

Contents

0 Preface

1 Sustainability Management Overview

2 Value Creation

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

3 Sustainability Governance

Appendix

2-2

Human Resources

HIGHLIGHTS



108 people with disabilities employed

CAL was the only company in the industry to receive the Golden Wingspan Award.

CAL employed 108 people with disabilities.



TWD 13.92 billion

Invested in salary and benefits.



99.43% union participation

99.43% of employees participating in labor unions.





Contents

0 Preface

1 Sustainability Management Overview

2 Value Creation

2-1 Trust

2-2 Human Resources

2-3 Cooperation

2-4 Environment

2-5 Society

3 Sustainability Governance

Appendix

Management Approach GRI 103-1, 103-2, 103-3

► Importance of Material Issues

We view our employees as family. We are always willing to communicate with respect and strive to reach a mutual understanding through negotiation. We endeavor to create a more harmonious work environment based on an equitable, cooperative, and mutually respectful relationship. In such a work environment, labor and management reach a consensus through open, transparent negotiations and are more willing to communicate on collective agreement issues.

► Commitment and Long-term Goals

• Commitment

We view our employees as our most valuable assets. CAL has improved and optimized working conditions and the work environment to establish a safe and growing workplace. CAL respects each individual labor union and communicates on their stated demands with empathy, views the labor rights of every employee as our first priority, and gives the same level of respect and resources to all labor unions with neutrality.

Apart from regular labor-management meetings held by the Head Office and the China Airlines Employees Union (CAEU), a number of functional committees formed by management and CAEU have been established. CAL follows up and reports the results of follow-ups in the following meetings. CAL is dedicated to maintaining harmonious labor-management relations through open, efficient channels of communication, hoping that both the management and employees can work together to achieve equality and reciprocal outcomes.

• Long-term Goals



2023

1. Organizing eight insider sharing sessions to provide an opportunity for cross disciplinary networking
2. Optimizing CAL's aviation management talent training mechanisms
3. Percentage of female managers reaching 24.75%

2025

1. Completing the establishment of all internal online training materials for all specialties
2. Establishing the optimal learning path for CAL's aviation management talent pool
3. Percentage of female executives reaching 25%

2030

1. Applying to Taiwan's aviation talent development
2. Promoting Taiwan's aviation talent development
3. Percentage of female managers reaching 27%

► Unit in Charge

Corporate Sustainability Committee — Human Resources Task Force

► Management Mechanisms

- The meeting of Corporate Sustainability Committee, at least twice every year
- The Human Resources Task Force reports to Corporate Sustainability Committee, every quarter
- A labor-management meeting, every quarter on a regular basis
- The meeting of Occupational Safety and Health Committee, every quarter on a regular basis
- A personal information protection management review meeting, every year on a regular basis

► Objectives and Plans

Issue	KPI	2020			2021 Objectives
		Objectives	Performance	Achievement	
Occupational Safety and Health	Reduce the Frequency-Severity Indicator (FSI) by 5%	FSI 0.42	FSI 0.28	100%	FSI 0.42
	Pass the certification of occupational safety-related management systems	Passing ISO45001 and CNS45001 certification	Passed	100%	Pass the certification of ISO45001 and CNS45001 review
Labor-management Relations	Convene labor-management meetings	4 times	6 times	100%	4 times
Labor Rights	Convening seminars on sexual harassment prevention	1 online	1 online (e-Learning training)	100%	1 onsite

Note 1: Frequency-Severity Indicator (FSI) = $\sqrt{(\text{Disabling Injury Frequency Rate, FR}) \times (\text{Disabling Injury Severity Rate, SR})} \div 1,000$

Note 2: 2016-2018 averages in the air transport industry published by the Ministry of Labor: FR = 4.14; SR = 102; and FSI = 0.65

► Grievance Mechanism

Employee Relationship Department: Human Resources Division —

E-mail: wecare@china-airlines.com



Stakeholder
Contact

2-2-1 Human Rights Management Framework GRI 406-1, 412-1

To enforce the idea of human rights, CAL has established its human rights policies and related measures based on the UN Guiding Principles on Business and Human Rights, international trends, and local laws / regulations. CAL's human rights policies apply to CAL Group members and suppliers. The Human Resources Task Force under the Corporate Sustainability Committee is responsible for the management of human rights management in order to enhance CAL's ability to respond to human rights risks in the value chain.



China Airlines
Human Rights
Policy

Contents

0 Preface

1 Sustainability Management Overview

2 Value Creation

2-1 Trust

2-2 Human Resources

2-3 Cooperation

2-4 Environment

2-5 Society

3 Sustainability Governance

Appendix

Regulations and Procedures on Human Rights



Employee Code of Conduct



Employees should support company policies on human rights, fairly treat and respect for every employee, avoid infringing on the rights of others or become accomplice to human rights abuses. We not only implement policies to protect the human rights of employees, but have also established a management mechanism to ensure employee care. We do not use forced labor. We do not adopt race, gender, age, family, political affiliation or religious beliefs as the criteria for employee assignment, performance evaluation or promotion.



Human Resource Manual / Employee Complaints Regulation / Sexual Harassment Complaints and Disciplinary Actions Regulation

- Proclaimed employee human rights protection includes basic stipulations, freedom of employment, humane treatment, and prohibition of discrimination or sexual harassment.
- In August 2020, e-Learning on sexual harassment prevention was held, and 9,768 employees completed the training (100% completion rate).



Corporate Social Responsibility and Sustainable Development Best Practice Principles — Child Labor Prohibited



Hiring people younger less than 16 years old is strictly prohibited to fully compliant with legal minimum age for employment. To safeguard the physical and psychological health and safety of employees whose age are below 18, hazardous assignments are strictly prohibited.



Supplier Code of Conduct



Human rights standards were specified in the Supplier Code of Conduct include:

1. Prohibition of child labor / 2. Anti-discrimination / 3. Remuneration and working hours / 4. Freedom of labor / 5. Respect for freedom of assembly and association, and the right to collective agreement



Anti-discrimination Policies and Courses

Front-line staff must attend non-discriminatory policy courses for boarding passengers with physical and mental disabilities to ensure the interests of passengers.

In addition to complying with CAL Group's human rights policies, Mandarin Airlines and Tigerair Taiwan have incorporated management measures for equality and anti-discrimination and whistle-blowing channels into their regulations and organize training on a regular basis. In 2020, Mandarin Airlines organized a "Mandarin Airlines and Me" workshop on sexual harassment prevention, and a total of three sessions were held and attended by 33 employees. In September 2020, Tigerair Taiwan organized a seminar on Prevention of Sexual Harassment in the Workplace, in which 34 employees participated.

Procedures for Identifying Material Human Rights Issues



Identify the framework based on CAL Human Rights Policy



Human Resources Task Force Identifies and Reviews Human Rights issues of CAL Value Chain



Corporate Sustainability Committee Verifies Identified Issues



Unit in Charge Develops Improvement Measures



Human Resources Task Force Implements following Improvement



Disclose Identification Results and Improvement Actions



Contents

0 Preface

1 Sustainability Management Overview

2 Value Creation

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

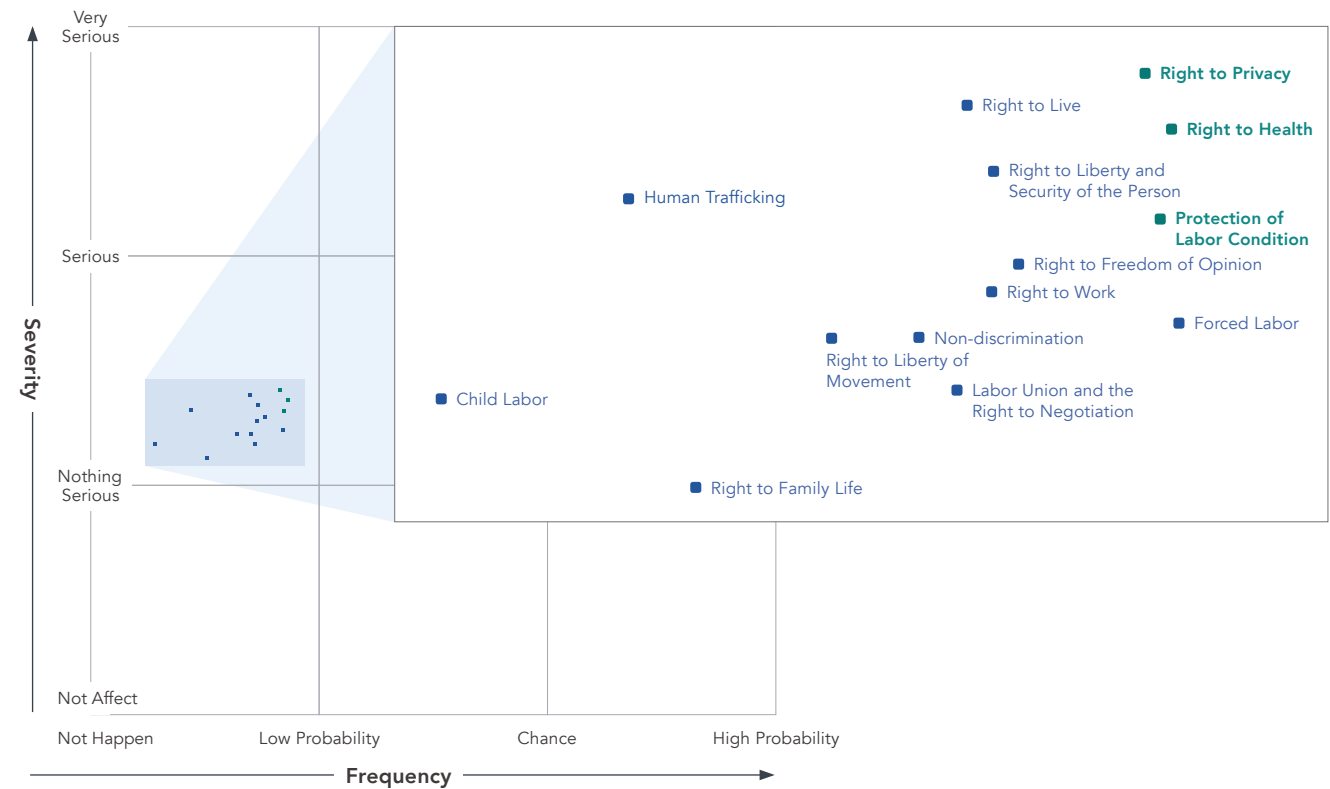
3 Sustainability Governance

Appendix

Human Rights Risks Identification Results

CAL has identified human rights risks independently in accordance with the United Nations Guiding Principles on Business and Human Rights. The Human Resources Task Force first selects material human rights issues of the year through internal and external stakeholder engagement and issues risk identification questionnaires to stakeholders in the value chain. In 2020, it analyzed the material human rights risk issues of the year based on 258 valid questionnaires, while reviewing the occurrence nodes of human rights risks and material risk issues throughout the value chain in order to perform human rights due diligence and develop mitigation and remedial measures. The overall human rights risk level for CAL in 2020 was low, but we are still responding to three relatively major risk issues, including the right to privacy, right to health, and the protection of labor condition

Material Human Rights Issues Identified



Mitigation and Remedial Measures for Material Human Rights Risks

In order to ensure the integrity of the human rights framework, CAL, in accordance with the United Nations Guiding Principles on Business and Human Rights on due diligence, worked with external consultants to develop and implement a human rights due diligence mechanism to review the mitigation and remedial measures for material human rights issues. Based on the three material risks identified in 2020, except that the protection of labor condition does not apply to the downstream of CAL's value chain, CAL has launched three major risk mitigation and remedial measures at each node of the value chain for various groups, including general, disabled, or minority employees in the upstream and midstream as well as general, children, disabled, and minority customers in the downstream. Relevant information is described below. For details, please refer to the appendix [Management of Material Human Rights Issues in 2020](#).

The human rights risk management in CAL's entire value chain is described as follows:

Upstream (Supply Chain Partners)

Regarding the human rights management of upstream supply chain partners, CAL has gradually established a risk management mechanism of the sustainable supply chain since 2015. The management mechanism includes risk identification, on-site review, and tracking and improvement, while the management dimension includes governance, environment, society, and the general aspect. Among them, the human rights risk issues are the main management focus of the aspect of society. CAL has launched human rights issues that need to be managed in accordance with the Sustainable Supply Chain Management Policy and Supplier Code of Conduct. In addition to issues, such as child labor, discrimination, and freedom of association, the protection of labor condition and occupational safety and health issues related to the right to health are all the focus of CAL's evaluation and audit. As for the right to privacy, it is related to the information security management issues in the general aspect, which is also an existing management item in CAL's sustainable supply chain risk management mechanism. Each year, CAL adopts a periodic sustainable supply chain management mechanism to keep abreast of the management situation of various human rights risk issues by supply chain partners and their mitigation and improvement approaches in the case of high-risk situations. In 2020, in response to the COVID-19 pandemic, CAL required its suppliers to provide a healthy, safe, and hygienic workplace to promote overall safety for the workforce. For more sustainable supply chain management measures, please refer to [Chapter 2-3-2 Sustainable Supply Chain Management in the Cooperation section](#) of this report.

Midstream (CAL's Operations)

In terms of employee privacy management, the Company has set up a "personal information management system;" By implementing the maintenance and management of personal data files, the impact of personal data file violations can be reduced. The labor conditions of employees are all focused on moving towards being superior to the laws and regulations, as well as industry standards. Various committees with labor participation are run regularly to continuously improve and ensure the labor rights of employees. With regard to the management of employees' right to health, CAL has set up the Occupational Safety and Health Committee and introduced the ISO 45001: 2018 and TOSHMS occupational health and safety management systems to identify and control occupational accident risks in the workplace based on the level of the risks, to ensure employees'



Contents

0 Preface

1 Sustainability Management Overview

2 Value Creation

2-1 Trust

2-2 Human Resources

2-3 Cooperation

2-4 Environment

2-5 Society

3 Sustainability Governance

Appendix

safety and health at work. For more details on the management measures of employees' labor conditions and right to health, please refer to [Chapters 2-2-2 Recruitment and Retention](#), [2-2-4 Employee Rights](#), and [2-2-5 Healthy and Safe Workplace](#).


In addition to the material human rights risks identified in 2020, CAL upholds an open attitude toward employees' joining in the union. As each CAL employee is an ex-officio member of the corporate union, they can participate in various union affairs or be directly selected as leaders in the union. CAL regularly holds negotiation meetings with the corporate union to listen to the voice of the union; employees can also join occupational unions outside the Company according to their own wishes, and CAL maintains an equally open attitude toward employees' joining of external occupational unions and does not resist substantive negotiations with any union.

CAL has established diversified communication channels, including regular labor-management negotiation meetings, an employee care mailbox, a sexual harassment mailbox and associated grievance hotline, the "Speak Your Mind" Employee Portal, and Team+, an internal messaging software so that employees can put forward their opinions or suggestions. In addition, CAL has formulated the Employee Grievance Regulations. When employees' rights and interests are infringed or handled improperly, they can file a complaint in accordance with the regulations. If they disagree with the results of the complaint, they can re-file the complaint to protect their own basic rights. In 2020, there were eight complaints from CAL employees, mainly related to disciplinary matters, all of which have been responded to and closed. As of the end of December 2020, there was one case of a workplace violation complaint filed by three complainants to Tigerair Taiwan, namely verbal abuse and psychological violence complaints, which were reviewed and handled in accordance with the procedures.

Employee Grievance Cases from 2018 to 2020

Item	2018	2019	2020
Performance Review	5	1	4
Concessional Flight Tickets	10	2	0
Leave of Absence	2	0	2
Disciplinary Actions	5	1	1
Occupational Disasters	2	5	1
Total	24	9	8

Employee Grievance




CAL Employee Grievances

- E-mail: wecare@china-airlines.com


CAL Grievances against Sexual Harassment

- TEL: (03) 399-8922
- E-mail: SHC@china-airlines.com



Mandarin Airlines Employee Grievance / Grievances against Sexual Harassment

- TEL: (02) 2514-2050
- E-mail: SHC@email.mandarin-airlines.com



Tigerair Taiwan Employee Grievance

- E-mail: talktome@tigerairtw.com

Tigerair Taiwan Grievances against Sexual Harassment

- TEL: (02) 7735-6930
- E-mail: talktome@tigerairtw.com

We pledge ourselves to put an end to sexual harassment. Continuing education on sexual harassment prevention is conducted annually for new recruits and existing employees, and course materials are available for employee access on the CAL website. CAL also puts up posters in duty rooms, communicating definitions and types of sexual harassment, as well as grievance channels, to front-line employees. Employees can file sexual harassment grievances via the sexual harassment mailbox, hotline, or e-mail account. If the sexual harassment perpetrator is a CAL employee, the Human Resources Division will initiate an investigation and convene a meeting of the Complaint Review Committee within 7 days after receiving the grievance. No less than half the members of the Complaint Review Committee are female. If the incident is defined as a case of sexual harassment, disciplinary actions or other measures will be taken; and, depending on each incident, psychological counseling may be arranged for both the perpetrator and the victim. If the perpetrator of the incident is not a CAL employee, CAL will assist the victim with legal aid. Mandarin Airlines has published a statement about the ban on sexual assault and

harassment and posted information on sexual harassment prevention on the EIP website. An annual report on grievances regarding sexual harassment is made by the end of every year for follow-up. Besides Mandarin Airlines, Tigerair Taiwan also takes sexual harassment seriously. Every new employee of Tigerair Taiwan is required to complete the training course on regulations concerning sexual harassment prevention and grievances through the regulations which disclosed on the employees' public portal. There were no sexual harassment cases in 2020 for CAL, Mandarin Airlines, or Tigerair Taiwan.

Grievances against Sexual Harassment from 2018-2020

Item	2018	2019	2020
Number of Grievances	3	2	0
Number of Filing	2	1	0
Category	Improper behavior	Improper behavior	-
Outcome	Administrative disciplinary actions	Administrative disciplinary actions	-

Downstream (Customers)

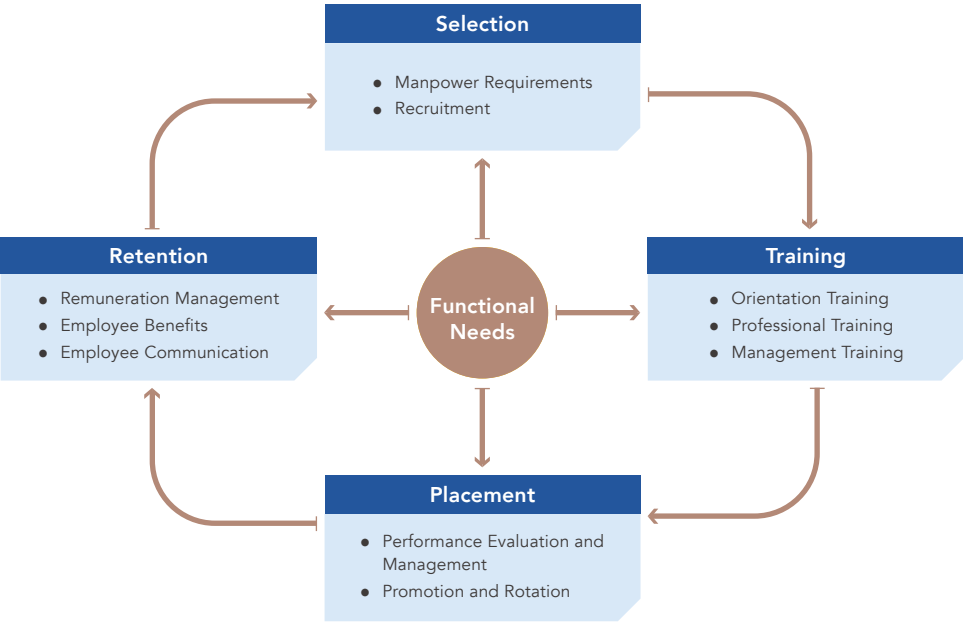
For customer privacy protection, CAL has hired an external professional consultant team to serve as the consultant for CAL's personal information protection mechanism, introduced the personal information management system, and set up the Personal Information Management Committee for maintenance and management of personal data files. Each division / department of CAL has also completed personal information risk assessments in 2020 and formulated the Privacy Protection Policy and Statement regarding the collection, use, acquisition, or change of customers' personal data, revision of privacy protection/security statement and commitment to maintaining confidentiality of information, which are all publicly disclosed on the Company's official website. Regarding the customers' right to health, CAL has long been aiming at zero flight accident. As early as since 2007, it has implemented the "safety management system" to ensure and improve the safety level of its products and services through risk identification as well as analysis and management. CAL also has a "Flight First-Aid Advisory System," which allows customers to obtain professional medical advice if they are feeling unwell during check-in, boarding, or flight. In response to the COVID-19 pandemic in 2020, a series of

preventive measures have been implemented from check-in to arrival at the destination to protect passengers' health. These measures include requiring passengers to wear masks throughout the flight, maintaining social distances, adjusting flight arrangements, and adjusting the in-flight catering to meet passengers' dietary needs. For more management measures to ensure customers' right to health, please refer to [Chapter 2-1-1 Flight Safety in the Trust](#) section of this report.

2-2-2 Recruitment and Retention GRI 102-8, 202-2, 401-1, 405-1


Human Resource Management System

The Company recruits and selects employees according to the needs of human resources and the duties required. The recruited employees receive preservice training based on their duties and take up their posts after passing pre-service training (continuous on-the-job training is required after taking up their posts). Their performances will be evaluated on a regular basis. According to the regulations, outstanding performers will be rewarded or reported for promotion, and appropriate rotations will be arranged. At the end of each year, employees will be rewarded based on Company's business performance; and the Company has also established favorable employee benefits and multiple channels of communication. CAL regularly conducts employee satisfaction surveys, then reviews feedback and makes improvement accordingly in order to increase employee retention willingness.




Workforce Structure of CAL Group


As of the end of 2020, the total number of employees of CAL, Mandarin Airlines, and Tigerair Taiwan were 11,390, 951, and 728, respectively. The number of employees employed by the three airlines is in compliance with the regulations (detailed [Workforce Structure](#) tables in the Appendix).

	Category	Total	Male	Female
	Full-time Employees	11,347	5,862	5,485
	Contracted Employees	43	23	20
	Total	11,390	5,885	5,505

Note: The total number includes 79 indigenous employees (males 40 and females 41) and 108 disabled employees (males 77 and females 31)

	Category	Total	Male	Female
	Full-time Employees	951	460	491
	Contracted Employees	0	0	0
	Total	951	460	491

Note: The total number includes 8 indigenous employees (males 0 and females 8) and 4 disabled employees (males 3 and females 1)

	Category	Total	Male	Female
	Full-time Employees	728	325	403
	Contracted Employees	0	0	0
	Total	728	325	403

Note: The total number includes 6 indigenous employees (males 3 and females 3) and 4 disabled employees (males 2 and females 2)

Gender Equality and Diversity

We place great importance in gender equality. In 2020, female employees of CAL accounted for 48.33% of the total CAL workforce and 27.24% of all managerial positions were held by females. At Mandarin Airlines, female employees accounted for 51.63% of the total workforce, and 25.51% of the managerial positions were held by females. At Tigerair Taiwan, female employees accounted for 55.36% of the total workforce, with female managers representing 44.83% of all managerial positions. Due to the nature of the aviation industry, CAL has a higher demand for professionals in certain fields of expertise, leading to a male / female gap that is common in society. CAL is committed to providing a comfortable work environment that is conducive of balanced career development for all employees, regardless of gender. In order to safeguard the well-being and right to work of female employees, when a female flight attendant is pregnant, she may apply for unpaid leave or request a transfer to ground services. Upon completion of maternity leave, she may then apply to resume her duties as a flight attendant. In addition, two breastfeeding rooms have been set up at CAL Park for female employees to use at any time. We also provide our male employees benefits that are better than required by the Act of Gender Equality in Employment. A male employee may apply for 5-day paternity leave with full pay during childbirth. In addition, to help our employees achieve work-life balance, CAL has signed agreements with 10 daycare centers and kindergartens in 2020 to provide special discounts for CAL employees.

CAL values diversity in the workforce. In 2020, CAL employed 79 (0.69%) indigenous employees and 108 (0.95%) employees with disabilities. In addition to our commitment to expanding employment among indigenous people, we have employed staff with disabilities at a higher proportion than prescribed by law since September 2015. CAL received the Excellency Award at the Golden Wingspan Awards in 2016. We have redesigned job descriptions for employees with disabilities with a focus on improving working conditions and making adjustments to job requirements and career development. We also provide shuttle buses and regularly-scheduled health examinations for our employees with disabilities. In addition, we have signed long-term service contracts with visually impaired massage therapists to provide employees with free on-site massages, thereby providing job opportunities for the visually impaired and enhancing our employees' health at the same time.



Contents

0 Preface

1 Sustainability Management Overview

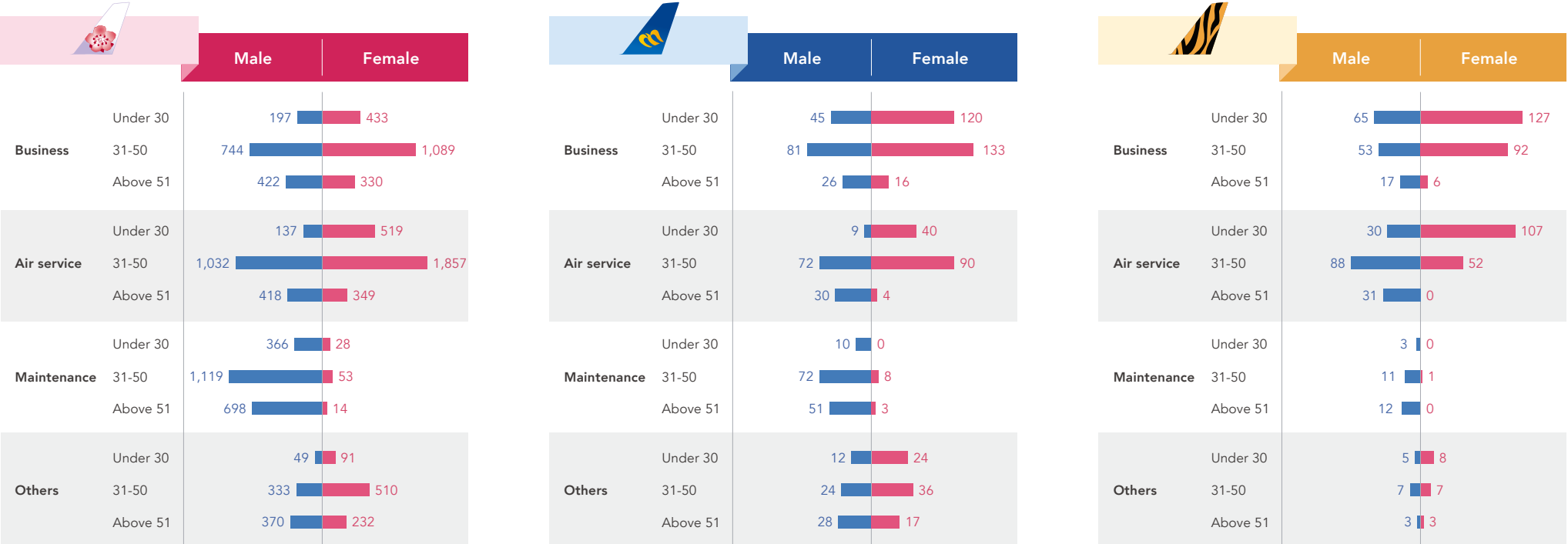
2 Value Creation

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

3 Sustainability Governance

Appendix

Workforce Diversity of CAL Group in 2020



Local Employees

The flight network of CAL spans across the globe, and a large number of job opportunities are available. This results in contributions to local employment and economic development. About 86.63% of all CAL employees are based in Taiwan. The composition of CAL's international employees includes foreign pilots from 20 countries, and flight attendants from Vietnam, Japan, and Thailand. We also employ local employees at our 159 destinations cities in 29 countries around the world. CAL endeavors to provide a friendly work environment for our international employees, with equal opportunities and benefits to our Taiwanese employees.

Recruitment

Due to CAL Group's business growth and fleet / flight network expansion in recent years, we have recruited in various areas to meet the requirements of our growing business. To fulfill our commitment to social responsibility, we continue to promote industry-academia collaboration programs and employ people with disabilities. In 2020, CAL recruited 208 employees, including 129 full-time employees and 79 contract employees, accounting for 1.83% of the total workforce. Mandarin Airlines recruited 44 full-time employees, accounting for 4.63% of the total workforce. Tigerair Taiwan also employed 47 full-time employees and 39 contracted employees, accounting for 11.81% of the total workforce.

Local Employment of CAL Group in 2020

Company	Region	Employees	Management
	Taiwan	98.80%	100.00%
	China	97.22%	44.74%
	Asia	93.31%	47.37%
	Americas	66.22%	32.50%
	Europe	45.56%	33.33%
	Oceania	63.16%	23.08%
	Taiwan	100.00%	100.00%
	China	91.18%	16.18%
	Taiwan	96.70%	100.00%
	Asia	100.00%	100.00%

Contents

0 Preface

1 Sustainability Management Overview

2 Value Creation

2-1 Trust

2-2 Human Resources

2-3 Cooperation

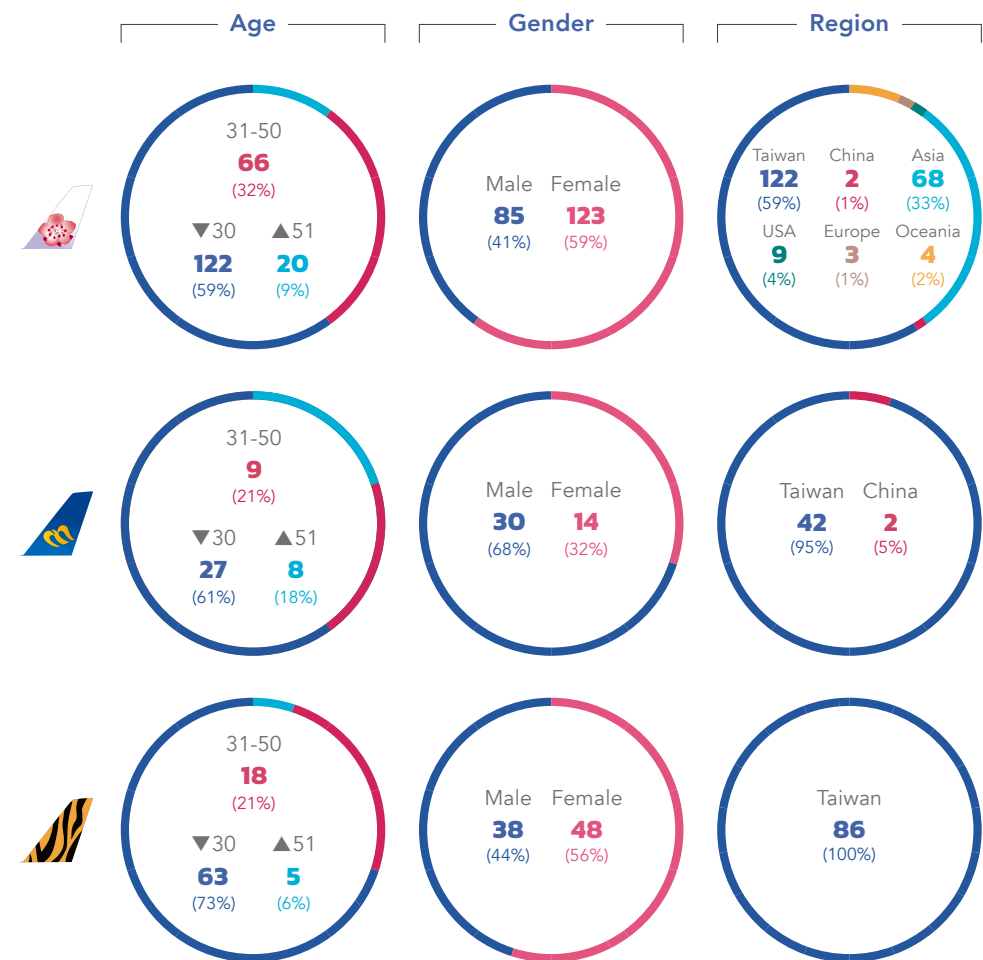
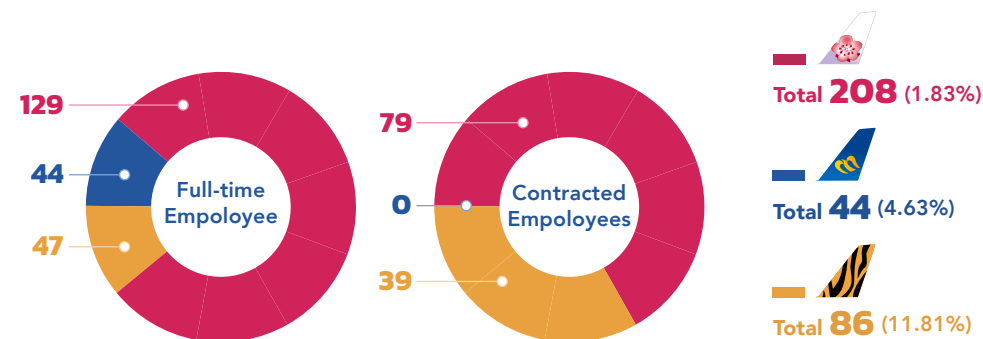
2-4 Environment

2-5 Society

3 Sustainability Governance

Appendix

New Employees of CAL Group in 2020



Employee Turnover

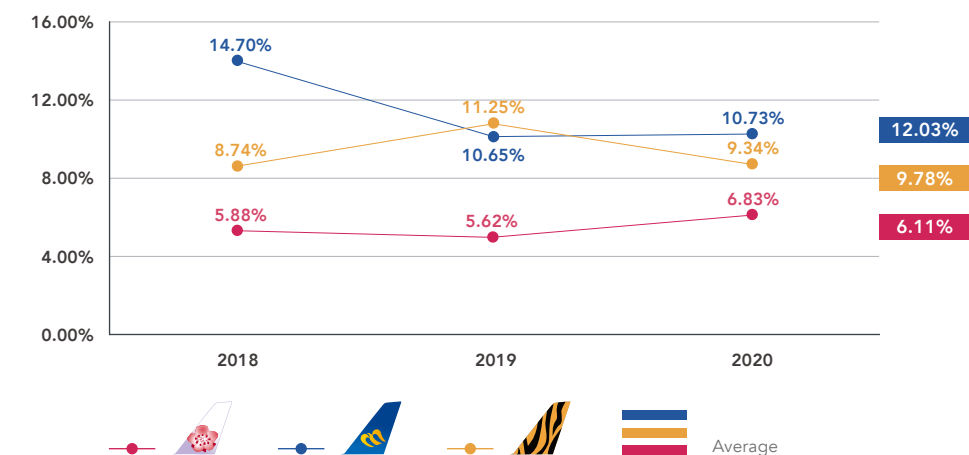
Over the past three years, the average employee turnover of CAL has been 6.11%. Each of our employees is safeguarded by an employment contract, and each contract clearly sets forth provisions regarding rewards, disciplinary actions, and employment termination. In addition, rules concerning termination of employment and the number of days required for a notice of resignation comply with the Labor Standards Act. With respect to locations where employee turnover rates are relatively high, we evaluate local labor-related regulations and wage levels and refer to comments made by resigning employees and local supervisors to see whether adjustments are needed in our salary and benefit practices. We also utilize internal systems and incentive programs to reduce turnover rates (please refer to the appendix [Employee Turnover Rate table](#)).

At CAL, the employee turnover in 2020 increased by 1.21% compared to that in 2019, and the involuntary separation rate increased by 22.71% compared to that in 2019 mainly due to the heavy impact of the COVID-19 pandemic. There were 59 employees who left due to human resources streamlining management and expiration of contracts in 2020. No significant difference in turnover was reported in other separation categories. Voluntary turnover numbers dropped significantly by 102 people compared to 2019. CAL will continuously optimize internal management to maintain low turnover.

At Mandarin Airlines, employee turnover in 2020 arose by 0.08% compared to 2019, mainly due to seasonal short-term demand for labor, then after the employees' contracts expired there was no contract renewal due to a lack of demand for labor; some resigned due to personal career plans. In the future, Mandarin Airlines will provide a variety of communication channels for existing employees and improve employee benefits to retain staff.

Tigerair Taiwan's turnover decreased by 1.91% in 2020 over 2019, primarily due to personal career plans. In addition, due to the impact of the pandemic this year, 15 trained flight attendants also terminated their training. Tigerair Taiwan will continue to focus on improving its competitive advantages, and provide diversified work environment and opportunities to retain outstanding employees.

Employee Turnover Rate of CAL Group from 2018 to 2020





Contents

0 Preface

1 Sustainability Management Overview

2 Value Creation

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

3 Sustainability Governance

Appendix

Employee Retention

Periodic Performance Evaluations Conducted on a Fair and Objective Basis

CAL conducts an employee performance evaluation three times a year. Except for employees who have worked for less than a certain period of time, all employees are covered in the performance evaluation. Apart from evaluations on general performance, core function assessment indicators and approaches are also adopted based on each employee's professional characteristics and in consideration of the actual working conditions of the employee under evaluation. With respect to all managerial levels, a specific annual Management by objectives (MBO) framework has been established based on CAL's business strategies in addition to job assessment indicators.

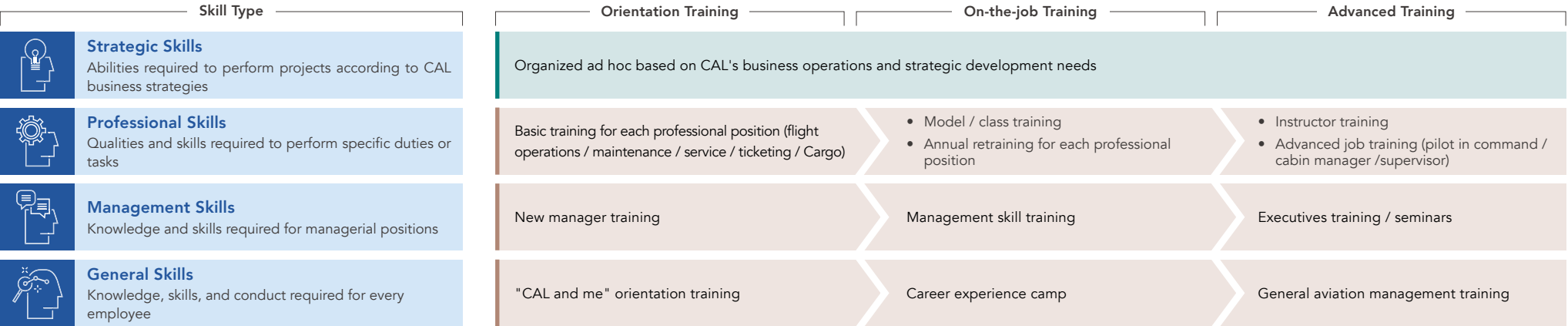
To make the assessment process impartial and objective, each employee is evaluated by several supervisors, and performance grades are also allocated according to different job rankings. In addition, to ensure that the performance evaluation provides employees positive feedback and assistance and facilitates communication and interaction between supervisors and employees, interviews are also included in the performance evaluation.

A two-way assessment scheme has been formulated for evaluating the performance of all flight attendants. Flight attendants who have worked for more than one year are evaluated and assigned ratings based on their attendance, reward / disciplinary actions, and performance within a reasonable range and based on employee classification to avoid subjective impressions which could detract from the impartiality of the performance evaluation.

Sound Remuneration System

Every year, CAL offers employees reasonable remuneration packages, related benefits, and insurance coverage based on CAL's overall salary policy and earnings. Performance-based salary adjustments and promotions are also possible for outstanding employees, ensuring that the promotion process is conducted in accordance with the principles of transparency and fairness. In addition, we provide various types of allowances and benefits (such as dividends, education and training, employee stock options, concessional airfares, and work allowances) and flexible benefit programs (such as retirement packages) to meet employees' various needs. Apart from enhancing the bond between employees and the management, this arrangement can also raise employee satisfaction and retention rates.

Training Framework



Note: In addition to the above training programs, CAL encourages employees to participate in work-related trainings organized by the Ministry of Labor's Workforce Development Agency, by offering training allowances to employees who pay tuition at their own expense (20% of tuition).

2-2-3 Employee Development GRI 404-1, I 404-2

Sound Training System and Framework

CAL has established a sound training system and framework to develop aviation professionals. We adopt diversified training methods, including on-site and online training courses, invest in training hardware and software. CAL values the functional development of employees and integrates fundamental aviation training with hands-on practice. In addition, CAL organizes business strategy and management related training for all managerial levels and employees with potential on a regular basis to improve their horizons and expertise.

Based on the demand of education and training, the Training Advisory Committee has been established to plan annual education and training activities for all employees. The primary strategic goal of CAL's training and development program is to enhance employees' job skills. Adopting the training framework of China Airlines Lecture Hall, CAL ensures that all employees are equipped with skills to perform their duties and job functions.

CAL has established the Talent Development Committee, chaired by the President, with senior vice presidents serving as members. The Talent Development Committee is responsible for regularly reviewing and improving training for potential talents. Each department refers potential talents to the Talent Development Committee, which then determines their qualifications and development paths. During training, potential talents are provided with appropriate job rotations and management skill training, in order to build their management capacity and experience. For a long time, both at home and abroad, CAL has sought out and successfully trained many potential talents to serve as unit chiefs. CAL will continue to provide them with opportunities to develop their careers, in hopes of achieving corporate sustainability.

In 2020, CAL invested about TWD 158 million in employee training and development (the average amount is about TWD 14,000). The total number of training hours (including onsite and online courses) exceeded 350,000 (the average hours is about 34.5), and the completion rate of training reached 99.36% (please refer to the appendix [Training Statistics of CAL Group tables](#)).



Contents

0 Preface

1 Sustainability Management Overview

2 Value Creation

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

3 Sustainability Governance

Appendix

Sound Internal Recruitment and Rotation System

CAL is committed to upholding the principle of assigning each staff member to a proper position. We offer regular job rotations and internal training courses to improve our employees’ job skills and overall productivity. Each department determines whether to rotate employees, based on their labor needs; in addition, we have established an internal recruitment system, so that employees can participate in the selection processes in accordance with their wishes and ambitions. This allows CAL to utilize its human resources in a flexible manner and ensures that employees are assigned to the most proper positions, resulting in a win-win situation for both parties. Due to coping with the heavy impact of COVID-19, CAL had adjusted business strategy, the percentage of open positions filled by internal candidates (38.36%) was affected.

To utilize management with flexibility and to ensure that they are assigned to the most proper positions with improved competency, CAL conducts a management review and rotation evaluation on a regular basis. Managers working in domestic departments and outstations or joint venture companies for three

years will be included in the management review and rotation evaluation based on relevant regulations.

Human Capital ROI

Through education and training, employees can grow along with CAL's strategic and business goals. Meanwhile, corporate assets will also accumulated in value and provide CAL with a solid foundation for long-term viability. CAL has recently adopted the Human Capital Return on Investment (HCROI) metric as a benchmark tool. In addition to estimating earnings from investing in human capital, the metric can also be included in Company's long-term performance indicators. Although the COVID-19 pandemic significantly reduced revenue from passenger transport in 2020, CAL has effectively controlled related operating costs and achieved higher revenue from cargo transport compared to 2019. The overall ROI was therefore higher than 2019.

2018	2019	2020
1.09	1.00	1.26

Note: Human Capital ROI = Income - [Operating expenses - (Salary + Benefits)] / (Salary + Benefits).

Details of Employee Development Programs to Accommodate the Company's Business Objectives for 2020

Employee Development Program	Business Benefits	Quantitative Impact of Business Benefits	Proportion of Employees Participation in the Program
Strengthen Passenger Transport Revenue Management Skills Conduct a series of training on revenue management skills for passenger transport staff in line with the renewal of the revenue management system (Around TWD 945,000 in training investment)	1. Improve the professional skills and knowledge of passenger and cargo transport marketing personnel 2. Improve the accuracy of passenger transportation resources utilization to increase passenger transportation revenue	It is estimated that passenger revenues will increase by approximately 2% (Note) which is more than expected (Due to the impact of COVID-19, the effectiveness of the investment could not be revealed).	Proportion to total employees: 1.0%
Add on Cargo Revenue Related Training 1. Strengthen cargo operation personnel's related cargo transport professional knowledge 2. Increase the number of flight crew members for cargo aircrafts (Around TWD 44.37 million in training investment)	Enhance cargo marketing effectiveness and fleet capacity to increase cargo aircraft revenue	Cargo aircraft revenue for 2020 increased by TWD 26,793 million compared to 2019	Proportion to total employees: 1.2%

Note: "Source: History of revenue management from leg to O&D", Journal of Revenue and Pricing Management (2016) 15, 236-241.

Industry-Academia Collaboration

CAL has promoted its campus talent development program since 2013 by taking advantage of its abundant practical experience and sound aviation training facilities and courses. In response to the government's policy on industry-academia collaboration and talent development, CAL has cooperated with colleges and universities nationwide to offer internship programs that last for six months to one year in variety fields.

CAL also offers interns scholarships and allowances and arranges training courses for them. To start an internship, interns are required to pass the training courses first. In 2020, for the tenth consecutive year since 2011, CAL was awarded as a Top 20 Youngsters' Favorite Brand by Cheers magazine. Through industry-academia collaboration, CAL will continue to provide students with opportunities to gain aviation expertise and make their career plans, and thus help CAL recruit potential talents.

In 2020, a total of 110 students participated in the industry-academia collaboration programs and summer internship programs.



2020 Ground Service Division Internship Training Course Completion Ceremony



2020 Ground Service Division Industry Student Training Course



Contents

0 Preface

1 Sustainability Management Overview

2 Value Creation

2-1 Trust

2-2 Human Resources

2-3 Cooperation

2-4 Environment

2-5 Society

3 Sustainability Governance

Appendix

Industry-Academia Collaboration in 2020

Education Technology and Visual Design

Fu Jen Catholic University; Tamkang University

Information Technology

Ming Chuan University; Hsing Wu University

Ground Services (1-year term)

Dayeh University; Chung Yuan Christian University; China University of Science and Technology; Wenzao Ursuline University of Languages; Tainan University of Technology; Chang Jung Christian University; National Kaohsiung University of Science and Technology; National Taiwan Ocean University; National Yunlin University of Science and Technology; National Taipei University of Nursing and Health Science; Feng Chia University; Kainan University; I-Shou University; Vanung University; Overseas Chinese University; Shih Chien University (Kaohsiung Campus); Fu Jen Catholic University; Ming Chuan University; Takming University of Science and Technology; Hsing Wu University; Providence University; Lunghwa University of Science and Technology

Ground services (short-term)

Chung Yuan Christian University; Yuan Ze University; Soochow University; Kainan University; Vanung University; Shih Chien University; National Taipei University of Business; Fu Jen Catholic University

Cargo Transport (6-month term)

Chang Jung Christian University; National Chung Hsing University; National Formosa University; National Kaohsiung University of Science and Technology; Feng Chia University

Kaohsiung Office (6-month term)

Chung Yuan Christian University; Meiho University; National University of Kaohsiung; National Kaohsiung University of Science and Technology; National Yunlin University of Science and Technology; National Chi Nan University; Feng Chia University; I-Shou University; Shih Chien University (Kaohsiung Campus); Providence University

2-2-4 Employee Rights

GRI 102-41, 201-3, 401-2, 401-3, 402-1, 405-2

CAL attaches great importance to the opinions and well-being of our employees. In addition to regular reviews of employees' salary and benefit and labor-management meetings, CAL has established a number of communication channels and activities to enhance cohesion. CAL also respects the independence of labor unions in accordance with the law and promotes positive communication with labor unions.

Employee Care

Salary and Benefits

CAL firmly believes that employees are the most valuable assets and that it is important to protect both employee benefits and shareholders' equity. For these reasons, CAL provides competitive salaries and benefits for all employees. The salary and benefit package of each employee will not differ according to gender, race, religion, political affiliation, or marital status. Whenever the minimum wage of a particular global location is raised, we promptly review our salary standards and make necessary adjustments in a timely manner. In 2020, CAL adjusted salaries by 1.67% on average. Employees who are required to work overtime due to the nature of their employment receive reasonable overtime pay, in accordance with regulations. No employee is forced to work against his or her will.

Male / Female Salary Ratio of CAL Group in 2020 (Female Salary is 1)

Company						
Category	Base Salary	Bonus	Base Salary	Bonus	Base Salary	Bonus
Business Operations	1.30	1.25	1.03	1.05	1.39	2.42
Flight and Cabin Crews	2.04	3.36	1.23	2.17	3.24	2.80
Maintenance Personnel	1.11	1.12	1.03	1.52	0.10	3.53
Others	1.21	1.20	1.04	1.24	1.36	2.07

Note 1: Female salary is 1 in this Salary Ratio Table.

Note 2: Flight and cabin crews include pilots and flight attendants, pilots were mostly male, while flight attendants were mostly female. Pilots' salaries are higher than flight attendants', resulting in a large difference in the male / female salary ratios; others include executives higher than the rank of vice president, auditors, accountants, information technology personnel, and other employees that are not within the aforesaid categories.

Note 3: Base salary: basic pay; bonus: pay outside base pay.

Note 4: The maintenance personnel of Tigerair Taiwan are all male.

In accordance with the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies, the Company disclosed its number of full-time employees not in a managerial position as 10,035 in 2020 a decrease of 283 from the previous year. The total salary of full-time employees not in a managerial position was TWD 15,087.426 million, an decrease of TWD 1,985.101 million year-over-year, the average salary of full-time employees not in a managerial position was TWD 1.503 million in 2020, an decrease of TWD 0.152 million, and the median salary of full-time employees not in a managerial position was TWD 0.99 million in 2020, an decrease of TWD 0.231 million.



Contents

0 Preface

1 Sustainability Management Overview

2 Value Creation

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

3 Sustainability Governance




Appendix

Full-time Employees Not in a Managerial Position	Numerical Value	Difference from the Previous Year
Number	10,035	▼ 283
Total Salary (TWD million)	15,087.426	▼ 1,985.101
Average Salary (TWD million)	1.503	▼ 0.152
Median Salary (TWD million)	0.99	▼ 0.231

Pension Scheme

CAL attaches great importance to the rights and interests of our employees. CAL reports the management of the pension reserve fund to the Labor Pension Reserve Supervisory Committee on a quarterly basis. Prior to the end of each year, CAL allocates the amount required for the following year based on actuarial calculations and relevant laws and regulations. In terms of allocation rates, the rate for the new labor retirement plan is 6%; the rate for the old labor retirement plan is 15%, which reaches the statutory upper limit, and this amounts have been fully allocated in accordance with Paragraph 2, Article 56 of the Labor Standards Act to ensure that employees receive the retirement benefits to which they are entitled.

Salary, Benefits and Pension Reserve Fund of CAL Group in 2020 (Unit: TWD million)

Company	Item	2018	2019	2020
	Salary	16,580	15,998	13,659
	Benefits	203	213	261
	Pension Reserve Fund	6,184	6,347	6,241
	Salary	780	864	850
	Benefits	6.79	6.88	3.69
	Pension Reserve Fund	384	352	390
	Salary	724	870	720
	Benefits	3.65	4.85	4.29
	Pension Reserve Fund	1.90	2.53	1.54

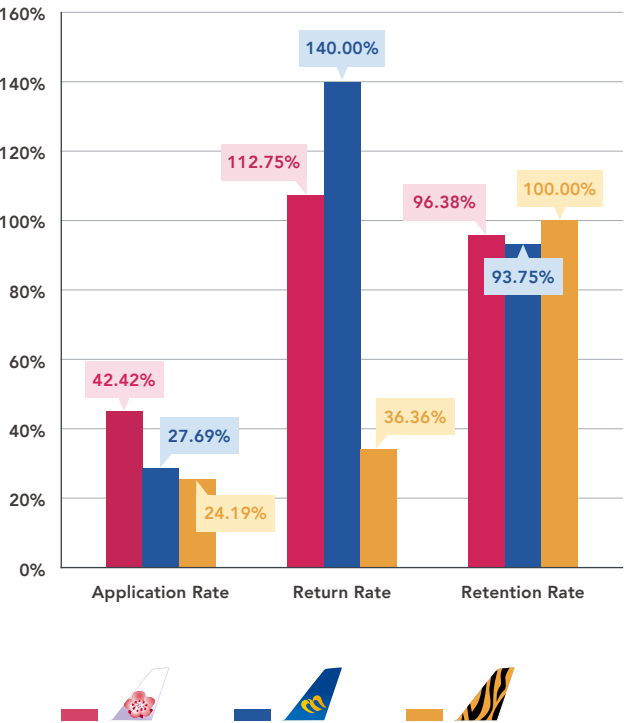
Note 1: Benefits offered by CAL / Mandarin Airlines included travel allowances, allowances for the elderly, scholarships, Labor Day gift money, spring parties, and anniversary expenses.

Note 2: Benefits offered by Tigerair Taiwan included travel subsidies, club allowances, birthday cash gifts, Mid-Autumn Festival and Dragon Boat Festival gift vouchers, spring parties, and family day activities.

Unpaid Parental Leave

CAL has set up a sound unpaid parental leave system, allowing employees to take care of their families while retaining their positions with CAL. To encourage qualified employees to apply for unpaid parental leave, CAL guarantees that applicants will not receive a performance evaluation below an "A" grade for the year. Male employees are also entitled to unpaid parental leave, including the option to apply for 5-day paternity leave with full pay before and after childbirth. If the period of paternity leave coincides with a business trip or a regular day off or public holiday, paternity leave may be taken within 15 days following the business trip or holiday. CAL offers better leave than that stipulated in the Gender Equality in Employment Act. After analyzing instances of unpaid leave taken by employees in recent years, we found that the majority of the employees who did not return to their duties or who returned to work but worked for less than a year did so because of the need to care for family members or due to changes in their career plans (please refer to the appendix [Unpaid Parental Leave of CAL Group tables](#)).

Unpaid Parental Leave of CAL Group in 2020



Contents

0 Preface

1 Sustainability Management Overview

2 Value Creation

2-1 Trust

2-2 Human Resources

2-3 Cooperation

2-4 Environment

2-5 Society

3 Sustainability Governance

Appendix



Benefits for CAL Employees



Year-end Bonuses / Dividends

At the end of each year, a year-end bonus is allocated from CAL earnings. Employee dividends are also distributed in accordance with employee performance and CAL's yearly management goals.



Group Health Insurance

Group health insurance covers medical, accident and serious illness insurance. Dependents may also be enrolled in the group insurance scheme at favorable rates.



Retiree Portal (Retiree Association)

CAL has assisted its retirees and employees in establishing a global retiree association and the CAL Retiree Portal. Every year, the Retiree Association organizes one to two quarterly activities to promote interchange between retirees. CAL also offers grants to the Retiree Association to provide positive assistance and encouragement.



Commuting

Apart from regular commuter shuttles at fixed sites, there are also shuttle buses for shift workers, cabin crew members, and employees with disabilities stretching from Keelung, Taipei City and New Taipei City to Taoyuan and Zhongli.



Employee Benefits

Employee benefits include wedding cash gifts, childbirth cash gifts, disaster subsidies, travel allowances, scholarships, allowances for the elderly, emergency loans, birthday cash gifts, Labor Day gift vouchers/cash gifts, and allowances for funerals.



Concessional Flight Tickets

Employees and their spouses, parents, and children enjoy free and concessional flight tickets to more than 50 destinations around the world. Code-shared concessional flight tickets from other airlines are also offered.



Annual Leave Scheme

CAL offers annual leave better than that stipulated in the Labor Standards Act.



Employee Stock Ownership Trust

Participation is voluntary. For employees who agree to join the employee stock ownership trust, a fixed amount is deducted from their monthly salary based on their pay grade.



Childcare

CAL has entered into preferential childcare contracts with 10 daycare centers across Taiwan to assist employees with childcare arrangements.



Resignation Program

Employees in the general track after 10 years of service and employees in the specialist track after 10 years of service and reaching the age of 54.



Unpaid Leave



Care for Dependents

Applicable when an employee's spouse or direct relative is seriously ill or when necessary.



Illness

Applicable when an employee is seriously ill and has not recovered after taking relevant leave in accordance with regulations.



Advanced Education

All employees, regardless of school or discipline, must be enrolled in a discipline that is relevant to their current position or meets the needs of the company and is recognized by the Ministry of Education of the Republic of China.

Contents

0 Preface

1 Sustainability Management Overview

2 Value Creation

2-1 Trust

2-2 Human Resources

2-3 Cooperation

2-4 Environment

2-5 Society

3 Sustainability Governance

Appendix

Employee Communication

Each and every employee matters to CAL. We maintain multiple channels of communication with our employees, such as regularly scheduled labor-management meetings, and strive to find solutions to problems. We have established an employee care mailbox, a sexual harassment mailbox with an associated grievance hotline, and also a "Speak Your Mind" employee communication mailbox. In addition, our Team+ internal company messaging software enables employees to express their opinions and make suggestions at any time. When facing significant operational changes that will affect employees, CAL gives notice in compliance with relevant labor regulations and promptly communicates with labor unions and employees. Information on material issues and employee rights is made available on CAL's website or e-mailed to all employees. When employees express concerns about certain internal regulations or practices, CAL seeks to clarify the issue and communicate with the employees more frequently.



Versatile Communication Channels



1. Quarterly Labor-management Meetings

Meetings are held on a regular basis, allowing CAL to communicate with CAEU representatives. Meetings between front-line divisions / departments and corresponding CAEU branches are held separately.



2. Supervisor Mailbox

CAL encourages employees to express opinions and give suggestions through the Level 1 supervisor mailbox.



3. "Speak Your Mind" Employee Portal

CAL encourages employees to express opinions and give suggestions through the "Speak Your Mind" Employee Portal on the Intranet.



4. Employee Care Mailbox

The Human Resources Division has set up an employee complaint e-mail (wecare@china-airlines.com) to protect employees' rights and interests.



5. Team+

This internal company messaging system is offered to employees for free, to facilitate two-way communication and instant reporting to supervisors.

Labor Unions GRI 102-41

CAL cooperates with different labor unions and remains committed to maintaining open communications in order to negotiate reasonable agreements. We show the same respect to all unions in accordance with law. After 2019, CAL did not have any major labor disputes or strikes in 2020, thanks to active communication with labor unions. In particular, the China Airlines Employees Union (CAEU), which has the highest participation rate of CAL employees, is a member of the Chinese Federation of Labor. There are six subordinate branches under CAEU, which are classified based on the location of members / business:

Branch 1: Divisions in Head Office

Branch 2: Flight Operations Division

Branch 3: Cabin Crew Division and In-flight Supply Chain & Marketing Division

Branch 4: Maintenance Division, Engineering Division, and Quality Assurance Division

Branch 5: Taipei Branch, Ground Service Division, and Cargo Sales, Marketing & Service Division

Branch 6: Kaohsiung Branch

There are six subordinate branches within the Mandarin Airlines Employees Union (MDAEU):

Branch 1: Divisions in Taipei Head Office, Taichung Branch

Branch 2: Flight Operations Division and Operation Control Center

Branch 3: Inflight Services Department

Branch 4: Customer Service Division (Taipei, Kinmen, and Taitung)

Branch 5: Engineering & Maintenance Division

Branch 6: Customer Service Division (Taichung, Magong, Hualien, and Kaohsiung)

All employees of CAL, with the exception of the top-level executives as stipulated in the union constitution, have joined the CAEU, which is the first of its kind in Taiwan's aviation industry, and is governed by a collective agreement signed by both parties in 2002. In January 2017, Mandarin Airlines entered into a collective bargaining agreement with the MDAEU. The CAL / Mandarin Airlines collective agreement pertains to union assistance; labor-management meetings and dispute resolution; employment and termination; working hours; leave and vacation; salary; allowances and bonuses; personnel transfers, rewards, and disciplinary actions; as well as benefits, training, and occupational safety and health clauses. The agreement is subject to renewal every three years in accordance with the law. CAL is now renewing the collective agreement with CAEU to maintain stable labor-management relations.

CAL / Mandarin Airlines cooperates and communicates with CAEU / MDAEU through various channels as a partner and based on mutual dependence, and the two parties have established various channels of communication over the years. All resolutions will be handled once they are reported. In addition, meeting minutes taken at labor-management meetings held at the Head Office



Contents

0 Preface

1 Sustainability Management Overview

2 Value Creation



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

3 Sustainability Governance

Appendix

are published and made available to all employees on CAL's website / Mandarin Airlines' website. CAL / Mandarin Airlines is dedicated to maintaining harmonious labor-management relations through open, efficient channels of communication. In 2020, due to the pandemic, CAL and the CAEU reached an agreement to hold two labor-management meetings in writing at the beginning of the year when the pandemic was at the most severe. A total of six meetings were held throughout the year to take into account both labor-management communication and joint pandemic prevention.

Union Participation Rate of CAL and Mandarin Airlines

Company	Item	2018	2019	2020
	Number of Participants	10,500	10,201	9,811
	Participation Rate	99.20%	99.48%	99.43%
	Number of Participants	856	851	852
	Participation Rate	92.84%	90.72%	96.49%

Note 1: The number of CAL participants refers to the number of people being members of CAEU in the year (including employees in Taiwan); hourly-basis employees, interns, contracted employees, and executives higher than the rank of vice president are not included.

Note 2: The number of Mandarin Airlines participants refers to the number of people being members of MDAEU in the year (including employees in Taiwan below the rank of vice president (inclusive) and expatriate executives in Mainland China); hourly-basis employees and contracted employees are not included.

Note 3: Tigerair Taiwan does not have a labor union currently.

Note 4: The collective bargaining coverage rate of CAL / Mandarin Airlines is equal to the labor union participation rate.

Employee Engagement

CAL has established diversified and unobstructed communication channels to listen to employees' suggestions attentively in line with its belief that employees are the Company's most important asset. Through an employee satisfaction survey, CAL understood employees' opinions of and needs for the Company and each unit, which served as a reference for CAL to provide a stable work environment. This would further increase employees' work efficiency and create a virtuous circle-based excellent corporate culture. CAL conducted the employee satisfaction survey in 2019. The survey covered six major dimensions, including Organizational Health, Corporate Culture, Leadership, Job & Career, Working Environment, and Compensation and Benefits (effective response rate was 6.4, of which 6.5 for males and 6.2 for females, with no significant difference) (for details, please refer to page 67 in the [2019 China Airlines Corporate Sustainability Report](#)). The employee satisfaction survey is conducted every two years in principle, and was originally intended to be conducted again in 2021, but was postponed to 2022 due to the pandemic. In 2020, CAL will continue to invest in a number of enhancements and improvements for its employees, as shown in the table below.

Relevant Improvements	Corresponding Dimension
In order to increase the contact between cabin crew and the office during the pandemic, and to meet the needs of related message promotion, five microfilms were shot to optimize the message transmission and gain the attention of the crew.	<ul style="list-style-type: none">Organizational HealthCorporate Culture

Relevant Improvements	Corresponding Dimension
Strengthened message transmission (including strengthening the communication function of mobile devices) to let the team members know the Company better and to bridge the distance between the team members and the colleagues at the Company / office.	<ul style="list-style-type: none">Organizational HealthCorporate CultureLeadership
Organized four expert sharing sessions with 755 participants, to deepen the understanding of other units to facilitate future cooperation. More than 50 cross-disciplinary seminars were held separately by each unit according to their environment.	<ul style="list-style-type: none">Organizational HealthJob & CareerWorking Environment
The Flight Operations Division added two-way communication after the technical symposium, affair interchange meeting of chief pilots, and actively exchanged ideas and communicated with employees, as well as identified problems and assisted in solving the problems for them in the front line. Held once a month, the average number of participants is about 100.	<ul style="list-style-type: none">Corporate CultureLeadershipWorking Environment
The Ground Services Division held more than 30 staff communication meetings to listen to the voices of the junior supervisors and staff members and to explain the Company's policies (including the impact of the pandemic on the Company's operation and the explanation of the shift reduction plan). The top-level supervisors and assistant supervisors gave lectures and answered colleagues' questions to achieve two-way communication and understanding.	<ul style="list-style-type: none">Organizational HealthCorporate CultureLeadershipWorking Environment
The Company arranged for supervisors to go to the staff unit or the agent unit for training, so as to enrich the professional skills of the staff and cultivate talents for the management talents.	<ul style="list-style-type: none">Organizational HealthCorporate CultureLeadershipJob & Career

Protection of Employees' Rights during the COVID-19 Outbreak

COVID-19
Special Column



Due to the impact of COVID-19 pandemic in 2020, the global aviation industry has suffered significant losses, and many international airlines have responded by laying off employees. In order to take good care of its employees, CAL has implemented various policies to streamline its workforce after harmonious communication between employers and employees (temporary hiring delay, relaxation of unpaid leave rules, workforce adjustment, special leave, and reduction of working hours). CAL also assisted employees in applying for government subsidies during the reduced working hour period (Peace of Mind Employment and Recharge and Training programs). In addition, CAL constantly reminds employees of the relevant pandemic prevention information, and provides frontline personnel with pandemic prevention equipment. CAL is committed to protecting the health of the employees and their rights at work by implementing various pandemic prevention measures in accordance with relevant government regulations.



Contents

0 Preface

1 Sustainability Management Overview

2 Value Creation

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

3 Sustainability Governance

Appendix

2-2-5 Healthy and Safe Workplace

GRI 403-1, 403-2 403-9, 403-10

CAL has established an Occupational Safety and Health Committee in accordance with law. The committee is tasked with the objective of preventing occupational hazards and protecting the safety and health of all employees by reviewing, coordinating, and making recommendations pertaining to safety and health related matters. The President acts as the chairperson. One deputy chairperson and one executive secretary are appointed. Members consist of Level 1 managers, occupational health and safety employees, engineers, and medical personnel from the designated divisions / departments as well as representatives appointed by labor unions. A meeting is held once every three months to review and analyze occupational incidents. All incidents are followed up and reported to the management so that related health management solutions can be subsequently developed. In 2020, a total of 12 safety and health proposals were reviewed and discussed, all of which have been closed. Meeting minutes were published on the EIP website; a total of 125 occupational safety reports were compiled, all 125 were improved and closed with an achievement rate of 100%.

Five Major Goals of CAL's Occupational Safety and Health

Comprehensive occupational safety and health management system

Reinforce the corporate safety culture and enhance personnel's safety awareness

Enforce risk management mechanism and effectively resolve threats

Strengthen safety and health education & training to reduce incidence of occupational injury

Build a safe, healthy and comfortable working environment

Proportion of Labor Representatives in Occupational Health and Safety Committee of CAL Group in 2020

(Unit: %)

Company	Composition of Occupational Health and Safety Committee	2018	2019	2020
CAL	Proportion of Labor Representatives in Taipei Branch	36.36	36.36	36.36
	Proportion of Labor Representatives in Taoyuan	38.46	38.53	37.73
	Proportion of Labor Representatives in Kaohsiung Branch	37.50	37.50	37.50
	Proportion of Labor Representatives in EMO	34.78	34.78	34.78
Mandarin Airlines	Proportion of Labor Representatives	33.33	33.33	33.33
Tigerair Taiwan	Proportion of Labor Representatives	38.46	38.46	41.18

Note: Labor representative proportion = (Occupational Health and Safety Committee labor representatives / Occupational Health and Safety Committee total members) × 100%.

Dual International Certification of Occupational Health and Safety

To implement safety and health management more efficiently, systematically, and in accordance with both international trends and domestic and foreign standards, CAL has established an independent safety and health management system and enhanced risk controls in line with international standards. On April 20, 2019, CAL obtained ISO45001: 2018 and TOSHMS certifications for our safety and health management system, which adopts the PDCA model. Through the risk management mechanism, risk classification management is carried out according to each type of operation and job category into the following three categories:

Category	Hazard Risk Classification	Job Type
Category 1	Significant Occupational Risk	For example: flight crew, cabin crew, cargo loading personnel
Category 2	Moderate Occupational Risk	For example: engineering personnel, machinery and equipment operators
Category 3	Low Occupational Risk	For example: office administrators

We have completed the set up of safety and health managers and on-the-job training for each unit, including how to conduct workplace hazard identification, risk classification, how to create management plans, and occupational hazard identification process. We also provide guidance to units at all levels on risk assessment as well as prevention and improvement. In addition, according to the five major operational elements of the Occupational Health and Safety management system and its related implementation, we will effectively control the risk of occupational hazards through regular audits, improve the management of occupational disease prevention, enhance the performance of occupational safety and health management, and implement the occupational safety policy to ensure that employees can work in a safe, healthy, and comfortable work environment.

A total of 873 safety and health inspections were conducted at each work site, and 116 faults were found, all of which were coordinated with the relevant units for improvement. The internal audit of each unit is performed once a year, and the external audit is entrusted to SGS once a year.

Enhancing Operational Safety and Implementing Risk Control over Occupational Health and Safety Management

In 2020, the disabling injury frequency rate (FR) was 1.93; the disabling injury severity rate (SR) was 42; the frequency-severity indicator (FSI) was 0.28; and the absence rate was 0.92%. According to analysis, most occupational hazard incidents were caused by unsafe employee



Contents

0 Preface

1 Sustainability Management Overview

2 Value Creation

2-1 Trust

2-2 Human Resources

2-3 Cooperation

2-4 Environment

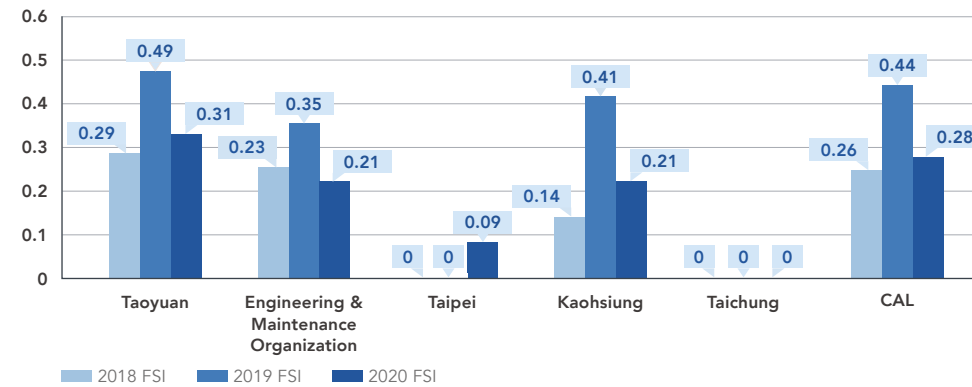
2-5 Society

3 Sustainability Governance

Appendix

conduct. However, CAL's FR and SR were lower than the air transport industry average FR (4.14), SR (102), and FSI (0.65) from 2016 to 2018. No student occupational hazard incidents in industry-academia collaboration programs or summer internship programs were reported at CAL workplaces, and no occupational hazard incidents occurred to contracted agents in 2020. We will continue to implement the promotion of occupational hazard prevention and related education and training (please refer to the Appendix for detailed table [Comparing the Frequency-severity Indicator and Occupational Injury Statistics Over the Past 3 years](#), and [Occupational Hazards Statistics of CAL Group](#)).

Comparing the Frequency-Severity Indicator Over the Past 3 Years



Strengthening Epidemic Prevention Measures in Response to Emerging Epidemics

1. Establish an Emergency Response Mechanism

In response to the various emerging epidemics in recent years, and to prevent unresolved uncertainties brought about by future epidemics, the Company has established a cross-unit mobilization mechanism by level, command system, and operational procedures to integrate relevant units to respond together and remind employees to raise their alertness. At any time, according to the scale of the outbreak, the Company's response mechanism will be activated sequentially, and the Corporate Safety Department will coordinate various prevention and control actions and hold epidemic prevention meetings from time to time.

2. Enhance Risk Management Awareness

Establish a health management reporting system for employees with higher risk of exposure (crew members), as well as an abnormality tracking and handling mechanism; work commute diversion mechanism to and from work, or adjust the office layout, or business travel method; strengthen various epidemic prevention promotion; establish a cooperation mechanism with relevant departments; set up a cross-unit team + group contact platform to ensure consistency of information; activate diversified channels to provide real-time information; and actively encourage employees with fever or acute respiratory symptoms to rest at home until their symptoms improve and then return to work.

3. Enhance Knowledge on Biological Pathogen Hazard Prevention

For general employees, provide education and training on infection prevention for everyone; for employees with higher risk of exposure, provide education and training on the proper use of personal protective equipment; we require contractors to strengthen epidemic prevention measures and

notification of abnormalities; we are extra vigilant with body temperature measurement and record keeping; maintain proper indoor ventilation and regularly replace filters; disinfect work sites; provide related hygiene and health promotion; and provide personal protective equipment and other self-management measures.

4. Management of Epidemic Prevention Supplies

Management, procurement, distribution, safe stock quantity, and storage is standardized by a dedicated unit.

5. Mental Health Support / Employee Assistance Program

Provide epidemic prevention care kits and related assistance measures to employees (crew members) with higher exposure risk level; proactive care.

Future Plans

1. Recruitment

In 2021, CAL will continue to recruit flight crew members, promote industry-academia collaboration programs, and employ more people with disabilities, in order to achieve our commitment to corporate social responsibility.

2. Diversification

Over the past three years, CAL's female employees have accounted for 48.00% of the total workforce. The 2021 target is also set at 48.00%. In terms of CAL's female managers, the proportion has increased year by year over the past three years. In 2023, the target is set at 24.75%.

3. Employee Training

2021 marks CAL's 61st anniversary. In addition to strengthening company products and services, CAL will continue to provide professional training that covers all fields of expertise. Out of a desire to transmit our corporate culture and values, CAL will base our overall employee training goals on Care, Communication, and Pass on experiences, and implement training through Effective Management, Case Studies, and Follow-Up. CAL plans to organize a total of 12 training courses, including general management skills training, with employee problem identification, employee care and communication, management seminars, and group cohesiveness; professional training for instructors and human resources personnel; and general training for all employees, including general aviation management, upward communication, and career experience camps. In addition, we have purchased career development courses for all employees to take as needed.

4. Implementing Occupational Health and Safety Management System (ISO 45001) and Incorporating Occupational Safety and Health in Corporate Culture

By establishing graded safety and health management practices, CAL expects to apply the concepts of occupational safety and health to work and enhance employees' skills to maintain these concepts. Enhance the safety and health management system, and safety and health audits to reduce occurrence of occupational hazards.