of the global economic turmoil, including the financial crisis in Asia, SARS, and the 911 attack, CAL has demonstrated the proactive and fearless spirit. Moving toward the 60th year of operation, CAL will continue to create milestones and fulfill its commitment to sustainability. CAL offers heartfelt thanks to those who have persistently provided support and care that allow CAL to face the challenges and risks while pursuing the sustainable growth more steadily.

Looking back at 2018, the global economy recovered steadily, but many challenges remained in the business environment, including the increasing tension of the China-US trade war, volatility in global financial markets, rises in global oil prices, climate anomalies, reduced revenue due to market competition, clouded cross-strait relations, limited capacity of Taiwan Taoyuan International Airport, and increasing awareness of labor rights. Facing these challenges, CAL continued to strengthen the operation of 4 pillars (passenger transport, freight transport, maintenance, and e-commerce), optimize the passenger/cargo service network, and develop the customer base with the group resources; in addition, A350 long-range airliners were all in place to improve the overall quality and profitability of CAL.

Facing the increasing awareness of corporate social responsibility, CAL incorporates sustainability into its corporate culture and value by adopting the sustainable development strategies covering safety, governance, fleet and network, product and service, group business, and brand awareness. To show its resolution to fulfill sustainability as a global citizen and a corporate citizen in Taiwan, CAL echoes with 9 of the UN’s Sustainable Development Goals (SDGs) and sets the short-term, medium-term, and long-term sustainable development goals of the six task forces, namely Trust, Human Resources, Cooperation, Environment, Society, and Corporate Governance according to the SDGs Compass.

Compliance and integrity are the cornerstones of CAL’s sustainable development. The Company is active in overseeing and managing the operation of the Board of Directors. In 2018, three female directors were recruited to enhance the diversification and decision-making quality of the Board of Directors; in addition, CAL ranked in the top 5% of TWSE / TPEx listed companies in the fifth Corporate Governance Evaluation.
Providing the best flight quality is what CAL strives and stands for. In 2018, CAL organized the first flight safety education fair to demonstrate its determination to fulfill flight safety; in addition, CAL was selected as one of the IATA Nominating Committee on behalf of Taiwan’s aviation industry, showing that its contribution to the aviation industry was widely recognized. With professional service and outstanding flight quality, CAL was also selected as the presidential aircraft. To improve customer experience, CAL renovated and reopened the VIP lounge at Terminal 2 in 2018. Featuring oriental aesthetics, the VIP lounge is expected to promote the international visibility of Chinese culture.

The Company has taken specific action to fulfill environmental sustainability for many years. In 2018, CAL reduced carbon of 144,000 tons of CO₂e. The electricity consumption and carbon emissions in the offices in Taiwan have been reduced gradually for 9 consecutive years; in addition, the Crew Training Building was awarded the Green Building Label; passengers were invited to participate in the carbon offsetting program – ECO Travel to achieve net zero emission. CAL also organized the first seminar on sustainable aviation fuels (ASF), where experts from the industry, government, and academia cooperated to discuss the countermeasure for ASF. As the aviation industry plays an important role in climate change, the Company became the first in Taiwan’s aviation industry to sign the Task Force on Climate-related Financial Disclosures (TCFD) in 2018.

The nearly 60 years of operation are built on the contribution of all employees. Therefore, it is the Company’s responsibility to offer a quality work environment with sound employee benefits. CAL has been awarded the Top 20 Youngsters’ Favorite Brands by Cheers magazine for 3 consecutive years and ranked the 6th in 2018; in addition, CAL was selected in Taiwan High Compensation 100 Index for the second time. This year, we continued to participate in charitable activities based on the spirit of contributing to society, including disaster relief, care for the economically disadvantaged students and the elderly, and sponsorship for Taiwanese athletes, and once again won Taiwan Corporate Sustainability Awards (TCSA) - Social Inclusion Award, which reinforced our confidence and resolution to promote social prosperity.

Having implemented corporate sustainable responsibility for more than 5 years, CAL has achieved outstanding results, such as being selected in TCSA 5 times, in FTSE4Good TIP Taiwan ESG Index for the first time, and in Dow Jones Sustainability Index (DJSI) and FTSE4Good thrice, and being rated A-/Leadership by the Carbon Disclosure Project (CDP) twice. These milestones indicate the recognition of CAL’s efforts, and more importantly, firm up our belief that promoting sustainability is the right way to create our own value and the value of our stakeholders.

Looking ahead, CAL will continue to fulfill its commitment to all stakeholders by believing that we can always do better and creating more wonderful moments through flying. Upholding the belief and expectations of stakeholders and the corporate heritage, CAL will continue to enhance Chinese culture around the world and achieve the sustainable development with its partners and stakeholders, ultimately becoming the preferred airlines in Taiwan.

J. C. Hsieh
2018

Key Performance and External Affirmation

3rd Time selected for DJSI Emerging Markets
The only Taiwanese airline selected for DJSI Emerging Markets for three consecutive years and ranked in 3rd place among the world’s airlines.

3rd Time selected for FTSE4Good Emerging Index
Selected for the FTSE4Good Emerging Index for three consecutive years.

1st Year selected for FTSE4Good TIP Taiwan ESG Index
Selected for FTSE4Good TIP Taiwan ESG Index for the first year.

Top 5% of TWSE / TPEx listed companies
Ranked in the top 5% of TESE / TPEx listed companies in the fifth Corporate Governance Evaluation.

The Only Taiwanese Airline in IATA Nominating Committee
The only Taiwanese airline in the International Aviation Transport Association (IATA)’s Nominating Committee.

8th Time certified by IATA Operational Safety Audit (IOSA)
Passing IOSA certification for an eighth consecutive time.

Selected as Presidential Aircraft
Selected as presidential aircraft for the several times.

2nd 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 two consecutive years.
99.20% participation
99.20% of employees participating in labor unions.

35.9 Million
Invested TWD 35,904,946 in charity activities throughout 2018.

Over 2,700 students
CAL’s Love All Around team visited 12 cities / counties in Taiwan and helped more than 2,700 students.

40,000 students
Textbook programs sponsored for 90 schools throughout Taiwan to help approximately 40,000 students.

2nd Time Social Inclusion Award
Granted the Social Inclusion Award in 2018 TCSA (Taiwan Corporate Sustainability Awards).

SOCIAL

ENVIRONMENTAL

3rd Time selected in DJSI and got highest score in Environmental Reporting and Climate Strategy
Three consecutive times selected in DJSI emerging markets index and got highest score in Environmental Reporting and Climate Strategy of DJSI in 2018.

2nd Time A-/Leadership CDP
Ranked A- in 2016 and 2018 CDP, the global transportation industry benchmark and the best in the global aviation industry in 2018.

5th Time TCSA Climate Leadership Award
Awarded TCSA Climate Leadership Award for five consecutive years since 2014.

2nd Diamond-Level green building
Crew Training Building certified as a diamond-level green building in 2018.

1st Taiwanese Airline to organize seminar on sustainable aviation fuels
CAL organized the first seminar on sustainable aviation fuels to share experiences in using aviation fuel in the delivery of A350.

One and Only Taiwanese airline to recognize TCFD for public support
One and only airline in Taiwan to support the Task Force on Climate-related Financial Disclosures (TCFD).

Voluntary carbon offset program
CAL initiated ECO Travel, a carbon offset program, in 2018 to help customers achieve the idea of zero carbon travel.
04.09
Granted the Best Onboard Amenities Kit - Premium Economy in the Onboard Hospitality Award

04.30
Granted the 2018 Top 20 Youngsters' Favorite Brands by Cheers

05.29
Ranked in top 5% of TWSE / TPEx listed companies in 2018 Corporate Governance Evaluation organized by Taiwan Stock Exchange

05.30

06.26
Awarded the Gold award in 2018 Reader's Digest Trusted Brand

06.26
Awarded the Gold award in 2018 Reader's Digest Trusted Brand

08.23
CALL's Dynasty granted the APEX (Airline Passenger Experience Association) Awards for Publication Excellence

09.13
The Crew Training Center at CAL's headquarters in Taoyuan (Taiwan) granted recognition as a Diamond-Level Green Building by the Ministry of the Interior (Taiwan)

09.13
Selected for the Dow Jones Sustainability Indices (DJSI) and ranked 3rd place among the world's airlines

09.25
Granted the 2018: Five stars of Official Airline Ratings launched by APEX and Concur TripIt

11.22
Granted TOP 50 Platinum Award, Climate Leadership Award, Social Inclusion Award, and English Reportage Award in 2018 Taiwan Corporate Sustainability Awards (TCSA)
0-3
About China Airlines

0-3-1 Business Overview (GRI 102-2, 102-3, 102-4, 102-6, 102-7)

China Airlines (2610) is the largest airline in Taiwan. Based in Taiwan Taoyuan International Airport, CAL mainly provides international passenger and freight air transport services. CAL also has two subsidiary airlines: Mandarin Airlines and Tigerair Taiwan. Mandarin Airlines serves domestic and regional markets, while Tigerair Taiwan offers a low-cost business model. With a multi-brand strategy, members of the CAL Group share resources and complement one another’s strengths and weaknesses to provide a variety of options for our customers based on an established network. Through codeshare agreements with other airlines, the CAL Group offered flights to / from 29 countries and 174 destinations worldwide as of the end of December 2018.
CAL Group’s Operational Achievements (GRI 201-1)

CAL’s management and employees continuously apply themselves to strengthening its operating structure through a variety of improvement strategies and integration of Group business. Despite rising global oil prices in 2018, joint efforts in passenger and freight transport on the part of CAL, Mandarin Airlines, and Tigerair Taiwan allowed consolidated operating revenue to hit a nearly four-year high at TWD 170.71 billion. This comprised TWD 108.35 billion from passenger transport, TWD 49.85 billion from freight transport, and TWD 12.52 billion from other segments. Consolidated net profit before tax was TWD 3.08 billion. CAL has thus shown a positive pre-tax profit for four consecutive years.

Consolidated Financial Statement (Unit: TWD billion)

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<th>Item</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
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<tr>
<td>Passenger Revenue</td>
<td>94.96</td>
<td>95.28</td>
<td>102.22</td>
<td>108.35</td>
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<tr>
<td>Cargo Revenue</td>
<td>40.29</td>
<td>35.72</td>
<td>43.33</td>
<td>49.85</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>9.80</td>
<td>10.08</td>
<td>10.57</td>
<td>12.52</td>
</tr>
<tr>
<td>Consolidated operating revenue</td>
<td>145.06</td>
<td>141.08</td>
<td>156.12</td>
<td>170.71</td>
</tr>
<tr>
<td>Pretax Profit</td>
<td>7.13</td>
<td>1.88</td>
<td>3.52</td>
<td>3.08</td>
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2018 Performance of International Passenger and Freight Transport

<table>
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<th>Airlines</th>
<th>Flights</th>
<th>Passenger Transport</th>
<th>Freight Transport</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Passengers</td>
<td>Market Share</td>
<td>Tonnage (Metric Ton)</td>
</tr>
<tr>
<td>China Airlines</td>
<td>78,409</td>
<td>13,760,385</td>
<td>24.2%</td>
</tr>
<tr>
<td>Mandarin Airlines</td>
<td>10,664</td>
<td>1,326,234</td>
<td>2.3%</td>
</tr>
<tr>
<td>Tigerair Taiwan</td>
<td>17,727</td>
<td>2,565,819</td>
<td>4.5%</td>
</tr>
<tr>
<td>Total</td>
<td>106,800</td>
<td>17,652,438</td>
<td>31.1%</td>
</tr>
</tbody>
</table>

Source: Civil Air Transportation Statistics, “Table 16: Market Share of International and Cross-Strait Passenger and Freight Transport of National Airlines.” Civil Aeronautics Administration, M.O.T.C.
0-3-2 Business Environment in the Aviation Industry

International dealings between passengers and freight rely heavily on air transport; therefore, air transport is a derivative need, and its volume is greatly affected by the social and economic environment. According to statistics released by the International Air Transport Association (IATA), civil aviation transport operators carried 4.3 billion passengers and 63.7 million tons of freight in 2018. This in turn created an output of USD 854 billion and 70 million job opportunities, and contributed 1.0% of the global GDP. This shows that air transport promotes the development of society and the economy, and vice versa. CAL has routinely adjusted its Sustainability Strategy by reviewing the business environment of the aviation industry, as well as undertaking stakeholder engagement and materiality analysis to strengthen its long-term development.

**Business Opportunities**

- **Growth of Global Air Transport Remains Optimistic, with Asia Pacific Region Higher than Average**
  According to IATA statistics, revenue passenger kilometers (RPK) increased by 6.8% and freight tonne kilometers (FTK) grew by 4.5% in 2018. Due to economic growth in emerging markets and the rise of the middle class, passenger and freight air transport in the Asia Pacific region maintained growth rates of 8.5% and 2.3%, respectively, with the air passenger market growing at a faster pace than other regions worldwide. Looking to 2019, and regardless of tensions arising from the China-US trade war, global air transport will continue growing at a slow pace thanks to expansionary fiscal policies and easing monetary policies. The international air passenger and freight markets are expected to grow by 6.0% and 3.7%, respectively, reflecting slowdowns of 0.5 percentage points and 0.4 percentage points from prior year growth. Meanwhile, the passenger market in the Asia Pacific region will increase by 7.5%, driving the growth of global air transport.

- **Market Liberalization Sweeps Asia-Pacific Countries**
  Air rights are critical to an airline’s network and destinations, as well as to aviation markets. Except for restrictions on cross-strait destinations, Taiwan has entered into open-skies agreements with the United States, Australia, Singapore, Malaysia, and Thailand. Existing airlines have offered additional flights, and new airlines have been granted air rights to provide consumers more options. In addition, ASEAN has actively entered into the ASEAN Multilateral Agreement on Air Service to create a single aviation market, which significantly reduces restrictions on civil aviation transport operators in ASEAN and promotes the growth of aviation markets in the Asia-Pacific region.

- **Policy Supports Travel Demand in Taiwan**
  Facing regional economic integration and adjustments of strategies for foreign trade, Taiwan’s government has implemented the New Southbound Policy since 2016. This has focused on economic and trade cooperation, talent exchange, resource sharing, and regional connectivity to strengthen strategic partnerships with 10 countries in ASEAN as well as six countries in South Asia, Australia and New Zealand, thereby improving trade and tourism in Taiwan. According to statistics released by the Tourism Bureau of the Ministry of Transportation and Communications, the number of foreigners visiting Taiwan increased by 3% in 2018; in particular, the number of visitors from “southbound” countries increased by 14%, significantly higher than the overall number of foreigners visiting Taiwan. This shows that the implementation of the New Southbound Policy helped drive the development of the civil aviation industry.

- **E-commerce Gradually Transforming the Air Cargo Market**
  In the 2000s, Internet technology gradually matured. The e-commerce models have advanced from portals and search engines to B2B, B2C, and C2C. With the popularity of Internet access, consumers start to shop via virtual channels, leading to the replacement of physical channels by fast-growing e-commerce.
Business Risks

- **Global Trade Tensions Caused by Protectionism**
  After World War II ended in 1945, the post-war new order was set by liberalization, privatization, and marketization. This further led to neoliberalism and globalization in the trade, finance, and air transport markets. Financial risks and economic inequality were the underlying causes of the Global Financial Crisis of 2008. Afterwards, protectionism rose as countries intended to protect their own benefits, including punitive tariffs in the China-US trade war and Brexit, which had an impact on the global supply chain. In the long run, protectionism could cause the shrinkage of international trade and transnational business and thus is a potential risk factor for the development of air passenger and freight transport.

- **Fluctuations in Oil Prices**
  The price of oil is affected by the global political and economic situation. As one of the uncontrollable costs of airlines, the price of oil is one of the five major operating costs in parallel with depreciation and rental expenses, ground and depot fees, personnel expenses, and maintenance costs. According to IATA statistics, the average price of aviation fuel in 2018 was USD 87.6 per barrel, and the cost of aviation fuel accounted for 23.5% of costs; compared to 2016, these two respective items were 68% and 3.4 percentage points higher. This indicates that oil is extremely sensitive to airline operations. IATA anticipates oversupply in the overall crude oil market in 2019 due to shale oil extraction in the US, with the average annual price of USD 81.3 down 7.2% from the previous year. However, this price is still higher than in 2016. As OPEC countries are reducing production, uncertainties remain in the aviation industry.

- **Intense Competition and Emerging Airlines**
  With a trend of market liberalization in the aviation industry, countries have gradually removed their control over civil aviation transport operators and have adopted an open-sky policy. According to statistics released by IATA and the Association of Asia Pacific Airlines (AAPA), the compound annual growth rate (CAGR) of available seat kilometers (ASK) increased by 6.3% worldwide over the past five years and by 8.4% in the Asia-Pacific region. This was due to the continuous expansion of networks by existing airlines and the rise of emerging airlines. In addition, competition in the Asia-Pacific region was intense in terms of low-cost carriers (LCCs), while routes from / to the Asia-Pacific, North America, and Europe faced the emergence of airlines from the Middle East, China, and Southeast Asia. While this innovative business model created cost advantages and drove new demand, it also battled for the market share of the existing airlines.

- **Congested Airport Capacity**
  Infrastructure is important for the development of the air transport industry. If airport capacity cannot catch up with the development of the air transport industry, it will keep civil aviation transport operators from moving ahead and will aggravate flight delays. According to the definition given by Worldwide Slot Guidelines (WSG), a total of 204 airports worldwide, including 61 airports in the Asia-Pacific region, will be classified as Level 3 overcrowded airports by the summer of 2019. Taiwan Taoyuan International Airport and major airports in the Asia-Pacific region are included in the list, showing a lack of resources for air transport infrastructure in the Asia-Pacific region. Airport slots correlate with the expansion of networks and routes of airlines. Due to a long period of airport construction, the long-term development of air transport operators is seriously affected.
CAL identifies eight stakeholders in accordance with the five principles set in AA1000 Stakeholder Engagement Standard (SES) and sets the following procedures for materiality analysis based on the reporting principles of the GRI Standards (stakeholder inclusiveness, sustainability context, materiality and completeness) to identify material issues of stakeholders’ primary concern. Different channels of communication are also established to respond to stakeholders’ needs and expectations.

CAL identified eight stakeholders, namely employee, customer, investor, government, partner, community, media, and association in accordance with the five principles set in AA1000 Stakeholder Engagement Standard (SES).

CAL identified 22 material issues by reviewing new trends of the aviation industry and sustainability and the major events of CAL and the industry in 2018 based on the result of the materiality analysis in 2017.

After identifying material issues, CAL obtained stakeholders’ levels of concern and the levels of impact on business operations from totaling 307 questionnaires and prioritized the material issues based on the reporting principles of the GRI Standards. The results of prioritization were then reviewed and discussed by external experts and heads of the Sustainability Task Force, and corresponded to the specific topics and boundaries under the GRI Standards.

The Corporate Sustainability Committee, the highest governing organization of corporate sustainability, resolved on the material issues in 2018 and disclosed each material issue in the Report and on CAL’s CSR website.
2018 China Airlines Materiality Matrix

The size of the circle represents the impact of China Airlines’ operations on economic, environmental and society.

The table lists various factors and their importance and influence on stakeholder assessments and decisions.
<table>
<thead>
<tr>
<th>Material Topic (Sorted by Level of Concern)</th>
<th>Corresponding to GRI Topic-specific Standards</th>
<th>Boundary</th>
<th>Corresponding Chapter / Section</th>
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<tbody>
<tr>
<td>Flight Safety Management</td>
<td>-</td>
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<td>0-3 About China Airlines</td>
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<td>0-1 About The Report 0-2 Letter from Management 3-2 Risk Management</td>
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<td>Fleet Development and Management</td>
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<td>1-2-1 Vision and Strategy 2-3 Society</td>
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<td>2-3 Cooperation</td>
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</table>
### Material Topic (Sorted by Level of Concern)
- Labor Relations and Engagement
- Occupational Safety and Health Management
- Human Rights
- Sustainable Employment and Talent Attraction
- Social Feedback and Engagement

### Corresponding to GRI Topic-specific Standards

#### Boundary

<table>
<thead>
<tr>
<th>China Airlines</th>
<th>Mandarin Airlines</th>
<th>Tigerair Taiwan</th>
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<th>Partner</th>
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#### Corresponding Chapter / Section
- GRI 202 Market Presence
- GRI 401 Employment, GRI 402 Labor / Management Relations
- GRI 403 Occupational Health and Safety
- GRI 404 Training and Education
- GRI 405 Diversity and Equal Opportunity
- GRI 406 Non-discrimination, GRI 408 Child Labor, GRI 409 Forced or Compulsory Labor
- GRI 407 Freedom of Association and Collective Bargaining
- GRI 412 Human Rights Assessment

### Notes
- ✓: Direct influence
- ✾: Indirect influence
- ▲: Business influence

Note: The boundary of the Report mainly focuses on China Airlines. Only some related performance data of Mandarin Airlines and Tigerair Taiwan are disclosed.
# Stakeholder Engagement (GRI 102-40, 102-42, 102-43, 102-44)

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Top 3 Issues (Sorted by Level of Concern)</th>
<th>Communication Channel</th>
<th>Communication Frequency</th>
<th>Key Communication</th>
<th>Communication Result</th>
<th>Corresponding Chapter</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employee</strong></td>
<td>Flight Safety Management</td>
<td>1. Labor-management meetings</td>
<td>Monthly</td>
<td>Employment and retention of employees</td>
<td>The employee satisfaction survey is carried out once every two years. In 2018, the employee satisfaction rate was 6.4 (out of 10).</td>
<td>2-2 Human Resources</td>
</tr>
<tr>
<td></td>
<td>Labor Relations and Engagement</td>
<td>2. Labor unions</td>
<td>On demand</td>
<td></td>
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<td></td>
<td>Governance and Integrity Management</td>
<td>3. Employee suggestion box</td>
<td>On demand</td>
<td></td>
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<td>4. Employee feedback website</td>
<td>On demand</td>
<td></td>
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<td></td>
<td></td>
<td>5. China Airlines newsletter</td>
<td>On demand</td>
<td></td>
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<td></td>
<td></td>
<td>6. China Airlines Retirees</td>
<td>On demand</td>
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</tr>
<tr>
<td></td>
<td>Passenger Service</td>
<td>2. Global business meetings</td>
<td>Once every year</td>
<td>Protection of customers’ rights and interests: privacy, food safety, and in-flight drinking water quality</td>
<td></td>
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<tr>
<td></td>
<td>Management Brand Management</td>
<td>3. Taiwan business meetings</td>
<td>Once every year</td>
<td></td>
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<td></td>
<td></td>
<td>4. Discussions with travel agencies</td>
<td>Once every quarter</td>
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<td></td>
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<td>5. CAL’s website, CSR website, Facebook, e-mail, and SMS</td>
<td>On demand</td>
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<td></td>
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<td>6. Customer service hotline</td>
<td>On demand</td>
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<tr>
<td></td>
<td></td>
<td>7. Corporate customer visits</td>
<td>As needed</td>
<td></td>
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<tr>
<td><strong>Investor</strong></td>
<td>Flight Safety Management</td>
<td>1. Shareholders’ meetings</td>
<td>Yearly</td>
<td>Operating results</td>
<td>CAL continued to disclose operating results according to the law and needs of investors.</td>
<td>2-1 Trust</td>
</tr>
<tr>
<td></td>
<td>Financial Performance</td>
<td>2. Shareholders’ hotline / mailbox</td>
<td>On demand</td>
<td></td>
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<td></td>
<td>Risk and Crisis Management</td>
<td>3. Road shows</td>
<td>On demand</td>
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<td></td>
<td></td>
<td>4. Interviews</td>
<td>Once every three years (once every year starting from 2018)</td>
<td></td>
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<tr>
<td><strong>Government</strong></td>
<td>Flight Safety Management</td>
<td>1. Missive</td>
<td>As needed</td>
<td>Communication of laws and regulations</td>
<td>1. CAL was ranked in the top 5% of TWSE / TPEx listed companies in the fifth Corporate Governance Ranking.</td>
<td>2-1 Trust</td>
</tr>
<tr>
<td></td>
<td>Risk and Crisis Management</td>
<td>2. Visit</td>
<td>As needed</td>
<td></td>
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<tr>
<td></td>
<td>Climate Change Mitigation and Adaptation</td>
<td>3. Participation in projects</td>
<td>As needed</td>
<td></td>
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<td></td>
<td></td>
<td>4. Participation in public hearings, seminars, conferences, and negotiation forums</td>
<td>As needed</td>
<td></td>
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<td></td>
<td></td>
<td>5. Participation in initiatives</td>
<td>As needed</td>
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<td></td>
<td></td>
<td>6. Audit</td>
<td>As needed</td>
<td>2. CAL was selected for the Taiwan High Compensation 100 Index and the Taiwan Employment Creation 99 Index.</td>
<td>2-4 Environment</td>
<td></td>
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<td></td>
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<td></td>
<td>3. CAL was selected for FTSE4 Good TIP Taiwan.</td>
<td>3-1 Corporate Governance</td>
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2 Value Creation

3 Sustainability Governance

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<th>Key Communication</th>
<th>Communication Result</th>
<th>Corresponding Chapter</th>
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<tbody>
<tr>
<td></td>
<td>Flight Safety Management</td>
<td>1. Telephone</td>
<td>1. As needed</td>
<td>Sustainable supply chain management</td>
<td>A supplier conference was held at the end of 2018.</td>
<td>2-1 Trust</td>
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<tr>
<td></td>
<td></td>
<td>2. E-mail</td>
<td>2. As needed</td>
<td></td>
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<td>2-1 Cooperation</td>
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<td></td>
<td></td>
<td>3. Coordination meetings</td>
<td>3. As needed</td>
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<td></td>
<td>4. Business visits</td>
<td>4. As needed</td>
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<td></td>
<td></td>
<td>5. On-site audits</td>
<td>5. At least once every six months</td>
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<td></td>
<td>Financial Performance</td>
<td></td>
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<td></td>
<td>Governance and Integrity Management</td>
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<td></td>
<td>Society</td>
<td>1. Charitable events</td>
<td>1. As needed</td>
<td>1. Support for social development</td>
<td>In 2018, a total of 45,598 people benefited.</td>
<td>2-1 Trust</td>
</tr>
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<td></td>
<td></td>
<td>2. Community activities</td>
<td>2. As needed</td>
<td>2. Assumption of social responsibility</td>
<td></td>
<td>2-2 Human Resources</td>
</tr>
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<td></td>
<td></td>
<td>4. Online mailbox</td>
<td>4. Daily, as needed</td>
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<td></td>
<td>Media</td>
<td>1. News release</td>
<td>1. As needed</td>
<td>1. Collection of issues of stakeholders’ concern and promotion of transparent communication</td>
<td>In 2018, 192 articles of news were released.</td>
<td>2-1 Trust</td>
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<td></td>
<td></td>
<td>2. Press conferences</td>
<td>2. As needed</td>
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<td>2-2 Human Resources</td>
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<td>3. Interviews</td>
<td>3. As needed</td>
<td></td>
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<td>4. Active communication of industry information</td>
<td>4. As needed</td>
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<tr>
<td></td>
<td>Association (including Aviation Organizations)</td>
<td>1. Participation in project meetings</td>
<td>1. Monthly, as needed</td>
<td>1. Collection of trends at home and abroad and promotion of business benefits</td>
<td>1. In 2018, CAL participated in 33 project meetings regarding environmental issues.</td>
<td>2-1 Trust</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Participation in seminars on work</td>
<td>2. As needed</td>
<td></td>
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<td>2-4 Environment</td>
</tr>
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<td></td>
<td></td>
<td>3. Organization or participation in summits, executive summits, committees, and coordination meetings</td>
<td>3. Regularly, as needed</td>
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<td></td>
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<td>4. Participation in meetings convened by governments</td>
<td>4. Regularly, as needed</td>
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<td></td>
<td></td>
<td>5. Telephone, e-mail, and platforms</td>
<td>5. As needed</td>
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</tbody>
</table>

1. In 2018, CAL participated in 33 project meetings regarding environmental issues.
2. In 2018, CAL participated in meetings and projects organized by international organizations and aviation alliances, such as IATA, SkyTeam, AAPA, and TAA, to strengthen the cooperation with airlines at home and abroad.
Initiatives and Membership

In recent years, global climate change has become increasingly serious. Many years ago, CAL has actively established risk management mechanisms for many years and now has become a benchmark for the aviation industry. In addition to continuously optimizing its environmental and energy management organizations and procedures, CAL has further incorporated passenger service into its operations and its verification of the environmental management system. It has done so in hopes of building the soundest risk management system in Taiwan’s transportation industry. In 2018, CAL invested about TWD 43.92 million to participate in various aviation organizations and associations in Taiwan and international (92% accounted TWD 40.41 million for aviation industry development and 8% accounted TWD 3.51 million for the corporate sustainability).

2017-2018
Buckingham Palace Declaration

In June 2017, CAL signed the Buckingham Palace Declaration against illegal wildlife trafficking at the 73rd IATA Annual General Meeting. In the future, CAL will work with 20 or more other airlines to stamp out the transport of illegal wildlife in conformity with the UN’s SDGs.

2016-2018
The Dow Jones Sustainability Index (DJSI)

Since 2015, CAL has taken the initiative to respond to the Dow Jones Sustainability Index (DJSI) questionnaire, disclosing its management objectives, strategies and practices covering the economy (including governance), environment, and society. In 2018, CAL was selected for the DJSI Emerging Markets for the third consecutive year and ranked third among the world’s airlines. Taking its place behind Air France and ANA, CAL was the only airline in Taiwan that was selected for the index.

2012-2018
Pacific Greenhouse Gases Measurement (PGGM)

Since 2012, CAL has worked with PGGM by installing the In-service Aircraft for a Global Observing System (IAGOS) in the 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, 2018, CAL has collected high-altitude gas data from 9,143 flights.

2012-2018
Carbon Disclosure Project (CDP)

Aside from being Taiwan’s first service provider to independently review greenhouse gas emissions generated from its operations, CAL also stands as Taiwan’s first carrier to 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 carbon risk management strategies, 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.

2008-2018
Earth Hour

CAL has supported this event since 2008. It provides support through concrete actions such as turning off the lights in the CAL Park, the Taiwan Branch Office, and Songshan Park. Apart from this, we have also utilized media outlets in urging the general public to be aware of the impacts of global warming and climate change.
Memberships

IATA
International Air Transport Association
Nominating committee member, Environment Committee (ENCOM), CSR Task Force, CORSIA, and Air Freight Carbon Footprint Working Group; 1 member and 2 observers of the Industry Committee.

Role and Participation
CAL kept in close touch with IATA Headquarters and IATA North Asia and participated in meetings, industry committees and task forces; CAL also served as an environmental observer to participate in the discussions on environmental protection in the global civil aviation industry and to support survey and research of related environmental issues.

CAL implemented major policy reforms and projects based on the industry trends and updates of international airlines to become the world’s leading airline.

Contribution 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.
• CAL participated in the making of technical specifications of CORSIA and policies pertaining to sustainable aviation fuels and promoted industry training.

AAPA
Association of Asia Pacific Airlines
Member of the Executive Committee

Role and Participation
As a founding member of AAPA, CAL has endeavored to connect airlines in the Asia-Pacific region. CAL has also played several important roles in speaking for airlines in the Asia Pacific region.

Contribution and Benefit
CAL participated in the discussions about environmental protection, improvement in fuel efficiency, and development of biofuels and provided information for regulators in Taiwan.

SkyTeam
Member of the Executive Committee

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 attended working meetings at all levels and annual meetings held by the Supervisory Board and the Governing Board on a regular basis.

Contribution and Benefit
SkyTeam helps CAL consolidate and strengthen its flight network not only in Greater China but also in the worldwide major cities, as well as through SkyTeam sub-project to enhance alliance cooperation in the globe network service.

TAA
Taipei Airlines Association
Chairman, Secretary General, Deputy Secretary General

Role and Participation
TAA is a platform for member airlines to communicate and feedback important issues with official organizations. It facilitates communication and experience sharing with cross-strait aviation industry as well. CAL is currently acts as the tenth TAA chairman and director.

Contribution and Benefit
TAA is an NGO organization formed by Taiwan’s airlines. CAL is the chairman of TAA and is committed to coordination the industry issues (such as labor and consumer right etc.), and is strived for the common interests of Taiwan’s airlines.

Aircraft Safety Foundation
Convener of the Technical Regulation Team

Role and Participation
CAL served as the convener of the Technical Regulation Team under the Flight Safety Foundation (FSF) to promote and establish the mechanism for collecting and studying laws and regulations pertaining to international flight safety and environmental protection and to advise on amendments or countermeasures, in hopes of improving national legislation and industrial competitiveness.

Contribution and Benefit
CAL promoted and established the mechanism for collecting and studying laws and regulations pertaining to international flight safety and environmental protection and advised on amendments or countermeasures to improve national legislation and industrial competitiveness.

TAA