

# **China Airlines Supplier Code of Conduct**

China Airlines requires suppliers to practice business principles as laid out in this “China Airlines Supplier Code of Conduct” (hereafter referred to as “the Code”) in their daily operations. This Code draws upon international certification standards and conventions including the United Nations Global Compact (UNGC), the International Labor Organization (ILO), Social Accountability International (SA8000), the Organization for Economic Cooperation and Development (OECD), the Global Reporting Initiative (GRI) and ISO 26000 Social Responsibility. The fulfillment and promotion of social and environmental responsibility has implications that far exceed mere compliance with laws and regulations. When standards conflict with laws and regulations, the more rigorous standard should prevail based on the applicable laws. China Airlines suppliers must provide a safe and healthy working environment, ensure that labors enjoy mutual respect, dignity, equality, and comply with professional standards for ethical behavior. They should also comply with the law, moral expectations and display a commitment to the social environment during the provision of products and services to China Airlines.

Compliance of suppliers with the Code shall be evaluated by China Airlines. Violation of the Code may lead to the termination of business relations. The Code applies to all China Airlines suppliers, contractors, service providers as well as subsidiaries, affiliates agencies, joint ventures and secondary suppliers (all referred to as “Suppliers”) involved in the provision of products and services to China Airlines, or those whose products and services are used in China Airlines products and services.

## **1. Laws and Regulations Compliance**

- (1) Suppliers should confirm and ensure compliance with all applicable laws, regulations, directives, permissions, certifications, licenses, approvals, decrees, standards.
- (2) Suppliers shall ensure that their operations and the products and services supplied to China Airlines comply with all national and other applicable laws and regulations.
- (3) Suppliers should comply with the relevant operating regulations and procedures of China Airlines.
- (4) Suppliers should build up environmental and social (e.g. Labor conditions) management systems and ensure related planning, operations, control and records are executed effectively and improved constantly.

## **2. Human Rights & Labor Conditions**

- (1) **Prohibition of child labor:**
  - i. Suppliers must not employ any person under the local legal minimum employment age.
  - ii. Suppliers should protect the legal rights of underage employees

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and interns. Suppliers should also adhere to legitimate workplace apprenticeship programs and comply with all laws and regulations governing child labor and apprenticeship programs.

- iii. All workers should be protected under the law, including their physical and mental well-being, personal safety and education.

### **(2) Non-Discrimination:**

- i. Suppliers should establish a workplace free from discrimination, including gender, age, physical ability, nationality, race, class, skin color, language, religion, political affiliation and union membership, marital status, disability and sexual orientation, etc. Suppliers must ensure that workers are treated humanely, fairly and are not subjected to hostility, harassment or unequal treatment.
- ii. Suppliers should prohibit personal injury, sexual harassment, coercion, inappropriate corporal punishment or abuse, abusive language, or other forms of intimidation.

### **(3) Remuneration and Work Hours:**

- i. The working wage, working time, all types of leave and benefits offered by suppliers should conform to the local laws and industry standards.
- ii. Suppliers shall not require workers to work overtime on a regular basis. Suppliers should compensate overtime pay or leave for overtime according to the law and within legal working hour limits.
- iii. Suppliers must pay their labors promptly, providing each with clear and written accounting for every pay period.

### **(4) Labor Freedom:**

- i. Suppliers should provide workers with freedom of employment. All work undertaken should be voluntary, and communications mechanisms and grievance procedures should be in place.
- ii. Suppliers must not use forced, coerced, bonded, or indentured labor or involuntary prison labor. All work, including overtime work, shall be voluntary.
- iii. Workers should be free to leave employment upon giving reasonable notice. Suppliers should not require employees to hand-over government-issued identification, passports or work permits as a condition of employment.

### **(5) Freedom of Association and Collective Bargaining:**

- i. In conformance with local law, suppliers shall respect the right of all workers to form and join trade unions of their own choosing and to bargain collectively.
- ii. Harassment, intimidation, penalties, interference or reprisal should not be used to interfere with legal legitimate activities.
- iii. Communicating openly and effectively with employees.

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## **3. Occupational Safety & Health**

- (1) Suppliers should provide and maintain a healthy, safe and hygienic work environment that complies with all laws and regulations. Suppliers should also ensure that workers are not exposed to indirect or direct hazards in their working environment in order to reduce occupational injury and disease as well as promote the overall health of workers.
- (2) Suppliers should establish educational training of occupational safety and health. Suppliers should provide such training course, instruction and supervision to their employees and secondary suppliers who directly provide products and services. All necessary proactive measures should be taken to prevent accidents or incidents.
- (3) Suppliers must ensure information regarding occupational safety and health are made readily available to employees. It is workers' own obligations of ensuring the safety of themselves and other employees.
- (4) Suppliers must immediately notify China Airlines when encountering any occupational safety and health accident, incident or any violation event.

## **4. The Environment**

- (1) Suppliers should take proactive action to comply with local environmental laws, regulations, standards, guidelines and "CAL Forest and Biodiversity Conservation commitment" to prevent any form of environmental pollution and damage. Suppliers shall actively notify the contracting unit if any abnormal event occurs.
- (2) Suppliers should abide by the "CAL Forest and Biodiversity Conservation Commitment" (as attached), including:
  - i. No Illegal development and business base set up in High Carbon Sink (HCS) Note 1, High Conservation Value (HCV) Note 2, Peatland Note 3 and Important Biodiversity Site Note 4 .
  - ii. Avoid operations that damage protected forests and species.
  - iii. No use of any of the International Union for Conservation of Nature (IUCN) Red List or the threatened and endangered species listed in Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).
  - iv. When operating in areas adjacent to key biodiversity, adopt mitigation hierarchy (such as avoid, minimize, restore and offset) to reduce negative impacts on natural ecology.
  - v. Work with supply chain partners to adopt the same principles to avoid or mitigate biodiversity damage and deforestation-related risks, including responsible use and reduction of pesticide use, and banning the use of illegal pesticides
- (3) Suppliers should have in place an effective system for managing environmental issues and reducing greenhouse gases emissions and energy consumption. Suppliers should also plan and implement corrective actions as well as sound solutions for improving environmental and energy performance.

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- (4) Suppliers should make efforts to minimize the use of energy and natural resources for manufacturing and service provision. Suppliers should also comply with local standards for hazardous materials, and consistently practice environmental sustainability concepts such as energy conservation, recycling and reuse.
- (5) China Airlines encourages suppliers to establish environmental and energy management systems and ensure related planning, operations, control and records are executed effectively and improved constantly.
- (6) China Airlines encourages suppliers to obtain three types of environmental labels and declarations Note 5 and related certifications, including but not limited to Environmental Protection Label, Energy Saving Label, Water Saving Label, Forest Stewardship Council (FSC), Responsible Soybean Roundtable Association (RTRS), Roundtable on Sustainable Palm Oil (RSPO), Rainforest Alliance Certification (RAC), and traceability of origin or other related sustainable environmentally certifications. We also encourage suppliers to use the local ingredients or raw materials to protect biodiversity and reduce the environmental impact caused by the transportation process.

### Note 1:

High Carbon Stock (HCS): viable forest areas storing significant quantities of carbon, usually associated with high vegetation density. When HCS forests are removed, particularly when fire is used to clear land, the carbon contained in the forests is released into the atmosphere in the form of CO<sub>2</sub>.

### Note 2:

High Conservation Value (HCV) refers to areas of biological, ecological, social or cultural value. There are six types of HCVs:

- Concentrations of biological diversity.
- Intact forest landscapes and large landscape-level ecosystems and ecosystem mosaics.
- Rare, threatened, or endangered ecosystems, habitats or refugia.
- Basic ecosystem services, including protection of water catchments and control of erosion.
- Sites and resources fundamental for satisfying the basic necessities of local communities or indigenous peoples.
- Sites, resources, habitats and landscapes of global or national cultural, archaeological or historical significance, and/or of critical cultural, ecological, economic or religious/sacred importance.

### Note 3:

Peatlands are types of wetland that occur in almost every country on Earth, currently covering 3% of the global land surface. The term 'peatland' refers to the peat soil and the wetland habitat growing on its surface (IUCN, 2017).

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### Note 4:

Sites containing globally or nationally important biodiversity: Also referred to in the criteria as “Critical Biodiversity and can include:

- Species classified as Critically Endangered, Endangered, or Vulnerable on the IUCN Red List, endemic species
- Internationally recognized areas: World Heritage sites, Ramsar Wetlands, UNESCO MAB
- Nationally important biodiversity can include legally protected areas, habitats, and species.

### Note 5:

According to the definitions and process of ISO 14020 series of standards, there are three Types of environmental labels and declarations, such as:

Type I: environmental labelling (ISO 14024).

- ▶ for eco-labelling schemes where there are clearly defined criteria for products

Type II: self-declared environmental claims (ISO 14021).

- ▶ for products and services where there are neither criteria nor labelling schemes

Type III: environmental declarations (ISO 14025)

- ▶ for specific aspects of products using a life-cycle approach

## **5. Fair Transactions & Ethics**

- (1) Suppliers must commit to the highest standards of moral and ethical conduct in their businesses. All forms of corruption, extortion, fraud and bribery should be prohibited, including those for the suppliers’ own benefit or for the benefit of their relations, friends or associates. The same applies to secondary suppliers as well.
- (2) Integrity and reliability should be maintained at all times in supplier operations. Transactions or relationships that could appear to create a conflict of interest must be avoided.
- (3) Suppliers must disclose any possible situation that could cause conflict of interest. Suppliers must notify China Airlines regarding physical interest or any form of financial relationships with our employees, consultants or representatives that could appear to influence a conflict of interest.
- (4) Suppliers should practice transparent and equitable management. Their secondary suppliers should possess opportunities of fair competition.
- (5) Suppliers should strengthen training on intellectual property rights and educate their employees with correct concepts. Suppliers should prevent any form of

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infringement behavior, including any product or service provided to China Airlines, that comply with all laws and regulations of intellectual property rights.

- (6) Suppliers must comply with all applicable laws and international conventions governing fair competition and anti-trust in their location.

### **6. Quality & Safety**

- (1) Suppliers should ensure they comply with laws and regulations during product manufacture and service delivery. Appropriate policies and practices as well as monitoring and protective measures should also be used to guarantee quality and safety.
- (2) Suppliers should comply with the standards of supplier chain management and ensure their services and products that meet quality validation and sustainability requirement.
- (3) Suppliers should provide products and services in compliance with China Airlines or industry standards. Aviation materials must be certificated by CAA and international civil aviation standards.
- (4) Suppliers should qualify supplier sustainability assessment and undergo audit to meet our requirements for sustainable supply chain management. Any violation by suppliers or their secondary suppliers, they should investigate, take corrective actions and make improvement by the given deadline. Serious violations may result in removal.
- (5) Suppliers must make an emergency response plan and procedure readily available for products and services provision, in order to ensure business continuity and reduce potential supply chain risks.

### **7. Information Security**

- (1) The Supplier shall comply with applicable national information security laws, regulations and standards, as well as the Company's information security policy, and relevant information security management and confidentiality regulations.
- (2) The Supplier should ensure the confidentiality of information process such as data, systems, equipment and network security, including but not limited to privacy rights and confidentiality of personal information. The Supplier is responsible for communicating the requirements of this Code to his employees.
- (3) The Supplier's resident service and dedicated maintenance personnel should use the personal computers, peripheral equipment and intranet provided by the Company only. Without prior consent of the Company, the Supplier shall not use their own personal computers, peripheral equipment, and the Internet to access the Company's directory services.
- (4) The Supplier should ensure the security of all personal data they received during their services.

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- (5) The Supplier should protect any business information in relation with the Company. The non-public information owned by the Company should be protected against damage or infringement. Any use or disclosure of such information shall be subject to prior written authorization and consent from the Company.
- (6) Without prior consent, the Supplier shall not disclose any information regarding the services/transaction to any third party.
- (7) After the contract is performed or terminated, the Supplier shall delete or destroy the relevant privacy information of the Company or return it according to the instructions of the Company. The Supplier should keep the destroying/deletion log.
- (8) The Supplier should protect the Whistleblower, if any, and keep their identity and reported information confidential. The Whistleblower should be protected against retribution and without the fear of retribution.
- (9) During the contract period, in case of any cyber security or personal data infringement incident, the Supplier must notify the Company immediately, propose feasible emergency responses, and cooperate with the Company.

**I have read, understood and agreed to the above Supplier Code of Conduct.**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Company Stamp

\_\_\_\_\_  
Name & designation

\_\_\_\_\_  
Date

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## Forest and Biodiversity Conservation Commitment

### 1. Preamble and Statement

China Airlines recognizes that forest and biodiversity conservation play key roles and provide important contributions to climate stability and the sustainability of agriculture, food, public health, and economics. Moreover, they are key foundations for building global climate and environmental resilience.

China Airlines promises to lead the Group and Supply Chain partners to jointly promote the operation of No Net Loss (NNL) of biodiversity and No Gross Deforestation through responsible procurement and supplier management practices. With continuous implementation of China Airlines' "Sustainable Development Best Practice Principles", "Environmental and Energy Policy Statement", "Sustainable Supply Chain Management Policy Statement", "Supplier Code of Conduct", as well as the current commitment, we aim to achieve the 6<sup>th</sup>, 12<sup>th</sup>, 13<sup>th</sup>, 14<sup>th</sup> and 15<sup>th</sup> UN Sustainable Development Goals (SDGs).

The commitment applies to all operations, businesses, suppliers and partners directly managed by China Airlines Group.

### 2. Principles and Commitment

We will work with our suppliers and partners to meet our commitment to forest and biodiversity conservation:

- Avoid operations that damage protected forests and species.
- Avoid infrastructure in locations that contain globally or nationally important biodiversity.
- Comply with the Buckingham Palace Declaration and conduct responsible shipping.
- No use of species from the International Union for Conservation of Nature (IUCN) Red List or the threatened and endangered species listed in Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) in any operation related services, ingredients or in-flight service items.

### 3. Actions

We fulfill our commitment to forest and biodiversity conservation by taking the following actions:

- Require suppliers to join in the endeavor through "Supplier Code of Conduct".
- Implement the action plans in line with Buckingham Palace Declaration to combat global illegal trafficking of wildlife.
- Conduct supplier audits for compliance with the current commitment from time to time.
- Refrain from sourcing commodities from suppliers that directly cause biodiversity loss and deforestation.
- Support initiatives related to biodiversity conservation and restoration, afforestation and carbon sinks.

Signed:

  
Chairman

  
President

June 05, 2023