

2013

China Airlines Corporate Sustainability Report



China Airlines

Flying a Course Towards Sustainability

Contents

1

P.01 About this Report

2

P.02 A Message from The Chairman and President

3

P.04 2013 Sustainable Performance

4

P.06 About China Airlines

5

P.12 Stakeholder Communications

P.13 Materiality Analysis

P.16 Stakeholder Communications

6

P.20 Caring for Investors

P.21 Corporate Governance

P.28 Risk Management

P.30 Historical Performance

7

P.32 Caring for Customers

P.33 Innovative Service

P.35 Aviation Safety

P.42 Customer Service

P.45 Eating Safely - Food Hygiene

8

P.46 Caring for Partners

P.47 Promotion of Supplier Environmental Management

P.48 Local and Green Purchasing

P.49 Contractor Management

9

P.50 Caring for the Environment

P.52 Environmental Management

P.56 Climate and Energy Management

P.67 Green Operations

P.75 ECO Service

10

P.80 Caring for Employees

P.81 Recruitment and Retention

P.88 Labor Rights

P.93 Cultivation and Skills Development

P.98 A Healthy and Safe Workplace

11

P.104 Caring for Society

P.105 Sports Sponsorship

P.108 Grassroots Education

P.111 International Rescue

P.112 Tourism Promotion

P.114 Charity Support

P.117 Environmental Projects

13

p.124 Independent Third-Party Assurance

12

p.118 GRI G3.1 Index

About this Report







In 2013, China Airlines (hereinafter referred to as CAL) became the first local airline to issue a non-finance report. This is CAL's first environmental sustainability report focusing on environmental protection actions and achievements. This year, CAL continue to publish an annual Environmental Sustainability Report, while also releasing its first Corporate Sustainability Report (hereinafter referred as CS Report). This report demonstrates CAL's determination to become a sustainable enterprise by disclosing our management ideals and sustainability practices to the general public. Going forward, CAL will continue to disclose information regarding business performance, environmental protection efforts, community participation, and stakeholder communications. The next edition of CS Report will be published in August 2015.

Reporting Principles

This report references the key issues of CAL's corporate sustainability during 2013, as well as information on stakeholder feedback and concerns, which was included into the overall reporting structure and content. Correspondingly, the identification, execution, and disclosure of corporate sustainability related information are in accordance with the Global Reporting Initiative (hereinafter referred as GRI) G3.1 Guidelines and the AA 1000 Assurance Standard.

Assurance Statement

In July 2014 CAL's CS Report was assured by SGS Taiwan Ltd., in accordance with the GRI G3.1 A+ application level and AA 1000AS TYPE II high-level assurance (this assurance is centered on the veracity of CAL's sustainable performance data; the evidence supports a very low risk of error for CAL's data).SGS Taiwan's Assurance Statement is included as an Appendix to this report.

 Data Collection Boundary CAL Park (Corporate Headquarters) Song Shan Park Maintenance facilities Taipei Branch Office Kaohsiung Branch Office	 Data Collection Scope General Information January 1, 2013 to December 31, 2013 Key Events January 1, 2013 to June 30, 2014	 Information and Data Quality Financial Data - Deloitte Environmental Data - ISO 14064-1—BSI Taiwan, DNV Environmental Data - ISO 50001—BSI Taiwan Environmental Data - ISO 14001—BSI Taiwan Sustainability Data - AA 1000 AS (2008) — SGS Taiwan	 Application Level GRI G3.1 A+ Application Level  Assurance Level TYPE II - High Assurance Level	 Contact Information China Airlines Environment Department of CSO Address: No. 1 Hangzhan South Road, Dayuan Township, Taoyuan County Tel: 886-3-3993259 Fax: 886-3-3993210 Email: environment@china-airlines.com
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A Message from The Chairman and President



Chairman of CAL



CAL's business philosophy from the beginning has been to "retain satisfied customers and happy employees, and create maximum value for shareholders and society." CAL is committed to becoming the most trusted company in the global aviation industry. In 2013, despite sluggish global economic growth, oil price fluctuations, proliferation of budget airlines, and a recovering air cargo market, CAL actively improved its service quality and added new flight routes. Passenger operations have continued to see growth, driven by the Taiwan-Japan open skies agreement, the devaluation of the Yen, and cross-strait passenger traffic. As of June 30, 2014, CAL passenger and freight fleet has expanded to 80 planes that fly 114 global routes covering 29 countries. Your friends at CAL would like to thank all its employees, passengers, shareholders, and partners for their support and encouragement along the way. While facing the opportunities and challenges along the path to sustainable growth, you keep our pace steady and sure.

In striving to achieve our vision to be the best, most reliable airline, CAL believes sustainable development is the only path in the midst of competition from all sides. The purpose of promoting corporate sustainability governance is to achieve our vision of "satisfying stakeholders' needs, creating reliability, enhancing operational efficiency, and pursuing excellence."

Thus, 2014 became for CAL's sustainability journey, starting with the first published CS Report, creating a Corporate Sustainability Committee, and developing CAL's sustainability mission. These three achievements are not only major milestones for CAL's sustainable corporate development and governance program, but underscore CAL's hopes to lead Taiwan's airline industry to meet global benchmarks. In the next, we will implement a six-step process to embrace stakeholders and achieve the benchmark for sustainable enterprises.

Rewarding Investors through Integrity

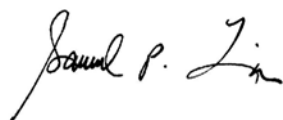
As we strive for a consistent management and comprehensive governance program that benefits both shareholders and investors, the CAL Board has created a Risk Committee that manages all operational risk. At the same time, the committee requests all employees to strictly adhere to rules and regulations, and for the management team to define a code of conduct with principles of ethics and integrity as its foundation. In 2012 and again in 2013, CAL received an A-rating in the "TWSE/GSTM-listed Company Disclosure Ranking," which recognizes CAL's commitment to the principles of transparency and integrity.

Inspiring Customers through Passion

There are no circumstances under which we will compromise on flight safety. CAL has not only adopted the ICAO Safety Management System (hereinafter known as SMS), but has also passed the IATA Operational Safety Audit (hereinafter known as IOSA). CAL constantly pursues comprehensive safety management and control. In terms of service, CAL received Global Traveler's "Best Airline in North Asia" award as well as first place in Global Views' "Service Excellence Award" in 2013. These awards affirm our colleagues' focus on delivering "diligent, attentive, proactive, interactive, and enthusiastic" service.

Supporting Partners through Action

In the process of sustainable development, there must be shared growth between CAL and its partners. Thus, under the principle of fair competition, CAL uses local suppliers to promote local economic development and fulfill our corporate social responsibilities. In 2013, CAL's domestic procurement value ratio exceeded 80%. In addition, CAL exercises green procurement processes and promotes environmental management for suppliers, inviting them to attend corporate environmental management training. Our actions help spur shared growth with our partners, leading subsidiaries and suppliers toward the common goal of environmental sustainability.



President of CAL



Protecting Earth through Sustainability

To lessen the effects of climate change on the environment, CAL implemented the ISO 14064-1 greenhouse gas measurement system in 2009 and in recent years has proactively established a corporate environmental and energy management mechanism, having been certified under the ISO 14001 environmental management system and ISO 50001 energy management system. From 2012 to 2013, CAL has effectively implemented various energy conservation programs, with total energy savings of around NTD560 million, and reduction of carbon dioxide by 18,721 tons.

CAL also leads the industry in implementing the “ECO Service” concept, incorporating environmentally-friendly practices into its ground and in-flight services. In 2013, it won the EPA’s “Enterprise Environmental Protection Award” as well the “Green Classics Award” from the Ministry of Economic Affairs. In 2014, it won the Asian Productivity Organization’s (APO) “EPIF International Green Classics Award.”

Caring for our Employees

The aviation industry is highly labor intensive. CAL deeply believes employees are the most important assets. To ensure labor rights, CAL is the first local airline to unionize and sign a collective agreement to enhance management-employee cooperation through regular union meetings. Additionally, to create a safe and happy workplace environment, CAL offers comprehensive employee training and benefits such as transportation to work or giving pregnant flight staff a choice to transfer to ground service or take leave of absence. CAL makes sure that employees can find a work-life balance.

Giving back to Society through Culture

“Rooted in the Community, Giving Back to Your Hometown” has been a long-term commitment from CAL as both a “Corporate Citizen” and “Aviation Leader.” The CAL Volunteer Club, whose mission is to help the disadvantaged, encourages employees to volunteer their services for different charitable activities. To promote Taiwan and tourism abroad, CAL has attended the Rose Parade in the United States for the past 28 years.

In addition, CAL continues to promote environmental protection and Taiwan’s cultural creativity through themed aircraft liveries such as “Love & Hug,” “Taiwan Tourism,” “Visiting Taiwan’s Indigenous Tribes,” and “Cloud Gate.” The liveries give global travelers a taste of Taiwan’s rich and friendly culture.

Going forward, under the direction of the Corporate Sustainability Committee, CAL will strive to achieve sustainable management and improve operational performance. CAL will also continue to publish a CS Report, providing full communication and transparency to stakeholders regarding the corporate sustainability development and governance program. Additionally, CAL will continue to actively implement our new aircraft fleet plan. Together with the five core values of “Cultural Creativity, Technology, Environmental Protection, Passion, and Reliability,” in the Next Generation Project, CAL’s corporate sustainability development and governance program, and the “Total Service” and “Total Safety” concepts will impassion passengers, lead Taiwan’s aircraft industry to a new era, and bring new growth momentum to the CAL Group.

2013 Sustainable Performance

Economic Performance

1st

CAL Self Check-in rate came in at 70%, a leader among local airlines

1.3 Trillion

Annual Revenue

12,860,000
Passengers

2013 CAL Passenger Numbers grew by 6.22% over previous year

640,423 Tons

2013 freight volume is fourth in East Asia

67,143 Flights

2013 total number of flights is first in Taiwan

Environmental Performance

1st

Taiwan's first airline and the second worldwide to pass both ISO 14001 and ISO 50001 management systems certifications

280 Million

CAL has completed 57 environmental improvement projects. By increasing resource usage efficiency, CAL has achieved operational cost savings

7,947 Tonnes CO2e

2013 CAL Total Carbon Emissions Reduction

28,107 Shipments

2013 CAL Freight Cargo Operations Zero Paper Usage

170%

2013 Growth (vs. 2012) of CAL passengers using its mobile APP to complete e-check-in

Social Performance

1st

CAL is first among local airlines to have the most liveries such as "Love & Hug," "Taiwan Tourism," "Visiting Taiwan's Indigenous Tribes," "Cloud Gate"

99.8%

Ratio of management hiring local residents in Taiwan

99.8%

2013 completion rate of employee educational training

23,762 NTD

2013 average training cost per employee

1,003 Persons

2013 New hires

Awards and recognitions

Service and Quality



Best Airline in North Asia
Global Traveler Magazine



More information from CAL website



Gold Trusted Brand Award
(won for 14th straight year) Reader's Digest



More information from CAL website



2013 Service Excellence Award
Global Views Magazine



More information from CAL website



Most Preferred Brand
(won for 14th straight year) Management Magazine



More information from CAL website



Most Preferred Airline Brand
Global Views 30 Magazine



More information from CAL website



2013 Service Excellence Award
Global Views Magazine



More information from CAL website



Taiwan National Standardization Award
BSMI, M.O.E.A



More information from CAL website

Environmental



2014 International Green Classics Award
Asian Productivity Organization (APO)



More information from CAL website



2013 Taiwan Green Classics Services Award
Bureau of Foreign Trade, MOF



More information from CAL website



22nd Enterprise Environmental Protection Award
EPA



More information from CAL website



Energy Conservation and Carbon Reduction Medal, Top Award
EPA



More information from CAL website



2012~2014 Super Green Grand Jury Award and first place in the transportation category of Business Next magazine's Green Brand Survey
Business Next magazine



More information from CAL website



Low-Carbon, Environmentally-Friendly Airline Excellence Award
Hong Kong New City Finance Channel



More information from CAL website



Green & Sustainability Award
HIMA Foundation



More information from CAL website

About China Airlines



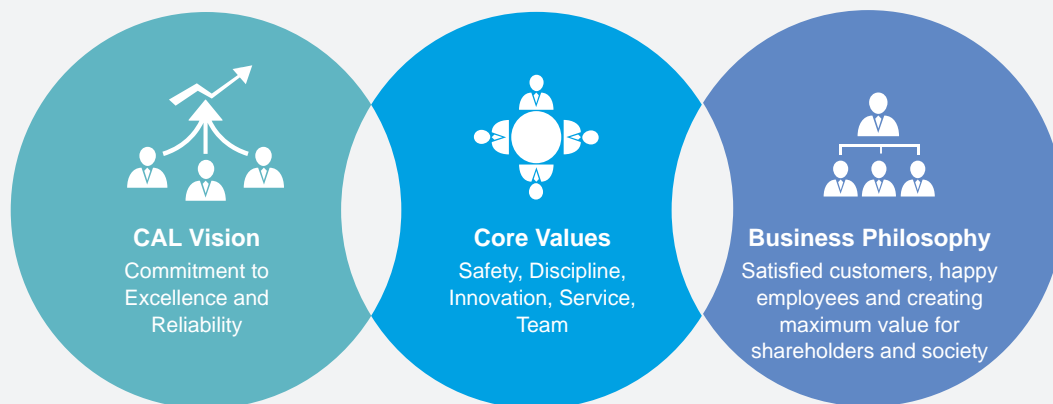
1-1 About CAL

On December 16, 1959, a group of retired servicemen from the R.O.C. Air Force founded "China Airlines" (CAL), the first locally owned airline in Taiwan, ending the foreign monopoly on civil aviation. Today, CAL is the largest civil airline in Taiwan with the most international destinations and passengers among all local operators. CAL headquarters and its main hub are located at the Taoyuan International Airport. CAL mainly operates international passenger and freight routes but also has such as ground handling, air freight, in-flight catering, aircraft maintenance, hotels and onboard duty-free sales.

At the end of June 2014, the CAL fleet consisted of 80 aircraft, including 59 passenger and 21 freight planes. The average age of the fleet is 10 years old. By the end of 2014, three B777-300ER long-distance high-capacity passenger aircraft will join the fleet to replace less fuel-efficient aircraft. This is expected to greatly enhance CAL's competitiveness on long distance routes to Europe and Americas and drive future growth. With respect to route management, CAL operates codeshare flights to provide passenger and freight routes to 114 destinations, covering 29 countries and 4 continents around the globe. These destinations include 66 in Asia, 34 in the Americas, 9 in Europe, and 5 in Oceania.

■ [About China Airlines](#) [YouTube](#)

Business Vision and Prospects



11,141 Employees

(at end of 2013)



114 Destinations
29 Countries

Codeshare flights between CAL and other airlines (as of June 2014)



80 Aircraft

CAL owns 59 passenger and 21 freight aircraft (as of June 2014)



52 Billion NTD

in capital



Stock Code 2610

CAL was publicly listed on the Taiwan Stock Exchange on February 26, 1993

Management Team



Chairman of the Board
Sun, Huang-Hsiang



President
Lin, Perng-Liang



Senior Vice President
Steve Chen Yang



Senior Vice President
Han, Liang-Chung



Senior Vice President
Yu, Chien-Pao

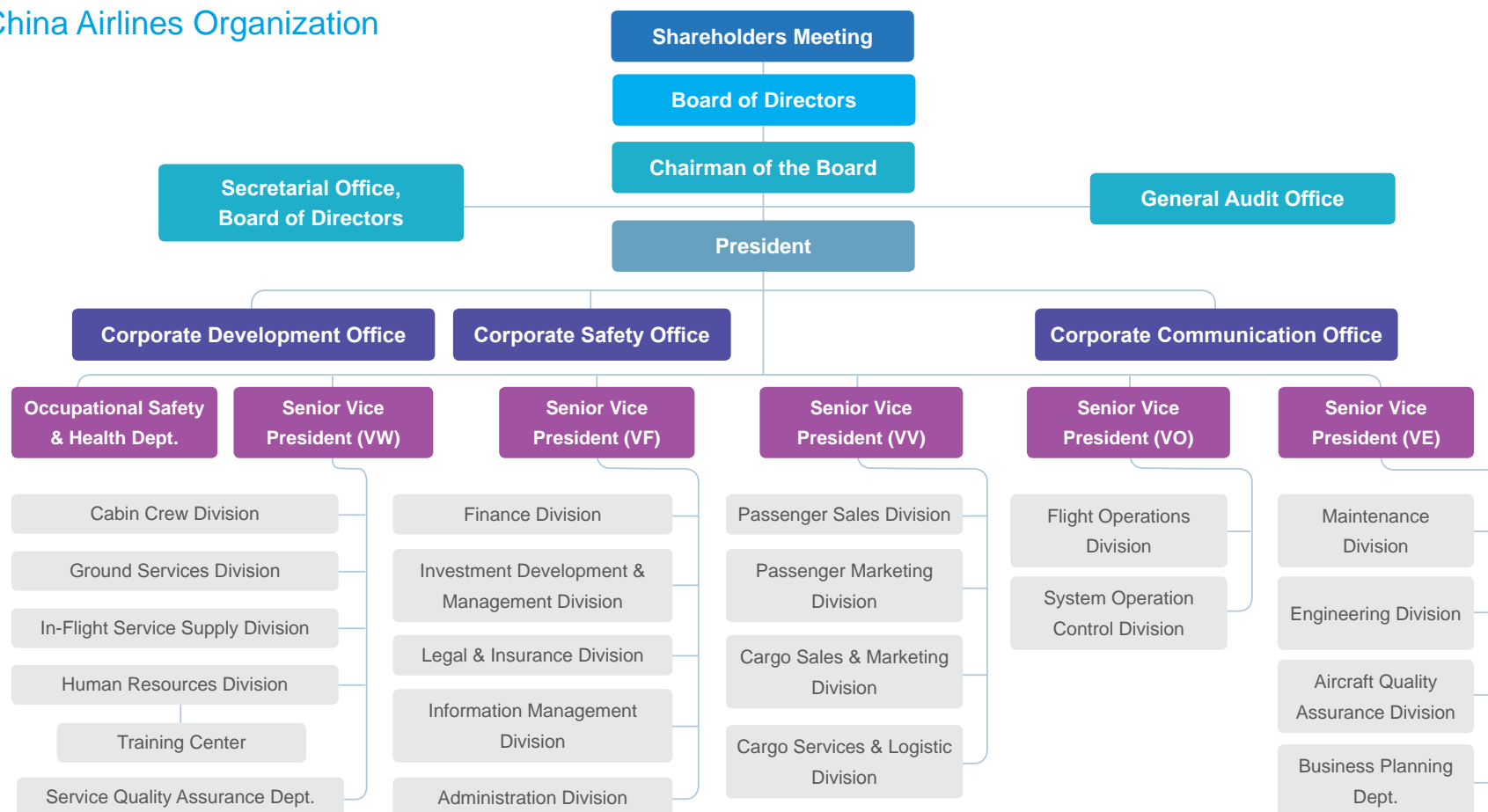


Senior Vice President
Kao, Shing-Hwang



Senior Vice President
Huang, Chwen-Jiun

China Airlines Organization



China Airlines Milestones

To Begin of Flying - China Airlines' Founding Period

- **1959**
 - CAL founded with a capital of NT\$400,000, 26 employees, one C54 aircraft and two PBV aircraft.
- **1961**
 - Contracted to undertake combat supply missions in Laos.
- **1986**
 - Business expanded with sales division split into passenger and cargo divisions.
- **1988**
 - 27 shareholders gave up their shares to set up the "China Aviation Foundation, allowing for public oversight of CAL
- **1991**
 - Privatization and preparations for public listing.
- **1993**
 - Officially listed on the Taiwan Stock Exchange, becoming the first publicly listed international airline in Taiwan.
- **1995**
 - "Corporate Identity System" (CIS) changed to the "Plum Blossom".

Flying in the Sky - Time of Growth

- **1998**
 - The new "CAL Strategy Plan" was completed. The new corporate vision was for the company to become "The Most Reliable Airline".
- **2000**
 - "Shanghai Office" established in China.
 - ISO-9001 international quality certification and completion of online ticketing system.
 - Subsidiaries established in Canada, Australia, New Zealand and Guam.
- **2001**
 - A340-300 passenger aircraft introduced.
- **2004**
 - Introduced three A330-300 passenger aircraft, two 747-400 passenger aircraft and two 747-400 freight aircraft.
- **2005**
 - Codeshare agreement with German Rail for air-ground transportation.
 - Launched the world's first butterfly orchid livery aircraft to support Taiwanese agriculture.
- **2006**
 - Collaborated with the Council of Agriculture to create the world's first fruit livery aircraft.












Flying in the Sky - Time of Growth

- **2007**
 - Announced the signing of airport hotel contract with the French Accor Hotel Group.
 - Mobile counters installed at Taoyuan International Airport to reduce passenger check-in time at fixed counters.
 - Environmental management principles defined.
- **2008**
 - Memorandum of understanding signed with China Southern Airlines.
- **2009**
 - Became official IATA e-freight airline.
 - Taiwan's largest 120,000 lb engine test platform put into service.
 - ISO 14064-1 GHG inventory certification received for the first time.
- **2010**
 - Signed strategic cooperation agreement with Eastern Airlines and Southern Airlines.
 - Memorandum of understanding signed with Garuda Indonesia Air.
 - Signed strategic cooperation framework agreement with Fuzhou City in China.
 - Corporate HQ at CAL Park commissioned, winning the national golden award for architecture and 1st place ranking nationally.

Flying into the Future - A Sustainable China Airlines

- **2011**
 - Codeshare flights with China Eastern and Shanghai Airlines.
 - Strategic cooperation framework agreement signed with Zhejiang Tourism Group.
 - Became an official member of "SkyTeam" and the first Taiwanese airline to join an international aviation alliance.
- **2012**
 - SkyPriority service launched. Joined SkyTeamCargo.
 - Signed agreement with GE aviation group on OnPoint fuel carbon reduction solution.
 - Launched electronic boarding passes, check-in and boarding can now be completed on a smart phone.
 - First independent certification for ISO 14001.
- **2013**
 - China Southern, China Eastern, Xiamen Airlines and China Airlines Form "Greater China Connection" Partnership.
 - First independent certification for ISO 50001 international environmental management system.
- **2014**
 - Next Generation service architecture rolled-out.

Participation in External Organizations

Organization	Membership
International Air Transport Association (IATA)	
The Association of Asia Pacific* Airlines (AAPA)	
SkyTeam	
SkyTeam Cargo	
Euromoney	
Clean Development and Carbon Credit Management Alliance	
The Third Wednesday Club	
Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	
Taiwan Visitors Association	
ROC-USA Business Council	
Taiwan Advertisers' Association	

*Member of the AAPA executive committee

China Airlines Fleet

80 aircraft **83** aircraft

Total aircraft as of
June, 2014

Total aircraft as of
December, 2014

	A340-300	6	6
	A330-300	24	24
	B737-800	16	16
	B747-400	13	13
	B777-300ER	0	3
	B747-400F	21	21

10.0 years **10.2** years

Average fleet age as
of June, 2014

Average fleet age as
of December, 2014

Global Network



Europe-9	Southeast Asia-15	Northeast Asia-17	China-29	Americas-34	Oceania-5	Taiwan-5
Amsterdam, Frankfurt, Rome, London @, Vienna, Luxemburg*, Manchester @, Prague* @, Moscow @	Bangkok, Jakarta, Bali, Surabaya, Hanoi, Ho Chi Minh City, Kuala Lumpur, Penang, Singapore, Phnom Penh, Delhi, Manila, Boracay ☆, Yangon, Abu Dhabi*	Ishigaki, Osaka, Sapporo, Miayazaki, Kagoshima, Shizuoka, Fukuyama, Takamatsu, Tokyo - Haneda, Tokyo - Narita, Fukuoka, Nagoya, Hiroshima, Okinawa, Seoul - Incheon, Seoul - Gimpo, Pusan	Hong Kong, Beijing, Shanghai - Pudong, Shanghai - Hongqiao, Guangzhou, Nanjing ☆, Hungzhou ☆, Shenzhen, Chengdu, Xi'an, Chengzhou * ☆, Xiamen ☆, Ningbo ☆, Shenyang ☆, Changsha ☆, Qingdao, Wuhan, Wuxi @, Sanya, Yancheng, Haikou, Chongqing, Nanchang, Dalian, Wenzhou ☆, Urumqi, Lijiang ☆, Weihai, Fuzhou	Anchorage*, Honolulu, Los Angeles, New York, San Francisco, Vancouver, Chicago*, Dallas*, Miami*, Seattle @*, Houston @*, Atlanta*, Cincinnati @, Salt Lake City @, Orlando @, Tampa @, Columbus @, Raleigh-Durham @, Guatemala City @, Las Vegas @, San Diego @, Phoenix @, Sacramento @, New Orleans @, Shiloh @, Kona @, Lihue @, Kahuluio, San Jose @, Portland @, Fort Lauderdale @, Hartford @, Jacksonville @, Boston @	Sydney, Brisbane, Auckland, Guam, Palau	Taipei Sung Shan, Taipei Taoyuan, Taichung ☆, Tainan, Kaohsiung

* Cargo service only , @ Code-sharing services, ☆ Mandarin Airlines flight

A photograph of five hands of different skin tones reaching in from the edges of the frame to form a circle. The hands are positioned at the top, bottom, left, and right, with fingers slightly curled to create a central white space. The background is a soft-focus blue sky with white clouds. A solid red vertical bar is on the far left.

Stakeholder Communications

2-1 Materiality Analysis

2014 was the first year of the sustainable corporate development and governance program. The publication of the CS Report is our first step towards becoming a sustainable enterprise. We hope to incorporate the management mechanisms for sustainability reporting into our organization and continue to improve the sustainable performance of our operations through the disclosure of management information. At the same time, by publishing this CS Report, CAL hopes to communicate our efforts and accomplishments in business management, environmental protection and social responsibility to all stakeholders and the general public with an interest in CAL. To this end, we listened to our stakeholders to gauge their interest in sustainability information during the compilation of the 2013 CS Report and used the information as the reporting basis.

While compiling the 2013 CS Report, we listened to our stakeholders to understand their interest in sustainability information and used this insight as this basis for our report. To ensure that the information disclosed in this sustainability report is what stakeholders are looking for, a materiality analysis was conducted on the 2013 CS Report. A six-step process consisting of "Identification of Stakeholders", "Collection of Sustainability Issues", "Investigate Issues of Interest to Stakeholders", "Analysis Impact of Issues on Company Operations", "Sorting of Material Issues" and "Discussion and Review" was used to determine the key issues in the 2013 CS Report.


6 stakeholders

Step 1: Identification of Stakeholders

CAL followed the five principles (dependence, responsibility, influence, multiple perspectives, and tension) set out in the AA10000 SES-2011 Stakeholder Engagement Standards (SES) to identify the stakeholders for the 2013 Sustainability Report. The team members for the corporate sustainability report are made up of representatives from 19 company units that will eventually become 6 key stakeholders.


30 sustainability issues

Step 2: Collection of Sustainability Issues

CAL used the GRI G3.1 Index, Dow Jones Sustainability Index (DJSI) and content from benchmark companies' sustainability reports to compile issues related to sustainability, which will serve as the basis for the materiality analysis.


496 questionnaires

Step 3: Investigate Issues of Interest to Stakeholders

To gauge each stakeholder's interest in each sustainability issue, CAL used an online survey to let stakeholders express their level of interest in sustainability information.


38 sustainability report team members

Step 4: Analyze Impact of Issues on Company Operations

The priority given to the disclosure of material issues is not only dependent on stakeholder interest, but also based on the impact of each sustainability issue on operations. Thus, the impact of any such issue was also analyzed by the sustainability reporting team.


10 key material issues

Step 5: Sorting of Material Issues

The priority given to the disclosure of material issues is not only dependent on stakeholder interest, but also based on the impact of each sustainability issue on operations. Thus, the impact of any such issue was also analyzed by the sustainability reporting team.

Step 6: Discussion and Review

The results of the materiality analysis were discussed internally before deciding the sustainability issues that should be given priority for disclosure.

Order of Sustainability Issues

Aspect	Issue	Stakeholder Interest (A)	Impact on Sustainable Management at CAL (B)	Total Score (A×B)	Order
Economic Issues	Board operations	3.397	4.500	15.287	18
	Sustainable development strategy	4.123	4.444	18.323	5
	Financial operating performance	3.978	4.806	19.118	2
	Risk evaluation and management	4.135	4.528	18.723	4
	Emergency response	4.399	4.028	17.719	8
	Privacy policy	4.183	3.278	13.712	26
	Code of Conduct	4.286	3.639	15.597	16
	Aviation Safety	4.802	4.889	23.477	1
	Customer satisfaction survey	4.290	3.889	16.684	13
	Customer service management	4.403	4.028	17.735	7
	Fleet management and planning	4.220	4.500	18.990	3
	Anti-Trust	3.831	3.806	14.581	20
	Supply chain management	3.873	3.667	14.202	22
Environmental Issues	Environmental policy and management system	4.034	3.806	15.353	17
	Greenhouse gas emissions	4.004	3.611	14.458	21

Aspect	Issue	Stakeholder Interest (A)	Impact on Sustainable Management at CAL (B)	Total Score (A×B)	Order
Environmental Issues	Aircraft fuel efficiency	3.980	4.500	17.910	6
	Energy management	4.034	3.750	15.128	19
	Wastewater discharge and management	3.931	3.167	12.449	29
	Waste emission management	4.016	3.250	13.052	27
	Waste management and recycling	3.964	3.167	12.554	28
	Environmental service	4.054	3.417	13.853	24
	Promotion of environmental protection	3.990	3.472	13.853	24
Social Issues	Occupational safety and health	4.226	4.111	17.373	12
	Labor/Employer Relations	4.147	4.222	17.509	11
	Career development, education and training	4.010	3.917	15.707	15
	Employee benefits and compensation	4.008	4.389	17.591	10
	Recruitment and Retention	3.974	4.444	17.660	9
	Employee human rights	4.031	3.972	16.011	14
	Community engagement/ social welfare	3.938	3.028	11.924	30
	Stakeholder Communications	3.978	3.500	13.923	23

- Stakeholder interest”: Level of interest (on a scale of 1 to 5) rated by 496 stakeholders with the average of taken.
- “Impact on Sustainable Management at CAL”: Impact of each issue related to CAL's sustainable management was rated (on a scale of 1 to 5) by 38 members of the CAL Sustainability team with the average was taken.

Top 10 Materiality Issues for CAL

Sustainability Issues	Corresponding Chapter in 2013 Sustainability Report	Page
Aviation Safety	Caring for Customers - Aviation Safety	35
Financial operating performance	Caring for Investors - Operating Performance	30
Fleet management and planning	About China Airlines - Sites and Routes	10
Risk evaluation and management	Caring for Investors - Risk Management	28
Sustainable development strategy	Caring for Investors - Corporate Governance	21
Aircraft fuel efficiency	Caring for the Environment - Climate and Energy Management	56
Customer service management	Caring for Customers - Customer Service	42
Emergency response	Caring for Investors - Risk Management	28
Recruitment and Retention	Caring for Employees - Recruitment and Retention	81
Employee benefits and compensation	Caring for Employees - Labor Rights	88

CAL's six key stakeholders



Employees

All employees, flight crews, cabin crews and union



Customers

Cargo customers, passenger customers, corporate customers, maintenance customers, Dynasty Flyer members



Investors

General investors, general investor/institutional investors, other institutional entities



Governments

Finance/financial agencies, aviation regulatory agencies, environmental protection agencies, labor agencies



Partners

Suppliers, subsidiaries



Society

Community residents, general public

2-2 Stakeholder Communications

Target		Channel	Frequency	2013 Communication Focus
Employees	All employees	Aviation Quality Database (AQD) safety report	Daily	Report potential risk factors in operational sites
		Employer-employee meeting	Monthly	Listen to the feelings and opinions of employees
		Employee Suggestion Box	Real-time	Listen to the feelings and opinions of employees
		Employee assistance e-newsletter	Monthly	Convey the company's concern for the physical and mental health of employees
		CAL Enterprise Information Portal	Weekly	Communicate internal and external company information such as company awards, job descriptions of each unit, and foreign office events.
	Flight crews	Fleet bulletin	Weekly	Flight notices
		Flight safety bulletin	Ad hoc	Flight notices
		Flight Operation Bulletin	Ad hoc	Flight notices
		Flight Operation Information	Ad hoc	Flight notices
		Monthly flight safety meeting	Monthly	Special reports / case analysis
		Company NOTAM (Notice to Air man)	Ad hoc	Airport information
		TEM (Threat & Error Management)	Ad hoc	Airport bulletins
	Cabin crew	Cabin Management Meeting	Every Monday, Wednesday, Thursday and Friday	Listen to the feeling and opinions of managers as well as discuss safety and service cases
		Flight attendant meeting	Every Tuesday	Listen to the feelings and opinions of employees
		Cabin Management and Flight Safety Meeting	Monthly	Flight safety announcements and discussion of cases
		Service Improvement Meeting	Monthly	Improve customer service satisfaction
		Flight Attendant, Standards and Training Inter-Department Meeting	Monthly	Improve management efficiency
		Cabin Manager and Purser Line	Real-time	Timely discussion of cases; listen to the feelings and suggestions of managers
		FB of each section in the Cabin Crew Management Division	Ad hoc	Listen to the feelings and opinions of employees in timely manner
		Cabin Crew Division webpage DIP / Employee e-mail (Aero Mail) / Bulletins	Ad hoc	Listen to the feelings and opinions of employees in timely manner
		(All classes/Economy class) workshop	Every 2 months	Listen to the feelings and opinions of employees on the frontlines

Target		Channel	Frequency	2013 Communication Focus
Employees	Cabin crew	Quality Objectives Meeting / Service Quality Review Meeting	Every 6 months	Service quality PDCA
		SKYTRAX survey result and improvement plan	Annual	Service quality PDCA
		Engineering and Cabin Crew Coordination Meeting	Monthly	Inter-department communications
		In-Flight Service Supply and Cabin Crew Coordination Meeting	Monthly	Inter-department communications
		Ground Services and Cabin Crew Coordination Meeting	Quarterly	Inter-department communications
		Flight Operations and Cabin Crew Coordination Meeting	Quarterly	Inter-department communications
	Union	Employer-employee meeting	Monthly	Listen to the feelings and opinions of employees
		Labor Safety and Health Committee	Quarterly	Check customer satisfaction with service, efficiency and quality
		Labor pension fund committee	Quarterly	Labor pension fund payments and retirements
		Revising of collective agreements	Every 3 years	Negotiations over working conditions and labor/employer relations
Customers	Cargo Customers	Customer satisfaction survey	Every 6 months	Check customer satisfaction with service, efficiency and quality
		On site Visit	Ad hoc	Maintain customer relations and collect market information
		Annual Award for Outstanding Cargo Agents	Annual	Recognize customers who do a certain amount of business with CAL
		Global Sales Section	Ad hoc	Strengthen customer interaction and strategic partnerships with Global Key/VIP accounts
	Passenger Customers	Personal visit to travel agents	1 ~ 3 times a year	1 ~ 3 times a year to maintain customer relations and help them solve business-related problems
		Award presentation to outstanding travel agents	Once a year	Present awards for exceptional performance to travel agents
		Travel Agent Meeting	1 ~ 2 times a year	Invite travel agents to review past business and explore future opportunities
		Online marketing	Ad hoc / Daily	Corporate website/ Social networking website
	Corporate Customers	Personal Visit	Monthly	Maintain customer relations and help customers solve business-related problems
		Customer EDM	Monthly / Ad hoc	Promotions/Information delivery
		Product conference	Ad hoc	Provide customers with product and service information

Target		Channel	Frequency	2013 Communication Focus
Customers	Maintenance Customers	Customer satisfaction survey	Every 6 months	Check customer satisfaction with service, efficiency and quality
	Dynasty Flyer Program	Electronic catalog	Monthly / Ad hoc	Promotions/Information delivery
		Website	Ad hoc	Information delivery
		Satisfaction survey	Every 6 months	Check customer satisfaction with service, efficiency and quality
Investors	General investors / institutional investors	Shareholders' Meeting	Annual	Report annual operating results and carry out resolutions passed during the meeting
		Investor hotline / Mailbox	Ad hoc	Maintain investor relationships through interaction and response to queries
		Market Observation Post System	As required by law	Revenue announcement, financial information and breaking news
		China Airlines website - Investor relations	Ad hoc	Gross revenue announcements, capacity and other information.
		Quarterly report, Annual financial report	As required by law	Announcement of operating results and financial information
	Other institutional entities	Email Address	Ad hoc	Manage institutional investor relationships through interaction and Q&A
		Unofficial institutional investors meeting	Ad hoc	
		Individual and telephone survey	Ad hoc	
Governments	Finance/ Financial Agencies	Correspondence	Ad hoc	Process / reply to requests as stipulated in correspondence sent to agency
	Aviation Safety Agencies	Take part in business coordination meetings	Monthly	Civil Aeronautics Administration (CAA)
		Correspondence	Ad hoc	Civil Aviation Authority investigation and enforcement
		Active meeting	Ad hoc	Exchange ideas on safety issues
		Taking part in investigation meeting	Ad hoc	Aviation Safety Council
	Environmental Protection Agencies	Take part in project	Ad hoc	PGMM/CAA, IDB and Energy Bureau, Bureau of Energy greenhouse gas project
		Attending information session and seminar	Ad hoc	Regulations on public hearings and international symposiums
		Support for environmental education	Ad hoc	Clean Carbon Alliance, Association of Atmosphere Protection in Taiwan

Target		Channel	Frequency	2013 Communication Focus
Governments	Environmental Protection Agencies	Questionnaire	Annual	CSR stakeholder questionnaire
		Correspondence	Ad hoc	Official correspondence on laws and regulations
		Active meeting	Ad hoc	Discussion of special environmental issues
	Labor Agencies	Occupational accident online reporting system	Monthly	Report the number of work-related accidents, lost days, and causes
		Telephone report	Real-time	Report to be made post major work-related accidents (within 8 hours)
		Labor inspection	Ad hoc	Audit OSH performance
Partners	Suppliers	Telephone conference	Ad hoc	Check on supplier shipping/delivery status; maintain positive relations
		E-mail	Daily	Investigation of customer complaints/ Meal adjustments/ Maintain positive relations
		Telephone contact/ discussion/ coordination	Daily	Investigation of customer complaints/ Meal adjustments/ Maintain positive relations
		Coordination meeting	Quarterly	Investigation of customer complaints/ Meal adjustments/ Maintain positive relations
		Business visit	Every 1 ~ 2 months	Learn about customer requirements and provide relevant flight information
	Subsidiaries	Business inspection	Annual	Check on the business activities of CAL subsidiaries by evaluating: (1) strategic direction, 2) execution of business targets according to the annual business plan, (3) internal controls and whether they have been met. Then, propose improvements to enhance performance and generate synergies within the CAL group as a whole.
		Business briefing	Annual	Introduction to its subsidiaries and principal activities, major issues, as well as external environmental changes (including SWOT analysis of competitors) and company outlook for the next 3 ~ 5 years.
		Business Management Report	Monthly	Financial and operational KPI, and other important concerns (e.g. major capital expenditures, lawsuits, labor relations and union issues)
		Education, training, meetings and seminars	Ad hoc	Ad hoc group seminars, lectures for managers assigned to subsidiaries, practical operation of the Board of Directors.
Society	Community	Organizing of charity events	Ad hoc	Give back to the community by visiting local children's and seniors' homes and participating in other charitable endeavors. Second-hand goods from employees are donated to local disadvantaged groups as well.
		Participation in community activities	Ad hoc	Participated in the Taoyuan International Airport "Noise Prevention Subsidy and Processing Seminar". Airplane tickets as well as model planes were donated as prizes
	General Public	Press Release	Ad hoc	Press releases on various topics
		Online marketing	Ad hoc / Daily	Corporate website/ Social networking website

Caring for Investors

- Rewarding Investors through Integrity -



2001	2002	2003
45	45	45
45	45	45

Highlights



1st

Corporate Sustainability Committee

First airline in Taiwan to set up a formal sustainability governance organization.

To achieve and maintain corporate sustainability, CAL has set up a corporate sustainability committee consisting of 6 taskforces.



1st

Corporate Sustainability Report

First airline in Taiwan to publish a corporate sustainability report achieves A+ GRI rating.

CAL has adopted the international GRI (Global Reporting Initiative) Index for its sustainability report (achieving an A+ application level for disclosure), which has been verified under the AA 1000AS standard. CAL continues to show its determination to become a sustainable enterprise.



1st

CG6005 Company Governance Assessment Corporate Governance System

In 2010, China Airlines became the first airline in Taiwan to receive the "CG6005 corporate governance."

CAL strives to maximize returns for the company and shareholders, while minimizing risk through the implementation of corporate governance.



A-class Company

TWSE/GTSM-Listed Companies Disclosure Ranking System

In 2012 and 2013 China Airlines received an A-rating in the "Information Disclosure and Transparency Ranking System" for two consecutive years.

Information disclosure and transparency form a key part of the six OECD corporate governance principles. This is the standard used by countries, companies and investors around the world to create their own corporate governance policy.

3-1 Corporate Governance

The CAL Board of Directors exercises its authority in accordance with the relevant regulations in the Company Act, Securities and Exchange Act and corporate charter. Directors are elected in accordance with the CAL Board of Directors Election Rules (see http://www.china-airlines.com/ch/about_ca/file/rule_1-4470.pdf). The Board consists of 13 directors including 3 independent directors with extensive professional experience in the aviation industry, finance, and management. Meetings of the Board are held in accordance with the Board of Directors Meeting Guidelines (see <http://www.china-airlines.com/ch/csr/download/03.pdf>). There is one director that is between the age of 30 ~ 50 with the remaining 12 directors all over the age of 50. Their background and the Board's effectiveness are shown in the following table.)



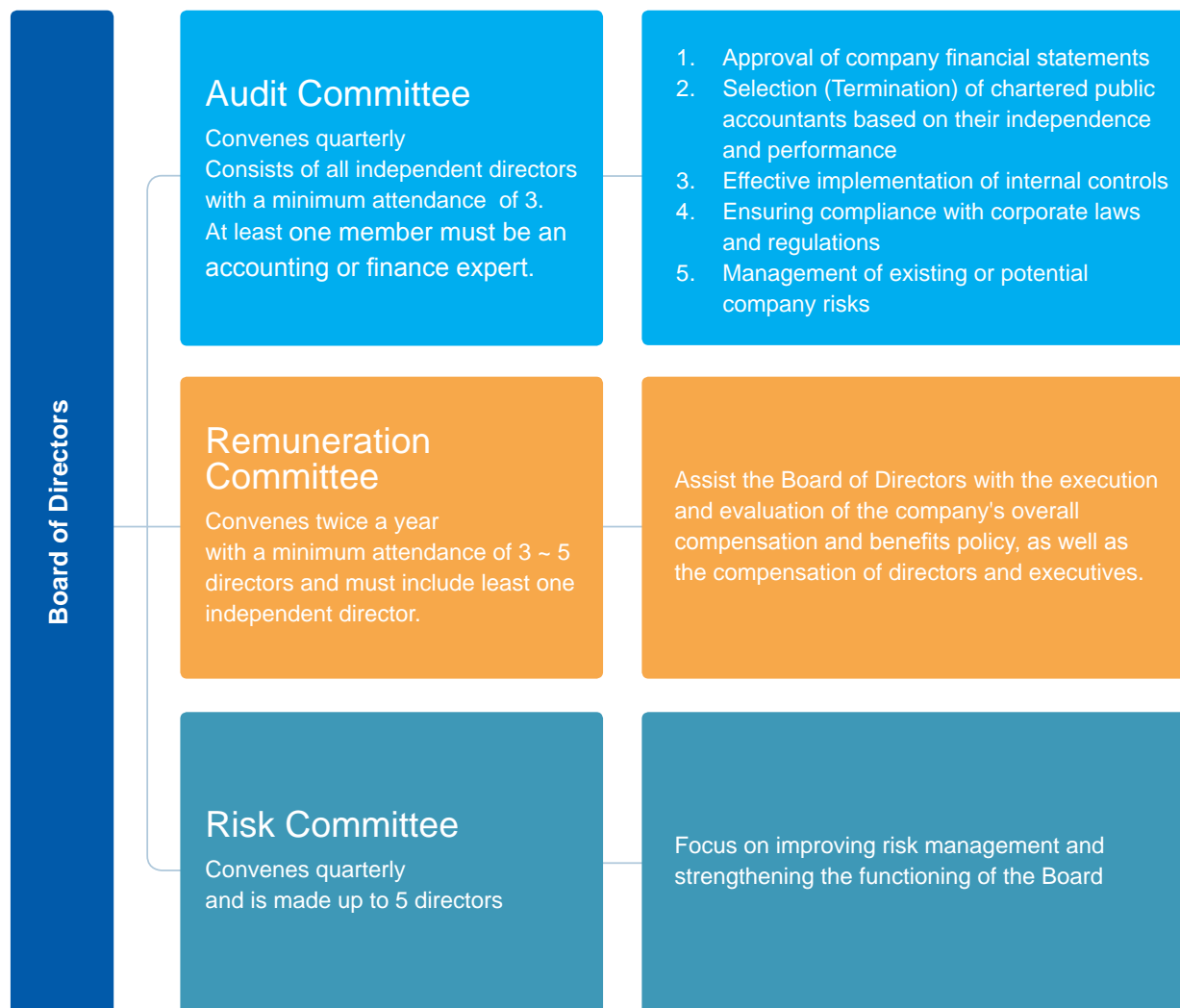
Title	Name	Experiences/Education	Current Positions at CAL and other companies	Board Attendance			Remarks
				Actual Attendance Rate	Attendance by Proxy	Actual Attendance Rate	
Chairman	Sun, Huang-Hsiang	<ul style="list-style-type: none"> President, China Airlines Ltd. President, TransAsia Airways. Sen. VP, Mandarin Airlines Ltd. CEO, Yangtze River Express Airlines Co., Ltd. VP of Corporate Planning, Marketing Planning and Passenger Sales; Gen. Mgr., Europe and San Francisco Branch Offices, China Airlines Ltd. National Chengchi University, ROC. 	Chairman, China Airlines Ltd. Director, China Aviation Development Foundation. Chairman, CAL-Dynasty International, Inc. Chairman, CAL Park Co., Ltd. Chairman, CAL Hotel Co., Ltd. Chairman, CAL-Asia Investment Inc.	8	0	100%	
Director	Lin, Perng-Liang	<ul style="list-style-type: none"> President, Taoyuan International Airport Co., Ltd. Asst. VP of Constructions, VP of Operations and Secretary General of Board Secretariat, Taiwan High Speed Rail Corp. Sen. VP and Gen. Mgr., North American Branch Office, EVA Air Manager, San Francisco Branch Office, Evergreen Marine Corp. CKS Airport Ramp Staff, Continental Airlines Soochow University, ROC MBA, Chinese University of Hong Kong EMBA, National Sun Yat-Sen University, ROC 	President, China Airlines Ltd. Director, China Aviation Development Foundation Director, CAL Hotel Co., Ltd. Director, Mandarin Airlines, Ltd. Director, CAL-Asia Investment Inc. Director, CAL Park Co., Ltd. Director, Dynasty Properties Co., Ltd. Director, Taoyuan International Airport Services Co., Ltd.	4	0	100%	Director since 102/11/08. Expected to attend all 4 meetings. Actual attendance rate was 100%
Independent Director	Chung, Lo-Min	<ul style="list-style-type: none"> Exec. VP, China Steel Corp. VP of Finance, China Steel Corp. MBA, Arizona State University, USA 	Chairman, Audit Committee, China Airlines Ltd. Member, Remuneration Committee, China Airlines Ltd. Chairman, China Steel Chemical Corp. Chairman, Universal eXchange Inc.	7	1	87.5%	
Independent Director	Liu, Lawrence	<ul style="list-style-type: none"> President, China Development Industrial Bank Exec. Director, The Coordination and Service Office for Asia-Pacific Regional Operations Center, Council for Economic Planning and Development, Executive Yuan Partner, Lee and Li Attorneys-at-Law Doctor of Law, University of Chicago, USA 	Chairman, Remuneration Committee, China Airlines Ltd. Member, Audit Committee, China Airlines Ltd. Exec. VP, China Development Financial Holdings Chairman, China Venture Management, Inc. Chairman, R.O.C. Strategic Co., Ltd. Chairman, CDIB Strategic Venture Fund, Ltd. Chairman, CDIB CME Fund Ltd. Supervisor, China Development Asset Management Corp. Supervisor, CDIB Venture Capital Corp. Director, CDIB Private Equity (China) Corp. Director, CDIB Venture Capital (HK) Corp. Ltd. Director, Taiwan Stock Exchange Corp. Director, HIM International Music Inc. Director, CECI Engineering Consultants, Inc.	8	0	100%	
Independent Director	Luo, Hsiao-Hsien	<ul style="list-style-type: none"> Commissioner, Department of Transportation, Taipei City Government President, Taipei Society for Traffic Safety Associate Professor and Chairman, Department of Transportation Management, Tamkang University Chairman and Member, Transportation Committee, Consumers' Foundation, Chinese Taipei Ph.D. in Civil Engineering (Transportation), National Taiwan University, ROC 	Member, Audit Committee, China Airlines Ltd. Member, Risk Committee, China Airlines Ltd. Associate Professor and Dean of General Affairs, Tamkang University, Department of Transportation Management President, Chinese Institute of Transportation Managing Director, Taipei Rapid Transit Corp. Director, EasyCard Investment Holdings Corp. and Easy Card Corp.	7	1	87.5%	

Director	Chen, Charles C. Y.	<ul style="list-style-type: none"> • Director, Wan Hai Lines Ltd. • Chairman, UTAC Group, Singapore • Chairman, Epistar Corp. • MBA, New York University, USA 	Chairman, Eyon Holding Group Vice Chairman, Taiwan Air Cargo Terminal Ltd. Vice Chairman, Taian Insurance Co., Ltd. Director, Epistar Corp. Director, Formosa International Hotels Corp. Director, Ascendas Pte. Ltd. President, Chen-Yung Foundation Adjunct Associate Professor, National Tsing Hua University	5	3	62.5%	
Director	Ting, Kwang-Hung	<ul style="list-style-type: none"> • Chairman, Central Trading & Development Corp. • BA in Finance, Boston University, USA 	Member, Risk Committee, China Airlines Ltd. Chairman, Central Trading & Development Corp. Chairman, Phu My Hung Corp. Chairman, Hiep Phuoc Power Co., Ltd. Chairman, Macro Technologies Inc. (Vietnam) Ltd.	6	2	75%	
Director	Lai, Ching-Chyi	<ul style="list-style-type: none"> • Chairman, Taiwan Insurance Institute • Chairman, The Insurance Anti-Fraud Institute of the ROC • Director, Taiwan Financial Services Roundtable • Chairman, Chunghwa Post Co., Ltd. • Supervisor, Taiwan High Speed Rail Corp. • Passed Civil Service Senior Examination in General Administration and Grade A Special Examination on Economic Analysis • Certified Accountant • MA in Public Finance, National Chengchi University, ROC 	Chairman, Risk Committee, China Airlines Ltd.	7	1	87.5%	
Director	Lin, Su-Ming	<ul style="list-style-type: none"> • Member, Tax Reform Commission, Executive Yuan • Member, Administration Appeals Commission, Taipei City Government • Deputy Dean, College of Management, National Taiwan University • Chairman, Department and Graduate Institute of Accounting, National Taiwan University • Ph.D. in Accounting, Arizona State University, USA 	Public Director, Gre Tai Securities Market Independent Director, Nan Shan Life Insurance Co., Ltd. Director, iPASS Corp. Professor, Department of Accounting, National Taiwan University	8	0	100%	
Director	Sung, Hong-Lei	<ul style="list-style-type: none"> • President, Kuo Hua Life Insurance Co., Ltd. • Consultant, TransAsia Airways • MA in Law, Meiji University, Japan 	Supervisor, The Grand Hotel	5	3	62.5%	
Director	Lee, Cho-Ping	<ul style="list-style-type: none"> • President, China Airlines Employee Union • Secretary General, China Airlines Employee Welfare Committee • Manager, Marketing & Service Division, China Airlines • Chief Purser, Cabin Crew Division, China Airlines Ltd. • Master, National Chengchi University, ROC 	Member, Risk Committee, China Airlines Ltd. President, Federation of Aviation Employees, ROC President, Air Transport Workers Industrial Unions Municipal Advisor, Taipei City Government	8	0	100%	
Director	Ko, Tso-Liang	<ul style="list-style-type: none"> • Secretary General, China Airlines Employee Welfare Committee • Standing Director, China Airlines Employee Union • Section Chief, Administrative Section, Taipei Branch Office, China Airlines • Nanya Institute of Technology, ROC 	President, China Airlines Employee Union Standing Director, Federation of Aviation Employees, ROC	8	0	100%	
Director	Huang, Hsiu-Gu	<ul style="list-style-type: none"> • President, Enterprise Business Group, Chunghwa Telecom Co., Ltd. • VP and Manager, Enterprise Business Group, Chunghwa Telecom Co., Ltd. • Managing Director, Enterprise Business Division, Chunghwa Telecom Co., Ltd. • M.S. in Management Science, National Chiao Tung University, ROC 	Member, Risk Committee, China Airlines Ltd. Sen. Exec. VP, Chunghwa Telecom Co., Ltd. Director, Taipei Financial Center Corp. Director, Intelligent Transportation Society of Taiwan Exec. Director, Taiwan Energy Service Association Director, Taipei Computer Association	7	1	87.5%	

3-1-1 Board Committees

The CAL Board of Directors convenes at least once every quarter. The management team reports the business performance to the Board and the Board decides on future business direction, making key decisions on behalf of the company. The goal is to improve corporate governance, enhance management effectiveness and in turn, increase shareholder equity. The Board oversees five committees that manage Corporate Governance, Financial Risk, Safety, Remuneration and Audit. The Corporate Governance, Financial Risk and Safety committees were consolidated into a single Risk Committee in 2014 to promote coordination across committees. Internal audits are also carried out in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies," issued by the Financial Supervisory Commission of the Executive Yuan. An Audit Office reporting to the Board of Directors was established to enhance internal controls by assisting the Board and Management with inspecting and reviewing weaknesses in the company's internal control systems as well as measure operating results and performance. The Audit Office is also responsible for suggesting improvement and corrective action when necessary to ensure the continued and effective operation of the internal control systems. CAL was presented with the "CG6005 Corporate Governance System Evaluation Certification" by the Taiwan Corporate Governance Association, a first for a Taiwanese airline. CAL also received consecutive A-ratings from the "Information Disclosure and Transparency Ranking System".

Organization of Committees under the Board of Directors



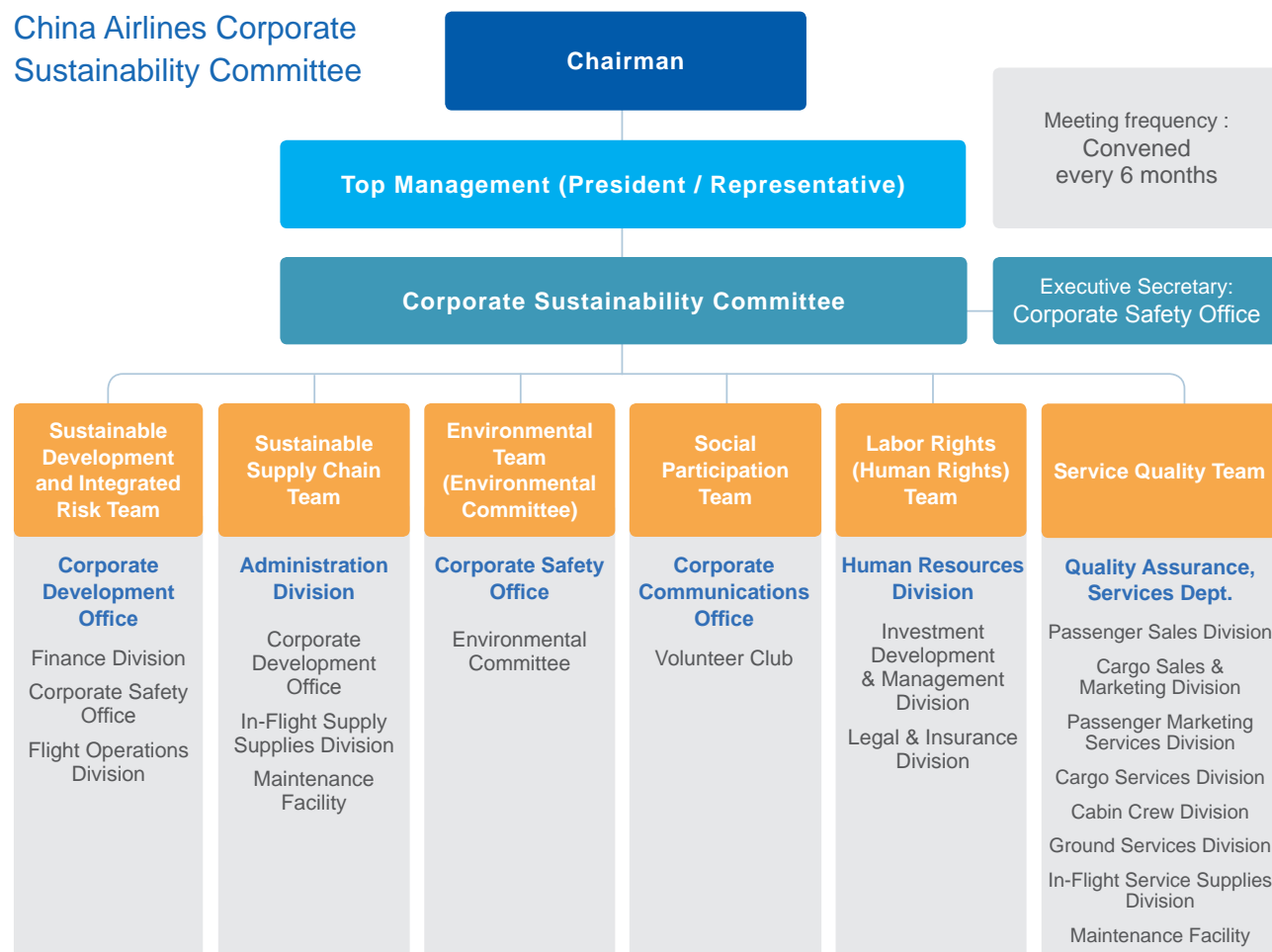
3-1-2 Sustainability Governance

CAL knows that the aviation industry faces many sustainability risks. A Corporate Sustainability Committee was set up as a senior organization for strengthening and enforcing sustainable governance. The committee sets the goals and direction of sustainable development for CAL. Action plans are developed through the Executive Secretary and assigned to the teams for implementation. The chairman inspects the performance and set target completion rates for the teams every 6 months. The committee has set up six teams based around key sustainability issues in the aviation industry: Sustainable Development and Integrated Risk, Sustainable Supply Chain, Social Participation, Labor and Human Rights, and Service Quality.

Sustainability Vision and Mission

"Commitment to Excellence and Reliability" defines the corporate vision of CAL. To follow the vision and work towards sustainable development, we must listen carefully to each of our stakeholders. We have defined "Customers, Shareholders, Employees, Partners, Society, Environment" as our key considerations. We have also combined our mission of sustainability with these key areas of interest and will work with our stakeholders to ensure sustainable development and share the returns that it brings.

China Airlines Corporate Sustainability Committee



Sustainable Development Mission



Inspiring Customers through Passion



Rewarding Investors through Integrity



Caring for our Employees



Supporting Partners through Action



Giving back to Society through Culture



Protecting Earth through Sustainability

3-1-3 Regulatory Compliance

CAL has developed the China Airlines Corporate Governance Rules, Board of Directors' Code of Conduct, Executive Code of Conduct, and China Airlines Internal Information Processing Procedure to establish a sound corporate governance system. In addition to complying with existing regulations, we have also committed ourselves to protecting shareholders' rights and strengthening the Board's competency. To realize CAL's spirit of integrity and corporate values, Board meeting rules and decision-making processes (including conflict of interests by directors) has been established to protect stakeholders' rights and enhance information transparency. CAL has also created an Employee Code of Conduct to ensure that all employees understand and comply with the established guidelines for behavior.

Key Regulations	Target	Summary	Link to
China Airlines Corporate Governance Rules	Board of Directors	<ul style="list-style-type: none"> Establish an effective corporate governance structure. Protect shareholders' rights. Strengthen the competency of the Board. Utilize the Audit Committee. Respect stakeholders' rights. Improve information transparency. 	http://www.china-airlines.com/ch/about/comp_rules.pdf
Board Directors Code of Conduct	Board of Directors	<ul style="list-style-type: none"> In the execution of their duties, directors are expected to put the company's interests first. They may not harm the company's interests for the benefit of certain individuals or groups. All shareholders should also be treated fairly during the performance of their duties. Directors should perform their duties in good faith by emphasizing integrity and equality as well as a high-level of self-discipline. They should follow the law, our corporate charter and the resolutions of the general shareholders' meeting. 	http://www.china-airlines.com/ch/csr/download/05.pdf
Executive Code of Conduct	Executives	<ul style="list-style-type: none"> Behave in an honest and ethical manner. This includes ethical handling of conflicts of interests between individuals and their roles. Maintain confidentiality. Fair treatment of customers and employees as well as lawful behavior toward competitors. Protect company assets so they can be used effectively. Obey government laws and regulations including laws against insider trading. 	http://www.china-airlines.com/ch/about/mag_be.pdf
China Airlines Internal Information Processing Procedure	Directors, executives, employees and other people who become aware of important inside information through their status, occupation or controlling interests	<ul style="list-style-type: none"> Establish a sound mechanism for managing important inside information to avoid the improper disclosure of information as well as to ensure the consistency and accuracy of published information. 	http://www.china-airlines.com/ch/about_ca/file/rule_8-476c.pdf

Employee Code of Conduct

The Employee Code of Conduct specifies the ethics and corporate values that are at the heart of CAL. The Code of Conduct is the highest principle for all CAL employees to adhere to in the performance of their duties and for daily work behavior. The Code of Conduct should be obeyed at all times. The CAL Employee Code of Conduct covers different aspects including human rights, privacy and anti-discrimination requirements based on the United Nations Declaration of Human Rights, the Global Compact and the International Labor Organization. It is the duty of every employee to report improper behavior. Reports are to be investigated by senior CAL executives while protecting the rights of the informant.

To strengthen awareness on fair competition, an "Anti-Trust and Fair Competition Clause" was explicitly included in the Employee Code of Conduct. Personnel receive regular training to further reinforce compliance.

Anti-Trust and Fair Competition Clause



(1) The Code of Conduct explicitly states what activities are prohibited for CAL personnel.

- + Do not discuss or negotiate fares, commission, revenue distribution, customers, market segments, boycotts or other matters that may impact market competition with other airlines.
- + There must be no exchange or discussion of non-public sensitive commercial information (by e-mail, phone, SMS etc.) with other airlines during the collection of market intelligence.
- + Do not refuse a transaction without a justifiable reason, or give preferential treatment to one party during a transaction.
- + Do not engage in any activities that may influence the fairness of any transaction procedure.

(2) The Code of Conduct also lays out what actions should be taken by CAL personnel

- + Commercially sensitive information such as competitor pricing should be acquired from open sources.
- + If another airline wishes to discuss competition-related non-public sensitive commercial information, CAL employees should state immediately that they are not authorized to do so and excuse themselves. The incident should also be reported to superiors and recorded in writing.
- + If the local law-enforcement agency has court-approved documents for a search or the local anti-trust authority is conducting an administrative investigation, the business oversight unit, legal insurance & local law international consultant should be notified for legal assistance.



Key Litigation Cases

Case Background	Facts of the Dispute	Incident Date	Current Progress
Arbitration for refund of excess aircraft lease payments	The Civil Aviation Administration (CAA) recovered aircraft leased to CAL and put it up for tender. According to CAL calculations, this led to excess lease payments amounting to more than NT\$2.4 billion. CAL filed for arbitration with the Arbitration Association of R.O.C. Judgment ruled that the CAA should refund the excess lease payments.	March, 2008	The Arbitration Association of R.O.C. ruled that the CAA should refund CAL the amount of NT\$1,529,916,900 with 5% interest p.a. from April 9, 2008 until full repayment is made. The CAA was also held liable for 30% of the arbitration fee. CAA refused to accept the decision of the Arbitration Association and filed suit with the courts to revoke the arbitration decision.
Revoking of arbitration decision for refund of excess aircraft lease payments	The CAA refused to accept the decision of the Arbitration Association of R.O.C. that it should pay NT\$1,529,916,900 to CAL and petitioned the courts to revoke the decision.	May, 2010	The Taipei District Court, the court of first instance, dismissed the complaint made by the CAA. The Taiwan High Court, the court of second instance, dismissed the appeal made by the CAA. However, the Supreme Court ordered the High Court to review the case again and The Taiwan High Court revoked the arbitration decision the second time around. CAL has appealed to the Supreme Court and the case is now being reviewed.
Air cargo price fixing civil class action in the U.S.	In February 2006, the U.S. Department of Justice launched an anti-trust investigation into the fuel surcharges levied by the major global air cargo freight carriers. The civil class action over price fixing and all relevant lawsuits have been consolidated and are now being examined by the New York District Court.	February, 2010	China Airlines was added as a co-defendant in February 2010, and immediately joined the group formed by other co-defendants to fight the charge. Preliminary disclosure proceedings closed at the end of 2013. CAL settled with the plaintiffs for US\$90 million in 2014.
Air passenger price fixing civil class action in the U.S.	In December 2007, due to the allegations of the major airlines conspiring to fix the pricing of passenger freight fees and fuel surcharges, CAL (as a member of AAPA) was named as a co-defendant. The case is currently under review by the San Francisco District Court in California, US.	December, 2007	In this current juncture CAL has adopted a pro-active defense strategy and has joined the defendants group. The pre-trial disclosure process was completed at the end of February 2014. The court is now determining whether the original plaintiffs are "sufficiently represented" for the class action.

3-2 Risk Management

China Airlines (CAL) understands the importance of risk management. In addition to establishing a Risk Committee reporting to the Board of Directors, CAL also requires all operating units to manage various types of risks as well. Due to the rapidly changing nature of domestic and global financial markets, the Finance Division is responsible for managing the company's financial risk and reducing the effect of market fluctuations (i.e., exchange rate, interest rate, oil price) on the CAL's finances. CAL is also clearly aware that aviation safety is the No. 1 concern for an airline. Thus, it created the Corporate Safety Office to integrate and manage risks to flight safety, airline security, ground safety, emergency response and the environment, thereby ensuring that CAL's financial and operating risks are kept to a minimum. For legal and litigation risks, the Legal & Insurance division provides advice on the prevention and handling of legal issues. To further strengthen legal compliance, internal training is also provided update internal teams on relevant law changes.

Emergency response

CAL has drawn up emergency response plans to tackle different situations, and details out the steps to take in the emergency response manual. In addition, CAL has also formed taskforces with professionals in their respective fields to undergo regular and strict training exercise. To further protect passenger safety, CAL has also signed emergency response agreements with airline partners, airline federation members, and code-share flights to ensure the timely response to emergency situations.



Emergency response training and summary of drills in the past 3 years

Year	2014 (as of 6/30)	2013
Training	<ul style="list-style-type: none"> + Organized EU emergency response instructor training. 10 personnel completed the course. + Organized recurring training for all CAL family service specialists (including reserve family service specialists) in the e-learning format. 267 personnel completed the course. 	<ul style="list-style-type: none"> + Organized emergency response instructor training for Japan and China. + Organized a second training class for head office family service agents. A total of 37 personnel completed the course (including 9 from Mandarin Airlines). + Organized emergency response telephone team. A total of 28 personnel are now being trained.
Drills	<ul style="list-style-type: none"> + Organized EU emergency response desktop exercises. 10 personnel completed these exercises. + Organized one desktop emergency response drill for the accommodations team, luggage team and Taoyuan Operations division. 20 personnel have completed this drill. + Organized service representative team as well as the medical team and their service team leaders to respond to two desktop simulations. 38 students completed these simulations. + Organized one desktop training session for the salvage team. 17 personnel completed this session. 	<ul style="list-style-type: none"> + Emergency response drills were held on a weekday and on a public holiday. Personnel tested included top management, tier-1 executives, all personnel assigned to the emergency response system and family service representatives (the first drill was held on a weekday with 514 people notified and a response rate of 97.6%; the second drill was held on a public holiday with 510 people notified and a response rate of 96.2%). + Organized desktop emergency response drill for the Japan and China regions. Around 30 personnel took part in the drill. + Completed passenger and cabin crew exercise for arriving flight CI-920 HKG/TPE and departing flight CI-100 TPE/NRT. + Organized desktop exercise for an illegal explosives threat. A total of 24 people took part including CAA chief security inspector. + Took part in air disaster emergency response exercises at Taiwan's Taoyuan and Songshan Airports. A total of 17 personnel took part in the exercises. + Organized emergency response functional exercise for handling the media and passengers' relatives in crisis situation mode. 8 emergency response teams made up of 71 personnel were mobilized for this exercise.

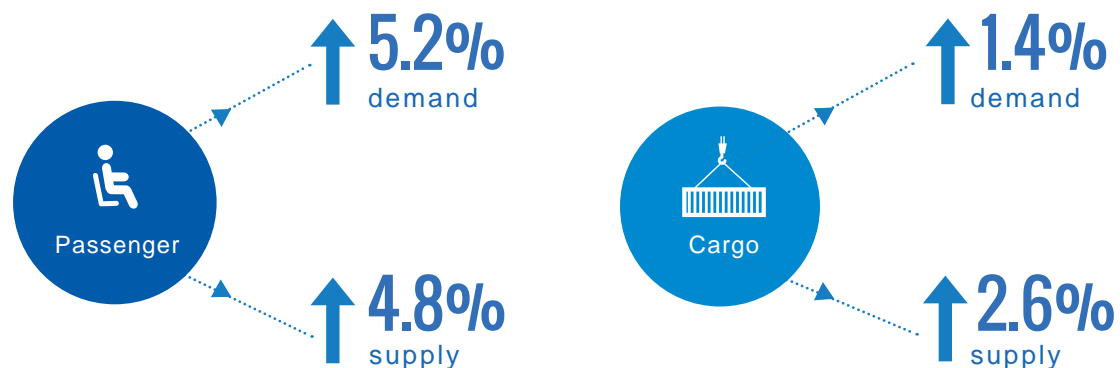
3-3 Industry Overview

The aviation industry is easily affected by changes in the economic climate. In recent years, limited global economic growth, coupled with fluctuations in oil price, and a yet fully recovered air cargo market have led to very challenging times for the aviation industry. International Air Transport Association (IATA) statistics show that Revenue Passenger Kilometer (RPK) for the global aviation industry in 2013 gained by 5.2% YoY. However, a 4.8% growth in global passenger carrying capacity and the proliferation of budget airlines means that competition remains intense. In the cargo market, Freight Tonne Kilometer (FTK) for the global aviation industry in 2013 grew by 1.4% YoY. Even with freight traffic growing, the increase in cargo capacity from passenger aircraft also means that overall air cargo capacity grew by 2.6%, making for a challenging market as well.

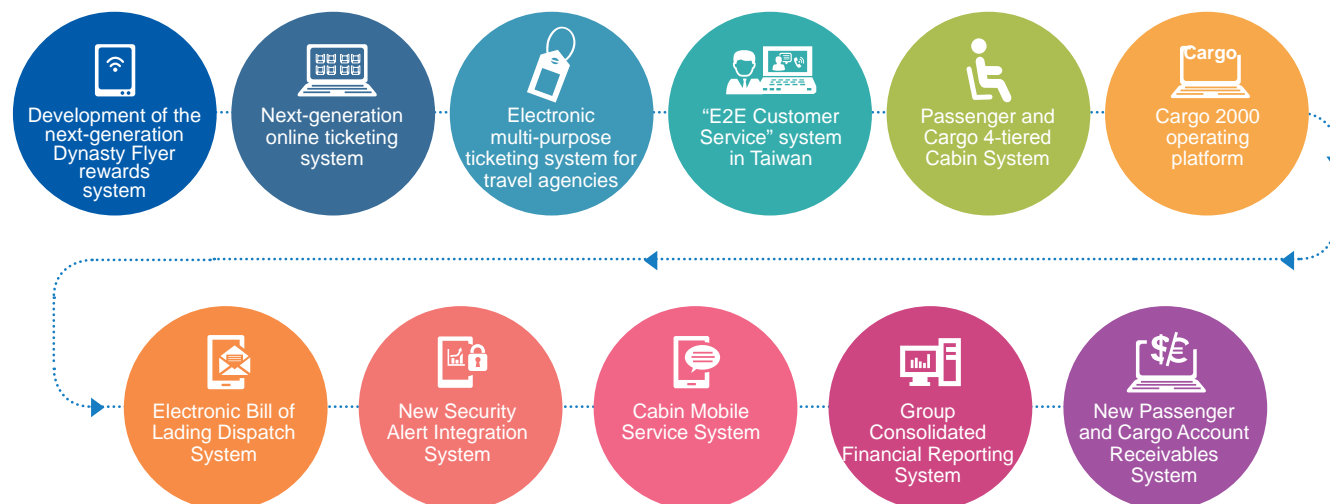
Faced with such difficult market conditions, CAL has not only drawn up development strategies for the short- and long-term but is also upgrading our management tools. We are now working to boost our competitiveness and revenues, through the introduction of next-generation electronic operating systems as well as the development of new services.



Changes in the Air Passenger and Cargo Market, 2013



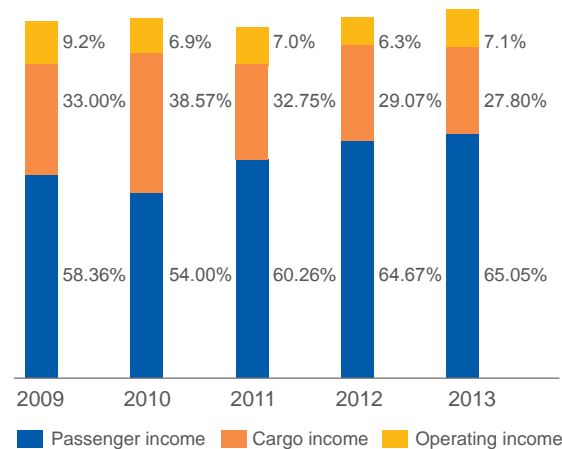
CAL's Next-Generation Electronic Management System



Historical Performance

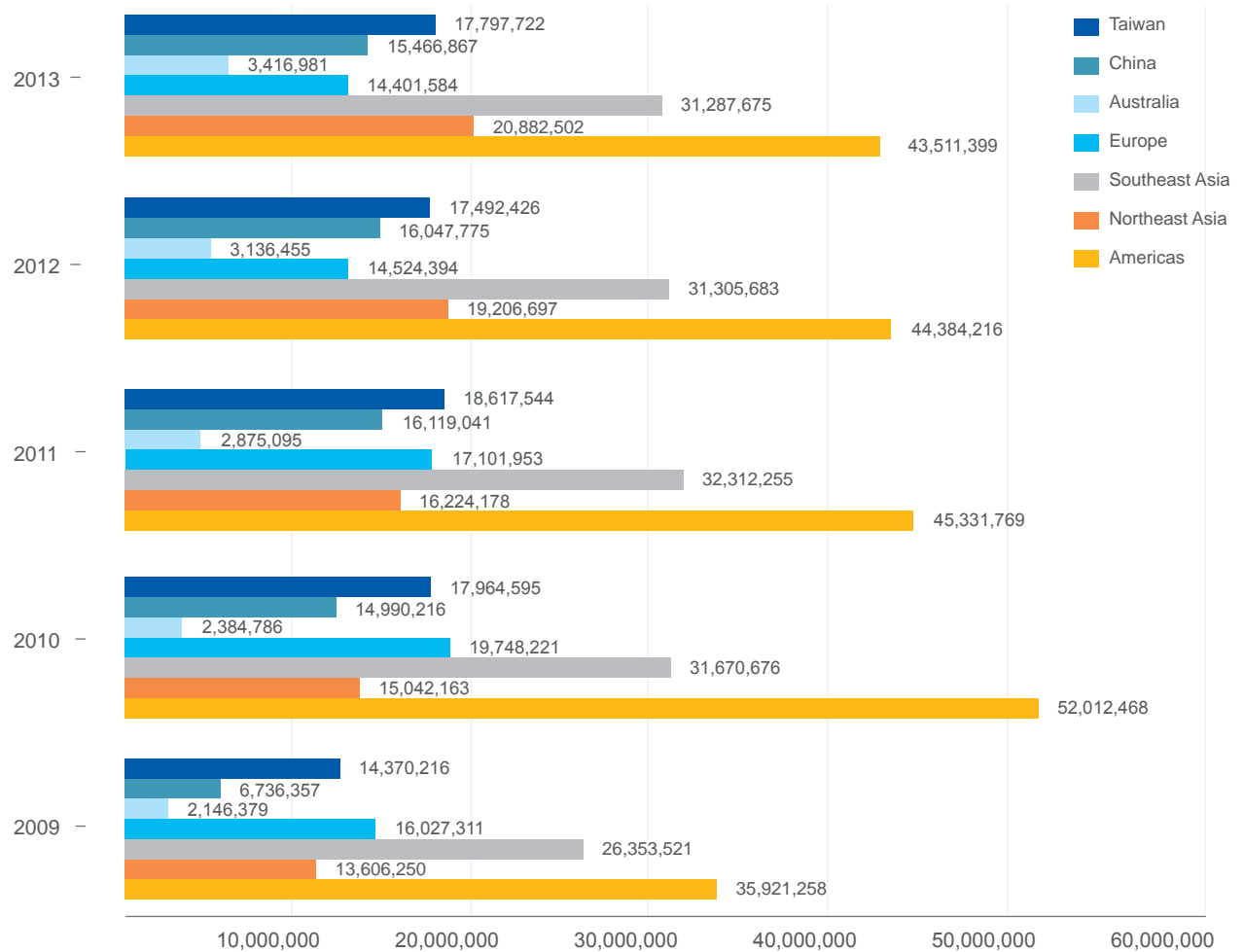
2013 saw serious challenges to business as a result of limited global economic growth, continued oil price fluctuations, pricing pressures from budget airlines, and incomplete recovery in the cargo market. Despite uncertainty in the macro environment, CAL continues to strive for improvements in service quality and competitiveness and is also actively expanding its destination offering and developing new products. As external factors continue to influence the aviation industry going forward, CAL continues its efforts to ensure aviation safety even under the most challenging of environments. CAL will introduce the B777-300ER aircraft to expand passenger capacity for long-distance routes. To satisfy different consumer needs, CAL will also set up Taiwan TigerAir to improve returns for the CAL Group as a whole.

Key Components of Consolidated Revenue (%)



- 2009~2011 reports were prepared in accordance with R.O.C GAAP. 2012~2013 reports comply with IFRS.

Regional revenues (in Thousands TWD)



- 2009~2011 reports were prepared in accordance with R.O.C GAAP. 2012~2013 reports comply with IFRS.

CAL Financial Results from Previous Years

	2013**	2012**	2011*	2010*	2009*	Remarks
Total Market Capitalization (in Thousands TWD)	56,940,000	62,400,000	61,137,410	119,495,848	51,895,026	Based on share price at the end of each year
Total entity revenues (in Thousands TWD)	131,752,677	132,135,468	132,240,469	138,140,460	98,083,787	
Total consolidated revenues (in Thousands TWD)	141,702,545	140,972,139	142,310,680	147,666,007	105,030,022	
Revenue per employee (in Thousands TWD)	11,826	12,044	12,307	12,920	9,610	Based on number of employees at end of the year
Entity profit & loss before tax (in Thousands TWD)	-944,337	-458,763	-2,348,234	11,620,111	-3,939,466	
Consolidated profit & loss before tax (in Thousands TWD)	-361,180	-172,005	-2,043,884	11,985,399	-3,695,092	
Entity operating cost (in Thousands TWD)	133,524,554	132,912,058	133,805,333	123,375,405	99,779,512	
Entity retained earnings (in Thousands TWD)	-3,161,115	-1,841,688	4,189,380	7,996,300	-4,034,018	
Entity income tax expenses (in Thousands TWD)	329,709	-40,407	-393,963	998,017	-134,554	
Entity total shareholder's equity (in Thousands TWD)	50,806,464	51,459,772	47,059,078	48,662,700	41,267,999	
Entity revenues per share	25.34	25.41	28.55	29.83	21.45	
Entity profit margin (%)	5.18	6.13	5.46	17.8	7.1	
Entity return on assets (%)	0.20	0.75	-0.04	6.18	-0.57	
Entity return on equity (%)	-2.49	-0.86	-4.08	23.62	-10.58	
Entity debt to assets ratio (%)	76%	75%	77%	76%	81%	

- * 2009~2011 reports were prepared in accordance with R.O.C GAAP. **2012~2013 reports comply with IFRS.
- Units are in TWD except where otherwise noted.



Caring for Customers

- Inspiring customers through passion -

Highlights



Family Couch

CAL is the first Asian airline to provide the Family Couch in Economy Class on the B777-300ER

Passengers can simply purchase the "Family Couch" product option when booking their tickets or checking in at the airport. The added space for lying down is at a price substantially lower than Business Class. This provides family trips with a new, cost-effective option.



Sky Lounge

An innovative blending of East and West elements to create the literary aesthetic feel of Taiwan that is reminiscent of a scholar's study

CAL B777-300ER features the Sky Lounge, which serves authentic Taiwanese high mountain tea in exquisite packaging that tells its story. In partnership with Eslite Bookstore, the Sky Lounge will have a monthly selection of similarly themed books on offer. Passengers can savor different tastes of Taiwan as they read its stories.



Integrated Safety Management System

Combines SMS, AQD and a total safety culture

CAL has integrated its safety management systems by combining the existing Safety Management System (SMS) with the next-generation Aviation Quality Database (AQD). Adopting a comprehensive culture for safety, CAL aims to ensure zero safety errors and provide passengers with the safest journey possible.



No.1 user of e-AWB in Taiwan

No.11 user of electronic air cargo waybills in the world No.1 in Taiwan

Cargo delivery time reduced by 1.5 days, while reducing the rate of lost documentation, and increasing delivery efficiency. CAL is the 22nd airline to adopt "e-Freight".



High-quality and attentive service

Attentive service and SOP+

SOP+ initiative promotes exceptional service that "comes from the heart". To strengthen its service levels, CAL continue to focus on delivering "diligent, attentive, proactive, interactive, and enthusiastic" service and approaches each encounter with customers as an opportunity to exceed their expectations and win their loyalty.

4-1 Innovative Service

4-1-1 Service Optimization Team

CAL aims to become the most trusted, world-class airline, expecting all employees to strive for comprehensive aviation safety and make first-class customer service their responsibility. CAL's core brand values of "Cultural Creativity, Technology, Environmental Protection, Emotional Connection, and Trust" will set the benchmark for our next-generation service. CAL continues to refine and upgrade its operations to become a 5-star airline that provides every passenger with a 5-star experience on every trip.

To strengthen our overall customer service, CAL has set up a "Service Optimization Team" that reports directly to the Chairman. The team is responsible for overall service design, planning, and the implementation of service strategies and processes that exceed customer expectations. In addition, the team will coordinate the efforts of different departments to ensure service quality is strengthened and can be managed broadly, comprehensively and sustainably.



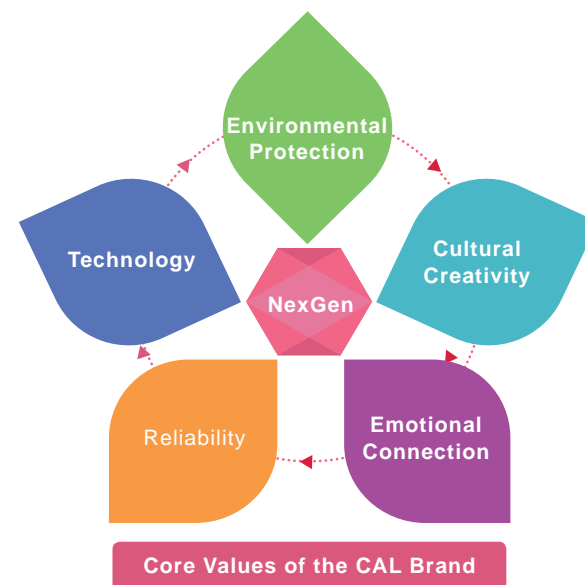
4-1-2 NexGen Plan

The “Next Generation” plan represents a milestone for CAL that connects its past with the significance of its next-generation services. Through extensive research and brainstorming, CAL’s brand positioning has been defined with a clear customer orientation that will give Taiwan, Asia, and the world a brand new CAL. The NextGen CAL is about cultural heritage and understated elegance.

By defining its core brand values as “Cultural Creativity, Technology, Environmental Protection, Emotional Connection, and Reliability” and combining them with 9 key brand attributes, CAL unveils the new look of the brand, one that offers innovative services with a unique style. With Eastern aesthetics as the defining theme, CAL pursues innovation and aim to deliver attentive, personalized service through an emphasis on elegant, minimalist design that brings together Taiwan’s cultural creativity, pursuit of environmental protection and technological advances. The world-class design team led by lead designer Ray Chen used Song Dynasty inspired literary aesthetics as the design theme to create a novel and unique Asian cultural identity that stands out in the global aviation industry, which is dominated by Western high-tech design. The cabin design creates a feeling of prestige for anyone stepping in for the first time; there is a full appreciation of the harmony in Eastern aesthetics. All in-flight amenities and utensils have been completely redesigned with an elegant, minimalist approach that emphasizes quality and promises passengers a physically, mentally and spiritually enjoyable journey.

(CAL’s NexGen website: <http://wow.china-airlines.com/>)

■ CAL’s NexGen Plan 



Five Core Values	Implementation	Description
Cultural Creativity	Sky Lounge	The Sky Lounge is situated in the middle of the Business Class section and recreates the atmosphere of a scholar's study. The design gives a touch of study-like ambience to the already calm and Zen feels of the Business Class cabin. The quality design of this lounge area by Taiwanese/Chinese designers not only helps to improve service quality and re-define the brand, it hopefully also gives Taiwanese/Chinese designers a world stage on which they can demonstrate their cultural creativity.
Technology	In-Flight Entertainment (IFE) Wi-Fi On board	Passengers flying at 30,000 feet can keep in touch with those on the ground by accessing the Internet to send e-mails or check-in on Facebook. PAC ex3 combined with the 18" HD touch screen is exclusive to Business Class and offers an even more comprehensive in-flight entertainment system than before.
Environmental Protection	<ul style="list-style-type: none"> New galley system Economy Class seats e-Books and magazines 	<ul style="list-style-type: none"> The new gallery appliances offer significant reductions in weight and power consumption. Lightweight seats greatly reduce fuel consumption. E-books and e-magazines reduce weight and fuel consumption.
Emotional Connection	Family Couch	The leg rests can be lifted 90-degrees and combined with the seat to form a couch. The pillows and mattress form an exclusive personal area. Families, couples, friends and colleagues traveling together can travel closer to each other with this versatile space.
Reliability	Use gestures to convey trust; Use actions to ensure safety!	For air and ground services, front-line colleagues can convey the CAL sense of professionalism and discipline through the appropriate use of eye contact as a form of body language that can promote customers' trust in the company and their confidence in our focus on aviation safety.

4-2 Flight Safety

CAL is aware that safety is the primary objective and the only standard by which the company operates. A Risk Committee has therefore been established under the Board of Directors. All relevant departments are asked to be involved in order to instill the culture of safety into every employee. The core values of safety have been defined as "Safety, Discipline", "Innovation, Service" and "Teamwork". The CAL Safety Policy has also been defined so that safety practices can be part of our employees' routine activities. By upholding the highest safety standards, we can fulfill our vision of "Trust and Excellence" for flight safety.



4-2-1 CAL Safety Management System

CAL has established a safety management system consisting of six key management systems for ensuring aviation safety. The company reduces risk by paying attention to every little detail and sets the highest standard of safety through the most rigorous requirements. Since 2011, the annual all-hands safety improvement program has continued to strengthen the safety awareness of all CAL employees and continues to set the highest safety standards at CAL.



4-2-2 Safety Management System (SMS)

CAL has adopted the ICAO Safety Management System (SMS). To ensure the effectiveness of safety management, CAL established 4 key safety requirements and 12 sub-items. Safety management has also been incorporated into our organizational behavior and internalized as part of our corporate safety culture. Risks related to aircraft operations such as aviation affairs, aircraft affairs, system operations, cabin service, cargo service and ground service have also been placed under systematic management. A CAL "Corporate Safety Manual" has been created in accordance with the spirit of SMS to explicitly set the safety policy and targets for each level of management. This ensures the meeting of our corporate safety goals and their implementation in all current standard operating procedures.



CAL has passed the IATA Operational Safety Audit (IOSA) on February 5, 2005. This is the highest standard in aviation safety set by the IATA. In accordance with IATA regulations, CAL has since renewed its IOSA certification every 2 years in 2006, 2008, 2010 and 2012. To continue ensuring the safety of passengers with the most stringent international standard, the next certification will be conducted in October 2014.

SMS Components



- + Commitment and taking responsibility from high-level executives
- + Safety responsibility
- + Assignment of critical safety personnel
- + Emergency response coordination
- + Safety management system documentation



- + Safety performance monitoring and measurement
- + Management revisions
- + Continued improvement of safety management system



4-2-3 Safety Culture Project

CAL understands that the safety culture of an airline has a major influence on flight safety. To understand itself better, CAL partnered with research teams at Chung Yuan University and National Political University to perform a comprehensive review of CAL's safety culture, becoming the first in the industry to do so. By looking at CAL safety and introducing new ideas through industry-university cooperation, the company was able to achieve further reductions in risk events due to human negligence as well as enhance the standard of safety culture. "Safety takes priority over everything else" now forms the foundation of the total safety culture at CAL. Based on the results of the 2013 safety culture assessment, CAL's safety culture going forward will focus on: (1) Safety assurance and communications, (2) Employee incentives and disciplinary action system, (3) Culture of fairness and execution, (4) Safety performance evaluation system, (5) Inter-departmental teamwork, and (6) Education, training, and resource management.

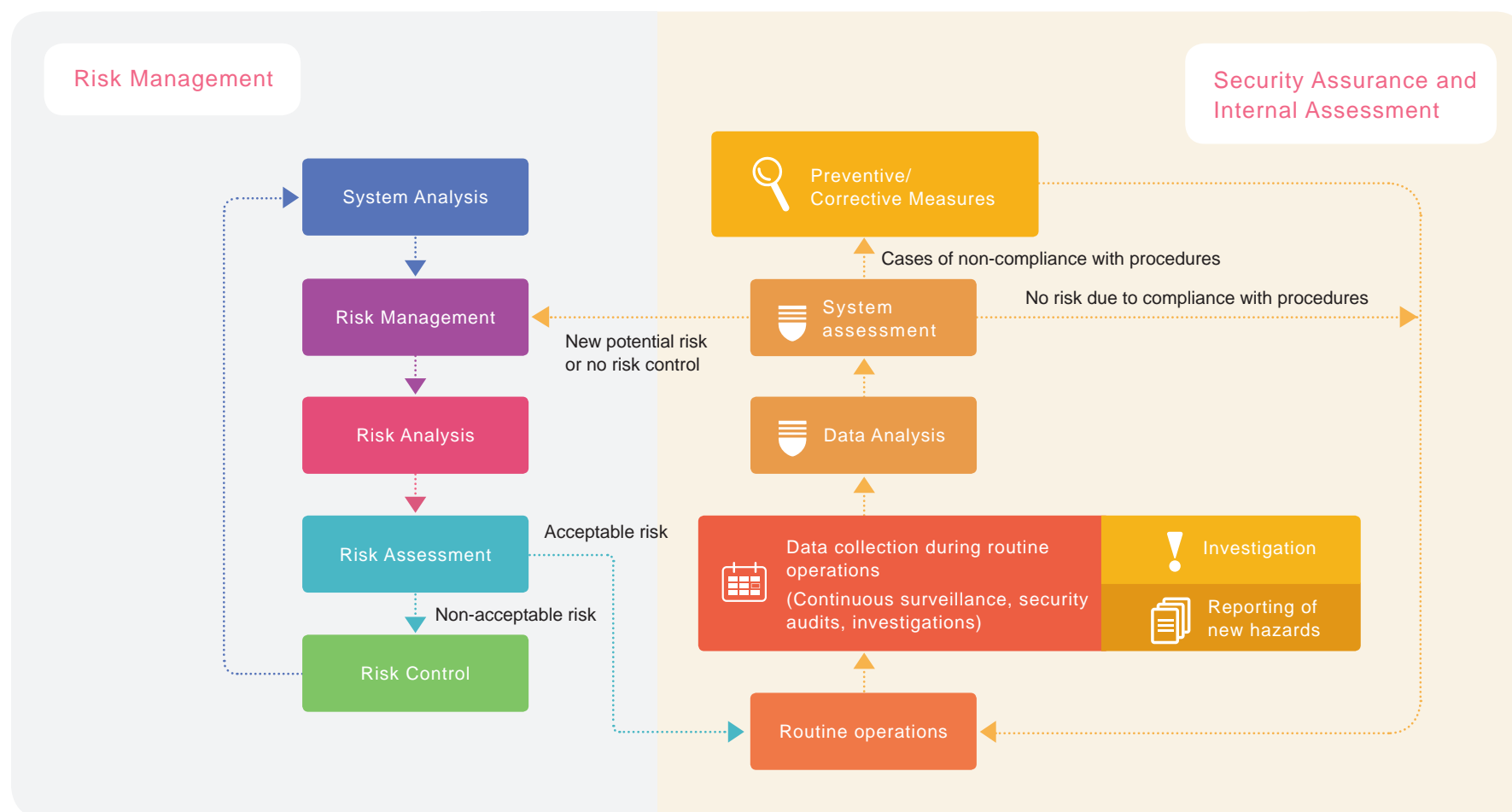
The introduction of the above six safety culture elements have been scheduled for 2014 ~ 2016. This will cover public awareness, education and training, and design of safety event incentives. By creating a positive atmosphere and raising the standard of safety culture, CAL provides an environment that allows its employees to fully embrace these mandatory safety management regulations and rules. The short-term target in safety culture is to move towards self-management. The mid- and long-term target is to achieve mutual support in team management.



4-2-4 Next Generation Safety Management System (SMS+AQD)

Introduced by CAL from overseas, the Aviation Quality Database (AQD) will help CAL achieve higher standards of aviation safety. AQD is a safety management tool designed specifically for airlines and has been adopted by over 120 airlines worldwide to date. Through the enhanced information integration and sharing functions offered by AQD, all safety reports can be imported into the risk database and accessible to all relevant units for risk management operations. AQD also provides a more complete tracking tool that identifies risks during the work process. The system also requires relevant units to take appropriate risk management measures and continue monitoring the situation to ensure better aviation safety.

Safety Management Process



4-2-5 Identification of Aviation Safety Risks

CAL understands the importance of identifying risks in the process of achieving the highest standard of aviation safety. The full-spectrum of risk factors during flight and ground operations were collected, assessed and potential risks subjected to quantitative analysis. The trends derived from the data were also used to determine the probability of risks so that potential hazards and risks in aviation safety can be prevented early.

Aviation Safety Risks

Analysis of flight operations data

Improvement suggestions from meetings
(Corporate Safety Committee, Flight Safety Committee)

All types of flight safety anomaly events

All types of reporting operations
(Crew report of anomalies in ground operations, purser's report and crew safety reports etc.)

Safety assurance audit
(Planned audits, targeted audits), safety inspection, observed flights, cabin safety audits etc.

4-2-6 System Operations Center

The Systems Operations Control Division set up by CAL is manned around the clock to ensure the safety and track status of our flights. Developments that may have an impact on flights including climate change, weather conditions at regional airports, severe disasters (e.g. earthquakes, volcanic eruptions) and Taiwan's seasonal typhoons are all closely monitored. Flights in the air are provided with real-time updates and emergency response plans because the safety of passengers is our number one priority. (To further enhance our safety controls, CAL has contracted Lido of Germany to introduce a next-generation flight planning system that will come online in August, 2015. Apart from providing even more optimized routes to save fuel, it also incorporates a function to automatically avoid military exercise areas. The InFlightMonitor (IFM) module will also provide further improvements in aviation safety and efficiency by monitoring in-flight fuel consumption and flying conditions.

Complement
182
personnel

Staffed
24 hours

- Responsible for monitoring and controlling aircraft movements
- Coordinate handling of aircraft issues
- Provide real-time updates to aircraft in the air
- Ensure flight safety
- Compile comprehensive aircraft statistics



4-2-7 Maintenance Quality

Maintenance quality is the cornerstone of flight safety. Since its formation in 1959, CAL's maintenance unit has progressively secured aircraft maintenance certification for 11 countries/regions including the EU, the US and China, making us the largest and most modern aircraft maintenance center in Taiwan. Our facilities include hangar capacity for five large wide-body aircraft as well as test cells for engines in the 120,000 pound class to meet the high-level maintenance requirements of different aircraft models. We service not only our own passenger and cargo fleets but also provide maintenance services for aircraft, engines and components to more than 40 local and overseas customers.

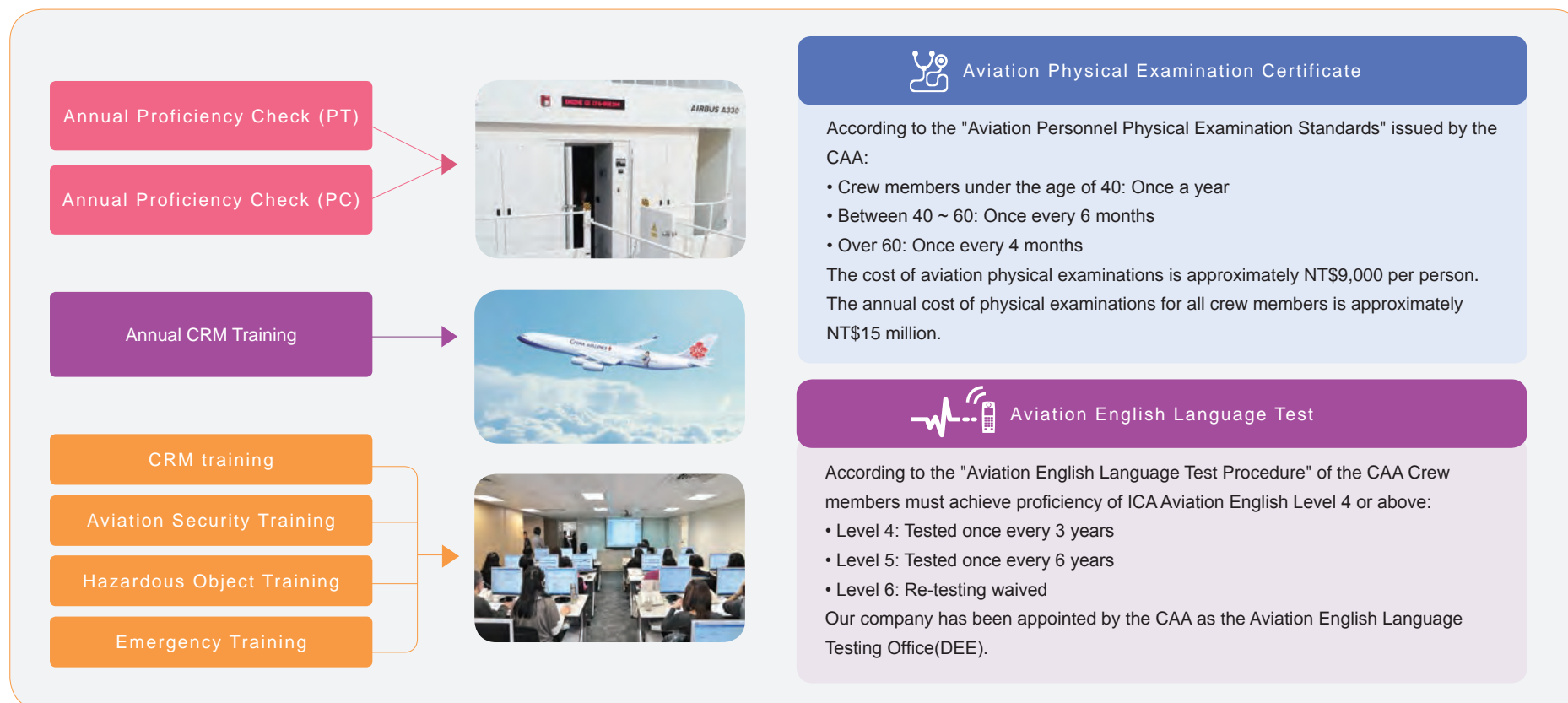


4-2-8 Pilot Management

To maintain the highest standards in flight safety requires not only the setting of the highest safety standards in hardware but also well-trained pilots capable of handling all conditions and situations. At CAL, we use the three concepts of "Prediction", "Active" and "Passive" to identify hazard factors and carry out risk management. We also use comprehensive training on internal and external environmental changes such as new stations, new routes, new aircraft, new systems and new procedures as well as systemic proficiency checks, Flight Operation Quality Assurance (FOQA) and regular evaluation of pilot instructors to cultivate pilots of the highest caliber and ensure flight safety.

- FOQA reduces accidents and crashes by using flight information to improve flight safety. In other words, it mines routine flying logs and abnormality reports, analyzes the operating characteristics of active fleets then conducts an assessment to identify potential risks for correction.

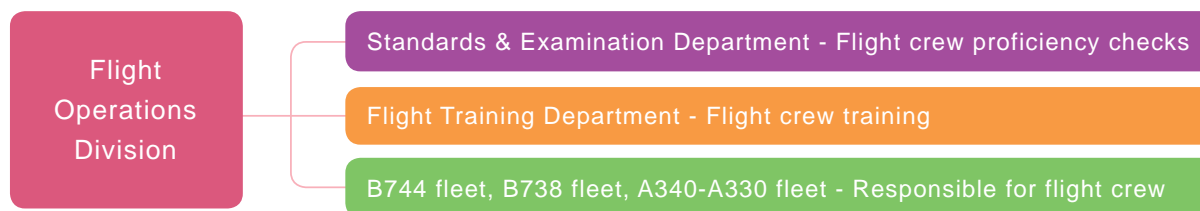
Recurrent Training Plan (Training and Checks)



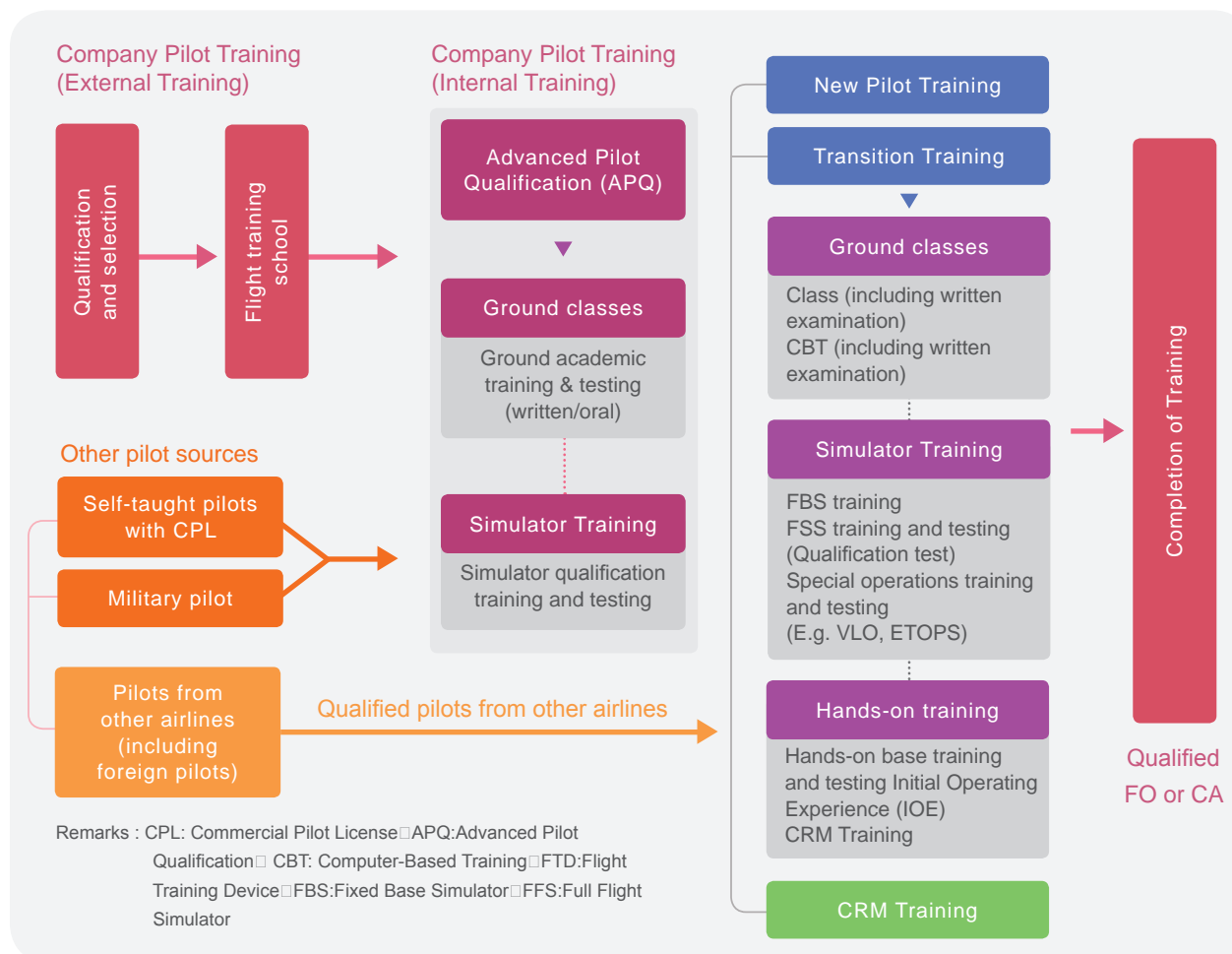
4-2-9 Pilot Training and Examination

Rigorous and impartial training is an essential part of maintaining the flying skills of pilots. To ensure the objectivity of training, examination and management, CAL has set up three parallel and independent units under the Flight Operations Division responsible for pilot management. This organizational structure insulates check pilots against any outside influence during crew checks, ensuring that pilot training meets the most rigorous requirements and objective standards at every stage. CAL conducts over 20,000 hours of demanding training for over 1000 pilots each year costing up to NT\$360 million.

For new pilots from different backgrounds, CAL has set up a range of Advanced Pilot Qualification Program (APQD) bridging courses that use an advanced Cloud academic training system and highly realistic simulator equipment for transition training. Real aircraft are used during the Initial Operating Experience (IOE) to meet the high standards we expect of pilots. With new pilots with commercial pilot licenses for example, the process of completing CAL pilot qualification training, transition training and the overall training program to receive co-pilot qualifications takes 13 months.



Pilot Training Process



Lifestyle Management

In addition to rigorous training and requirements based on the highest safety standards for flight crews, CAL also manages the physical and psychological state of crew members to ensure that they can successfully complete every mission. Flight crews are vulnerable to physical fatigue and psychological stress on extended flights. Crew lifestyle management is therefore carried out based on the three management principles of proactive planning, crew feedback and prediction. We also surpass regulatory requirements so that crew members can carry out their missions with a maximum of preparation.

Proactive Planning

- Monthly review and discussion of crew schedules for the following month
- Monthly review and discussion of crew schedules for the following month
- For night-time missions, mission time is reduced by 2 hours
- Manage mission assignments based on crew experience information provided by fleet
- Monitor night-time mission performance on regional routes jointly with the fleet

Crew Feedback

- Use crew mission reports to determine if fatigue has set in then adjust missions, crew assignments or station as necessary
- Dispatcher must immediately adjust the assignment of crew members reporting of fatigue or discomfort

Prediction

- Adjust crew sizes on flights based on peak and off-peak season for travel
- New destinations are evaluated by fleet before deciding on crew dispatch conditions and crew sizes

Fatigue Management

CAL is more conservative than regulatory requirements when it comes to flight mission assignments. Based on the spirit of the SMS, we use proactive planning, crew feedback and prediction in the planning and management of crew rosters. Before crew members report for their flight mission, they must conduct a self-check using the IMSAFE (Illness/Medication/Stress/Alcohol/Fatigue/Emotion) checklist to determine if they are physically and mentally fit to continue with the mission.

Stress Management

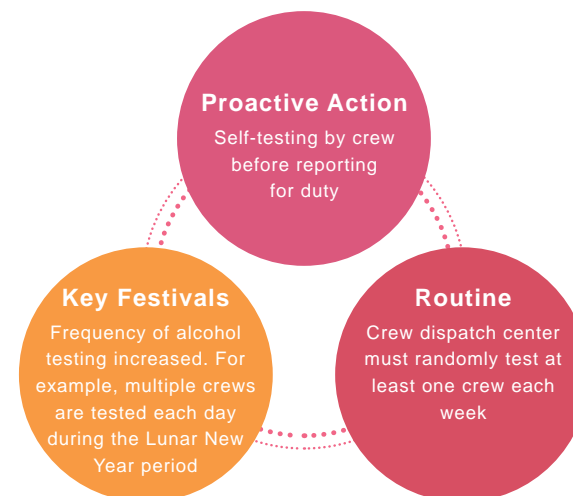
The US Federal Aviation Authority (FAA) defines Crew Resource Management (CRM) as: "Crew Resource Management in its broadest sense can be defined as the use of all available resources, information, equipment, and people to achieve safe and efficient flight operations. Flight safety is further enhanced by the overall coordination of crew members." CAL established a CRM team in 1996 to strengthen the psychological character of crew members through systematic training on Situational Awareness, Workload Management, Communication Skills, Teamwork, Decision-making and Judgment. The CRM concept has been introduced by CAL into the medical system. We helped the National Taiwan University Hospital to develop the Team Resource Management (TRM) concept, a first in Taiwan.



Alcohol and Drug Abuse

CAL takes safety management of flight operations very seriously. We have issued explicit regulations on the consumption of alcoholic beverages/foods, anesthetics or other drugs that may impact on the normal performance of crew members including: Flight crews must not consume any alcoholic beverages up to 12 hours before a flight. They must also gauge their own ability to ensure that they are not under the influence of alcohol when reporting for and while on duty. Random tests are also conducted by CAL to ensure that the highest standards are maintained.

Apart from explicit rules on the use of drugs and alcohol, as flight safety is our core target we also encourage our crew members to follow regular routines while off duty as well as avoid engaging in high-risk or physically-taxing recreational activities to ensure that they are in the best physical and mental shape while on duty. If they feel tired or unwell, they should report this to their chief pilot or deputy. The fleet administrator must then assist with changing the crew assignment to avoid placing fatigued crew on flight missions.



4-3 Customer Service

The CAL Quality Policy of “Safety first, Service plus, Eco must, Innovation best” strives to realize the highest quality of service and fulfill the vision of “Commitment to Excellence and Reliability”. We aim to deliver maximum customer satisfaction through optimal services. To this end, CAL has in recent years invested in innovative services such as electronic and mobile accessibility services that provide customers with immediate, efficient and convenient services. Our SOP+ cabin service improvement program is also aimed at delivering the most attentive service that comes from the heart.

CAL naturally values the opinions of our customers. We provide the most comprehensive and convenient channels for customers to give us guidance. At the same time, we also expect all customer feedback to be answered and acted upon in a definitive way. Apart from opinions volunteered by our customers, CAL actively tries to engage with customers through customer satisfaction surveys. Different types of satisfaction surveys are conducted for different customer types in order to collect their most sincere opinions so we can put ourselves in their shoes. The opinions and feelings of our customers are what drive continued improvement at CAL.

China Airlines Quality Policy

Safety First

There can be no compromises on flight safety. Intensive training, rigorous testing, rigid discipline and crew participation form the basic requirements of flight safety.

Service Plus

All processes throughout the system are customer-oriented. Prompt handling of customer complaints and continuous improvement of service quality all contribute to the ultimate goal of improving customer satisfaction.

Eco Must

Ensure environmentally-friendly practices and sustainable development by complying with environmental regulations, conserving the planet's resources, raising eco-efficiency and fulfilling the Company's social responsibilities.

Innovation Best

Continual innovation and improvement produce excellence by encouraging innovation and giving employees the space and opportunities to innovate.

4-3-1 Dynasty Flyer

In 2013, Dynasty Flyer membership surpassed 2.4 million members. To provide Dynasty Flyer members with the most comprehensive services and smoothest journeys, we are continuing to push for more travel-related privileges for our members. The Dynasty Flyer program is a long-term privileges program set up by CAL to provide passengers who fly frequently with us a range of practical and thoughtful services as well as the opportunity to accumulate flight and partner miles. We are continuing to negotiate for more travel-related privileges for our members as well (for details on Dynasty Flyer privileges, please visit : http://www.china-airlines.com/ch/club/club_mi_2.htm).



4-3-2 Customer Communication (Complaints)

To collect the full spectrum of customer opinions and react promptly to customer complaints, CAL offers a variety of channels that make it convenient for customers to voice their thoughts on any matter. Customer complaints are taken seriously and swiftly acted upon by the relevant CAL departments. At CAL, customer complaints are treasured because they help us maintain our quality of service. All consumer feedback is logged with the Customer Service. If a consumer uses the "Passenger Experience - Suggestions/ Feedback" webpage on the

CAL website to submit their feedback, the content is automatically imported into the CSS system. The customer's recommendation is then forwarded by type to the relevant units for investigation and action by the Customer Relations Department. The responsible unit must report back within three working days and the processing unit must compile the results of the investigation by the given deadline. A reply and explanation is then provided to the customer based on the outcome.

4-3-3 Customer Privacy Protection

CAL strives to protect the privacy of all customer information. We have also announced a "Privacy Protection and Data Security Statement". Our collection of customer information, use of customer information, acquisition or modification of personal details, privacy protection/security statement as well as efforts to protect data security are all available on our corporate website at : <http://www.china-airlines.com/ch/other/ds.htm>. There have been no complaints related to customer data privacy to date.

Channels for Communicating with CAL

"Feedback Hotline" at CAL regional subsidiaries

Customers can call the "Feedback Hotline" to give their feedback or make a complaint. They can also contact the regional subsidiary. Details on the "Feedback Hotline" and "Business Office" of CAL's regional subsidiaries are available at "Customer Feedback" under the "Passenger Services" section of the CAL website.
http://www.china-airlines.com/ch/check/check_feedback.htm

"Passenger Experience - Suggestions/Feedback" webpage on the CAL website

Customers can visit the CAL website and under "Passenger Services", click on "Customer Feedback" then "Passenger Experience - Suggestions/ Feedback" to submit their opinion or complaint.
<https://calec.china-airlines.com/experience/experience.aspx>

"Passenger Feedback Letter"

Customers aboard a CAL flight can ask flight attendants for the "Passenger Feedback Letter" then fill it out with their suggestion or complaint. The letter can be collected by the flight attendant, or mailed directly to the CAL Customer Relations Department for processing.

"General Passenger Feedback Letter"

Customer suggestions or complaints can be mailed directly to the "CAL Customer Relations Department".

4-3-4 Customer Satisfaction

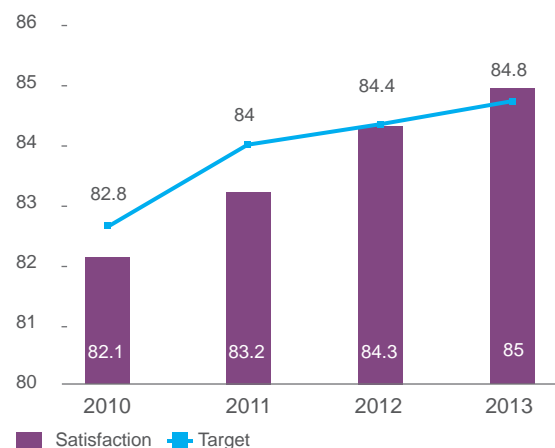
In addition to collecting customer feedback, China Airlines also proactively monitors customer and cargo owners' satisfaction with our passenger and cargo services on a continuous basis. Electronic surveys such as "China Airlines Passenger Satisfaction Survey", "China Airlines Dynasty Package Passenger Survey" and "Cargo Service Satisfaction Survey" are also used to gather information on passenger satisfaction with passenger and ground services as well as cargo owner satisfaction with cargo services. As an incentive to passengers to fill out the survey, those who fill out the "China Airlines Passenger Survey" go into the monthly draw for two Economy Class return tickets. The lucky winners are picked by computer and the list of winners is published on the CAL website.

CAL also aims for customer satisfaction in our aircraft maintenance service with at least one customer satisfaction survey conducted each year. We also use visits, telephone interviews or other appropriate means to listen to our customers. Customer satisfaction is analyzed and reviewed every six months in terms of response time, operational communications, administrative services, repair and fabrication skills, personnel training, engineering capability, documentation, material logistics, internal production capacity, packaging and transport, delivery time, product quality and pricing. All customer complaints must be put on record and improvements or corrective action proposed to prevent further recurrence. The emphasis

is on the CAL service philosophy of putting the customer first. The results of the customer satisfaction surveys are also used by CAL to convene a "Quality Target Meeting" each year for passenger, cargo and maintenance units. The responsible units utilize the customer satisfaction analysis, review the "quality target" completion rates for passenger, cargo and maintenance, update the quality targets and annual plans for each responsible unit or those set by sales management, and propose ways of achieving those targets. CAL knows that customer satisfaction is the only way to connect with our customers.

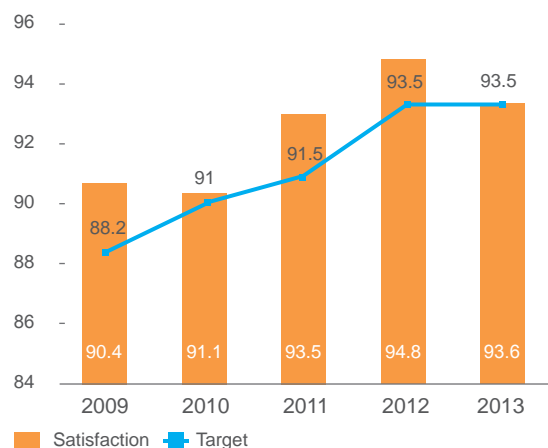
85 2013 Passenger Satisfaction

Passenger Satisfaction



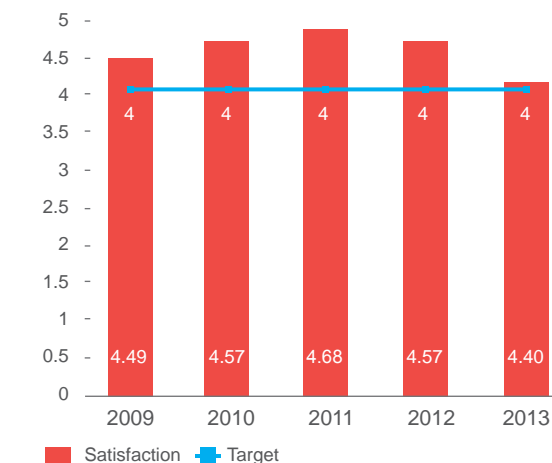
93.6 2013 Cargo Satisfaction

Cargo Satisfaction



4.4 2013 Maintenance Satisfaction

Maintenance Satisfaction



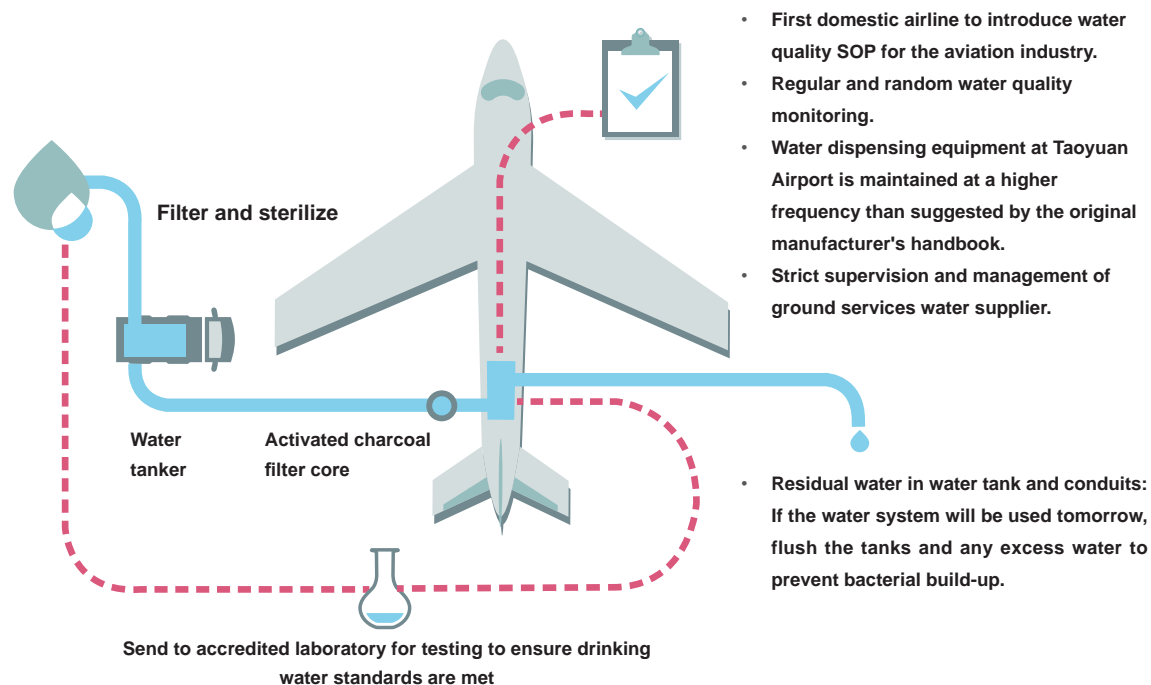
4-4 Eating Safely - Food Hygiene

“Quality” and “Hygiene & Safety” are the most important indicators and requirements for food supplied by CAL. Nothing is left to chance in our hygiene and safety standards. CAL requires our supplier Cathay Pacific Catering Services (CPCS) to rigorously separate every preparation process. “Keeping food fresh” is one of the most important requirements in hygiene & safety. On the hardware level, the work area is divided into separate zones based on the type of process. Different temperature requirements are set for each zone based on the type of food to be processed. The room temperature of the food preparation area must be kept below 18°C. Every area is also separated by refrigerators. Even the meal delivery elevator is located within a refrigerator to ensure that a standard low-temperature environment is maintained from food preparation to storage and shipping. The strict hygiene standards at CPCS are based on industry best practices, the International Air Transport Association and national hygiene regulations, and have passed HACCP international certification. Strict hygiene and safety controls are enforced throughout each process. Staff is not only expected to obey personal hygiene rules and hygienic operation standards but also undergo regular education and training. In addition, all products, materials and food equipment provided by CPCS must undergo on-site micro-organism inspections to ensure that all processes obey the necessary controls.



Strict Controls over Water Quality on Aircraft

- To guarantee the quality of the drinking water consumed by passengers on flights, China Airlines became the first in the industry to issue the “Aircraft Drinking Water Management Procedure”. The procedure exceeds the standards set in environmental regulations and rules governing original manufacturer maintenance.
- The safety of drinking water is included in the preliminary evaluation of new destinations.
- Strict checks on the qualifications of water suppliers: Foreign stations must monitor water replenishment operations and conduct an inspection of the supplier once a year.
- Draw up a regular maintenance plan that exceeds the recommended requirements set by the government. Overnight flights have their water tanks and pipes flushed to avoid bacterial growth.
- Water dispensers aboard are fitted with activated charcoal filters to guarantee good quality water.
- The head office also conducts drinking water safety inspections at foreign stations to ensure passenger safety.



Caring for Partners

- Supporting partners through action -



Highlights



94.13%

Percentage of local suppliers

As the leading airline in Taiwan, CAL believes it is our responsibility to support local suppliers and the local economy. In 2013, local suppliers in Taiwan accounted for 80.19% of all purchases by value.



NT\$28,368,000

Total amount of green purchasing by CAL between 2010 ~ 2014

CAL leads by example and does its part for the planet through green purchasing.



Supplier Environmental Management Training

In 2013, CAL organized ISO 14001 and ISO 50001 environmental and energy management training courses to help strengthen suppliers' understanding of environmental management and take the first step towards sustainable supply chain management at CAL.

5-1 Promotion of Supplier Environmental Management



ISO 14001 / ISO 50001

A total of 80 people from business partners including CAL Hotel, Taiwan Air Cargo Terminal (TACT Logistics) and China Pacific Catering Services Ltd (CPCS) took part in the training.

CAL not only believes in the importance of environmental protection but also tries to set an example to affiliates and supplier partners in supporting environmental sustainability. In 2013, CAL organized ISO 14001 and ISO 50001 environmental and energy management training courses. The courses, attended by 80 trainees from CAL Hotel, TACT Logistics and CPCS, help cultivate future leaders in green supply chain.



5-2 Local and Green Purchasing

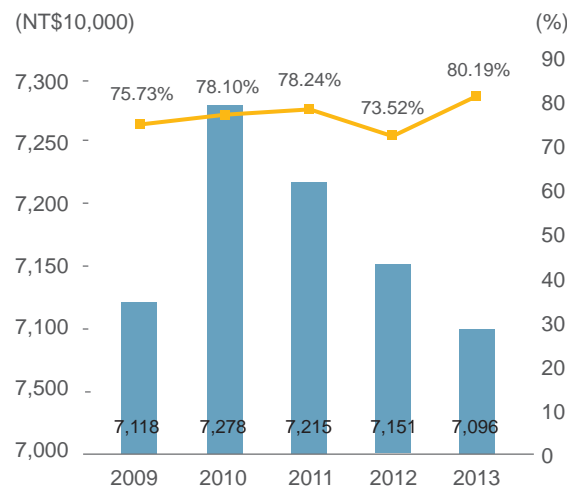
Local Purchasing

CAL is the largest airline in Taiwan. Apart from striving to provide the people of Taiwan with the most convenient method of travel, we are also keenly aware of our responsibility to Taiwan. This is why CAL continues to push itself to provide better services to the Taiwanese people as well as supporting related industrial developments in Taiwan.

The unique nature of aviation means that some purchases must go through layers of international inspections in order to achieve our number one priority - safety. Apart from special aviation-related equipment and parts, CAL tries to purchase locally where possible as long as it does not impact on company operations and fairness.

80.19% Percentage of local purchasing by value in 2013

Percentage of local purchasing by value



■ Amount of local purchasing
 ■ Percentage of local purchasing by value

- Between 2009 and 2010 the maintenance facility included only tooling parts, hardware, safety & medical equipment, metal, timber and cleaning supplies.
- Statistics include the administrative and maintenance facility. Fleet and in-flight catering not included.
- Statistical data does not include aviation materials. Since aviation-related parts require special certification it is not possible to provide this data.

94.13% Percentage of local purchasing by supplier in 2013

Percentage of local purchasing by supplier



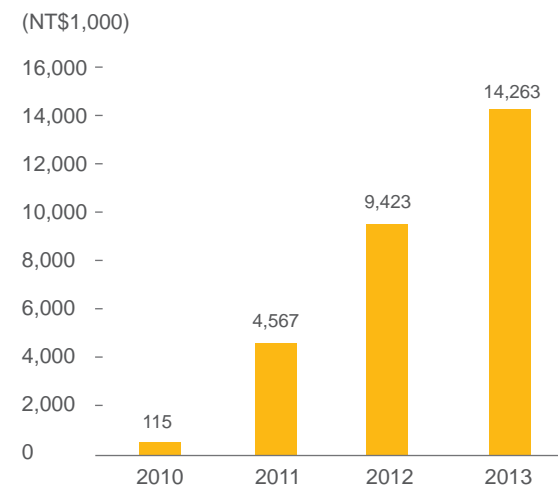
■ Number of suppliers
 ■ Percentage of local purchasing by supplier

Green Purchasing

To support sustainable development of the Taiwan environment, CAL not only takes a proactive approach in our environmental management but also supports associated government policies. The precedence given to green purchasing is aimed at doing our part for the Taiwan environment and spurring the development of even more green industries.

NT\$1,426 Million Amount of green purchasing in 2013

Amount of green purchasing



■ Amount of green purchasing

- Green purchasing includes Type 1, Type 2 and Type 3 environmental protection products under the "Government Environmental Product Preferential Purchasing Act" (January 15, 2001). The statistics are in NT\$1000 and are rounded up.

5-3 Contractor Management

China Airlines has always considered safety to be a basic requirement for contractors. The following measures have been adopted to strengthen contractor safety self-management and improve work safety performance as part of our continued efforts to realize a zero-accident rate.

Hazardous Operations

Open flames, restricted spaces and suspended operations are classified as hazardous operations. These operations require proper safety precautions to be taken and the procedures must be reviewed in advance to verify that all of the personnel and equipment are properly qualified and certified. Once a work permit has been issued,

Contractors that have suffered a major occupational disaster, industrial accident that has led to property loss or project delays in the last 3 years, or accumulated more than 300 penalty points without proposing effective corrective actions shall have their contractor status temporarily suspended.

The "Contractor Operational Safety and Health Guidelines" are incorporated into the "Request for Proposals" and "Work Contract" to serve as a reference for both parties.

The work environment, hazard factors and expected precautions for contracted work should be used to compile the "Project Safety Notice", "Project Memo", or a coordination meeting convened and its minutes provided in writing to the contractor for signature.



Before the contractor can access the site and start work, the contractor and its sub-contractors, site management unit and collaborating units convene a "Construction Safety Coordination Meeting" to coordinate the tasks and precautions expected of each unit. A site overseer is also appointed.

Fill out a "Hazard Notice" and the photocopy the "Construction Safety Coordination Meeting" minutes then submit them to the regional labor safety unit for reference. Upon confirmation, go through the site access application process in accordance with the Visitor Guidelines.

Assign an overseer or coordinate with the relevant units to assign a site overseer to handle all coordination, supervision and tracking of improvements with the contractor during the work period. Random inspections are conducted for the contractor's work environment to ensure that contractors obey the aviation safety rules of CAL.

Caring for the Environment

- Protecting the Earth through sustainability -



Highlights



Pacific Greenhouse Gases Measurement Project (PGGM)

The world's first A340-300 for collecting information on high-altitude gases over the Pacific

Piling the 2013 China Airlines Corporate Sustainability Report, we listened to our stakeholders to understand their interest in sustainable



"ISO 14001" and "ISO 50001" Systems Certification

The world's 2nd and Taiwan's 1st airline to pass both management systems certification

To become a low-carbon sustainable enterprise, CAL passed the "ISO 14001" and "ISO 50001" management system certifications in 2012 and 2013 respectively as part of our aggressive push to improve environmental performance and energy efficiency.



ECO Service

First airline in Taiwan to offer in-flight ECO Service

By actively incorporating environmental elements into our ground and in-flight services, CAL has conveyed the "natural resources", "green products" and "cultural creativity" of Taiwan to our passengers. Through the "ECO Service" brand we reach out to customers and encourage them to join us in treasuring the Earth's resources.



Carbon Footprint Labeling for In-flight Meals

The first airline in the world to disclose both "Carbon Footprint" and "Calories" for in-flight meals

CAL is voluntarily labeling main courses on Taipei-Frankfurt flights with their carbon footprints and calories to raise the environmental awareness of passengers by revealing the environmental impact of in-flight meals and their health implications.



Local Foods and Cultural Creativity Merchandise

CAL strives to provide Taiwanese foods and green, cultural creativity merchandise onboard flights

For in-flight services, CAL gives preference to local foods in the hopes of promoting local economic development and improve farmer incomes; in-flight supplies have also incorporated environmental and cultural creativity concepts to introduce the rich culture of Taiwan to the world.

6-1 Environmental Management

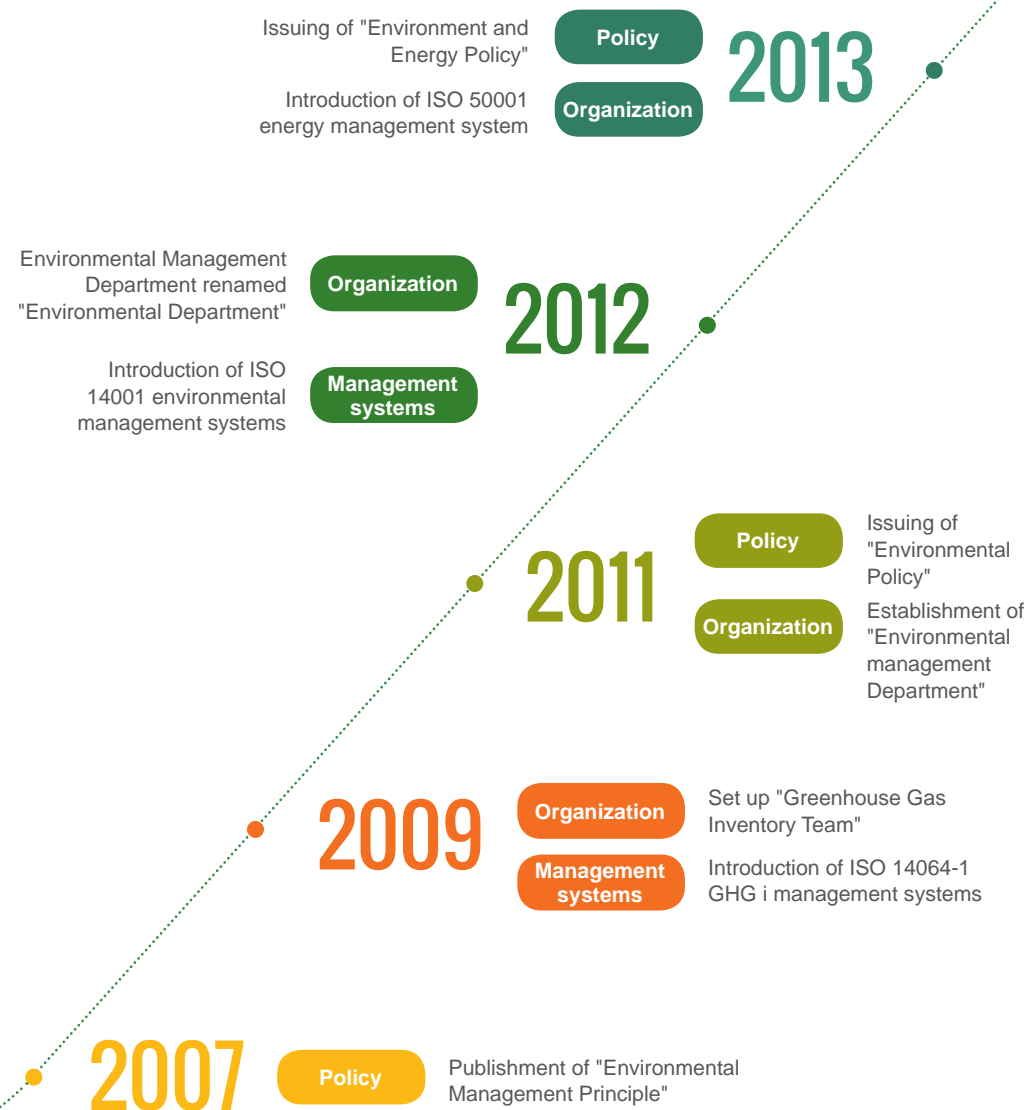
6-1-1 Environmental Policy and Organization

The "Environmental Management Philosophy" issued by CAL in 2007 defined the four principles of environmental management at our company; in 2011, we went a step further by releasing an "Environmental Policy" to demonstrate to the outside world our commitment to the pursuit of environmental sustainability; in 2013, the spirit of environmental and energy management were combined in our philosophy to support the deployment of an energy management system. These were publicly signed by top executives to further strengthen our resolve to become a low-carbon and environmentally-friendly airline.

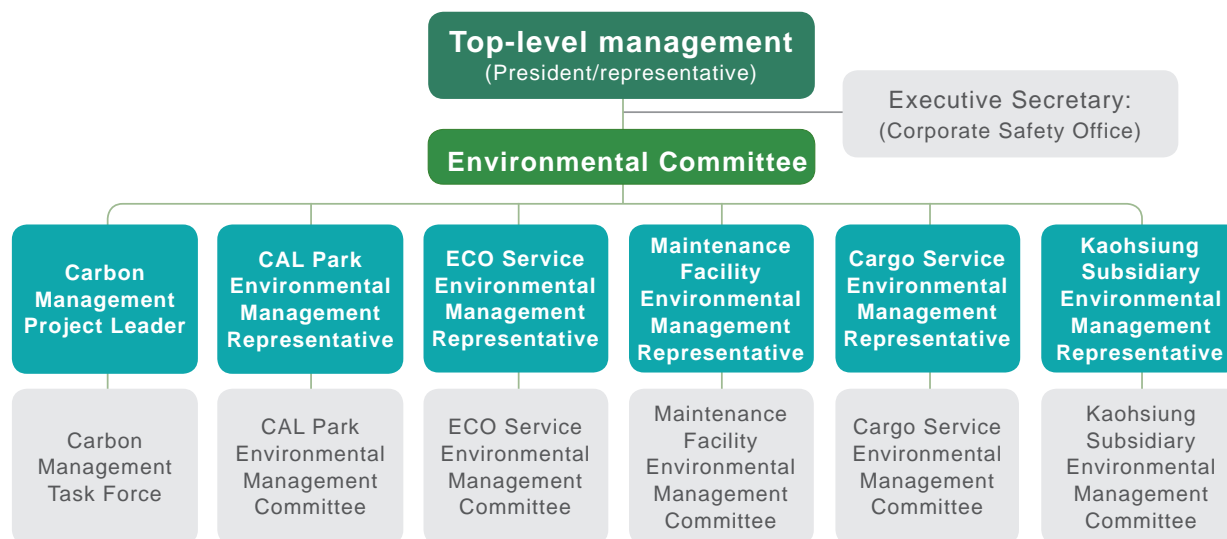
To ensure the effective implementation of environmental protection in routine operations, CAL set up an "Environmental Committee" in the spirit of ISO 14001 in 2011. This approach was aimed at infusing the spirit of continuous improvement into environmental management operations, a first for the Taiwanese transport industry. The CAL "Environmental Committee" currently consists of five committee members and one carbon management task force. The key operating departments serve as the management representatives and report every quarter to the President on energy management results. Such a governance structure is intended to improve the environmental performance of CAL.

Under the Environmental Management Committee, CAL develops a variety of different improvement plans aimed at improving energy resource efficiency. Between 2012 ~ 2013, a total of 121 projects were completed reducing carbon emissions by 18,721 tonnes CO₂e. For 2014, CAL has 60 energy resource improvement plans in the pipeline that should reduce carbon emissions by 8,194 tonnes CO₂e.

CAL Milestones in Environmental Management



CAL Environmental Committee



The Four Principles of Environmental and Energy Management



Complying with Environmental Laws and Regulations

As environmental regulations become increasingly more stringent across the world, CAL, as the largest airline in Taiwan, complies with all local environmental regulations in flight and ground services at each destination to fulfill our corporate responsibilities and obligations.



Conserving the Earth's Resources

CAL is actively promoting the "3R" concept: Reduce, Reuse and Recycle. Apart from fuel, water and electricity conservation we also promote paper-less services to reduce the waste of resources and carbon emissions.



Improving Eco-Efficiency

CAL is continuing to refine our operating processes to effectively utilize and protect resources, reduce the environmental impact of our operations and improve overall ecological benefits.



Fulfilling Social Responsibility

CAL considers environmental protection to be a key element in corporate governance. We are actively introducing an environmental management system, supporting environmental research and communications. The sustainable development of both business and the environment is our goal.

CAL Environmental and Energy Policy Statement

China Airlines has long embraced the corporate vision of "Commitment to Trustworthiness and Excellence" in connecting Taiwan with the rest of the world. While pursuing corporate growth, we have become acutely aware of the responsibility for protecting the environment, the scarcity of the Earth's resources, and the responsibility we bear for conserving these resources. With this understanding, we have established four principles for environmental and energy management, to ensure the company's sustainable development. These principles are :

- + Complying with environmental laws and regulations.
- + Conserving the Earth's resources.
- + Improving eco-efficiency.
- + Fulfilling Social Responsibility.

For the implementation of these principles and to achieve sustainable development, China Airlines set forth and will allocate sufficient resources to the ongoing improvement of the following environmental and energy policies.

We are committed to :

- + Complying with laws and regulations, to fulfill the company's responsibilities in environmental protection and energy conservation.
- + Establishing environmental and energy management systems, that include performance indicators, to verify compliance with established policies
- + Promoting environmental and energy conservation education, to foster employees' eco-awareness.
- + Implementing green supply chain management, to raise overall eco-efficiency.
- + Creating a low-carbon operating environment, to establish continued improvement of environmental protection and energy efficiency.
- + Supporting green design and procurement to promote sustainable development.

CAL Energy and Resource Improvement Program and Outcomes for 2012 ~ 2014

2012

2013

2014 Targets

64 projects








-10,774 tonnes CO₂e

57 projects

-7,947 tonnes CO₂e

60 projects

-8,194 tonnes CO₂e

	No. of Projects	Benefits	Carbon Reduction (kgCO ₂ e/year)	No. of Projects	Benefits	Carbon Reduction (kgCO ₂ e/year)	No. of Projects	Benefits	Carbon Reduction (kgCO ₂ e/year)
 Aviation Fuel Savings	30	2,854tonnes	8,990,658	30	2,081 tonnes	6,583,924	30	2,102 tonnes	6,651,003
 Vehicle Fuel Savings - Petrol	4	14KL	32,354	2	11KL	25,343	3	12KL	28,921
 Vehicle Fuel Savings - Diesel	1	194KL	505,142	1	123KL	326,004	2	129KL	342,437
 Electricity Savings	3	2,023,868 kWh	1,238,607	2	1,898,116 kWh	1,009,798	4	1,159,995 kWh	617,117
 Water Savings	3	3,672KL	709	2	8,210KL	1,346	2	1,860KL	305
 Paper Savings	3	1,915,000 sheets	6,488	3	497,174 sheets	529	3	458,777 sheets	489
 Other	20	Refined passenger/cargo eco-services, carried out environmental education, defined environmental protection SOP		17	Refined passenger/cargo eco-services, carried out environmental education, defined environmental protection SOP, other paper-related savings	164	16	Refined passenger/cargo eco-services, carried out environmental education, defined environmental protection SOP, other paper-related savings, reduction of toxic chemicals, reduce weight in light containers	553,809



6-1-2 Management Systems

Since 2009, CAL has set up a greenhouse gas management system based on the ISO 14064-1 standard and conducted GHG inventories for global aviation fuel consumption as well as the GHG emissions of all ground operations in Taiwan. The initiative identified our chief sources of GHG emissions and provides a reference for taking action on carbon reduction. To set up a systematic environmental management system, CAL became the first airline in Taiwan to introduce the ISO 14001 environmental management system in 2012. The system was progressively introduced to all sites and operations to boost improvement performance; in 2013, we became the first airline in Taiwan to introduce the ISO 50001 energy management systems. We hope that effective energy management will increase our energy efficiency. CAL is only the second airline in the world to have passed both ISO 14001 and ISO 50001 systems certification in Taiwan, and the first in the Asia-Pacific. This feat demonstrates CAL's determination to become a sustainable enterprise.

CAL Environmental Management Systems Certifications



ISO 14064-1: 2006
Greenhouse Gas Standard

2009

- + Global aviation fuel consumption
- + Ground operations in Taiwan including CAL Park, maintenance facility, Taipei branch office (B1, 1F, 2F, 9F), Songshan Park and Kaohsiung subsidiary.



ISO 14001: 2004
Environmental Management Systems

2012

- + Aviation-related administrative affairs
- + Air cargo service
- + Aircraft maintenance service



ISO 50001: 2011
Energy Management Systems

2013

- + Flight operations management
- + Aircraft/engine maintenance operations

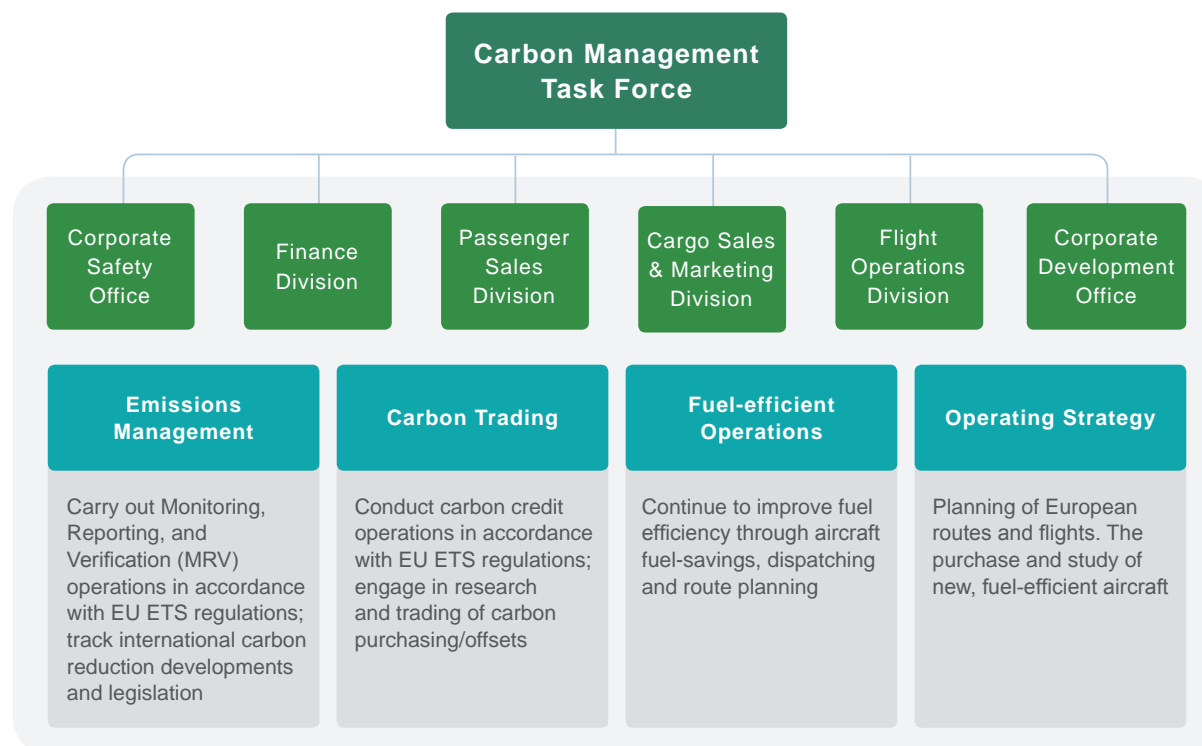
6-2 Climate and Energy Management

6-2-1 Climate Change

Organization for Climate Governance

To determine the operating risks posed by the EU ETS (EU Emissions Trading System) as well as develop a response strategy, CAL set up the “EU ETS Task Force” in December, 2010. The team consisted of representatives from the Corporate Development Office, Finance Division, Passenger Sales Division, Cargo Sales Division, Flight Operations Division, and Corporate Safety Office. In addition, the International Civil Aviation Organization (ICAO) announced that it will set up a Global Market based Measure (GMBM) for carbon trading that will be implemented by 2020. The International Air Transport Association is promoting the calculation of the Air Cargo Carbon Footprint (ACCF). The CAA in Taiwan plans to commence “voluntary reductions” in 2014 and airlines have been invited to take part and conserve fuel. As the

issue of aviation carbon reduction has expanded beyond the EU to the world, in 2014 CAL renamed the EU ETS Task Force as the “Carbon Management Task Force”. The same operating rules apply but it now has a global mandate, enabling more effective monitoring of potential operating risks and opportunities that global carbon issues may generate.



CAL Carbon Risk Management Strategy



International
Civil Aviation
Organization
(ICAO)

Member states asked to "sign agreement on reduction of greenhouse gas emissions", verify the Global Market-based Measure (GMBM) and draw up carbon trading scheme.



International
Air Transport
Association (IATA)

2009-2020: Increase fuel efficiency by 1.5% by each year on average
2020: Zero carbon growth
2050: Carbon emissions halved compared to 2005



International
Air Transport
Association (IATA)

Develop "Environmental Management Guidelines and Document" targeted at the aviation industry



European Union
(EU)

Incorporate civil aircraft flying to and from EU airports "Into Carbon Trading" between 2012 - 2020



France

Air transport operators landing in and taking off from France must "disclose carbon emissions information".

Management

Set up dedicated organization

- + Set up the Environmental Department of the Corporate Safety Office
- + Set up Carbon Management Task Force
- + Set up Aviation Fuel Saving Task Force

Promote systematic management

- + Introduction of ISO 14001
- + Introduction of ISO 50001

Promote aviation and ground fuel conservation

- + Promote the four main fuel-saving initiatives: Personnel operations, aircraft maintenance, aircraft weight, and aircraft fuel capacity.
- + Develop new routes that encourage fuel saving and carbon reduction

Calculation of greenhouse gas/carbon footprint

- + Calculate the carbon footprint of in-flight meals
- + Execute ISO 14064-1 greenhouse gas Standards

Set up eco-friendly fleet

- + Build a next-generation energy-saving fleet based around B777-300ER and A350-900

Publish environmental sustainability report

- + Environmental sustainability report for disclosure of energy-saving and carbon reduction practices published since 2012

Set up environmental protection webpage

- + Regular disclosure of our company's energy-saving and carbon disclosure practices on the environmental protection webpage

Participation in Carbon Disclosure Program

- + China Airlines has participated in the Carbon Disclosure Project (CDP) since 2012 and voluntarily answers the carbon disclosure questionnaire every year

Participation in external promotion

- + Participate in the Pacific Greenhouse Gases Measurement Project (PGGM)
- + Participate in the Clean Development and Carbon Credit Management Alliance of the EPA
- + Participate in the ITRI EV electric vehicle testing project

Participation in international dialogue on environmental

- + Participate in the Association of Asian Pacific Airlines (AAPA) environmental protection plan
- + Participate in the IATA Air Cargo Carbon Footprint (ACCF) working group

Execution

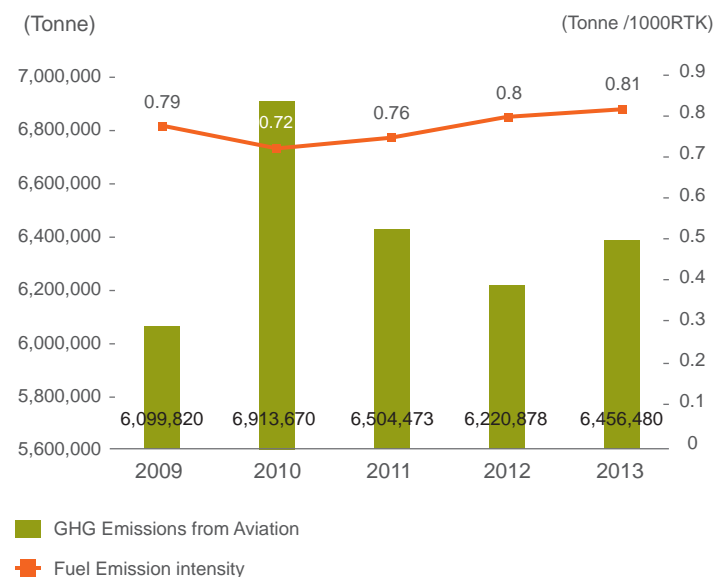
Disclosure

Action

Greenhouse Gas Inventory and Reduction

Since forming the Greenhouse Gas Inventory Team in 2009, CAL has adopted the ISO/CNS 14064-1 and Greenhouse Gas Protocol to track all of greenhouse gas emissions (GHG) by our aviation and ground operations around the world. Based on the inventory results from past years, aviation fuel was our main source of GHG emissions, accounting for over 99.5%; 100% of Scope 2 GHG emissions were due to externally purchased electricity. For this reason, CAL's energy-saving and carbon reduction efforts emphasize energy management of aviation fuel and electricity used by ground operations. Our goal is to become a low-carbon airline.

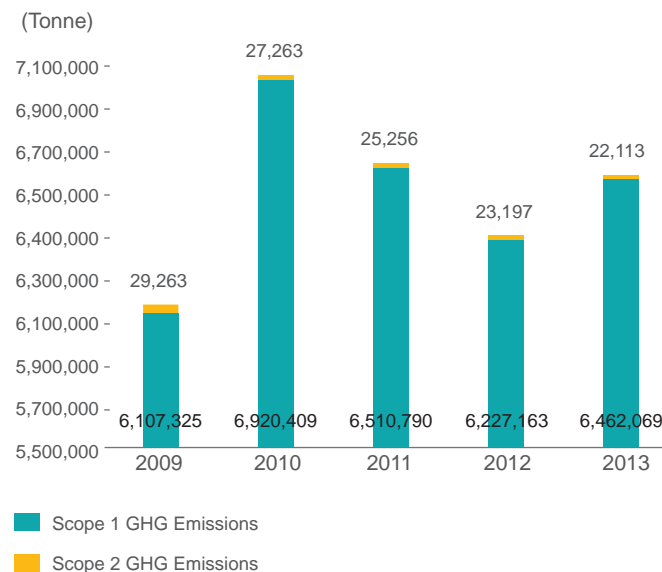
GHG Emissions from Aviation Fuel



Remarks :

- Data covers 100% of aviation fuel used by CAL
- GHG emission verified by DNV (2009), BSI (2010-2013)
- Emission intensity (Tonne/1000RTK) = Greenhouse gas emissions / 1000 Revenue Tonne-Kilometers
- Revenue Ton Kilometers (RTK): Total Passenger and Cargo Revenue Payload (Tonne) X Flying Distance (KM)
- The 2009 data was independently verified in 2010 but CAL later adjusted the boundary of aviation fuel calculations. The figures listed here are the re-calculated results in 2014 and the exact figure will be independently verified at a later date

Scope 1 and 2 GHG Emissions














Remarks :

- Scope 1 data includes CAL Park, Songshan Park, maintenance facility, Taipei branch, Kaohsiung branch and aviation fuel
- Scope 2 data includes CAL Park, Songshan Park, maintenance facility, Taipei branch and Kaohsiung branch
- The inventory data for CAL Park starts from March 26, 2010
- The 2009 data was independently verified in 2010 but the MOEA Bureau of Energy adjusted the electricity emission coefficient for that year and CAL also later adjusted the boundary for aviation fuel calculations. The figures listed here are the re-calculated results in 2014 and the exact figure will be independently verified at a later date



Main Sources of GHG Emissions at CAL

Scope	Emission Source	Analysis	Method	Baseline Year	GHG	Biofuel
Scope 1 (Direct emissions from process or facility)	 Aviation fuel  Diesel used by emergency generators/boilers/fire trucks  Petrol and diesel used by work vehicles/engineering vehicles/ forklifts/tow trucks  Refrigerant used to replenish vehicles/air conditioners/ drink dispensers  Natural gas used by cafeterias and boilers  LPG and oxy-acetylene used during aircraft maintenance  Halon/CO ₂ /FM200/FE36 fire extinguishers/  Power switch (GCB)  Septic tanks	Quantitative analysis	Annual GHG inventory and external verification	2008	CO ₂ N ₂ O CH ₄ HFCs SF ₆	1% and 2% biofuel
Scope 2 (Indirect emissions from externally purchased electricity, heat or steam)	 Externally purchased electricity	Quantitative analysis	Annual GHG inventory and external verification			Based on information published by the Bureau of Energy / Taipower
Scope 3 (All indirect emissions, other than Scope 2 emissions that belong to or are controlled by other entities. For example, indirect emissions from leased vehicles, contractors and employee commuting)	 <ul style="list-style-type: none"> LPG used by the cafeteria at Songshan Park and maintenance facility Fuel consumed by outsourced employee commute vehicles Fuel (vehicles) or electricity (MRT) consumed by employees commuting to work by public transport Fuel consumption of employees' private vehicles Fuel consumption by ground service contractors on airport grounds 	Qualitative analysis	Qualitative inventory of emission sources completed. Quantitative analysis of emission data still pending	Quantitative analysis still pending		

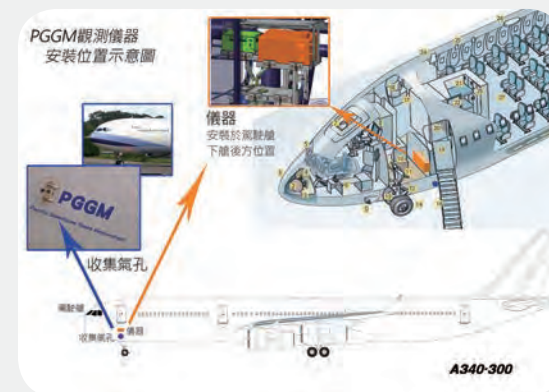
Carbon Initiatives and Disclosure

Organization/Initiative	Mission	Role of China Airlines	
 Pacific Greenhouse Gases Measurement Project(PGGM)	Long-term monitoring of GHG density in the atmosphere and the global air-sea boundary as part of the international research into global warming and climate change	Assist with the collection of atmospheric data over the Pacific Ocean	First Aircraft in the World Aircraft equipped with IAGOS instrumentation for collecting data on atmospheric gases over the Pacific Ocean First Airline in Asia First airline to participate in the IAGOS project and support GHG observation
 International Air Transport Association: Air Cargo Carbon Footprint (ACCF) Workgroup	Formulate method for calculating air cargo carbon footprint and principles of disclosure	Participation in formulation of method and principles including contribution of Taiwan's experience on GHG management	Only airline in Taiwan
 The Association of Asia Pacific Airlines	Support the exchange of information between members, monitor aviation regulations in each country, industry development and complaints	Member of the executive committee. Participate in discussion of aviation fuel efficiency and bio-fuel development	Founding member
 Carbon Disclosure Project	Mitigate the impact of climate change by encouraging private/public organizations to measure and manage their GHG emissions	Responded to CDP surveys and provided investment institutions with carbon disclosure information in 2012	First in Taiwan
 EPA: Clean Development and Carbon Credit Management Alliance	Assist the industry with low-carbon transformation, create carbon reduction opportunities, promote industry cooperation and acceptance of corporate social responsibility	Member	First in Taiwan

Data Collection

Pacific Greenhouse Gases Measurement Project [YouTube](#)

IAGOS (In-service Aircraft for a Global Observing System) instrumentation is installed in the aircraft's electronics bay. Sampling ports that extend beyond the aircraft body collect atmospheric data such as water vapor, ozone, carbon monoxide and nitrogen oxides on every flight.



CAL Contribution

Installation of IAGOS Instrumentation [YouTube](#)

Once the aircraft lands, data is automatically transmitted to the European research lab by satellite where it can be used by scientific units all around the world for research into global warming and climate change.



Environmental Education

The A340-300 passenger aircraft numbered B-18806 displays the text "The Official Airline for Climate Monitoring". The aircraft livery also features a flight attendant embracing planet Earth and calling on everyone to join in protecting the planet.



6-2-2 Energy Management

Aviation Fuel

As aviation fuel is the main source of GHG emissions by CAL, we began promoting aircraft fuel-saving initiatives in 2007. Improvements to fuel efficiency were made through operational planning, flight operations, aircraft maintenance and process management. In 2013, CAL introduced more than 30 fuel-saving measures including route optimization, backup airport optimization and turning off 1 ~ 2 engines during post-landing taxiing. These measures save 2,081 tonnes of aviation fuel and \$270 million in fuel costs. GHG emissions were also reduced by 6,584 tonnes.

■ Aviation Fuel Saving Measures at CAL

 **-134** KL

Fuel conservation by ground service vehicles in 2013

 **-2,081** tonnes

Aviation fuel savings in 2013

 **-1,898,116** kWh

Electricity saved by ground operations in 2013

 **-7,945** tonnes CO₂e

Carbon reduction from aviation fuel, ground service electricity and vehicle fuel in 2013

2013 Aviation Fuel Saving Measures

 Flight Plan	Route optimization	Routes are regularly inspected to select the optimal route and improve efficiency.
	Flight planning	Cooperated with the CAA "Taipei Information Region and Route Structure Master Plan" working group to provide aircraft with advice and supporting data for optimizing operations for approach or take-off.
	Total cost index optimization	Saving aviation fuel through computer-calculated flight path and height that takes into account safety and fuel-efficiency requirements.
	Aircraft Center of Gravity Optimization	Carefully plan the optimal center of gravity of the aircraft to achieve a balanced load and improve energy efficiency.
 Flight Operations	Altitude Optimization	When permitted by traffic control, crew members are encourage to ask air traffic control for the most suitable flight path and optimal height, fully utilizing the aircraft's performance capabilities.
	Operations optimization	Optimization of flight operations by flight crews at every phase: acceleration altitude, full flap landing, idle thrust utilization after landing, turning off 1~2 engines for taxiing in. Continue to increase planning accuracy from take-off to landing, regular inspection of flight taxiing and cruising performance and maintain optimal performance and fuel economy.
	Reduce use of APU system	To reduce the amount of time that the Auxiliary Power Unit (APU) is in use after landing, use tractor power instead of APU; or use ground power and air-conditioning as much as possible to reduce aircraft fuel consumption.
 Aircraft Maintenance	Equipment optimization	Regular cleaning of aircraft engines. Regular cleaning of aircraft body to reduce the impact of dust and grease on equipment performance.
	Lightweight Cargo Container	Reduce air cargo fuel consumption by replacing conventional aluminum AKE cargo containers with new lightweight cargo containers.
 Aircraft Weight Reduction	Lightweight Meal Trolley	Introduction of super lightweight meal trolleys.
	Information technology	Information technology leveraged to replace the thick, heavy traditional flight manuals with the Electronic Flight Bag (EFB) running on iPads. Pilots can use cloud technology and professional software to receive the latest flight updates through apps, including flight plan, weather conditions, NOTAM (Notice to Airmen), etc. Flight checklists can also be carried out more effectively. Together these changes reduce the amount of paper used and the overall weight of the aircraft, helping to realize the goal of saving fuel and reducing carbon emissions.

For more aviation fuel saving measures, please refer to the CAL [Environmental webpage](#)

Ground Service

- + Use ground-side power and air-conditioning
- + Use tractor power instead of APU
- + Taxiing and cruising optimization
- + Flight plan accuracy improvement



Regular Maintenance

- + Regular aircraft cleaning
- + Aircraft drag monitoring
- + Regular washing of engines
- + Regular inspection of flight away kit
- + GPU Regular inspection of ground-side GPU usage frequency



Aircraft Weight Reduction

- + Meal trolley weight reduction
- + Paper weight reduction
- + Aircraft water replenishment management
- + Adoption of new lightweight cargo containers
- + Cabin and service supply weight reduction



Flight Operations Optimization

- + Route optimization
- + Operations optimization
- + Altitude optimization
- + Aircraft center of gravity optimization
- + Total cost index optimization



Safe Fuel Load

- + Fuel-saving service bulletins and technical directives on precision fuel replenishment and backup airport selection optimization.



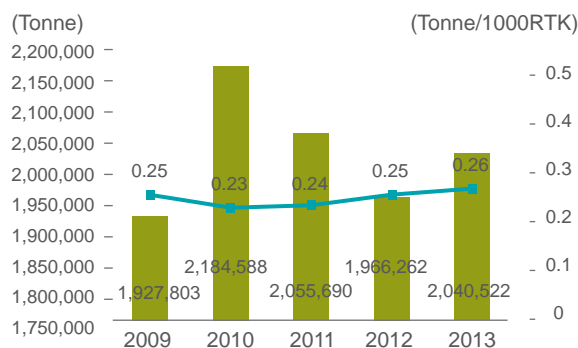
CO₂

- For more green flight information, please visit the CAL Environmental webpage

0.26 Aviation Fuel Consumption Intensity in 2013

Aviation Fuel Consumption

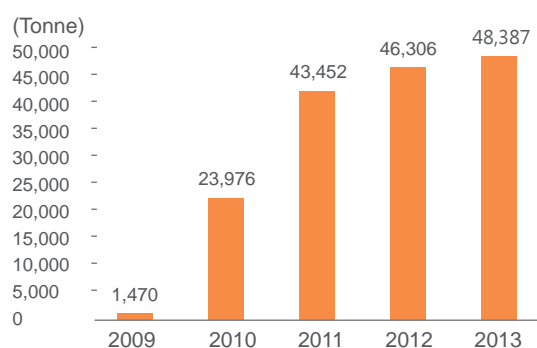
- Aviation fuel consumption
- Aviation fuel consumption intensity



- Data covers 100% of aviation fuel used by CAL
- Aviation fuel consumption data independently verified by DNV (2009), BSI (2010-2013)

-48,387 Cumulative Aviation Fuel Savings between 2009 - 2013

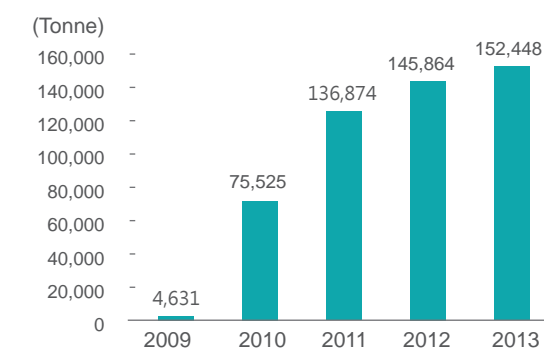
Cumulative Aviation Fuel Savings



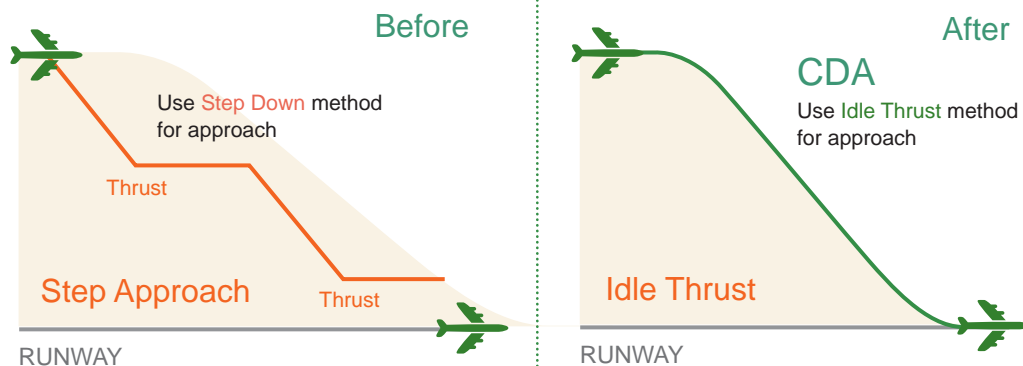
- Aviation fuel consumption intensity = Aviation fuel / 1000 RTK
- Fuel conversion density (Tonne) = 3.78541(L) X 0.8/1000

-152,488 Cumulative Carbon Reduction between 2009 - 2013

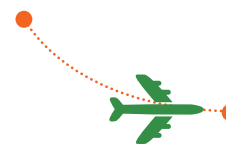
Cumulative Aviation Fuel Carbon Reduction



- Revenue Ton Kilometers (RTK): Total passenger and air cargo payload (Tonne) x Flying distance (KM)



Source: Aviation Week



Continuous Descent Approach

Method :

CAL partnered with local airports to use CDA when airport traffic is low.

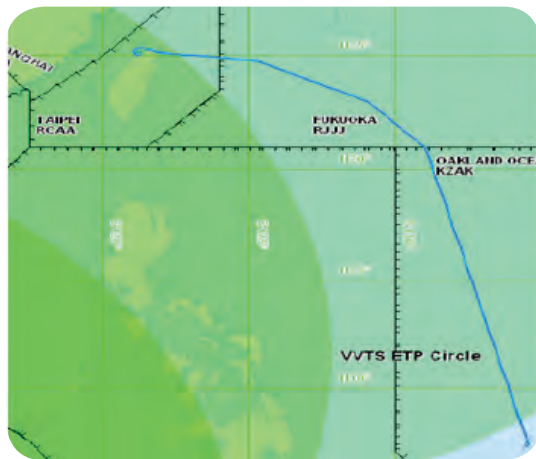
Benefits :

Lower fuel consumption, lower noise and less CO₂ emissions (according to the Aviation Week magazine, this saves 200 lbs of fuel and reduces carbon emissions by 630 lbs each flight).

Taipei - Palau (Old Route)



Taipei - Palau (New Route)



Optimal Route

Background :

Flight plans for the Taipei-Palau route used to be based on the route issued by the air traffic control unit and required detouring around Filipino airspace, unnecessarily increasing flight duration and fuel consumption.

Route change :

CAL negotiated with the ATC agencies of neighboring nations to secure a new route that does not require detouring around Filipino airspace.

-23 minutes



Flight Duration :

Saving of 23 minutes per trip

-998,400 lb



Fuel efficiency :

Annual fuel savings of approximately 998,400 lbs
(4 return flights per week)

-\$11.76 million



Operating costs :

Annual cost savings of approximately \$11.76 million
(4 return flights per week)

Energy Conservation during Ground Operations

For ground operations, CAL implemented energy saving and carbon reduction measures in three areas: air-conditioning, lighting, and vehicles. We also became the first in the industry to introduce the ISO 50001 energy management system in 2013. The implementation of air-conditioning and lighting energy-saving measures saw CAL Park achieve an Energy Use Intensity (EUI) of 164.1 kWh per unit of floor area in 2013, which was lower than the average of 186.2 kWh/m²/year published by the Bureau of Energy for office buildings. CAL has so far converted nearly 100 of the various vehicles used in our maintenance facility to electric power. Along with the optimization of flight crew and official vehicles, this measure saved 134 KL of fuel in 2013 and reduced carbon emissions by 351 tonnes.

■ Power-Saving Initiative

Energy-Saving and Carbon Reduction Measures for Ground Operations, 2013



Air-conditioning energy-saving

- + CAL Park installed a separate air-conditioning system that runs instead of the large AC system outside of business hours
- + AC system running hours adjusted to support energy-saving awareness campaign
- + Optimization of AC temperature for simulator server room
- + Independent split AC system installed for offices not in regular use to reduce the power consumption of the large central AC system



Lighting energy-saving

- + Portable power-intensive 300W halogen lights used in the maintenance facility replaced by energy-saving 100W LED lights
- + Reduced the number of lamps/tubes; installation of lighting circuit controls and independent switches to enable light zoning; replaced 1,000W mercury lamps used in the maintenance facility for maintenance operations with energy-saving 320W-LED lights
- + Upgraded office lighting from T8 lamps to more efficient T5 lamps
- + Replaced the 250W mercury lamps used on the façade with 60W LED lamps
- + Adopted energy-saving LED lighting in newly leased offices



Vehicle fuel-saving

- + Consolidated flight crew vehicle dispatching with ride-sharing
- + Reduced vehicle standby time to save fuel from idling
- + Management of official vehicles and consolidate trips where possible to reduce vehicle dispatching
- + Self-built electric carts or tractor equipment used in the maintenance facility instead of fuel-based equipment



Air-conditioning energy-saving



Consolidated flight crew vehicle dispatching with ride-sharing



AC temperature optimization

Ground Vehicle Fuel-Savings

Items	2009	2010	2011	2012	2013
Consumption (KL)	1,404	1,553	1,565	1,549	1,479
Fuel Saving (KL)				208	134
Carbon Reduction (Tonne)				537	351

- Vehicle fuel consumption estimates include CAL Park, maintenance facility and Kaohsiung branch
- Vehicle fuel consumption inventory data for CAL Park starts from March 26, 2010
- Fuel consumption for 2009 includes petrol, 98%/99%/100% diesel
- Fuel consumption for 2010 - 2013 includes petrol, 98%/99%/100% diesel and 2% biodiesel
- Fuel-savings are based on the amount of vehicle fuel saved by the environmental management projects active each year
- The ISO 14001 management system was not in use between 2009-2011 so the fuel savings and carbon reductions during that period were not quantified
- Fuel-saving estimates include the CAL Park (crew transports), maintenance facility (electric vehicles) and Kaohsiung branch (official vehicles)

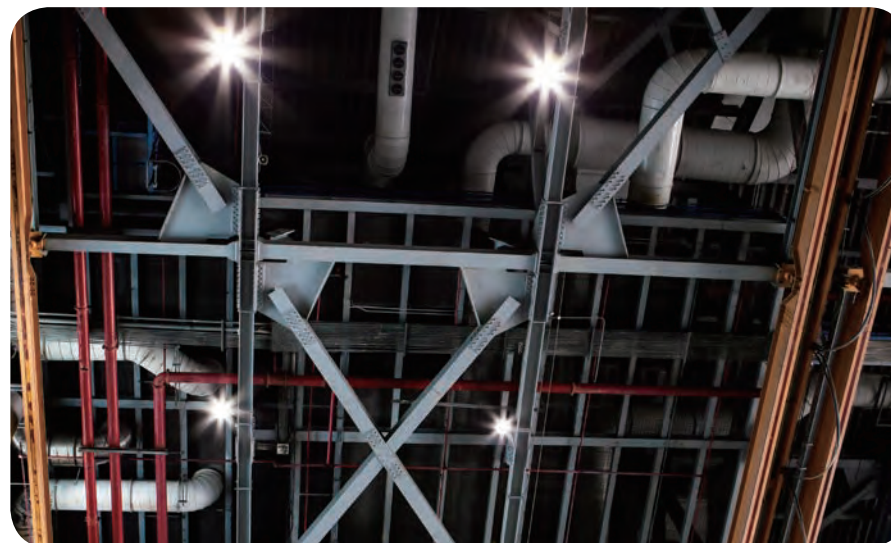


Installation of independent AC

Ground Vehicle Electricity-Savings

Items	2009	2010	2011	2012	2013
Consumption (1000 kWh)	53,891	50,959	47,119	43,603	42,363
Electricity saving (1000 kWh)				2,024	1,898
Carbon Reduction (Tonne)				1,239	1,010

- Electricity consumption estimates include CAL Park, maintenance facility and Kaohsiung branch
- Electricity consumption inventory data for CAL Park starts from March 26, 2010
- Electricity saving is the electricity savings from environmental management projects active each year based on differences in meters, electricity bills, and work days.
- Electricity consumption and carbon reduction estimates include CAL Park, maintenance facility and Kaohsiung branch
- The ISO 14001 management system was not in use between 2009-2011 so the electricity savings and carbon reductions during that period were not quantified



LED lighting equipment

6-3 Environmental Operations Management

At CAL, we strive to comply with the law and surpass ourselves in our environmental pollution prevention efforts. To manage the environmental impact of wastewater, waste emissions, and toxic substances generated from aircraft maintenance operations, we install pollution control equipment that exceeds regulatory requirement and are operated by dedicated personnel. CAL also submits regular reports as required by law. All waste is recycled where possible to meet the goal of green operations management.

■ Environmental Operations Management at the Maintenance Facility 

6-3-1 Waste Management

Waste management at CAL follows the 3R principle: Reduce, Reuse and Recycle. Our goal is to achieve 100% recycling by progressively increasing the ratio of recycled waste each year. Waste types include: aviation oil, lubricant, skids, metal scrap, solvents, plastics, paper, wiring and cabling, lighting equipment and kitchen scraps. Recycling helps to reduce the burden on the environment caused by these wastes.

■ Recycling and reduction 

Aviation Operations

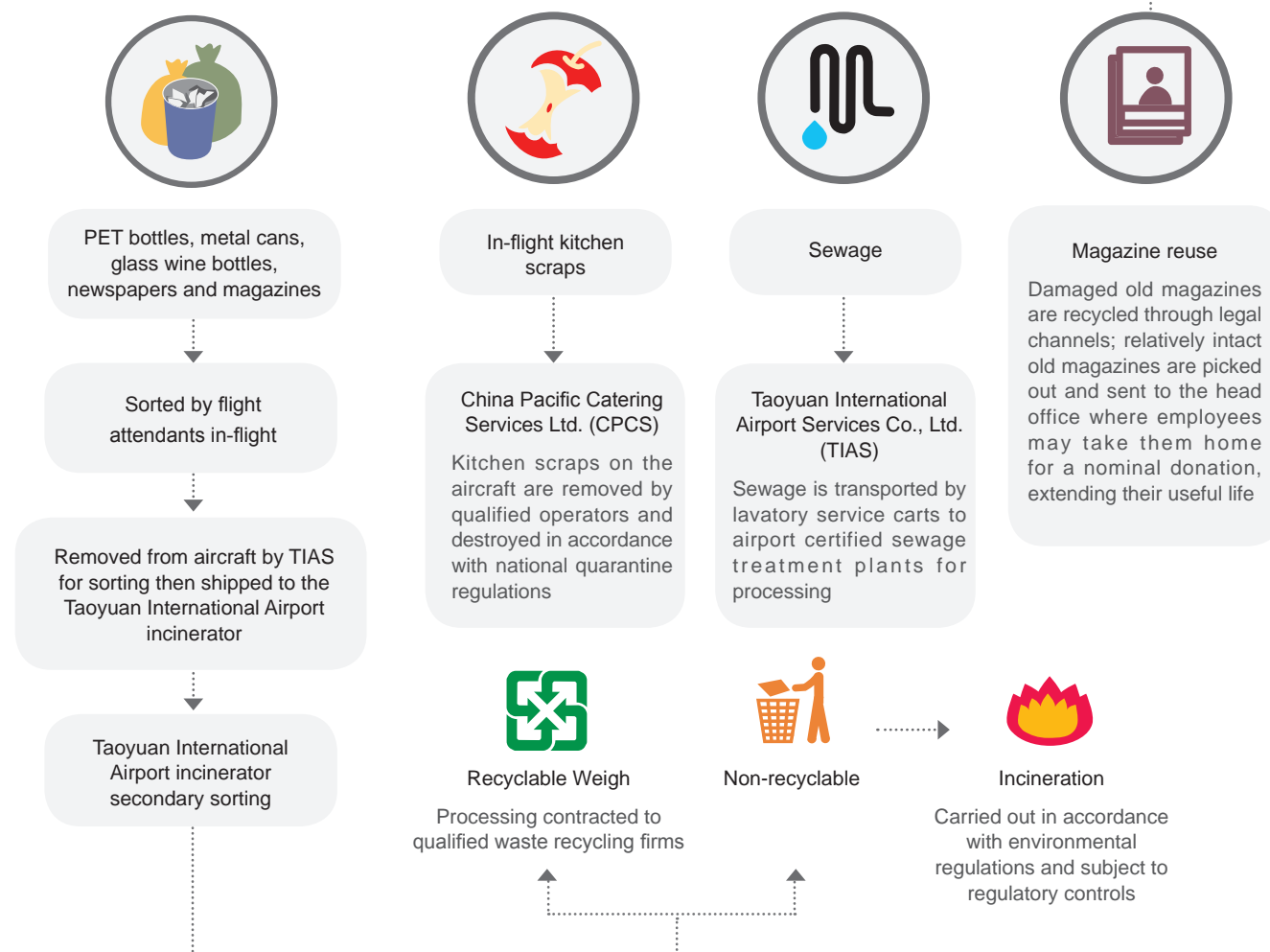
The three main types of waste produced while an aircraft is in flight include kitchen scraps, sewage and recyclable resources (PET bottles, metal cans, glass bottles, newspapers and magazines). CAL employs qualified contractors to remove and process each type of waste. National quarantine regulations require all kitchen scraps produced in-flight to be destroyed. Qualified operations handle the removal and disposal of these scraps. For recyclable resources, they are first sorted by flight attendants aboard the plane and then handed over to qualified operators for processing. Non-recyclable materials are incinerated. Old magazines on the aircraft may be taken by employees so that more people can benefit from the information and knowledge inside.

3R





Total amount of resources recycled from CAL
at Taoyuan International Airport, 2013





Waste Management during Ground Operations

 Maintenance Facility	Dedicated storage area	The large amounts of recyclable resource-type waste produced during aircraft maintenance such as metal scrap, waste solvents, waste electronic instruments, waste wiring and cabling are properly sorted and sold to qualified companies for reuse.
	Aviation fuel reuse	During aircraft maintenance, any aviation fuel remaining in the fuel tanks are drained and collected for reuse by CPC.
	Packaging reuse	Materials entering and leaving the warehouse result in large amounts of wooden crates, skids, stuffing, padding, foam and paper. Recycling stations have been set up so they can be reused in other warehouse operations.
	Modification of scrapped service carts	<p>Modification of night-time lighting carts: Through professional design and ingenuity, the lifting arm from scrapped crane carts and platform carts has been rebuilt as night-time lighting carts to support night-time maintenance operations.</p> <p>Modification of electric supply carts: the Maintenance Facility has built its own electric supply carts to replace conventional fossil-fueled models.</p>
 Office Operations	Reduced use of chemicals	To reduce toxicity and waste, the Wastewater Treatment Plant decreased the use of electro-plating chemical (sodium chloride) by 5% without impact to wastewater treatment quality.
 Office Operations	Reduced use of paper	Offices on the same floor share common OA equipment. Purchasing and usage controls are also in place to reduce the amount of photocopying done.
		Single-sided photocopies are recycled from the office for reuse.
 Cargo Service	Reduction in packaging material	Tie-downs and skids used during cargo operations are recovered for reuse.



Waste Treatment and Production

Items	Treatment Methods	2009	2010	2011	2012	2013
 Domestic waste (KG)	Qualified waste operators are contracted for regular removal. Proof of proper disposal are kept on record and regularly submitted as required by law (physical/incineration/heat treatment).	78,950	98,930	82,945	113,450	134,035
 Hazardous waste (KG)	Qualified waste operators are contracted for regular removal. Proof of proper disposal are kept on record and regularly submitted as required by law (chemical treatment/solidification and landfill).	12,309	9,741	21,100	19,070	18,398
 Batteries with cadmium (KG)	Qualified waste operators are contracted to regularly ship the waste overseas for treatment. Records are regularly submitted as required by law.	1,338	4,197	1,191	1,717	1,328

- Statistics are provided by the Maintenance Facility
- CAL Park is used for general office operations and produces no hazardous industrial waste. It will be included into the domestic waste volume controls in 2014

Ground Operations Amount of Waste Recycle	2012	2013
 Waste plastic (KG)	1,743	2,902
 Waste iron and aluminum cans (KG)	2,991	3,645
 Waste paper (KG)	38,690	71,209

- Boundary of estimate covers CAL Park, Maintenance Facility and Kaohsiung Branch

6-3-2 Water Resource Management

Water Resource Conservation

Category	Scope	Approach	Water recycling/equipment
Source development	CAL Park	Installation of rainwater recovery system in the park	Supplied to the building for "flushing toilets and urinals" and for "watering landscaping".
		Waste water from the central drinking water system channeled to the recovery system	
Conservation	Maintenance Facility and Hangars	<ul style="list-style-type: none"> Wastewater recycling and reuse Recycling and reuse of wastewater from aircraft washing 	Used for washing cars, watering plants and ornamental pond
	All sites and office buildings	<ul style="list-style-type: none"> Adoption of products with Water Saving mark Adoption of water-saving equipment 	Water-saving equipment, hydrants, toilets, and showers; auto-flushing sensors; and automated moisture-sensing irrigation system for the lawns and gardens

■ Water Conservation Educational Video 

Water Consumption and Recovery

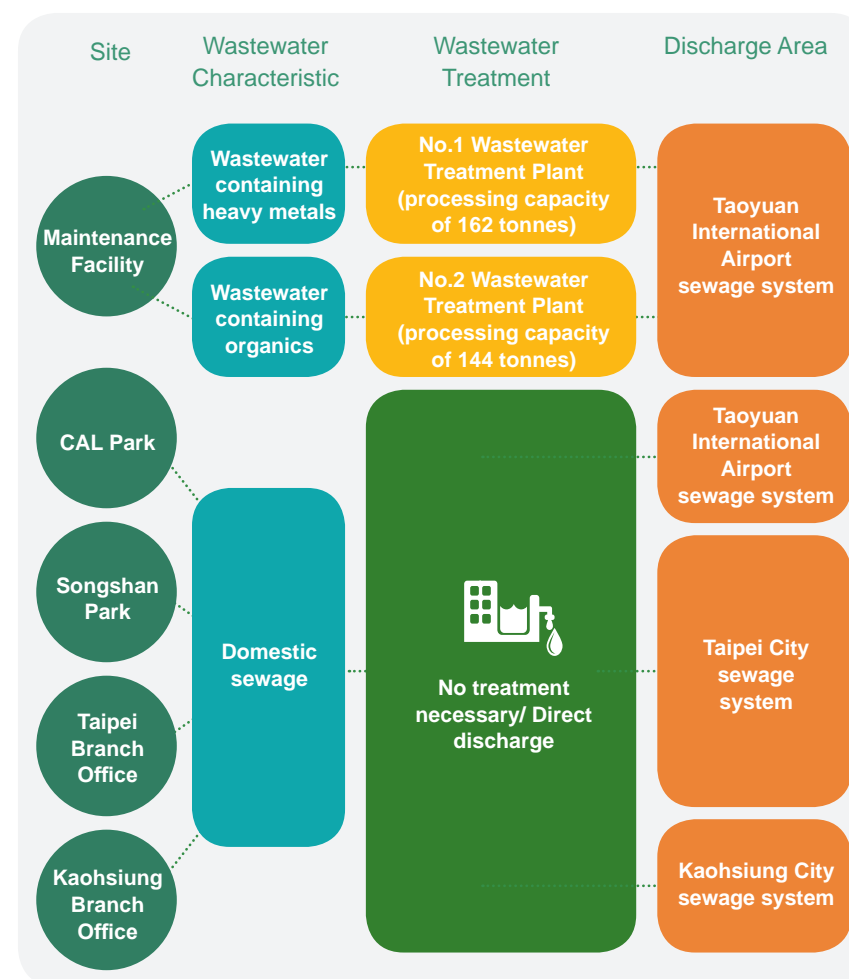
Item	2009	2010	2011	2012	2013
Water Consumption (KL)	121,449	164,380	149,143	163,068	162,044
Wastewater Recovery (KL)				3,672	8,210
Carbon Reduction (KG)				709	1,346

- Water consumption statistics include the CAL Park, Maintenance Facility and Songshan Park
- The water consumption statistics for CAL Park starts from March 26, 2010
- The water consumption statistics for the Maintenance Facility starts from January 1, 2011
- 2012 carbon reduction = water saved (wastewater recycled) x 0.193 Kg CO₂e (Carbon reduction / each KL of water saved. Based on data provided by Taiwan Water)
- 2013 carbon reduction = water saved (wastewater recycled) x 0.164 Kg CO₂e (Carbon reduction / each KL of water saved. Based on data provided by Taiwan Water)
- The Maintenance Facility accounted for the bulk of wastewater recycled
- The ISO 14001 management system was not in use between 2009-2011 so the water savings and carbon reductions for that period were not quantified





Wastewater and Air pollution Treatment

The Maintenance Facility has two wastewater treatment plants and one air pollution prevention facility designed for treatment electro-plating wastewater (containing heavy metals such as chrome and cadmium) and wastewater containing organics produced during aircraft maintenance and washing. They also process wastewater and waste emissions produced during the spray painting or paint stripping of the aircraft body. CAL currently uses incineration for dealing with waste emissions.

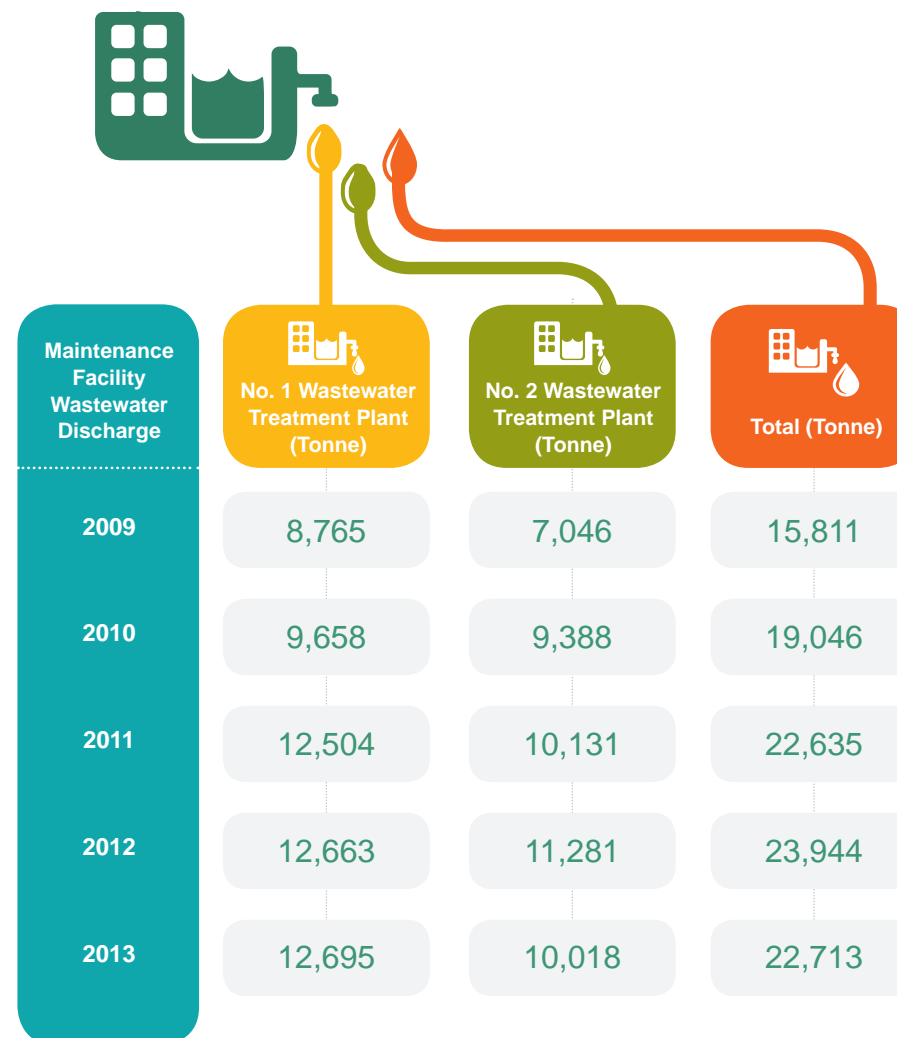
Wastewater Treatment and Monitoring at CAL



Wastewater Monitoring Indicators

Primary Indicators	No. 1 Wastewater Treatment Plant		No. 2 Wastewater Treatment Plant		Discharge Standard (amended in 1/22/2014)
	2012 2nd Half	2013 2nd Half	2012 2nd Half	2013 2nd Half	
 Chlorine Ion Concentration Index (pH)	7.7	7.6	7.3	7.0	6.0-9.0
 Water Temperature (°C)	21.6	21.4	20.6	20.4	1.Below 38°C (applicable for May to September) 2.Below 35°C (applicable for October to April of the following year)
 Suspended Solids SS (mg/L)	1.4	4.2	2.5	3.3	30
 Chemical Oxygen Demand COD (mg/L)	24.7	7.8	21.6	24.8	100

Amount of Wastewater Treated by CAL

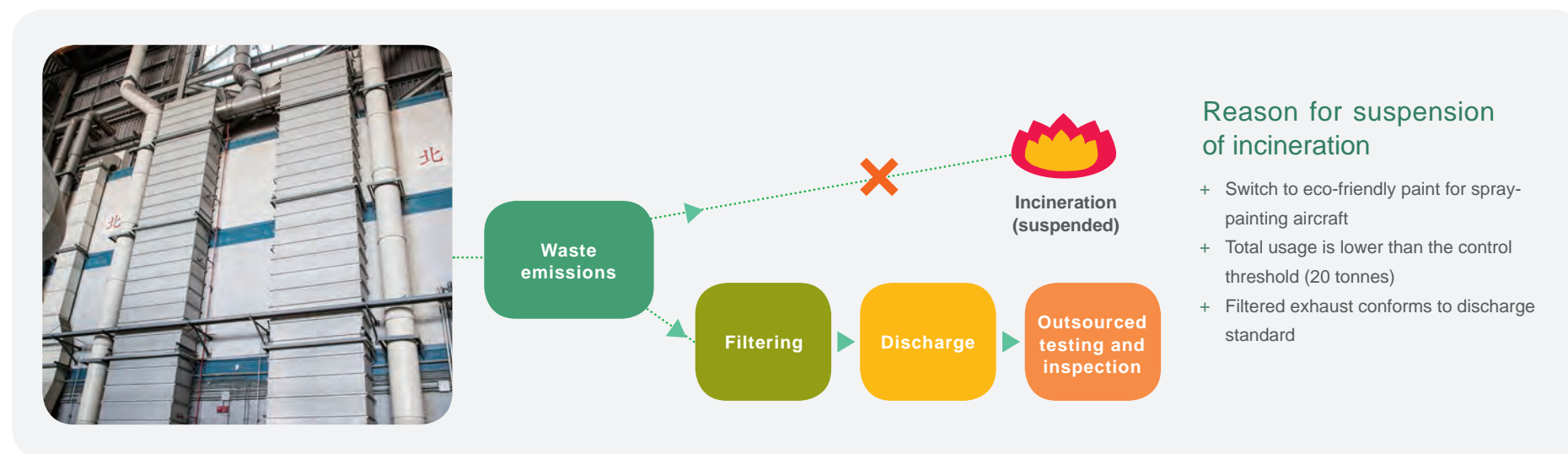


CAL Wastewater Treatment Process



- Non-Destructive Inspection (NDI)

Air Pollution Treatment Process at CAL Maintenance Facility





6-3-3 Green Building

CAL Headquarters (CAP Park) adopted green design features such as water-saving features, energy-saving AC, energy-saving lighting, site optimization, Low-E glass and sunshades during its initial planning and design to do its part to combat global warming and show CAL's corporate social responsibility. The building meets the four key objectives: "Greenness", "Water Conservation", "Energy Saving" and "Water Resources".

■ CAL Green Building Overview

For more green building information, please visit the [CAL Environmental webpage](#)

6-4 ECO Service

CAL recognizes the need to incorporate environmentalism into customer service. For the Greater China region, we have launched the “ECO Service” brand image focused on the themes of “Cultural Creativity, Technology, Environmental Protection, Emotional Connection, and Trust”. Through internet-based, mobile, and culturally creative services, we will communicate the importance of the Earth and our environment to customers, using sincerity to motivate every passenger into action. Considering customer and market acceptance levels, CAL will launch the concept for Taipei-Europe passenger services, including all processes from passenger ticketing, check-in, boarding to in-flight services. ECO-Service will be rolled-out to all routes worldwide in the future.



2,074,823 passengers

Number of passengers who used the self check-in kiosk in 2013



132,508 downloads

Number of passengers who used the China Airlines App for e-Check-In in 2013



59,148 passengers

Number of passengers who used the CAL's App for e-Check-In in 2013



55,083 shipments

Number of CAL air cargo shipments that used electronic waybills between 2010 - 2013

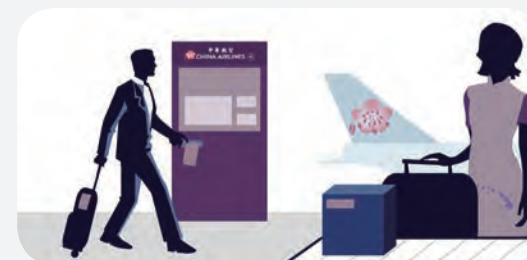
Online Services

- + Internet service
- + Mobile service



Airport Services

- + Airport self check-in system
- + Self-service boarding pass/ luggage tag printing
- + e-Freight



VIP Lounge Services

- + Meal carbon footprint
- + Local food ingredients



In-flight Services

- + Local food ingredients
- + Environmental cultural creativity merchandise
- + Promotion of environmental awareness



- For more information about ECO Service, please visit the [CAL Environmental webpage](#)

6-4-1 Online Service

“China Airlines CI Mobile” app

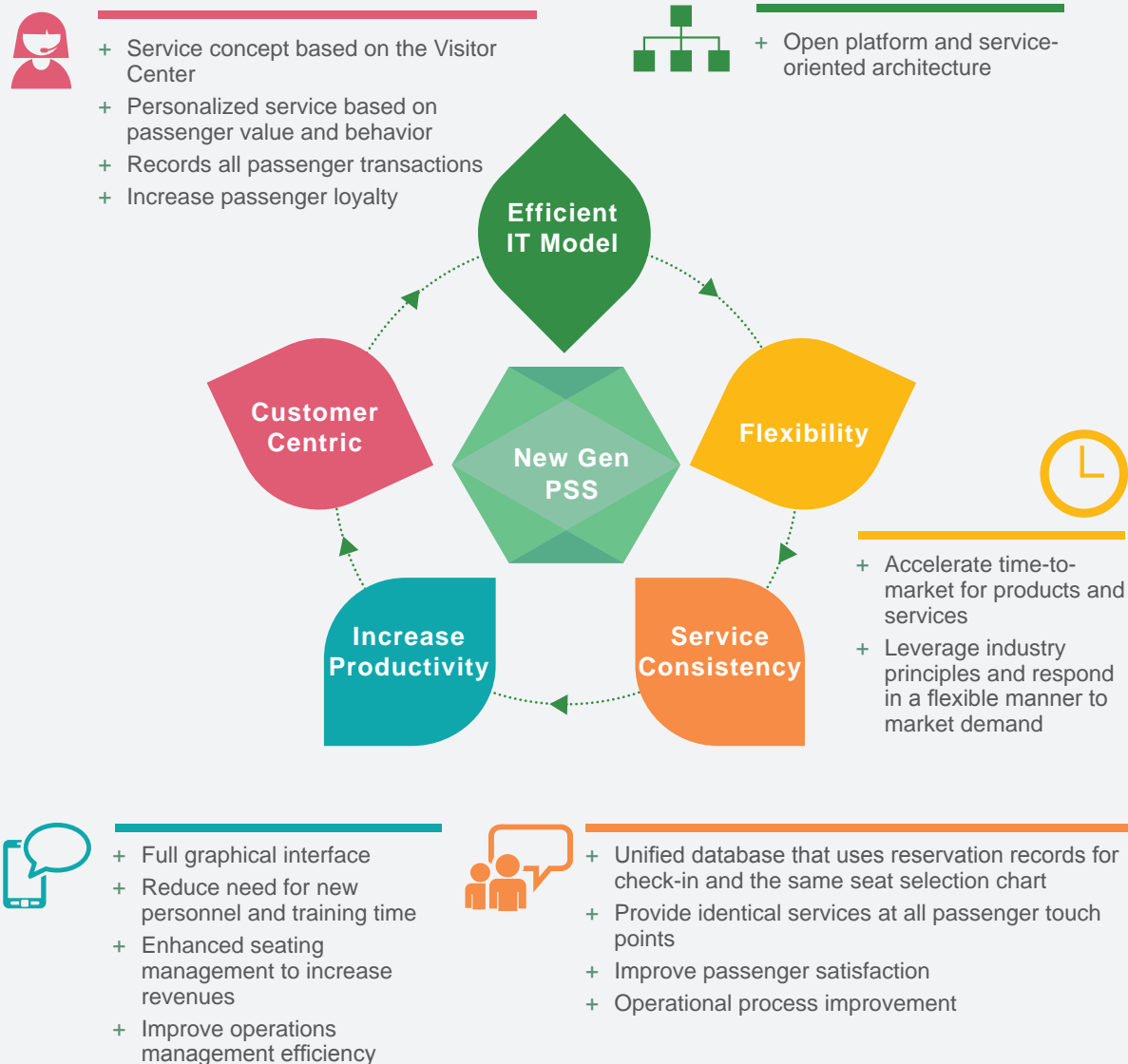
To utilize the convenience and speed of mobile Internet, CAL developed the “China Airlines CI Mobile” app in 2012 that provides customers with a comprehensive offering of 11 service functions. Travelers can use the “China Airlines CI Mobile” app or visit the CAL website on their smart phone to make online reservations, purchase tickets, and complete check-in. The use of mobile technology for ticketing, pre-check-in, and checking flight status not only saves passengers time but also reduces carbon emissions with the option of electronic boarding passes, an alternative to printing physical ones. Customer satisfaction is enhanced as well. In 2013, the CI Mobile App was used by passengers 59,148 times for eCheck-In, up 170% compared to that of 2012. The proportion of e-Check-In and self-service check-ins in the Taiwan region has now reached 50%, making CAL the leader when it comes to e-technology take-up in the domestic transport industry. An increasing number of passengers are now willing to use the convenient ECO-Service offered by CAL.

For CAL, 2012 was year zero for the transition over to fully electronic and mobile services. All passenger-related systems are being mobilized to provide passengers with the most convenient service at any time and place. CAL is now offering a new generation of passenger-oriented, full-function service system.



CI Mobile download

New Generation Passenger Service System (PSS)



6-4-2 Airport Services



Airport self check-in system



Self Check-in pass/luggage tag printing

CAL has collaborated with the Taoyuan and Songshan airports to set up a self-service check-in area in the airport terminal featuring self check-in kiosks and self-printing baggage tag machines to replace conventional counters.

- + Streamline passenger boarding process and save time
- + Reduce paper consumption



e-Freight

In 2009, the IATA announced that CAL became the 22nd "e-Freight" airline in the world. More than 20 freight agents have since received assistance with the implementation of paperless services. CAL's goal is to realize completely paperless service in the future.

- + Shorten air cargo process by 1.5 days
- + Reduce paper consumption

6-4-3 VIP Lounge Service

After partnering with the Industrial Technology Research Institute (ITRI) in 2012 to launch carbon footprints for in-flight meals; In 2013, CAL also introduced carbon footprints for 6 popular meals in the VIP Lounge. Passengers can enjoy their meal, while learning about the effects of their meal on their environment and gain a better appreciation for resource conservation and environmental protection.



6-4-4 In-flight Services

Local foods

CAL has always strived to provide the best service to all passengers. The most important goal of in-flight meals is to provide passengers with a delicious, healthy and safe meal. With routes that connect different locations around the world, CAL wants to provide its Taiwanese passengers a taste of home but also give travelers from different countries the chance to experience the gourmet cuisine of Taiwan, learn more about Taiwanese culture, and in the process elevate Taiwan's profile from an international perspective. As the leader of Taiwan's aviation industry, we love our homeland and want to use local ingredients where possible to not only stimulate the local economy and benefit farmers but also increase the freshness of ingredients by shortening the distances they have to travel. The use of local ingredients also reduces carbon emissions due to less transportation needed, making it better for the planet.

■ CAL Gourmet Meals



Water Drop Teahouse (2011~ Present)

CAL has released all-new vegetarian meals that break down the stereotype of over-processed vegetarian foods. In keeping with the concept of environmentalism, local and hand-picked ingredients are used to reduce carbon emissions. Passengers can now enjoy healthy gourmet vegetarian meals aboard CAL flights.



Wu Pao Chun (2012~ Present)

Local Taiwanese agricultural produce provided the inspiration for the "Banana Cocoa Bread" and "Fermented Rice Longan Bread" offerings, exclusive to CAL.



Dongshan Coffee (2013)

While the "Coffee Chicken" entree was on the in-flight menu, CAL purchased nearly 200kg of premium locally grown coffee beans each month from the Dongshan Coffee Association to give passengers a taste of Taiwan's gourmet cuisine.



W Taipei (2013)

Using fresh local ingredients from Taiwan, new ideas and creations came about: Duck Liver Mousse with Hawthorn Jelly, Red Yeast Duck Breast Braised in Pineapple Beer, Pork Belly Ribs in Chiayi Kumquat Worcestershire Sauce as well as Taiwanese Organic Fried Rice with Hong Kong Style Sausage, Taiwanese Pickled Turnip and Garlic, Huadioo Drunken Chicken and Plums, Sugar Cane in Plum Sauce, Seared Giant Garoupa in Fermented Rice Brine with Green Bamboo, and Five-Grain Fuli Yin-Yang Fried Rice. These entrees fill every bite with pleasant surprises.



8 Star Chefs (2013~ Present)

- + "Kitchen God" Shih Chian-fa presents "Three Cup Chicken Rice" and "Pig's Feet and Peanuts with Rice".
- + "Outdoor Banquet Master" Chen Chao-ling presents "Shredded Pork, Vegetables and Egg with Noodles" and "Braised Pork Skirt Meat with Rice".
- + "Presidential Chef" Chang Her-chin presents "Pumpkin Rice Noodles" and "Catfish and Sweet Potato Rice".
- + "Sustainable Chef" Kuo Hong-che presents "Taro Cake with Pork Skirt Meat" and "Pork Tenderloin and Mushroom in Shacha Sauce with Rice".



Taste of Taiwan (2013~ Present)

Taiwanese-style Beef Noodles / Danzai Noodles / Fried Pork Chops with Rice Noodles / Pork Sparerib Noodles.



Environmentally Friendly Supplies with Cultural Creativity

While ensuring safety, environmental protection, and comfort, CAL has also incorporated environmentalism into its in-flight supplies. In 2013, we not only expanded the use of green supplies but also integrated Taiwan's cultural creativity into their design to convey to provide passengers with a richer in-flight experience. For the higher cabin classes, CAL provides biodegradable toothbrushes made from cornstarch, which has reduced environmental impact; the toiletry bag now uses a non-woven textile decorated with indigenous tribal motifs that passengers can reuse, replacing the old plastic outer bag.



Toiletry bag made from non-woven textile decorated with indigenous motifs



CAL's eco-friendly headrest cover and pillow slip



Promotion of environmental awareness

Eco Video - A Pleasant Eco-travel

To raise the environmental awareness of travelers, CAL produced the eco micro-movie A Pleasant Eco-Travel for broadcast on Youtube and on all CAL's routes. The movie showcases interactions between flight attendants and passengers and highlights the efforts made by CAL with respect to passenger service and environmental protection.

■ A Pleasant Eco-Travel - [YouTube](#)
Embracing the Sky

Inviting passengers to support the Summer Windows Down Campaign

CAL pioneered the "Windows Down, Temperature Down" initiative between June and October so we and our passengers can join in saving energy and reducing carbon emissions together. This measure reduces cabin temperatures by 3-4°C, reducing the demand for AC on the ground and lowering fuel consumption.

Caring for Employees

- Looking after employees through caring -



Highlights



First

Airline in Taiwan to set up a trade union and sign a collective agreement

CAL union was established in 1998. After the first collective agreement was signed in 2002, CAL progressively rolled out protection for employee rights and established the principle of honest bargaining to strengthen employer-employee relations.



Parent-Friendly Workplace

Friendly environment for expectant mothers

Pregnant flight staff may apply for transfer to ground services or take long-term unpaid leave. Airport operations staff can also be assisted with re-assignment to less-strenuous jobs and more regular hours. Employees may return to their original post after maternity leave is completed.



81 Routes

Number of commuter buses

CAL provides the most comprehensive employee commuter bus routes that shorten employee commute times, reduce GHG emissions and lower local traffic congestion.



Civil Aviation Accredited Courses

CAL launches strategy for cultivating aviation talent

CAL and Tamkang University have signed an industry-academia partnership program to offer accredited courses in civil aviation taught by professional instructors including CAL pilots. This provides a comprehensive incubation environment for cultivating first-class aviation talent in Taiwan.

7-1 Recruitment and Retention

7-1-1 Group Workforce

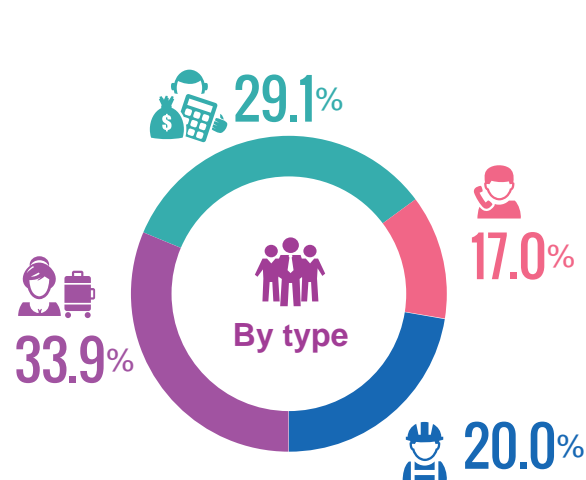
Apart from management and administrative positions, CAL also have air, ground, cargo and passenger service roles; specialist roles such as pilots, aircraft maintenance engineers, IT management engineers, finance and accounting; we recruit highly-educated talent across different fields to join us in improving aviation quality and safety. As of 2013, CAL had 11,141 employees worldwide; full-time employees (98.9%) and 120 contractors (1.1%)

 **Permanent Staff**
98.9%

 **Contractors**
1.1%

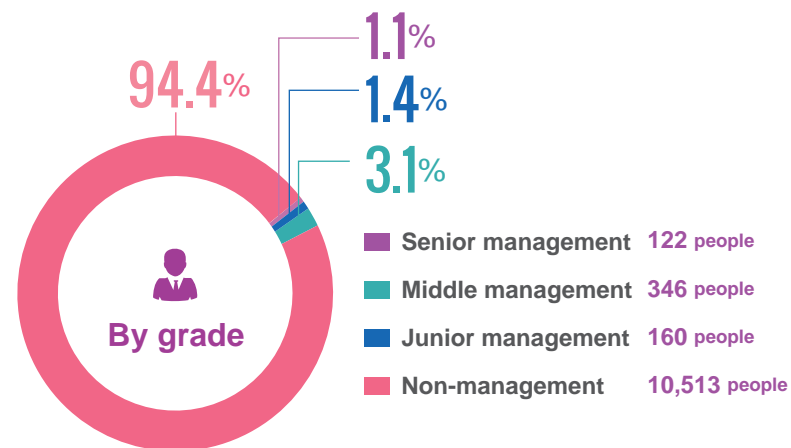


2013 Group Workforce

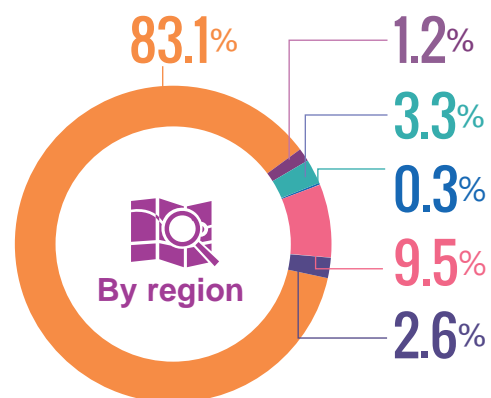


Flight Crew	3,781 people
Operations	3,238 people
Maintenance	2,231 people
Other	1,891 people

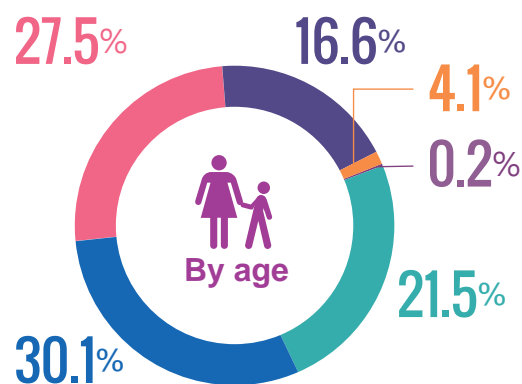
Other : Includes executives above vice president, audit staff, finance, accounting, IT and other personnel not in the above categories



Senior management	122 people
Middle management	346 people
Junior management	160 people
Non-management	10,513 people

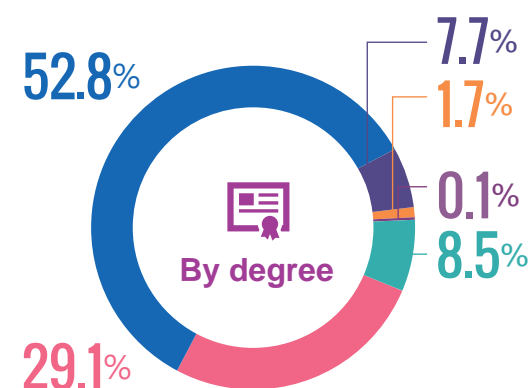


Europe	129 people	Asia	1,053 people
North America	368 people	China	292 people
Oceania	39 people	Taiwan	9,260 people



16-20	23 people	41-50	3,064 people
21-30	2,399 people	51-60	1,848 people
31-40	3,351 people	Over 60	456 people

Note : 16 ~ 20 include part-time student workers and interns



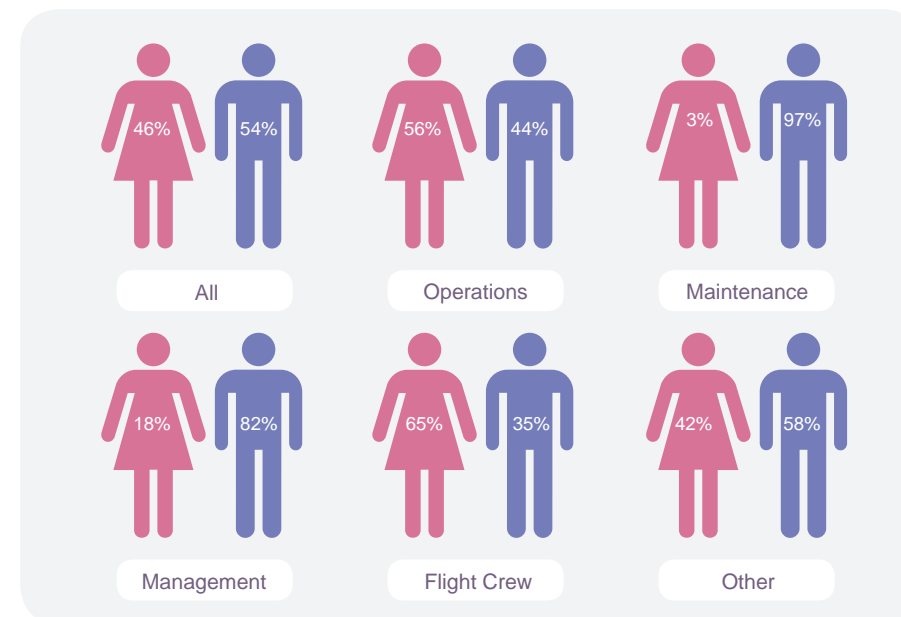
Doctorate	11 people	Associate	3,249 people
Master	943 people	High School	855 people
Bachelor	5,890 people	Other	193 people

Other : No record on file

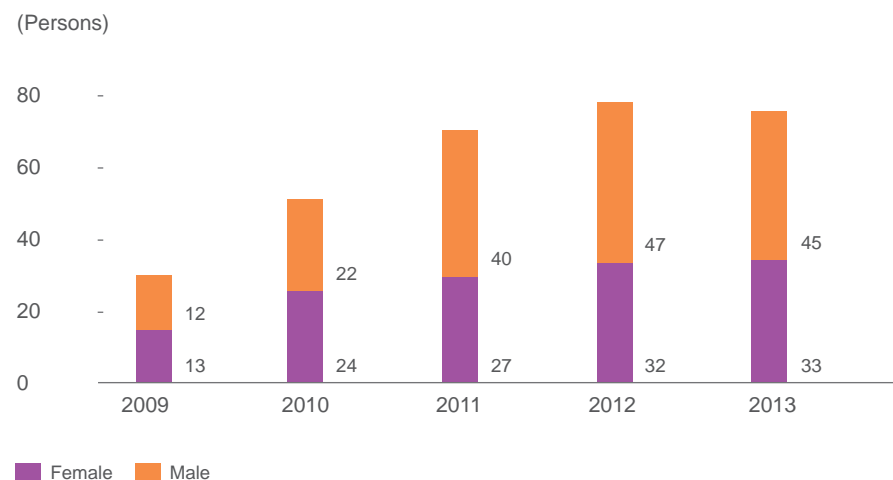
7-1-2 Employee Diversity

The ratio of women to men for all CAL employees is 1:1.18. The ratio of women to men in management is 2:8. Due to the nature of their mission, the majority of maintenance personnel are men while the majority of air service staff are women. On the employment of indigenous people, between 2009 and 2013 the number of indigenous women employed by CAL grew from 13 in 2009 to 33 in 2013. The number of indigenous men also grew from 12 in 2009 to 45 in 2013.

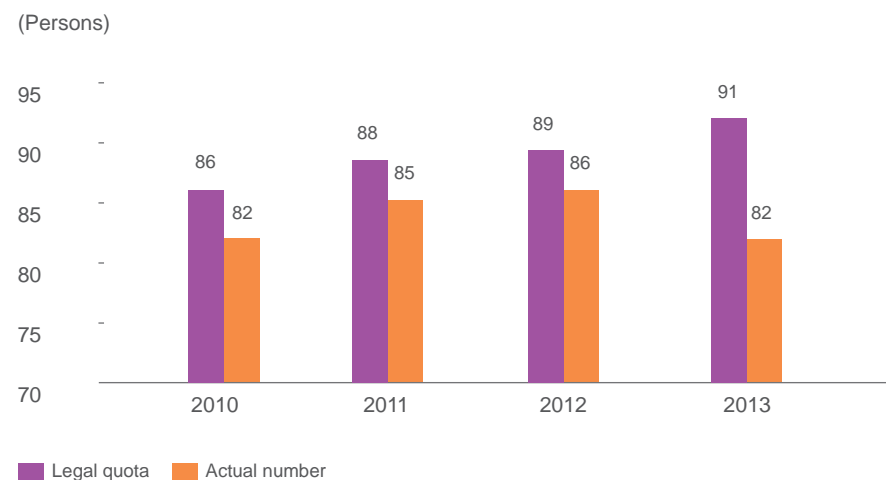
CAL supports handicapped people's right to work and we meet at least 90% of the government quota every year; the Taipei branch and Maintenance Facility both employ more handicapped workers than required by law with the 2013 employment quota rates being 133% and 114% respectively. Due to government regulations on the employment of handicapped people in Taiwan, CAL is continuing to adjust our internal roles and job descriptions. Handicapped people are given preference when filling general administration roles and we constantly strive to meet the regulatory requirements.



Number of indigenous employees



Number of handicapped employees

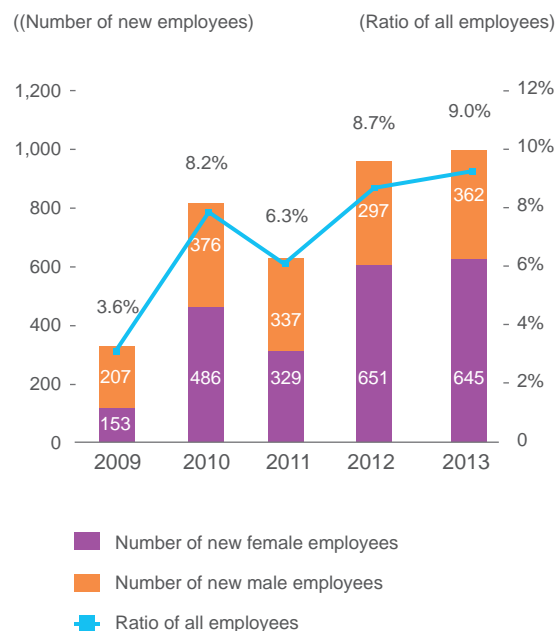


7-1-3 Recruitment

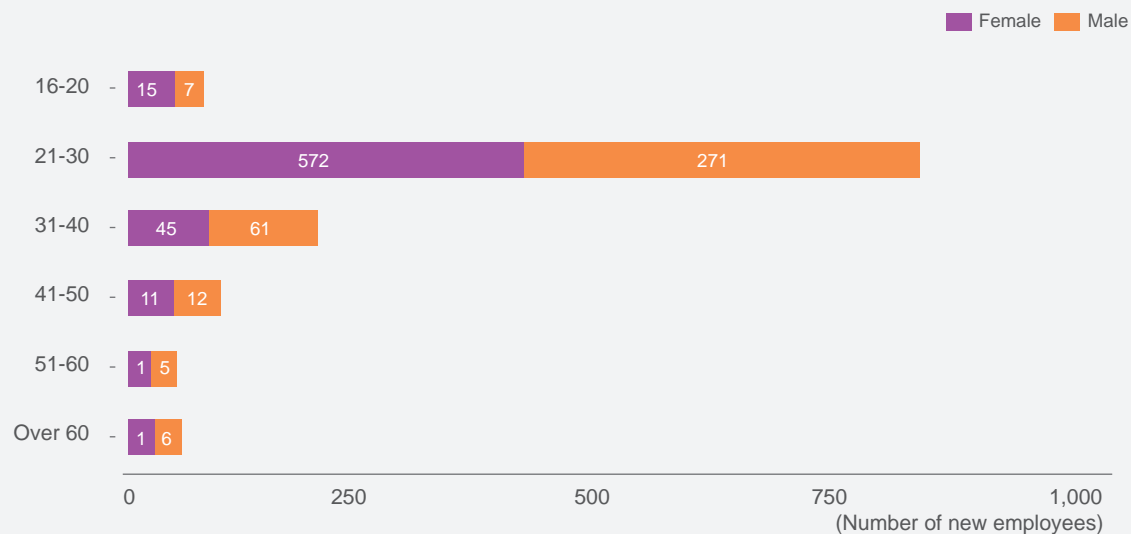
Job openings at CAL are publicly advertised. A rigorous and fair selection process is used to select the most suitable applicants. For locally-recruited employees, we follow local labor regulations and provide reasonable compensation, benefits and insurance in line with our overall company compensation policy.

9.0% 2013 New Employees Ratio

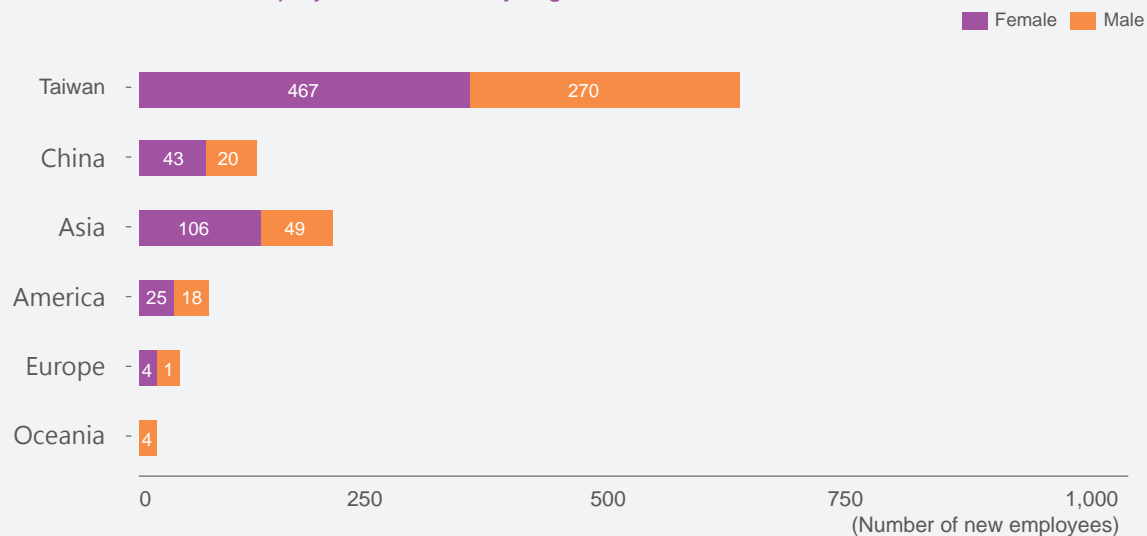
New employee data



Number of new employees in 2013 - by age



Number of new employees in 2013 - by region



Local Recruitment

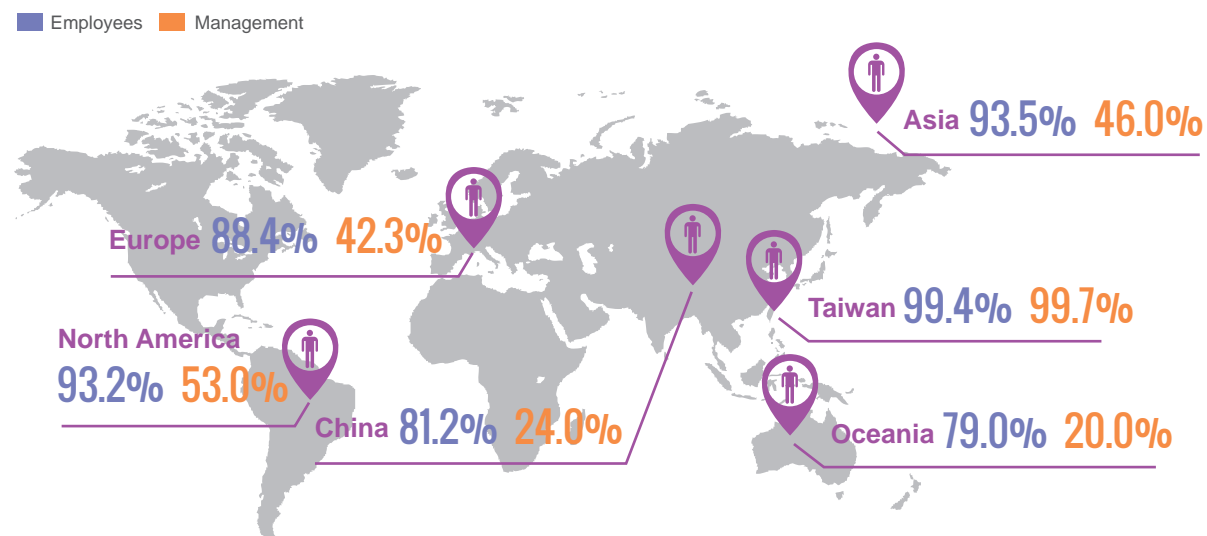
CAL creates large job markets for local people in Taiwan and overseas. As of 2013, the average ratio of locally recruited employees worldwide was 90%. Taiwan was the highest region at 99.4%. In terms of ratio of locally recruited employees in management; Taiwan was also the highest region at 99.7% while the global average was 45.9%.

Industry-Academia Cooperation

To fulfill our corporate social responsibilities, realize our corporate value, cultivate professional talent and support the Ministry of Education's policy of encouraging vocational colleges to set up off-campus internship courses, CAL provides students with internship opportunities and professional skills training. These introduce students to the aviation industry and cultivate related skills. We also conduct exchanges with universities to set up formal industry-academia cooperation in different fields as well as summer internships. Industry-academia cooperation is divided into three categories based on specialization and manpower requirements, these being Maintenance, Education & Technology as well as 1-year and short-term ground services.



Ratio of local employees



Category		Partner Institution
Industry-Academia Cooperation	Maintenance	NTUT, NFU, YunTech, KUAS, NKFUST, NPUST
		TKU, FCU, CYU, YZU
	Education & Technology	NTNU, NTUE
	1-year Ground Service	CUST, NKUHT, KNU, ISU, LHU, KUAS, NCU, USC, TPCU, NPUST, NKFUST
	Ground Service Short-term Internship	KNU
Summer Internship		NCCU, NCTU, NCKU, CCU, NTNU, NTUE, SCU, MCU, TKU, KNU, SHU, Asia University, THU, CJCUC, AU, CMU, WTUC, NUTC, NKMU, TPCU, SJU

7-1-4 Promotion and Staff Retention

To attract and recruit talented personnel as well as enhance employee motivation, CAL revises its compensation policy based on external competitiveness, internal equality, employee contribution and other factors to boost operating performance. Equality is the overriding principle in employee evaluations (every 6 months) and performance reviews (annual). There is absolutely no discrimination on the grounds of gender, race, religion, political stance, education and socio-economic background.

6.4% 2013 Turnover Rate

Turnover statistics for the year

(Number of departures) (Turnover rate)



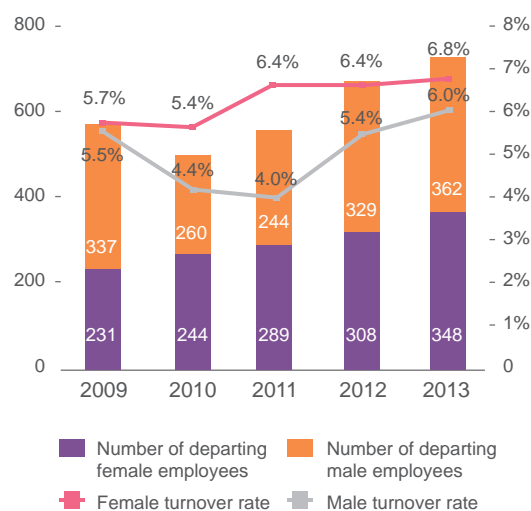
7-1-5 Turnover

For internal rotation, every unit conducts at least one personnel review and rotation each year based on lists provided by the Human Resources Division. Rotations are primarily reassignment with some change of jobs. In a given year, if there are too many personnel who have been in one position for too long then they are rotated; if business development is affected then the unit may adjust the rotation as necessary though this should be no less than 10% of those who have been in the same position for too long. The notice required for resigning employees conforms to the Labor Standards Act.

6.0%/6.8% 2013 Turnover Rate for Men and Women

Employee turnover - by gender

(Number of departures) (Turnover rate)

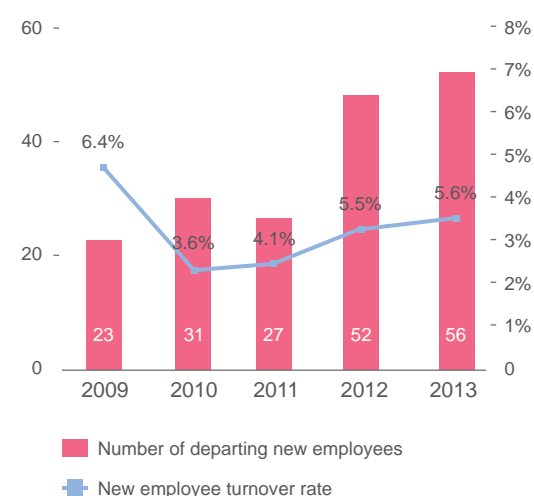


When our employee submits their resignation, we proactively try to understand his/her reason for departure. In 2013, our average global turnover was 6.4%. This was higher than previous years because of an increase in the legal retirement age to 65 in Taiwan as well as higher turnover among new employees. In recent years, the turnover rate for women has remained higher than men because most of the departing personnel consist of women-dominated cabin crews and part-time workers.

5.6% 2013 Turnover Rate for new employees

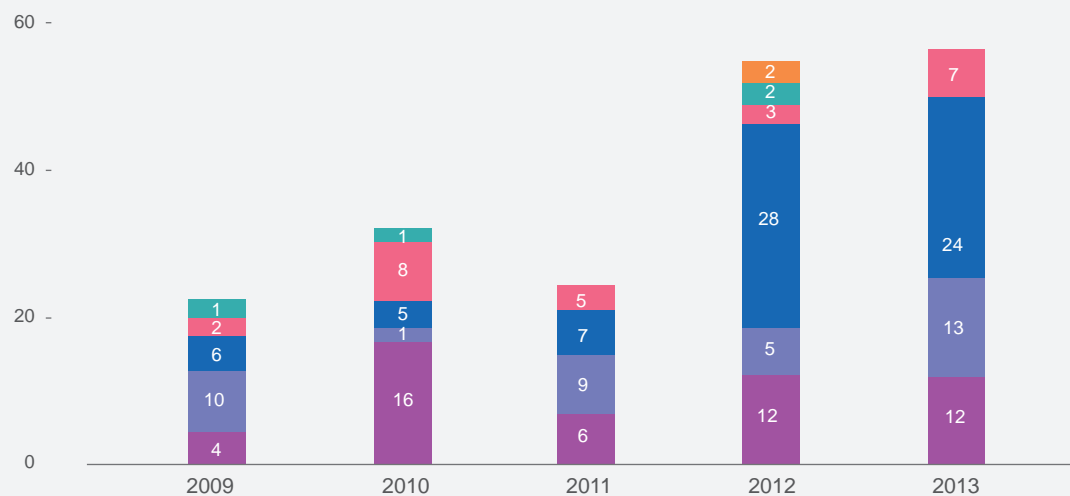
Turnover data for new employees

(Number of departures) (Turnover rate)



New employee turnover rate - by region

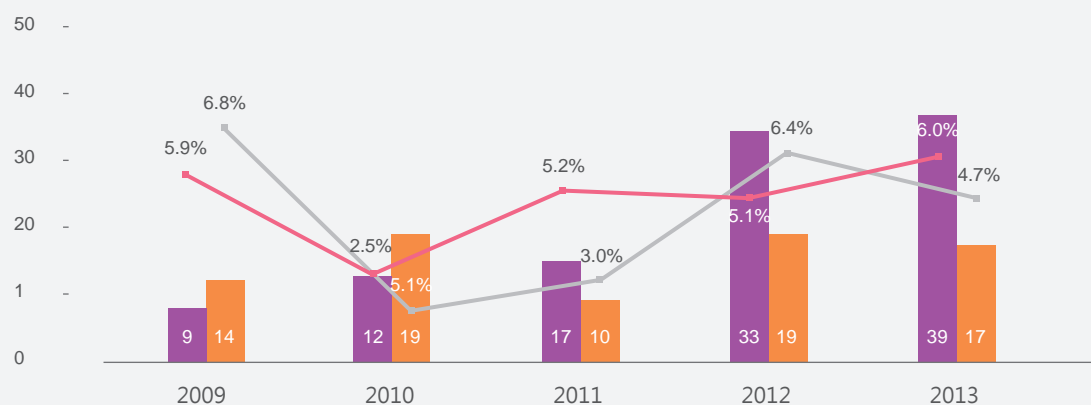
(Number of departures)



• Data for Asia excludes Taiwan and China

Turnover data for new employees - by gender

(Number of departures)



(Turnover rate)



7-2 Labor Rights

7-2-1 Human Rights and Anti-Discrimination

CAL complies with the core labor standards set out by the United Nations Declaration of Human Rights, the Global Compact and the International Labor Organization; we support the principle of liberty and equality. If there should be any threat to personal health and safety, discrimination, sexual harassment, forced labor or other forms of unequal treatment in the workplace, employees may report them through internal **channels**. The most rigorous standard in personal information protection will also be applied by the company to protect employees' right to report grievances confidentially.

CAL places a strong emphasis on preventing sexual harassment in the workplace. New employees receive thorough education and training, and the teaching materials are published on the corporate website for employee access. In the event of sexual harassment, employees may file a complaint through the anti-sexual harassment **mailbox** of the Human Resources Division. If the offender is a CAL employee, the Human Resources Division must conduct an investigation within 7 days of the report/complaint. The investigation is carried out confidentially with the offender and complainant notified of the results in writing. At least 1/2 of the review committee must be female. Disciplinary or other actions are taken based on the conclusions of the committee. Both parties may be provided with psychological counseling if necessary. If the offender is external personnel then CAL will assist the employee with filing a complaint, determining the applicable laws and providing legal assistance.

To give every employee an understanding of their rights as well as the company's policies and practices, all new employees are required to undergo training on employee rights/obligations and anti-corruption in their 2-day "China Airlines and I" orientation course. Employee human rights training consists of courses on chosen topics in human rights each year. In 2012, each employee received one hour of training on the "Employee Code of Conduct" that covered human rights, sexual harassment and anti-corruption. The "Online Survey in the China Airlines Lifestyle Protocol (including Employee Code of Conduct)" has a 100% participation rate. In 2013 there were no incidents of human rights violations or discrimination. There were also no violations of indigenous human rights.

China Airlines regulations on human rights

Document content



Employee Code of Conduct

Employees should support the company's policy on human rights by treating all colleagues equally and with respect, avoid violating the human rights of others or being complicit in human rights infringements. We must not only protect the human rights of employees on a policy level but also establish management mechanisms at an execution level to ensure that employees are properly taken care of and not subjected to coercion. Nor should race, gender, age, family circumstances, political bias or religious belief be used as criteria for the employment, assessment and promotion of employees.



Human Resources Manual/ Employee Complaints Regulations/ Sexual Harassment Prevention Complaints and Disciplinary Action Regulations

Explicit commitment to the protection of employees' human rights including basic regulatory requirements, freedom to work, humane treatment and prohibition on improper discrimination and sexual harassment.



Corporate Social Responsibility Policy - Ban on Child Labor

The employment of child labor under the age of 16 is strictly prohibited to ensure that there are no child labor under the minimum age; assigning juvenile workers to hazardous tasks is also prohibited for their physical and mental health/safety.



Anti-Discrimination Policy Course

In order to safeguard passenger rights operations personnel must undergo courses on anti-discrimination policy regarding handicapped passengers.

To respect feedback from employees, if employees feel that their rights have been harmed or handled improperly, a grievance can be filed with the responsible business unit or the Human Resources Division in accordance with the "Employee Grievance Regulations" according to the type and content of the grievance. If an employee wishes to dispute their response from the unit then they may file an appeal with the Human Rights Division. This ensures that employees' basic rights are protected. The most common grievances over the past 3 years have related to concession tickets.



Sexual Harassment Incident Statistics	2009	2010	2011	2012	2013
Number of Complaints	2	1	2	1	1
Confirmed Cases	2	1	1	1	0
Sexual Harassment Type	Physical, other	Verbal	Physical	Physical	Physical
Result	1.Administrative penalty 2.Transfer	Working environment improvement measure studied	Referred complaint to the offender's company for action	1.Administrative penalty 2.Transfer	Not confirmed

Appeal Statistics	2011	2012	2013
Performance	0	0	1
Concession Tickets	5	18	7
Leave	0	0	2
Disciplinary action	3	0	2
Occupational injury	0	1	1
Other	2	1	5
Total number of Appeals	10	20	18

Remarks : Grievance cases that fall under the Other category include slandering by colleagues, poor attitude from colleagues, appeals over returning to work and transfer after maternity leave and premature birth

7-2-2 China Airlines Union

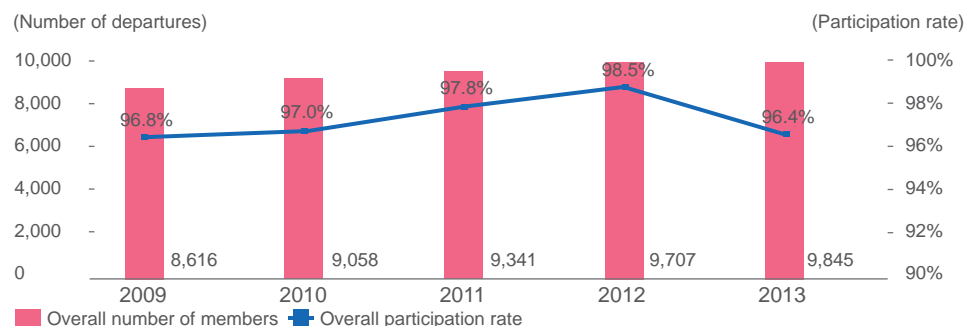
The "China Airlines Union" was established in 1988. In 2011 it was renamed as "China Airlines Labor Union" and is a member of the Chinese Federation of Labor. Under Article 14 of the Labor Union Act, tier-1 executives (vice president and above) may not be a part of the union as they represent the employer in exercising their authority so total number of employees eligible for union membership in 2013 was 10,216. Actual membership was 9,845 for an average participation rate of 96.4%. For those involved in union activities or part of the union cadre; CAL respects the right to freedom of association and collective bargaining of these employees. There have been no incidents of discriminatory treatment.

CAL supports the national labor policy by hosting regularly monthly employer-employee meetings at each facility, branch and the headquarters. Communication meetings are convened as necessary on specific issues to promote harmonious labor relations through better mutual communication and understanding. The negotiations at monthly employer-employee meetings cover work environment, work hours, working conditions, performance evaluation system, salary structure, annual bonus and concession tickets.

CAL actively works to protect employee rights and establish the principle of honest negotiations. A collective agreement was signed in 2002 containing clauses on union activities, employer-employee meetings and dispute resolution, employment and resignation, rest and leave, pay, stipends and bonuses, personnel changes, incentives and disciplinary action, welfare, training, safety and health. Collective agreements at CAL are for a period of 3 years and have been previously renewed in 2005, 2009 and 2012.

96.4% 2013 Employee Union Membership

Employee union membership statistics



Note : Number of employees refers to the number of registered members during the year; the statistics do not include part-time student workers, interns, contractors and personnel above the grade of vice-president.

7-2-3 Compensation and Benefits

CAL established an "Employee Welfare Committee" in 1967 to manage employee benefits. When it comes to compliance with labor legislation, CAL has introduced operating rules that surpass regulatory requirements in many areas. Our company's pension contribution rate was 7% under the old system and is 6% under the new system; employee participation under both systems was 100%. We offer unpaid leave due to illness, pregnancy, child-rearing, caring for dependents, continuing education and accompanying spouses on overseas assignments, to create a friendly workplace. In 2013 there were a total of 708 unpaid leave applicants for various reasons. CAL complies with government regulations on working hours and there have been no incidents of forced or coercive labor. The normal working hours for any 2-week period is limited to 84 hours. Employees that must work overtime due to extraordinary business demands are given overtime pay in accordance with the rules. There is no difference in the compensation of CAL on the basis of gender, race, religion, political bias or marital status. In addition to providing compensation that exceeds the legal minimum wage, CAL also conducts regular market surveys and reviews compensation policy to maintain the competitiveness of our overall compensation. When local minimum compensation are adjusted, we review our associated compensation standards as well and raise them when appropriate.

Salary Ratio for Men and Women

Salary Ratio for Men and Women		2009	2010	2011	2012	2013
Operations personnel	Salary	1.37	1.41	1.41	1.37	1.37
	Remuneration	1.27	1.36	1.27	1.20	1.24
Flight Crew personnel	Salary	1.88	1.85	1.91	1.96	1.99
	Remuneration	4.34	4.42	4.59	4.88	5.36
Maintenance personnel	Salary	1.17	1.23	1.21	1.20	1.17
	Remuneration	2.42	2.06	2.08	2.15	2.03
Other personnel	Salary	1.24	1.24	1.22	1.25	1.25
	Remuneration	1.58	1.65	1.58	1.59	1.75

Other : Includes executives above vice president, audit staff, finance, accounting, IT and other personnel not in the above categories

Salary : Basic salary; Remuneration: Payments other than the basic compensation



Annual Bonus

At the end of the year, annual bonuses are allocated from company profits



Profit Sharing

Employee dividends are issued based on employee performance during the year and company management targets



Leave Scheme

Surpasses the requirement set by the Labor Standards Act



Childcare Benefits

Preferential childcare contracts with 13 daycare centers throughout Taiwan to help employees solve problems with childcare arrangements



Employee Stock Ownership Trust

Participation is voluntary. Employees that agree to join the employee stock ownership trust are deducted a fixed amount from their monthly salary based on their pay grade. In 2013 there were 2,141 trust participants and the trust held approximately 0.8% of company shares.



Caring for dependents

For if an employee's spouse or direct relatives are seriously ill or when necessary



Illness

Where an employee is still not physically recovered after using up all available sick leaves



Advanced study

All employees regardless of school and program

Unpaid leave



Commuting

In addition to fixed-time, fixed-location commuter buses, there are also special buses for shift workers, flight crews and handicapped employees. Service coverage includes Keelung, Taipei City and New Taipei City to Taoyuan and Zhongli.



Employee Welfare

Marriage gift, childbirth gift, disaster assistance, travel assistance, employee and offspring scholarship, Senior Day gift, emergency loan, birthday gift, Labor Day gift voucher / gift money, bereavement assistance



Retirement Scheme

- Employees in the general track after 10 years of service
- Employees in the specialist track with at least 10 years of service and have reached the age of 54



Retiree Association

Assisted retirees and employees with establishing a global China Airlines retiree association as well as the "China Airlines Retiree Portal" website.



Group Health Insurance

Medical, accident and serious illness insurance. Dependents receive discounts for group insurance as well







Concession Tickets

Employees, their spouses, parents and offspring enjoy free and discounted CAL tickets to more than 50 global destinations around the world. These can also be used with code-share concession tickets from other airlines to travel all across the world and Taiwan.

Salary, Benefits and Pension	2009	2010	2011	2012	2013
Salary Amount (TWD)	\$10,430,950,000	\$13,392,230,000	\$11,438,960,000	\$11,438,960,000	\$11,39,880,000
Benefits Amount (TWD)	\$128,570,000	\$105,230,000	\$118,190,000	\$112,160,000	\$159,260,000
Total Pension Fund (TWD)	\$2,143,340,000	\$2,436,790,000	\$2,528,500,000	\$2,673,810,000	\$2,486,700,000

7-2-4 Unpaid Parental Leave

CAL is cooperating with the government policy on unpaid parental leave by encouraging employees who fit the criteria to apply. For employees who do not return from unpaid leave or leave less than a year after returning to work, the main reasons are either family commitments or change of career. CAL surpasses the Gender Equality in Employment Act by allowing male employees to apply for 3 days of paid paternity leave before and after their spouse gives birth. When paternity leave coincides with business leave, public holidays or national holidays, they can be used within one week of the day following the end of business leave.

 Unpaid Parental Leave	 Female	 Male	 Total
Number of people who qualified for unpaid parental leave in 2013 (A)	582	518	1,100
Actual number of applicants for unpaid parental leave in 2013 (B)	382	25	407
Unpaid parental leave application rate in 2013 (B*100/A)	65.6%	4.8%	37.0%
Number of people yet to return from unpaid parental leave in 2013 (C)	274	15	289
Number of applicants for return from unpaid parental leave in 2013 (D)	268	15	283
Unpaid parental leave return rate in 2013 (D*100/C)	97.8%	100%	97.9%
Total number of people who returned from unpaid parental leave in 2012 (E)	243	9	252
Number of people still working a year after returning from unpaid parental leave in 2012 (F)	227	9	236
Unpaid parental leave retention rate in 2013 (F*100/E)	93.4%	100%	93.7%



7-3 Cultivation and Skills Development

7-3-1 Overview

We are committed to providing all employees with systematic and professional training, development and instruction. Appropriate resources are therefore continuously provided so every employee can acquire the skill sets and knowledge to effectively carry out company tasks. These also serve as a basis for improvements in professional ability. CAL's policy goals for education and training are:

- + Establish internal database of training materials and internal training cases to provide the resources for future training.
- + Cultivate mid- and high-level management, low-level cadres and new employees to ensure that all personnel are qualified for their positions.
- + Emphasis on skills training for front-line personnel in order to provide high-quality human resources and guarantee the quality of service.

We have established a "Training Advisory Committee" to oversee the annual education and training plans for all employees based on the requirements of education & training operations, customer requirements as well as the applicable laws and regulations. The top priority of CAL's training program is the strategic objective of "enhancing professional skills". Training takes place under the framework of the "CAL Lecture Hall" to ensure that all employees have the necessary professional skills, and to improve them. Over 98% of overall training targets were met in the past 3 years and the pass rate for professional skills training was 95%. CAL actively encourages employees to attend the training courses under the Bureau of Employment and Vocational Training's "Industrial Human Resource Investment Program". The accredited and non-accredited courses completed by employees are entered into the external training records of the E-learning system. Employees also receive subsidies for course fees.

Cultivation and Skills Development

Strategic Skills

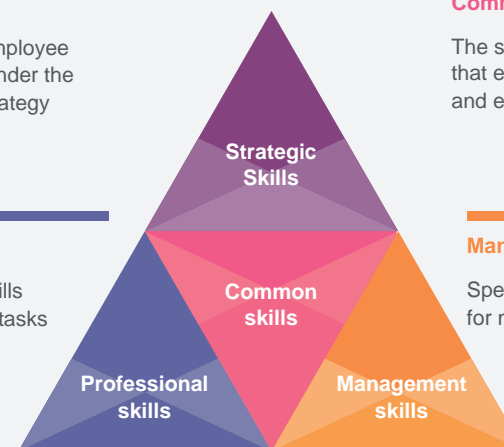
The abilities needed by employee to carry out action plans under the company's competition strategy

Professional skills

Specialty knowledge or skills required in certain jobs or tasks

Common skills

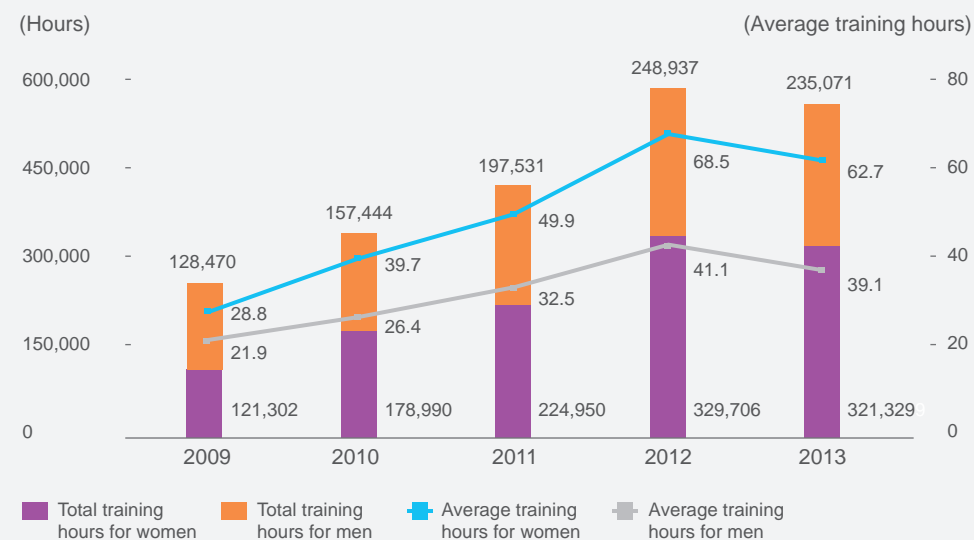
The skills, knowledge and behaviors that each employee should possess and exhibit



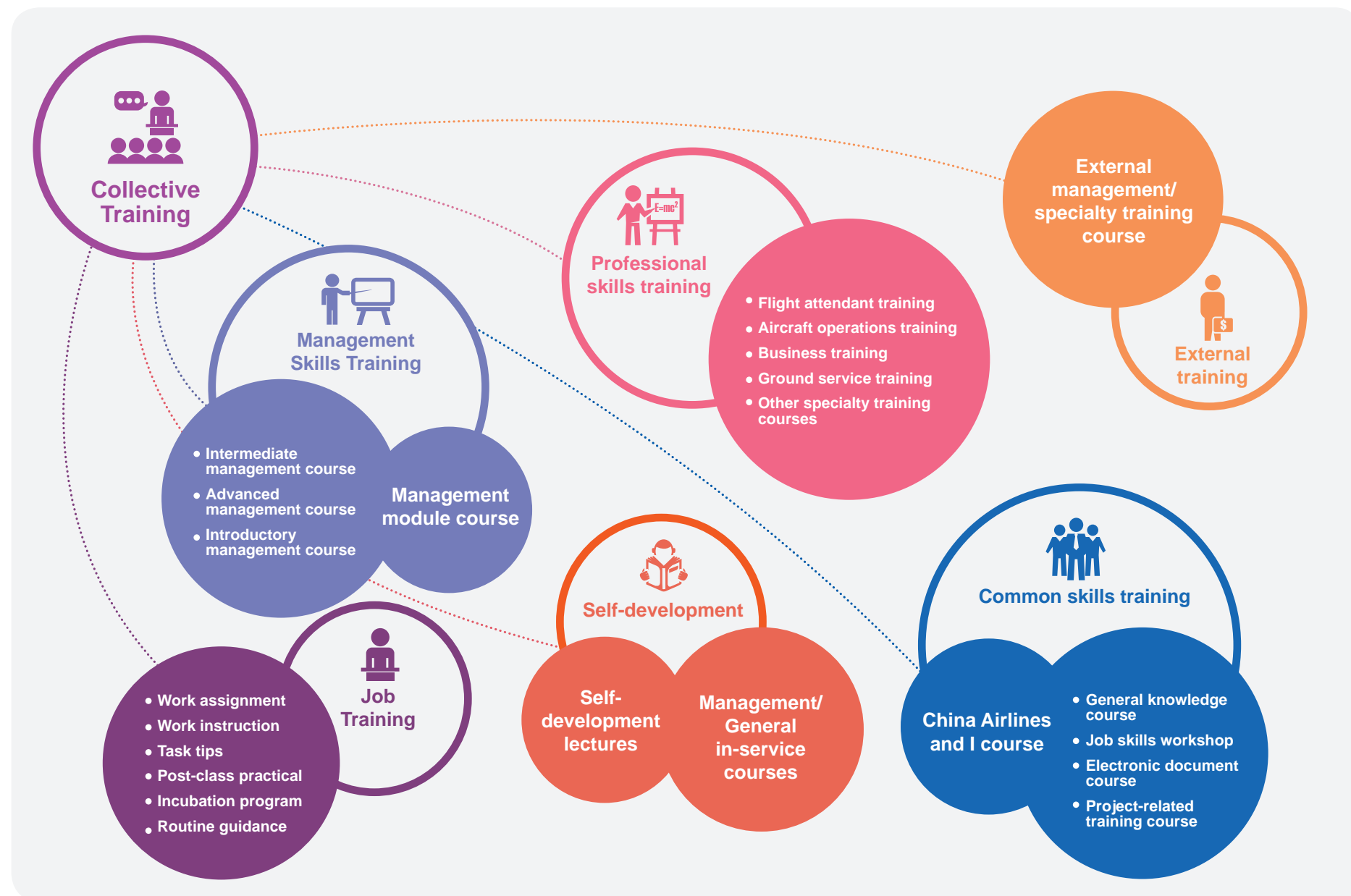
Manage

Specialty knowledge or skills required for management positions

Training hours - by gender



Education & Training Course Structure



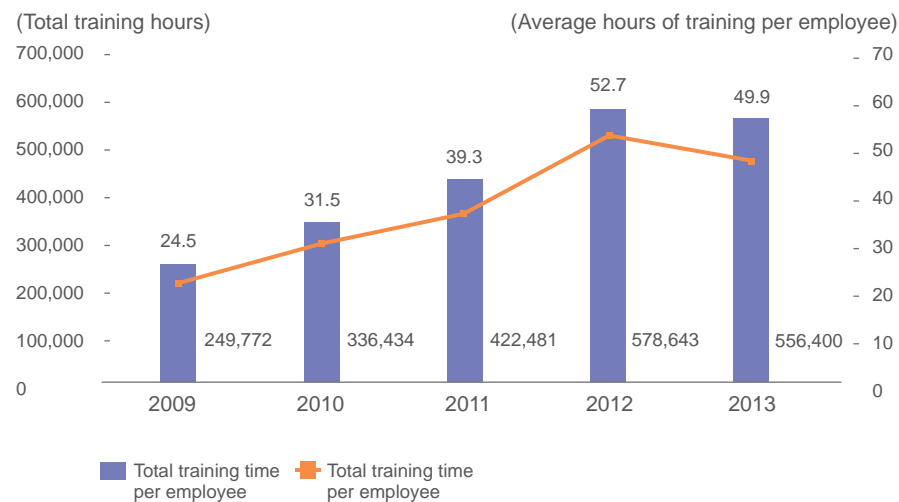
Professional Training Courses



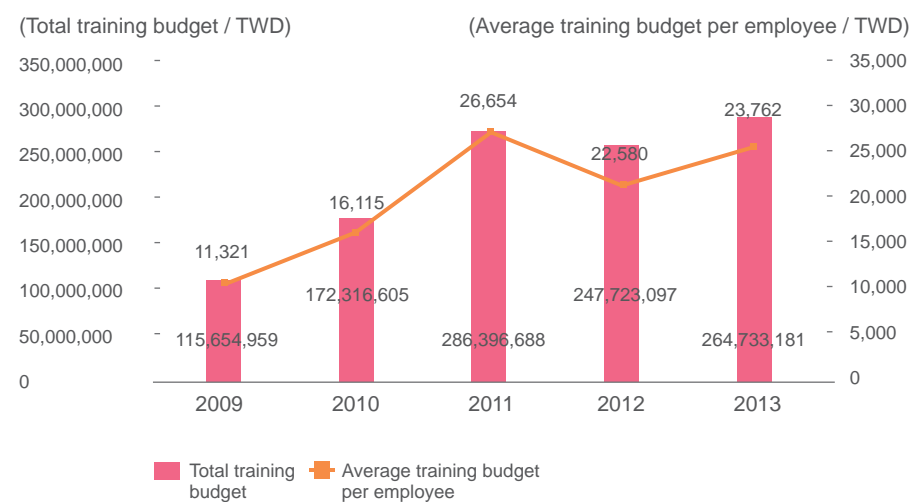
Employee Training Summary	2009	2010	2011	2012	2013
Total number of training courses	12,675	13,692	18,226	24,926	23,715
Total training time (hours)	249,772	336,434	422,481	578,643	556,400
Average hours of training per employee (hours)	24.8	32.1	39.9	53.3	49.9
Total amount of external training subsidies (TWD)	1,900,000	950,000	1,349,740	2,490,630	2,854,450
Total training costs including foreign stations (TWD)	115,654,959	172,316,605	286,396,688	247,723,097	264,733,181
Average training budget per employee (TWD)	11,475	16,433	27,075	22,798	23,762
Training completion rate (%)	96.3	98.3	98.8	98.5	98.8

- The above statistics do not include external training
- Total of amount of external training subsidies is provided by the Bureau of Vocational Training and the China Aviation Development Foundation
- Completion rate: Pass rate for internal training (including physical and online courses) with the denominator being the sum of voluntary registrations (optional course) and training assignments (compulsory course)

Employee training hours per year



Annual training budget



Training by type		2009	2010	2011	2012	2013
Operations	Total training time (hours)	24,133	25,382	56,027	59,139	76,590
	Average training time (hours)	8.6	8.2	17.8	18.6	23.7
Flight Crew	Total training time (hours)	169,325	253,781	298,774	450,779	415,283
	Average training time (hours)	52.3	76.1	91.2	126.2	109.8
Maintenance	Total training time (hours)	44,348	37,267	34,753	39,295	44,632
	Average training time (hours)	21.4	17.4	16.0	17.9	20.0
Other	Total training time (hours)	11,966	20,004	32,927	29,430	19,895
	Average training time (hours)	6.1	10.4	16.7	15.3	10.5

- Other : Includes executives above vice president, audit staff, finance, accounting, IT and other personnel not in the above categories

7-3-2 Pilot Training



The pilot training system at China Airlines offers APQ bridging courses for flight crews from different backgrounds so they can make a smooth transition to large civil aircraft training and go into aircraft transition training. To build up real-world experience, actual hands-on training is arranged during IOE training. Proficiency Training (PT) is scheduled every 6 months targeted at common flight crew and seasonal considerations in order to strengthen crew skills, prevent accidents before they occur and enhance flight safety. For testing, two simulator checks are organized every year. The content of the tests are based on flight crew training and the test plans approved by the Catfight crews who fail their route or simulator tests are temporarily suspended from flying duties. Normal assignments may only resume after they undergo remedial training and pass testing.

7-3-3 Flight Attendant Training



Cabin service at China Airlines comes from the “heart” and the upholding of SOP+. We provide service quality that exceeds customer expectations by taking responsibility. Service process reviews and improvements are carried out with the support of internal Mystery Shopper operations by service quality assurance companies. This led to a 1st place in the international aviation category of the 2013 GVM Service Industry Mystery Shopper Survey. We also took part in the SKYTRAX “Ranking and Star Rating” assessment with improvements made to related products and services.

To enable cabin crews to deliver service quality that “Satisfies customer needs and expectations”, all must undergo strict training according to the “Cabin Crew Training Handbook” issued by the company. They must also possess the ground knowledge and flight service skills for each aircraft model, as well as understand their roles and responsibilities under extraordinary and emergency situations.

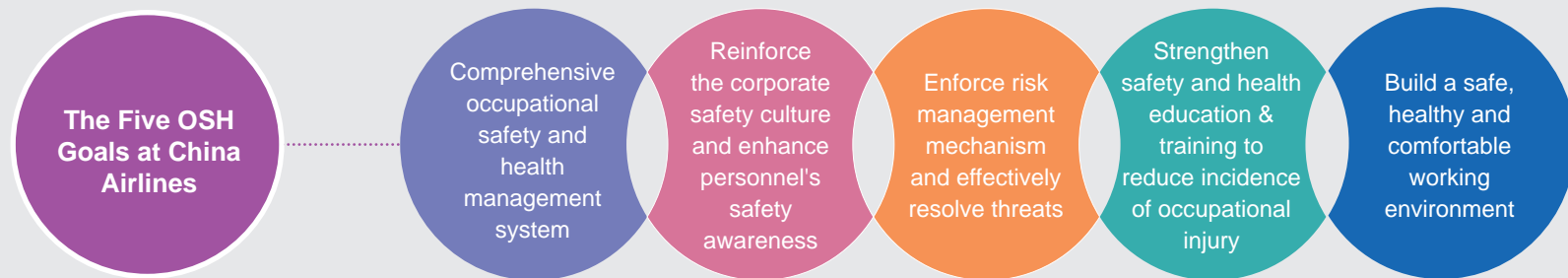
Flight attendant training course description and statistics	Flights	Number of people who completed training
New flight attendant training	9	207
Cabin crew service refresher training	126	2,514
Cabin crew refresher training	137	2,592
Purser training	11	268
Purser promotion training	4	81
Purser qualification training	4	85
All cabin training	12	259
All cabin reinforcement training	5	64
First class training	1	24
Business class training	15	292
Cabin crew rehabilitation training (24 ~ 48 months break in air service assignments)	9	9
Cabin crew rehabilitation training (6 ~ 24 months break in air service assignments)	12	166
Cabin crew rehabilitation training (3 ~ 6 months break in air service assignments)	2	124
Fatigue management regulations training	10	2,716
Total	357	9,401

7-4 A Healthy and Safe Workplace

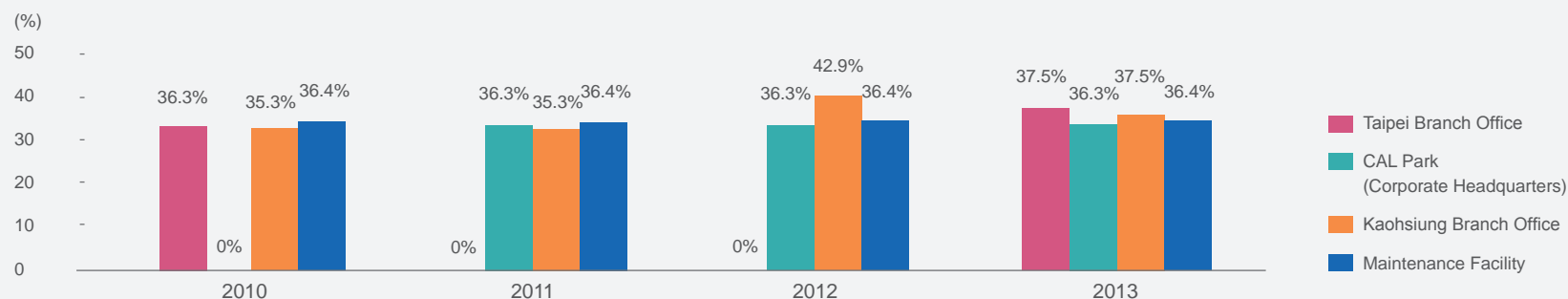
7-4-1 Occupational Safety and Health Committee

China Airlines has established an Occupational Safety and Health (OSH) Committee as required by law for defining a safety and health management plan as well as the execution of OSH management, operating environment testing, self-inspection, safety education & training, contractor safety & hygiene management, employee healthcare and health promotion. Apart from providing appropriate care to employees involved in occupational disasters and carrying out injury & sickness management, the OSH Committee is also responsible for accident investigation, statistics and analysis. It works with the relevant units to track the implementation of corrective actions to prevent further recurrence.

The OSH Committee is chaired by the company president. There is also a deputy chairman, a secretary and a director. The committee is made up of designated tier 1 unit executives, safety & health professionals, engineering personnel, medical personnel and union representatives (accounting for at least 1/3 of total committee membership). The OSH Committee is convened every 3 months with OSH units reporting on OSH operations; briefings on occupational injury statistics, analysis and comparisons; as well as the safety and health management plan proposed by the unit where the accident occurred.







Proportion of Labor Representatives in the OSH



- Headquarters only moved to the CAL Park in Taoyuan in March, 2010, so there are no statistics for CAL Park (HQ) for 2010.
- Headquarters moved to CAL Park in Taoyuan in March, 2010, leaving only a partial complement at the Taipei branch office. OSH Committee meetings were therefore consolidated with those held by the CAL Park (HQ) in 2012 and 2013
- In 2013, Taipei Branch Office set up its own OSH unit and OSH Committee so began convening its own OSH Committee meetings

OSH Committee Focus in 2013

Item	Execution
 OSH Committee In-service Training	<ul style="list-style-type: none"> • At the 2nd and 4th OSH Committee meeting in 2013, the "H7N9 Quarantine Report" and "Summary of Amendments to the Occupational Safety and Health Legislation" were presented based on current affairs in quarantine and occupational safety legislation.
 Installation of AED emergency first-aid equipment in the workplace	<ul style="list-style-type: none"> • In accordance with the "Management Regulations Governing Essential First-Aid Equipment in Public Spaces", AED equipment was installed in CAL's Taoyuan, Taipei, Kaohsiung and Maintenance Facility offices. The relevant personnel were also trained in first-aid and AED use/management.
 Employee Dietary Health	<ul style="list-style-type: none"> • All cafeterias and cafes operated by CPCS in CAL Park are required to use new Type 5 cup covers that have passed internal safety certification. • All cooking oil used by employee cafeterias in Taipei, Taoyuan, Kaohsiung and maintenance facilities were inspected and required to conform with the FDA' list of approved oil products. Contractors were also required to sign a written declaration to protect the dietary health of our employees.
 Employee Road Safety during Commute	<ul style="list-style-type: none"> • Assisted with resolving the problem with traffic signal timing turning left at Hangqin N. Rd. to the service station to prevent accidents involving employees traveling to work. • Added 46 parking spaces in CAL Park and laid out lines of movement. • Installed "Look Right for Oncoming Traffic" at the Hangqin N. Rd. exit to ensure employee safety when traveling to and from work.

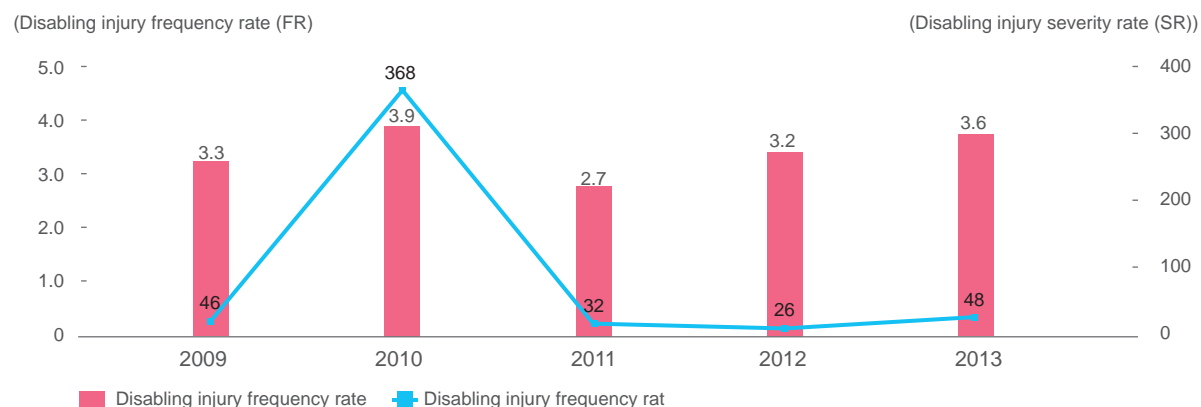
7-4-2 Occupational Safety and Prevention

In accordance with government legislation, China Airlines has not only drawn up a comprehensive safety & health management plan to ensure appropriate safety & health management but also implemented rigorous self-inspections and environmental monitoring/inspections of operating sites. Examples of occupational injury were also used for education and reinforced through safety & health training. The significant increase in severity of disabling injuries and lost work days in 2010 was due to a technician from the Apron Maintenance Team being hit and killed by a power cart on October 8th. In response to the accident, China Airlines has made improvements to dynamic flows of service personnel and stepped up education on safe operations to prevent further misfortune.

China Airlines complies with government regulations in adopting project controls and administrative management for hazardous operations. Employees are also issued personal protective equipment. We also continue to conduct employee health exams, operational environment monitoring and psychological counseling to reduce rates of occupational disease. In 2013, the overall disabling injury frequency rate (FR) was 3.59, the disabling injury severity rate (SR) was 48, and absentee rate (AR) was 1.08%. In 2013, the number of disabling injuries was 12% higher than 2012 and the number of lost work days increased by 451. These increases were due to cabin crews encountering unexpected turbulence. To achieve the target of keeping FR below 3.32 and SR below 40, the company is continuing to aggressively enforce our occupational safety management policy.

For safety and health training and emergency response training, China Airlines carries out mandatory safety & health training for new and current employees. To reach all employees through in-service training, safety & health teaching materials have been produced for E-Learning; organic firefighting team training and drills are conducted every six months to improve our ability to respond to disasters. If drills or accident reviews identify weaknesses in the "Emergency Response Plan", or when revisions are necessary due to similar disasters in Taiwan or overseas, the changes are promptly made by China Airlines. Training and education are then conducted as well.

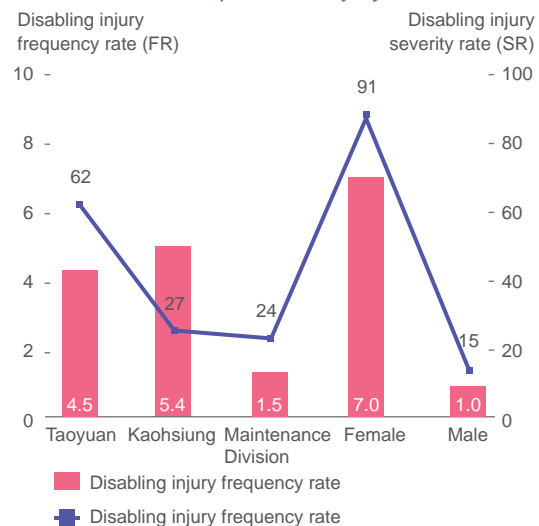
Annual Occupational Injury Data



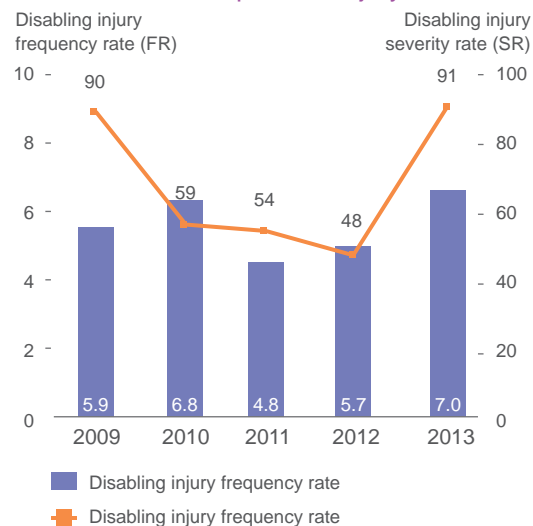
- 2013 FR calculation: $(\text{Total number of disabling injuries during the year} \div \text{Total work hours}) \times 1,000,000$
- 2013 SR calculation: $(\text{Total number of days lost during the year} \div \text{Total work hours}) \times 1,000,000$



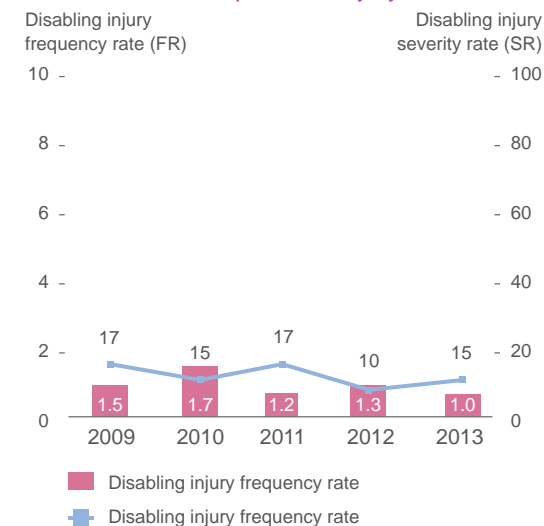
2013 Occupational Injury Data



Female Occupational Injury Data



Male Occupational Injury Data



Absentee Rate	2009	2010	2011	2012	2013
All - Male (%)	0.44	0.43	0.43	0.38	0.31
All - Female (%)	0.70	0.71	0.77	0.83	0.78
Taoyuan - Male (%)	1.47	0.39	0.39	0.33	0.31
Taoyuan - Female (%)	4.00	0.91	0.99	1.13	1.08
Kaohsiung - Male (%)	0.21	0.17	0.19	0.24	0.14
Kaohsiung - Female (%)	0.58	0.59	0.82	0.68	0.82
Maintenance Facility - Male (%)	0.72	0.55	0.54	0.50	0.38
Maintenance Facility - Female (%)	0.04	0.05	0.04	0.03	0.08

- Calculation of total work hours for 2013: Total number of employees for the year x Total number of work days for the year x number of work hours in 1 day
- Absentee Rate calculation: Absentee days = Total SR = Total occupational injury leave for all employees + Ordinary non-hospitalized sick leave + Ordinary hospitalization sick leave + Menstrual leave
- 2013 AR calculation: (Absentee days ÷ Total number of work days) × 100%

7-4-3 Comprehensive Health Exam

China Airlines provides employees with health exam coverage and frequencies that surpass labor health protection guidelines. In 2013, 98% of ground service employees in Taiwan underwent health examinations. The other 2% either paid for their health examination at another hospital or were on medication due to illness. Between 4 ~ 6 health promoting events are organized every year and in 2013 a total of 570 people attended. Practical CPR and AED training as well as E-learning for all personnel were carried out to raise first-aid skills. Regular first-aid training was also organized at each unit.

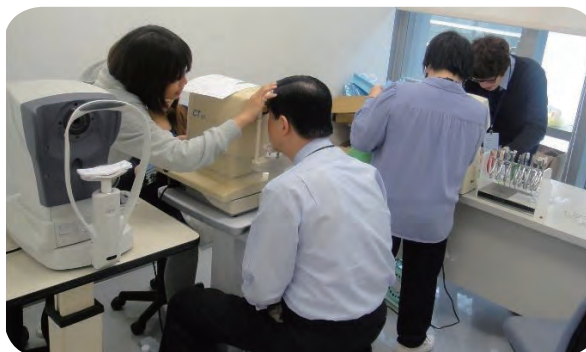


Weight Loss for All



Mammogram

2013	2012	2011	2010	2009
98% health exam attendance 301 people took part in New Vision 104 people took part in Flu vaccination at own expense 93 people took part in Mammogram 38 people took part in Personal Medical Consulting 34 people took part in Stress-Relieving	95% health exam attendance 340 people took part in Cancer Prevention Tips 42 people took part in Traditional Chinese Medicine Health and Beauty Lecture 41 people took part in Flu vaccination at own expense 17 people took part in Quit Smoking to Win	95% health exam attendance 372 people took part in Weight Loss for All 178 people took part in My Date with Annie 55 people took part in Flu vaccination at own expense	95% health exam attendance 201 people took part in Cancer screening 141 people took part in New Sights 7 people took part in Flu vaccination at own expense	95% health exam attendance 840 people took part in H1N1 flu vaccination 92 people took part in Flu vaccination at own expense 47 people took part in H1N1 Flu Prevention



New Sights



Flu vaccination

7-4-4 Psychological Counseling

China Airlines offers professional psychological counseling. Every employee can use company-paid professional psychological counseling services up to 6 times a year. They can choose to consult with consultant counselors or physicians (with at least 5 years of practical experience).

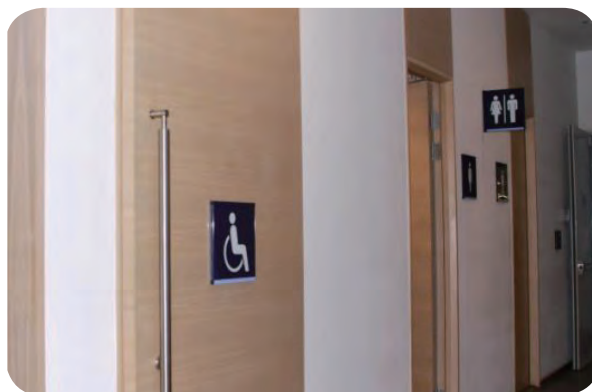
Employee psychological counseling statistics	2013	2012	2011	2010	2009
Frequency	66	59	67	73	72
Hours	122	100	128.5	118	138

7-4-5 Friendly Workplace and (Leisure) Space

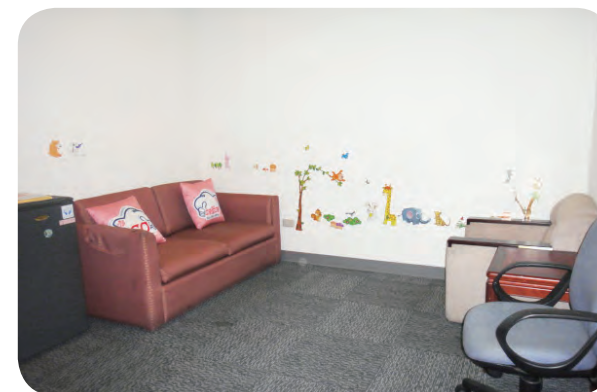
CAL Park offers a relatively well-equipped and comfortable work environment. Apart from the variety of dining options offered by employee cafeterias, there are also convenience stores, a laundry department, swimming pool, table tennis hall and other facilities available for employees. Clubs for badminton, softball, mountain climbing, table tennis, basketball, golf, yoga and Tai Chi have also been formed to help employees unwind. Dedicated parking and toilet facilities are provided for handicapped employees. Breast-feeding rooms are also available for employees.



Handicapped employee parking space



Handicapped employee toilet



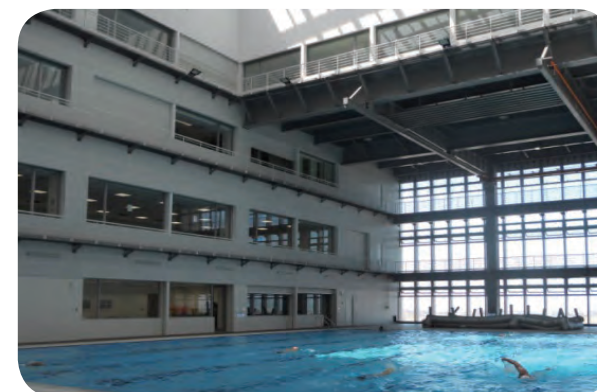
Breast-feeding room



Songshan Park badminton court



Employee cafeteria



CAL Park training pool

Caring for Society

- Giving back to society through culture -





CAL Sports Sponsorship in the Last Three Years

2013

- Set up "China Airlines Cheerleading Team"
- Asia Series
- OEC Kaohsiung Mens ATP Challenge
- Sunrise LPGA Taiwan Championship
- OEC Taipei Ladies Open

2012

- Chinese Taipei Sailing Association Bangkok Sailing Competition
- ESPN "Cheering for Jeremy Lin"
- OEC Taipei Ladies Open

2011

- Little League World Series
- LPGA Taiwan Women's Open
- Golf Association of R.O.C. Junior Training Program
- OEC Taipei Ladies Open



Taiwan's Hero Wei-Yin Chen

Chen Wei-Yin Baseball Scholarship

All royalties from the new inspirational book Will Win, Chen launched by Wei-Yin, Chen for charity will go towards the "Chen Wei-Yin Baseball Scholarship" for students with potential from elementary to senior high school. CAL invited Chen to experience our aircraft simulator and also purchased 100 copies of his new book to do our part for society.



Basketball Camp Jeremy Lin

Fun Basketball Camp

In August, 2013, the Fun Basketball Camp of Jeremy Lin, the former point guard for the Houston Rockets, gave the special instructions to 30 children from Zhuwei Elementary for an unforgettable 1-hour basketball camp.



China Airlines Supports Chinese Taipei CAL Cheerleading Team

Promoting Sports Together

CAL recruited 30 employees with basic dancing skill, interest in public welfare and sporting competitions to form the CAL Cheerleading Team. Based around the concept of "China Airlines supports Chinese Taipei Heroes", we have partnered with elite Taiwanese tennis player Hsieh Suwei and U.S. Major League baseball star Chen Wei-Yin to promote sporting activities together.



"CI Beauties" cheerleading team 

8-1-2 Cultivating Junior Baseball Players

It is easy to feel that there is not much one person can do for public welfare. I had thought about helping indigenous people even before playing softball but I never did do anything about it. An old saying goes well, "Making something happen takes the right person as well as the right time, place and people."

Chuang Sheng-hsiung, Engineering Division.

The story has begun since 2011 when Manager Wang Yu-shang traveled to Taitung to visit Taoyuan Elementary School and took the first step in supporting baseball development in indigenous area. The school buildings at Taoyuan Elementary School were very old. They only had a rough running track and no playing field of their own. We decided to stick to the principle only bringing aid where it's needed.

We provided funding to Taoyuan Elementary School so they could play baseball happily and do basic training without worrying about the score; we then provided funding to Taoyuan Junior High School so that students who want to keep playing baseball do not have to leave their hometown. This indirectly helped students' parents and their whole village as well, making them feel that they have not been abandoned. In 2014, we plan to visit the third indigenous school baseball team in remote areas : Fazhi Elementary School, which is in Ren-ai Village, a Bunun tribal area in Nantou County.



8-2 Grassroots Education





8-2-1 Aviation and English Education

CAL has long been committed to community relations building. Regular English education events are used to share aviation knowledge with students at Zhuwei Elementary School and Xihai Elementary School in Dayuan Township. Since December 2011, CAL has set up a team of volunteers, which is made up of pilots and flight attendants. Instructor Yeh Tzu-min, from Flight Operations and flight attendants, visited Zhuwei Elementary School to host interactive education sessions on both aviation and English with students in each grade. In September 2013, the teaching program was extended to include Xihai Elementary School. 24 pilots and flight attendants have been recruited as volunteers to teach flying knowledge and English at Zhuwei and Xihai elementary schools in Taoyuan County each month.



8-2-2 Love Goes Around

The skipped generation parenting is a result of many indigenous children's parents working in other cities. Since March 2014, flight attendants have voluntarily adjusted their rosters to visit indigenous elementary schools in the Taoyuan and Hsinchu regions on their days off to share their flying experiences. 16 flight attendants with indigenous backgrounds were also invited to take part. Our employees shared their own flying experiences with indigenous children, most of whom had not flown before, and helped them broaden their horizons.

Service Target	Class Name	Volunteers/Hours	
Jiaxin Elementary School, Hsinchu	Introductory Flying Etiquette	11 people/ 3.5 hours	
Jianshi Elementary School, Hsinchu	Introductory Flying Etiquette and Introduction to Air Services	26 people/ 3.5 hours	
Dong-ao Elementary School, Yilan	Introductory Flying Etiquette and Introduction to Air Services	40 people/ 3.5 hours	
Jinping Elementary School, Hsinchu	Introductory Flying Etiquette and Introduction to Air Services	43 people/ 3.5 hours	

8-2-3 Cabin Scenario Classroom



This conversation did not take place on a CAL's flight. It was engaged in by children of Dadu Elementary School in Hengshan Township, Hsinchu County. They were having fun practicing conversational English in the English scenario classroom, where furnished with airline seats donated by CAL. CAL provided equipment from the cabins of our Boeing 747-400 fleet to schools for establishing scenario classrooms. These included obsolete cabin seats and life jackets that can be used for teaching. We also donated other cabin supplies such as trolleys, pillows, blankets, books, newspapers, magazines and life-saving cards. Until now, 17 schools of all levels have accepted donations of cabin equipment from CAL. The donations of cabin equipment will hopefully help the seeds of aviation education take root and grow in Taiwan.



Value of Materials
\$133,600

Donation Recipient

Most of the material came from cabin seats. This was based on their residual value as waste scrap.

Donated Materials and Quantities

- China University of Science and Technology
- National Kaohsiung University of Hospitality and Tourism
- Vanung University
- Lunghwa University of Science and Technology
- Tungnan University
- Taiwan Hospitality & Tourism University
- National Peitou Senior Home Economic & Commercial Vocational High School, Changhua
- Xihu Senior High School, Changhua
- Xizhou Junior High School, Changhua
- Zhuqi Elementary School, Chiayi
- Dadu Elementary School, Hsinchu
- Dongxin Elementary School, Taipei City
- Sanxing Elementary School, Taipei City
- Minquan Elementary School, Taipei City
- Chenkaang Elementary School, Taoyuan
- Min-an Elementary School, New Taipei City
- Changpin Elementary School, New Taipei City

295
cabin seats

36
meals

177
life vests

74
life-saving cards

• Only important items listed

8-2-4 CAL Cooking Challenge

The “1st CAL Creative Cooking Challenge” was held in 2013 with competitors asked to design and produce in-flight meals from “local, green and creative” ingredients. Nearly 50 teams of college students in hospitality and food-related programs entered the competition. The top 3 teams not only received a cash prize but also corporated internship opportunities offered by CPCS.



8-2-5 CAL Park Tour

The CAL Park tour includes the simulator classroom, pilot training departments, flight attendant training cabin, museum, maintenance facility, bartender classroom, etiquette classroom, emergency escape training and swimming pool. The tours are led by CAL personnel who also provide introductions, demonstrations and DIY activities. One of the key goals is to showcase the rigorous flight attendant training system at CAL to the outside world.



Visit by Chenkang Elementary School



Visit by Kuolin Elementary School

8-2-6 Summer Camp

CAL hosted the “Junior Cabin Crew Camps” in January 2014, to give children a peek into the work of flight attendants through a half-day course. CAL also organizes “Junior Cabin Crew Camps”, “I Love My Kid Camp”, “I Love Mommy Camp” and “Pilot Camp” to satisfy every heart that yearns to fly.



Junior Cabin Crew Camps



I Love My Kid Camp

8-3 International Rescue

The Way Home

Holly Raper was a young English girl who chose Australia as the destination for her overseas photo trip. It was all great fun until she fell off an ATV on a farm and suffered serious head injuries. After more than 3 months of treatment, Ambulance Private determined that Holly's condition had finally stabilized. Holly's parents therefore decided to take her home to London. As there was no direct flight from Sydney to London, the medical team eventually decided to transit through Taipei. Extensive equipment and facilities were provided by CAL to ensure that Holly received proper care during her flight. During the stopover, CAL set up a temporary medical station on the apron and also negotiated for a shortening of the time-consuming safety inspection process. The airport VIP lounge was made available to Holly's parents and the medical team so they could rest during the stopover.



Homecoming

Benita left the Philippines by herself 19 years ago to work as a nanny in Austria. There she fell in love with an Austrian man and gave birth to three daughters. Not every story has a happy ending. While Benita was giving birth to her youngest daughter, her partner disappeared and left no money. This put Benita in very serious economic difficulties. Later on, Benita also lost her job because her employer no longer needed a nanny. Fortunately for her, she found work as a pharmacy cleaner but her youngest daughter passed away due to meningitis. Due to her financial difficulties, Benita had never returned home to the Philippines to visit her family. This was the wish she made every year but she just couldn't save up enough money to buy the ticket home. To help Benita fulfill her wish of returning home to visit her mother, CAL donated return tickets to Manila for Benita and her two daughters.



Disaster Relief for Japan

CAL launched an internal fundraiser to support disaster relief efforts in Japan. Employees at CAL and Mandarin Airlines voluntarily donated 1 ~ 7 days of their pay, and raised NT\$7,935,565. All of the money was donated to a dedicated account at the Tourism Bureau to assist with the recovery of the related industries in Japan. The Tohoku Earthquake and tsunami caused the worst devastation in Japan's northeast region in a century. Emergency assistance was urgently needed throughout the region. CAL subsequently shipped 9,996 disaster relief items weighing 194.53 tonnes through 21 flights in our role as a bridge for mutual assistance between the people of Taiwan and Japan.



8-4 Tourism Promotion

8-4-1 Parade Floats in the U.S

CAL began attending the Rose Parade in 1987 and has been a participant for 28 consecutive years. Every year, we follow the theme of the parade and highlight the unique features of Taiwan. This has resulted in many international first-place prizes. By presenting the beauty of Taiwan on the international stage, we introduce more people to Taiwan and CAL.

8-4-2 New Eco-Travel Routes

New routes are now on the horizon! At the end of 2013, CAL launched the new Taoyuan-Shandong-Weihai route to stimulate cross-strait business exchanges and tourism. Weihai City has a unique, winding coastline and the local Cape of Good Hope is the first part of the Chinese-speaking world to see the sun rise from the sea. It is therefore also known as the "Place where the Sun Rises". Weihai City had previously won the United Nations "Best Practice for Improving Human Settlement Award" making it an excellent eco-tourism destination. CAL is the airline with the largest market share in cross-strait routes and has an extensive network. The addition of Shandong-Weihai increases cross-strait destinations to 27 nodes with 115 weekly return flights, providing more options for cross-strait tourism and business trips.



2014 Time for Taiwan



Yushan Mountain, Alishan Mountain and Taipei 101 form the base, and are then decorated with colorful orchids, irises, roses and chrysanthemums. These are complemented by 7 hot-air balloons featuring auspicious traditional patterns such as the Dragon and Phoenix, Gold and Jade, and Welcome Wine to showcase the tourism highlights of Taiwan.



2013 Cycling Through Paradise



The "Tse-en Tower" at Sun Moon Lake provided the core design for a 55-foot long medium-sized float. This North American festival was used to promote Taiwan's image as a destination for "Bicycle Tourism" on the international stage.



2012 Spirit of Prosperity and Harmony



The CAL float uses the "Spirit of Prosperity and Harmony" concept from the I-Ching to complement the coming of the Year of the Dragon. It is also a prayer for good weather and fortune in the coming year.



8-4-3 Liveried Aircraft

CAL feels that it is our responsibility as the leader of the aviation industry in Taiwan to use aircraft bodies as a platform for promoting the best features of Taiwan. As the leading airline brand in Taiwan, we actively promote Taiwan's creative power and identity. To this end, we designed aircraft livery based on Taiwan's cultural creativity to continue promoting Taiwan in international networks and help Taiwan tourism reach new heights.

Part 1 Love & Hug Liveried Aircraft [YouTube](#)

We partnered with Jimmy Liao to bring his illustrations to the body of a Boeing 747-400 passenger aircraft. Based on the concept of "A journey begins with a big hug", endangered animals join innocent children on the aircraft body in caring for the world and demonstrating their love for the land.

Part 1 Time for Taiwan Liveried Aircraft [YouTube](#)

We partnered with the MOTC Tourism Bureau to launch the "Time for Taiwan Liveried Aircraft" that used lively techniques to highlight the six key themes in Taiwan tourism: LOHAS, Ecology, Romance, Food, Shopping and Culture. Visitors are greeted by "Welcome to Taiwan" in bold letters on the aircraft body in order to encourage people from around the world to visit Taiwan.

Part 1 Visiting Taiwan's Indigenous Tribes Liveried Aircraft [YouTube](#)

The Council of Indigenous Peoples partnered with CAL to launch the "Visiting Taiwan's Indigenous Tribes Liveried Aircraft" to enable Taiwan's unique indigenous cultures to fly around the world with CAL. For the "Visiting Taiwan's Indigenous Tribes Liveried Aircraft", leading contemporary indigenous artist Sakuliu Pvavaljung's work "Wedding Celebration" is shown to the public for the first time to present the wedding celebration culture of the Paiwan people.

Part 1 Cloud Gate Liveried Aircraft [YouTube](#)

The "Cloud Gate Liveried Aircraft" conveys the motif of a "monochrome silhouette of dancers as if they were flying" to let the Cloud Gate Dance Theatre founded by Lin Hwai-min take flight and dance upon the clouds. Through China Airlines' extensive global network, the CAL's Cultural and Creative Series of Liveried Aircraft presents the best of Taiwan culture to the world.



8-5 Charity Support

One of the missions of the CAL Volunteering Club is “emptying closets”. Since February 2007, donations of “usable but not used” items donated by other employees have been sorted and boxed by volunteers for delivery to needy disadvantaged groups. Five pianos, nearly 10 TVs, air-conditioners, beds, tables and all kinds of amenities have been donated so far.

CAL began updating its computer equipment in 2010. Working through charities such as “Garden of Hope Foundation”, “Syin-Lu Foundation” and “Child Welfare League Foundation”, we donated used LCD monitors to schools and hospitals in remote parts of Mongolia. A total of 560 15” LCD monitors have been donated so far.



8-5-1 Senior Pilots Show Blind Students How to Fly

The story began in May 2013, when CAL Senior VP Kao Hsing-huang was reading the newspaper while having breakfast when he came across a report on “Blind Student Explores the World by Photographing Aircraft” in the “Light through the Cracks” column. 14 year-old Chiu Yung-ching was born blind. He dreamed of traveling the world but his blindness held him back so he fell in love with photographing aircraft. Over the past 20 years, Kao had flown to nearly 30 countries and visited countless sights across the world. He has seen deserts from above and clouds in strange colors. Chiu's yearning however touched something in his heart: “How can a child who can't see at all imagine this world?”

As a senior pilot instructor, Kao immediately came up with a suggestion for the company: “Let me teach him how to fly!” Kao's goal was simple - Chiu had used his imagination to capture aircraft in flight but apart from visual imagination assisted by the sense of hearing, what blind students needed most was in fact the sense of touch. CAL invited Chiu and more than 30 of his classmates including 3 other visually-handicapped students to a tour of the company's Taoyuan headquarters. The 4 blind students including Chiu went one by one into the simulator cockpit where Kao took the children by the hand and ran their fingers over every button in the simulator so they could experience flight in a different way.



8-5-2 Shoebox of Love

For many children, Christmas is the one day in the year when they look forward to receiving a present. The air is always filled with innocent laughter and longing. There is a group of children living among us who don't receive presents like everyone else due to all sorts of factors. When the bells tolled for Silent Night in 2013, CAL employees donated stationery, living supplies and educational toys through the “Shoebox of Love” event organized by the Chinese Christian Relief Association. The event raised more than 250 shoebox gifts for donation to children from disadvantaged families in Taiwan. The charitable spirit of CAL shared a merry Christmas with these children.



8-5-3 Charity Sale

In December 2013, the chairman led by example in inviting executives to donate all the cultural gifts from across the world they received as a part of their work. These collectibles would be put up for online auction for purchase by CAL employees. All of the proceeds would be donated to the Maria Social Welfare Foundation and Child Welfare League Foundation. Knowing that there are more disadvantaged groups out there on the fringe of society waiting for assistance, the "Plum Love ~ 2013 Thanksgiving Month Campaign" was held in November, 2013, with charity sales of food, agricultural produce and artworks in CAL Park. Apart from increasing the income of disadvantaged groups, it also showed the outside world that CAL employees care and support their cause.



Hand-made Buns by Autistic Children

Taipei Autism Children Social Welfare Foundation

Caring for Disadvantaged Groups and Supporting Handicapped Employment

Staff and students from I Can Workshop were invited to sell steamed buns made by autistic students at the CAL Park.



Indigenous Agricultural Produce

Sanguang Elementary School, Fuxing Township, Taoyuan County

Caring for Indigenous Peoples by Helping them Promote their Produce

Sanguang Elementary School was invited to sell agricultural produce grown by students' families at CAL.



Hand-made Cakes by Disadvantaged Women

Hand-made Cakes by Disadvantaged Women

Caring for Disadvantaged Groups and Providing Employment

The Garden of Hope Foundation was invited by CAL to market chocolates and hand-made cookies produced by the "Sweet Heart Chocolate Workshop" that was set up with assistance from the Foundation. Purchases go towards encouraging and supporting jobs for women who are victims of domestic violence.

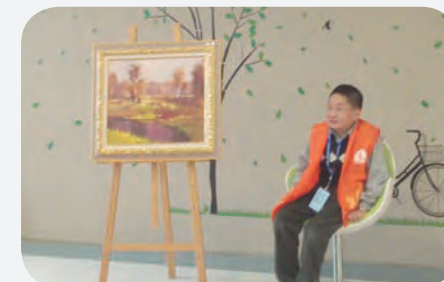


Handicapped Artwork

Wanfang Art Studio, Eden Foundation

Supporting and Encouraging the Creative Skills of the Handicapped

Artwork created by handicapped artists was exhibited in the CAL employees' cafeteria. Handicapped artists were also invited to attend the opening ceremony to provide encouragement and recognition for their talents. A total of 5 paintings and several jigsaws were sold during the exhibition, netting \$32,000.



8-5-4 Hot Pot Banquet

To give back to the community and foster positive community relations, the CAL Volunteering Club partnered with the Taoyuan Fisherman's Association in 2012 and 2013 to organize the "End of Year Hot Pot Banquet" for disadvantaged children and elderly fishermen in the local community. Disadvantaged children from Muhsiang Preschool, Reindeer Children Home, White Children Home and Zhuwei Elementary School as well as fishermen over 70 years old were invited by CAL to share specially prepared in-flight meals from the Southeastern Asia routes together. CAL, the children and elderly people enjoyed the banquet together to welcome the coming of the New Year.



Muhsiang
Preschool



Reindeer
Children Home



White Children
Home



Elderly
fishermen



Honghua
Children Home



Zhuwei
Elementary
School



8-5-5 New Year's Meals for Needy Families

In January 2014, 7 flight attendant volunteers visited two senior homes in Dayuan: the Long Green Senior Home and the Dayuan Senior Home. For this event, CAL not only served up New Year meal boxes provided by CPSC but also presented each senior with a New Year gift: warm blankets, scarves and gloves. The volunteer team also practiced old songs such as "Night Fragrance", "The Moon Represents My Heart" and the Taiwanese version of "Dark Sky". The singing was accompanied by tambourines and rattles on loan from the Zhuwei Elementary School for a fun interaction with the elderly.



8-6 Environmental Projects

As a member of the global community, CAL actively participates in the environmental projects of international organizations. We also collaborate with the government and local research units in promoting various energy-saving, carbon reduction, eco-conservation and environmental education activities to do our part for protecting the Earth's environment and sustainable development.

8-6-1 Tree Planting

CAL has adopted 0.25 ha of tree planting area at Fudekeng and Seaside Park. Around 500 trees have been planted at each area including trees, bushes, coastal plants, butterfly/bird-attracting plants, and fragrant plants.

8-6-2 Harbor Clean-Up

To support the International Coastal Cleanup (ICC) campaign, CAL has organized two beach clean-ups at Zhuwei Fishing Harbor every year since 2011 to create a better quality beach environment at Zhuwei Fishing. A total of 500 people have taken part to date and collected nearly 2,000 kg of rubbish.

8-6-3 Noise Prevention

The Taoyuan County Government hosted the "Taoyuan International Airport Noise Prevention Subsidy and Processing Seminar" in September 2013, at the Dayuan Village Activity Center of Dayuan Township. CAL donated 2 Business Class and 4 Business Class tickets on regional routes as well as 40 Boeing 737-800 model aircraft to the Taoyuan County Government for its public lottery draw. These were given away to members of the public who attended the seminar to support noise prevention efforts.



GRI G3.1 Index

Item	GRI	Content	Corresponding Section	Page	Level of Disclosure	Remarks
Strategy and Analysis	1.1	Statement on vision and strategy for sustainability	Sustainability Governance	25	●	
	1.2	Description of key impacts, risks and opportunities	Letter from the Chairman, Risk Management	2, 28	●	
Organizational Profile	2.1	Name of the organization	About China Airlines	7	●	
	2.2	Primary brands, products, and services	About China Airlines	7	●	
	2.3	Operational structure of the organization	About China Airlines	8	●	
	2.4	Location of organization's headquarters	About China Airlines	7	●	
	2.5	Number and name of countries where the organization operates	About China Airlines	7, 11	●	
	2.6	Nature of ownership and legal form	About China Airlines	7	●	
	2.7	Markets served and their characteristics	About China Airlines	11	●	
	2.8	Scale of the organization	About China Airlines, Business Performance	7, 31	●	
	2.9	Organization scale, structure and changes in ownership			●	No major change for the reporting period.
	2.10	Awards received	About China Airlines, 2013 Sustainability Performance	4	●	
Report Parameters	3.1	Reporting period	About this Report	1	●	
	3.2	Date of most recent report	About this Report	1	●	
	3.3	Reporting cycle	About this Report	1	●	
	3.4	Contact point for responses to report	About this Report	1	●	
	3.5	Process for defining report	Stakeholder Communications	16	●	
	3.6	Scope and boundary of the report	About this Report	1	●	
	3.7	Limitations on the scope or boundary of the report	About this Report	1	●	
	3.8	Basis for reporting on joint ventures and subsidiaries	About this Report	1	●	
	3.9	Data measurement techniques and the bases of calculations	About this Report	1	●	Additional explanation included in each section.
	3.10	Explanation of effect and reason for any re-statements			●	Not applicable.
	3.11	Significant changes from previous reports in the scope, boundary or measurement methods	About this Report	1	●	
Report Parameters	3.12	Table identifying location of content corresponding to GRI Index	GRI Comparison Table	118	●	
	3.13	Policy and current practice for seeking external assurance for the report	About this Report	1	●	

*Disclosure status indicator : ● Full disclosure; ◐ Partial disclosure; ○ Not disclosed

Item	GRI	Content	Corresponding Section	Page	Level of Disclosure	Remarks
Governance, Commitments, and Engagement	4.1	Governance structure of the organization	About China Airlines, Corporate Governance	8, 21	●	
	4.2	Board members who are also in executive roles	Management Team	22	●	
	4.3	Number of independent and non-independent Board members	Corporate Governance	21	●	
	4.4	Mechanisms for shareholders and employees to provide recommendations to the Board	Materiality Analysis	16, 18	●	
	4.5	Linkage between executive compensation and organizational performance	Remuneration Committee	24	●	
	4.6	Mechanism and process to avoid conflicts of interest in the Board	Corporate Governance	21	●	
	4.7	Qualifications required for appointment to the Board	Corporate Governance	22	●	
	4.8	Mission, values, and internal code of conduct	About China Airlines, Regulatory Compliance, Sustainability Governance	7, 25, 26	●	
	4.9	Procedures for the Board to oversee organizational CSR performance	Corporate Governance	25	●	
	4.10	Procedure for evaluating the Board's CSR performance	Corporate Governance	24	●	
	4.11	Whether and how precautionary measures are addressed by the organization	Corporate Governance, Climate Change	25, 26	●	
	4.12	Organizational engagement with CSR principles	Climate and Energy Management	60	●	
	4.13	Membership of national/international industry associations	About China Airlines	10	●	
	4.14	List of stakeholder groups engaged by the organization	Stakeholder Communications	15	●	
	4.15	Basis for identification and selection of stakeholders	Stakeholder Communications	13	●	
	4.16	Approaches to stakeholder engagement	Stakeholder Communications	16	●	
	4.17	Approaches to stakeholder engagement	Stakeholder Communications	14	●	
Economy		Management approach		21	●	
Economic Performance	EC1	Direct economic value generated and distributed	Business Performance, Charity Support	30,104	●	
	EC2	Financial implications of climate change	Climate and Energy Management	57	●	
	EC3	Benefits and compensation that the organization is explicitly committed to	Salary and Benefits	90	●	
	EC4	Financial assistance received from government	Cultivation and Skills Development	95	●	No major assistance was received from the government. Some assistance received from the Bureau of Vocational Training and the China Aviation Development Foundation.
Market Presence	EC5	Comparison of entry level wages at significant locations of operations	Salary and Benefits	90	●	

*Disclosure status indicator : ● Full disclosure; ◐ Partial disclosure; ○ Not disclosed

Item	GRI	Content	Corresponding Section	Page	Level of Disclosure	Remarks
Market Presence	EC6	Proportion of spending on local suppliers	Caring for Partners	48	●	
	EC7	Hiring of senior management and employees at locations of significant operation.	Recruitment	84	●	
Indirect Economic Impacts	EC8	Impact of services provided primarily for public benefit	Caring for Society	104	●	
	EC9	Description of significant indirect economic impacts, and the extent of impacts	Local Purchasing, Tourism Promotion	112	●	
Environment		Management approach	Environmental Management	52	●	
Materials	EN1	Materials used by weight or volume			●	As a provider of aviation, passenger and air cargo services, we have no production processes and therefore use no raw materials.
	EN2	Percentage of recycled materials used			●	We provide aviation, passenger and air cargo services. There is no use of recycled materials.
Energy	EN3	Direct energy consumption	Climate and Energy Management	63	●	
	EN4	Indirect energy consumption	Climate and Energy Management	66	●	
	EN5	Energy saved due to conservation and efficiency improvements	Climate and Energy Management	62	●	
	EN6	Initiatives to provide energy-efficient or renewable energy based products and services	ECO Service	75	●	
	EN7	Initiatives to reduce indirect energy consumption and reductions achieved	Climate and Energy Management	66	●	
Water	EN8	Total water consumption	Green Operations Management	71	●	
	EN9	Water sources significantly affected by withdrawal of water			●	Our main water source is the Taiwan Water Corporation and not from significantly affected water sources.
	EN10	Percentage and total volume of water recycled and reused	Green Operations Management	71	●	
Biodiversity	EN11	Condition of land in or adjacent to protected areas			●	
	EN12	Significant impacts on biodiversity by the organization			●	
	EN13	Habitats protected or restored			●	Our main operating sites are located around Taoyuan Airport and there is no major impact on biodiversity.
	EN14	Actions for managing impacts on biodiversity			●	
	EN15	Species with habitats in areas affected by operations			●	
Pollutants	EN16	Total direct and indirect GHG emissions	Climate and Energy Management	58	●	
	EN17	Other relevant indirect GHG emissions	Climate and Energy Management	58	●	
	EN18	Initiatives to reduce GHG emissions and reductions achieved	Climate and Energy Management	62	●	
Pollutants	EN19	Emissions of ozone-depleting substances	Salary and Benefits		●	No emissions of ozone-depleting substances. Four types of fire extinguishers (Halon 1301, 1211, FE36, FM200) are currently used aboard our aircraft. Total weight is 24,476 lb.

*Disclosure status indicator : ● Full disclosure; ½ Partial disclosure; ○ Not disclosed

Item	GRI	Content	Corresponding Section	Page	Level of Disclosure	Remarks
Pollutants	EN20	NO, SO and other significant emissions			●	The necessary coefficients are currently not available for the aviation industry in Taiwan so statistics for NOx and SOx emissions are not kept.
	EN21	Total water discharge by quality and destination	Water Resource Management	72	●	
	EN22	Total weight of waste by type and disposal method	Waste Management	68	●	
	EN23	Total number and volume of chemical spills			●	No such events during the reporting period.
	EN24	Hazardous waste as defined by the Basel Convention	Waste Management	67	●	
	EN25	Land significantly affected by discharges of water and runoff	Water Resource Management	71	●	All wastewater are discharged into the local sewers so there is no significant impact.
Products and Services	EN26	Initiatives to mitigate environmental impacts of products and services	ECO Service	75	●	
	EN27	Percentage of products sold and packaging materials reclaimed			●	Not applicable as we are a provider of aviation, passenger and air cargo services.
Compliance	EN28	Number and monetary value of sanctions for non-compliance with environmental laws			●	In 2013, waste at the CAL Songshan Park was dumped into storm drains in violation of Article 27 Paragraph 2 of the Waste Disposal Act, resulting in a fine of NT\$1,200 by the Eparchial Airlines has stepped up our waste disposal education and inspections of storm drains around the Songshan Park to avoid further recurrence.
Transport	EN29	Significant environmental impacts of transportation operations	Energy management	62	●	
Overall	EN30	Total environmental protection expenditures and investments by type	Environmental Expenditure		●	See the section on "Business Operations" (P.61) in the 2013 Annual Report.
Labor		Management approach	Recruitment and Retention, Cultivation and Skills Development	84, 93	●	
Employment	LA1	Total workforce by employment type, contract and region	Manpower Structure	81	●	
	LA2	Employee turnover by age	Turnover	86	●	
	LA3	Benefits provided to full-time employees	Salary and Benefits	90	●	
Labor/ Management Relations	LA4	Percentage of employees covered by collective bargaining agreements	China Airlines Employee Union	90	●	
	LA5	Minimum notice periods regarding work changes		86	●	
Occupational Health and Safety	LA6	Percentage of workforce represented in the Occupational Safety and Health Committee	Occupational Safety and Health Committee	98	●	
	LA7	Rates of injury, lost days and absenteeism	Occupational Safety and Prevention	100	●	
	LA8	Education and prevention plans in place for serious diseases	Comprehensive Health Exam, Psychological Counseling	102, 103	●	
	LA9	Health and safety agreements with trade unions	Collective Agreement	90	●	

*Disclosure status indicator : ● Full disclosure; ½ Partial disclosure; ○ Not disclosed

Item	GRI	Content	Corresponding Section	Page	Level of Disclosure	Remarks
Training and Education	LA10	Average hours of training per year per employee	Cultivation and Skills Development	93	●	
	LA11	Programs relating to employee career and skills	Cultivation and Skills Development	93	●	
	LA12	Percentage of employees receiving regular performance reviews	Promotion and Retention	86	●	
Diversity and Equal Opportunity	LA13	Composition of governance bodies and breakdown of employees	Employee Diversity	83	●	
	LA14	Ratio of basic salary of women to men	Salary and Benefits	90	●	
	LA15	Employees returning from maternity leave	Childbirth and Unpaid Leave	92	●	
Human Rights		Management approach	Employee Rights	88	●	
Investment and Procurement Practices	HR1	Significant investment agreements that include causes on human rights			●	No human rights screening conducted to date.
	HR2	Percentage of suppliers that have undergone human rights screening			●	No human rights screening conducted to date.
	HR3	Employee training on human rights and percentage trained	Human Rights and Anti-Discrimination	88	●	
Non-discrimination	HR4	Total number of incidents of discrimination and corrective actions taken	Human Rights and Anti-Discrimination	89	●	
Freedom of Association and Collective Bargaining	HR5	Protection of unions and collective bargaining rights	China Airlines Employee Union	90	●	
Child Labor	HR6	Incidents of child labor and prevention measures taken	Human Rights and Anti-Discrimination	88	●	
Forced Labor	HR7	Incidents of forced labor and prevention measures taken	Human Rights and Anti-Discrimination	88	●	
Security Practices	HR8	Percentage of personnel trained in the organization's human rights policy			●	All security personnel employed are from legal, professional security companies and hold suitable training qualifications from the local government. Human rights concerns for security personnel on duty are explicitly defined in the relevant company operating rules and are followed by all security personnel.
Indigenous Rights	HR9	Violations of indigenous rights and preventive measures			●	Not applicable.
	HR10	Impact on operations on human rights			●	No human rights screening conducted to date.
	HR11	Mechanisms for human rights grievances	Human Rights and Anti-Discrimination	88	●	
Society		Management approach	Caring for Society	104	●	
Local Communities	SO1	Assessment and management of community engagement	Caring for Society	104	●	
Corruption	SO2	Percentage and total number of business units established to reduce corruption	Caring for Investors - Audit Office	24	●	

*Disclosure status indicator : ● Full disclosure; ½ Partial disclosure; ○ Not disclosed

Item	GRI	Content	Corresponding Section	Page	Level of Disclosure	Remarks
Corruption	SO3	Percentages of employees to have received anti-corruption training	Human Rights and Anti-Discrimination		●	Employees responsible for national/overseas sales and litigation underwent 2 hours of training on anti-corruption laws.
	SO4	Actions taken in response to incidents of corruption	Caring for Investors - Audit Office	24	●	
Public Policy	SO5	Public policy positions and related involvement			●	It is the policy of China Airlines to maintain neutrality on public policy.
	SO6	Total value financial and in-kind political contributions			●	Not applicable.
Anti-Competitive Behavior	SO7	Total number of legal actions for anti-competitive behavior and their outcomes	Important Litigation	27	●	
Compliance	SO8	Monetary value and total number of significant fines for non-compliance with laws and regulations			●	China Airlines was fined NT\$1.54 million by regulators after being found in violation of Article 32, Paragraph 2 and Article 24 of the Labor Standards Act during a dispute over excessive working hours and overtime pay.
	SO9	Negative impact of operations on the local community	Environmental Protection and Public Welfare	117	●	
	SO10	Corrective action and response to impacts on local communities	Environmental Protection and Public Welfare	117	●	
Product Liability		Management approach	Customer Service	42	●	
Consumer Health and Safety	PR1	Percentage of products/service lifecycles assessed for improvement	Aviation Safety, Food Safety	35, 45	●	
	PR2	Total number of negative incidents relating to products and services			●	Not applicable.
Products and Service Labeling	PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements.			●	All checked luggage and cargo are labeled with key information based on their nature and method of transport.
	PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service labeling, and their outcomes			●	Not applicable.
	PR5	Customer satisfaction surveys and outcomes	Caring for Customers	44	●	
Customer satisfaction surveys and outcomes	PR6	Compliance with marketing regulations			●	Our marketing practices all comply with local laws.
	PR7	Total number of incidents of non-compliance with marketing laws			●	There were no violations during the reporting period.
Customer Privacy	PR8	Total number of complaints regarding breaches of customer privacy and lost data	Caring for Customers	43	●	There were no violations during the reporting period.
Compliance	PR9	Monetary value of significant fines for non-compliance with laws and regulations	Important Litigation	27	●	

*Disclosure status indicator : ● Full disclosure; ◐ Partial disclosure; ○ Not disclosed

Independent Third-Party Assurance



ASSURANCE STATEMENT

SGS TAIWAN LTD.'S INDEPENDENT ASSURANCE STATEMENT ON SUSTAINABILITY ACTIVITIES IN CHINA AIRLINES LTD.'S CORPORATE SUSTAINABILITY REPORT OF 2013

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS Taiwan Ltd. (hereinafter referred to as SGS) was commissioned by China Airlines Ltd. (hereinafter referred to as CAL) to conduct an independent assurance of the Corporate Sustainability Report (hereinafter referred to as CS Report) of 2013. The scope of the assurance, based on the SGS Sustainability Communications Assurance methodology, included the text, and data in accompanying tables contained in this report.

The information in the CAL's CS Report of 2013 and its presentation are the responsibility of the superintendents, corporate sustainability committee and the management of CAL. SGS has not been involved in the preparation of any of the material included in the CAL's CS Report of 2013. Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of assurance set out below with the intention to inform all of CAL's stakeholders.

The SGS Group has developed a set of protocols for the Assurance of Sustainability Communications based on current best practice guidance provided in the Global Reporting Initiative (hereinafter referred to as GRI) Sustainability Reporting Guidelines and the AA1000 Assurance Standard (2008). These protocols follow differing options for Assurance depending the reporting history and capabilities of the Reporting Organization.

This report has been assured using our protocols for:

- evaluation of content veracity at a high level of scrutiny;
- evaluation of the report content and supporting management systems against the AA1000 Accountability Principles (2008);
- evaluation against the AA1000 Stakeholder Engagement Standard (2011); and
- evaluation of the report against the GRI Sustainability Reporting Guidelines (G3.1 2011).

The assurance comprised a combination of pre-assurance research; interviews with relevant superintendents, corporate sustainability committee and the management; documentation and record review and validation with external bodies and/or stakeholders where relevant. Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirms our independence from CAL, being free from bias and conflicts of interest with the organization, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors experienced in one or more of the following: AA1000, GRI, ISO 26000, ISO 20121, ISO 14001, OHSAS 18001, SA8000, SMETA, EICC, ISO 50001, QMS, GPMS, CFP, WFP, GHG Verification and GHG Validation Lead Auditors and experience on the SGS Integrating Sustainability Communications service provision.

VERIFICATION/ ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within CAL's CS Report of 2013 verified is accurate, reliable and provides a fair and balanced representation of CAL sustainability activities in 01/01/2013 to 12/31/2013.

The assurance team is of the opinion that the report can be used by the Reporting Organization's Stakeholders. We believe that the organization has chosen an appropriate level of assurance for this stage in their reporting. The report is the first to be assured by an independent assurance team and CAL has taken a bold step by offering the report to evaluation against both GRI G3.1 guidelines and the AA1000 Assurance standard. This shows a deserved confidence in their reporting process.

In our opinion, the contents of the report meet the requirements of GRI G3.1 Application Level A* and AA1000 Assurance Standard (2008) Type 2, High level assurance.

AA1000 ACCOUNTABILITY PRINCIPLES CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Inclusivity

CAL has demonstrated a strong commitment to stakeholder inclusivity and stakeholder engagement. A variety of engagement efforts underpin the organization's understanding of stakeholder concerns, and its ability to integrate them into its decision making processes. This is demonstrated by surveys and communication to its employees, consumers, investors, authorities, suppliers, and trade union. For future reporting, CAL may proactively consider having more direct and wider range involvements of stakeholders during future engagement.

Materiality

CAL has established and implemented appropriate process for determining issues that are material to the organization. These issues have been addressed at an appropriate level in this report to reflect their importance and priority to CAL's stakeholders. It is recommended that the process applied to assess materiality to be integrated and formalized in CAL's management framework to provide a comprehensive and balanced understanding and prioritization of key material issues.

Responsiveness

The report included coverage to material issues that addresses the needs, concerns and expectations of stakeholders. The response to these issues is considered timely. Channels for stakeholder feedback are included in the report. Future reporting would benefit from more reporting on the results of stakeholder feedback on this report.

GLOBAL REPORTING INITIATIVE REPORTING GUIDELINES CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

The report, CAL's CS Report of 2013, is adequately in line with the GRI G3.1 Application Level A*. It is encouraged to adopt GRI G4 in next report. Further disclosure on CAL's subsidiaries and performance of supply chain management is also recommended.

Signed:

For and on behalf of SGS Taiwan Ltd.

Dennis Yang, Chief Operating Officer
Taipei, Taiwan
11 August, 2014
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