



2023

CHINA AIRLINES
SUSTAINABILITY REPORT



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Guidance for Reading the Report

GRI GRI Icon The corresponding GRI disclosure items	Performance Icon Represent our achievements and performance
Refer to Icon More information on other pages of the Report	ESG Icon The icon is used to specify environmental / social / governance issues
Event Icon Explanation of special incidents	2050 Net Zero Carbon Emissions Special Column Icon Explanation of actions implemented to attain net zero carbon emissions by 2050
 China Airlines	 Mandarin Airlines
	 Tigerair Taiwan

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

China Airlines (hereinafter referred to as "CAL") has always been leading the world on the air route to sustainability, continuing to promote sustainable environmental, social, and governance (ESG) practices. To maintain good and smooth communications with all stakeholders, CAL publishes corporate sustainability reports in Chinese and English and discloses related information on its corporate sustainability website on a regular basis. In response to the post-pandemic transformation, CAL has adopted a business strategy of focusing equally on passenger and cargo operations, fully capitalizing on the opportunities for global passenger transport recovery. It is expanding new routes, resuming flights, and enhancing its network layout. By successfully integrating sustainability concepts into its business strategy, CAL optimizes aircraft types and network, strengthens revenue

management, and flexibly plans and optimizes fleet operations to enhance operational efficiency. Furthermore, CAL has achieved a significant milestone by becoming the first national airline to introduce Sustainable Aviation Fuel (SAF) for passenger flights. Additionally, CAL has launched a collaborative carbon reduction program by procuring SAF, making it the first of its kind. Going forward, CAL will gradually promote the use of SAF on both passenger and cargo flights, collaborating with supply chain partners and corporate customers to collectively reduce carbon footprint and support the global transition to sustainable energy. This initiative aims to enhance and establish CAL's zero-emission collaboration capabilities, creating a mutually beneficial situation for carbon reduction and actively working towards the vision of achieving net-zero carbon emissions by 2050.



Cover Story



Whether during the pandemic or in the new life after reopening, every colleague of CAL is always working hard at their respective positions, ready to spread their wings and fly high at any time. Riding the winds, we soar high.

Through the silhouette of an airplane's tail heading towards a direction, incorporate the iconic architecture of a newly established destination and combine imagery of travel and exploration, symbolizing each flight as a hopeful adventure, and each adventure as a valuable breakthrough and growth. CAL embraces a belief that we can always do better, continuously growing and thriving towards a brand-new future, with sustainability blooming around the world.



Reporting Principles & Standard Disclosures

The Report is prepared in accordance with the Operating Procedures for the Preparation and Reporting of Sustainable Reports, Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies, the GRI Standards Core Option published by the Global Sustainability Standards Board in 2021, the sustainability metrics of the Sustainability Accounting Standards Board (SASB) published by the IFRS Foundation, Task Force on Climate-related Financial Disclosures (TCFD), Taskforce on Nature-related Financial Disclosures (TNFD), and the United Nations (UN) Global Compact. The [GRI Content Index](#), [SASB Comparison Table](#), [TCFD Index](#), [The Climate-related Information Comparison Table for TWSE/TPEX Listed Companies](#), [TNFD Index](#) and [UN Global Compact Comparison Table](#) are described in the ESG Data and Appendix.

Basis of Report and Guidelines

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

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



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Report Period & Boundary

• Report Period

CAL discloses information from January 1, 2023 to December 31, 2023 in accordance with the GRI Standards. Some material information up to May 30, 2024 is also reported.

• Report Boundary

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

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

Note: Tigerair Taiwan has been officially listed on the stock market since 2023 and begins to separately compile the Tigerair Taiwan Sustainability Report. [Tigerair Taiwan website](#)



Guarantee of Truthful Reporting

• Internal Audit

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

• External Assurance

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

• Data Quality Management

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

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



Publication History

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

First edition release date	August 2014
Previous edition release date	June 2023
Current edition release date	June 2024
Next edition release date	June 2025

Note: CAL notifies GRI of the use of its Standards and the statement of use after the release of the Report each year by sending an email to reportregistration@globalreporting.org



Feedback

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

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Corporate
Sustainability
Website

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Chairman

J. C. Hsieh

President

S. H. Kuo



Letter from Management GRI 2-22



The World Returns to a New Normal

From 2020 to 2023, the aviation industry has been encountering unprecedented challenges as a result of the pandemic, while also witnessing rapid changes in the global market. This is both a challenge and an opportunity for CAL. In the post-pandemic world, a new normal is emerging. People are beginning to travel again, and passenger transportation is actively recovering. However, the aviation industry continues to face several adverse factors in the overall environment, including geopolitical conflicts resulting from the Russia-Ukraine and Israel-Palestine wars. These conflicts have made an impact on flight capacity, fuel consumption, and crew deployment. Furthermore, the inadequate production capacity of aircraft manufacturers and related supply chains has led to bottlenecks in the supply chain. The manufacturing sector has been weakened by the economic slowdown and inflationary pressures in various countries, leading to imbalances in supply and demand. This has disrupted trade stability and impacted freight revenue levels, among other factors. Despite facing multiple unfavorable operating conditions, CAL is actively addressing the impact on regional and long-haul capacity in its supply chain by extending and increasing leases. Furthermore, CAL is actively promoting fleet renewal, including the replacement of the 737-800 with the A321neo, the A330-300 with the 787-9, and the gradual phasing out of the 744F with the 777F. CAL is also optimizing route planning, integrating passenger and cargo operations, and enhancing



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Inherit and Implement Corporate Sustainability

CAL has been consistently implementing ESG initiatives to foster sustainable competitiveness and achieve remarkable sustainability results. It has garnered recognition from both domestic and international sources. In 2023, CAL has once again been chosen as a constituent stock of the Dow Jones Sustainability Indices (DJSI) Emerging Markets, marking its eighth consecutive year of selection. It stands as the sole Taiwanese airline to receive this honor and ranks second highest in the global aviation industry. This year, a total of 61 airlines participated in the evaluation. CAL attained a perfect score in waste management, water conservation strategies, passenger safety, sustainable marketing and brand awareness, business ethics, transparency, and reporting. Moreover, CAL secured the highest score in 10 categories, encompassing biodiversity, talent attraction and retention, information security and system availability, and labor practices, effectively showcasing the integration of sustainable principles into its business operations. Furthermore, CAL has received the Taiwan Corporate Sustainability Awards (TCSA) for ten consecutive years, demonstrating exceptional performance. In 2023, CAL reached a new milestone by being honored with the prestigious Taiwan's Top 10 Sustainability Exemplary Enterprise Award for the first time. Additionally, it secured the top position in the global aviation industry evaluation of the 2023 S&P Global Sustainable Yearbook.

As a pioneer in the international aviation industry, CAL continues to set benchmarks for companies in various fields both domestically and internationally. Its sustainable development achievements consistently surpass expectations, thanks to its robust corporate environmental and energy risk management mechanisms. CAL has taken the lead in publishing an independent report on climate-related financial disclosures (TCFD) and has made commitments to forest and biodiversity conservation. In addition to adding 10% sustainable aviation fuel (SAF) to its A321neo fleet delivery and ferry operations, CAL has been supporting the SkyTeam in the "Sustainable Flight Challenge" for two consecutive years. In 2023, CAL achieved a groundbreaking milestone by operating Taiwan's first passenger flight using SAF, in collaboration with the ECO Travel program to offset carbon emissions for its entire fleet of passenger and cargo flights. This demonstrates CAL's commitment to supporting global renewable energy development and transition, and actively implementing carbon-neutral flying. Furthermore, in 2023, CAL became the first Taiwanese company to join an internationally renowned oil company and a blockchain platform to establish a sustainable aviation fuel program. This marks the introduction of a collaborative model for SAF procurement and provides traceable and verifiable carbon reduction reports. CAL is gradually promoting the use of SAF on its passenger and cargo flights, working together with supply chain partners and corporate customers to collectively reduce carbon footprints and support the global transition to sustainable energy. By upgrading its collaborative efforts to achieve carbon neutrality, CAL aims to create win-win carbon reduction outcomes and actively move towards its net-zero carbon emissions target by 2050.



Look into the Future at the Peak

As the world gradually goes back to a new normal, CAL, with its leading position in sustainable aviation, will pursue a business model of steady development and prudent planning. By leveraging Taiwan's strategic geographical location, CAL will expand its route network, strengthen its advantage in operating unique air routes, diversify its sources of passenger revenue, and solidify its corporate customer base and high-yield markets. Additionally, CAL will drive the digitization of its passenger transportation marketing system, cultivate the new generation of passengers, foster cross-industry cooperation, enhance product value, and consistently innovate to stay current with the times. Furthermore, CAL also consolidate its current advantages in freight transportation, continuously enhance revenue management, pursue high-profit opportunities such as special cargo, cold chain, charter flights, and high-value goods, and leverage its expertise in shipping semiconductors, technology industries, and aviation materials. Additionally, CAL will investigate the possibility of offering flights to and from new destinations. CAL will actively consolidate operational resources, plan crew and aircraft scheduling in advance, and flexibly adjust fleet plans, continuing to study and supplement passenger aircraft capacity, accelerate the retirement and replacement of cargo aircraft, and introduce fuel-efficient and efficient fleets. In 2024, CAL will continue to introduce new aircraft such as the A350-900, A321neo, and 777F. In 2025, CAL will welcome a brand new fleet of 787 aircraft, allowing for flexible deployment on long-haul/ultra-long-haul routes and further developing the overall passenger air transport network. The new 787 aircraft surpasses competing models in the industry by achieving a 12% reduction in fuel consumption, an 8-12% reduction in aircraft weight, and a faster cruising speed, effectively lowering operating costs. Additionally, it offers increased seating capacity and cargo space, contributing to revenue growth. The cabin is meticulously designed to replicate the pressure and humidity levels that ensure passenger comfort, enhancing the overall flying experience. As the aviation market continues to recover, CAL has plans to expand its fleet, strengthen route network, and enhance cooperation with partner airlines. Meanwhile, CAL will focus on improving revenue management, digitizing our marketing and membership systems, utilizing big data for precise management, strengthening cross-industry collaborations, expanding revenue, and effectively managing costs to create shared profits with the eight key stakeholders.

Standing at the peak of the world, CAL looks into the future with a steadfast commitment to sustainability. To realize its long-term vision for 2040, CAL has established a range of long-term sustainable goals, including a 40% increase in the use of Sustainable Aviation Fuel (SAF), a 70% reduction in airborne waste compared to 2018, and the complete elimination of single-use plastic products in its inflight services. Additionally, CAL will adhere to the COP28 consensus by reducing reliance on fossil fuels, increasing the proportion of renewable energy and enhancing energy efficiency. The capacity of renewable energy installations will reach 15% of the contracted capacity. Through effective resource management, pollution prevention, and innovative systems, CAL is dedicated to providing environmentally sustainable products and services to its passengers.

Looking into the future at the peak of the world, we invite you to soar into the sky together with CAL for each sustainable flight.

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Business Overview GRI 2-1, 2-6

CAL (2610) is the largest airline in Taiwan. Based in Taiwan Taoyuan International Airport, CAL mainly provides international passenger and freight air transport services. CAL has two subsidiary companies: Mandarin Airlines (serving domestic and regional markets) and Tigerair Taiwan (offering a low-cost business model). With three airline companies for market segmentation, shared resources, and mutual support, CAL provides a variety of options for customers. For more information on the business development of the fleet and route network, refer to Business Overview in [CAL's Annual Report](#). Through code share agreements with other airlines, the CAL and Mandarin Airlines offered flights to / from 29 countries and 178 destinations worldwide, and Tigerair Taiwan served 29

destinations and 36 routes in 2023. The aviation industry faced tremendous challenges in 2023. With slowed global economic growth, geopolitical tensions, global inflation due to rising energy and food cost, tightened monetary policies implemented by central banks, resurgence of the pandemic, and interruption of the supply chain due to extreme weather events, and rising oil prices and wages have significantly increased overall operating costs (fuel, manpower, and quarantine costs). CAL Group's consolidated net profit was TWD 9.305 billion, and final profit after tax attributable to the parent company was TWD 6.819 billion. [Refer to 3-2 Operational Achievements](#)

China Airlines

Headquarter Taoyuan

No.1, Hangzhan S. Rd., Dayuan Dist., Taoyuan City

Capital
TWD 60.5 billion

Employees
11,258

Fleet Size (Note)
83
64 passenger aircraft
19 cargo aircraft

Average Fleet Age
9.92 years
passenger **8.99 years**
cargo **13.05 years**

Mandarin Airlines

Taipei

No.3, Alley 123, Ln. 405, Dunhua N. Rd., Songshan Dist., Taipei City

Capital
TWD 4 billion

Employees
885

Fleet Size
10

Average Fleet Age
4.82 years

Tigerair Taiwan

Taipei

No.3, Alley 123, Ln. 405, Dunhua N. Rd., Songshan Dist., Taipei City

Capital
TWD 4.49 billion

Employees
810

Fleet Size
15

Average Fleet Age
5.68 years

Destinations

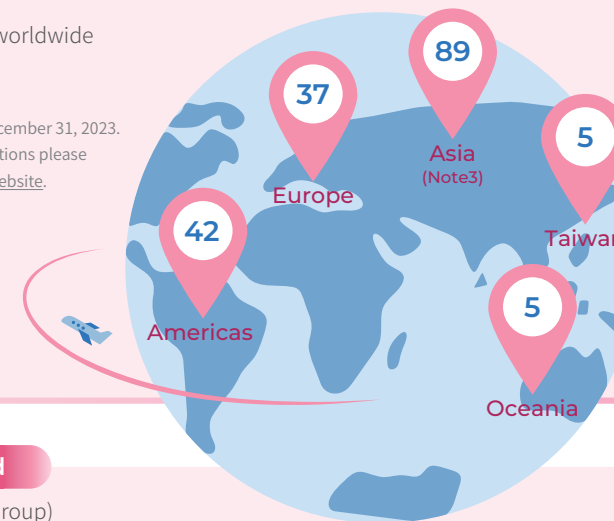
(including the CAL Group and code-shared routes)

178 destinations worldwide
29 countries

Note 1: Statistics as of December 31, 2023.

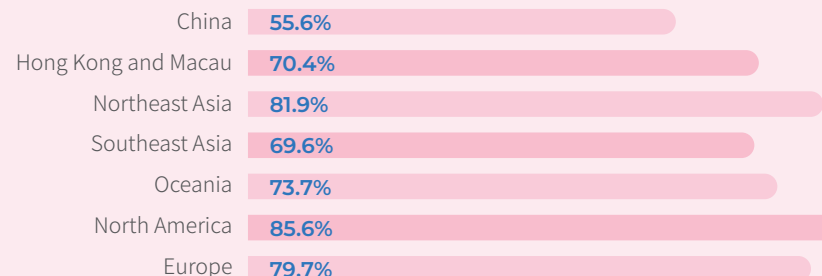
Note 2: The latest destinations please refer to the [CAL website](#).

Note 3: Excluding Taiwan



Passenger Load

(including the CAL Group)



Note: As of April 30, 2024. For the latest operating fleet size and age, please refer to the [CAL website](#).



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2023 ESG Performance and Recognition



8th time selected for DJSI Emerging Markets Index

The only Taiwanese airline selected for DJSI Emerging Markets for eight consecutive years and ranked in 2nd place among the world's airlines.



8th time selected for FTSE4Good Index Series

Selected in the FTSE4Good Index Series for eight consecutive years.



2nd time selected for the MSCI Index

Has been selected as a constituent stock of the MSCI Global Standard Indexes since 2022.



5th time in GCSA Award

CAL won the Sustainability Reporting Award for the fifth time and won the Silver Award in 2023.



10th time in TCSA Award

CAL won the Taiwan Corporate Sustainability Award for the 10th consecutive year, receiving Taiwan's Top 10 Sustainability Exemplary Enterprise Award for the 1st time in 2023 and the Sustainability Report - Best Report of the Year Award (Service Industry) for the 2nd consecutive year.



5th time selected for FTSE4Good TIP Taiwan ESG Index

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



7th time selected for the Sustainability Yearbook

CAL became the only airline company in Taiwan that was selected for the Sustainability Yearbook for the seventh time, and was ranked among the top 5% among aviation companies in the Sustainability Yearbook in 2024.



Taiwan Ratings maintained "stable" outlook

In October 2023, Taiwan Ratings announced that CAL's long-term and short-term credit ratings were "twBBB+/twA-2" and the outlook remained "stable".



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Governance



Top 21%-35% of TWSE / TPEX listed companies

Selected as the top 21%-35% of the excellent corporation award in the ninth Corporate Governance Review.



7th time selected for Taiwan EMP 99 Index and Taiwan HC100 Index

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



100% signing rate for the Supplier Code of Conduct

The signing rate of the key first-tier suppliers for the Code of Conduct has reached 100%.



96% of coverage rate for risk assessments

CAL conducted a Sustainable Assessment Questionnaire (SAQ) for all key first-tier suppliers, identifying high-risk suppliers and providing appropriate management and guidance.



Capacity building for 13 suppliers

Assisting suppliers in implementing comprehensive measures to improve their supply chain and develop their capacity.



Core cyber security system passed certification

CAL's data network and core information systems for the development and operation management of passenger airline reservations, ticketing, and marketing processes passed the Information Security Management System (ISMS) ISO 27001: 2013 and obtained a certificate with a validity period of three years in 2022. In 2023, CAL applied for and passed the recertification. Moving forward, CAL will continue to monitor, review, maintain, and improve its operational practices while also planning to expand the scope of verification, so as to enhance the maturity of cyber security governance.



Continuously obtaining IOSA safety certification

CAL has maintained its commitment to flight safety by obtaining the IOSA (IATA Operational Safety Audit) certification in 2005 and undergoing re-certification audits every two years in accordance with IATA regulations. In 2022, CAL met the IATA Operational Safety Audit (IOSA) standards for the 11th time (the next certification will be in 2024), and continues to meet the highest international standards.



Organized the 2023 Aviation Safety Seminar

In response to the increased demand for air transportation after the easing of the epidemic, CAL invited experts from National Taiwan University to discuss the factors and topics related to aviation safety. The seminar aimed to improve and strengthen the understanding of aviation safety among flight crew members and other relevant personnel, while also leveraging relevant experiences to ensure reliable and trustworthy air transportation.



Organized the 2023 Aviation Security Risk Management Seminar

CAL organized the 2023 Aviation Security Risk Management Seminar jointly with the Civil Aeronautics Administration of the Ministry of Transportation and Communications, the China Aviation Development Foundation, the Taiwan Flight Safety Foundation, and the Chinese Society of Civil Aviation. The seminar was focused on addressing vulnerabilities in aviation cybersecurity, threats posed by unmanned aircraft, and strategies for preventing insider threats, so as to enhance and promote the importance of aviation cybersecurity.



Integration of technology into service for exceptional competitiveness

All cabin crew members are equipped with iPad mini tablets as portable tools for their tasks. These tablets are connected to management, training, dispatch, and announcement platforms, instilling a strong sense of security and service philosophy. In addition to integrating information to implement protection and control measures, reduce cybersecurity risks, and improve operational efficiency, the tablets also enable on-board staff to provide passengers with appropriate and up-to-date flight experiences that align with current trends, thereby continuously enhancing our competitive advantage.

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Environmental



8th time selected in DJSI with the highest score in the global aviation industry for biodiversity

CAL was selected in DJSI emerging markets index for the eighth consecutive times and received the highest possible scores both in the waste management performance and the water conservation strategy, and also won the highest score in the aviation industry for biodiversity.



10th time in TCSA Climate Leadership Award

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



5th consecutive year with CDP SER Leadership rating

CAL has responded to the CDP climate change questionnaire for 12 consecutive years since 2012, and actively promotes and implements supply chain / value chain management, receiving an A- rating in the CDP SER evaluation for the fifth consecutive year.



1st to launch the Sustainable Aviation Fuel (SAF) passenger flight in Taiwan

In response to the SkyTeam's second Sustainable Flight Challenge, CAL launched demonstrative sustainable flights and incorporates 10% of sustainable aviation fuel (SAF) certified by strict ISCC international sustainability standards and ASTM international aviation fuel standards, becoming the first national airline to declare the use of SAF for passenger flights.



1st to introduce the SAF Carbon Reduction Collaborative Program for corporate procurement

CAL was the first among Taiwanese airline companies to participate in the Sustainable Aviation Fuel program established by international oil companies and blockchain platforms, and also the first in Taiwan to introduce the SAF collaboration model for corporate procurement and provide traceable and verifiable carbon reduction reports. Promoting the use of SAF in passenger and cargo flights step by step, CAL works together with supply chain vendors and corporate partners to reduce carbon footprint.



Adopting over 4,000 Taiwania cryptomerioides in the reforestation project

CAL has actively participated in a national reforestation project in collaboration with the Forestry and Nature Conservation Division of the Ministry of Agriculture and the Hsinchu Branch. As part of this initiative, CAL has adopted nearly 2 hectares of land in Nanjhuang, Miaoli, and is collaborating with the local Saisiat Tribe, to plant and nurture 4,250 Taiwania cryptomerioides, which have a remarkable capacity for carbon absorption and are expected to store carbon by approximately 65 metric tons two years after reaching maturation.

Social



Over TWD 46.46 million in charity activities

CAL invested TWD 46,466,520 in charity activities in 2023.



Over 1,100 cartons of fruit in charity procurement

To support Taiwan's high-quality agricultural products and products of charity organizations, CAL purchased 1,170 cartons of pineapple sugar apples and 22 cartons of golden diamond pineapples, with a value of approximately TWD 615 thousand.



Over 1,300 students

In 2023, the CAL Volunteers Club and Remote Rural Efforts Club voluntarily taught aviation courses in remote rural areas in full compliance with pandemic prevention regulations. The activities benefited 1,369 students.



420 senior citizens

Provided care for 420 disadvantaged senior citizens at three events in 2023.



Employment of 106 staff members with disability

CAL took great pride in being the sole recipient of the Golden Exhibition Award in the aviation industry for employing 106 staff members with disability.



99.17% union participation

99.17% of employees participating in corporate union.



Awarded the HR Asia Best Companies to Work for In Asia

CAL received the prestigious award of HR Asia Best Companies to Work for In Asia in 2023.



Continuous Support for "TALENT in Taiwan"

On February 29, 2024, CAL announced its continued support for "TALENT in Taiwan" to jointly promote sustainable talent development with "Common-Wealth Learning", and many other companies in Taiwan.

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2023

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February

- CAL's ESG (Environmental, Social, and Governance) performance was rated the highest score among global aviation industry players by the global rating institution S&P Global in the Sustainability Yearbook 2023, earning the highest accolade of achieving the top 1% and the only transportation provider to be featured for the sixth time.

June

- CAL's luxury business class travel kit received the Asia/Oceania Gold Award of Airlines Amenity Awards from the globally renowned travel magazine Travel Plus.
- Selected in the FTSE4Good TIP Taiwan ESG Index for the fifth time.

August

- Selected in the Taiwan Employment Creation 99 Index for seven consecutive years.
- CAL won the "Best Inflight Supplies Supply Chain Award" and the "Best Application Innovation Award" in the Sustainable Flight Challenge (TSFC) of SkyTeam.



November

- Winning the 1111 Manpower Bank Happiness Enterprise Gold Award.
- CAL has achieved a remarkable feat in corporate sustainability awards, securing five prestigious accolades. These include being the only company to win the Best Annual Report in the service industry category twice, as well as receiving the Climate Leadership Award and Social Inclusion Leadership Award for outstanding individual sustainability performance. Furthermore, CAL has been acknowledged as one of the top ten sustainable exemplary companies in Taiwan's service industry group and has consistently been honored with the Silver Award for Sustainability Reporting, a globally recognized sustainability award.
- Winning the Best Wi-Fi of the Greater China Region Award from the Airline Passenger Experience Association (APEX).



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December

- Selected as a constituent stock of the Dow Jones Sustainability Index (DJSI) for the 8th consecutive year, being the only selected Taiwanese airline and ranking second in the global aviation industry.
- Rated the "Best Airline in North Asia" by the renowned American travel magazine Global Traveler in the 20th annual reader survey.
- Rated the Design Airline of the Year in Asia and also ranked as the fourth Best Design Airline globally by TheDesignAir, a renowned international aviation design evaluation.

Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA

Global Traveler

July

- Awarded the HR Asia Best Companies to Work for in Asia in 2023.



- Selected in the Taiwan High Compensation 100 Index for seven consecutive years.

September

- Winning the APEX Five Star Global Airline in 2023 from the Airline Passenger Experience Association (APEX) for the 8th consecutive year.



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2050 Net Zero Carbon Emissions Special Column



Net Zero by 2050 and SBTi Objectives

CAL complies with the IATA and national carbon reduction targets by leading the industry in announcing the "target for achieving net zero carbon emissions by 2050" in October 2021. CAL also outlined short, medium, and long-term objectives for flight operations, ground operations, and use of sustainable aviation fuel. In addition, CAL has participated in discussions regarding SBTs since 2017 and discussed the reduction targets for the aviation

industry through the IATA platform. CAL signed the Science Based Targets initiative (SBTi) in 2022 to ensure that related carbon reduction targets meet the global carbon reduction targets set in the Paris Agreement of the UN, and the targets have been approved by SBTi in 2024 Q2. In 2023, CAL and IATA have signed the CO₂ Connect collaboration program, which involves sharing and collaborating on aviation carbon footprint emission data to enhance

Net Zero Emission Strategies and 2023 Key Initiatives



Increase fuel efficiency

Implemented 12 initiatives for saving aviation fuel and reducing carbon emissions, with a total carbon reduction of approximately 53,218 metric tons.



Develop new technology

Continued to introduce A321neo and 777F cargo aircraft, while also planning for introduction of the energy-efficient 787 next-generation aircraft.



Promote sustainable aviation fuels

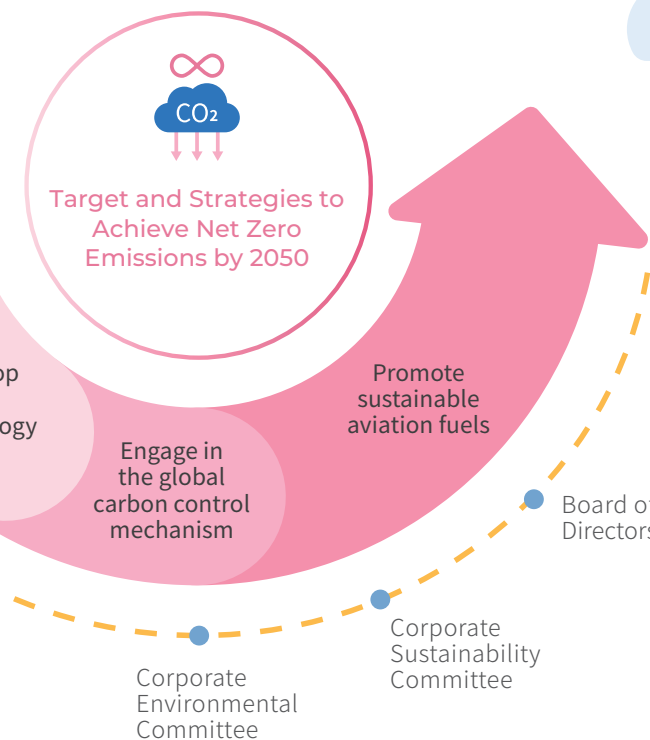
- Promoted sustainable flights: CAL is Taiwan's first airline company to use SAF on commercial flights.
- Implemented the SAF Collaboration Project for corporate customers.
- Participated in SAF negotiations and cooperation between the government and oil companies.



Engage in the global carbon control mechanism

- Completed the CORSIA international flight carbon emissions MRV operation.
- Evaluated the purchase and management of carbon credits.

TCFD Operating System
Upgrade and Emergency
Response System



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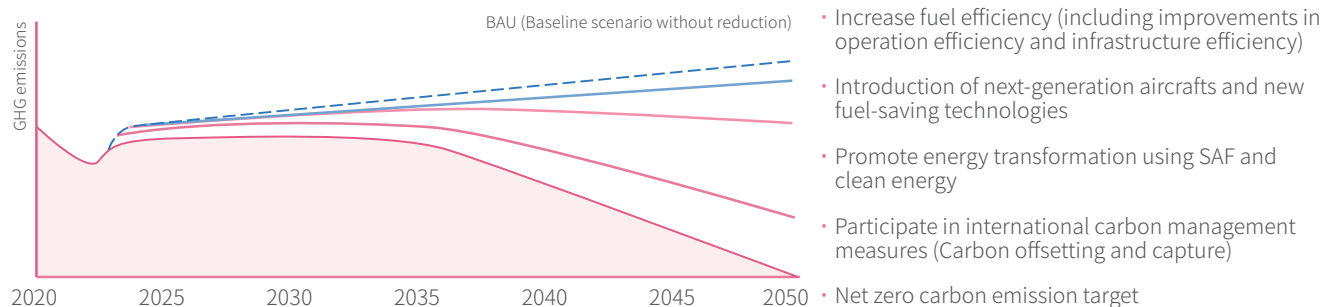
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Strategy, Approach, and Carbon Reduction Path for Attaining Net Zero Carbon Emissions

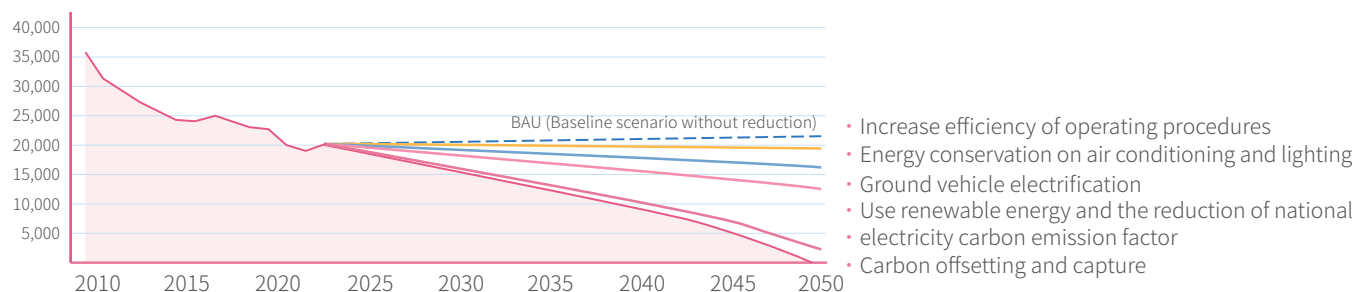
CAL implements 5 core strategies to achieve long-term carbon emission reduction targets (as shown in the figure above; the area of each strategy represents its contribution to carbon reduction). They include: Fuel efficiency improvement (e.g., implementation of various fuel saving and carbon reduction measures and continuous improvement of load factor), upgraded TCFD operations and emergency response systems, promotion of the use of sustainable aviation fuel (SAF), timely participation in international carbon control mechanisms (e.g., CORSIA, EU TS, and UK ETS), timely introduction of new technologies (e.g., continuous introduction of energy-efficient aircrafts, and the monitoring and evaluation of developments of hydrogen-fueled aircrafts / short-range electric aircrafts, aiming to strive for the best price and timing of entry introduction). CAL also continuously strengthens international cooperation with IAGOS-PGGM. By integrating the collected data and information, it not only contributes to international climate change research, such as that conducted by the United Nations, but also enhances CAL's own route management and operational climate resilience.

Furthermore, CAL has implemented an internal carbon pricing mechanism. In the initial stage, the carbon pricing is set at 100 euros per ton of carbon, in accordance with international carbon regulation standards, SAF, and renewable energy costs. This mechanism serves as a reference for decision-making in CAL's operations and carbon reduction initiatives. CAL has also established a climate governance framework through the Corporate Sustainability Committee, Corporate Environmental Committee, and TCFD operating platform. The achievements will be annually reported to the Board of Directors for supervision and management, ensuring consistent progress along the carbon reduction path. [Refer to 2-3-2 Nature & Climate Change Mitigation and Adaptation for the relevant management framework and processes](#)

CAL Carbon Reduction Path (Flight Operations)



CAL Carbon Reduction Path (Ground Operation)



SAF Collaboration Project – Invite Customers to Jointly Support the SAF Collaboration Project

Promoting energy transition is crucial for the aviation industry to achieve the net-zero carbon goal. However, this can only be effectively accomplished with the support and assistance from the entire industry chain. Being a sustainability navigator of the sustainability pioneer of the transport industry, CAL was the first among Taiwanese airline companies to participate in the Sustainable Aviation Fuel program established by international oil companies and blockchain platforms. CAL was also the first in Taiwan to introduce the SAF collaboration model for corporate procurement and provide traceable and verifiable carbon reduction reports. CAL cooperates with supply chain vendors and corporate customer partners to participate in the SAF Collaboration Project, utilizing SAF that can reduce carbon emissions by over 90% compared to traditional aviation fuel, thereby collectively reducing the carbon footprint. By 2023, CAL has decreased direct GHG emissions (Scope 1) and indirect GHG emissions from customer transportation (Scope 3) by approximately 72 metric tons of CO₂e in total. CAL will continue to invite supply chain partners to actively support the global sustainable energy transition, upgrade and develop corporate net-zero cooperation to create a win-win carbon reduction performance.



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1-1 Sustainability Vision and Strategies

1-1-1 CAL's Sustainability Vision

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

13 Sustainable Development Goals Focused from CAL



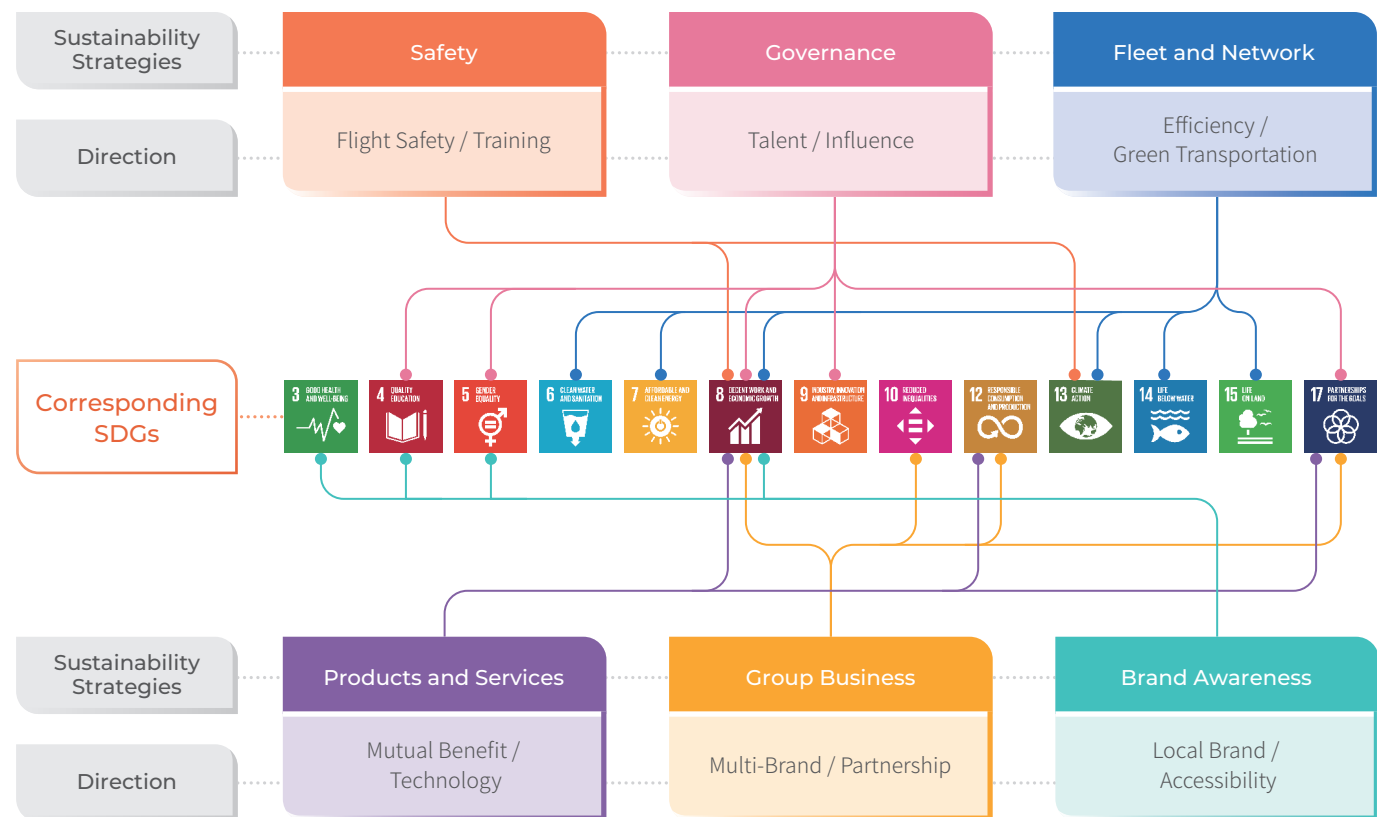
1-1-2 Sustainability Strategy

CAL embraces the mission to "Create more wonderful moments through flying" and aims to "Become the preferred airline in Taiwan." We adopted "Safety" and "Governance" as the basis for sustainable development and incorporated our main strategies of "Fleet and Network", "Products and Services", and "Group Business" to continue to enhance CAL's "Brand Awareness" in the minds of customers. We initiated three action plans to enhance our sustainable development image including "Smart Resilience: resilient operations to combat extreme weather and changes in the business environment", "Localized Global Operations: taking Taiwan's local culture to the world", and "Youth Innovation: connect

with the innovative generation with youthful thinking." The six sustainability strategies also support the UN's SDGs and we establish implementation strategies to create a strategic framework for sustainable development. In 2023, we also reviewed the implementation direction and goals of sustainability strategies with rolling adjustments made to medium and long-term goals. The Sustainability Strategy is spearheaded by the Corporate Sustainability Committee under the guidance of the President and overseen by the Board of Directors, which is the highest governance body.



Sustainability Strategy Framework





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1-2 Sustainability Management Structure

GRI 2-9, 2-12, 2-13, 2-14, 2-16, 2-18

1-2-1 Corporate Sustainability Committee

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

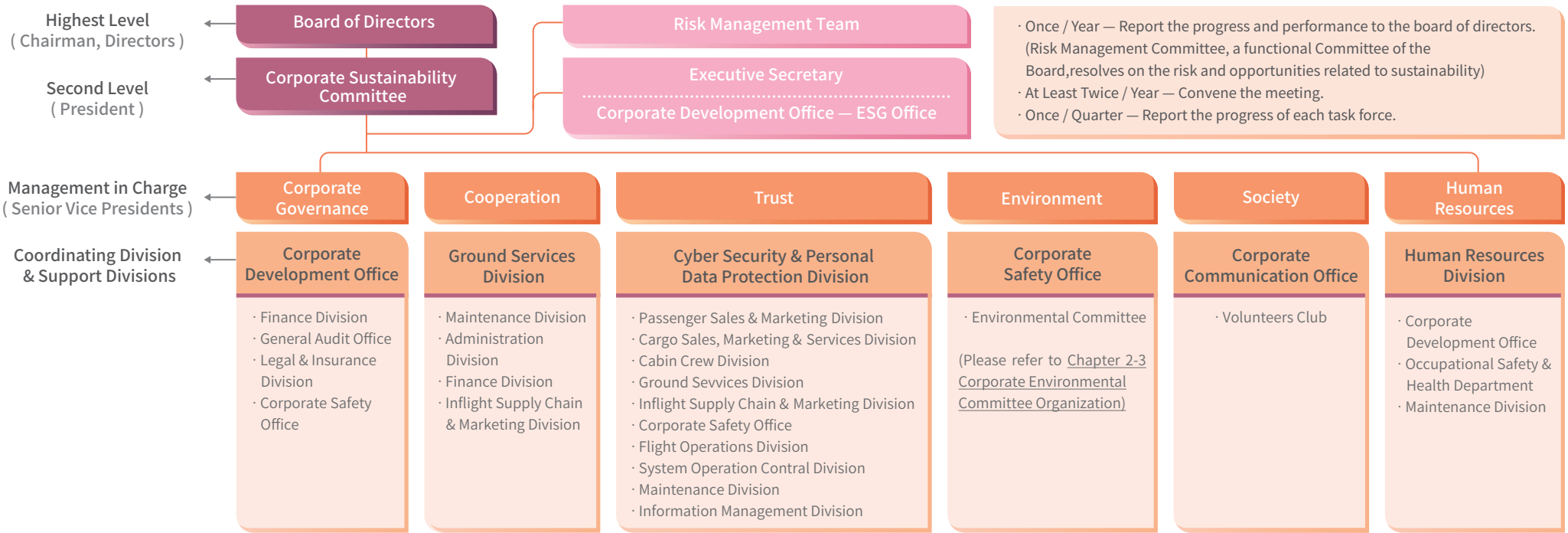
ESG information. The Board of Directors assigns senior executives to engage stakeholders through multiple communication channels and platforms to identify the impacts, which are detailed in [1-4-1 Stakeholder Engagement](#). In 2023, the Board of Directors held six meetings to oversee the Company's due diligence and impact reporting on critical material events (Note), security management, operational risk management, financial conditions, greenhouse gas inventory and verification, climate governance report, human rights risks, and information security and personal risks, and to review the results of stakeholder engagement. CAL also established the performance evaluation procedures for the Board of Directors' supervision of the Company's impact on the economy, environment, and people (including human rights). It convenes at least two meetings of the Remuneration Committee each year to regularly review the overall compensation and benefits policies of senior executives. [Refer to 3-1 Governance Framework](#)

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



Sustainable Development Best Practice Principles

Corporate Sustainability Committee Organization



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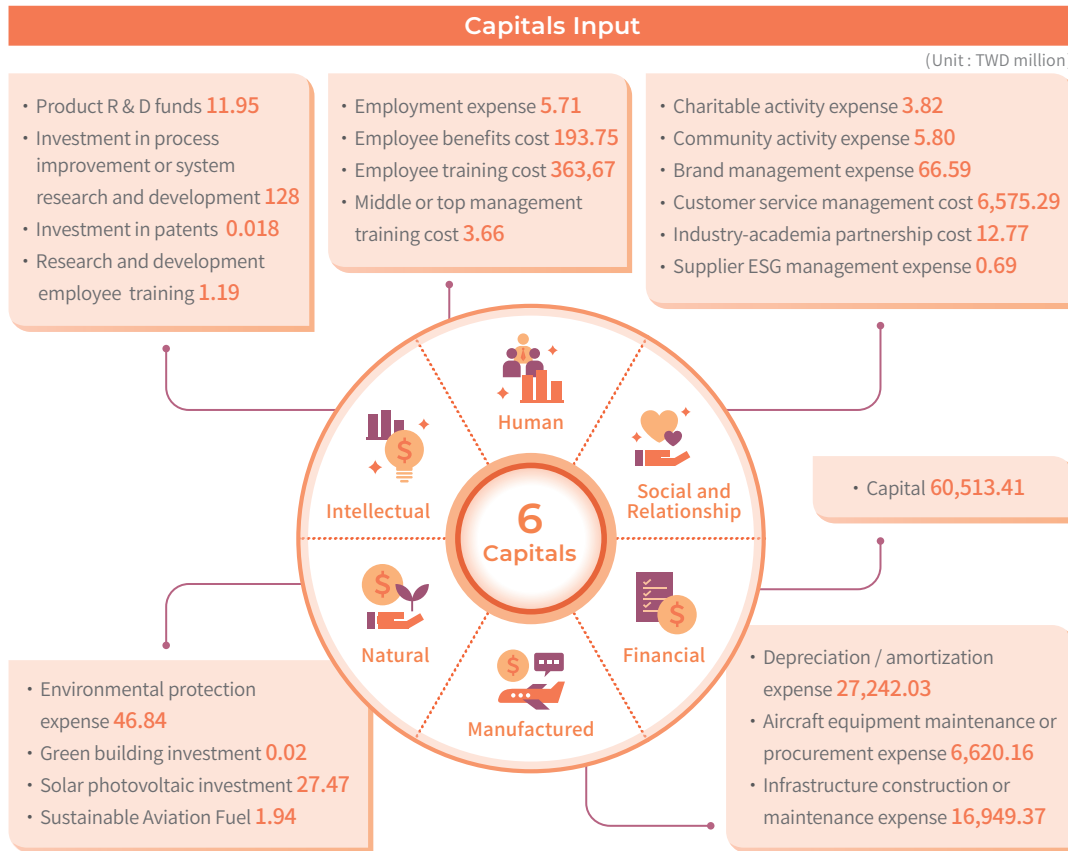
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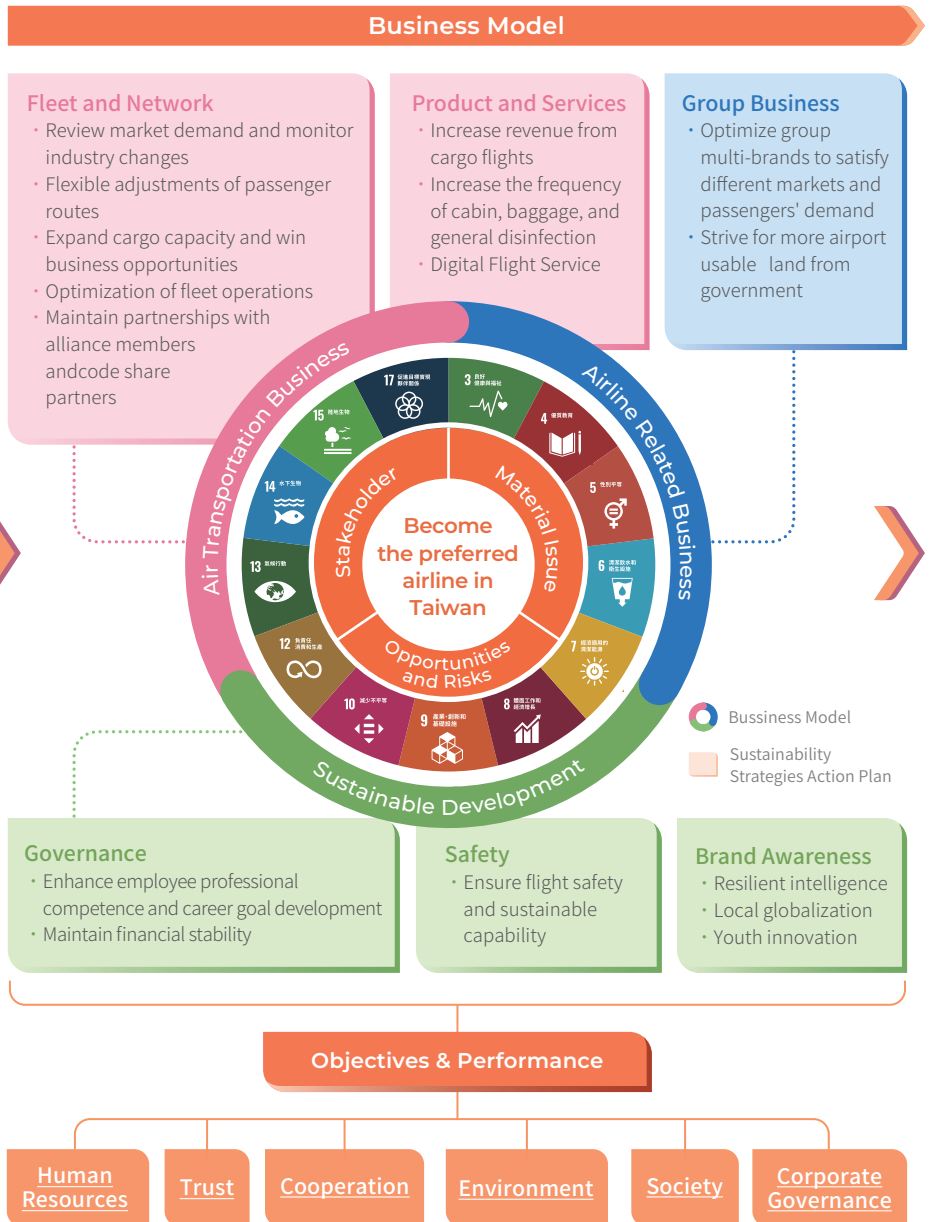
1-3 CAL's Sustainability Value

1-3-1 Business Model and Value Creation



Sustainability Strategies

	Definition of Strategy
Governance	Root sustainable concept in value chain to make positive influence
Safety	Embed the safety culture into products and services
Brand Awareness	Promote local brand and transportation friendliness
Fleet and Network	Promote highly efficient fleets and network to forward environmental friendliness
Products and Services	Create sustainable services with sustainable value and technology
Group Business	Spread sustainability to group business to improve cooperation and sustainable development



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Value Creation

	Output		Outcome	Corresponding Chapter
 Financial	Operating revenue (TWD million) :	161,675.53	Revenue increased by 15% · compared to 2022, the EBITA rate increased by 15% compared to 2022	3-2 Operational Achievements (P.148)
	New aircrafts in the fleet in 2023	777F : 2	The company currently has 10 777-300ER passenger aircraft, which have significant fuel-saving benefits. The 777F introduced this time is a freighter of the same series. It is equipped with the same GE90 engine as the passenger aircraft, which helps optimize engine management and reduce maintenance costs. After flight crew members complete differentiated training, they can perform flight missions, which will help the crew utilize their manpower flexibly	3-2 Operational Achievements (P.148) 2-1 Trust (P.44)
 Manufactured	Punctuality rate of high-level repair and maintenance service	100%	Achieved the target punctuality rate of high-level repair and maintenance service (100%)	
	Number of incidents causing casualties or flight crashes	0	-	
	Number of existing destinations (including new ones)	passenger destinations : 73 cargo destinations : 31	Number of new destinations: 1 passenger destination / no cargo destination in 2023	
 Intellectual	Number of passengers/cargo worldwide : (RPK/FRTK)	RPK : 33,808,000,000 FRTK : 5,337,104,000	Compared to 2022, global passenger transport increased by 610% while cargo transport decreased by 16.11%	2-1 Trust (P.44) 2-4 Human Resources (P.108)
	Number of newly launched products or services	777F : 2	Save fuel and reduce noise	
	Revenue / number of passengers (seats) created by improved products or services	<ul style="list-style-type: none"> Continuing work related to the design and R&D of cabin equipment for 16 new 787 aircraft project, the first aircraft will be delivered in Q1 2025 Cost of IFE system software for the 10th A321neo new aircraft 	<ul style="list-style-type: none"> 787 new aircraft project The cabin team, together with Boeing, cabin equipment manufacturers and cabin design consultants, has successively completed technical meetings such as PDR/CDR to discuss and confirm detailed specifications such as cabin systems, seats, and video systems for the 16 aircraft, as well as related tasks and issues such as research and development of customized projects A321neo new aircraft project Provide in-flight audio and video services for passengers on the 10th aircraft (1620 seats) 	
	Number of cost-saving patents	191	Manpower saved 165 man-month / year Saved TWD 284.1 million in cost	
	Number of patents obtained	1	CAL's intellectual property rights were continuously maintained	
	Number of R&D employees trained	356	Enhance information manpower skills to support the recent development or update of various company information systems (191 projects)	
	Number of new employees	1,003	The number of new employees in 2023 will increase by 679 compared with 2022	
 Human	Employee retention rate	<ul style="list-style-type: none"> Newly hired/recruited employee retention rate in 2023 Retention rate 89.93% The retention rate of employees hired before 2023 is 91.09% 	Compared with 2022, despite the impact of the post-epidemic recovery and the large-scale talent recruitment in other industries such as technology and tourism, the employee retention rate has remained stable (about 90%)	2-4 Human Resources (P.108)
	Sustainable aviation fuel	30582 liters	Annual carbon reduction : 77.4tons	

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	Output		Outcome	Corresponding Chapter
 Human	Employee turnover rate	5.85%	Compared with 2022, despite the impact of the post-epidemic economic recovery and the large-scale talent recruitment in other industries such as technology and tourism, the turnover rate only increased slightly by 0.89% and remained stable	2-4 Human Resources (P.108)
	Total number of employee training hours	527,525 hrs	Handle relevant education and training support operations required	
	Total number of middle or top management training hours	6,254 hrs	Provide job-related education and training to improve management knowledge and build consensus	
 Natural	Electricity consumption	33,061 MWh	Electricity saved through a sound energy management system：1,490,810kWh	2-3 Environment (P.78)
	Carbon emission	6,068,798 tons	Carbon emission reductions achieved through various carbon reduction measures：54,834tons	
	Waste reduction	4,561,588 kgs	Waste reduction achieved through improved waste management: 468,533kgs	
	Water consumption	118.18 thousand tons	Water saved through continuous water management: 4,108tons	
	Number and percentage of green buildings	2	Elevator power recycled with power regeneration system: 12,111 kWh	
		66.67%	-	
	Solar photo voltaic investment: Power generated	119 MWh	Annual solar power generation replacement of electricity consumption：119 MWh	
Sustainable aviation fuel	30,582 liters	Annual carbon reduction：77.4tons		
 Social and Relationship	Number of charitable activities	16	China Airlines fully understands that corporate social responsibility is to make good use of its own resources and aviation expertise to care for the disadvantaged in society with practical actions. This year, we will continue to care for the elderly in Taoyuan who suffer from three disabilities (disability, loss of dependence, and dementia) during the three festivals and provide care gifts. In addition, we will use the advantages of the aviation industry to organize a number of small pilot/flight attendant charity experience camps and art performances. Cultural activities for public welfare, inviting disadvantaged school children to participate. In addition, in 2023, we will continue to take actions to support agricultural production and marketing in rural areas and subscribe for 1,000 boxes of pineapple and sugar apples. We hope to use the power of the enterprise to help more people have employment and development opportunities and achieve the promise of equal social welfare	2-1 Trust (P.44) 2-2 Cooperation (P.67) 2-4 Human Resources (P.108) 2-5 Society (P.132)
	Number of beneficiaries	1,285,784		
	Number of community activities	17	China Airlines regularly goes to schools nearby the company every year to teach, passing on the company's core aviation knowledge and English teaching through specific actions, and promoting local education and international development. In addition, the company has implemented ESG sustainability actions through forest planting and beach cleaning activities. It is expected that investment in community development can form a positive cycle with China Airlines' business operations and create sustainability with society. In addition, 2 charity basketball camps, 1 charity billiards camp and 1 charity baseball camp will be held in 2023, combining sports activities with social welfare and encouraging children to bravely pursue their dreams	
	Number of participants	2,425		
	Number of sponsorships	49	As a member of the world's citizens, China Airlines should shoulder social responsibilities and respond to international rescue every year. In 2023, it joined the Chiayi Christian Hospital's "Myanmar Overseas Chinese Miss Liao's Overseas Humanitarian Medical Treatment" project and cooperated with many Taiwanese medical-related companies to continue their love and play a role in Corporate strength demonstrates the humanitarian spirit of international rescue. In addition, it also continues to sponsor and support the development of Taiwan's tourism activities, sports athletes and events, promotes the international visibility of Taiwan's local brands, and co-creates, prospers, and benefits with society	

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Social and Relationship

Value Creation			
Output		Outcome	Corresponding Chapter
Number of brand promotion	4	<ul style="list-style-type: none">The company has been selected as a company in the Dow Jones Sustainability Emerging Markets Index (DJSI) for eight consecutive years, ranking the second highest score in the global aviation industry. It also has outstanding achievements in waste management, water-saving strategies, passenger safety, sustainable marketing and brand recognition, Obtained full marks in the business ethics, transparency and reporting question groups, and produced a print release of the 2023 Dow Jones Sustainability Index award-winning print release for publicity; at the same time, in response to the SkyTeam Alliance's second sustainable flight challenge, on 5/22, it passed CI753/ As a sustainable demonstration flight, CI754 flight from Taipei to Singapore successfully reduced 150 metric tons of carbon emissions, which is equivalent to afforestation of 375 basketball courts. The performance increased 15 times compared with last year. The outstanding performance was recognized by SkyTeam and won the "Best Inflight Amenities Supply" "Best Inflight Supply Chain Award" and "Best Adopted Solution Award"	2-1 Trust (P.44) 2-2 Cooperation (P.67) 2-4 Human Resources (P.108) 2-5 Society (P.132)
Result of brand promotion	118,301,930	<ul style="list-style-type: none">Started sailing to Da Nang (DAD) in Vietnam and Prague (PRG), the capital of the Czech Republic. Prague is China Airlines' exclusive direct flight and the sixth direct flight destination in China Airlines' European route network (Amsterdam/Rome/London/Frankfurt/ Vienna/Prague), in 2023, a total of "Da Nang Flight Launch Print Release", "Prague Flight Launch Print Advertisement - Charles Bridge Chapter, Old Town Square Chapter, Flight Attendant Chapter", "Direct Flight to Six Major European Cities Print Advertisement", "Promotional video for the launch of Prague flights and direct flights to Europe", "Direct flights to Asia-Pacific print ads - Hanoi, Bali, A350, Taiwan 101", etc., covering TV, print, Internet, outdoor media, actively helping domestic and foreign Business units promote the China Airlines brandIn response to the rapid recovery of air passenger traffic, China Airlines has participated in many travel exhibitions, including the KTF Kaohsiung International Travel Show and the ITF Taipei International Travel Show, two major domestic travel exhibitions. Among them, the ITF Travel Show is equipped with a new naked-eye 3D technology screen that is the highlight of the entire event. The most interesting thing is the augmented reality game, which attracts visitors to queue upChina Airlines takes "Travel the world with your attitude" as the main theme of its annual publicity and launches a series of brand image promotions, including "Profound Story Collection" pre-community activities, "This moment makes travel more profound" image advertising video, "Start your profound journey" social activities and physical activities, which are similar to those during the ITF Travel Exhibition, have also created positive buzz	
Passenger transport customer satisfaction rate	93.6	Starting from 2023, passenger satisfaction will be used to replace passenger satisfaction. In 2023, a total of 1,488,558 passenger satisfaction questionnaires were sent, accounting for approximately 15.9% of the total number of passengers carried, and the passenger satisfaction ratio was 93.6	
Number of passenger transport customer complaints	16,925	As borders between Taiwan and various countries will be gradually lifted from 2023, the tourism market will begin to recover. A total of 9,596,559 passengers will be carried in 2023, an increase of 8,098,370 passengers or 540.54% compared to 1,498,189 passengers in 2022; the number of customer complaints in 2023 (16,925 cases) will increase by 12,745 times compared with 2022 (4,180 cases), an increase of 304.90%	
Freight customer satisfaction rate	91.6	The Cargo Department sends customer satisfaction surveys to all freight business stations around the world every year, and encourages customers to actively feedback relevant opinions (2023 annual satisfaction will be provided after the statistics are completed in February-March). At the same time, it also strengthens the safe delivery services for diversified commodities. , expand e-commerce services, track and respond to improve customer service requirements	
Number of cargo customer complaint	0		
Number of industry-academia partnerships	15	The purpose of industry-academia partnerships was to develop national aviation professionals	
Number of industry-academia partnership projects	2		
Number of industry-university collaborators	40		
Coverage of sustainable supply chain ESG management	96%	The coverage of sustainable supply chain management increase 28% in 2023 compared to 2022	
The overall proportion of supplier ESG audits in the past three years	100%	Supplier audits shall be conducted at least once every three years, with a 100% completion rate from 2021 to 2023	



Social and Relationship

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1-3-2 True Value of China Airlines

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

Procedures for Assessing True Value

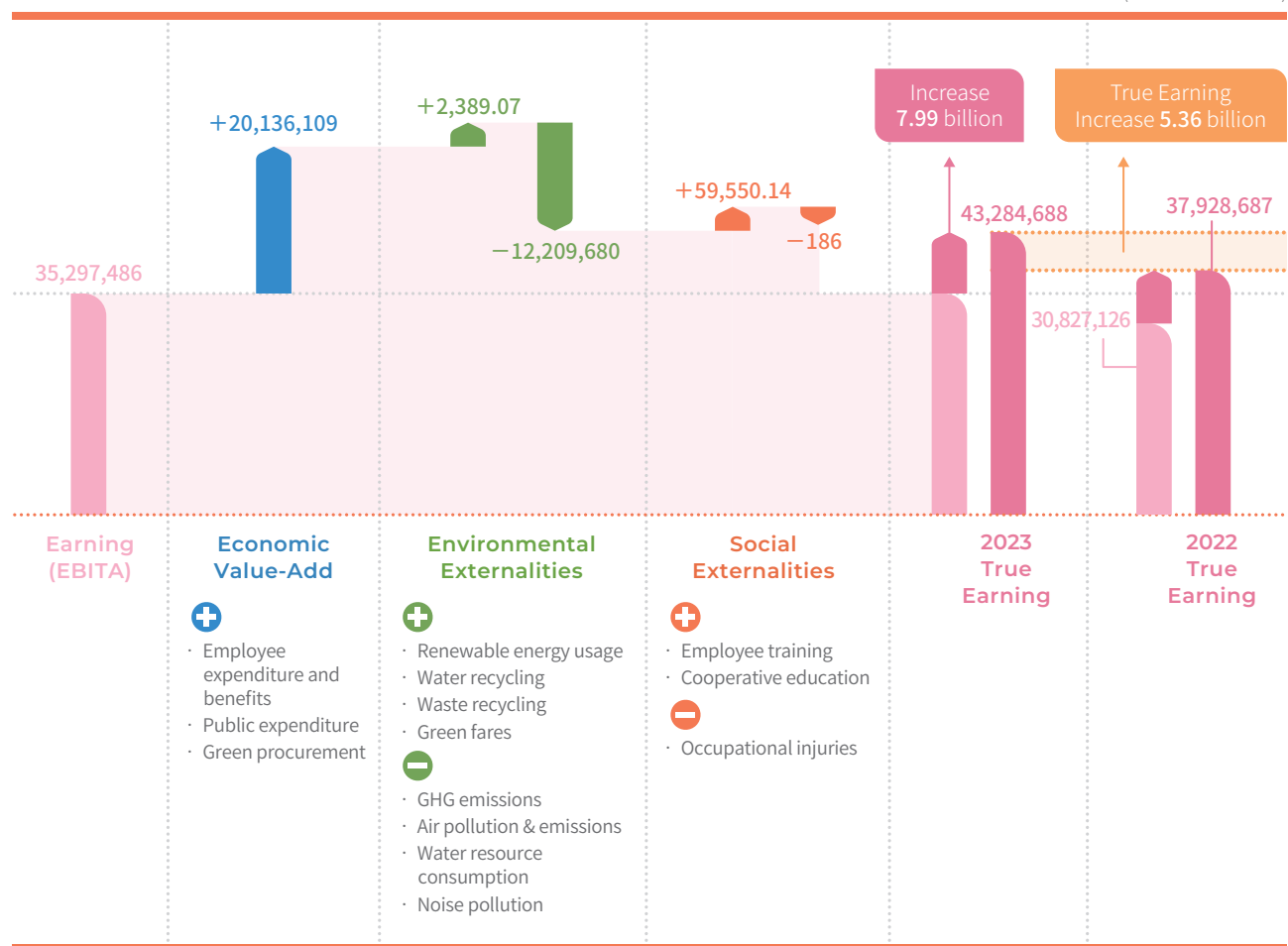


True Value

According to the results, CAL's traditional financial performance (EBITA) was increased by 14.5% to TWD 35.3 billion in 2023 compared to 2022. The true earnings generated in economic, environmental, and social aspects came to around TWD 43.28 billion in 2023, reflecting an increase of TWD 7.99 billion and TWD 5.36 billion compared to EBITA and true earnings in 2022 respectively due to the positive impacts created by the respective increases of 66.81% and 44.48% in "Renewable energy usage" and "Waste recycling." In line with the characteristics of the aviation industry, "Greenhouse gas (GHG) emissions" and "Noise pollution" were the main sources of negative impacts. The negative impacts of GHG emissions and noise pollution were reduced by 10.82% and increased by 18.72% respectively in 2023 from 2022. The main reason for the increase in noise pollution in 2023 is that the total number of aircraft takeoffs and landings in 2023 increased by 13,773 times compared with 2022, which is approximately 28.8%. It shows CAL's active engagement in environmental sustainability initiatives such as "GHG reduction," "Noise pollution," "Renewable energy usage" and "Waste recycling." In CAL's true earnings in 2023, environmental external costs totaled TWD 12.21 billion, and positive benefits created by additional economic value and social externalities totaled TWD 20.19 billion.

True Value of China Airlines

(Unit: TWD thousand)





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1-4 Stakeholder Communication and Materiality Analysis

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

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

Employees

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

Material Issues

- Sustainable Supply Chain Management
- Climate Change Mitigation and Adaptation
- Green Services and Sustainable Catering
- Biodiversity
- Social Feedback and Engagement

Communication Channels and Frequency

- | | |
|--|--------------------------------|
| Labor-management meetings | Employee feedback website |
| Labor Unions | China Airlines newsletter |
| Employee suggestion boxes | China Airlines Retirees Portal |
| Meetings of the Occupational Safety and Health Committee | |

Key Points of Communication

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

Corresponding Chapter Section

- [2-4 Human Resources](#)
- [2-3 Environment](#)

On demand	At least once every 6 months
As needed	Every year
As needed, daily	Once every year
Regularly, as needed	Twice every year
As needed every month	Four to six times a year
Quarterly	

Communication Results

- **Employee Engagement**
The employee engagement survey was conducted in December 2022 and the score was 7.8 (score out of 10), which was higher than the score in the previous survey
- **Occupational Safety and Health**
 - In 2023, the Frequency-Severity Indicator (FSI) is 0.33, 0.42 lower than the target, approximately 21%.
 - The operations of the Head Office in Taoyuan passed the regular re-inspections for ISO 45001:2018, CNS45001:2018, and TOSHMS in 2023
- **Attracting, Developing, and Retaining Talent**
The Company spares no expenses in employee training and development and invested approximately TWD 360 million in employee training in 2023
- **Labor Relations and Communication**
In addition to prohibiting discrimination in its policies and setting up diverse communication methods, the Company also established regulations for registering complaints. The Company also discloses the statistics of processed complaints. The Company convened 6 labor-management meetings in 2023. The process were smooth and harmonious and there was no deterioration of relations

Highlights of Communication Results

- On December 16, 2021, CAL and the China Airlines Employees Union signed a collective bargaining agreement which was the 6th agreement. They reached a consensus with 79 items and the agreement shall be valid for 3 years. Both parties shall maintain the existing labor conditions and benefits and will not be affected by the pandemic. They shall continue positive labor relations on the existing foundations. Both parties demonstrated their good will in the negotiations and worked together to take care of all employees. After CAL concluded negotiations with the Pilots Union, they signed a collective bargaining agreement on December 29, 2021
- CAL has established the Occupational Safety and Health Committee in accordance with laws. It convenes a meeting every three months to review and coordinate occupational safety and health issues. The discussions are compiled into meeting minutes which are announced on the Intranet
- Recognition as the HR Asia Best Companies to Work for in Asia: Efforts were acknowledged in 2023 with the "HR Asia Best Companies to Work for In Asia" award, standing out among 339 participating companies in our first submission

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Customers

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

Material Issues

- Financial Performance
- Climate Change Mitigation and Adaptation
- Green Services and Sustainable Catering
- Biodiversity
- Social Feedback and Engagement

Corresponding Chapter Section

- 2-1 Trust
- 2-3 Environment

Communication Channels and Frequency

- ! Customer satisfaction survey
- 1/4 Global business meetings
- 2/4 Taiwan business meetings
- N Discussions with travel agencies
- ! CAL's website, CSR website, Facebook / Instagram, e-mail, text messages, and In-flight entertainment
- ! Customer-service hotline
- N Corporate customer visits

Key Points of Communication

- Customer Relations Management
- Protecting customers' rights and interests: privacy, food safety, and in-flight drinking water quality
- Providing an information integration platform for flight changes during the pandemic
- Increase of green consumption awareness
- Demand increase on green transport

Communication Results

- Passenger satisfaction rate was 93.6%
- Cargo satisfaction rate was 91.6 points
- Maintenance factory satisfaction rate was 8.45 (score out of 10)
- 100% adequacy rate of proactive sampling for In-flight Potable Water
- Sustainable-themed Boarding Videos: A Selection of 17 Films

Highlights of Communication Results

- CAL's website focuses on optimizing website functions, reservations and ticketing services, streamlining website architecture, and enhancing system functions. This allows passengers to complete all necessary services for their journey through the website in a one-stop manner, providing passengers with a better digital platform usage experience
- CAL promoted and broadcasted a boarding video under the idea of "Beauty of Taiwan, Sustainable China Airlines, We are all here." Inviting passengers to embark on CAL's flights together, the video showcases the beauty of Taiwan from high above and proclaims to the world that environmental conservation is our responsibility

Investors

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

Material Issues

- Financial Performance
- Climate Change Mitigation and Adaptation
- Biodiversity
- Social Feedback and Engagement

Corresponding Chapter Section

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

Communication Channels and Frequency

- Y Shareholders' meeting
- ! Shareholders hotline / mailbox
- 1/4 Road shows
- N Interviews

Key Points of Communication

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

Communication Results

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

Highlights of Communication Results

- CAL held the shareholders meeting on May 31, 2023. During the meeting, shareholders raised questions regarding the conversion of the Company's passenger aircrafts to cargo aircrafts, stock prices, and employee welfare. All questions were answered and clarified by the chairman or designated staff. Please refer to the 2023 shareholders meeting minutes for details
- CAL was invited to road shows hosted by securities dealers on June 13 and November 23 in 2023. CAL presented an overview of the Company's business and the plans and outlook in post-pandemic operations. Please refer to the first and the second road show presentations in 2023 for details
- Considering the gradual lifting of international travel restrictions by the end of 2022, passenger traffic is expected to strongly rebound in 2023, offsetting the weakening impact on air cargo transportation. It is anticipated that the Company's total revenue for 2023-2024 will surpass the level of 2019. In October 2023, the Taiwan Ratings announced to maintain CAL's long and short-term credit ratings at "twBBB+/twA-2", and the outlook remained "stable"
- We Integrate the TCFD and TNFD frameworks and disclose information on natural and climate change management in sustainability reports, and independently publishing TCFD reports for three consecutive years



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Government

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

Material Issues

- Governance and Business Integrity
- Climate Change Mitigation and Adaptation
- Energy Management

Corresponding Chapter Section

- [3-1 Governance Framework](#)
- [2-1 Trust](#)
- [2-3 Environment](#)

Communication Channels and Frequency

- N** Missives **N** Participation in projects
- N** Visits **N** Participation in initiatives
- N** Audits
- N** Participation in public hearings, seminars, and negotiation forums
- N** Organization of or participation in business seminars and audits

Key Points of Communication

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

Communication Results

- Selected as the top 21%-35% of the excellent corporation award in the ninth Corporate Governance Review
- CAL was selected for the Taiwan High Compensation 100 Index and the Taiwan Employment Creation 99 Index
- Discussed flight safety issues and exchanged information in through seminars to improve flight safety
- Initiate the greenhouse gas inventory and verification guidance operation for subsidiary companies in the consolidated financial statements

Highlights of Communication Results

- CAL organized the 2023 Aviation Security Risk Management Seminar jointly with the Civil Aeronautics Administration of the Ministry of Transportation and Communications, the China Aviation Development Foundation, the Taiwan Flight Safety Foundation, and the Chinese Society of Civil Aviation. The seminar was focused on addressing vulnerabilities in aviation cybersecurity, threats posed by unmanned aircraft, and strategies for preventing insider threats, so as to enhance and promote the importance of aviation cybersecurity.
- Participating in 4 sessions of the Global Market-based Mechanism (GMBM) working group meetings held by the Civil Aviation Administration, MOTC, as well as discussions on Sustainable Aviation Fuel (SAF)
- Participating in the APEC Transportation Working Group meetings, jointly organized by the Ministry of Foreign Affairs, ROC (Taiwan) and the Ministry of Transportation and Communications, to share insights on sustainable flight safety governance issues, and attending carbon trade exchange meetings
- Invited to participate in the Symposium of International Emissions Reduction Cooperation Mechanism Industry Expert held by Ministry of Environment (formerly the Environmental Protection Administration of the Executive Yuan), to share industry experiences
- Invited to attend the training seminar for senior officials from the Department of Environmental Protection, Taoyuan, to share environmental conservation experiences in the aviation industry

Partners (Suppliers and Contractors)

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

Material Issues

- Fleet Development and Innovation
- Green Services and Sustainable Catering
- Biodiversity
- Social Feedback and Engagement

Corresponding Chapter Section

- [2-1 Trust](#)
- [2-2 Cooperation](#)
- [2-3 Environment](#)

Communication Channels and Frequency

- N** TEL **N** Coordination meetings
- N** email **N** Business visits
- 1/6M** Site inspections

Key Points of Communication

- Sustainable Supply Chain Management

Communication Results

- Supplier Code of Conduct Signing Rate of Critical Tier-1 Suppliers 100%
- Assist 13 suppliers in developing comprehensive supply chain improvement measures and capacity guidance plans
- In 2023, CAL's green procurement amount increased by 400% compared to 2022
- In 2023, CAL convened a meeting to communicate the Company's value chain environmental protection operations

Highlights of Communication Results

- CAL convened the sustainable supplier conference with 28 domestic suppliers (49 partners) on November, 2023. Apart from sharing the current status of international Sustainable Aviation Fuel (SAF) and CAL's SAF usage performance, we also discussed our efforts in aviation fuel carbon reduction to achieve the net-zero carbon emissions target by 2050. Additionally, we shared our own sustainability practices and benchmark cases within the industry. We led our supplier partners on a tour of the "Diamond Green Building CAL Park" to assist them in adapting to sustainability trends and enhancing their awareness and concepts of sustainability. We distributed the briefing materials of the event in Chinese and English to tier-1 suppliers in Taiwan and overseas who could not attend the meeting so that all suppliers can gain a better understanding of CAL's sustainability philosophy
- CAL participated in the communication meeting organized by the international carbon management and verification company Verifavia to monitor and exchange ideas on the overall international aviation carbon market and sustainable aviation fuel



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Society

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

Material Issues

- Customer Satisfaction
- Energy Management
- Environmental protection benefits and resource management
- Green Services and Sustainable Catering
- Biodiversity

Communication Channels and Frequency

- N** Charity events
- N** Community activities
- M** News releases
- D** Online mailbox

Corresponding Chapter Section

- [2-1 Trust](#)
- [2-3 Environment](#)
- [2-4 Human Resources](#)
- [2-5 Society](#)

Key Points of Communication

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

Communication Results

- A total of 1,285,784 individuals benefited from charity and public welfare activities with CAL contribution in 2023
- CAL regards environmental protection as a key business operation. There were no major environmental pollutions in 2023. We also actively promote energy conservation and carbon emissions reduction to fulfill environmental protection ideals and policies

Highlights of Communication Results

- As a corporate citizen and as the leader of Taiwan's aviation industry, we continue to extend the social sustainable development strategies in 2023, in an effort to raise Taiwan's visibility of local brand to the world. The efforts include "Enhancing the Internationalization of Local Education," "Enhancing medical assistance for humanitarian aid," and "Empowering the Disadvantaged to Gain Equal Social Opportunities." In addition to participating in international relief efforts and sponsoring the "Little Miss. Liao's Humanitarian Medical Assistance for Overseas Chinese in Myanmar" program at Chiayi Christian Hospital, we have also utilized our corporate strength by organizing four charitable sports camps and procuring agricultural and indigenous food products. These initiatives aim to enhance resources for charitable sponsorships and foster equal opportunities for marginalized groups. We hope that our contributions to social development can establish a positive cycle with our business operations at CAL, ultimately enabling us to create a sustainable future together

Media

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

Material Issues

- Energy Management
- Environmental protection benefits and resource management

Communication Channels and Frequency

- N** News releases
- N** Press Conference
- N** Interviews
- N** Active communication of industry information

Corresponding Chapter Section

- [2-1 Trust](#)
- [2-3 Environment](#)
- [2-4 Human Resources](#)

Key Points of Communication

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

Communication Results

Released 148 announcements (including press releases, statements, revenue reports, and news announcements) in 2023

Highlights of Communication Results

- CAL has long been committed to ESG development, proactively releasing the Company's sustainability initiatives. This includes organizing annual events such as Warm Winter for the Vulnerable, Employee Beach Cleanups, and Public Sports Camps. Additionally, participation in national-level afforestation projects and the SkyTeam's "The Sustainable Flight Challenge, TSFC." Media interviews and feature reports, as well as the production of promotional videos, are arranged for different types of activities to strengthen the Company's positive sustainability image. Moreover, with the significant growth in travel demand, CAL proactively announces the launch of new routes and increased frequencies, actively expanding its route network. Additionally, the introduction of aircraft lease "A350-900" is announced to meet the strong passenger demand. Meanwhile, continuous efforts are made to enhance the quality of cabin services, providing passengers with diverse and high-quality flight options
- CAL has consistently won various international awards. Among them, it has been selected as a component stock of the DJSI Emerging Markets for eight consecutive years, achieving the second highest score globally in the aviation industry. It has also participated again in the SkyTeam Alliance's Sustainable Flight Challenge. In the sustainable demonstration flight, SAF was first introduced for passenger use, environmentally friendly materials were used for onboard products, and passengers were encouraged to choose low-carbon vegetarian meals. The round-trip demonstration flight completed carbon offsetting, achieving net zero carbon flying. For these efforts, CAL received the "Best Inflight Supply Chain Award" and the "Best Adopted Solution Award" from the SkyTeam Alliance. Furthermore, it became the first Taiwanese company to join a sustainable aviation fuel program established by a well-known international oil company and a blockchain platform, introducing a corporate procurement SAF collaboration model for the first time. CAL is committed to achieving its net-zero carbon emissions goal by 2050 while also continuously dedicating efforts to corporate sustainability development



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Associations (including Aviation Organizations)

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

Material Issues

- Governance and Business Integrity
- Financial Performance
- Customer Satisfaction
- Sustainable Supply Chain Management

Corresponding Chapter Section

- [2-1 Trust](#)
- [2-3 Environment](#)

Communication Channels and Frequency

- M** Participation in project meetings
- N** Participation in work seminars
- R** Organizing or participating in summits, executive summits, committees, and coordination meetings
- R** Participation in government-convened meetings
- N** Telephone, e-mail, and exchange platforms

Key Points of Communication

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

Communication Results

In 2023, CAL actively participated in over 22 meetings and communication platforms of domestic and international organizations and airline alliances such as ICAO, IATA, SkyTeam, and AAPA. These engagements involved in-depth discussions on environmental sustainability issues, management strategies, and actions within the industry. CAL proactively sought consensus and viable solutions to address these challenges

Highlights of Communication Results

- CAL expresses its support for SkyTeam's initiative to promote sustainable development and participates in The Sustainable Flight Challenge (TSFC) and was awarded the "Best Inflight Supply Chain Award" and the "Best Adopted Solution Award"
- CAL regularly participates in monthly IATA environmental sustainability policy communication meetings and AAPA Environmental Working Group (EWG) meetings. Additionally, engages in over 22 sessions discussing topics such as Sustainable Aviation Fuel (SAF), sustainable cabins, carbon footprint calculators, and the transportation of illegal wildlife, among others
- CAL actively participating in over 10 sessions of communication and exchange on sustainability issues within airline alliances such as SkyTeam, including pre-flight meetings for sustainable flight challenges and negotiations on Sustainable Development Goals (SDGs). Through these engagements, CAL aims to learn and deepen its environmental sustainability management strategies and measures
- CAL participates in the IATA CO2 Connect flight carbon footprint data sharing program, aiming to understand the improvement and development trends of international carbon footprint calculation tools. Through data and practical experience exchange, we are committed to contributing to the sustainable development of the global airline industry
- As SkyTeam increasingly emphasizes sustainable development issues, CAL actively participates in discussions on sustainability topics and aligns with SkyTeam's focus on specific United Nations Sustainable Development Goals (UNSDGs). In high-level meetings such as the Executive Board and project groups like the Sustainability Advisory Group, CAL provides timely recommendations. For instance, guides the alliance towards proactive actions regarding sustainable aviation fuel (SAF) and other related issues



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1-4-2 Initiatives and Organization GRI 2-28

CAL actively participates in public affairs activities, evaluating and deliberating on various public affairs initiatives based on the guidelines set by the Social Value Subcommittee of the Corporate Sustainability Committee's Public Relations Office and the guidelines of the ESG Task Force of the Sustainable Development Subcommittee of the Corporate Development Office. The evaluation considers whether the initiative contributes to ESG promotion, corporate policies, or operational goals to determine whether an invitation to join is warranted. All participation in industry policy formulation and membership in industry associations adhere to relevant regulations. To fulfill corporate social responsibility and promote industry development, CAL actively engages in activities organized by industry associations, fostering close exchanges with the industry and addressing public issues. Recommendations are provided to international organizations and the Taiwanese government. The alignment of the values of participating groups with company goals or policies is regularly reviewed and assessed. In addressing climate change, CAL adheres to the Paris Agreement and expects industry associations it participates in to do the same. In 2023, CAL continued to assess the alignment of external organizations it participates in (such as IATA, AAPA, SkyTeam, TAA, FSFT, AAPT, TCCS, etc.) with the global carbon reduction goals outlined in the Paris Agreement. CAL is committed to working with these organizations to keep global warming below 2 degrees Celsius.

External Initiatives

2017 - 2023

Buckingham Palace Declaration

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



2016 - 2023

Dow Jones Sustainability Indices (DJSI)

Since 2015, CAL has taken the initiative to respond to the Dow Jones Sustainability Indices (DJSI) questionnaire, disclosing our management objectives, strategies and practices in terms of the environment, society, and economy/ governance. In 2023, CAL was selected for the DJSI Emerging Markets for the eighth consecutive year. CAL ranked first in the global aviation industry and was only airline company in Taiwan to be selected. CAL was also ranked among the top 5% of the aviation industry in the 2024 Sustainability Yearbook.



2012 - 2023

Pacific Greenhouse Gases Measurement (PGGM)

Since 2012, CAL has participated in the PGGM by installing the In-service Aircraft for a Global Observing System (IAGOS) Package-1 to collect trans-Pacific high-altitude gas data for global warming and climate studies conducted by science agencies around the world. As of December 31, 2023, CAL has collected high-altitude gas data from 18,705 flights. CAL commenced collaboration with National Central University, In-service Aircraft for a Global Observing System (IAGOS) of the EU, and Japan Aerospace Exploration Agency (JAXA) to install Package-2, the add-on components for Package-1 in 2023. It will monitor changes in the concentration of NO_x, CO₂, and CH₄. CAL became the second airline company in the world and the first airline company in Asia to be fitted with laser sensors for precision detection of CO₂ and CH₄. The project also promoted collaboration in scientific research between Taiwan, Japan, and the EU.



2012 - 2023

Carbon Disclosure Project (CDP)

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



2008 - 2023

Earth Hour

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



2018 - 2023

Task Force on Climate-related Financial Disclosures (TCFD)

CAL became Taiwan's first airline to publicly sign and adopt the Task Force on Climate-Related Financial Disclosures (TCFD) in 2018. CAL works actively to make TCFD part of the company's management system. In 2019, CAL assisted in completing the translation of TCFD to Traditional Chinese, and participated in several industry / government / academic campaigns to promote it. Since 2021, CAL has updated and publicly released independent reports on climate-related financial disclosures annually. Results of management internalization are presented through press releases and social media. In 2023, CAL was invited by the Taiwan Institute for Sustainable Energy (TAISE) to serve as a speaker for the "Corporate Sustainability Elite Training Program - Advanced Class," sharing its experience in TCFD governance.



TCFD Report





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Memberships

IATA

Airline Development International Air Transport Association



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

CAL's Role and Participation

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

Contributions and Benefit in 2023

- CAL helped the Executive Committee under IATA plan, supervised and implemented the policies and strategies for environmental management and sustainable development of the global aviation industry to ensure that related carbon reduction targets meet the global carbon reduction targets set in the Paris Agreement of the UN.
- CAL kept itself updated with the development of international carbon management mechanisms, cabin waste, and sustainable aviation fuels, provided information for national legislation, and continued to implement industry training programs.
- In 2023, CAL participated in the IATA Carbon Footprint Data Sharing Program, contributing substantively to the environmental sustainability of the global aviation industry through the sharing of industry-wide data and exchange of practical experiences.
- CAL completed the survey on cabin waste composition and participate in discussions on analyzing the results and exchanging strategies for response.
- CAL participated in the IATA 25BY2025 program to periodically monitor aviation industry professionals, improve the gender balance, and enhance gender equality in the industry.

AAPA

Airline Development Association of Asia Pacific Airlines



Founding Member

CAL's Role and Participation

As a founding member of the AAPA, CAL has endeavored to connect airlines in the Asia-Pacific region and speak for them. The Company is serving as the chair of the 33rd Environmental Working Group (EWG) conference.

Contributions and Benefit in 2023

- In 2023, AAPA continued to monitor environmental issues and convened several rounds of video conferences to obtain the opinions of members on the carbon reduction statement.
- With a shared commitment to the targets outlined in the Paris Agreement and a mutual understanding among AAPA member, we are dedicated to attaining a collective goal of achieving a 5% Sustainable Aviation Fuel (SAF) utilization rate by 2030. This collaborative initiative seeks to promote collaboration among governments, fuel suppliers, regional airports, and other key industry players throughout the Asia-Pacific region. Through coordinated efforts, our aim is to expedite the availability of sufficient SAF quantities within the global supply chain to meet the demands of the aviation sector while persistently striving to minimize carbon emissions from aviation activities.
- AAPA remains vigilant in monitoring environmental sustainability issues in the aviation industry and regularly holds virtual/physical meetings to gather updates on the sustainability progress of member airlines and airlines worldwide. We provide recommendations on policy, technology, and other aspects to serve as references for the Company's future sustainability development strategy.

Sky Team

Airline Development SkyTeam



Alliance Board and Executive Board Member

CAL's Role and Participation

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

Contributions and Benefit in 2023

- SkyTeam helps CAL consolidate and strengthen our global flight network and cooperation with other member airlines enables CAL to connect Taiwan and major destinations around the world.
- In response to traveler's expectation related to safety on air travel in the post-pandemic era, CAL launched a series of Touchless passenger services to improve public health and safety for passengers.
- In support of IATA's 25BY2025 program, SkyTeam rolled out the RISE Female Leadership Program, with the objective of empowering female executives within its member airlines.
- CAL participated in The Sustainable Flight Challenge (TSFC) to increase the Company's international visibility.
- Actively participating in alliance Sustainable Development Goals (SDGs) communication meetings, seeking consensus and feasible environmental sustainability strategies and initiatives, and ensuring alignment with the goals of the Paris Agreement.

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TAA

Airline Development Taipei Airlines Association

Director

CAL's Role and Participation

CAL is one of the founding members of TAA. Established in March 1990, TAA acts as an advisor and coordinator which connects the government and the industry. Participating in the annual Member Representative Assembly (once a year) and board meetings, CAL regularly communicates and implements government directives and participates in various government meetings to actively advocate for the interests of the aviation industry.

Contributions and Benefit in 2023

- In coordination with various central agencies to combat human trafficking, CAL arranges training courses for relevant staff members to recognize and report human trafficking cases. Additionally, at airport operations, flexible reminders are provided to foreign travelers to fill out contact information at the counter desks upon arrival at the originating station, facilitating subsequent emergency contact and support operations.
- In accordance with the newly revised regulations on carbon offsetting and reduction plans for the international aviation industry under the Regulations of Civil Air Transport Enterprise, we will disseminate and adhere to these guidelines within relevant departments of our company.
- In response to the 2050 net-zero emissions target and the goals of the Paris Agreement, CAL advocates to the government for Sustainable Aviation Fuel (SAF) in the pathway to achieving net-zero carbon emissions. This effort is coupled with a simultaneous focus on relevant supporting measures and alternative mechanisms.



FSFT

Airline Development Flight Safety Foundation-Taiwan

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

CAL's Role and Participation

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

Contributions and Benefit in 2023

- CAL is responsible for the promotion and establishment of mechanisms for collecting and studying laws and regulations, educational promotion related to international aviation safety and environmental sustainability, and to give advice on amendments or countermeasures for improving national legislation and aviation industry competitiveness.
- To ensure that Taiwan's aviation industry aligns with global carbon reduction goals, proposals are made and lobbying documents are drafted to encourage the Taiwanese government to develop strategies in response to international trends in sustainable fuel development.



AAPT

Corporate Sustainability Association of Atmosphere Protection in Taiwan

Director

CAL's Role and Participation

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

Contributions and Benefit in 2023

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



TCCS

Corporate Sustainability Taiwan Center for Corporate Sustainability

Advisory Director

CAL's Role and Participation

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

Contributions and Benefit in 2023

- The Advisory Council is the highest decision-making organization of the Center for Corporate Sustainability. Becoming a member and acting as a director of the Center for Corporate Sustainability allowed CAL to be aware of latest laws and regulations, policy review, technical regulations, and standards for sustainability and to have influence.
- Attended the conference on the 'Enhancing Sustainable Business Strategies in the Aviation Industry' project organized by the Taiwan Institute for Sustainable Energy in 2023. Engaged in discussions and communication on ESG-related issues to strengthen the sustainable competitiveness of the domestic aviation industry.





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

CAL identified eight stakeholders in accordance with the five major principles defined in the AA1000 Stakeholder Engagement Standard (SES), and followed the Reporting principles of GRI Standards (accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability) to evaluate the significance of material issues every year in terms of their impact on

the economy, environment, and other social challenges. They are used as the basis for planning the sustainable development strategies to identify material issues of stakeholders' primary concern. Different channels of communication are also established to respond to stakeholders' needs and expectations.

Step 1

Analyze the Organization

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

Step 2

Identify Actual and Potential Impact

CAL analyzed the organization and consulted experts to identify 17 sustainability issues related to CAL (divided into 22 sustainability topics with positive/negative impact). (In 2023, with the addition of the "Biodiversity" sustainability issue and the adjustment of the "Attracting, Cultivating, and Retaining Talent " sustainability issue.) The members of the task forces of CAL's Corporate Sustainability Committee and unit managers discuss the opinions and feedback of stakeholders and identified the level of impact of CAL on the economy, environment, people and company operations in each sustainability issue. They also identified business relationships with negative/positive impact and actual and potential impact to effectively manage the impact of material issues.

Step 3

Evaluate the Significance of Impact

After establishing sustainability issues, CAL conducted an internal identification of material issues and survey, and conducted an external survey on eight stakeholders focusing on sustainability issues in early 2024 to effectively incorporate internal and external perspectives. We assess the impact on the economy, environment, people (including human rights) and company operations. We evaluate positive and negative impacts through different approaches based on their actual and potential as well as positive and negative impact and probability of occurrence. In the process, we also used the principle of double materiality to assess the scale and severity of an individual impact of on each part of the value chain. We also assessed the financial impact on CAL based on whether the impact was actual or potential. After scoring, we analyzed and compiled a list of material, minor, and ongoing issues of concern.

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

Step 4

Set Priorities for the most Significant Impact

Through surveys conducted by representatives from various subcommittees of the Corporate Sustainability Committee, as well as managers and stakeholders, a total of 420 valid responses were collected to assess the impact of sustainability issues. These responses were used to evaluate significant sustainability topics in comparison to relevant benchmarks and criteria in the aviation industry. After comprehensive discussions with experts, three material positive and negative topics were identified and analyzed in the 2023 Major Impact Analysis Matrix. The final decisions on these topics were made by the highest-level sustainability governance body, the Corporate Sustainability Committee. Management policies for each material topics are explained in this report, and responses to stakeholders' concerns are disclosed on the CAL corporate sustainability website.



Corporate Sustainability Website

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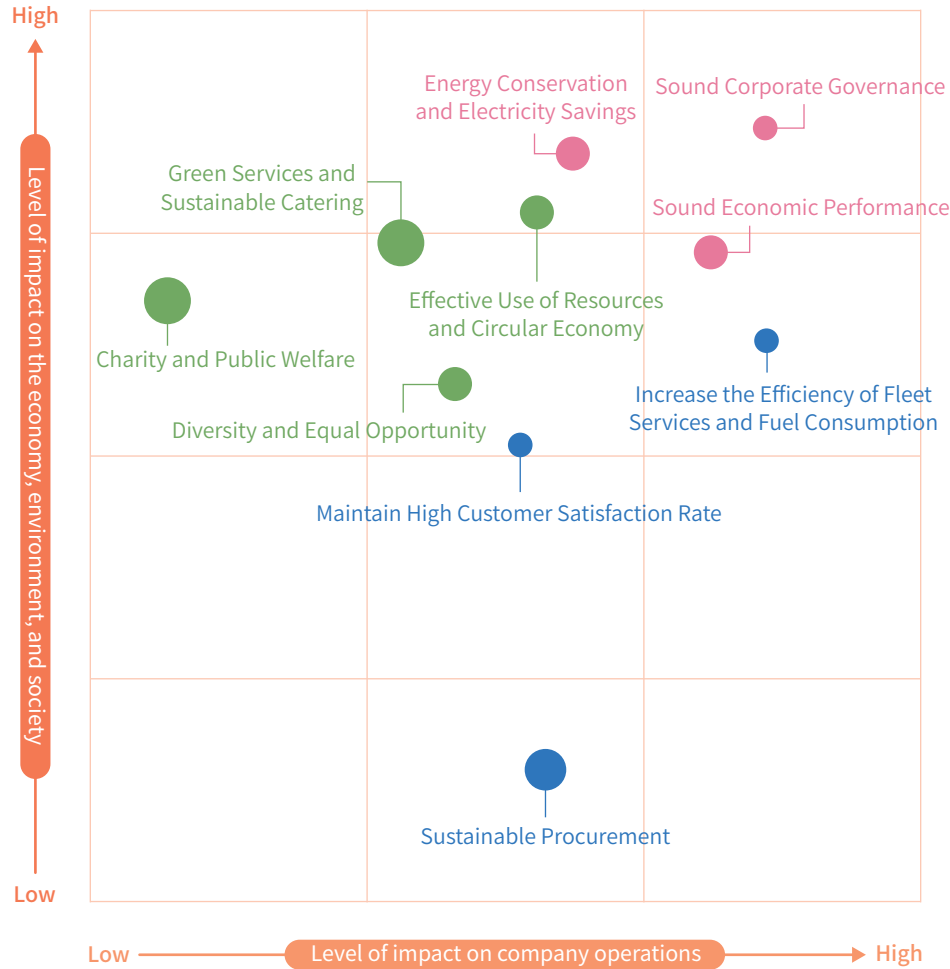
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2023 Materiality Analysis Matrix

Positive impact

The size of the circle represents the level of concern from external stakeholders

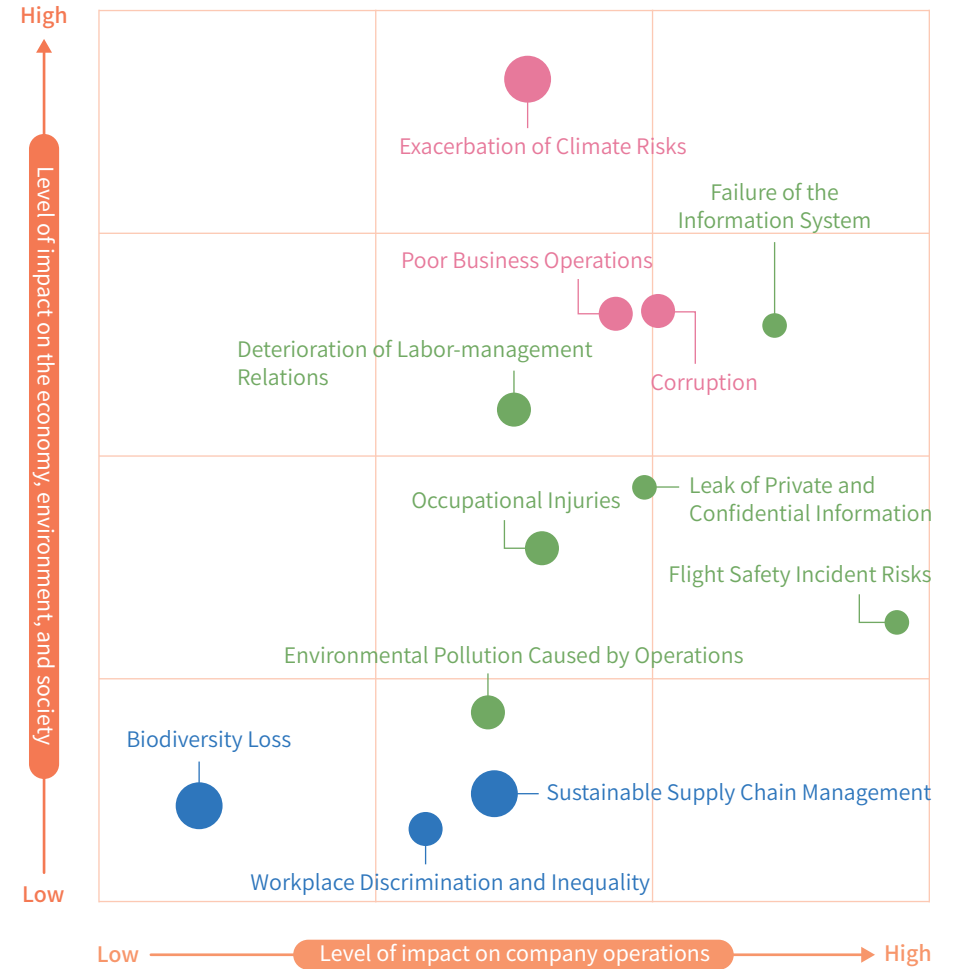
- Material Topics
- Secondary Topic
- Concern Topic



Negative impact

The size of the circle represents the level of concern from external stakeholders

- Material Topics
- Secondary Topic
- Concern Topic



Note: CAL identified, assessed, and adjusted the rankings of material issues in terms of the three aspects according to the reporting principles for material issues in GRI 2021. The X axis shows the level of impact (including negative impact and positive influence); the Y axis shows the probability of occurrence. CAL identified 3 material topics with positive impact, 4 secondary topics, and 3 topics of concern that require continuous monitoring; 3 material topics with negative impact, 6 secondary topics, and 3 topics of concern that require continuous monitoring. The 22 material topics were placed on the materiality matrix with material topics labeled in red.



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Importance of and Changes in Material Topics for 2023

• Impact on the Environment / • Impact on People / • Impact on the Economy / + Positive / - Negative / Material topics are highlighted in red

	Sustainability Issue No.	Sustainability Issues for 2023	Issues of Concern to Human Rights at CAL	Positive / Negative Impact of Sustainability Issues	Significance of Impact	Corresponding Sustainability Topics in 2022
Impact on the Environment	1	Climate Change Mitigation and Adaptation		- Exacerbation of Climate Risks	Failure to effectively control greenhouse gas emissions will exacerbate global climate change and increase climate risks, resulting in a deterioration of the business environment for the aviation industry.	Climate Change Mitigation and Adaptation
	2	Energy Management		+ Energy Conservation	The aviation industry consumes a vast quantity of fuel in its operations and it uses electricity in its ground operations. Energy management can help companies to effectively monitor the current state of energy use and adopt energy conservation measures.	Energy Management
	3	Environmental protection benefits and resource management		+ Effective Use of Resources and Circular Economy	If a lifecycle model is adopted to effectively manage water and waste resources, it would help reduce environmental risks and increase the benefits for the ecology in the Company's operations.	Environmental protection benefits and resource management
				- Environmental Pollution Caused by Operations	Enterprises need to effectively manage various environmental indicators such as sewage, waste (general, hazardous, food waste), packaging materials, chemicals, and toxins, as well as noise, air pollution (nitrogen oxides, sulfur oxides), etc., to reduce environmental risks and prevent pollution of the environment and surrounding residents.	
	4	Green Services and Sustainable Catering		+ Green Services and Sustainable Catering	Promote green consumption, implement green and local procurement, introduce innovative ideas to optimize services and operations to reduce the amount of product and food waste and its associated disposal costs, and remain committed to increasing the environmental friendliness of services.	Green Services and Sustainable Catering
	5	Biodiversity		- Biodiversity Loss	If company operations impact biodiversity, such as through overexploitation of resources or improper resource utilization, and if there are no appropriate management measures in place, it can have adverse effects on natural ecosystems.	None
Impact on People	6	Labor Relations and Communication	V	- Deterioration of Labor-management Relations	If the Company cannot effectively communicate with employees and learn about their opinions, it will be difficult to maintain harmonious labor management relations and provide a secure work environment for employees.	Labor Relations and Communication
	7	Privacy Management	V	- Leak of Private and Confidential Information	If the Company fails to protect the personal information of employees and consumers and protect customer privacy, the security of personal information will be at risk and customer privacy will be infringed.	Privacy Management
	8	Occupational Safety and Health	V	- Occupational Hazards	Due to poor workplace environments and labor conditions, occurrences of occupational accidents or hazards to employee health may arise, potentially affecting service quality over time.	Occupational Safety and Health
	9	Flight Safety Management	V	- Flight Safety Incident Risks	The highest level of achievement in the aviation industry is having zero flight safety accidents. Any severe flight safety accident can cause tremendous losses in human life and properties as well as customer trust.	Flight Safety Management
	10	Social Feedback and Engagement		+ Charity and Public Welfare	The Company uses its professional capabilities and devote themselves to social welfare and social responsibility to win the support of the society.	Social Feedback and Engagement

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	Sustainability Issue No.	Sustainability Issues for 2023	Issues of Concern to Human Rights at CAL	Positive / Negative Impact of Sustainability Issues	Significance of Impact	Corresponding Sustainability Topics in 2022
Environment	11	Attracting, Developing, and Retaining Talent		+	Diversity and Equal Opportunity	Attracting, Cultivating, and Retaining Talent
			V	-	Workplace Discrimination and Inequality	
Impact on the Economy	12	Governance and Business Integrity		+	Sound Corporate Governance	Governance and Business Integrity
			V	-	Corruption	
	13	Financial Performance		+	Sound Economic Performance	Financial Performance
				-	Poor Business Operations	
	14	Information Security		-	Failure of the Information System	Information Security
	15	Fleet Development and Innovation		+	Increase the Efficiency of Fleet Services and Fuel Consumption	Fleet Development and Innovation
	16	Sustainable Supply Chain Management	V	+	Sustainable Procurement	Sustainable Supply Chain Management
			V	-	Sustainable Supply Chain Management	
	17	Customer Satisfaction		+	Maintain High Customer Satisfaction Rate	Customer Satisfaction



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Sustainability Issues Corresponded to GRI Standards

• Impact on the Environment / • Impact on People / • Impact on the Economy / + Positive / - Negative / Material topics are highlighted in red

	Sustainability Issue	Sustainability Topic	Corresponding to GRI Topic-Specific Standards	Positive / Negative Impact of Sustainability Issues	Initiatives and Organizations	Position of the Sustainability Issue on the Value Chain			Management Strategies (Corresponding Chapters and Page Number)
						Upstream (e.g., Suppliers and Contractors)	CAL Internal	Downstream (e.g., Customers and Travel Agencies)	
Impact on the Environment	Climate Change Mitigation and Adaptation	Exacerbation of Climate Risks	<ul style="list-style-type: none">• GRI 305-1 Direct (Scope 1) GHG emissions• GRI 305-2 Energy indirect (Scope 2) GHG emissions• GRI 305-3 Other indirect (Scope 3) GHG emissions• GRI 305-4 GHG emissions intensity• GRI 305-5 Reduction of GHG emissions• GRI 305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	-	Pacific Greenhouse Gases Measurement (PGGM), Task Force on Climate Related Financial Disclosures (TCFD), Earth Hour, Carbon Disclosure Project (CDP), IATA, AAPA, AAP	●	●	●	<ul style="list-style-type: none">• 2-3 Environment• ESG Data and Appendix - Environmental Performance
	Energy Management	Energy Conservation	<ul style="list-style-type: none">• GRI 302-1 Energy consumption within the organization• GRI 302-2 Energy consumption outside of the organization• GRI 302-3 Energy intensity• GRI 302-4 Reduction of energy consumption• GRI 302-5 Reductions in energy requirements of products and services	+		●	●		<ul style="list-style-type: none">• 2-3 Environment• ESG Data and Appendix - Environmental Performance
	Environmental protection benefits and resource management	Effective Use of Resources and Circular Economy	<ul style="list-style-type: none">• GRI 303-1 Interactions with water as a shared resource• GRI 303-2 Management of water discharge-related impacts• GRI 303-3 Water withdrawal• GRI 303-4 Water discharge• GRI 303-5 Water consumption	+	Buckingham Palace Declaration	●	●		<ul style="list-style-type: none">• 2-3 Environment• ESG Data and Appendix - Environmental Performance
		Environmental Pollution Caused by Operations	<ul style="list-style-type: none">• 306-1 Waste generation and significant waste-related impacts• 306-2 Management of significant waste-related impacts• 306-3 Waste generated• 306-4 Waste diverted from disposal• 306-5 Waste directed to disposal	-		●	●		
	Green Services and Sustainable Catering	Green Services and Sustainable Catering	-	+	United Nations Global Compact (UNGC)	●	●	●	<ul style="list-style-type: none">• 2-3 Environment• ESG Data and Appendix - Environmental Performance
	Biodiversity	Biodiversity Loss	<ul style="list-style-type: none">• GRI 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas• GRI 304-2 Significant impacts of activities, products and services on biodiversity• GRI 304-3 Habitats protected or restored• GRI 304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	-	Buckingham Palace Declaration	●	●	●	<ul style="list-style-type: none">• 2-3 Environment• ESG Data and Appendix - TNFD Table

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						Upstream (e.g., Suppliers and Contractors)	CAL Internal	Downstream (e.g., Customers and Travel Agencies)	
Impact on People	Labor Relations and Communication	Deterioration of Labor-management Relations	<ul style="list-style-type: none"> • GRI 2-30 Collective bargaining agreements • GRI 201-3 Defined benefit plan obligations and other retirement plans • GRI 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees • GRI 401-3 Parental leave • GRI 402-1 Minimum notice periods regarding operational changes • GRI 405-2 Ratio of basic salary and remuneration of women to men • GRI 2-23 Policy commitments • GRI 2-25 Processes to remediate negative impacts • GRI 406-1 Incidents of discrimination and corrective actions taken 	—	United Nations Global Compact (UNGC)		●		<ul style="list-style-type: none"> • 2-4 Human Resources • ESG Data and Appendix: Talent Value Data
	Privacy Management	Leak of Private and Confidential Information	<ul style="list-style-type: none"> • GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data 	—	United Nations Global Compact (UNGC)	●	●	●	<ul style="list-style-type: none"> • 2-1-6 Privacy Management
	Occupational Safety and Health	Occupational Hazards	<ul style="list-style-type: none"> • GRI 403-1 Occupational health and safety management system • GRI 403-2 Hazard identification, risk assessment, and incident investigation • GRI 403-8 Workers covered by an occupational health and safety management system • GRI 403-9 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism • GRI 403-10 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities 	—	United Nations Global Compact (UNGC)	●	●		<ul style="list-style-type: none"> • 2-4 Human Resources • ESG Data and Appendix: Talent Value Data
	Flight Safety Management	Flight Safety Incident Risks	<ul style="list-style-type: none"> • GRI 404: Training and Education 	—	FSFT		●	●	<ul style="list-style-type: none"> • 2-1 Trust
	Social Feedback and Engagement	Charity and Public Welfare	-	+			●	●	<ul style="list-style-type: none"> • 2-5 Society
	Attracting, Developing, and Retaining Talent	Diversity and Equal Opportunity	<ul style="list-style-type: none"> • GRI 404-1 Average hours of training per year per employee • GRI 2-7 Employees • GRI 2-8 Workers who are not employees • GRI 202-2 Proportion of senior management hired from the local community • GRI 401-1 New employee hires and employee turnover 	—	United Nations Global Compact (UNGC)		●		<ul style="list-style-type: none"> • 2-4 Human Resources • ESG Data and Appendix: Talent Value Data
		Workplace Discrimination and Inequality	<ul style="list-style-type: none"> • GRI 405-1 Diversity of governance bodies and employees 	—	FSFTUnited Nations Global Compact (UNGC)		●		<ul style="list-style-type: none"> • 2-4 Human Resources • ESG Data and Appendix: Talent Value Data

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					Upstream (e.g., Suppliers and Contractors)	CAL Internal	Downstream (e.g., Customers and Travel Agencies)	
Impact on the Economy	Governance and Business Integrity	<ul style="list-style-type: none"> • GRI 2-9 Governance structure and composition • GRI 2-10 Nomination and selection of the highest governance body • GRI 2-11 Chair of the highest governance body • GRI 2-15 Conflicts of interest • GRI 2-17 Collective knowledge of the highest governance body • GRI 2-19 Remuneration policies • GRI 2-20 Process to determine remuneration 	+	TAA, TCCS, United Nations Global Compact (UNGC)		•		<ul style="list-style-type: none"> • 3-1 Governance Framework • 3-4 Regulatory Compliance • ESG Data and Appendix - GRI Content Index
		<ul style="list-style-type: none"> • GRI 2-23 Policy commitments • GRI 2-24 Embedding policy commitments • GRI 2-25 Processes to remediate negative impacts • GRI 2-27 Compliance with laws and regulations • GRI 205-2 Communication and training about anti-corruption policies and procedures • GRI 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices 	—	TAA, TCCS, United Nations Global Compact (UNGC)	•	•	•	<ul style="list-style-type: none"> • 2-4 Human Resources • 3-4 Regulatory Compliance
	Financial Performance	<ul style="list-style-type: none"> • GRI 201-1 Direct economic value generated and distributed 	+				•	<ul style="list-style-type: none"> • 3-2 Operational Achievements • ESG Data and Appendix for Financial Performance Presentation
			—				•	
	Information Security	-	—		•	•	•	<ul style="list-style-type: none"> • 2-1-5: Information Security Management
	Fleet Development and Innovation	<ul style="list-style-type: none"> • GRI 2 General Disclosures 2021 • GRI 2-1 Organizational details • GRI 2-6 Activities, value chain and other business relationships 	+	ATA, SkyTeam, and AAPA	•	•		<ul style="list-style-type: none"> • Preface, Business Overview
	Sustainable Supply Chain Management	<ul style="list-style-type: none"> • GRI 2-6 Activities, value chain and other business relationships • GRI 204-1 Proportion of spending on local suppliers 	+	United Nations Global Compact (UNGC)	•	•		<ul style="list-style-type: none"> • 2-2 Cooperation
		<ul style="list-style-type: none"> • GRI 308-2 Negative environmental impacts in the supply chain and actions taken • GRI 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk • GRI 414-2 Negative social impacts in the supply chain and actions taken 	—	United Nations Global Compact (UNGC)	•	•		
	Customer Satisfaction	-	+			•	•	<ul style="list-style-type: none"> • 2-1-4 Customer Relations Management

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









1-5 Achieving Sustainable Development Goals

• Governance / • Environmental / • Social

★ Goal Exceeded / ✔ Goal Attained / ✖ Goal Not Attained

S Short-term(2025) / M Mid-term(2030) / L Long-term(2040)

Sustainable Development Goals for Six Value Task Forces

Task Force Corresponding SDGs / Corresponding Sustainability Issues	2023 Objectives	Illustration of Progress	Key Results and Performance	Goals
Foundation for Sustainable Development   <ul style="list-style-type: none"> • Governance and Business Integrity • Financial Performance • Fleet Development and Innovation 	Achieving 100% of sustainability tasks for the year and implementing the employee awareness improvement plan	✔	<ol style="list-style-type: none"> 1. Conducting the "Sustainable Development Awareness Training" e-Learning for all employees of the China Airlines Group 2. Provided employee CSR awareness training and added mandatory online courses for new employees 	<p>S Regularly reporting progress on CSR tasks to the Corporate Sustainability Committee and holding at least two CSR training sessions for affiliates</p> <p>M Disclosing sustainable development of airline transport affiliates</p> <p>L Continuously cooperating with regulatory authorities and international trends to comprehensively disclose the boundaries of the group</p>
	Implementing operating mechanisms for SDGs	✔	<ol style="list-style-type: none"> 1. Conducting the "Sustainable Strategy Blueprint 2040 Target Refinement Workshop" to review the Sustainable Development Goals (SDGs) and action plans of each working group on a rolling basis 2. The Corporate Sustainability Committee reviews the progress of each working group annually 3. The working group submits progress reports on a quarterly basis 	<p>S Supporting industry partners in developing sustainable capacity</p> <p>M Support international sustainability initiatives to enhance industry influence by participating in two initiatives or public associations</p> <p>L Support international sustainability initiatives to enhance industry influence by participating in five initiatives or public associations</p>
Trust       <ul style="list-style-type: none"> • Customer Satisfaction • Information Security • Flight Safety Management • Privacy Management 	Implementing personal data management systems, in accordance with GDPR and personal data protection laws	✔	<ol style="list-style-type: none"> 1. The personal data management system is established in accordance with the law and follows the ISO international standards framework, supported by tier-1, tier-2, and tier-3 documents for implementation. The "Plan-Do-Check-Act (PDCA)" concept is employed to ensure effective control and management 2. Expanding the scope of personal data inventory in overseas branches, conducting annual self-audits at the unit level, to promptly identify errors and initiate improvements 3. Conducting regular personal data education and training for all staff according to job requirements, a total of four sessions in 2023: executive management seminars, personal data regulations and management guidelines, cybersecurity and personal data incident case studies, and new employee data protection training. Additionally, quarterly distribution of cybersecurity and personal data awareness newsletters 4. Establishing internal personal data audit standard operating procedures, planning the annual audit plan for the following year in the fourth quarter of each year, and reviewing the annual audit results at the "Information Security and Personal Information" 5. Conduct drills for information security and personal data response exercises in accordance with established procedures. These drills aim to improve the effectiveness of incident reporting mechanisms and operational procedures by providing practical exercises in reporting and response processes 6. The passenger reservation ticketing service and marketing service processes have been verified through ISO 27701 Privacy Information Management System certification 	<p>S Receiving ISO27701 Privacy Information Management certification in the collection, processing, and use of personal data in the Passenger Service Management Procedure (including Taiwan and EU headquarters)</p> <p>M Maintaining validity of ISO27701 Privacy Information Management certificate</p> <p>L Maintaining validity of ISO27701 Privacy Information Management certificate; Adjustment of our personal data management system based on the regulations, international trends, and our company's operational needs to minimize the risk of data breaches</p>
	88 points for Customer Satisfaction of Cargo Transport	✔	91.6 points in 2023 for Customer Satisfaction of Cargo Transport	<p>Customer Satisfaction of Cargo Transport</p> <p>S 89 points M 90 points L 90 points</p>

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Task Force Corresponding SDGs / Corresponding Sustainability Issues	2023 Objectives	Illustration of Progress	Key Results and Performance	Goals
      <p>Trust</p> <ul style="list-style-type: none"> • Customer Satisfaction • Information Security • Flight Safety Management • Privacy Management 	Performing aviation data study and analysis for future release		<ol style="list-style-type: none"> 1. International Civil Aviation Organization: 2023 AAPA Technical Committee 2. Domestic flight safety seminars: "2023 Aviation Security Risk Management" 	<p>S Publishing the results of flight operations studies to improve the technical capacity of the aviation industry</p> <p>M Developing innovation plans with other airlines to drive innovation momentum</p> <p>L Expanding collaborative research projects with domestic and international transportation peers and manufacturers/suppliers to enhance environmental performance</p>
	Continuing to pass IOSA certification standards and improve the safety management system		<ol style="list-style-type: none"> 1. After successfully completing the 11th IOSA recertification audit in 2022, the Company is required to undergo recertification audits every two years. We are currently preparing to undergo the newly introduced, more rigorous IOSA certification process by IATA (Risk-based IOSA) in 2024. This proactive approach ensures our continued compliance with the highest international safety standards 2. In compliance with International Civil Aviation Organization (ICAO) Doc 9859 and the company's Corporate Safety Manual (CSM), a comprehensive SMS refresher training is conducted every three years for all employees. Simultaneously, a safety culture questionnaire assessment is performed to evaluate the current state of the Company's safety culture and improve safety management. A total of 11,191 personnel from both domestic and international units have successfully completed the training 3. Organize a visit to the "Taipei Airport Control Tower" to learn and observe the daily operations and safety management practices of the organization. During the visit, participants will have the opportunity to share experiences and engage in discussions 4. To enhance understanding among our personnel regarding human factors development, cognitive interviews, and the application of investigative tools, we have invited the National Transportation Safety Board to conduct a specialized aviation seminar on the topic of "Human Factors Discussion." This seminar aims to reduce potential operational risks resulting from human errors 	<p>S Continuing to pass IOSA certification standards and improve the safety management system (SMS)</p> <p>M Continuing to pass IOSA certification standards and improve the company safety culture</p> <p>L In consideration of safety regulations and international requirements, we continue to pass rigorous safety certification standards</p>
	Continuously strengthening the development of core business information systems and conducting annual disaster recovery drills, while actively promoting innovative application services to increase revenue, reduce costs, and enhance daily work efficiency for the Company		<ol style="list-style-type: none"> 1. Continuous improvement of disaster recovery plans and conduct annual disaster drills to enhance the Company's resilience in response to disasters 2. Upgrading domestic backbone network equipment to meet the future high-speed connectivity requirements of servers 3. Continuously use BI (Business Intelligence) reporting tools to assist business units in analyzing relevant data, uncovering key insights related to revenue enhancement, cost reduction, service improvement, and manpower savings for decision-making purposes 4. Continuously promote the application of robotic process automation to integrate manual processes such as SAP and Notes, automating tasks like invoice verification and ticket pricing to assist business units in saving manpower 5. Continuously optimize robot customer service to provide responsive assistance, integrating AI technology to develop conversational robots for internal service within business units, enhancing information query efficiency (e.g., querying complimentary ticket cabin availability) 6. Integrate the government electronic document exchange platform into the official document system, replacing paper-based operations, enhancing the efficiency of document sending and receiving, and providing real-time tracking of document processing progress 7. Digitize corporate cards to provide corporate members with more convenient services 	<p>S • Promoting a smart airport: Establish a smart airport at Terminal 3 of Taiwan Taoyuan International Airport and increase customer satisfaction with digital and innovative technology application</p> <p>• High-speed ICT network: Set up a dedicated optical fiber and terminal system network to increase data and audio connection performance and increase operating efficiency</p> <p>• Continuous improvement of disaster recovery plans: Provide on-site redundancy with sufficient hardware and software capacity to respond to anomalies in the core database and ensure high availability of the database</p> <p>M • Promoting smart tourism: Achieving horizontal and vertical integration of tourism-related industries to provide a one-stop smart travel eco-system</p> <p>• Evaluate the adoption and applications of new technologies and continuously optimize and expand the disaster recovery capacity</p> <p>L • Promote smart airports: Expand the application of new technologies and passenger-sharing platforms to more overseas operating terminals, and actively collaborate with airports, suppliers, or other innovative technology companies</p>

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Task Force Corresponding SDGs / Corresponding Sustainability Issues	2023 Objectives	Illustration of Progress	Key Results and Performance	Goals
Human Resources     <ul style="list-style-type: none"> • Attracting, Developing, and Retaining Talent • Labor Relations and Communication • Occupational Safety and Health 	Organizing eight expert seminars that provide an opportunity for internal cross-disciplinary networking	★	Organizing three insider sharing sessions (covering topics such as green buildings and energy conservation, aviation meteorology, and a day in the life of a pilot.) A total of 266 individuals participated in these sessions. We have organized 10 sessions from 2021 to 2023, and we are set to complete the short-term goal of "organizing 8 expert seminars" for 2021 to 2023	S Completing the establishment of all internal online training materials for all specialties M The Training completion rate of online general education courses for internal candidates who applied for promotion reached 75% L The Training completion rate of online general education courses for internal candidates who applied for promotion reached 100%
	Optimizing CAL's aviation management talent training mechanisms	✓	Optimizing talent pools for different levels of management (including a master talent pool, management training courses, and advanced management courses) and related training mechanisms to develop talent for the company over the long term and lay the foundation for passing on knowledge and experience	S Establishing the optimal learning path for CAL's aviation management talent pool M The cumulative number of CAL's aviation management talent training reaching 150 individuals by 2030. L The cumulative number of CAL's aviation management talent training reaching 400 individuals by 2040
	Percentage of female executives reaching 25%	★	The percentage of female managers has risen to 28.68% in 2023	Percentage of female executives reaching S 26% M 27% L 30%
Cooperation   <ul style="list-style-type: none"> • Sustainable Supply Chain Management 	Maintain SAQ score at 87 points	✓	1. Zero high-risk suppliers were identified in the 2023 sustainability self-assessment questionnaire 2. The average annual score was 96.64 in 2023	S • SAQ for Critical Tier-1 suppliers has achieved a risk assessment ratio of 100%. All Tier-1 suppliers have reached 20% • Before making a purchase, the purchasing unit should establish a selection plan that takes into account the specific case. The plan should include ESG-related issues as at least 5% of the evaluation criteria • Both new suppliers signing contracts and existing suppliers renewing contracts should be obligated to comply with the commitments of the "Forest and Biodiversity Conservation Commitment" M • All Critical Tier-1 suppliers and SAQ for critical tier-1 suppliers have achieved a risk assessment ratio of 40%. Critical non Tier-1 suppliers have reached a risk assessment ratio of 30% • Include at least 5% ESG performance in procurement evaluation criteria for 40% of purchasing units • 40% of suppliers signing contracts should be obligated to comply with the commitments of the "Forest and Biodiversity Conservation Commitment" L • Perform 100% SAQ risk assessment for both Critical Tier-1 suppliers and critical non Tier-1 suppliers • Include at least 5% ESG performance in procurement evaluation criteria for 100% of purchasing units • 100% of suppliers signing contracts should be obligated to comply with the commitments of the "Forest and Biodiversity Conservation Commitment"





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Task Force Corresponding SDGs / Corresponding Sustainability Issues	2023 Objectives	Illustration of Progress	Key Results and Performance	Goals
Cooperation   • Sustainable Supply Chain Management	Optimize risk management for sustainable supply chain, implement the SAQ, and audit 70% of critical tier-1 suppliers and 50% of critical tier 2 suppliers by 2023	✓	3. Met the target of auditing 94% of the 50 key first-tier suppliers in 2023 4. Completed auditing all 5 high-risk suppliers in 2023 Inventory will commence in 2024 1. New (existing) suppliers signing contracts (renewing contracts) of "Forest and Biodiversity Conservation Commitment" have reached 100% compliance rate 2. Develop a supply chain improvement measures and capacity guidance plan, aiming to implement improve ment measures and 25% of capacity building measures 3. The coverage rate for the high-risk supplier review in 2024 reached 100%	S • Optimize the risk management for sustainable supply chain, assess 100% of Critical Tier-1 suppliers and high-risk suppliers, and create a list of Critical non Tier-1 suppliers • Develop a comprehensive supply chain corrective action plans and capacity building programs, aiming to implement 50% of corrective action plans and 50% of capacity building programs M • Continue to optimize risk management for sustainable supply chain, and assess 100% of Critical Tier-1 suppliers and high-risk suppliers • Assess 30% of critical non Tier-1 suppliers. • Develop a comprehensive supply chain corrective action plans and capacity building programs, aiming to implement 100% of corrective action plans and 100% of capacity building programs L • Assess 100% of both Critical Tier-1 suppliers and critical non Tier-1 suppliers • 100% implementation of corrective action plans for high-risk suppliers to ensure regulatory compliance
Environment       • Climate Change Mitigation and Adaptation • Energy Management • Environmental protection benefits and resource management • Green Services and Sustainable Catering • Biodiversity	Improving annual aviation fuel efficiency by 1.5% and achieving carbon-neutral growth (ICAO CORSIA CNG2020)	✓	1. Maintain leading position among Asia Pacific airlines with fuel efficiency at 0.2287 tons per 1,000 RTK 2. Implemented 12 fuel saving measures	Improving annual aviation fuel efficiency by 1.5% and achieving carbon-neutral growth (Attain net zero emissions by 2050) (flight operations) Used SAF S 2% M 5% L 40%
	Reducing carbon emissions in ground operations by 41% compared to 2009	✓	1. Reducing carbon emissions in ground operations by 47.6% compared to 2009 2. Implemented 82 environment and energy improvement plans	Reducing carbon emissions in ground operations by 5% compared to 2023 S • Reducing carbon emissions in ground operations by 15% compared to 2023 M • With renewable energy installed capacity reaching 10% of the contract capacity • Reducing carbon emissions in ground operations by 60% compared to 2023 L • With renewable energy installed capacity reaching 15% of the contract capacity
	Enhance the integration of decision-making mechanisms with climate-related financial information	✓	1. Reported climate governance reports to the Risk Committee of the Board of Directors 2. Continued to publish climate-related financial information	This particular short, medium, and long-term goal has been merged into the annual target for enhancing aviation fuel efficiency
	Reducing non-recyclable general waste in ground operations by 5% compared to 2018	✗	Due to the retrofit project in maintenance area, the general waste increased by 33% compared to 2018	Reducing non-recyclable general waste in ground operations compared to 2018 S 7% M 12% L 15%
	Increasing industrial waste recycling ratio to 43%	★	Industrial waste recycling ratio reached 58% in 2023	Increasing industrial waste recycling ratio to S 45% M 50% L 58%
	Reducing tap water withdrawal by 5% compared to 2018	★	1. Reduced tap water withdrawal in 2023 by 20% compared to 2018 2. Implemented equipment updates, pipeline inspections, and employee education	Reducing tap water withdrawal compared to 2018 S 7% M 10% L 12%

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Task Force Corresponding SDGs / Corresponding Sustainability Issues	2023 Objectives	Illustration of Progress	Key Results and Performance	Goals
Environment       <ul style="list-style-type: none"> • Climate Change Mitigation and Adaptation • Energy Management • Environmental protection benefits and resource management • Green Services and Sustainable Catering • Biodiversity 	Reducing paper consumption by 14% compared to 2018	★	1. Reduced paper consumption in 2023 by 38% compared to 2018 2. Expanded the digitalization of services and administrative operations	Reducing paper consumption compared to 2018 S 30% / Using 10% of sustainably certified paper/wood items for in-flight/ground service services M 50% / Using a 50% of sustainably certified paper/wood items for in-flight/ground service services L 52% / Using 80% of sustainably certified paper/wood items for in-flight/ground service services
	Embargoing transport of illegal wildlife and prohibiting use of illegal species as food ingredients	✔	1. CAL did not transport illegal wild animals and plants 2. Adopting and planting Cryptomeria-like Taiwania and nurturing efforts on the land of Nanzhuang Forest Land in Miaoli County, planting 4,250 Cryptomeria-like Taiwania	Embargoing transport of illegal wildlife and prohibiting use of illegal species as food ingredients S Starting from 2023, participating in and implementing 2 biodiversity conservation activities or initiatives M Starting from 2023, participating in and implementing 4 biodiversity conservation activities or initiatives L Starting from 2023, participating in and implementing 10 biodiversity conservation activities or initiatives
	Reducing in-flight waste by 25% compared to 2018	✔	Reduction of in-flight waste in 2023 by 25% compared to 2018	Reducing in-flight waste compared to 2018 S 50% M 65% L 70%
	Reducing use of single use plastic items and packaging for in-flight services by 50%	✔	Reduce use of single use plastic items and packaging for in-flight services by 50%	S Reducing use of single use plastics items and packaging by 90% M Reducing use of single use plastics items and packaging for in-flight services by 100% L Reducing use of single use plastics items and packaging for in-flight services by 100%
	Reducing average food waste produced per person for in-flight services by 5% from 2020 level	✔	Reducing average food waste produced per person for in-flight services by 5% from 2020 level	Reducing average food waste produced per person for in-flight services compared to 2023 S 5% M 10% L 25%
Society    <ul style="list-style-type: none"> • Social Feedback and Engagement 	Supporting international initiatives and organizing at least one long-term charity project	✔	This year, we continue to respond to international relief efforts by sponsoring the "Little Miss. Liao's Humanitarian Medical Assistance for Overseas Chinese in Myanmar" program organized by the Chia-Yi Christian Hospital. By leveraging our corporate influence, we aim to enhance the international visibility of Taiwanese brands and collaborate with society to create mutual prosperity and goodness	S Supporting international initiatives and organizing at least one long-term charity project M Supporting international initiatives and organizing at least one long-term charity project L Establishing long-term cooperation with international relief organizations to organize at least one long-term charity project
	Organize at least one education charity event in a remote rural area	✔	1. In addition to continuing the tradition of visiting six nearby elementary schools and three junior high/ elementary schools in remote areas of Taitung to provide volunteer teaching, this year we have invited the Vox Nativia Sound Children's Choir from Xinyi Township, Nantou County. The choir consists of indigenous children from tribal communities and they participated in the Little Pilot Experience Camp. Through this activity, our aim is to promote essential aviation knowledge and contribute to the improvement of education quality in Taiwan 2. CAL organized a charity basketball camp with Jeremy Lin and the Taoyuan Pilots of P. LEAGUE+. CAL organized a charity baseball camp with baseball stars Wei-Yin Chen and Wei-Chung Wang. Both charitable activities involved the sharing of personal experience which encouraged young athletes to pursue their dreams with courage	S Organize at least one educational event in rural areas to promote international educational opportunities for young students M Integrate central and local resources to host at least one rural education event, ensuring equal access to education for all L Partner with international education organizations to coordinate a minimum of one rural education event, thereby improving the quality of national education
	Collaborating with indigenous peoples and local small farmers in Taiwan to develop public relations gifts, helping promote social equality by providing opportunities for disadvantaged groups	✔	1. In addition to our ongoing participation in and implementation of three long-term public welfare projects in 2023, we also collaborate with the Taiwan Fund for Children and Families and the ROC Foundation for Autistic Children and Adults in Taiwan on charitable public welfare projects 2. Furthermore, we will procure food gifts from small farmers and indigenous communities to foster equal opportunities for marginalized groups and enhance resources for charitable sponsorship programs	S Organize an event aimed at promoting economic growth and providing employment assistance in rural areas, thereby enhancing social wellbeing M Boost the efficacy of sponsorship, sponsoring an event aimed at promoting regional economic growth and providing employment assistance in rural areas, thereby enhancing social wellbeing L Organize projects to support economic development in underdeveloped regions or developing countries, enhancing employment opportunities in those areas

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



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2-1 Trust

HIGHLIGHTS



Core information security system passed certification

CAL's data network and core information systems for the development and operation management of passenger airline reservations, ticketing, and marketing processes passed the ISO 27001: 2013 Information Security Management System (ISMS) and obtained a certificate with a validity period of three years in 2022. In 2023, CAL applied for and passed the recertification. Moving forward, CAL will continue to monitor, review, maintain, and improve its operational practices while also planning to expand the scope of verification, so as to enhance the maturity of cyber security governance.



Organized the 2023 Aviation Security Risk Management Seminar

CAL organized the 2023 Aviation Security Risk Management Seminar jointly with the Civil Aviation Administration of MOTC, China Aviation Development Foundation, Flight Safety Foundation - Taiwan, and ROC Civil Aviation Society. The seminar was focused on addressing vulnerabilities in aviation cybersecurity, threats posed by unmanned aircraft, and strategies for preventing insider threats, so as to enhance and promote the importance of aviation cybersecurity.



Continuously obtaining IOSA safety certification

CAL has maintained its commitment to flight safety by obtaining the IOSA (IATA Operational Safety Audit) certification in 2005 and undergoing re-certification audits every two years in accordance with IATA regulations. In 2022, CAL met the IATA Operational Safety Audit (IOSA) standards for the 11th time (the next certification will be in 2024), and continues to meet the highest international standards.



Organized the 2023 Aviation Safety Seminar

In response to the increased demand for air transportation after the easing of the epidemic, CAL invited experts from National Taiwan University to discuss the human factors and topics related to aviation safety. The seminar aimed to improve and strengthen the understanding of aviation safety among flight crew members and other relevant personnel, while also leveraging relevant experiences to ensure reliable and trustworthy air transportation.



Service integrated with technology for exceptional competitiveness

All cabin crew members are equipped with iPad mini as personal equipment for their tasks. These iPad mini are connected to management, connected to management, training, dispatch, and notification platforms, instilling a strong sense of flight safety and service philosophy. In addition to integrating information to implement protection and control measures, reduce cyber security risks, and improve operational efficiency, the tablets also enable cabin crew to provide passengers with appropriate and up-to-date flight experiences that align with current trends, thereby continuously enhancing our competitive advantage.

Management Approach

Material Issues

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

Importance of Material Issues

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

As a multinational airline company, CAL understands that information security and personal privacy protection are critical in all operations. In addition to continuous enhancement of personal data protection mechanisms, CAL also complies with the requirements of personal data.



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protection legislation in different countries and continuously amends the personal data operation regulations and specify a reasonable scope of personal data collection. We also use the latest encryption technologies and regular inspections to implement management. CAL provides contact information in accordance with laws to help passengers exercise their legal rights granted in the Personal Data Protection Act. If there is a suspicion of a breach of personal data, CAL immediately takes action to preserve and protect the rights and interests of the parties.

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



Long-term Goals



2025

1. Receiving ISO27701 Privacy Information Management System (PIMS) certification in the collection, processing, and use of personal data in the Passenger Service Management Procedure (including Taiwan and EU headquarters)
2. Increasing the cargo service customer satisfaction to 89 points
3. Publishing the results of flight operations studies to improve the technical capacity of the aviation industry
4. Continuing to pass IOSA certification standards and improve the safety management system (SMS)
5. Promoting a smart airport: Establish a smart airport at Terminal 3 of Taiwan Taoyuan International Airport and increase customer satisfaction with digital and innovative technology application
6. High-speed ICT network: Set up a dedicated optical fiber and terminal system network to increase data and audio connection performance and increase operating efficiency
7. Continuous improvement of disaster recovery plans: Provide on-site redundancy with sufficient hardware and software capacity to respond to anomalies in the core database and ensure high availability of the database

2030

1. Maintaining validity of ISO27701 Privacy Information Management System (PIMS) certificate
2. Increasing the cargo service customer satisfaction to 90 points
3. Developing innovation plans with other airlines to drive innovation momentum
4. Continuing to pass IOSA certification standards and improve corporate safety culture
5. Promoting smart tourism: Achieving horizontal and vertical integration of tourism-related industries to provide a one-stop Smart Travel Eco-system
6. Evaluate the adoption and applications of new technologies and continuously optimize and expand the disaster recovery capacity

2040

1. Maintaining validity of ISO27701 Privacy Information Management System (PIMS) certificate; Adjustment of our personal data management system based on the regulations, international trends, and our company's operational needs to minimize the risk of data breaches
2. Maintaining the cargo service customer satisfaction at 90 points
3. Expanding collaborative research projects with domestic and international transportation peers and manufacturers/suppliers to enhance environmental performance
4. Promoting a smart airport: Expand the application of new technologies and passenger-sharing platforms to more overseas operating terminals, and actively collaborate with airports, suppliers, or other innovative technology companies

Commitment and Long-term Goals



Commitment

Flight safety is CAL's most solemn and important commitment to customers and the public in its 64 years of history. We are committed to compliance with regulations and zero flight safety accidents and we pledge that we shall do all we can to ensure the safety of all passengers and cargo on each journey. We shall also uphold our consistent service ideals of respect for customers and protecting customer rights during the global COVID-19 pandemic by monitoring international development while complying with national policies and full consideration of customer interests to create a reliable and high-quality service experience.

Unit in Charge

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

Management Mechanisms

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

Grievance Mechanism

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



Stakeholder Contact



Passenger Branch Offices



Cargo Branch Offices



Maintenance Service

Objectives and Plans

Key Point	SPI (Note 1) / KPI	2023			2024 Objectives
		Objectives	Performance	Achievement	
Flight Safety	Fatal & Hull loss Accidents (Accidents Rate) (Note 3)	0	0	100%	0
	Runway Excursions (RE)	0	0	100%	0
	Controlled Flight into Terrain (CFIT)	0	0	100%	0
	Loss of Control in Flight (LOC-I)	0	0	100%	0
	Mid-Air Collision (MAC)	0	0	100%	0
Customer Service	Overall Passenger Satisfaction (%)	90	93.6	100%	85.3 (Note 2)
	Overall Cargo Service Satisfaction (point)	88	91.6	100%	88.5
	Overall Maintenance Satisfaction (point)	8.4	8.45	100%	8.4

Note 1: SPI refers to Safety Performance Indicator.

Note 2: The 2023 survey uses a dichotomous approach to assess passenger satisfaction and calculate overall satisfaction. To maintain consistency with the assessment of other service issues, the Overall Passenger Satisfaction of the 2024 survey is adjusted to use the design of 5-point Likert scale and its objective is set to be the passengers filling out the satisfaction survey (1 to 5 points) with a point of 4 or 5 reaching 85.3% or more.

Note 3: Fatal Accidents and Passenger Fatalities are considered synonymous. In the past four years (2020~2023), the company has not experienced any fatal accident.

2-1-1 Flight Safety

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

Safety Management System (SMS)

CAL follows the requirements in the civil aviation regulations of Taiwan and references the guidelines in the International Civil Aviation Organization (ICAO) DOC. 9859 Safety Management Manual (SMM). CAL has implemented the Safety Management System (SMS) since 2007, and undergoes re-certification audits every two years in accordance with IATA regulations to maintain its commitment to flight safety. CAL met the IATA Operational Safety Audit (IOSA) standards for the 11th time in 2022 (the next certification will be in 2024), and is currently preparing to



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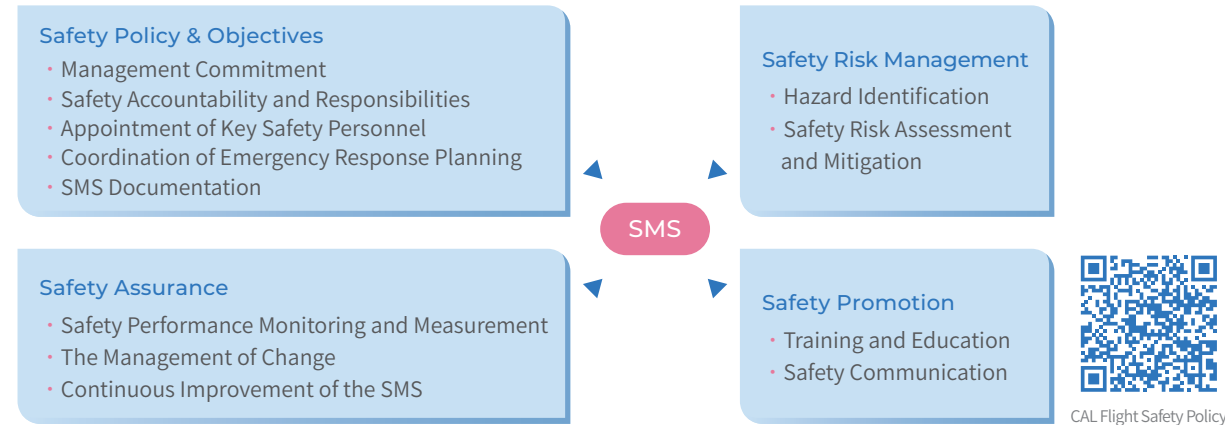
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undergo the newly introduced, more rigorous IOSA certification process by IATA (Risk-based IOSA) in 2024. This proactive approach ensures our continued compliance with the highest international safety standards. The core of CAL's SMS is safety risk management. CAL analyzes and manages operational risks systematically through continuous risk identification and management. We also set Safety Performance Targets (SPTs) for comprehensive tracking, control, and risk mitigation.

Safety Management System (SMS)

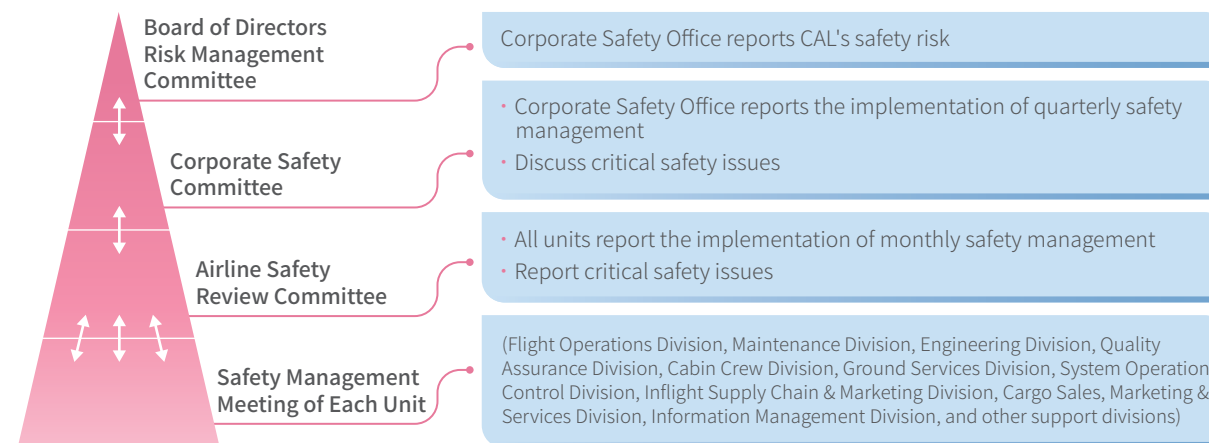


Safety Risk Management

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

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

Safety Management Meeting



2. Safety Reporting System

To enhance their awareness of flight safety, CAL encourages employees to use the Safety Reporting System to proactively identify potential risks and report possible safety issues in their daily work. Through information data collection and risk management, CAL prevents unsafe incidents from occurring and increases its overall safety and security level. In addition, CAL conducts risk analysis and assessments based on seasonality and features of flight operations, trends of flight safety, and changes in internal and external environments. Making a further effort to control risks, we also communicate safety-related discipline and conduct to our employees in announcements or meetings. CAL has a reward mechanism in place to encourage employees to report potential safety issues. In order to encourage all employees willing to report any abnormality and safety reports, since CAL introduced Mobile version of the reporting application software Mobile eReports (MER) in 2022, it allows all employees to conveniently complete the submission report. A total of 1,112 safety reports were received in 2023 and rewards were presented 47 times (financial incentives), being a significant increase compared to the previous year and demonstrating the effectiveness of the active reporting system. In 2023, the "Reporting Unevenness for Taoyuan Airport" event was organized to encourage the Company's ramp operation/supervision personnel to report the hazards of uneven ground on the airside of Taoyuan Airport and related flight safety concerns. Through this event, the Company's relevant personnel will be familiar with the hazard notification mechanism of Taoyuan Airport to maintain the operational safety of personnel and machine. The Company has won first place in the number of hazard notification at Taoyuan Airport five times since 2018.



3. Safety Risk Management

Safety Risk Management (SRM) is a key component of the Safety Management System (SMS). It predicts potential safety issues in normal system operations and incorporates risk criteria in the development of products and services. Through hazard identification, risk assessment, risk management, and monitoring, it aims to mitigate risks to a level as low as reasonably practicable (ALARP). To instill the concept of risk management into the operation units and strengthen employees' use of risk management, CAL has, since 2015, provided regular safety risk management (SRM) training and assigned frontline units

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to implement self-evaluations and execute risk management operations. They must implement safety risk management in accordance with internal and external information, changes in the operation environment, adjustment of regulations, and changes in procedures and equipment. CAL identifies, counts, and analyzes the main hazards and risks in the operating procedures. To manage the effectiveness of the SRM, CAL conducts monitoring through SRM assessment and the yearly review of SPI/SPT. In 2023, the main risks CAL identified are a comprehensive improvement plan had been planned and implemented to address in ATC(Air Traffic Control) violations. CAL continued to improve its control measures, and all flight crew members completed relevant training with a 100% achievement rate, showing significant improvement. And, risk management measures for High-Energy Fire (HEF) handling procedures related to lithium-ion battery have been implemented, and all cabin crews completed relevant emergency education training which divided into 53 batches, complying with the requirements issued by the CAA of Taiwan to implement supervisory actions.



• Active Alertness and Compliance with Laws and Regulations

In 2023, CAL voluntarily reported violations to the CAA and received penalties in two cases. In the first case, "the aircraft overshoot the other runway hold-short line after vacate landing runway in Hanoi airport, resulting in a runway incursion event."; in the other case, "due to the maintenance engineer's negligence, did not perform aircraft's navigation light cover defect item inspection on each flight in accordance with the maintenance manual requirement." Both cases were caused by human error. In addition to strengthening the training of the personnel involved, monitoring their job performance, and posting notices of cases sharing to inform relevant personnel, CAL reviewed and improved operating procedures based on the investigation result of the events and established preventive measures to prevent human error and recurrence of similar events. Related corrective action plans were all approved by the CAA, and we will continue to implement safety management and maintain flight safety.

4. Flight Operations Quality Assurance

CAL utilizes flight data monitoring programs and the Flight Operations Quality Information System (FOQIS) developed by CAL to quickly identify the potential risks of the flight crew operations and promptly provide guidance for them

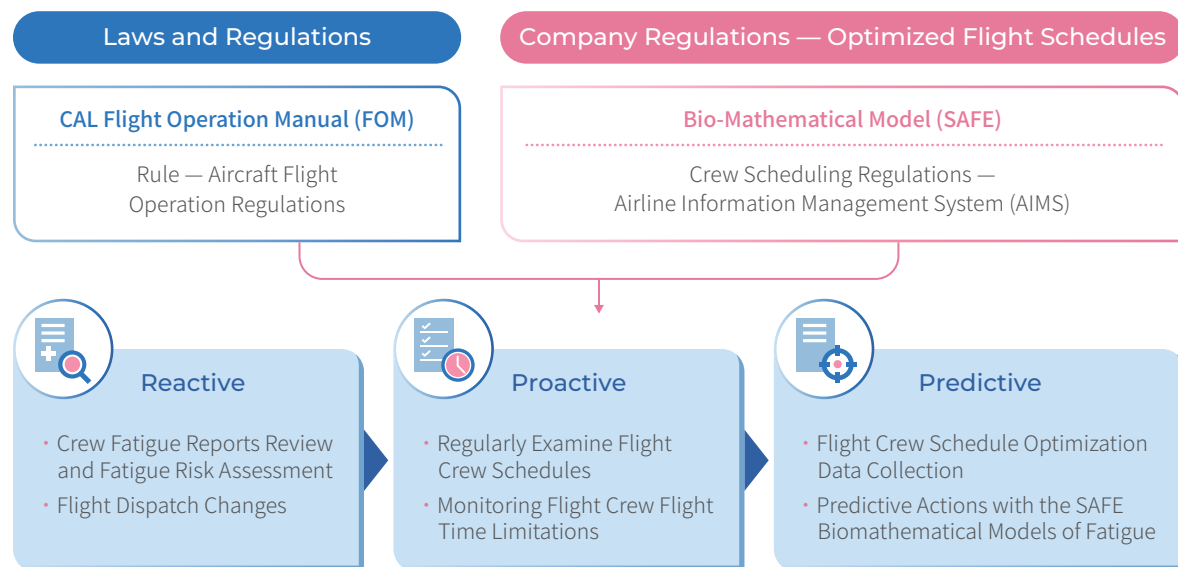
to take corrective measures in compliance with the Civil Aviation Act of the R.O.C and Flight Operations Quality Assurance (FOQA) of the Convention on International Civil Aviation. Apart from producing trend analysis monthly report of FOQA for CAL's fleet as a reference, in case of a FOQA event (e.g., an anomaly in flight operation parameters), CAL shall conduct a necessary investigation and analysis, take corrective measures, and continuously monitor the effectiveness of subsequent improvements and corrective measures in accordance with the regulations for operations, thereby lowering flight operation risks and ensuring flight safety. In 2023, CAL assigned personnel to participate in the Airbus (NAVBLUE) training courses. By exchanging operational experience on Flight Data Monitoring (FDM) and Flight Data Analysis (FDA) with other international airlines, CAL took it as a reference to improve the monitoring quality of its FOQA, aiming to increase the depth and breadth of flight data applications and improve flight safety and quality.

5. Fatigue Management

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

In 2023, we received 13 crew member fatigue reports and found in the review that all mission assignments complied with regulatory requirements and the Samn Perelli Seven-Point Fatigue Scale (SPS). The fatigue reports this year included changes in flight paths due to the impact of the Russia-Ukraine War which increased the flight time for flights to Europe and Americas, and cases caused by temporary delay in flight. The Company has communicated with flight crew and adjusted the flight schedules to improve the issues reported by the crew members and encouraged them to seek medical consultation for fatigue management based on their conditions to meet Taiwan's quarantine regulations during the pandemic and the Company's operation requirements.

CAL Fatigue Risk Management Framework and Implementation



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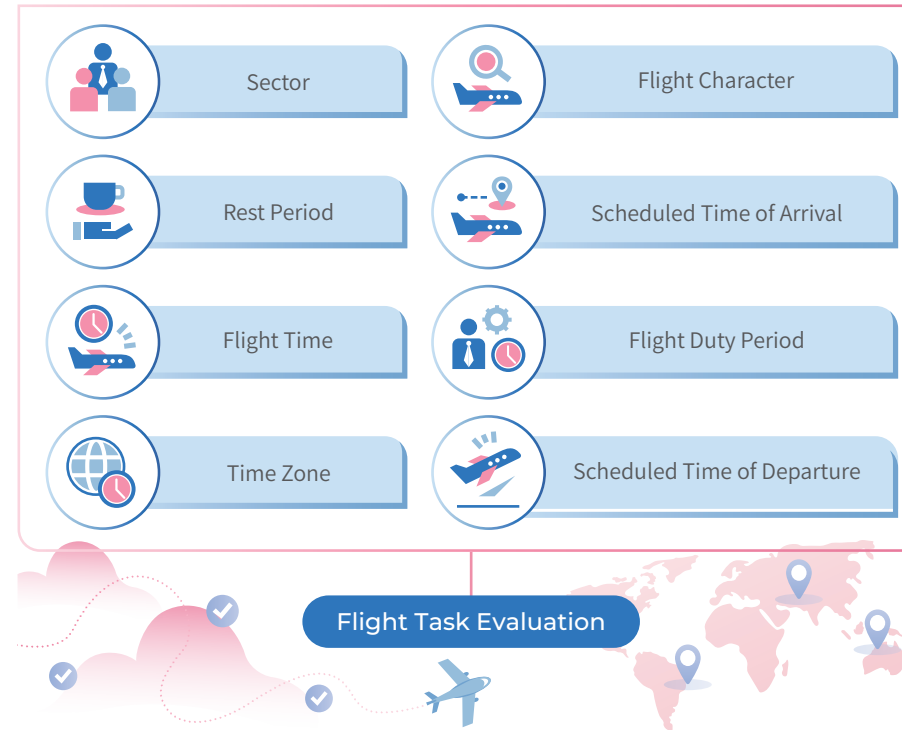
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Flight Task Evaluation



6. Alcohol Test Mechanism

According to Article 199 of the Aircraft Flight Operation Regulations of the Civil Aviation Administration, CAL has established the alcohol test mechanism to conduct alcohol tests for operations personnel, such as flight crew, cabin crew, flight dispatchers, and maintenance personnel, and ensure they are not under the influence of alcohol while on duty. The number of tests on the aforementioned personnel must reach an average of 30% of the total average number of personnel each year (quarterly inspection rate of 7.5%). If the examinee either fail or refuse to conduct the alcohol test, he/she will be removed from his/her duty immediately. CAL administers alcohol tests to increase alertness of related personnel and ensure flight safety and quality.

Safety Promotion and Training

To ensure flight safety, CAL organizes educational and entertaining safety events every year to instill the significance of safety among all employees and constantly enhance their awareness of flight safety. The safety training activities in 2023 continued the essence of safety management for "safety identification, active implementation, participation, and continuous improvement." We aimed to enable all employees to act safely through experiential learning and positive motivation together reinforcing the safety culture in CAL and achieve the highest flight safety standards. CAL actively promotes safety externally, and organized the 2023 Aviation Security Risk Management Seminar.

1. Safety Training — SMS Recurrent Training for All Employees

CAL conducts a comprehensive SMS recurrent training for all employees every three years. Simultaneously, a safety culture questionnaire assessment is performed. An external professional team is commissioned to analyze and compare the assessment with previous survey results to evaluate the current state of the Company's safety culture and improve safety management. A total of 11,191 personnel from both domestic and foreign units have successfully completed the training.

2. Safety Promotion — Safety Experience and Safety Seminars

CAL organized the "Taipei TWR Visit and Communication Event" to build upon the spirit of management by walking around and share practical experience. To enhance understanding among our personnel regarding human factors development, cognitive interviews, and the application of investigative tools, as well as to reduce potential operational risks resulting from human errors, we invited the TTSB (Taiwan National Transportation Safety Board) to conduct a specialized aviation seminar on the topic of "Human Factors Discussion".



Visiting Taipei TWR on July 5 and 12, 2023



Organized the "Specialized aviation seminar - Human Factors Discussion" on December 27, 2023

3. Safety Promotion — Organized the "Aviation Security Risk Management Seminar" and the "Safety Conference for Contracted Agents and External Service Providers"

The "Aviation Security Risk Management Seminar" was organized to focus on addressing vulnerabilities in aviation cybersecurity, threats posed by unmanned aircraft, and strategies for preventing insider threats, so as to enhance and promote the importance of aviation cybersecurity and prevent insider threat incidents. To improve the security control culture, a "Safety Conference for Contracted Agents and External Service Providers" was organized to exchange information on the issues of latest security information and ground operations safety, learn from relevant operational management experience, and discuss security risk management issues by data sharing of aviation security performance indicators and specialized seminars.



Organized the "Aviation Security Risk Management Seminar" on May 19, 2023



Organized the "Safety Conference for Contracted Agents and External Service Providers"

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4. Safety Promotion — Four Chapters of Online Breakthrough Campaign

In 2023, CAL launched an online breakthrough campaign with four levels. Through relevant past cases of four themes (flight, ground safety, maintenance, and security), the use of simple and understandable question and answer method, as well as situated and interactive learning with edutainment, the campaign encouraged mutual learning of operational safety among different units. The campaign instilled correct safety concepts and work attitude in every colleague to enhance the depth and breadth of safety awareness among all employees.



"Four Chapters of Online Breakthrough Campaign" in 2023

5. Safety Promotion — SAG (Safety Action Group) Incentive Activity

In order to internalize safety into day-to-day work, and be part of every conversation and considered in every decision, SAG(Safety Action Group)Incentive Activity have been developed since 2016. This activity is designed based on the SMS framework and is evaluate every six months. The SAG(Safety Action Group)financial incentive shall be utilized in safety promotion.

Flight Crew Management

Professional Training and Evaluation GRI 404-2

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

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



1. Stringent Training and Objective Testing

In view of the increased demand for flight crew on the international market, CAL strictly enforces the stringent requirements of flight training and objective evaluation for flight crew in order to carry out its commitment to flight safety. To ensure solid flight training, flight crew shall complete the relevant training programs for new aircraft models, upgraded ranking, transferring between aircraft types and requalification. In addition, cadet pilots are required to successfully complete a 11-month of ab-initial training programs at reputable flight training facilities in the United States or Australia.



2. Professional Training Facilities

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

CAL has certified Full Flight Simulators approved by CAA and Cabin Emergency Evacuation Trainers which are provided for training for other domestic airlines. In response to the Company's alteration project for the 744F Aircraft's Flight Management System (FMS), the flight simulator FMS alteration evaluation project was initiated in July 2022. In order to improve the consistency between simulators and aircraft, as well as reduce the additional adjustments required by pilots during training process, we decided to carry out the aforementioned alternation project. The alternation construction was completed in December 2023, and training was launched to reduce the difference between the equipment and aircraft. The Company will continuously invest in and upgrade training equipment to ensure flight safety.



3. A Comprehensive Management System

In order to consolidate training course data and digitize training records, CAL unveiled the "Integrated Pilot Training System" (IPTS) in 2014. In addition to Evidence-Based Training (EBT), flight crew members participated in relevant training programs for new aircraft models, model transferring, upgraded ranking, and requalification. Followed by completing the system connection, integration, and regular upgrading for IPTS along with the new scheduling system (AIMS) released in 2019, we ensure the efficient administration and utilization of training resources. CAL also evaluated the training programs and course materials for each aircraft types the flight crew members operated, and modified them with the objectives of strengthening training quality to improve the safety of flight operations. In response to CDC's relaxation of home quarantine restrictions for entry in Taiwan starting from the fourth quarter of 2022 and the gradual recovery of passenger capacity, as well as the introduction of new aircraft such as A321neo, B777F, and B787 in the future, CAL has continuously allocated flight crew members to training since 2021. By the end of 2023, a total of 357 flight crew members had completed various types of long- and short-term training, including new aircraft models, model transferring, and upgraded ranking. Additionally, 64 new instructors at all levels had completed their training to expand the training capacity. CAL also provided training programs that adhere to national civil aviation legislation, pertinent international regulations, and CAL quality standards in order to ensure that the flight operations of flight crew comply with international flight safety standards.

Management by Walking Around



1. Managers Implement Management by Walking Around

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



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2. Supervisory Flight (S-Flight)

Fleet supervisors and the Check Pilot (CP) conduct supervisory flight (S-Flight) as needed to review pilots' compliance with operating procedures, effectiveness in threat and error management (TEM), and their use of crew resource management (CRM) techniques. Through this process, crew's competencies which need to be enhanced could be identified and enhancement actions will be implemented accordingly to improve flight safety. A total of 200 S-Flights were completed in 2023.

Flight Crew Health and Management

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



1. Life Management

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



2. Stress and Health Management

To enhance flight crew's awareness of stress issues, CAL includes human factors and crew resource management (CRM) training in flight crew training and retraining courses. For the flight crew, appropriate stress can improve the quality of work, but excessive stress can affect attention and emotional issues. In view of this, the perception of personal stress is especially emphasized in training, and problem solving and emotional regulation are proposed for flight crew members to choose as the most appropriate way to deal with their stress. In addition to stress issues, crew members are also educated about the importance of mental health in the human factors and CRM training, which includes the impact of mental illness, symptoms, and the challenges faced by pilots in maintaining their mental health. CAL provides channels for seeking assistance, such as free psychological counseling service, where psychological consultants work with flight crew members to find feasible solutions to problems.



3. Alcohol and Drug Management

CAL has established strict regulations and test procedures to prohibit the use of alcohol and drugs. This includes alcoholic beverages and food containing alcohol, as well as narcotic drugs or other drugs that may affect the normal performance of employees. Additionally, in accordance with CAA Aircraft Flight Operation Regulations Article 199, CAL established alcohol testing mechanism and narcotic drugs random testing mechanism for operations personnel. In terms of alcohol testing, CAL flight crew are not allowed to drink alcoholic beverages 12 hours prior to a flight. Since April 10, 2017, CAL has conducted alcohol test for all flight crew in accordance with the regulations of the Civil Aviation Administration. As for narcotic drugs testing, flight crews are required to cooperate with urine testing (the proportion of random testing should not be less than 10% of the total number of personnel tested each year), and the testing results are submitted to the CAA on a monthly basis. Should a flight crew member fail or refuse an alcohol test or narcotic drug test, he or she will be suspended from duty immediately, and the case will be carefully reviewed then followed up in accordance with relevant rules or regulations.



4. Improved Communication and Crew Services

To improve communication with crew members and cohesion between them, CAL organizes all types of meetings when appropriate and provides care for crew members of unpaid leave and inquire about their physical and mental recovery conditions on a regular basis. Through various channels including the Company's group email and instant messaging software, we provide quick response and resolve their problems and needs during flight duty period. Through improved communication, we hope to provide a comfortable and secure work environment for all crew members.

Proactive Planning

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

Crew Feedback

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

Prediction

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

Inflight Monitoring and Control

To ensure that passengers can arrive safely and on time at their destinations according to the flight plans, CAL System Operation Control Division monitors all flight-related operations, monitors all flights and site operations in real time, and monitors the positions of aircraft in the air. In the event of abnormal flight operations, it gathers all necessary information and formulates response plans in coordination with flight crew to ensure the safety of the flight and passengers.

To ensure smooth flight operations and flight safety, CAL System Operation Control Division monitors real-time flight operations around the clock. It sets up designated seats for different operations and it uses communication tools to ensure real-time monitoring and control of all factors that may cause abnormal flight operations (e.g., military exercise, geopolitical shifts, epidemics and epidemic prevention policies of

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different countries, weather forecast at different airports, emergencies such as volcano and tsunami, and status of ground operations at airports such as de-icing/anti-icing capacity and strike). The main seats in the Control Center include:

- Air traffic control seat: Monitors flights and operations of flight schedules
- Weather monitoring seat: Provides the latest hazardous weather updates for aircraft in the air
- Flight dispatcher seat: Plans routes and fuel quantities, and monitors airspace conditions
- Repair management seat: Monitors flight maintenance status of aircraft
- Flight status monitoring seat: Supervises the normal operations of airports
- Taoyuan International Airport management seat: Supervises the inbound/outbound operations of the Company's main hub

Each seat continues to effectively operate and meet on-time rate and safe operation needs.

System Operation Control Division also continues to use various software and hardware for monitoring and control to enhance the decision-making abilities of the Control Center. For instance, we obtain information on flight movements by connecting to the domestic and international airports' Airport Collaborative Decision Making (A-CDM) system, and we connect to aircraft tracking systems to verify the positions of aircraft in the air. We also use TPE Airport CCTV system to assist smooth inbound/outbound operations, and we use the weather monitoring software WNI to monitor hazardous weather at each airport to help aircraft avoid hazardous weather periods at airports and help pilots avoid hazardous flight airspaces to reduce risks in flight operations.

In order to ensure effective information communication with each airport and operational proficiency during abnormal weather or emergency, as well as to reduce risks in operations, the System Operation Control Division continues to conduct various situation drills and review meetings. The key points of the 2023 implementation are as follows:

- Typhoon Response Meeting Drill: In preparation for the typhoon season, we understood this year's typhoon trends and created a simulated typhoon track through the drill process. We formulated contingency plans for System Operation Control Division and aircraft evacuation plans, and promoted relevant safety concepts and operation safety during typhoon to colleagues.
- Annual Flight Extensive Delay Drill: In response to events that significantly affects flight operation and cause extensive flight delays, such as strikes and military exercises, the System Operation Control Division conducted an emergency operational procedure drill.
- W23 (Winter 2023) Snow Response Exercises: In response to the impact of snow in the winter season, and considering the risks of long delay in flight caused by de-icing/anti-icing operations, we organized the "Winter Snow Response Exercise Meeting," inviting the Company's Flight Operations Division, Maintenance Division, and outstation units to exchange and discuss how to handle related operations.
- On-time Rate Review Meeting: To effectively improve flight on-time rate, meet passenger expectations, and ensure smooth outbound operations of flights with reduced delays, the Company conducts review on flight on-time rate every quarter, analyzing and evaluating the operation time of each unit.

As countries across the world relax border control measures in 2024, people are more willing to travel

abroad, showing a fairly good recovery of transportation capacity of passenger flights. However, airports still struggle to restore their manpower and ground operations to pre-pandemic standards. CAL System Operation Control Division continuously pays close attention to duration of long-haul flights, connections between flights, and ground operations for connecting passengers. It closely monitors flight operations and makes adjustments for abnormal flights to actively ensure smooth flight operations.

Maintenance Quality

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

1. Maintenance Quality



CAL's maintenance organization is certified by 11 countries and regions, including the European Union, the US, and China. We have the largest modernized maintenance facilities in Taiwan, including two hangers that can accommodate five wide-body aircraft, as well as an engine test cell capable of measuring up to 120,000 lbs of thrust. The Company's maintenance capability can satisfy different level of maintenance checks for various type of aircraft. In recent years, to expand maintenance service to airlines in East Asia, we passed the maintenance plant certification from Japan Civil Aviation Bureau (JCAB) and obtained the maintenance plant certification in 2022. In 2023, we subsequently applied to the US FAA, EU EASA and Taiwan CAA to obtain maintenance capacity for the IAE PW1100G-JM series engines mounted to the latest Airbus A320neo series aircraft, and we will continue to expand maintenance services for customers.

2. Establishing a New Maintenance Training Center



In response to rapidly growing demand for maintenance service abroad, CAL was certified to establish the CAL Technical Training Center (CTC) in 2015. In 2017, CTC also obtained certification from the Civil Aviation Administration of China. CTC was the first certified institution in Taiwan to provide aircraft maintenance training for CAL-EMO and other airlines. Since CTC's foundation, a total of 290 training courses have been offered, and 3,056 trainees have completed training.

3. Elevating the Quality Management System



CAL's maintenance organization acquired ISO 9001 certification for its Quality Management System in 1996 and continuously maintained the effectiveness of the system. In May 2017, the EMO became the first repair station in Taiwan to receive certification for the AS9110 Quality Maintenance Systems - Aerospace from the International Aerospace Quality Group (IAQG). CAL continuously renewed its re-evaluation contracts with the accreditation institution each year. Consistent with its pursuit of improvement of quality, CAL-EMO will periodically conduct Plan-Do-Check-Act (PDCA) through the quality management system for continuous improvement and customer satisfaction.

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

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2-1-2 Passenger Service

Optimize Digital Platform Experience and Enhance Mobile Devices and Official Website Services

In line with the recovery of the post-pandemic travel market, CAL's website focuses on optimizing website functions, reservations and ticketing services to enhance the digital platform experience for passengers. By streamlining website architecture and enhancing system functions, passengers can complete all necessary services for their journey through the website in a one-stop manner. The reservation and ticketing process is smooth and fast, making trip management more convenient. Additionally, a real-time fare function has been introduced, enabling passengers to easily search for the lowest fare within 90 days and providing them with dynamic references of fare. The website offers real-time flight information, enabling passengers to stay informed.



Official Website
Reservation
and Ticketing
Information



Official Website Service Optimization



Promote Digitalization to Improve Efficiency and Implement Corporate Sustainability Policies

In response to the Company's efforts to implement eco-friendly actions and deepen carbon reduction actions, the Cabin Crew Division has established "Cabin Electronic Flight Bag" for cabin crew. This electronic flight bag fully digitizes manuals, forms, safety/service notices, and station information, gradually achieving the objective of paperless operation. Those practices not only aiming to equipment weight management but also leads to fuel savings and aircraft weight reduction. In response to the growing information needs, we are promoting the use of "Pre-recording File" for in-flight announcements, creating a 360-degree cabin surround reality, developing aircraft model identification, and simplifying E-shopping / duty free payment procedures. By optimizing functions and improving systems, we aim to enhance usability and create a user-friendly working environment. In addition, in response to the development pattern of AI, the intelligent customer service technology is applied to Team+ "Cabin Crew Intelligent Agent", which conducts keyword search and online answering after inputting existing text data, creating community interaction close to crew members and actively implementing corporate sustainability and inspiring teamwork.



Create a "Brand Endorsement" with Professional Image of Cabin Crew

In response to the aviation industry trends and the current situation of passenger transport recovery, and in conjunction with the post-pandemic catering phasing plan, we gradually revise the in-flight service procedures accordingly, and announce the operation details in real time to ensure that the cabin crew's actions meet the needs of passengers. To implement optimization of service proficiency, all cabin crew members shall complete the recurrent training courses and assessment in a nominated cycle and the service refresher training to maintain their qualification which complies to CAA and associated regulations, they also take stock of the cabin experience value chain that passengers expect, focusing on making cabin crew into CAL's "Brand Ambassador." By connecting behavior, professional skills, and image management with core skills such as intergenerational communication and personalized services, we design and plan diversified training courses with integration of theory and practice to systematically strengthen the breadth and depth of the team's professional skills. In 2023, 14 classes of Initial training for new Taiwanese/foreign cabin crew from sessions 414 to 427 had been completed, with a total of 297 people; a total of 464 people with more than 3 years of service completed premium business/business class service training; 22 cabin manager skill assessments/improvements had been organized, with a total of 373 people completing the oral examination. In addition to deepening succession in organization and implementing management efficiency, it is expected that crew members' learning experience and competency can enhance passengers' satisfaction and loyalty.



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

As global border restrictions are gradually being eased and the world is moving into the post-epidemic era, CAL is actively deploying its destinations with reviewing the travel demand by rolling basis, and allocate flight resources to destinations with high demand. In 2023, the actual long-haul and short-haul flight load capacity increased by 8,064,766 people compared to the previous year, a growth of 540.12%. RPK (Revenue Passenger Kilometer) in 2023 also increased by 548.6% compared to the previous year due to the gradual increase in the flight capacity and with the timely resumption of flight destinations. As a result, passenger flight operations are gradually recovering with steady growth.

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Integrate passenger transport aircraft resources of CAL Group

As the pandemic subsided and demand for domestic travel increased in 2023, we integrated the resources of the CAL Group fleet and provided a total of 2,643,085 seats on domestic routes (including offshore islands such as Kinmen, Penghu, and Nangan) (statistics as of November, 2023) (AE/ATR-72 aircraft: 1,557,780 seats or 59%; IT/A320 aircraft: 314,820 or 12%; CI/B738: 770,485 seats or 29%). We also supported the Tourism Bureau's incentives for citizens to travel with discounts and subsidies to satisfy people's need for going home and travel. Mandarin Airlines launched its first Taipei-Nangan route on March 26, 2023 to improve its flight network services for offshore islands.



First Taipei-Matsu Flight



Integrate Passenger Transport Aircraft Resources of CAL Group



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



Mandarin Airlines officially established its presence in Matsu to cater to the local community

Flight Punctuality

In 2023, CAL's internal flight on-time rate was 85.73%, which was 2.73% higher than the KPI on-time rate target (KPI 83%). 68,691 flights were completed in the year, with a total of 255 abnormal flights (return, diversion, ground taxi back, cancellation, etc.) and a reliable dispatch rate of over 99.63%. According to the "international and cross-strait passenger flight punctuality rate" published by the CAA, the Company's on-time rate was 76.86% for international flights and 85.57% for cross-strait flights.

The flight punctuality on-time rate in 2023 was lower compared to 2022 (an average of 94.43% for the year) mainly because of the gradual improvements in the global COVID-19 pandemic in 2023. As countries gradually normalized activities and opened borders, tourism travel recovered quickly. However, the layoffs and loss of personnel due to the cancellation and reduction of flights during the pandemic led to the recovery of airport capacity (equipment and manpower) not being able to keep up with the growth in the number of passengers. As a result, long operation time of security checks and the manpower shortages in baggage handling persisted and caused frequent flight delays. Moreover, the international situation

remains tense. The Ukraine-Russia War and the Israel-Palestine Conflict has led to increased flight time for routes to Europe and North America. As a result, passengers transferring to connecting flights experience delays. In this regard, the Company continuously pays close attention to the change of international situation, duration of long-haul flights, and ground operations for connecting passengers. It closely monitors flight operations and makes adjustments for abnormal flights.

Uphold Innovative Thinking to Connect with the New Generation of Youth

The Company continues to pursue the goal of increasing "Brand Awareness" in the sustainability strategy, and uphold youthful thinking and innovative mindset. Our in-flight entertainment system launched a high-quality Podcast program service, upgraded the overall movie quality, offered electronic journal "Dynasty Sky Reading," where passengers in all classes can download an unlimited number of journals. In collaboration with the trendy brand #MOSCHINO and #Roots, we showcase a new concept of travel bag that embodies vitality and fashion. Our in-flight catering collaborates with Michelin Guide restaurants and boutique desserts to create innovative and exclusive dishes. We develop a variety of in-flight exclusive desserts and beverages with a unique tea flavor, complemented by popular and healing animal illustrations, providing a double feast for taste and vision and generating buzz. CAL continues to operate official social media fan page to interact with passengers and maintain positive relations through various small online activities, and provide the latest information on flights and tourist destinations. In 2023, a new brand image advertisement captured attention of the innovative generation, which shared travel stories and experience and offered innovative and immersive AI interactive device activities, catering to the travel mindset of today's young people who share their ideas on social platforms, and creating more travel value for our passengers. We continue to align with the innovative generation and co-create "#The moments, the memories" with CAL.



All ads and marketing materials of CAL abide by the following ethical commitments: 1. Provide accurate and balanced information for all products and services; 2. Truthfully disclose the Company's ESG actions; 3. Protect customers with weaker capacity to access information by providing accurate and sufficient information; 4. Abstain from misinforming customers on competitors' products and services. We uphold the principles of integrity and accountability to convey CAL's commitment to providing customers with a great travel experience and promoting sustainability.

CAL continues to connect with the innovative generation of youth and receives multiple international awards and recognition. CAL received the Best Airline in North Asia from the Global Traveler for the 10th time, the APEX Five Star Global Airline from the APEX for eight consecutive year, the Design Airline of the Year, Asia from TheDesignAir, and Five Star Global Airline in 2024 from the Airline Passenger Experience Association (APEX).



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Customer Health and Safety and Sustainability

Food Safety

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



Onboard Drinking Water Safety

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

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

Local Procurement

CAL plans and designs meals in line with the "Responsible Consumption and Production" goal and moves toward renewable energy, carbon reduction, and local procurement to achieve "Decent Work and Economic Growth". Food planning is environmental protection and health-oriented, and the formulation of specifications is gradually implemented towards food traceability and international certification mark. For example, the new mixed nuts and

dried fruits product in the business class complies with the Clean Label of international mark, with no or less additives, simplified formula and streamlined manufacturing process, and transparency of product information as an appeal. Subsequent coffee and tea products planning will focus on products that support biodiversity conservation and obtain sustainable label certification. The menu design mainly uses local food ingredients. Starting from 2023, we have actively expanded collaboration with a number of domestic companies in different industries that share the same idea. The menus are scheduled to be presented one after another in 2024. Both parties attach great importance to the local, environmental protection and sustainability, and focus on promoting local food ingredients, and supporting high-quality agricultural products, local cultural and creative industries in Taiwan. For instance, we worked with "Yang Ming Spring," a restaurant that specializes in creative vegetarian cuisine with a Michelin Star, for passengers to order vegetarian dishes produced with domestic agricultural products by pre-ordering and choosing dishes in advance, aiming at reducing meal waste. We also organized exhibitions on select flights for offering products from small-scale farms and increasing their visibility to attain the goals of responsible consumption and production and environmental protection by reducing the carbon footprint, and fulfill our social responsibility to the Earth.

Innovative Services

In 2023, CAL introduced a number of innovations and employee training programs to passenger services to improve service quality; in addition, CAL continuously studied sustainable practices in order to maintain customer service to the highest standards and stay in a leading position in the aviation industry; relevant achievements are listed below:

1. Airport One-stop Security (OSS)

In response to the gradual recovery of flights and number of passengers, and to prevent passengers from waiting for a long time during check-in, ground service personnel proactively direct passengers to use self-check-in equipment for self-check-in and baggage drop-off. At the same time, in order to improve the quality of transfer services, we have jointly discussed with Taoyuan International Airport Corporation and other relevant units to promote One-stop Security (OSS) measures to speed up the process for transfer passengers on specific routes to go to the waiting room at the departure level to improve the convenience of transfer in Taiwan.

2. Premium Services of CAL VIP Lounge - Local Cuisine

Full of modernity and oriental aesthetics, the design of the VIP lounge in Terminal 1 of Taoyuan Airport was inspired by aesthetics of the Song Dynasty and garden landscape of the Yangtze Delta, presenting a unique oriental style. By blending culture and art with subtle luxury, its design style creates a space that combines humanistic quality and relaxation.

The facilities of the VIP lounge include resting and reading areas, business areas, sleeping areas, dining areas, private VIP rooms and other various facilities. In order to meet the various needs of passengers while waiting for their flight, the VIP lounge is also equipped with shower rooms, nursing rooms, free Wi-Fi and other caring services.

In addition to providing attentive services to passengers, CAL collaborates with Novotel in catering. The chef knows that people who are going to work or travel abroad will always have Taiwanese cuisine that they think constantly of before leaving Taiwan. Besides providing passengers entering the VIP lounge with a comfortable environment, we specifically design local cuisine with Taiwanese flavor. On top of three top dishes of CAL - braised beef noodles, tea eggs and TNG-57 baked sweet potatoes, we introduce wontons from a nearly century old restaurant in Ligang, Pingtung, pork pottage with garlic flavor inherited from Yilan

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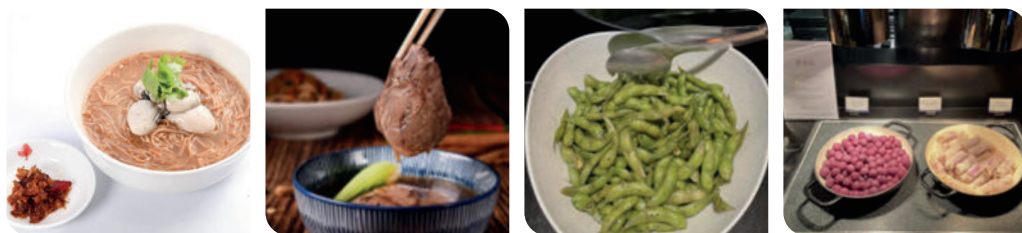
2 Value Creation

with a taste reminding people of mother, and Taiwanese classic local dishes oyster vermicelli, which is topped with oysters cultured by local oyster farmers in Taiwan. People can taste the fresh and sweet seafood in every bite.

The buffet counter offers a wide selection of Taiwanese dishes that blend various food culture in Taiwan, including popular roadside banquet dishes like Donggang glutinous oil rice with sergestid shrimp, sweet and sour spare ribs, fried squid with salted egg yolk, stir-fried radish cake with XO sauce, stir-fry vegetable with camellia seed oil, pork stomach soup with pepper, and chicken soup with Hualien peeled chili pepper. Additionally, there are Taiwanese night market street food such as fried sweet potato ball, fried rice noodles, and stewed spare ribs with medicinal herbs. To accommodate vegetarian customers and promote carbon reduction and vegetarian food, there are also vegetarian meals available, including lion's mane mushroom soup, veggie noodles with toona sinensis sauce, misua noodles wrapped taro rolls, and Wandan red bean soup with tangerine peel.

When designing menu, the chef prioritizes locally sourced ingredients to achieve low-carbon sustainable development and support domestic agricultural and animal husbandry products. More than 85% of the ingredients are produced locally in Taiwan. We are earnest about all details in dishes. The appetizer jade edamame is made from the champion edamame variety "Taiwan No. 9" cultivated by Shennong Award winner Hou Zhao-Bai and exported overseas, providing passengers with the highest quality local agricultural products.

Moreover, during various seasons, festivals and solar terms such as Chinese New Year, Mid-Autumn Festival, and Winter Solstice, we provide seasonal dishes of Taiwanese flavor with human touch. The CAL VIP Lounge hopes that every detail can demonstrate a premium experience for passengers. The unique space design and the display of Taiwan's distinctive culture and style both provide CAL VIP with thoughtful relaxing time, making waiting before flights a wonderful experience. The unique space design and the display of Taiwan's distinctive culture and style both provide CAL VIP with thoughtful relaxing time, making waiting before flights a wonderful experience.



Value Creation 2

3. Integration of Technology into Service for Exceptional Competitiveness

CAL promotes integration of technology into cabin service. Taking the opportunity of the deployment of Wi-Fi and mobile apps in the fleet, all cabin crew members are equipped with iPad mini as personal equipment for their tasks starting from the beginning of 2023. These iPad mini are connected to management, training, dispatch, and notification platforms, instilling a strong sense of flight safety and service philosophy. In addition to integrating information to implement protection and control measures, reduce cyber security risks, and improve operational efficiency, the tablets also enable cabin crew to provide passengers with appropriate and up-to-date flight experiences that align with current trends, thereby continuously enhancing our competitive advantage.

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

In 2023, the "Cabin Crew work shop" was restructured into the "Work Seminar" and 277 sessions were held in the form of video live stream, with a total of 6,352 participants. 115 "Cabin Manager Meetings" were held throughout the year, with 1,416 people participating. Through regular communication mechanisms for members, the themed-based guidance and learning in small groups put members' heads together to strengthen touching services, boosting morale through mutual care and empathy. With members' Spontaneity and by putting themselves in passengers' place, we provide passengers with premium and attentive customized service which consolidates touching interactions, and convert them into the core value of cabin service to establish brand recognition of CAL service and spread the service spirit of pursuing excellence. At the same time, the Cabin Crew Division also established various interactive platforms to encourage feedback on improvement suggestions focusing on safety and service essence at any time. Through online/offline risk management actions and handling sharing, crisis response observation, acuity and abnormalities handling skills are activated, and teamwork and two-way communication results are achieved.

5. Encourage Physical and Mental Balance and Build Long-lasting Happiness

In response to the internal and external needs of employees, "Town Hall Meeting" are held from time to time to encourage self-health management and appropriately demonstrate work-life balance. The managers comprehend and proactively care for and provide guidance. Through the implementation of agency mechanisms, process re-engineering and checking, we provide employees with appropriate support and a sense of belonging, building a multifaceted emotional expression channel, and incorporate the levels of human needs into comprehensive planning and consideration. In addition to enhancing self-realization and improving happiness and satisfaction, we maintain excellent service performance and enhance competitiveness by gelling as a team. Furthermore, in order to enhance the behavior-based safety and environmental awareness of cabin crew, we include occupational safety risk prevention and promotion in pre-flight briefings and evaluations. Based on the annual number of dispatch, the incidence of various types of trip injuries, such as slip, trip and fall off, was 0.32 per ten thousand people in 2023, which showed improvement after the promotion in comparison with 0.39 in 2021 and 0.54 in 2022.



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2-1-3 Cargo Service

Reactivate Passenger and Cargo Services

Airline companies were devastated once again during the pandemic but the demand for epidemic prevention supplies and consumer products persisted. Air transportation became critical for the stability of supply chains, connecting international trade, and transporting goods. The global economy shrank after the COVID-19 pandemic, and was affected by geopolitics, high inflation and slowdown in the manufacturing industry. The cargo transport market fell to the bottom in January 2023, and its recession gradually slowed down during February to June, 2023. It is expected that the air transportation market will return to the pre-pandemic situation of steady and slow growth in 2024. From a medium- to long-term perspective, demands for transporting high-value and time-sensitive products, including semiconductors, consumer electronics, biotech drugs, fresh fruits and vegetables, and auto parts, still remain. Coupled with the rapid growth of e-commerce, new green energy, AI and other cargo sources, it is expected that the demand will return to the pre-pandemic level and grow steadily. The Company used passenger aircraft as well as cargo aircraft with large capacity for transporting large or special cargo to strengthen our position as a hub in Asia Pacific cargo transportation. We leveraged our resources and created profits due to the high demand for cargo transportation, and actively compete for contracting high-priced goods such as cold chain cargo and aviation parts and engines. In 2021, we contracted 1,204 temperature-controlled containers and transported 1,946 containers after receiving the certification consecutively in 2022. From January to September 2023, we transported 1,631 containers, showing an increase in number of containers contracted. In addition to boosting revenue, it is apparent that CAL's strict quality control and air transport quality have reached international standards in cold-chain transportation of transporting time-sensitive and temperature-sensitive medicines and vaccines. Moreover, in response to the airline industry's recovery after the epidemic, airlines have been consistently expanding their passenger aircraft fleets, resulting in a gradual increase in the demand of maintenance aviation parts. From January to September 2023, we transported 649 sets of engines, the highest number in recent years, surpassing the quantity for the entire year of 2021 and 2022.



Ramp Loading and Unloading Operations



Cold-chain Transportation



Special Cargo (Engine) Transportation



Special Cargo (Vehicles) Transportation

Quality Cargo Service

According to the IATA statistics, CAL has achieved outstanding performance in international air cargo transport. In 2023, our freight revenue tonne-kilometers (FRTK) totaled 5,337 million. We ranked 10th worldwide in 2022, moving up one position compared to our ranking in 2021. CAL is committed to green transportation. We used cargo aircraft with higher fuel consumption to perform additional transportation tasks during the pandemic. As demand weakens, they will be gradually decommissioned due to fuel and maintenance costs. The Company is also implementing adjustments to the cargo aircraft fleet and continues to optimize fleet deployment to expand the cargo flight network, meeting market development trends and operational requirements, and ensuring capacity availability and cost control. CAL introduced its seventh 777F in August 2023,

and it is expected that three more aircraft will be delivered in Q124, and the 777F fleet will reach 10 aircraft by then. Taking into account the recovery of passenger transportation after the epidemic, we gradually increase the belly cargo capacity, continue to review the operating scale of the cargo aircraft fleet, and accelerate the replacement of 744F aircraft. We also review the cargo transport strategy and capacity needs when taking the belly cargo of passenger aircraft into consideration to arrange the most appropriate operating scale of the cargo aircraft fleet, and then use the dual-model strategy to strengthen overall operational efficiency and profitability, developing global cargo transport business opportunities in full.

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1. Continuous Development of Special Cargo Service

CAL's cargo transport tops national airlines. We have a wealth of experience in carrying general goods, precision instruments, large equipment, and other special goods. In order to keep up with the rapid development and customized service needs of the industry, the cargo team relies on experience and professionalism to continuously develop, optimize, supervise, and review special cargo space, based on the premise of safe operation. For example, the 10-foot plate is loaded in the center of the Boeing 777 cargo aircraft and the full cargo space is opened to increase the flexible use of the cabin, which can increase the cargo capacity of various cargo types and long-distance flight. The dedicated unit continues to monitor development and strengthens the contracting of special high-priced goods. For example, all series of Rolls-Royce Trent engines are gradually being transported by Boeing 777 cargo aircraft. Through continuous optimization and improvement of soft power and the introduction of the next-generation Boeing 777 high-efficiency cargo aircraft, CAL has grown steadily while balancing service quality, energy conservation and flight safety. CAL's cargo transport has played an indispensable role in international transportation.



Ramp Operations



Transportation of Live Animals (Chicken)

2. Upgraded Cold Chain Service

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



Temperature-control Containers

3. Cargo Safety Management

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

4. e-Air Waybill & e-Freight

CAL promotes the e-Air Waybill and electronic data exchanges with forwarders, which reduces the operating costs of airlines and forwarders and avoids delays caused by air waybill input errors and missing documents. Printed copies are no longer required during the transportation process, which reduces paper consumption and protects the environment as well. It also stops the spread of the virus during the COVID-19 pandemic.

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

5. Apron Mobility

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



A Ramp Supervisor Uses a PDA for Ramp Monitoring Operations

6. Professional Training

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



Special Cargo Delivery (Automobile)

7. Embargo on Illegal Animals and Plants

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



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8. Authorized Economic Operator (AEO)

Being an authorized economic operator (AEO) helps CAL stay competitive in expanding business in the international trade supply chain and to cooperate with trading partners. After earning the AEO certification in 2012, CAL has carried out self-inspections based on safety evaluation items and certification standards every year and applied to the Customs for a field certification and audit every three years. Since October 2023, the Cargo Sales, Marketing & Service Division has formed a management committee comprising Cargo Sales, Marketing & Service Division, Corporate Safety Office, Human Resources Division, Information Management Division, Administration Division, Cargo Sales & Service, Taiwan, Engineering Division, and Inflight Supply Chain & Marketing Division, to assist in carrying out annual self-inspection and mutual audits. At the same time, at the end of 2023, officers from Taipei Customs, Customs Administration conducted a triennial on-site calibration inspection. In early January 2024, the Company was notified that it had successfully passed the certification and maintained its AEO qualification.



Authorized Economic Operator (AEO)
On-site Calibration Meeting

2-1-4 Customer Relations Management

Although the COVID-19 pandemic has been gradually easing in 2023, the passenger business of global airline industry encounters challenges in increasing oil prices, wars, and inflation. The Company not only continues to collect the Net Promoter Score (NPS) but also counts the passenger satisfaction rate with the Company's services. We hope to learn more about the passengers' satisfaction with the Company's services and their willingness to recommend CAL, and thus formulate improvement strategies.

The Company upholds the motto of customers first and attaches importance to passengers' opinions with the goal of providing high-quality services. We conduct regular reviews of passenger service performance through questionnaire surveys, which cover various aspects of passenger services including reservations, airport services, cabin crew services, catering services, cabin cleanliness, and entertainment. Additionally, we utilize big data analysis to gain a more accurate understanding of passenger needs and provide services that better cater to those needs. Passengers can use the CAL Customer Service System (CSS) to provide feedback on CAL's services, whether positive or negative. The Company will take them seriously and include them as reference for improvements. The Company upholds the service concept of "respect for customers" and is dedicated to delivering heartwarming services and high-quality experience. It follows a quality policy of "pursuing excellence" and continuously enhances service quality to meet the expectations of passengers.

In 2023, a total of 1,488,558 passenger satisfaction questionnaires were delivered, which accounted for approximately 15.9% of the total number of passengers (Note 1). The passenger satisfaction rate was 93.6%, and the net promoter score (NPS) was 62.7. The Cargo Sales, Marketing & Service Division delivers customer satisfaction surveys to cargo operation sites across the world each year and encourages customers to provide feedback, and the satisfaction score for 2023 was 91.6 points. The Maintenance Division delivers customer satisfaction surveys to customers of hull, engine, and equipment maintenance once every six months and encourages customers to provide feedback on the quality, progress, and delivery time of maintenance, supply of parts and equipment, services, and feedback. In the first and second halves of 2023, it collected results from 15 respondents and the annual satisfaction score was 8.8 points.

Customer Satisfaction Category	Item	2020	2021	2022	2023	2023 Objectives	2023 Attainment	2024 Objectives
Passenger Customer Service Satisfaction	Overall Passenger Satisfaction (%)	88.6	90.7	90.5 (Note 2)	93.6	90	100%	85.3 (Note 3)
	Net Promoter Score (NPS) (point)	68.4	74.5	65.7	62.7	62	100%	62

Customer Satisfaction Category	Item	2020	2021	2022	2023	2023 Objectives	2023 Attainment	2024 Objectives
Cargo Service Customer Satisfaction (point)		88.5	88.3	89.5	91.6	88	100%	88.5
Maintenance and Repairs Customer Satisfaction (point)		8.73	8.57	8.24	8.8	8.45	100%	8.4 (Note 4)

Note 1: The total number of passengers in 2023 is 9,386,420.

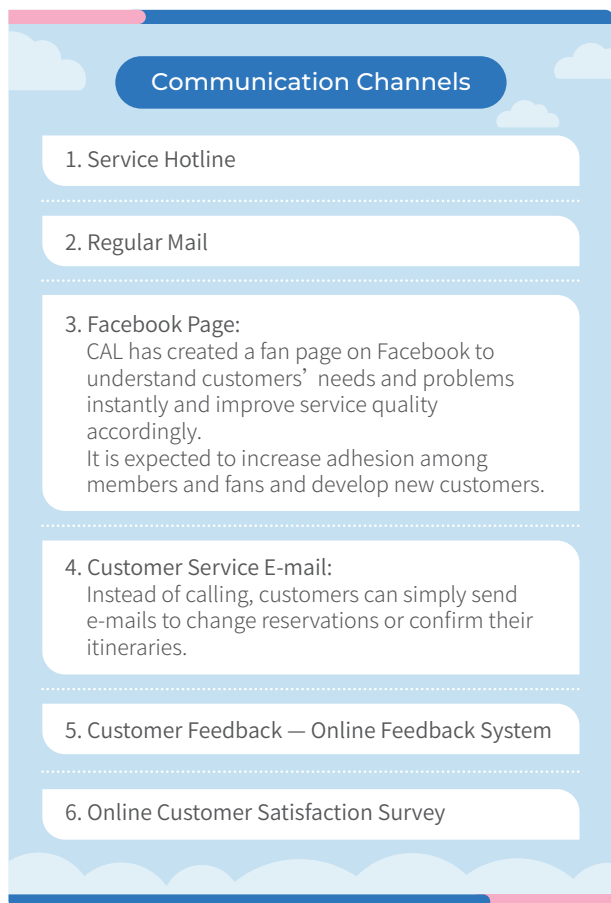
Note 2: Starting from 2023, the overall passenger satisfaction was no longer be counted, being replaced by passenger satisfaction rate. The passenger satisfaction rate from June to December 2022 was 95.2%.

Note 3: The 2023 survey uses a dichotomous approach to assess passenger satisfaction and calculate overall satisfaction. To maintain consistency with the assessment of other service issues, the Overall Passenger Satisfaction of the 2024 survey is adjusted to use the design of 5-point Likert scale and its objective is set to be the passengers filling out the satisfaction survey (1 to 5 points) with a point of 4 or 5 reaching 85.3% or more.

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

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



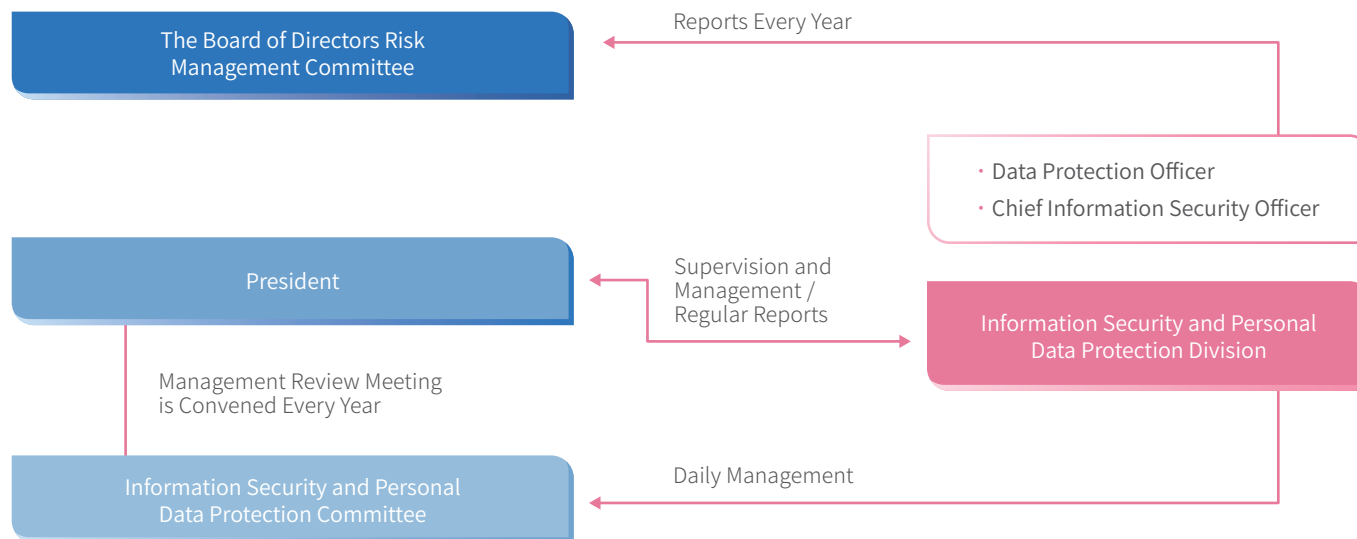
CAL continues to discuss to optimize website functions from passenger perspective, which include upgrading reservations and ticketing process, designing a new user interface, integrating service pages, and optimizing the self-service function for online changes. These efforts are aimed at optimizing service on an ongoing basis. In addition, CAL introduces real-time fare function, which provides passengers with dynamic references of fare and real-time flight information, enabling passengers to stay informed. The proportion of ticketing through CAL website significantly increased in 2023. The ratio of sales on CAL website increased to 28.2% for the year, with a sales amount of USD 994.2 million, which accounted for 30.5%. [Refer to Online Sales Channels and Sales Amount Table](#)

2-1-5 Information Security Management

Information Security Strategy

CAL's "Information Security and Personal Data Management Division" is a dedicated management unit for information security and personal data protection. The Data Protection Officer (DPO) and the Chief Information Security Officer (CISO) oversee the promotion of information security policies and resource scheduling, leading independent information security and personal data teams to adopt management measures in line with international standards to implement information security and personal data protection. CAL has established the Information Security and Personal Data Management Committee, with the President serving as the Convener. The Committee holds management review meeting at least once a year to ensure the continuous and effective implementation of the information security and personal data management system. It also submits reports to the Board of Directors every year. Among the current board members, Ms. Yu-Fen Lin, an independent director, has extensive management experience and legal expertise. She is able to maintain an independent and objective stance, effectively oversee the company's operations, and provide professional assistance in information security risk management and regulatory compliance.

Information Security and Personal Data Management Framework



Information Security Management

CAL's Information Security and Personal Data Management Division coordinates and plans the Company's information security policies and information security governance measures related to regulatory compliance. Daily cyber security operation & maintenance and infrastructure protection measures are managed by the Information Management Division. The CISO's duties are independent from the information management unit to ensure the independence of information security management.



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Operation & Maintenance of Cyber Security Technology

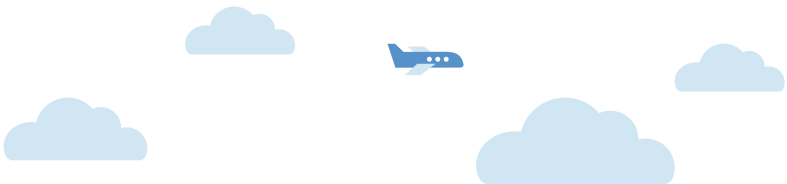
1. Regular Evaluations and Exercises

CAL conducts risk assessment of cyber systems every year, and evaluates the risk levels of requirements of security system in terms of confidentiality, integrity, availability, and compliance, and develops business continuity plans for core information systems. In 2023, we conducted two computer disaster backup and recovery exercises to ensure proficiency in disaster recovery operations for infrastructure and application systems which are essential for operation and maintenance. The objective is to promptly restore information services and minimize losses due to business interruption.

The Company completed the annual cyber security inspections in March 2023 to strengthen the Company's overall cyber security protection. We reviewed cyber security matters (e.g., network architecture design logic and regional network allocation) and used the judgments of professionals to provide recommendations for improving cyber security and effectively reduce cyber security risks. The Company regularly commissions external third parties to conduct penetration tests every year. The main target is the information system that the Company provides external services. The penetration tests were completed in September 2023, which includes information probing and error handling tests for meeting the requirements in the TOP 20 Critical Security Controls of the SANS Institute, the OWASP Top Ten Vulnerabilities announced by the Open Web Application Security Project (OWASP) and other standards for tests. The operations included preliminary tests and repeated tests to confirm that the vulnerabilities have been addressed.

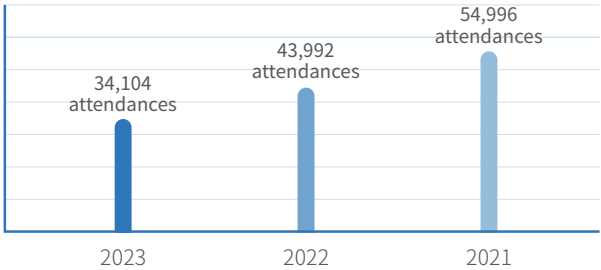
2. Information Security Education and Training

In 2023, the Company organized three rounds of information security or personal data protection training for all employees with a total of three training hours. We also organized one session of executive management seminar on this issue for the management. To strengthen colleagues' information security awareness of phishing emails, a total of three email social engineering exercises were carried out this year, and retraining were provided to those who clicked on the links. Four information security and personal data promotion e-newsletters were also sent to communicate the Company's requirements on information security and personal data protection to all colleagues. CAL constantly reiterates to colleagues the importance of information security and personal data protection. For violations of regulations of information security or personal data, the Company shall impose penalties in accordance with reward and penalty regulations. If such violation incurs legal liabilities, employees shall be held accountable in accordance with related regulations.



Number of Trainees in Information Security Education and Training

Number of Trainees in Information Security Education and Training
The Company organized information security training for all personnel in June, July, and December 2023 to increase the information security awareness of all employees. A total of 34,104 attendances completed the training.

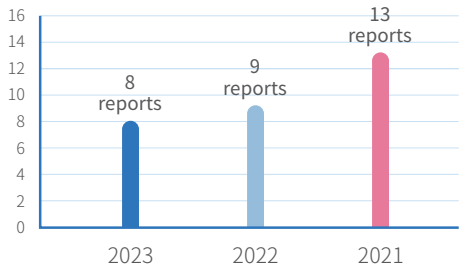


3. Notification of Information Security Incidents

The Company has stipulated an information security incident response management procedure. The Company assesses the level of information security incidents based on severity and implements appropriate response mechanisms to mitigate damage and initiate post-incident recovery. The Company will inform the competent authority within the specified time limit if required by law. The Company conducts information security incident simulation exercise at least once a year to simulate and respond based on different scenarios, enabling each unit to be more familiar with the information security incident response management procedure and effectively monitor and address incidents when occurring.

Reporting Information Security Threats and Vulnerabilities

CAL's instant messaging system was used to send emails to all employees with reports on information security threats and vulnerabilities. A total of eight reports were sent in 2023, continuously reminding all employees to stay alert to information security threats.



Notification Flowchart

Information Security Certification and Audit

Since the establishment of the Information Security and Personal Data Management Division in March 2022, the Company has made every effort to promote ISO information security verification to strengthen information security protection capabilities. The Company takes the passenger transport core information system and information communication infrastructure environment as the scope of verification to pass the verification of SGS audit company of ISO International Certification Body, and it successfully obtained the ISO 27001:2013 Information Security Management System (ISMS) certificate in October 2022. The Company completed the annual re-audit in October 2023. The Company organizes compliance audit matters specified by the Payment Card Industry Data

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Security Standard (PCI DSS) and conducted by external security QSA (Qualified Security Assessors) once every two years to ensure the safety of the Company's credit card transactions and protect the rights and interests of passengers, as well as to comply with relevant credit card organizations' regulations. We obtained the latest PCI DSS compliance certification in November 2022.

Faced with increasingly complicated corporate information security challenges, cyber security operation and maintenance units have established proactiv monitoring and protection mechanisms to continuously strengthen information security defense. Reviewing 2023, the Company had no Information security incidents that led to punishment by the competent authority. On the other hand, after examining the records of defense system for detecting information security threats, the Company's computers and servers had no virus infection, and the information system functioned properly and remained stable.

2-1-6 Privacy Management GRI 418-1

Personal Data and Privacy Protection

In order to create a trustworthy personal data protection and privacy environment, CAL fully complies with the Personal Data Protection Act of the R.O.C., the Regulations Governing Personal Data File Security Maintenance Plan and Processing Method for the Civil Aviation Enterprise, the General Data Protection Regulation (GDPR) of the EU, and other applicable personal data privacy laws and regulations when collecting, processing or utilizing personal data. When consumers use products or services provided by CAL, the Company also expressly inform consumers of protection measures for all personal data, privacy, and rights and interests, and will only collect and process personal data after obtaining explicit opt-in consent from consumers. Related policies are stated in CAL's official website's "Privacy Protection Policy and Statement" and "Cookie Policy". The aforementioned policy applies to all employees of the Company, and CAL also requires subcontracting suppliers and their personnel to comply with the policy when the Company has subcontracting needs for business and involves processing of personal data. We include personal data protection clauses in the contracts of subcontracting suppliers, formulate management operation procedures for subcontracting suppliers, and perform evaluations of subcontracting suppliers and personal data audits on a regular basis or from time to time.



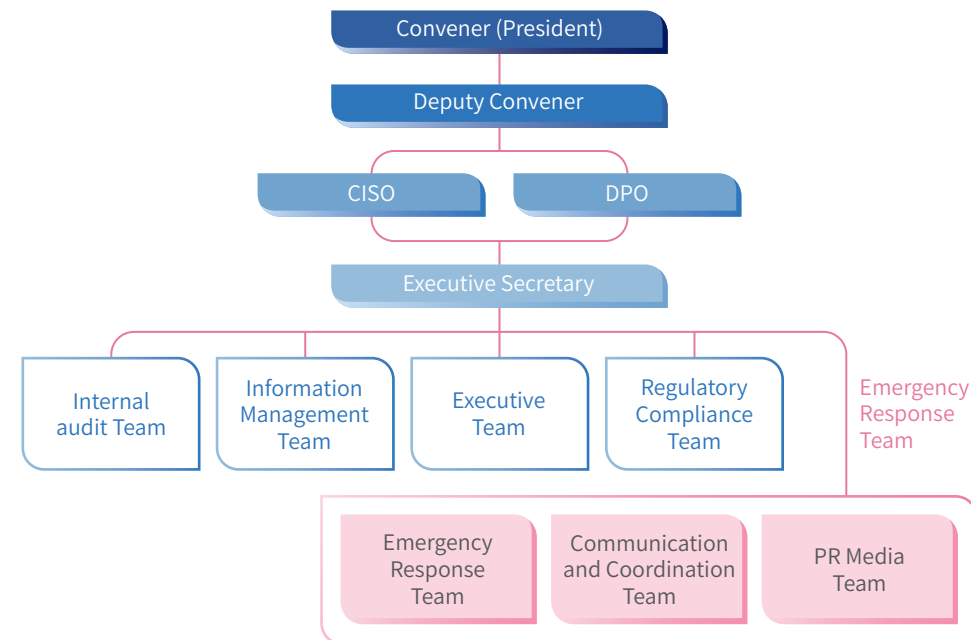
Privacy Protection
Policy and Statement

Personal Data Management Framework

"Information Security and Personal Data Management Division" is the Company's dedicated management unit for information security and personal data protection and management. The Data Protection Officer (DPO) and the Chief Information Security Officer (CISO) oversee the promotion of information security policies and resource scheduling, leading independent information security and personal data teams to adopt management measures in line with international standards to promote information security and personal data protection. The Company has established the Information Security and Personal Data Management Committee, with the President serving as the Convener. The Committee holds management review meeting at least once a year to ensure the continuous and effective implementation of the information security and personal data management system. It also submits reports to the Board of Directors every year. The organization of the Information Security and Personal Data Management Committee is shown in the figure below. The responsibilities of the units are stipulated in the organizational procedure document.

Value Creation 2

Organizational of the Information Security and Personal Data Management Committee



Inquiry Channels for Personal Data Rights

CAL's official website has a page of "privacy protection," and the "Privacy Protection Policy and Statement" on the page stated that CAL will collect, process, or use personal data in a reasonably secure manner within the specific purpose authorized by the data subject, and may not use such data in secondary use other than the purposes authorized by the data subject. If the data subject wish to exercise their rights to inquiries, amendment, deletion, restriction of processing, and withdrawal of consent in accordance with laws, the data subject may link to the "[Enquiry and Request for Personal Data](#)" of the "privacy protection" page on the Company's official website or write to the DPO (DPO@china-airlines.com). The Company will respond to the data subject within the statutory period. Since 2023 and until now, the Company has not had any privacy cases in which the data subject made a complaint to the competent authorities resulting in punishment.

Personal Data Risk Assessment Mechanisms

To identify the related risks in processing of personal data, the Company stipulates standard operation procedures for the classification of personal data files and implements regular review as the basis for planning the risk management mechanisms. In the aforementioned personal data inventory, the members of the execution team shall review the business procedures under their management. They shall conduct personal data inventories, conduct impact assessment, implement self-audit, and perform risk assessments each year. If the risk assessed is higher than the acceptable value, they shall propose risk improvement solutions and implement them thoroughly to ensure the effective implementation of the "Plan-Do-Check-Act (PDCA)" system.

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Personal Data Breach Response Mechanisms

The Company has stipulated the standard operation document "Personal Data Breach Response Management Procedures" to address breaches involving inappropriate access, disclosure, or unauthorized use of personal data that damage the data subject rights, and has prescribed a contingency plan. The Company organizes response exercises each year to ensure the effectiveness of operating procedures and enables all personnel to be familiar with the contingency procedures. In addition, the deadline for filing notifications of personal data breaches and perpetuation of evidence related to such breaches are requested in the contract signed with the supplier of subcontracted services.



Personal Data Internal Audit and Training

To review the personal data management targets and comply with the requirements of privacy information management systems, the Company establishes the internal audit standard operation procedures, plans the audit program for the next year in the fourth quarter of each year, and organizes the personal data audit operations for the audited units as scheduled. The annual audit results will be reviewed by the President in the "Information Security and Personal Data Management Committee" to ensure the effectiveness of the personal data management system.

The Company organizes multiple training each year to promote the concept of personal data protection and codes of conduct to all employees. For senior management, expatriate executives and internal auditors, personal data lectures are also held from time to time based on their competency needs. In addition, the Company issues quarterly Information Security and Personal Data For Your Information E-newsletters, which publish recent personal data related cases, information on new regulations and key points of annual personal data management requirements to enhance the personal data protection awareness of all employees.

The results of personal data protection seminars and training programs in 2023 are shown in the table below:

Training Program	Number of Courses	Number of Trainees	Number of Trainees that Completed Training
Executive Management Seminars	1	89	89
Personal Data Regulations and Management (Executives)	9	44	44
Information Security and Personal Data Awareness Training (Audio Visual Courses)	12	114	114
Information Security and Personal Data Cases Dissemination for All Employees	8	10,935	10,935
Personal Data Protection Training for New Employees	21	625	625
Information Security and Personal Data For Your Information E-newsletter	4	45,937	45,937



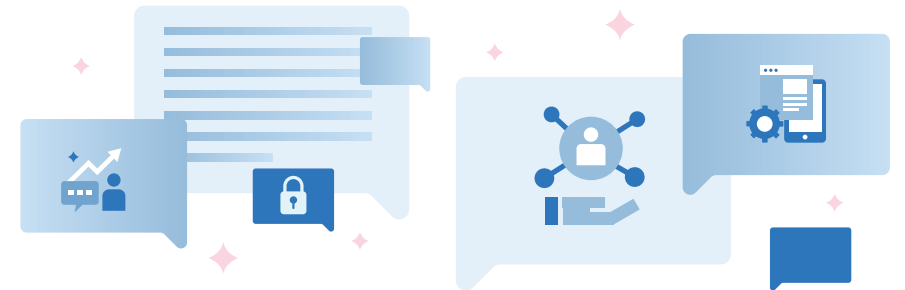
CAL's Personal Data Protection Milestones in 2023

1. Completed personal data inventories, internal audit, and risk assessment across unit in Taiwan and oversea branch offices.
2. Issued quarterly Information Security and Personal Data For Your Information E-newsletters as personal data protection awareness promotion for all employees.
3. Organized annual response exercises on personal data breaches.
4. Held the annual information security and personal data review meeting.
5. Issuance of ISO27701:2019 Privacy Information Management System (PIMS) certificate.



Description of Personal Data Incident in early 2023

An anonymous ransom incident on membership data occurred in January 2023, and the Company immediately reported it to the police and notified the competent authority according to the law. The Company also took relevant contingency measures and confirmed that all information security systems were under normal operations. The Company subsequently cooperated with the competent authority to conduct administrative investigation and comprehensively review the system security, confirming that the information security is protected and secured. The case was investigated by the prosecutors office and closed as no crime suspect was found.



Future Plans

Flight Safety



1. Renewing Flight Safety Certifications

After obtaining the IATA Operational Safety Audit (IOSA) certification in 2005, CAL has participated in revaluation every two years in accordance with IATA regulations to ensure flight safety. The Company successfully completed the 11th IOSA re-certification audit in 2022 and is going to undergo the newly introduced, more rigorous IOSA certification process by IATA (Risk-based IOSA) in 2024. To proactively prepare for this, the Company sent personnel to participate in the first global RBI seminar held at IATA headquarters in Montreal. Additionally, the Company actively contacted IATA to arrange for IATA instructors to provide training to employees at CAL headquarters. As the third company globally to complete the IATA Risk-Based IOSA Airline Training, the Company is preparing for the 2024 IOSA certification with a proactive and positive attitude.



IATA's Risk-Based IOSA Airlines Auditor Training Course on November 6 to 10, 2023



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

CAL will continue to enhance the capacity for emergency response of control personnel during aircraft and weather anomalies, strengthen the monitoring and forecasting capabilities for large-scale catastrophic weather events under climate change, and organize response exercises and case studies each quarter. CAL shall organize reviews and exercises of response procedures for different weather conditions at random or review recent anomalies. We shall also set up case studies of anomalies in the past three years as mandatory review subjects for refresher training of control personnel each year. We aim to strengthen their capacity for emergency response to maintain the on-time rate of flights, reduce the Company's losses, protect the Company's interests, and provide high-quality services in aircraft operations.



3. Enhance the Dispatch System and Optimize Procedures

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



4. Improve Internal Communication Efficiency

The Company continues to provide the internal communication system Team+ to the employees of front-line units and employees in outstations to help them monitor changes in flight information. In the event of a change in flight information, it immediately announces the change for all units to receive updates and implement flexible adjustments for their respective operations.

Passenger Service



1. Enhancing Mobile Devices and Official Website Services

We continue to discuss to optimize website functions from passenger perspective, which include upgrading reservations and ticketing process and designing a new user interface. We also integrate service pages and optimize the self-service function for online changes to expand the scope of service on an ongoing basis. We provide a personalized user experience for visitors who arrive at our website. Based on user preferences and search history, we advertise the destinations and prices they are interested in to increase the purchase rate. We integrate functions of social media to enable users to easily share flight information, reviews and experience, helping to increase brand exposure. We introduce a high-level transaction risk control system to protect consumers' personal data and transaction security.



2. Friendly Environment and Ecological Coexistence

Given the growing concern about global warming and climate change, the mission to protect forests is of great urgency. In an effort to be environmentally friendly, paper documents related to airports are undergoing paperless process, thereby reducing paper usage, preserving forest and trees, reducing carbon emissions, coexisting with the ecology, and achieving sustainable development of environment. In addition, for traditional boarding pass and operation supplies, CAL gives priority to suppliers with international green certification labels and procures "forest-friendly" paper products. Through green consumption, we protect the ecological environment of forests and ensures the sustainability of forests. At the same time, CAL spares no effort to promote electronic and self-service check-in process. We hope that passengers can make the most of website/mobile apps to check-in, and use e-boarding passes and other self-services, jointly contributing to reducing environmental carbon emissions.



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Cargo Service



1. Adjusting Capacity Flexibly in Response to Market Needs

Besides transportation services of import and export in Taiwan, the Company has also long developed intermediary shipping of cargo through Taiwan. Strengthening Taiwan's position as a transportation hub through expansion of flight network and schedule integration is also the key point of its ongoing work. In response to the end of the pandemic, the overall cargo aircraft fleet return to the normal based on the market trend and has undergone re-examination in 2024. We operates under the scale of 18 operable aircraft together with dual-model approach. We give full play to the advantages of cargo aircraft by dispatching different models of aircraft based on different market demands and cargo types while considering the flexibility of aircraft scheduling and crew dispatch. Other response strategies are described below:

- We primarily focus on the cargo sources of car materials from Japan, with the goal of increasing benefits of the Fifth Freedom of the Air and two-stage revenue of Japan. Additionally, we continue to operate freight flights on the Osaka (KIX)-Chicago (ORD) and Nagoya (NGO)-Chicago (ORD) transpacific routes with stopovers.
- To expand our goods sourcing from Asia to Europe and enhance flight effectiveness, we continue to plan to incorporate Delhi (DEL), Mumbai (BOM) of India, and Dubai (DWC) of the Middle East as stopovers in our flights of European routes. By increasing transit stops for loading and unloading cargo while optimizing the composition of cargo sources, we create two-stage revenue and ensure a stable operation in the Middle East and Indian markets.
- The 777F boasts excellent fuel efficiency. Given the demand of cargo transport and the limited capacity of long-haul passenger aircraft, the dispatch of 777F is prioritized for transpacific/transatlantic routes of Los Angeles (LAX), San Francisco (SFO), as well as New York (JFK), Atlanta (ATL), Miami (MIA), Frankfurt (FRA) of the Europe routes, where flight duration is longer.
- In line with the shift of the manufacturing supply chain from China to Southeast Asia, the Company connects Taiwan, Southeast Asia to North America and Europe through ongoing intensive passenger and cargo transport networks, strengthens cargo sources between Northeast Asia and Southeast Asia, and develops potential markets such as Oceania, the Middle East, and India. Most of the destinations in Asia are major supply stations. Based on the belly of passenger aircraft, the division can dispatch 744F to take advantage of its larger cargo capacity and the ability to transport special-sized cargo to strengthen the space supply according to local market needs and revenue conditions. We also review market supply and demand changes and freight rates at each station on a rolling basis, and flexibly adjust capacity to improve loading rates and overall benefits.



2. Optimizing Fleet Composition to Improve Competitiveness, and Flexibly Reviewing and Optimizing Network

The new 777F aircraft can significantly enhance the Company's competitiveness, optimize fleet composition, and reduce fuel consumption costs. The 777F passenger and cargo aircraft share crew members and use the same engines, which is more efficient for management of crew manpower and engines as well as aircraft maintenance. The 777F passenger and cargo aircraft can also flexibly adjust cargo transport schedules and capacity to meet different market needs. North American routes are still the key point of the Company's revenue. The Company leverages the fuel-saving advantages of 777F to position key destinations in North America, and arranges replacement flights to European destinations. To meet the seasonal demand for agricultural and fishery products, more aircraft landing sites will be added or routes will be modified to increase cargo capacity for transport. At the same time, we review regional flights to Japan, Southeast Asia and other areas from time to time, and adjust schedules based on different attributes and needs of key machines, vehicles, fashion garments, and consumer electronics, strengthening regional cargo collection capabilities and improving transit efficiency to strive for multiple business opportunities.



3. Achieving Synergy of Passenger and Cargo Aircraft Capacity and Promoting Multifaceted Business Strategies

After border opening, the international travel demand has gradually recovered. The flights of passenger aircraft of each airline have significantly increased, the cargo capacity of the belly of passenger aircraft also increases simultaneously. To maintain service levels, it is essential to establish stable schedules and aircraft types for routes to Europe and America that have high cargo volume, stable demand, and long flight distances. Together with various Asian stations with better cargo collection capabilities, and by combining passenger aircraft transport capacity and cargo aircraft flights, we integrate passenger and cargo aircraft transport capacity and utilize network structure to enhance aircraft loading and increase cabin utilization ratio. For different characteristics of suppliers' cargo sources, we refer to the impact of traditional low season and peak season of cargo transport to strive for annual chartered flights or chartered cabin business to ensure aircraft utilization ratio and loading rates, stabilizing market freight price and increasing the Company's revenue. Each station proactively promotes time-sensitive products and services and pushes for cargo sources of high unit price, such as wafer machines, pharmaceutical and biotech cold chain products, and aviation parts of aircraft, providing the fastest flight delivery. We have also established cooperation incentive plans with global multinational agencies. This year, we cooperate with agencies for the first time on the MIT (Merging in Taiwan) volume boosting plan to stabilize basic cargo sources and seize opportunities to increase volume. In addition to long-term cooperation with international express companies such as UPS and FedEx, we also actively develop cooperation with interlines to expand service areas and strive for cargo sources.



4. Continuously Promoting Premium Air Freight Cargo & Customized Service

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

Customer Relations Management



Passenger Customer Service Satisfaction

- Starting from 2023, the Company use the passenger satisfaction rate and Net Promoter Score (NPS) in lieu of the weighted average of passenger satisfaction rate used in the past to portray the overall passenger satisfaction rate. It provides a more direct and comprehensive view of passenger satisfaction and helps the Company implement improvements.
- In addition to inviting Dynasty members to fill out the passenger satisfaction survey, the Company has also actively expanded the visibility of the survey and added survey links on travel reminders and electronic ticket receipts to obtain more comprehensive passenger feedback.

Information Security



Cyber Security Certifications and Related Planning

The Company obtained the PCI DSS compliance certification in November 2022, which ensures the effectiveness of the Company's credit card transactions security and safeguards the rights and interests of passengers. The certification is conducted biennially, with the next certification being scheduled for the end of 2024.

CAL's data network and core information systems for the development and operation management of passenger airline reservations, ticketing, and marketing processes had been issued with the ISO 27001: 2013 Information Security Management System (ISMS) certificate in October 2022. The Company will continue to maintain the validity of the certificate and expand the scope of verification year by year to comply with the international information security standards.

Privacy Management



1. Personal Data Management System

The Company's passenger reservations, ticketing and marketing service business processes have been officially issued with the ISO 27701:2019 Privacy Information Management System (PIMS) certificate in 2023, with all personal data protection regulations within the scope of verification complying with regulatory requirements and international standards. The certificate's validity will be maintained in the future, and the verification scope will be expanded year by year.



2. Personal Data Protection Audit

The Company will continue to execute the personal data audit plan for oversea branch offices in 2024. By implementing onsite audits, we confirm that the personal data protection operations of oversea branch offices meet requirements in the Company's regulations and local laws.

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2-2 Cooperation

HIGHLIGHTS


Supplier Code of Conduct Signing Rate 100%

Supplier Code of Conduct Signing Rate of Critical Tier-1 Suppliers 100%.


Risk assessment coverage rate 96%

All Critical Tier-1 suppliers are required to complete the Sustainability Assessment Questionnaire (SAQ) in order to identify high-risk suppliers and provide them with appropriate management and guidance.


Establishment of suppliers capabilities: 13 suppliers

Assist suppliers in developing comprehensive supply chain corrective action plans and capacity building programs.


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

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

Management Approach

Material Issues

● Sustainable Supply Chain Management

Importance of Material Issues

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



Sustainable Supply Chain
Management Policy Statement

Commitment and Long-term Goals



Commitment

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



We are committed to

1. Conducting risk and impact assessments to ensure supply chain sustainability and establish fair, transparent mechanisms for supplier management.
2. Selecting economic and acceptable products and services by considering their environmental and social effects.
3. Adhere to business ethics and morality and eradicate leakages, illegal benefits, and all forms of corruption.



We require all suppliers and contractors to

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

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Long-term Goals



2025

1. SAQ for Critical Tier-1 suppliers has achieved a risk assessment ratio of 100%. All Tier-1 suppliers have reached 20%.
2. Before making a purchase, the purchasing unit should establish a selection plan that takes into account the specific case. The plan should include ESG-related issues as at least 5% of the evaluation criteria.
3. Both new suppliers signing contracts and existing suppliers renewing contracts should be obligated to comply with the commitments of the "Forest and Biodiversity Conservation Commitment".
4. Optimize the risk management for sustainable supply chain, assess 100% of Critical Tier-1 suppliers and high-risk suppliers, and create a list of Critical non Tier-1 suppliers.
5. Develop a comprehensive supply chain corrective action plans and capacity building programs, aiming to implement 50% of corrective action plans and 50% of capacity building programs.

2030

1. All Critical Tier-1 suppliers and SAQ for critical tier-1 suppliers have achieved a risk assessment ratio of 40%. Critical non Tier-1 suppliers have reached a risk assessment ratio of 30%.
2. Include at least 5% ESG performance in procurement evaluation criteria for 40% of purchasing units.
3. 40% of suppliers signing contracts should be obligated to comply with the commitments of the "Forest and Biodiversity Conservation Commitment".
4. Continue to optimize risk management for sustainable supply chain, and assess 100% of Critical Tier-1 suppliers and high-risk suppliers.
5. Assess 30% of critical non Tier-1 suppliers.
6. Develop a comprehensive supply chain corrective action plans and capacity building programs, aiming to implement 100% of corrective action plans and 100% of capacity building programs.

2040

1. Perform 100% SAQ risk assessment for both Critical Tier-1 suppliers and critical non Tier-1 suppliers.
2. Include at least 5% ESG performance in procurement evaluation criteria for 100% of purchasing units.
3. 100% of suppliers signing contracts should be obligated to comply with the commitments of the "Forest and Biodiversity Conservation Commitment".
4. Assess 100% of both Critical Tier-1 suppliers and critical non Tier-1 suppliers.
5. 100% implementation of corrective action plans for high-risk suppliers to ensure regulatory compliance.

Note: "Critical non Tier-1 suppliers" refers to suppliers who provide products and services to the Company through Tier-1 suppliers, and meet the current definition of critical suppliers as defined by CAL.

Unit in Charge

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

Management Mechanisms

- The meeting of the Corporate Sustainability Committee, at least twice a year
- Supply Chain Task Force reports to Corporate Sustainability Committee, every quarter
- The President is the highest-ranking decision-maker for the Supplier Sustainability Management Plan
- Perform supplier risk management through supplier risk assessment and supplier risk audit



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Objectives and Plans

KPI	2023		
	Objectives	Performance	Achievement
Convene Annual Supplier Conference	One session	Held at the Novotel Taipei Taoyuan International Airport on November 24	100%
Conduct SAQ	Response rate at least 72%	Response rate at least 72%	100%
Critical Supplier SAQ Score	87 points	96.64 points	100%
ESG Training for Procurement Staff	Three sessions each year	Participated in three sessions of internal / external ESG online sustainability seminars	100%

KPI	2024		
	Objectives	Performance	Achievement
Forest and Biodiversity Conservation Commitment	New (existing) suppliers signing contracts (renewing contracts) have reached 100% compliance rate	Inventory will commence in 2024	
Establishing the supply chain corrective action plans and capacity building programs	The implemented improvement measures have reached 25% The implemented capacity building measures have reached 25%	Inventory will commence in 2024	
2024 annual high-risk suppliers review	Coverage rate 100%	Inventory will commence in 2024	

Note: In order to continue the objectives and plans outlined in the 2022 Sustainability Report, the 2023 Sustainability Report will maintain the annual supplier conference, conduct supplier sustainability risk assessments, and evaluate the sustainability performance of critical suppliers. To align with long-term goals, the inventory starting in 2024 including the Forest and Biodiversity Conservation Commitment, establishment of supply chain corrective action plans and capacity building programs, and continuous review coverage rate for high-risk suppliers.

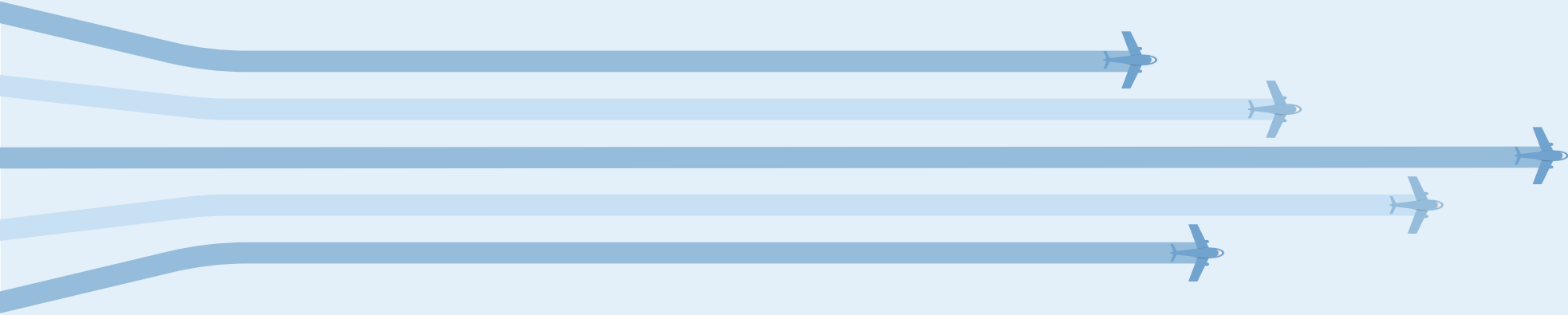
Grievance Mechanism

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



Stakeholder
Contact

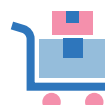
General Products: Administration Division — **E-mail:** tpeuo@china-airlines.com
Aviation Parts: Engineering Division — **E-mail:** AOG_DESK@email.china-airlines.com
E-shopping / Duty free: In-flight Service Supply Division — **E-mail:** eShopping@china-airlines.com



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

Compared with other industries, the aviation industry is unique in respect of safety concerns. As of the end of 2023, the CAL Group had established 28 joint ventures in business sectors including air transport, ground handling service, tourism, aerospace technology, air transport support, and logistics and warehousing. By integrating their strengths, the Group will optimize its overall quality of service, competitiveness, and value chain.

Definition of Material Procurement Types and Suppliers



Category	Aviation Materials	Aviation Fuel	In-Flight Catering	Ground Handling Service	General Products
(No. of Tier-1 Suppliers / Critical Tier-1 Suppliers)	Aircraft Parts (603/13)	Fuel Required for Flight (28 / 5)	In-Flight Meals Offered to Passengers (24 / 3)	Airport Manpower (26 / 1)	Goods Required for Overall Operations (149/24)
Description of Importance	Aviation materials are critical for flight safety. Therefore, aviation materials must have certificates of qualification, and their airworthiness must be confirmed by related units/divisions/departments.	Fuel is vital for flight and its cost of procurement forms one contributor to operating costs.	In-flight catering stands as one of CAL's crucial quality services. CAL provides passengers with a complete in-flight experience based on the needs of long-haul and short-haul passengers and nationality requirements.	CAL provides excellent airport services, and improves passengers' satisfaction throughout the journey with the help of its ground staff and agents.	General products refer to basic supplies required for business operations to improve operational efficiency and quality.
Definitions of Critical Suppliers	1. Irreplaceable suppliers. 2. Yearly accumulated procurement amount is over certain percentage.	1. Irreplaceable suppliers. 2. The procurement amount is accounted for over certain jet fuel cost in whole year.	Suppliers offer long-haul service to provide return meals for a minimum of 4 stations. (including the China Pacific Catering Services at Taipei Station)	1. Irreplaceable suppliers. 2. Exclusive ground handling agent which is not affiliated with airlines. 3. Yearly flights handling by the suppliers are accounted for over certain total flights of CAL.	1. Irreplaceable suppliers. 2. Yearly procurement amount exceeds 5 million.
Definitions of Tier-1 Suppliers	All suppliers that received purchase orders for transactions in the current year.	Suppliers that supplied and produced fuel in the current year.	Suppliers that offer meals for flights with passenger services in the current year.	Ground handling agents that processed scheduled flights in the current year.	All suppliers with transactions in the current year.
Definitions of High-Risk Suppliers	Based on the result of SAQ, Tier-1 suppliers with an SAQ score below 80 points are categorized as "high-risk suppliers". In cases where there are no suppliers with a score below 80 points, the lowest 1% of scores among CAL's five material procurement types and suppliers are designated as "high-risk suppliers". Critical Non Tier-1 suppliers who have an SAQ score below 80 points are classified as "high-risk suppliers".				
Definitions of Critical non Tier-1 Suppliers	Suppliers who provide products and services to the Company through Tier-1 suppliers, and meet the current definition of critical suppliers as defined by CAL.				
Definitions of Significant Suppliers	Critical Suppliers and High-Risk Suppliers				

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

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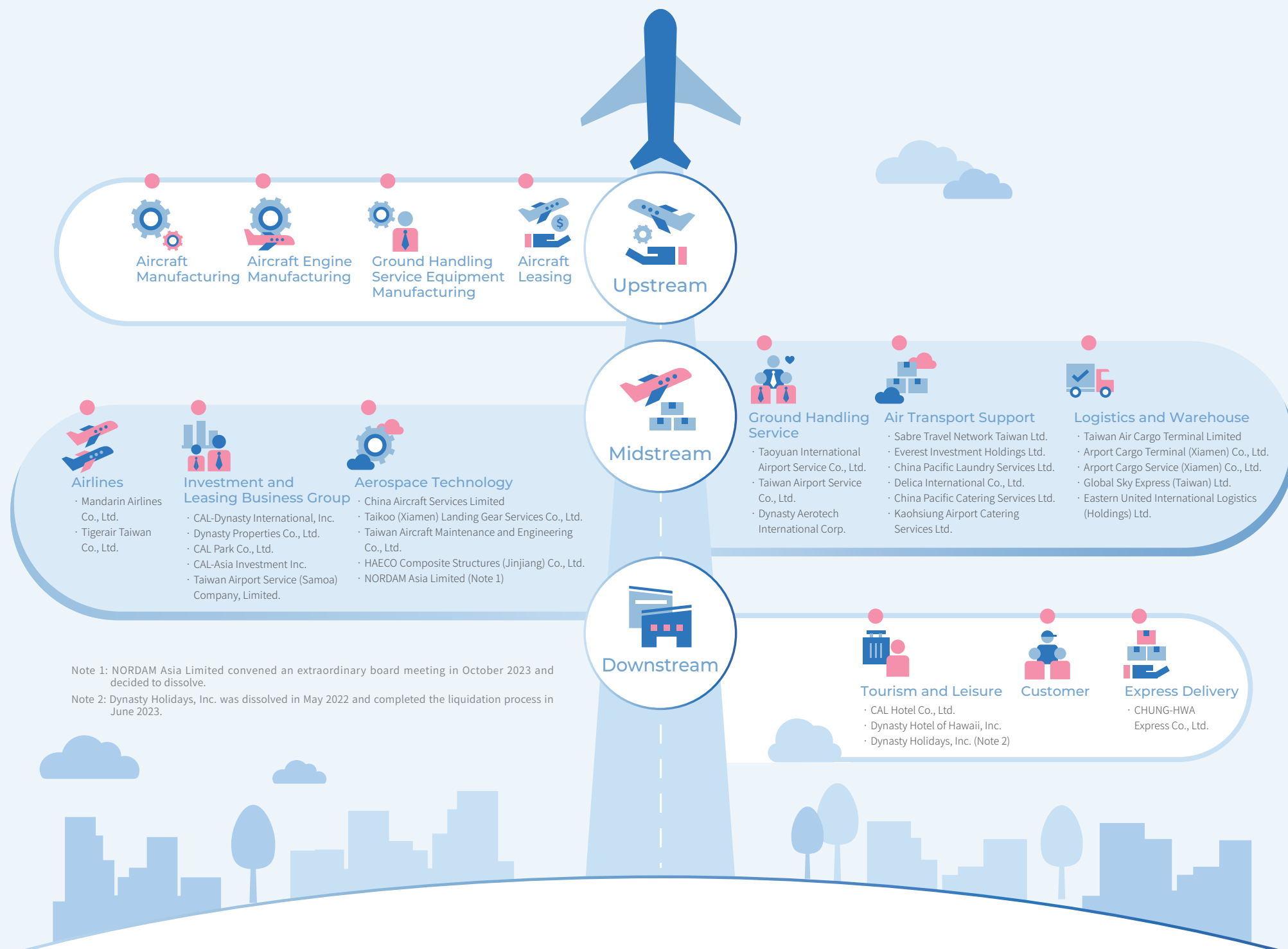
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2-2-2 Sustainable Supply Chain Management

GRI 204-1, 308-2, 407-1, 414-2

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

Supply Chain Management Objectives and Exit Mechanism

CAL's main business and supply chains are located in Taiwan, which has the highest rate in the world with 48% of suppliers and 67% of CAL's total procurements. It is followed by the Americas, Asia, Europe, and Oceania. In 2022, the outbreak of the Russo-Ukrainian War, respite from the COVID-19 pandemic, gradual opening of borders across the world, and reemergence of tourism have led to a labor shortage in airports of different countries. We continue to conduct risk assessments in each region to verify whether our suppliers' upstream operations involve Russia and whether our partner suppliers use illegal forced labor in terms of human rights issues. CAL shall prioritize the selection of suppliers with good ESG performance to ensure the stability of the supply chain. CAL also uses the SAQ for sustainability risk assessments each year to track the identified actual social impact in the supply chain and observe whether there is potential negative social impact and regional political and economic risks. The contracts between CAL and suppliers include provisions that require the completion of improvement operations within a specified timeframe (e.g., 180 days) if there is a violation of the CAL Supplier Code of Conduct. Failure to meet the improvement requirements will lead to the termination of the partnership. Additionally, ongoing monitoring will be conducted to further enhance the overall sustainability performance of the supply chain.



Regional Distribution of Tier-1 Suppliers (Includes Critical Tier-1 Suppliers)

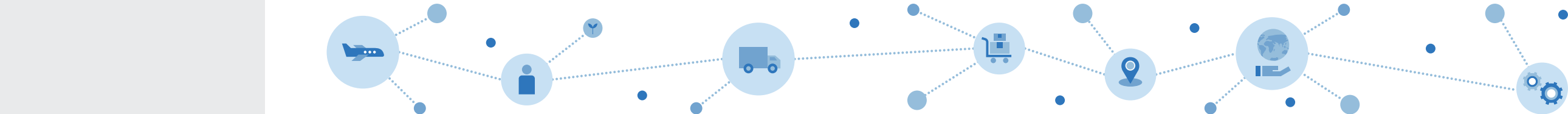
Global Supplier Profile		
Region	2023	Proportion
Taiwan	399	48%
Asia(except Taiwan)	120	14%
America	207	25%
Europe	103	12%
Oceania	9	1%
Total	838	100%

Regional Distribution of the Procurement Amount from Tier-1 Suppliers

Regional Distribution of the Procurement Amount from Tier-1 Suppliers Overview of Global	
Region	Proportion
Taiwan	36%
Asia(except Taiwan)	24%
America	26%
Europe	12%
Oceania	2%
Total	100%

Proportion of Procurement from Critical Suppliers

Proportion of Procurement from Critical Suppliers			
Region	Critical Tier-1 Suppliers Purchase Amount	Total Purchase Amount	Proportion
Aviation Parts	9,101,271,766	11,292,602,753	81%
Aviation Fuel	33.852,687,871	52,176,345,058	65%
In-Flight Catering	837,464,085	850.913.335	98%
Ground Handling Service	623,351,385	2,278,192,043	27%
General Products	373,962,943	467.244.471	80%
Total	623,351,385	2,278,192,043	27%





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2023 Supplier ESG Program Achievements

1. Sustainable Supply Chain Procurement Practices



The first national carrier used SAF for passenger flights, with all passengers taking part in ECO Travel, continuing to use sustainable aviation fuel to protect the environment.

On May 22, 2023, CAL participated in the SkyTeam's second Sustainable Flight Challenge (TSFC) and once again launched a "Sustainable Demonstration Flight". The flight from Singapore to Taipei achieved the objectives of being Taiwan's first passenger flight to use Sustainable Aviation Fuel (SAF). The CI754 Sustainable Demonstration Flight used 10% SAF at the Singapore airport, meeting the rigorous standards of ISCC and ASTM. This marks the first time CAL has used SAF for passenger flights. We have been at the forefront of the domestic aviation industry since 2017, and this marks another pioneering achievement, following the addition of SAF to new aircraft A350-900 and A321neo deliveries.

CAL has also implemented the "ECO Travel" initiative to attain carbon neutrality for aircrafts CI753/CI754 by utilizing internationally certified high-quality carbon offsets credit.

Environmental sustainability requires the transformation of the service model, business model, and values as support in order to improve the operational efficiency, attain co-existence with the ecosystem, and fulfill our commitments to the Earth with the effective use of resources, creation of a circular economy, and changes in consumer behavior. CAL shall continue to upgrade its fleet and use new energy-efficient passenger and cargo aircrafts such as B777F and A321neo. We shall also promote environmentally sustainable transformation in management, implementation, and communication by supporting green procurement, improving energy efficiency of equipment and facilities, responding to environmental initiatives, and developing or participating in R&D projects to continuously improve and enhance the environmental performance and operational eco-efficiency. In addition, China Airlines also provides ESG education and training related to supply chain management, procurement, etc. for internal procurement personnel. Due to the global COVID-19 pandemic and border control measures from 2020 to 2022, the procurement volume of environmental protection products has been adjusted to adapt to the operational environment and conditions. In 2023, as operations recover, during the planning and design stage, CAL incorporates considerations of the environmental impact of the product life cycle and external initiatives, such as sustainable flight challenges, into its operations to reduce environmental impact at the source.

Unit: TWD thousand

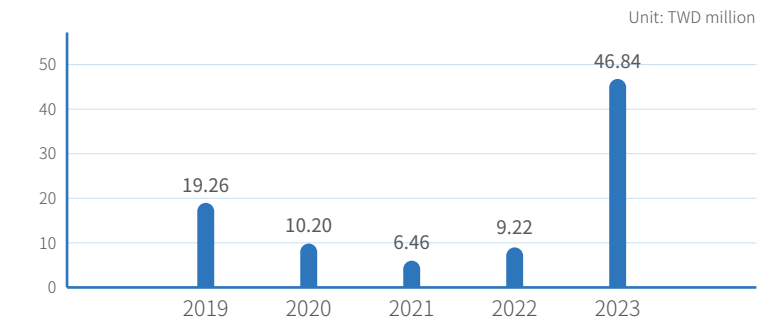
Item	Scope	2019	2020	2021	2022	2023
Environmental Protection Equipment, Management System O&M, and Research Projects	Depreciation, renewal, operation and maintenance, of pollution prevention equipment, environmental testing, setup and implement of the environmental management system, and strategy research projects	25,346	23,390	29,811	27,081	25,357
Green Procurement	Category I, II, and III products prescribed in the Regulations for Priority Procurement of Eco-Products (dated January 15, 2001)	19,258	10,199	6,455	9,221	46,844
Waste Management	Waste disposal fees	4,062	3,854	4,107	4,261	5,980
Noise Prevention	Noise control fees	189,351	136,812	136,136	129,674	151,005
Air Pollution Prevention	Air Pollution prevention fees	753	819	589	615	384
Total Investment Amount		238,770	175,074	177,098	170,852	229,570

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

Green Procurement

As CAL improves its operations, it remains committed to implementing its environmental policy on green procurement. In 2023, there will be a 400% increase in the amount of green procurement compared to 2022. We aim to raise awareness of green consumption and reduce environmental impact from the source by selecting products with Green Mark, such as energy-efficient refrigerators and Green Mark / energy label household appliances, FSC / PFEC certified boarding passes, various types of paper on board (including hand towels, toilet paper, etc.), and office paper, and continuously promoting systematic, digitalized, and mobile operations.

Amount of Green Procurement



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



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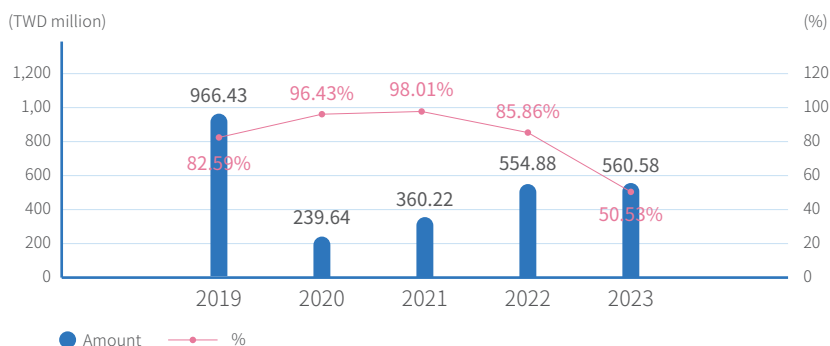
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Local Procurement

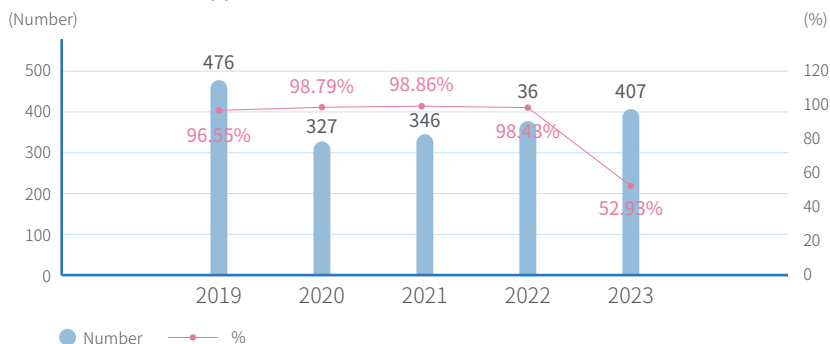
Taiwan is a crucial hub of CAL. Except for certain aviation equipment, parts, and operations that are subject to international standards, CAL has managed to source parts from local suppliers (Taiwan, Penghu, Kinmen, and Matsu). We purchase high-quality agricultural products from Taiwan such as bananas, sugar apples, and pineapples. Suppliers support local produce and select the best ingredients, which are cooked with meticulously designed processes to reduce pollution in the environment and food waste, and thereby ensure sustainability with low-carbon and clean vegetables.

In 2023, the local procurement amount decreased by 35.33% compared to 2022, with the proportion of domestic local procurement dropping to 52.93%. The main reason for this decrease is the inclusion of aviation parts in statistics in 2023, resulting in high-priced procurement (add aviation parts in 2023). Aviation parts are more difficult to procure from local suppliers due to their characteristics, leading to a decrease in the procurement proportion. However, there is little change in the number of procurement items compared to previous years.

Amount of Local Procurement



Number of Local Suppliers



Note 1: The statistics include the Administration Division and the maintenance park.

Note 2: The statistics will add aviation parts to procurement items in 2023.

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

To strictly control supply chain sustainability risk, CAL has conducted a survey for supply chain sustainability risk and formulated our Sustainability Assessment Questionnaire (SAQ) since 2015 based on international initiatives and evaluations such as the GRI Standards, ILO, UNGC, Dow Jones Sustainability Index (DJSI), CDP, and the Universal Declaration of Human Rights. CAL also established a sustainable supply chain management system to improve the accuracy of the results of the SAQ in 2017, the functions of which include specifying the definition of critical suppliers, conducting the Sustainability Assessment Questionnaire (hereinafter SAQ), formulating regulations for review and designing relevant forms, setting different goals for short-term, mid-term, and long-term reviews, and improving the follow-up tracking mechanism. CAL continued to strengthen supply chain management in 2023. CAL identified supplier risks at the beginning of the year, conducted due diligence in the middle of the year, and reviewed the improvements at the end of the year. Supplier training was also organized to fully control suppliers with high risks, and on-site audits were conducted further to reduce supply chain sustainability risks.

As for the SAQ, CAL conducted the SAQ with 50 Critical Tier-1 suppliers in 2023, with a response rate of 96%. In addition, only 2 aviation parts suppliers failed to respond. The response rate for the remaining suppliers was 100%. Furthermore, 1 non Tier-1 supplier was surveyed for general products, resulting in a 21% increase in the overall response rate compared to 2022. According to the results of the SAQ, the total number of valid questionnaires in 2023 is 49, which is an increase of 2 compared to 2022. The average score is 96.64 points. Although the score for governance has slightly decreased, the scores for each dimension are all above 90 points, and the average scores in the four dimensions (please refer to the note) were between 95 and 97 points, showing that most of the suppliers have incorporated the concept of sustainability into these four dimensions, and the overall score has significantly improved compared to the previous year.

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

Dimensions of Consideration and Risks in Supplier Screening

Dimension / Risk	Explanation
Environmental (E) Criterion	Includes but is not limited to waste management, energy management, and biodiversity.
Society (S) Criterion	Includes but is not limited to human rights and labor rights.
Governance (G) Criterion	Includes but is not limited to anti-corruption and bribery.
Country-specific Risks	Relevant management mechanisms or monitoring measures (such as audits) to ensure that the company's procurement does not originate from countries with high corruption, instability, political conflicts, or weak regulatory capabilities.
Sector-specific Risks	Identify suppliers that are more likely to have negative environmental, social, and corporate governance risks based on the attributes of the procurement category and strengthen management.
Commodity-specific Risk	Includes but is not limited to accept regular oil product, operation or equipment inspection, pass the food safety control system, provide an airworthiness certificate or a certificate of conformity for each aviation material related transaction item.



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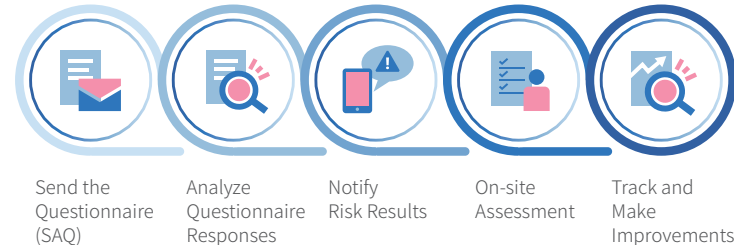
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Procedures of Identifying Risk of Supply Chain Sustainability

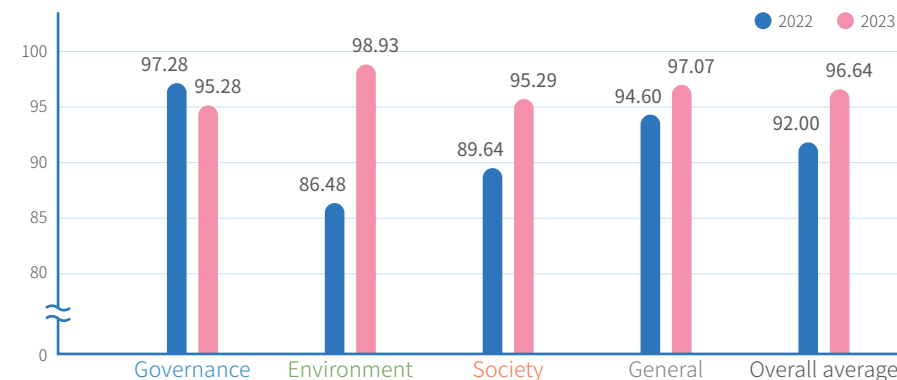


Supply Chain Sustainability Risk Assessment Implementation Status

Suppliers	2022	2023
Tier-1 Suppliers	792	838
Critical Tier-1 Suppliers (Share of Total Procurement Spent %)	44 (68%)	50 (59%)
Critical non Tier-1 Suppliers	3	1
Number of Critical Tier-1 Significant suppliers	44	50
Proportion of Procurement from Critical Tier-1 Significant suppliers	68%	59%
Number of Significant non Tier-1 suppliers	3	1
Risk Assessment of Supply Chain Sustainability		
	2022	2023
Tier-1 Suppliers Assessed Annually	44	48
Significant supplier Assessed Annually	47	49
High-Risk Suppliers		
	2022	2023
Tier-1 Suppliers Classified as High-risk (Share of Total Procurement Spent %)	0	5(9%)
Critical non Tier-1 Suppliers Classified as High-risk	0	0

Note: Significant suppliers are Critical Suppliers plus High-risk suppliers. When calculating quantities, if a supplier is both a Critical Supplier and a High-risk Supplier, there will be no double counting.

2023 Risk Survey of Supply Chain Sustainability



Overall Performance of Supply Chain Sustainability

In 2023, the score of supply chain sustainability risk assessment was 96.64 points.



The score (95.28) was decreased compared to the previous year (97.28) and has been the lowest score overall. It is observed that further improvement is needed in terms of regulatory compliance in the governance aspect.



The score (98.93) has continued to significantly improve compared to the previous years (86.48), and it demonstrated suppliers still prioritize environmental issues. Areas such as biodiversity, waste reclaimed management, greenhouse gas emissions, sustainable aviation fuel, and sustainability / Green Mark will be further developed to ensure that suppliers address environmental concerns and propose relevant policies in response to emerging trends.



Although the score (95.29) was an improvement compared to the previous year (89.64), the Company places significant emphasis on managing occupational injuries in the supply chain to adhere to safety-related designs that comply with regulations, aiming to minimize occupational accidents.



The score (97.07) has slightly improved compared to the previous year (94.60), and the second highest score overall. We will continue to track and request suppliers to pay more attention to privacy management.

3. Sustainable Supply Chain Assessment

According to the SAQ analysis results for 2023, no suppliers scored below 80 points. Subsequently, a further screening of the lowest 1% of scores among CAL's five material procurement types and suppliers identified 5 high-risk suppliers. However, after evaluation, none of these suppliers were found to have significant actual or potential negative impacts on the environment or society. To learn more about the implementation status of sustainable practices of our supply chain partners, CAL has set up different audit plans for sustainable supply chain management. As of 2023, 90% of the audit objectives for Critical Tier-1 suppliers have been completed. CAL's audits are conducted on-site, in written format, or by correspondence. The method is determined based on the supplier's location, characteristics, and border control measures. The audit survey in 2023 showed that suppliers require improvements such as the establishment of an environmental management system, classification and recycling for recyclable waste, monitoring suppliers' environmental performance, and providing regular training on environmental management and regulations for employees. After CAL requested follow-up and training, part of the Critical Tier-1 suppliers have made significant improvements in environmental management. In terms of human rights management, CAL has developed a human rights and labor risk control framework based on international standards to mitigate the risk of compliance with labor and human rights regulations. No Critical Tier-1 suppliers have terminated the partnership in 2023. CAL will continue to enhance support, follow-up, and requests for improvements for these environmental and social issues.

Furthermore, the Supply Chain Task Force conducts on-site second-party audits of Critical Tier-1 suppliers every year. Since some of Critical Tier-1 suppliers are international partners, CAL also performs remote audits. The audit process is conducted based on the supplier audit checklist. Please provide evidence, such as governance, to verify whether the audited supplier complies with the Code of Conduct or has established relevant policies and management procedures, or internal monitoring measures in place to ensure the implementation of the Code of Conduct or corresponding management policies (such as the company's internal code of conduct).

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Supply Chain Sustainability Assessment Implementation Status

Suppliers	2021	2022	2023
Critical Tier-1 Suppliers Assessed in the Current Year (Percentage of Total Critical Suppliers)	32(78.04%)	9 (20.45%)	13 (26%)
Critical Tier-1 Suppliers Assessed in the Past 3 Years (Percentage of Total Critical Suppliers)	21.96%	79.55%	90%
High-Risk Suppliers	2021	2022	2023
Assessed in the current year (Percentage of Total High-Risk Suppliers)	0 / 0% (No high-risk suppliers in the current year)		1 / 20%
Assessed At Least Once Every 3 Years (Percentage of Total High-Risk Suppliers)	0%	0%	0%
High-risk Suppliers with Corrective Measures and Completed Improvements	0% (No high-risk suppliers in the current year)		0% Planning to introduce corrective measures starting in 2024
Terminated the contracts	0% (Risk suppliers improve within the specified period.)		
Significant Suppliers	2021	2022	2023
Assessed in the current year (Percentage of Total Significant Suppliers)	The process of auditing Significant Suppliers commenced in 2023.		25%
On-site audit			3
Desk Assessments			10

4. Assisting Suppliers Reduce Risks

Improvement Measures and Capacity Building

The main gap of this year's SAQ response is "human rights management". By identifying the gaps in human rights management from the lower-scoring question groups in the SAQ, we offer human rights-related education and training at the 2023 Supplier Conference. CAL serves as a benchmark and various types of suppliers, enabling us to provide supplier recommendations. CAL's human rights policy is in accordance with international standards and is continuously enhancing its overall human rights management framework to mitigate the risk of compliance with labor and human rights regulations.

In 2023, CAL continues to regularly perform the Supplier Sustainability Risk Assessment Survey (SAQ) assessment. If there are high-risk suppliers, we will continue to monitor improvements, and for lower-scoring items, there are continuous improvement efforts every year. In 2023, we continue to assess on-site by visiting suppliers, collecting data, communicating, and providing feedback. In addition to understanding the actual issues of suppliers and further assisting in improving their capabilities and enhancing their performance. Furthermore, there will be an increase in education and promotion regarding issues such as human rights and environmental sustainability to improve the sustainability performance of suppliers. The scope of SAQ will also be continuously expanded to include all Tier-1 suppliers and high-risk suppliers will be assessed.

Capacity Building	Project of Capacity Building	2023 Achievements / Results
Monitor Environmental Risks and Opportunities	Distribute surveys, inventory energy and resource consumption, potential environmental risks and opportunities in operations	Assisted 13 partners of the Group with 100% completion of carbon inventory and the Scope 1 and Scope 2 emissions totaled 176,228 tons CO ₂ e
Improve Environmental Management Mechanisms	Organize themed workshops/courses, communication meetings, and seminars and invite partners of the Group: 1. Incorporate environmental protection and energy conservation into new investment and procurement of equipment 2. Set up dedicated units for evaluating compliance for critical environmental impact with direct consequences 3. Set environmental performance targets and promote environmental protection and energy conservation measures	Assisted 13 partners of the Group in setting 26 energy and resource management targets with 100% attainment for 21 targets. Implemented environmental protection and energy conservation measures to reduce electricity consumption by 42,000 kWh and reduce diesel consumption by 5,000 liters
Expand Sustainability Influence	CAL encourages suppliers to set up environmental sustainability pages to disclose their environmental policies, targets, and performance Encourage suppliers to support environmental protection initiatives	Assisted 6 partners of the Group in disclosing environmental information on the official website / web page and supporting the Earth Hour initiative

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

CAL will continue to provide training on sustainability for procurement personnel to enhance their knowledge of sustainability. This has been one of CAL's important goals for sustainability each year. In 2023, relevant procurement personnel continued to participate in training on the sustainable supply chain to better understand the standards, management practices, and current conditions in the international supply chain, and how to respond to the devastation of the COVID-19 pandemic on the global supply chain. We also focused on sustainability management to ensure that procurement personnel obtain the latest information on sustainability and adjust work plans for the sustainability of the supply chain. CAL will continue to invite external experts to provide education and practical training courses on sustainability audits for all procurement personnel so that future procurement can be conducted in accordance with CAL's sustainable supply chain management policies and operations of the management system.

In terms of the goals for 2024, CAL seeks to communicate with suppliers at the supplier conference and discuss concrete measures taken by CAL such as Sustainable Aviation Fuel (SAF) and carbon reduction. We will continue to help suppliers understand sustainability requirements for ESG. CAL will build on the results in 2023 to strengthen suppliers' governance and focus on international sustainability trends (including standards and initiatives), biodiversity, climate change, and the impact of these changes on the sustainable supply chain. We will also communicate with suppliers on-site, by correspondence, in writing, or with other diverse methods.



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2-2-3 The Sustainable Value and Actual Performance of Supply Chain Engagement

Convene Annual CAL's Sustainable Supplier Conference

CAL convened the "8th annual sustainable supplier conference" with 28 domestic suppliers (49 partners) at the Novotel Taipei Taoyuan International Airport on November 24, 2023.

Dr. Niven Huang from KPMG Sustainability Consulting Co., LTD. will be invited to present on the latest international sustainability trends - systemic changes under the ESG wave, at the 2023 Supplier Conference. This presentation aims to help suppliers attending the conference understand the importance and urgency of international environmental sustainability and the circular economy, as well as enhance their awareness of carbon reduction and biodiversity conservation. The Budget Control Dept. discussed the latest topic: Introduction to Sustainable Aviation Fuel (SAF) and the aviation industry's commitment to achieving net-zero emissions. They presented the current international status of SAF and CAL's performance in using SAF. To reach the target of net-zero emissions by 2050, CAL is implementing measures to reduce carbon emissions in aviation fuel.

Through the workshop, explained the current status and practices of sustainable supply chain promotion for the year and emphasized that CAL is committed to improving the overall procurement

mechanism and workplace safety-related risks through supply chain management and training. This commitment aims to enhance the sustainable value chain and achieve sustainable growth with stakeholders to explain our future sustainable value chain goals and plans. CAL shares its sustainable practices and peers benchmark cases. This will assist suppliers in responding to sustainable trends. Supplier assistance will be provided based on two main aspects: (1) The key focus of CAL's sustainable strategy and the direction of future commitments from relevant suppliers. (2) The analysis of poor performance by most suppliers through SAQ will take into account their priority (such as promoting important domestic and international policies), and provide relevant guidance and assistance for suppliers whose poor performance may affect CAL's reputation (such as high occupational injury rates). Finally, under the guidance of the Administration Division, the supplier partners were given a tour of the "Diamond Green Building - CAL Headquarters Park" and were shown practical methods for energy saving and carbon reduction in the office.

CAL produced 2023 Supplier Conference materials in Chinese and English and delivered them to 100% Tier-1 suppliers in Taiwan and overseas to strengthen suppliers' ESG and sustainability values.

Future Plans

1. CAL continuously obtains information on the sustainability management status of supply chain partners through questionnaires every year and works on all aspects of sustainable supply chain management to meet the goals of completing 100% SAQ of Critical Tier-1 suppliers by 2025 and 20% of all Tier-1 suppliers, establishing supply chain improvement measures and capacity guidance plan, establishing evaluation criteria for purchasing units, incorporating at least 5% of ESG-related issues into the evaluation criteria.
2. CAL will require its personnel to attend internal sustainability training courses or sustainability training programs organized by external entities. For external entities, CAL will continue to provide all domestic suppliers with sustainability training (courses in written or in-person format) to help their procurement personnel learn more about sustainability.
3. CAL shall continue to make use of its environmental protection and energy conservation management experience to assist supply chain and value chain partners in building their capacity for greenhouse gas inventory operations, improving environmental management mechanisms, promoting green procurement, conserving resources, building a circular economy, and other environmental protection and energy saving measures to enhance the environmental performance and sustainable value of the overall value chain.



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HIGHLIGHTS



8th time selected in DJSI with the highest score in the global aviation industry for biodiversity

CAL was selected in DJSI emerging markets index eight consecutive times and received the highest possible score in the waste management and water conservation strategy, and also received the highest score in the aviation industry for the biodiversity.



10th Time in TCSA Climate Leadership Award

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



1st to introduce the SAF Collaborative Program for corporate procurement

CAL was the first Taiwanese airline to participate in the Sustainable Aviation Fuel program established by international oil companies and blockchain platforms, and also the first in Taiwan to introduce the SAF collaboration model for corporate procurement and provide traceable and verifiable carbon reduction reports. Promoting the use of SAF in commercial passenger and cargo flights step by step, CAL works together with supply chain vendors and corporate partners to reduce carbon footprint.



1st to launch the Sustainable Aviation Fuel (SAF) passenger flight in Taiwan

In response to the SkyTeam's second Sustainable Flight Challenge, CAL launched demonstrative sustainable flights and incorporates 10% of sustainable aviation fuel (SAF) certified by ISCC international sustainability standards and ASTM international aviation fuel standards, becoming the first national airline to use SAF for commercial passenger flights.



5th consecutive year with CDP SER Leadership rating

CAL has responded to the CDP climate change questionnaire for 12 consecutive years since 2012, and actively promotes and implements supply chain / value chain management, receiving an A- rating in the CDP SER evaluation for the fifth consecutive year.



Adopting over 4,000 Taiwania cryptomerioides in the reforestation project

CAL has actively participated in a national reforestation project in collaboration with Hsinchu Branch of Forestry and Nature Conservation Agency, Ministry of Agriculture. As part of this initiative, CAL has adopted nearly 2 hectares of forest land in Nanjhuang, Miaoli, and is collaborating with the local Saisiyat Tribe, to plant and nurture 4,250 Taiwania cryptomerioides, which have a remarkable capacity for carbon absorption and are expected to store carbon by approximately 65 metric tons two years after reaching maturation.

HIGHLIGHT

2nd Sustainable Flight Challenge (TSFC)

CAL participated in the second Sustainable Flight Challenge (TSFC) of SkyTeam, expanding the execution of implementation sustainable demonstrative flights with around trip flights between Taipei and Singapore. CAL actively implemented nearly a hundred environmental protection and carbon reduction measures, being the first national carrier to use Sustainable Aviation Fuels (SAF) for commercial passenger / cargo flights. The entire business class was served with Michelin Green Star "Yang Ming Spring" low-carbon vegetarian meals, with over half of the passengers on board opting for vegetarian meals, surpassing the number of pre-orders for regular flights by tenfold, collectively achieving an innovative record for low-carbon vegetarian meals in business class. CAL also integrated the "ECO Travel" carbon offset program by purchasing carbon reduction credits from Climate Impact Partners, a leading environmental organization in the UK, to offset the remaining carbon emissions after implementing the aforementioned carbon reduction measures for the entire passenger and cargo transport, realizing net-zero carbon flights and maximizing sustainable value.

For the sustainable demonstrative flights, in-flight service items were collaborated with supplier partners to reduce the carbon footprint throughout the product life cycle and implement plastic reduction principles. The blankets, pillowcases, and headrest covers were made from recycled PET bottles, and the packaging also adhered to plastic reduction principles, employing paper bands instead of plastic bags. Additionally, tablecloths were continuously produced from recycled coffee grounds. Furthermore, in-flight catering services featured domestic teas with Rainforest Alliance Certified, locally produced cold-pressed juices, beverages with FSC forest certification packaging, and cutleries made from environmentally friendly materials. To reduce the amount of cabin waste for disposal, waste classification and recycling were conducted onboard simultaneously, promoting sustainable circular economy practices and alleviating the burden on the environment.



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Through the implementation of various environmental sustainability measures, CAL's sustainable demonstrative flight achieved a significant carbon reduction of approximately 150 metric tons, representing a 15-fold increase in performance compared to the previous year. This outstanding performance and the potential for sustainable development were highly recognized by the SkyTeam, earning CAL the prestigious "Best Inflight Supply Chain" and "Best Adopted Solution" awards.

CAL has been consistently extending feasible sustainable actions implemented during the demonstrative flights to our daily flights, steadfastly and steadily adding the ESG sustainability value to our flight services.

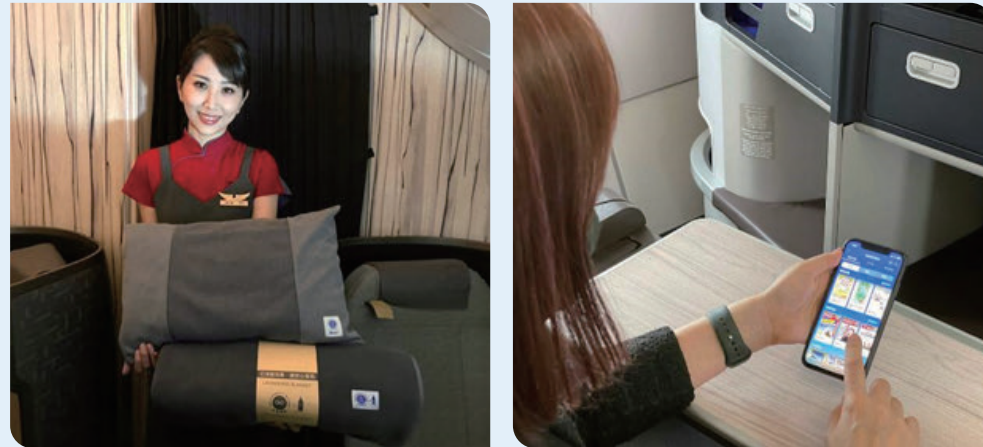


Figure 1: CAL continuously collaborates with supply chain partners to develop and adopt environmentally friendly textiles, cutlery, and other items, which are made from the recycled PET bottles and coffee grounds used in everyday life. This highlights CAL's comprehensive implementation of sustainability practices from ground services to in-flight services, a key factor in winning the "Best Inflight Supply Chain" award.

Figure 2: CAL promotes the use of its Dynasty Sky Reading service, where passengers can access unlimited downloads of hundreds of publications, contributing to reduce cabin weight and lower carbon emissions. This initiative not only explores and disseminates the potential for sustainable development but also received high recognition from SkyTeam. It has been incorporated into promotional programs adopted by various airlines, leading to its selection for the "Best Adopted Solution" award.

Management Approach

Material Issues

- Climate Change Mitigation and Adaptation
- Energy Management
- Environmental Operational Efficiency and Resource Management
- Green Services and Sustainable Catering
- Biodiversity

Importance of Material Issues

The 28th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP28) achieved UAE consensus, including measures such as reducing reliance on fossil fuels, increasing the proportion of renewable energy, improving energy efficiency, emphasizing fairness and justice in mitigation efforts, and enhancing the importance of adaptation measures. Additionally, the International Civil Aviation Organization (ICAO) and European Union (EU) countries continue to strengthen the promotion of operational initiatives for energy transition in transport. As a leading sustainable airline in Taiwan, CAL continues to enhance its corporate's Environmental Risk Management mechanisms, resource management, pollution prevention, systematic innovation, and internal and external engagement and collaboration. CAL is committed to providing passengers with environmentally friendly and sustainable products and services.

Commitment and Long-term Goals

Commitment

CAL is committed to abiding by relevant regulations in civil aviation, environmental protection, and energy, strengthening risk management mechanisms, actively participating in environmental sustainability-related organizations and initiatives both domestically and abroad, and implementing the Company's environment and energy policies. CAL continues to strengthen and optimize its own environmental sustainability as its momentum, reducing environmental impact, and cherishing the limited resources on the planet. Leveraging its influence, CAL will lead the Group and the aviation industry to jointly protect our planet for the sustainable development of future generations.

Long-term Goals



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Objectives and Plans

Corresponding SDG	2023 Objectives	2023 Action Plan	Performance	Achievement Rate	Short-term Targets (2025)
 	Improving annual aviation fuel efficiency by 1.5% and achieving carbon-neutral growth (ICAO CORSIA CNG2020)	<ul style="list-style-type: none"> Continuously using sustainable aviation fuel (SAF) Planning and increasing the installed capacity of renewable energy 	<ul style="list-style-type: none"> Increasing aviation fuel efficiency by 5% compared to 2022 Reducing carbon emissions in ground operations by 47.6% compared to 2009 Adding 30.6 kiloliters of sustainable aviation fuel (SAF) including commercial flight Mandarin Airlines promotes the utilization of sustainable aviation fuel (SAF) during the ferrying flight 	>100%	<ul style="list-style-type: none"> Improving annual aviation fuel efficiency by 1.5% and achieving carbon-neutral growth (ICAO CORSIA CNG2020) Use 2% SAF Reducing carbon emissions in ground operations by 5% compared to 2023
	Reducing carbon emissions in ground operations by 41% compared to 2009	<ul style="list-style-type: none"> Guiding Group company to complete the GHG inventory Implementing 12 fuel saving measures 		>100%	
	Reducing tap water withdrawal by 5% compared to 2018	<ul style="list-style-type: none"> Recycling and reusing rainwater, reclaim and waste water Adopting environmentally friendly aircraft cleaning solutions 	<ul style="list-style-type: none"> Reducing tap water withdrawal by 20% compared to 2018 	>100%	<ul style="list-style-type: none"> Reducing tap water withdrawal by 7% compared to 2018
	Reducing non-recyclable general waste in ground operations by 5% compared to 2018	<ul style="list-style-type: none"> Recycling and reusing waste paper meal boxes Reusing the pulp from waste paper containing confidential and sensitive information Adequate pre-treatment of industrial waste to attain standards for recycling Management of photocopy paper requests/printing Expanding the application scope of electronic documents Increasing the penetration rate of e-AWB in stations Implementing onboard resource sorting and recycling operations for 777/A350 Engaging with suppliers to develop environmentally friendly service items Managing the precision of meal preparation estimates Diversity of in-flight pre-select catering services 	<ul style="list-style-type: none"> Due to the retrofit project in maintenance area, the general waste increased by 33% compared to 2018 (Note 1). Increasing industrial waste recycling ratio to 58% Reducing paper consumption by 38% compared to 2018 Reducing in-flight waste by 25% compared to 2018 Reducing use of single use plastic items and packaging for in-flight services by 50% Reducing average food waste produced per person for in-flight services by 5% compared to 2020 	Not achieved	<ul style="list-style-type: none"> Reducing non-recyclable general waste in ground operations by 7% compared to 2018
	Increasing industrial waste recycling ratio to 43%			>100%	<ul style="list-style-type: none"> Increasing industrial waste recycling ratio to 45%
	Reducing paper consumption by 14% compared to 2018			>100%	<ul style="list-style-type: none"> Reducing paper consumption by 30% compared to 2018
	Reducing in-flight waste by 25% compared to 2018			100%	<ul style="list-style-type: none"> Using 10% of sustainably certified paper/wood items for in-flight/ground services
	Reducing use of single use plastic items and packaging for in-flight services by 50%			100%	<ul style="list-style-type: none"> Reducing in-flight waste by 50% compared to 2018 Reducing use of single use plastics items and packaging for in-flight services by 90%
	Reducing average food waste produced per person for in-flight services by 5% compared to 2020			100%	<ul style="list-style-type: none"> Reducing average food waste produced per person for in-flight services by 5% compared to 2023
 	Embargoing transport of illegal wildlife and prohibiting use of illegal species as food ingredients	<ul style="list-style-type: none"> Implement the Buckingham Palace Declaration Adopting and planting Cryptomeria-like Taiwanian and nurturing efforts on the land of Nanzhuang Forest Land in Miaoli Count 	<ul style="list-style-type: none"> CAL did not transport illegal wild animals and plants Continuously implementing the tree planting and care project in Heng-shan Calligraphy Park, Taoyuan Completing the tree planting and care project of Nanzhuang Forest Land 	>100%	<ul style="list-style-type: none"> Embargoing transport of illegal wildlife and prohibiting use of illegal species as food ingredients Starting from 2023, participating in and implementing 2 biodiversity conservation activities or initiatives

Note 1: The retrofit project in maintenance area includes phase-in multi-annual renovations of offices throughout the area, it is estimated to increase general waste by 33% . Efforts will be made to continuously enhance the recycling and reuse rate.



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Medium-term Targets (2030)	Long-term Targets (2040)
1. Improving annual aviation fuel efficiency by 1.5% and achieving carbon-neutral growth (ICAO CORSIA CNG2020) 2. Use 5% SAF 3. Reducing carbon emissions in ground operations by 15% compared to 2023 4. Renewable energy installed capacity reaching 10%(Note 1)of the contract capacity	1. Improving annual aviation fuel efficiency by 1.5% and achieving carbon-neutral growth (ICAO CORSIA CNG2020) (net zero emissions by 2050) 2. Use 40% SAF 3. Reducing carbon emissions in ground operations by 60% compared to 2023 (net zero emissions by 2050) 4. Renewable energy installed capacity reaching 15%(Note 1)of the contract capacity
1. Reducing tap water withdrawal by 10% compared to 2018 1. Reducing non-recyclable general waste by 12% compared to 2018 2. Increasing industrial waste recycling ratio to 50% 3. Reducing paper consumption by 50% compared to 2018 4. Using 50% of sustainably certified paper/wood items for in-flight/ground service needs 5. Reducing in-flight waste by 65% compared to 2018 6. Reducing use of single use plastic items and packaging for in-flight services by 100% 7. Reducing average food waste produced per person for in-flight services by 10% compared to 2023	1. Reducing tap water withdrawal by 12% compared to 2018 1. Reducing non recyclable general waste by 15% compared to 2018 2. Increasing industrial waste recycling ratio to 58% 3. Reducing paper consumption by 52% compared to 2018 4. Using 80% of sustainably certified paper/wood items for in-flight/ground service 5. Reducing in-flight waste by 70% compared to 2018 6. Reducing use of single use plastic items and packaging for in-flight services by 100% 7. Reducing average food waste produced per person for in-flight services by 25% compared to 2023
1. Embargoing transport of illegal wildlife and prohibiting use of illegal species as food ingredients 2. Starting from 2023, participating in and implementing 4 biodiversity conservation activities or initiatives	1. Embargoing transport of illegal wildlife and prohibiting use of illegal species as food ingredients 2. Starting from 2023, participating in and implementing 10 biodiversity conservation activities or initiatives

Note 1: This is not the proportion of electricity use. This is an additional target beside the Taiwan national power grid target (https://www.ndc.gov.tw/en/Content_List.aspx?n=2D918002A913582A). China Airlines expects to use 40% renewable energy by 2030 if Taiwan National Grid target is included

Unit in Charge

Corporate Sustainability Committee - Environmental Value Task Force (Corporate Environmental Committee)

Management Mechanisms

- The meeting of the Board of Directors and Risk Management Committee, every quarter
- The meeting of Corporate Sustainability Committee, at least twice a year
- The meeting of Corporate Environmental Committee and Environmental Management Committees, every quarter on a regular basis
- Environmental / energy / risk issues are included into routine executive reports
- Yearly execution of ISO 14001, ISO 50001, and ISO 14064-1 third-party verification
- Regularly response and review of important international sustainability and environmental protection questionnaires

Grievance Mechanism

CSR: CSR — E-Mail: csr@china-airlines.com



Stakeholder
Contact

2-3-1 Governance of Environmental Sustainability

As net zero carbon emissions by 2050 has become critical for both the domestic and international community, CAL implements adjustments in response to climate change and sets targets for improving the operational eco-efficiency by adjusting services, business models, and values to ensure environmental sustainability, coexistence with the ecology, and fulfill our commitments to the Earth.

Policy and Structure of Environmental Governance

CAL has established the environmental and energy management principles (compliance with environmental laws and regulations, resource conservation, improvement in eco-efficiency, and fulfillment of corporate social responsibility) and the Environmental and Energy Policy Statement according to the China Airlines Sustainable Development Best Practice Principles promulgated by the Board of Directors; in addition, CAL has integrated UN SDGs into its instructional strategies to align future business operations with the sustainable development concepts of environmentally friendly, low-carbon emissions, and energy conservation for a better future. Simultaneously, through rigorous corporate environmental and energy management systems and internal control mechanisms, CAL not only ensures the achievement of environmental sustainability targets and performance but also strive to mitigate corporate greenwashing risks.

In line with international trends, CAL established and published the only Forest and Biodiversity Conservation Commitment in Taiwan's transportation industry in 2022. We focus on the results of past social responsibility work and the goals of our global stakeholders and we are committed to leading the Group and our supply chain partners to protect global biodiversity and forest conservation by preventing the destruction of protected forests and species in business activities. We continue to strictly implement the Buckingham Palace Declaration to support the crackdown on illegal trade in animals and plants across the world. We do not use services, ingredients, or items that involve threatened and endangered species, and we support biodiversity conservation and afforestation carbon sink initiatives. In 2023, CAL further revised its Environmental and Energy Policy to cherish air, water, minerals, timber, and other resources. We aspire to minimize resource consumption and environmental/ecological impact across the entire value chain while providing high-quality services. We aim to show the utmost respect and give back the most in return while enjoying the services provided by the land/ecosystem. Through the Circular Economy Management Approach, we aim to create a business model that aligns with fairness and justice, achieves a transition towards net-zero or near-zero emissions, and promotes ecological prosperity.

Environmental and Energy Policy

CAL's commits to achieve the 2050 net zero, Net Positive Impact (NPI) of biodiversity and No Gross Deforestation targets, also continues to optimize environmental and energy management system, incorporates the life-cycle concept to examine our corporate context, including but not limited to global operations, air transport, passenger and cargo services, upstream and downstream distribution, and

logistics warehousing activities. Furthermore, we will endeavor to understand and respond to the needs and expectations of interested parties, assess related environmental risks and opportunities, and allocate sufficient resources to the ongoing improvement of the following environmental and energy policies as well as management measures.

Environmental and Energy Principle	Environmental and Energy Policy	Strategies
Complying with Environmental Laws and Regulations	Enforcing compliance obligations to fulfill the Company's responsibilities in environmental protection and energy conservation	<ul style="list-style-type: none"> Through regular and irregular compliance review to perform a zero-penalty/punishment target Actively participate in meetings of the domestic and international industry and relevant initiatives to grasp international environmental trends and implement risk and opportunity management
	Improving environmental and energy management systems, setting and achieving management objectives to verify compliance with established policies.	<ul style="list-style-type: none"> Continuously optimize and enhance the effectiveness of corporate environmental and energy management systems Establish and review environmental sustainability targets and commitments, while continuously improving environmental and energy performance
Conserving the Earth's resources	Promoting environmental and energy conservation education to foster employees' eco-awareness	<ul style="list-style-type: none"> Providing waste and management diverse channels for appropriate training to promote employees' understanding of the environmental impacts on their business activities Establish incentive mechanisms to encourage employees to propose and implement creative environmental protection solutions
	Supporting green design and procurement to increase overall eco-efficiency	<ul style="list-style-type: none"> Implementing green design, sustainable and local procurement, and due diligence in mergers and acquisitions, investment, vendor selection, and procurement operations Innovating and developing environmentally sustainable services and products Promoting and fostering awareness and culture of green consumption
Improving Eco-Efficiency	Fostering a low-carbon operating environment to establish continual improvement of environmental and energy efficiency performance	<ul style="list-style-type: none"> Implementing environmental and energy-saving measures across various business activities (including products, services, transport, and administrative support) to reduce environmental impact Increasing the proportion of low-carbon and renewable energy in commercial facilities and transportation services throughout the entire value chain
	Practicing waste management and economy to minimize resource consumption and negative environmental impacts	<ul style="list-style-type: none"> Minimizing resource usage while maximizing its efficiency and benefits Introducing circular economy thinking to manage the issue of waste recycling Inventorying energy and resource consumption and environmental impact hotspots, and devising corresponding strategies and mitigation measures
Fulfilling Social Responsibility	Strengthening suppliers and partners engagement to optimize green supply chain management	<ul style="list-style-type: none"> Implementing supply chain environmental risk management, engagement, and auditing through the Supplier Code of Conduct (including group company) Promoting environmental and energy-saving initiatives and strengthening communication, engagement and cooperation to enhance environmental sustainability awareness among internal and external stakeholders



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CAL was the first Taiwanese airline to establish the Corporate Environmental Committee in 2011. The President serves as the representative of the top management, and the Corporate Safety Office acts as the executive secretary. Five environmental management committees and the Aviation Fuel Management Working Group were established based on business activities. These efforts are complemented by the establishment and operation of risk management systems that meet international standards. Through participation in international initiatives and domestic and

international environmental sustainability platforms, CAL keeps abreast of global trends. This enables the identification and management of environmental, energy, and climate change risks and opportunities for headquarters, domestic and international branches, maintenance, passenger and cargo services, as well as for supply chain and value chain partners. This comprehensive approach also encompasses relevant matters such as improving aircraft fuel efficiency, covering the entire spectrum of corporate operations.

Counterparties for Engagement	Topic	Engagement Methods and Outcomes
Organizations from International Aviation Industry	Environmental sustainability issues in the aviation industry include climate change adaptation, cabin waste management, carbon emissions calculation tools, and more.	<ol style="list-style-type: none">1. Participated in over 15 meetings, conferences, and communication platforms of international organizations and aviation alliances such as ICAO, IATA, AAPA, and SkyTeam. These engagements involved in-depth discussions on environmental sustainability issues, management strategies, and actions within the industry. CAL proactively sought consensus and viable solutions to address these challenges.2. Attending regular monthly communication meetings on environmental sustainability policies hosted by IATA and participating in the Environment Working Group (EWG) meetings of AAPA. Additionally, serving as the chairperson for the 33rd EWG meeting.3. Engaged in over 10 sessions organized by IATA discussing topics such as Sustainable Aviation Fuel (SAF), sustainable cabins, carbon footprint calculators, and the transportation of illegal wildlife, among others.4. Engaged in and signed the IATA CO₂ Connect Carbon Emissions Calculator Program to understand the improvement and development trends of international carbon footprint calculation tools.5. CAL actively participating in over 10 sessions of communication and exchange on sustainability issues within airline alliances such as SkyTeam, including the Sustainable Flight Challenge pre-meeting, Sustainable Development Goals (SDGs) development meeting, etc. Through these engagements, CAL aims to learn and deepen its environmental sustainability management strategies and measures.6. CAL completed the IATA survey on single-use plastic products and cabin waste issues and participate in discussions and exchange on the analyzing results.
International Industry Organizations	Issues such as carbon management, carbon pricing strategies, renewable energy development, cabin waste, and plastic reduction.	<ol style="list-style-type: none">1. CAL participated in international conferences such as Aviation Carbon and the International Aviation Sustainability Forum to monitor and exchange ideas on the overall international aviation carbon market and sustainable aviation fuel.2. Maintaining open communication with benchmarking-friendly airlines through regular phone calls and online meetings, seeking emerging topics such as cabin waste, plastic reduction performance improvement, and goal-setting mechanisms.
Domestic Government Organizations	The development trends of sustainability issues in the aviation industry and experiences in promotion, as well as domestic environmental advocacy efforts.	<ol style="list-style-type: none">1. Serving as the Executive Director of Taipei Airlines Association, proposals are made and lobbying documents are drafted to encourage the Taiwanese government to develop strategies in response to international trends in sustainable fuel development.2. Participated in 6 meetings of the Task Force of Civil Aviation Administration, MOTC, the SAF discussion meetings, and the APEC Transportation Working Group meetings, jointly organized by the Ministry of Foreign Affairs, ROC (Taiwan) and the Ministry of Transportation and Communications, exchanging views on flight safety and sustainability governance issues.3. Participated in industry expert symposiums organized by the Ministry of Environment and the Taiwan Carbon Solution Exchange, sharing international industry information and operational experiences.4. Invited to attend central and local government officials' education and training sessions to share experiences in environmental protection in the aviation industry.5. Actively responding to and signing agreements such as the Green Office Alliance, plastic reduction initiatives, and participating in regional joint prevention against toxic chemical incidents.
Domestic Environmental Sustainability Promoting Organizations	Environmental sustainability governance and carbon reduction in the aviation industry.	<ol style="list-style-type: none">1. Invited to serve as an Advisory Director for the Taiwan Center for Corporate Sustainability, and periodically serve as a speaker to share information on sustainability in the aviation industry and promote experiences, according to the theme of the meetings. Additionally, assisting in promoting important issues through collaboration and engagement.2. Served as Executive Director of the Association of Atmosphere Protection in Taiwan (AAPT), participating in the decision-making of organizational management, and promoting the strategic engagement of the government-industry-university-institute in response to the issues of global atmospheric protection and climate change.

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CAL's Corporate Environmental Committee effectively integrates strategies and management resources for addressing environmental, energy, climate change, and biodiversity risks and opportunities through quarterly management meetings. Key decisions are also reported to the Board of Directors and its relevant committees through regular updates. Furthermore, CAL has established several functional task forces, including the Carbon Management Task Force, Sustainable Aviation Fuel Task Force, and TCFD Task Force, to facilitate cross-departmental collaboration and flexible resource allocation. In 2023, CAL further developed its "Corporate Environmental and Energy Management Information System" to enhance the efficiency and accuracy of data collection. In the future, there will be a continuous expansion of visualization functions and an increase in the scope of application for comprehensive management of environmental and energy-related information.

To inspire employees' awareness and action towards environmental and energy saving, CAL holds an annual "Excellent Environmental Management Committee Competition." This evaluates and recognizes Environmental Management Committee and Aviation Fuel Management Working Group with outstanding environmental performance for the year. The winners are awarded by the President, accompanied by administrative and monetary incentives. In addition, CAL has set up an "Employee Suggestions" platform on its corporate website to encourage employees to submit their ideas, with corresponding monetary rewards. In promoting fuel-saving measures for aircraft, CAL emphasizes the importance of "implementation" to ensure optimal performance of various fuel-saving measures under the premise of "safety first". It has formulated the "SOP for Fuel Saving Incentives" and the "Quality Operation Incentive Program" to encourage colleagues to discover feasible fuel-saving measures that are safe and cost-effective. Outstanding flight crew members executing these measures will be rewarded accordingly.

For detailed management information, please [Refer to CAL Sustainability website under Environmental Sustainability - ECO Action](#)

Note: TCFD refers to Task Force on Climate-related Financial Disclosures

CAL Environmental Management Operation Logics



Topics	Management Tools (Note)	Objectives	Management Authority / Organization
Climate Change	ISO 14001, ISO 50001, ISO 14064-1, TCFD, CDP, SBTi	<ul style="list-style-type: none"> Attain net zero emissions by 2050 and increase resilience for responding to climate change 	Corporate Environmental Committee, Carbon Management Task Force, TCFD Task Force
Aviation Fuel (Including SAF)	ISO 14001, ISO 50001, ISO 14064-1	<ul style="list-style-type: none"> Increase aircraft fuel efficiency and establish efficient fleets and networks 	Aviation Fuel Management Working Group, Sustainable Fuel Research Task Force
Environmental Issues	ISO 14001, ISO 50001, DJSI, TNFD, domestic and international sustainability evaluation indicators	<ul style="list-style-type: none"> Improve eco-efficiency, create an environmental sustainability brand Enhance the sustainable value of the supply chain and value chain (business partners) 	Corporate Environmental Committee, Five environmental management committees

Note: Please refer to the Corporate Sustainability Website for the scope of the system standards.



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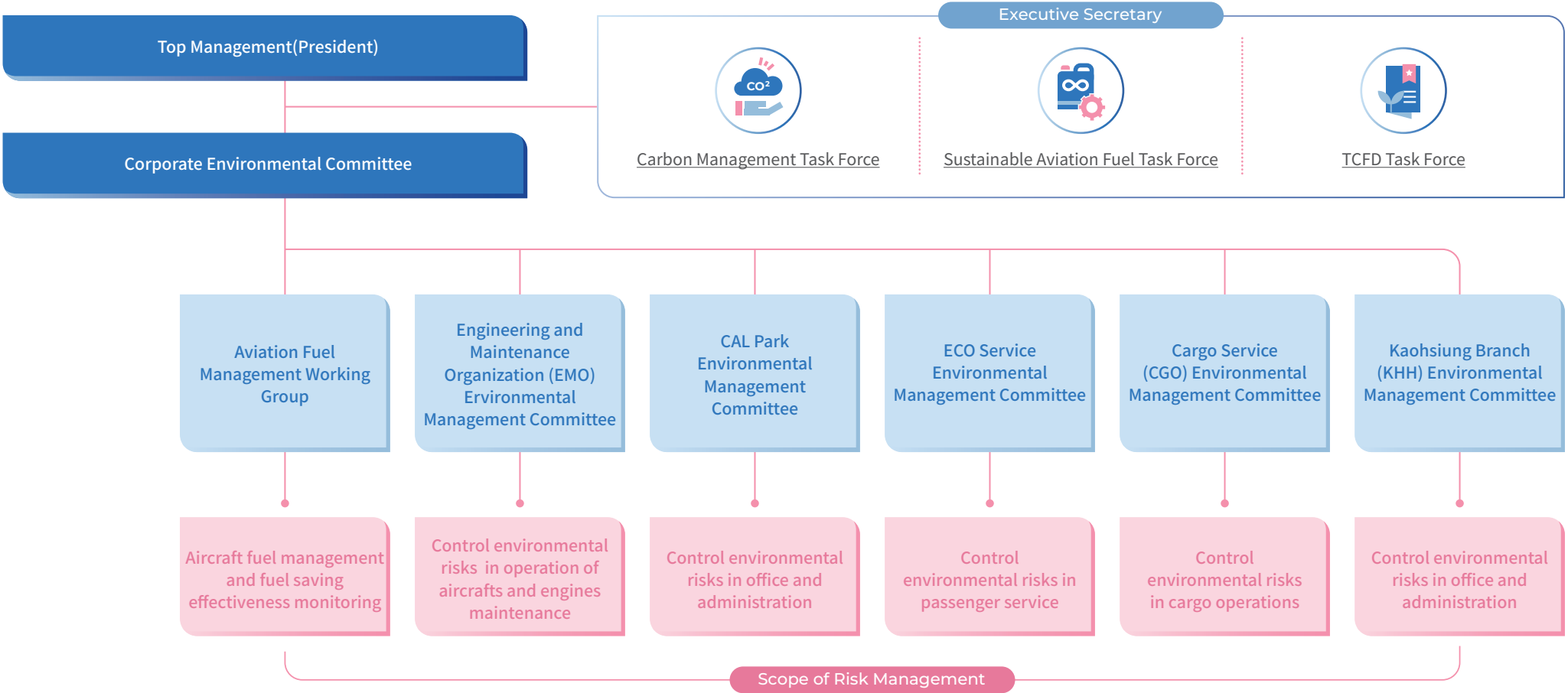
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Corporate Environmental Committee Organization



Identification of Environmental Risks and Opportunities GRI 201-2

CAL provides passenger and cargo services as well as aircraft maintenance services, involving issues such as climate change mitigation and adaptation, resource consumption, pollution prevention, waste and food waste management, toxic and chemical substances, reduction to single-use plastic products, and biodiversity conservation. By actively engaging with stakeholders both domestically and internationally and staying abreast of environmental trends, CAL has identified nine major environmental issues relevant to its operations. These have been integrated into key points of the Company's environmental risk and opportunity management, with proactive measures put in place to address them. Additionally, other issues are continuously being improved through the operation of the Company's environmental management system.

2023 Ranking			
1	Aviation carbon emission management (3)	11	Control of toxic and chemical substances (2)
2	Climate change adaptation (3)	12	In-flight drinking water management (3)
3	Green supply chain management requirements (2)	13	Control of industrial and domestic wastewater (3)
4	Aircraft energy efficiency improvement (2)	14	Ground operation waste control (2)
5	Biodiversity conservation (3)	15	Ground water resources management (3)
6	Circular economy and innovation model (2)	16	Aircraft takeoff and landing noise control (3)
7	Ground operations energy (carbon) management (3)	17	Ground operation air pollution control (3)
8	Cabin waste and food waste management (2)	18	Aircraft air pollution control (2)
9	Single Use Plastic (SUP) (2)	19	Passenger environmental protection awareness improvement (3)
10	New technology and energy development (1)		

Note: The numbers in parentheses represent adaptivity, i.e., the size of the circles in the following diagram.

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Material Environmental Risk Topic	Risk	Opportunity	Management Method
1. Aviation carbon emission management	International carbon emission regulations and public awareness are increasingly stringent, adding pressure on carbon reduction actions and compliance costs.	By reducing carbon emissions and creating carbon credits, costs can be saved, and revenue increased.	Promoting climate governance through the TCFD operational mechanism involves advancing mitigation and adaptation measures, including: (1) Actively engaging in domestic and international collaboration to stay informed about the latest developments of regulations and market trends. (2) Strengthening management mechanisms and the response capabilities of each unit in accordance with the TCFD mechanism. (3) Strengthening climate change prediction, preparedness, and emergency response mechanisms. (4) Continued support for scientific research projects conducted by organizations such as IAGOS-PGGM and IATA. Refer to 2-3-2 Nature & Climate Change Mitigation and Adaptation.
2. Climate change adaptation	Increasing frequency of extreme weather events such as heat waves and heavy rainfall will impact the Company's daily operations.	Proper response will strengthen corporate resilience, reduce impact costs, and maintain reputation.	
3. Green supply chain management requirements	The international financial system is highly focused on sustainability issues, continuously enhancing governance and disclosure requirements to promote sustainable investment, resulting in increased regulatory risks and operating costs.	It enhances the sustainability competitiveness in terms of the value chain of the industry and promotes green business opportunities and new business models.	Continuously promote the Supplier Code of Conduct, strengthen sustainable risk management, and enhance collaboration and project cooperation to improve the achievements in environmental sustainability of suppliers and value chain partners.
4. Aircraft energy efficiency improvement	Accelerate the introduction of new generation energy-efficient aircraft and fuel-saving technologies as well as expand the proportion of sustainable aviation fuel utilized, which will increase operational costs.	Improve aircraft fuel efficiency while reducing fuel consumption and carbon emissions, which will reduce operational and regulatory costs.	Perform fleet renewal, introduce fuel-saving technologies / sustainable fuels, improve the passenger load factor, as well as optimize routes and air traffic management operations, as detailed in the CSR website
5. Biodiversity conservation	The loss of biodiversity and deforestation will exacerbate the impacts of climate change, while improper management may also lead to reputational damage.	The changes in domestic and international ecosystem have led to the emergence of new ecotourism destinations and demands. There is an increased market demand for eco-friendly agricultural products and natural resource packaging materials.	Incorporate biodiversity issue into the corporate environmental risks management mechanism, the "Forest and Biodiversity Conservation Commitment" has been established, and tools such as biodiversity risk analysis, reference to TNFD (NOTE), Natural Capital Protocol, and the Science Based Targets Network are utilized. These tools aid in identifying the impacts, dependencies, risks, and opportunities related to biodiversity in our own and upstream/downstream operational activities. Based on this analysis, strategies and corresponding management targets and indicators are developed, including supporting ecological initiatives and implementing sustainable procurement practices. Refer to 2-3-2 Nature & Climate Change Mitigation and Adaptation.
6. Circular economy and innovation model	Circular economy is one of the most important measures for attaining net zero carbon emissions, and product development and procurement increase costs.	Accounting for the environmental cost in the life cycle of products and services can help reflect their true value, which can be used as references for decision making.	Work with suppliers in industry cooperation and mutual learning to innovate product design and reshape design, production, and consumption patterns.
7. Ground operations energy (carbon) management	The domestic carbon fee mechanism is currently being planned for implementation, while the Financial Supervisory Commission (FSC) is expanding the scope of GHG inventory and verification requirements. It is anticipated that there will be increased regulatory efforts on carbon emissions management in the future, leading to higher operating costs.	Early deployment of renewable energy facilities and related resilient infrastructure in line with international trends can help save on electricity costs and alleviate long-term regulatory costs.	Implementing an energy efficiency monitoring system, continuously expanding renewable energy installations and charging stations, and providing guidance to group companies to enhance their capability in GHG inventory, including inventory tools, internal verification, and management mechanisms establishment.
8. Cabin waste reduction	The sustainable cabin (including food waste management) issue is receiving international attention, and reducing cabin waste involves adjusting operational processes and engaging with suppliers, which increases operating costs.	Reducing the output of cabin waste can decrease waste disposal costs, prevent food waste, and create opportunities and benefits for a circular economy.	Establishing task forces to review and continuously optimize operational processes, such as promoting resource sorting and recycling operations for 777/A350, controlling surplus meal rates, setting reduction objectives, and actively engaging with suppliers to manage solutions.
9. Single Use Plastic (SUP)	Restrictions on the use of the Single Use Plastic products have been expanded from Europe to other countries/routes, and there is also a focus on packaging reduction, leading to increased regulatory costs.	Systematically inventorying and planning alternatives, considering performance in fuel consumption reduction, waste reduction, plastic reduction, etc., to reduce compliance risks and regulatory costs, thus adding value to sustainable services.	Monitoring regulatory trends and the market development of alternatives, integrating with supply chain and cross-industry collaborations, devising alternative solutions and setting reduction targets, continuously conducting rolling reviews and improvements while considering both the Company's operations and supply chain conditions.

Note: Task Force on Nature-related Financial Disclosures (TNFD)

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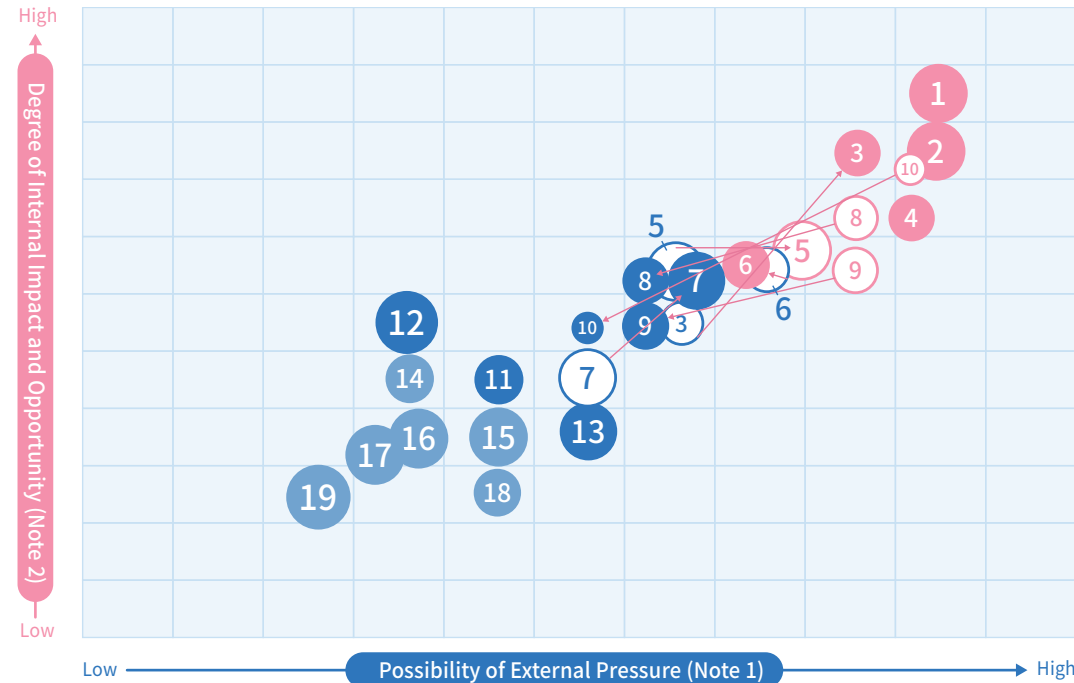
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CAL Environmental Risk and Opportunity Matrix



Note 1: X-axis represents the possibility of the issue in the global trend of development and control.

Note 2: Y-axis represents the degree of impact and opportunity of the issue on CAL.

● The size of the circle represents the adaptation of CAL to the issue (a larger circle means better action and adaptation).

● Light circles represent data from the previous year and darker circles represent data from this year.

→ The arrow indicates the difference in displacement from last year.

2-3-2 Nature & Climate Change Mitigation and Adaptation

GRI 304-1, 304-2,
304-3, 304-4

Implementation of Management Mechanisms for Natural and Climate Change

CAL became the first airline in Taiwan to adopt the Task Force on Climate-Related Financial Disclosures (TCFD), and has published the independent "Climate-Related Financial Disclosure Report" on an annual basis. In 2024, CAL further aligns with the recommended principles of the Task Force on Nature-Related Financial Disclosures (TNFD), integrating TNFD mechanisms with existing TCFD operations to enhance management practices concerning both nature and climate change issues.



Concern for
Climate Change

Governance Framework and Risk Management Processes for Nature and Climate Change

CAL has established a cross-unit TCFD Task Force from 2019 and monitored climate-related risks and opportunities through the Corporate Sustainability Committee and Environmental Committee. In 2024, nature and climate-related issues have been further integrated into TNFD consideration. Key achievements will also be reported annually to the Board of Directors for supervision and management. Below is the Nature and Climate Governance Framework of CAL.

In 2022, CAL formulated and released the "Forest and Biodiversity Conservation Commitment," signed by the Chairman and the President. In 2023, CAL further uses biodiversity risk analysis, refer to TNFD, Natural Capital Protocol and Science Based Targets Network to identify biodiversity impacts, dependencies, risks and opportunities in our own and upstream/downstream operational activities. Based on this analysis, strategies and corresponding management targets and indicators are developed, including the addition of 2 targets and plans of biodiversity conservation.

The Nature and Climate Governance Framework



zCAL has integrated the topics of nature and climate change into its management mechanisms by adopting the operational processes of TCFD and TNFD. It has established internal operating procedures and devised specific execution measures for governance, strategy, risk management, and metrics and targets. With a spirit of continuous improvement, CAL aims to enhance overall management of nature and climate-related risks and opportunities.

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Stakeholder Engagement

CAL is committed to achieving sustainable development and pursuing the concept of environmental coexistence and social prosperity. We understand that climate change is closely related to biodiversity, and for businesses, promoting climate change mitigation should be balanced with ecological conservation and community well-being. Therefore, CAL has incorporated biodiversity issues into its group, outstation, and supplier risk management investigation questionnaires, analyses, assessments, and response operations to fully understand the risks associated with its own and upstream and downstream operations. At the same time, we adhere to the Company's human rights policy to safeguard the rights of stakeholders. Through education and training, as well as Group and the Supplier Code of Conduct, we require colleagues and suppliers to fulfill their responsibilities in conducting due diligence.

For detailed information regarding the human rights policy, please refer to 2-4-1 Human Rights Management Framework.

HIGHLIGHT

Flight For Ecosystem Conservation

Mandarin Airlines continues to assist the Taipei Zoo in executing the Kinmen Blue-tailed Bee Eater Abandoned Egg Incubation Project. Each year, research teams collect abandoned eggs of the blue-tailed bee eaters in their habitat in Kinmen. Mandarin Airlines is responsible for transporting these eggs from Kinmen to Taipei. Subsequently, the Taipei Zoo transfers them to its bird incubation room for research purposes. As of now, a total of 464 abandoned eggs have been transported, and 10 blue-tailed bee eaters (7 males and 3 females) have been successfully hatched and cared for. Mandarin Airlines has been actively and consistently involved in wildlife conservation efforts, contributing to the preservation of nature.



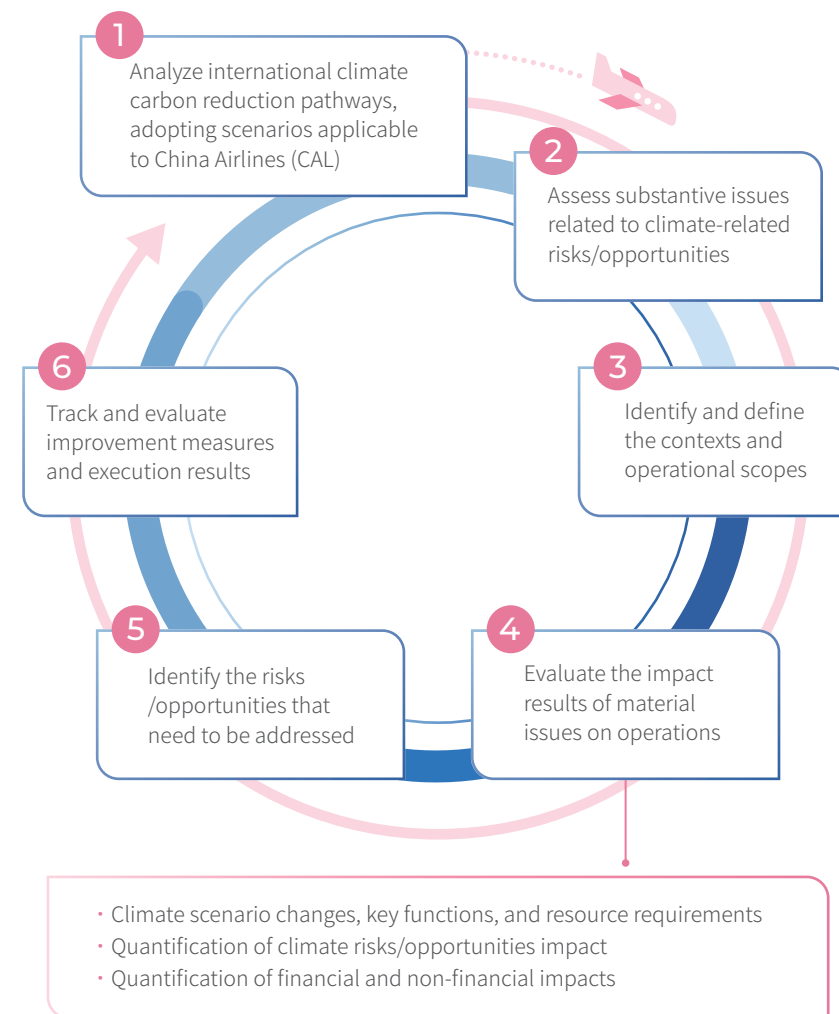
Mandarin Airlines assists in the transportation of abandoned eggs of the blue-tailed bee eaters.



The stunning appearance of the blue-tailed bee eaters

Analysis of the Impact of Climate Scenarios on Business Operations

CAL evaluates the impact of various factors on its global operations and destinations, company assets (including aircraft, offices, and facilities), upstream supply chain, and downstream customers, with reference to reports such as the IPCC Sixth Assessment Report (AR6), IEA B2DS, national NDCs, etc. Scenarios at 1.5°C, 2°C, and 3°C are considered, taking into account factors such as regulatory requirements, market demands and changes, technological developments and trends, market competition, and natural environmental factors. This analysis helps assess the short, medium, and long-term impacts on the Company's global operations, financial situation, resources, and reputation. The process and results of the analysis on the impact of climate scenarios are as follows:



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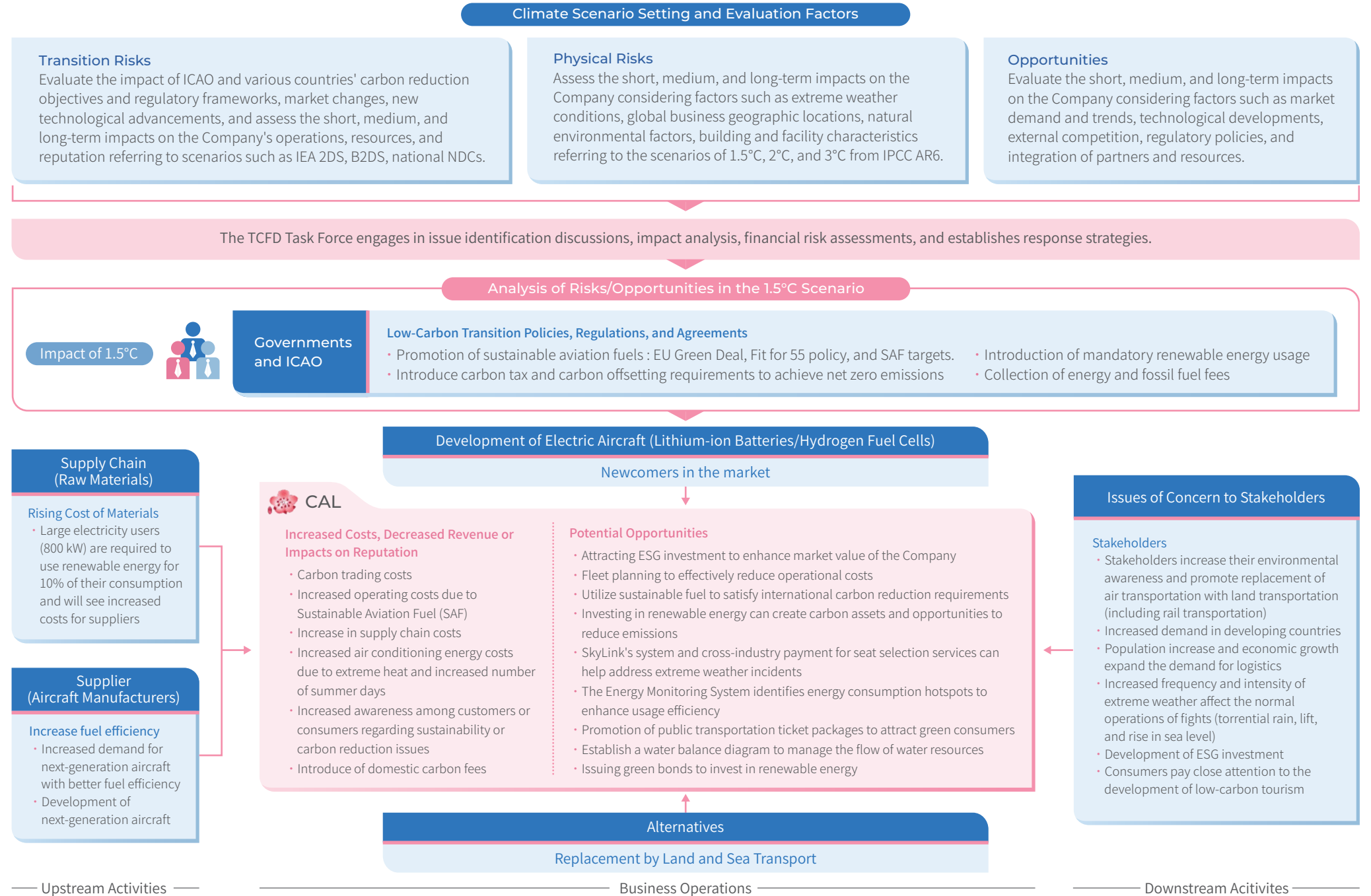
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Analysis of Impact on Operations (under 1.5° C scenario)



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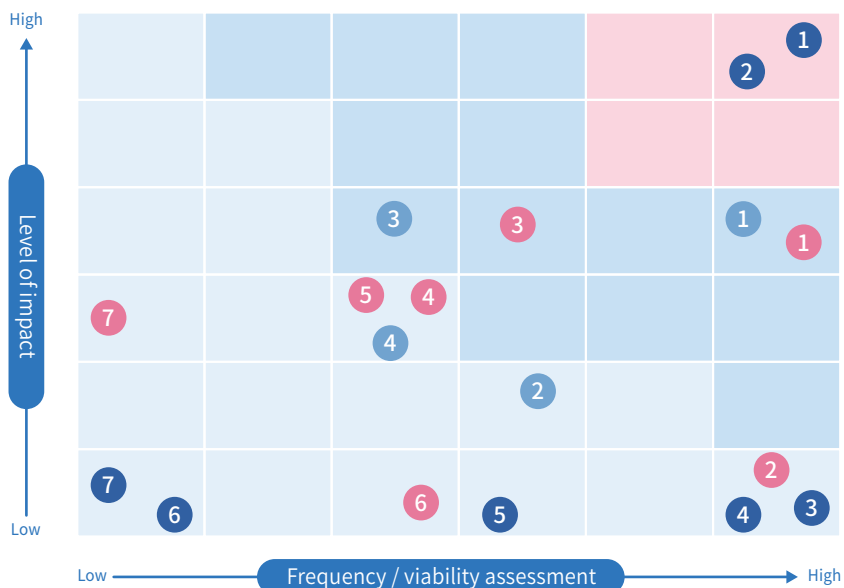
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Financial Impact Analysis of Short, Medium and Long-Term Climate-Related Risks and Opportunities

Through the internal risk management mechanisms, CAL conducts identification, evaluation, responses, and review processes for the aforementioned climate issues. This includes risk matrix analysis for the short (by 2025), medium (by 2030), and long term (by 2040 to 2050) periods, as illustrated in the figure below, along with quantification of financial impacts. Please refer to the "CAL Task Force on Climate-Related Financial Disclosures (TCFD)" for the comprehensive analysis.



Opportunities

1. Fuel saving flight network
2. Reduce energy costs
3. Improve the Company's image and revenue
4. Increase resilience to extrem weather
5. Improve management of water resources
6. Issue green bonds to invest in renewable energy
7. Invest in renewable energy to achieve net zero emissions targets

Transition risks

1. Cost of sustainable fuels
2. Cost of carbon offsetting and trading
3. Cost of renewable energy
4. Supplier management
5. Issues of concern to stakeholders
6. Impact of high temperatures on increased energy costs
7. Impact of carbon tax on the cost of aviation materials

Physical risks

1. Disappearance of routes (low terrain)
2. Flooding (torrential rain, rise in sea level)
3. Drought
4. Impact of extreme weather on Flight operation

Climate Change Objectives, Mitigation and Adaptation, Strategy and Actions

	Response item	Objectives	Specific Actions in 2023
Governance	Strengthen climate governance	Continue to submit climate governance reports to the Board of Directors	<ol style="list-style-type: none"> 1. Reported climate governance (including nature resources and biodiversity issue) reports to the Risk Committee of the Board of Directors 2. Quarterly report on corporate and Group greenhouse gas management progress and performance to the Board of Directors
	Enhance management supervision and cross-departmental operations	Meet corporate governance and green finance requirements	<ol style="list-style-type: none"> 1. Implemented TCFD and referred to standards, guidance and requirements such as SASB, IFRS S2 and TNFD etc. 2. Implement continuous management of short, medium, and long-term ESG results
Strategy	Enhance TCFD capabilities	Increase the comprehensiveness and depth of quantified financial information	<ol style="list-style-type: none"> 1. Implemented standard operating procedures (SOP) 2. Continued to implement the cross-unit operation information platform
	Climate response strategies and management	Increase resilience for responding to climate change risks	<ol style="list-style-type: none"> 1. Incorporated climate risks and opportunities into the Company's overall strategies and plans and implement related response actions 2. Integrate climate change impact issues into route planning, operational performance review, and other operations. Develop timely contingency strategies and adjust operational planning accordingly 3. Formulated policies and management measures on the Forest and Biodiversity Conservation, integrating them into supply chain management
	Participate in important engagements	Increase the understanding of international climate change issues and regulatory requirements	<ol style="list-style-type: none"> 1. Participated in international and Taiwan's important climate policy engagement platforms, monitored policy development trends, and gained influence 2. Lobbied the industry, government, and academia to create a development strategy for sustainable aviation fuel in Taiwan 3. Continued to intensify participation in the IAGOS-PGGM international climate change scientific research program 4. Actively engage in execute initiatives for forest and biodiversity conservation



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	Response item	Objectives	Specific Actions in 2023
Risk Management	Strengthen the risk management mechanisms for the corporate value chain	Increase resilience for responding to climate change risks	<ol style="list-style-type: none"> 1. Combined the CAL value chain and the environmental risk management mechanism, continue to implement and expand the GHG inventory and environmental (including natural resources) and energy risk assessments of key suppliers, strengthened the detection of climate risks and opportunities as well as management, and enhanced the capability of continuous operations in response to extreme weather 2. Responded to Financial Supervisory Commission requirements and expanded the inventory of greenhouse gas emissions of overseas branches and help subsidiaries in the Consolidated Financial Statements gradually set up greenhouse gas management operations and capabilities
	Strengthen the existing enterprise risk management mechanism	Implement risk management and strengthen emergency response mechanisms	<ol style="list-style-type: none"> 1. Incorporate climate factors into the existing enterprise risk management mechanism to strengthen climate risk / opportunity detection, response, and control capabilities in all units 2. By integrating data from the IAGOS-PGGM project with outputs from our company's 777F turbulence detection algorithm software, CAL contributes to the United Nations' international climate change efforts and the global turbulence research of IATA, and also strengthen our own climate resilience in route management and operations
	Respond to international carbon transition risks	Meet ICAO, EU, and other international regulations for carbon reduction	<ol style="list-style-type: none"> 1. Participated in the carbon offsetting and reduction plans of the international aviation industry 2. Continued to enhance MRV capacity for EU ETS, UK ETS, and CORSIA mechanisms 3. Studied and performed carbon rights / credit transactions
	Implement carbon reduction and energy transformation	Net zero emissions in operating activities by 2050	<ol style="list-style-type: none"> 1. Enhanced monitoring of electricity consumption and installed dedicated electricity meters on equipment / processes with high energy consumption 2. Continued to perform replacement and renewal of high-energy-consuming facilities 3. Installed renewable energy facilities such as solar PV and set and achieve installed capacity targets 4. Enhanced energy management systems and improvement of their effectiveness 5. Collaborated with international oil companies on Sustainable Aviation Fuel (SAF) promotion initiatives
	Continuously optimize GHG inventory	Expand the scope of the inventory and increase the quality of the data	<ol style="list-style-type: none"> 1. Continued to conduct greenhouse gas emissions inventory at global operating areas in accordance with ISO 14064:2018, covering categories 1-6 greenhouse gas emissions both inside and outside the organization every year, and improve the quality of greenhouse gas emissions data 2. Deepened and expanded GHG inventory and verification operations for group companies and overseas branches
Metrics and Targets	Implement carbon emission reduction targets and KPIs	Attain short, medium, and long term GHG reduction targets and net zero emission target for 2050 and pass SBTi certification	<ol style="list-style-type: none"> 1. Signed the Science Based Targets initiative (SBTi), planning to improve fuel efficiency by 26% by 2030 2. Established 82 KPIs in environmental protection and carbon emission reduction and the President convened quarterly meetings of the Environmental Committee to review the outcomes of implementation
	Attain flight carbon reduction objectives	Attain short, medium, and long term GHG reduction targets and net zero emission target for 2050	<ol style="list-style-type: none"> 1. Continued to promote fleet renewal, aircraft / cabin weight reduction, flight optimization, and O&M improvement 2. Implemented fleet planning in accordance with medium and long-term business growth and carbon reduction trends 3. Continued to improve aviation fuel efficiency, increased loading factor, and focused on the development of new technologies and low carbon aircraft for purchase at an appropriate time 4. Continuously promoted SAF usage and invited corporate customers to support and participate
	Increase fuel efficiency	Increase the efficiency of company operations and fuel consumption	<ol style="list-style-type: none"> 1. Continued to promote aviation fuel-saving operations, to increase fuel efficiency annually 2. Optimized route/network planning and developed the most suitable passenger / cargo fleet in response to the epidemic and market development trends

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Strategies and Risk Management Related to Natural Impact Mitigation

CAL recognizes that we share the same Earth and environment with wildlife, plants, and other species. More importantly, we are just a part of it, and we should coexist harmoniously with other species to ensure the sustainability of the Earth and its environment. To identify the impact and dependence relationship between the operations and biodiversity, as well as to identify risks and opportunity issues, CAL referred to the TNFD framework and LEAP methodology, and used databases and spatial risk analysis tools to take inventory of CAL's worldwide stations, group companies with direct management, top 10% of key tier-one suppliers by procurement amount, and downstream partners (such as airport hotels). Subsequently, CAL identifies significant risks or opportunity issues under different scenarios, formulates corresponding strategies and operational targets, and selects applicable management metrics accordingly. The results are reported through the corporate climate risk reporting mechanism. They are submitted to the Corporate Sustainability Committee and the Environmental Committee for risk and opportunity management. Summaries are then provided to the Board of Directors for supervision and management.



Spatial Risk Identification Results

CAL utilizes the Biodiversity Risk Filter (BRF), a biodiversity assessment tool developed by the international organization WWF, in conjunction with integrated tools developed by the Forestry and Nature Conservation Agency to overlay maps of biodiversity hotspots, important wildlife habitats, wildlife conservation areas, nature reserve and conservation areas, and state-owned forestry areas for verification purposes. The results indicate that none of our operational locations in Taiwan are located within or adjacent to the aforementioned areas. Although approximately 3% of our operational sites outside Taiwan are classified as being in high biodiversity risk areas, it should be noted that the current BRF tool categorizes the aviation industry under the transport services sector, which may not fully align with the actual operations and potential impacts of airlines. Upon detailed examination and assessment, it has been determined that the aforementioned high-risk airport areas are all subject to strict regulations and rigorous monitoring by local governments. As for our main operational activities, they are primarily located within airport areas where we strictly adhere to regulations set by airport authorities and government bodies. Our sales outlets are situated in downtown commercial areas, which pose relatively minimal impact on local ecosystems and biodiversity. Therefore, our overall impact is considered low.

Among the key tier 1 suppliers, the top 10% by procurement value are all fuel suppliers. Given the impact of this industry, biodiversity impacts have drawn widespread attention. 40% of these suppliers have adopted spatial analysis tools to identify high biodiversity risk operational sites and implement corresponding mitigation measures, while 80% have promoted on-site/off-site restoration initiatives. CAL will continue to collaborate with key suppliers, encouraging them to reduce ecological disturbances caused by their operations and allocate more resources to risk identification and mitigation measures (avoidance, minimization, restoration, compensation).

Impact / Dependency and Risk / Opportunity Assessment Results

CAL employs a comprehensive approach encompassing the entire transport service process, including planning, procurement, supply of products, flight operations, maintenance, and other upstream and downstream business processes. Using ISO 14001 life cycle perspective and environmental aspects identification logic, CAL incorporates scenario setting, LEAP analysis tools, and ecological realm classification as outlined in the TNFD framework, with 2035 as the dividing point for short-term and medium- to long-term" planning. This approach involves considering the changes in natural ecosystems, national policies and regulations, the scale of actions, and customer awareness as scenario conditions. This includes Scenario 1 - "Ahead of the game" and Scenario 2 - "Go fast or go home," analyzing potential impacts and dependencies, identifying and assessing associated risks and opportunities, and their significance. Summary of Material Short-term and Medium- to Long-term Risks/Opportunities is as follows.

Short-term Material Issues	Impact / Dependency	Risk / Opportunity Category	Response Strategies
Aircraft technology enhancement can reduce greenhouse gas and air pollutant emissions.	Impact	Transition opportunities	1. Participating in international collaborative engagement platforms to enhance dialogue 2. Considering fuel efficiency and ESG performance when purchasing aircraft 3. Engaging in ESG-related dialogues and collaborations with aircraft and equipment manufacturers
Utilizing Single Use Plastic products or packaging materials	Impact	Transition risks	1. Inviting suppliers to sign the Supplier Code of Conduct 2. Packaging reduction, plastic/single-use alternatives, recycling and reuse, usage of recycled materials
Illegal transport of wild animals and plants	Impact	Transition risks	Implementing the Buckingham Palace Declaration and action plan
Emissions of greenhouse gases and air pollutants (GHG / SOx / NOx) during aircraft takeoff, landing, and flight processes	Impact	Physical risks	1. Continue to promote fuel-saving practices 2. Using SAF 3. Continue to promote fleet renewal 4. Promoting carbon offsetting projects



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Medium to Long-Term Material Issues	Impact / Dependency	Risk / Opportunity Category	Response Strategies
Damage to station operations due to the loss of ecosystem protection	Dependency	Physical risks	1. Implementing carbon reduction, climate change mitigation and adaptation measures 2. Appropriately promote TCFD and TNFD operations 3. Monitoring changes in station operating conditions and take appropriate responsive actions
Alterations in tourist and cargo demand resulting from ecosystem degradation or changes	Dependency	Transition risks	1. Implementing carbon reduction, climate change mitigation and adaptation measures 2. Appropriately promote TCFD and TNFD operations 3. Monitoring trends in passenger/cargo supply and take appropriate responsive actions
The emergence of new ecotourism destinations and demands resulting from changes in domestic and international ecosystems	Dependency	Transition opportunities	1. Monitoring changes in travelers' travel willingness and take appropriate responsive actions 2. Strengthening supply/industry chain collaboration 3. Raising awareness of ecotourism and adopt supportive actions
Mis-purchased fuel, ingredients, products, or packaging with a high risk of biodiversity loss that contribute to deforestation or ecological damage used for passenger and cargo services	Impact	Physical risks	1. Requesting suppliers to adhere to the Supplier Code of Conduct 2. Strengthening traceability management and implementing due diligence in procurement 3. Increasing the proportion of sustainable procurement by using sustainably certified paper/wood items for in-flight and ground services 4. Increasing the percentage of resource recycling and reuse, and the use of recycled materials 5. Strengthening the supply / industry chain engagement
Supply of agricultural products and packaging materials from ecosystems	Dependency	Physical opportunities	1. Collaborating with local small-scale farmers to implement the Satoyama Initiative 2. Promoting sustainability certifications to implement local procurement 3. Enhancing collaboration with suppliers/vendors for eco-friendly product design and development
Ecological degradation leading to large-scale outbreaks of infectious diseases, resulting in decreased demand for transportation	Dependency	Transition risks	1. Improving cabin cleanliness 2. Improving the preparation and drills of epidemic prevention 3. Supporting ecological conservation to enhance diverse ecosystems and ecological resilience

Note: If it is a short-term material issue, it is not listed again in this table for response strategies and management targets and indicators.

To effectively manage the operational processes and performance of response strategies and their action measures, CAL also refers to TNFD, Natural Capital Protocol, Science-Based Targets Network, etc., when formulating corresponding targets and plans as well as management metrics. Each indicator category and the overall objectives and plans are summarized in the table.

Metrics Category	Metrics Content	Targets and Plans
Driver	Carbon emissions and fuel procurement volume	1. Improving annual aviation fuel efficiency by 1.5% 2. Attain net zero emissions by 2050 3. Reducing carbon emissions in ground operations by 5%, 15%, and 60%, compared to 2023 levels, by 2025, 2030, and 2040, respectively 4. Increasing SAF usage by 2%, 5%, and 40%, compared to 2023 levels, by 2025, 2030, and 2040, respectively
	Use of food ingredients, products, and wood/paper packaging materials	Reducing use of Single Use Plastic (SUP) items and packaging for in-flight services by 90% by 2025, and by 100% by 2030 Embargoing transport of illegal wildlife and prohibiting use of illegal species as food ingredients
Impact	Changes in operational conditions at stations (such as flooding, rainfall, high temperatures), including the frequency of abnormalities, exposure to physical risks of enterprise locations, production lines, facilities, and equipment	Starting from 2023, participating in and implementing 2, 4, and 10 biodiversity conservation activities or initiatives by 2025, 2030, and 2040, respectively
	Changes in the ecotourism, asset value, and annual income in regions affected by physical risks	
Action	The proportion of locally sourced ingredients/products and procurement of sustainable labels/certifications	Using 10%, 50%, and 80% of sustainably certified paper/wood items for in-flight/ground services by 2025, 2030, and 2040, respectively, to achieve the 2050 no gross deforestation target

HIGHLIGHT

Ecological Conservation and Afforestation Project

CAL is the only transportation industry in Taiwan that has signed the "Buckingham Palace Declaration" and issued the corporate "Forest and Biodiversity Conservation Commitment". Every year, it invites experienced ecological conservationists and workers to conduct lectures such as "Protecting the Environment - From Eagle Red Beans, Black-winged Kite Rice to Guantian Water Chestnut", "In Pursuit of the Vast Azure", and "The Soul of Sustainable Mountain Forests in Formosa: The Story of Taiwan Black Bears", inspiring colleagues and group partners to raise awareness of ecological conservation. In practical operations, CAL supports initiatives related to biodiversity conservation, restoration, as well as initiatives related to afforestation carbon sinks. In 2022, at the cultural landmark "Heng-Shan Calligraphy Park" in Taoyuan City, hundreds of Taiwan native tree seedlings were planted, with an expected carbon sequestration capacity of 1,100 kilograms during the nurturing period. In 2023, CAL further participated in a national afforestation project led by the Forestry and Nature Conservation Agency, Ministry of Agriculture. They adopted nearly 2 hectares of land in Nanjhuang, Miaoli, and collaborated with the local Saisiyat tribe to carry out afforestation and nurturing work. A total of 4,250 native Taiwania cryptomerioides were planted. It is expected

to store carbon by approximately 65 metric tons two years after reaching maturation. Rigorous monitoring with surveillance cameras was conducted before and after logging and reforestation operations to ensure the absence of rare fauna and flora. The logging process also prioritized vegetation protection, and various considerations were made for ecological, environmental, and biodiversity compensation. This forest area has been certified under the Forest Stewardship Council (FSC) Forest Management Certification, setting a precedent for Taiwan's indigenous communities, cultural preservation, sustainable forestry, and carbon sink establishment. It has also been recognized as an important case study by the International Partnership for the Satoyama Initiative (IPSI). In 2024, CAL will continue to support the Forestry and Nature Conservation Agency's sustainable forestry policies and its partnerships with mountain communities. CAL will expand and upgrade their adoption program to plant ten thousand tree seedlings across nearly 6 hectares of land. Additionally, CAL will increase support for the maintenance of the Jiali Mountain Trail, aiming to promote the concept of symbiotic coexistence between forests and mountains and the well-being of indigenous communities.



CAL adopted nearly 2 hectares of land in Nanjhuang, Miaoli for 2 years and planted 4,250 native Taiwania cryptomerioides.

2-3-3 Achievements in Environmental Sustainability

GRI 302-1, 302-2, 302-3, 302-4, 302-5, 303-1, 303-2, 303-3, 303-4, 303-5, 305-1, 305-2, 305-3, 305-4, 305-5, 305-7, 306-1, 306-2, 306-3, 306-4, 306-5

Passenger and cargo flight transportation services are CAL's main business activities, which invariably cause certain impact on the environment, including greenhouse gas emissions, air pollution, and conducted noise pollution. However, we implemented active fleet management including the procurement of the newest environmentally friendly aircraft and aviation fuel-saving operations such as shutting down 1-2 auxiliary power units for taxiing, improving the use efficiency of ground power vehicles and so on, to effectively increase fuel efficiency and reduce the air and noise pollution during takeoffs and landings. In terms of fleet renewal, CAL has received all 15 A350-900 aircraft, while all A340-300 and 747 passenger aircraft have been decommissioned. Fleet renewal efforts will continue this year. As of February 2024, 7 777F cargo aircrafts have been delivered. Subsequently, there are plans to introduce 5 A321neo passenger aircrafts, and 3 777F freighters. In 2025, a brand-new 787 fleet will be welcomed, aiming to provide passenger and cargo services with a modern and rejuvenated fleet. Additionally, through robust environmental and energy management mechanisms, CAL remains committed to achieving zero significant penalties and enhancing operational eco-efficiency. For detailed performance information, please refer to the [appendix - Environmental Performance Overview](#) in this report. For detailed management information, please refer to CAL Sustainability website under Environmental Sustainability - ECO Action. [Q please refer to HYPERLINK "https://cal.ec.china-airlines.com/csr/environment/action-flight.html"](https://cal.ec.china-airlines.com/csr/environment/action-flight.html) CAL Sustainability website under Environmental Sustainability - ECO Action.

In 2023, CAL implemented 70 ground and in-flight environmental protection and energy-saving measures, along with 12 flight fuel-saving measures, resulting in a total carbon reduction of 54,834 tons, achieving the achievement rate of 149%. In 2024, additional plans are being made to implement 82 measures, with an expected carbon reduction of 32,919 tons.

Management Objectives	Important Management Strategies / Measures		2023 Outcomes and Performance
Increase Aircraft Fuel Efficiency	Promoting green-energy flights	<ol style="list-style-type: none"> Continuing its fleet renewal efforts, CAL is proceeding with the introduction of the A321neo, 777F cargo aircraft, and planning the schedule for the introduction of the energy-efficient 787 next-generation aircraft Adopt environmentally friendly and fuel-efficient flight operations to improve fuel efficiency where such operations are permitted under software, hardware, and weather conditions. For example: Reduce the APU activation time and adopt engine out taxi Optimizing aircraft fuel monitoring and measurement mechanisms and strengthens root cause analysis for areas lagging behind, implementing improvement measures accordingly Implement reward mechanisms to enhance the execution rate of fuel-saving operations 	CAL carried out 12 fuel saving measures and saved 21,025 kiloliters of fuel with an achievement rate of 151%



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Management Objectives		Important Management Strategies/Measures	2023 Outcomes and Performance
Increase Aircraft Fuel Efficiency	Improving ground service control	1. Incorporate fuel efficiency as a factor for setting flight plans and systematically improve routes and selection of backup landing sites. Optimize the center of gravity on aircraft and implement fuel conservation during planning 2. Implement ground operations such as using trailer power supply and airport ground power supply instead of APU to save aircraft fuel consumption	CAL carried out 12 fuel saving measures and saved 21,025 kiloliters of fuel with an achievement rate of 151%
	Continuous regular repair and maintenance	1. Continue to monitor and maintain aircraft performance and manage and improve fuel conservation measures 2. Regularly clean critical equipment to maintain the aircraft in optimal condition 3. Maintain good communication channels with the original manufacturer to obtain information on the latest technology developments and performance optimization solutions	
	Aircraft / cabin weight reduction	1. Reduce aircraft loading and fuel consumption with precision measures. For example: Precision refueling, precision water supply, and weight reduction for in-flight service items 2. Implement the digitization of pilot paper manuals	
Increase Building Energy Efficiency	Maintain green building label certification, expand the installation of renewable energy facilities, broaden the coverage of energy monitoring systems, and retire old and energy-consuming equipment and other electricity conservation measures. Additionally, energy resilience facilities is being considered		CAL reduced electricity consumption by 1,431 MWh with an achievement rate of 68% (Note1)
Increase Ground Vehicle Fuel Efficiency	Fuel conservation measures such as enhancing the management of the use and efficiency of company vehicles, promoting electrification of transportation and equipment, establishing charging infrastructure to support electric vehicles, promoting car pool mechanisms for crew shuttle buses and staffs commuting vehicles, and the idling shutdown policy		Reduced 273 kiloliters of fuel and reduced carbon emissions by 702 tons with an achievement rate of 146%
Increase the Percentage of Renewable Energy	Set sustainable aviation fuel (SAF) usage targets and increase the installation of solar PV facilities		<ul style="list-style-type: none"> • CAL used 30.6 kiloliters of sustainable aviation fuel, generated 119 thousand kWh of electricity with solar power, and reduced carbon emissions by 137 tons; installed 193 kWp solar power facilities and planned for 178kWp technical specifications with an implementation rate of 100 • Mandarin Airlines promoted the first SAF utilization during the ferrying of new ATR aircraft in Taiwan
Reduce Resource Consumption and Increase Environmental Protection Awareness	Continuously improve the electronization of cargo services, flight services, cabin crew operations, administrative tasks, and other processes; optimizing sewage and wastewater management with an emphasis on recycling and reuse; expanding the scope of electronic document usage; managing photocopy paper consumption; recycling and reuse waste paper food containers and pulp, and so on		Reduced 515 tons of paper consumption and waste and reduced carbon emissions by 196 tons with an implementation rate of 100%

Note 1: Due to delays in the construction timeline caused by external factors, the energy-saving measures did not meet expectation.

Note 2: Source of the carbon emission factor: 2020 electricity emission factor, Greenhouse Gas Inventory v.6.0.4 (gasoline / diesel).

Carbon Emissions from Air and Ground GRI 305-1, 305-2, 305-3, 305-5

The greenhouse gas emitted by the burning of aviation fuel accounts for more than 90% of total emissions. Therefore, CAL continues to strengthen the countermeasures to improve overall fuel efficiency through the dedicated "Aviation Fuel Management Working Group", and formulate various specific measures from the aspects of planning, management and execution.






In terms of ground operations, CAL continues to adhere to and operate management systems such as ISO 50001 and ISO 14001 systematically, promoting various energy-saving and environmental protection measures. Furthermore, CAL also inventories 15 categories of emissions in accordance with the GHG Protocol Scope 3 guidelines, including emissions from purchased goods, capital goods, fuel and energy-related activities not included in Scope 1 and 2, upstream and downstream transportation and distribution, waste disposal, employee commuting, upstream and downstream leased assets, investments, and others. Therefore, in addition to reducing energy consumption such as electricity and

fuel, measures such as digitizing operational processes, waste management, sourcing local ingredients, and promoting carpool are also implemented to reduce carbon emissions across categories three to six. Since 2009, CAL's GHG emissions data has been annually verified by an IAF qualified third-party in accordance with ISO 14064-1 and ISO 14064-3 principles, providing a reasonable level of assurance.

In 2023, due to business recovery caused by the reopening of international borders (a 20.3% increase in RTK and a 22.62% year-on-year increase in consolidated revenue), CAL's total emissions were 7,458,888 tons of CO₂e, representing an increase of 11.4% compared to 2022. The carbon emissions from ground operation were 18,795 tons, reflecting an 8.4% reduction compared with 2022, achieving the carbon reduction target for ground operations in 2023, marking a reduction of 40% compared to 2009. In response to changes in operational environments and conditions, CAL adjusted its carbon reduction targets and base years for ground operations in the short, medium, and long term in 2024. The carbon emissions from ground operations are targeted to decrease by 5%, 15%, and 60% compared to the levels in 2023 by the years 2025, 2030, and 2040, respectively.

GHG Emissions of CAL, Mandarin Airlines, and Tigerair Taiwan

(Unit: Tons CO₂e)

Scope of GHG	Inventoried Company	Item	2019	2020	2021	2022	2023
Category 1		Flight operations	7,059,083	5,787,751	5,875,531	5,435,050	6,048,568
		Ground operations in Taiwan	4,981	3,051	2,897	4,041	3,028
		Ground operations in outstations (Note2)	362	211	197	497	1,242
		Carbon intensity (ton CO ₂ e / Million NTD)	48.26	54.46	44.49	38.56	37.44
		Flight operations	237,701	106,600	63,987	89,500	120,439
		Flight operations	362,794	53,514	988	31,306	305,107
Category 2		Ground Operations	18,169	17,572	16,697	16,468	15,767
		Ground operations in outstations (Note2)	1,033	801	551	863	1,072
		Carbon intensity (ton CO ₂ e / Million NTD)	0.13	0.17	0.13	0.12	0.10
		Ground Operations	901	904	839	805	763
		Ground Operations	106	87	108	265	223
		Ground Operations	1,607,690	1,326,227	1,364,016	1,240,935	1,389,211
		Carbon intensity (ton CO ₂ e / Million NTD)	10.98	12.47	10.32	8.80	8.59
Categories 3-6 (Note3)	CAL's Operating Activities	Ground Operations	1,607,690	1,326,227	1,364,016	1,240,935	1,389,211
		Carbon intensity (ton CO ₂ e / Million NTD)	10.98	12.47	10.32	8.80	8.59

Note 1: The statistics contain 100% of the aviation fuels used by China Airlines (including both domestic and overseas branches, outstations), Mandarin Airlines, and Tigerair Taiwan.

Note 2: CAL 2023 7,458,888 metric tons of CO₂e (representing 100% of total emissions) have been verified by an verification body in accordance with ISO 14064-1:2018 standard, ISO 14066:2011, ISO 14065:2020 and ISO 14064-3:2019 standards and guidelines. The verification opinion is reasonable assurance. Before 2022, only emissions of ground operations in outstations (< total amount of 0.03%) have not been verified by the third-party.

Note 3: CAL adheres to ISO 14064-1:2018 and the GHG Protocol Scope 3 guidelines, 15 categories of emissions are calculated, including emissions from purchased goods, capital goods, fuel and energy-related activities not included in Scope 1 and 2, upstream and downstream transportation and distribution, waste disposal, employee commuting, upstream and downstream leased assets, investments, and others.

Note 4: Carbon intensity (ton CO₂e / Million NTD) = GHG emissions / Revenue.

Note 5: The total emissions of other CAL group companies were 643, 002 tons of CO₂e for categories 1 and 2, 307,579 tons of CO₂e for categories 3~6.

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HIGHLIGHT

Continuing to Deepen the Group's GHG Management Efforts

CAL has incorporated the group companies and key suppliers into our corporate carbon management scope. However, as early as 2014, CAL has initiated the "Corporate Synergy Development of Carbon Management Project" for the Taiwanese aviation transportation industry. The carbon management guidance and training were provided for group companies and key suppliers, and keep tracking the GHG emissions information every year. To further deepen carbon management capabilities, CAL continued to promote the GHG coaching project for the group in 2023 to ensure that each group company implements GHG management, establishes comprehensive operating procedures and inventory data, and pass internal and external verification. CAL integrates environmental sustainability issues and holds an annual environmental management meeting with the group to share international environmental trends, energy conservation, carbon reduction initiatives, and track the progress of annual objectives, ensuring continuous improvement.






Group Meeting on GHG Inventory Improvement



On-site Guidance on GHG Inventory Improvement

Aviation Fuel Efficiency Performance GRI 302-3, 305-4

In 2023, the overall fuel efficiency of aviation was 0.2287 tons per thousand Revenue Ton Kilometers (RTK), achieving approximately 104% of the 2023 target value (0.2373 tons per thousand RTK). In 2023, the total fuel consumption increased by 11.3% compared to 2021, with a reduction in performance of 20.3% per total RTK. In the future, we will continue to refine and implement fuel-saving measures to achieve the objectives and plans of increasing fuel efficiency by 1.5% annually (The objective for 2024 is to achieve 0.2338 tons per thousand RTK).

Item														
	2009	2019	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	2023
Fuel Consumption (Ton / PJ)	1,927,803 / 85	2,230,971 / 98	1,829,328 / 81	1,857,073 / 82	1,717,758 / 76	1,911,669 / 84	35,395 / 1.56	26,614 / 1.17	29,709 / 1.31	39,903 / 1.76	21,178 / 0.93	08 / 0.01	9,895 / 0.41	91,738 / 4.04
CO2 Emissions (Ton CO2e)	6,099,820	7,059,083	5,787,751	5,875,530	5,435,050	6,048,568	111,849	84,101	93,881	126,093	53,422	973	31,268	289,892
Transport Volume (Thousand RTK)	7,721,089	9,072,762	7,075,331	7,605,201	6,949,143	8,359,335	47,373	25,723	41,169	66,367	59,347	521	27,129	380,879
Fuel Efficiency (Ton / Thousand RTK)	0.2497	0.2459	0.2586	0.2442	0.2472	0.2287	0.7472	1.0346	0.7216	0.6012	0.3569	0.5910	0.3647	0.2409
Carbon intensity (ton CO2e / Thousand RTK)	0.7900	0.7781	0.8180	0.7726	0.7821	0.7236	2.3610	3.2694	2.2804	1.900	0.9002	1.8676	1.1526	0.7611

Note 1: he lower the fuel efficiency and the carbon emission intensity, the better is the performance.
Note 2: Carbon intensity (ton CO2e / Thousand RTK) = GHG emissions / Total RTK.
Note 3: No alternative fuel or sustainable aviation fuel were used in 2020.
Note 4: The default net calorific values from the 2006 IPCC Report are used for conversions for aviation fuel. Source: 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 2: Energy, TABLE 1.2.

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HIGHLIGHT

Tracking and Improvement of Fuel Efficiency by Aircraft Type

Starting from Q3 2023, the Aviation Fuel Management Working Group has implemented advanced monitoring of fuel efficiency on a fleet-by-fleet basis and the execution rate of fuel-saving measures on a station-by-station basis for detailed analysis. This enables the assessment and improvement of the effectiveness of each fuel-saving action through tailored and specific measures. For instance, enhancing flight crew communication to implement fuel-saving measures at stations with suitable infrastructure and weather conditions.

Case Study 1: Implementation of Aircraft Type-specific Center of Gravity Optimization

The optimal center of gravity position for aircraft varies based on different aircraft designs and can reduce aircraft drag while improving fuel efficiency during flight. CAL plans the loading positions and passenger seating areas based on the weight, size of cargo, and the number of passengers before each flight to operate the flight with the optimal center of gravity position, thereby enhancing fuel efficiency during flights. In 2023, CAL completed a total of 25,696 flights with optimal center of gravity loading, resulting in an estimated saving of 3,409,591 pounds of aviation fuel.

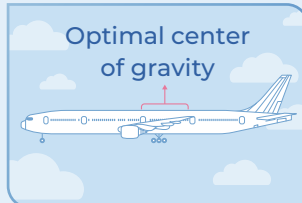


Diagram illustrating aircraft center of gravity optimization measures.

Case Study 2: Enhancing the Single-Engine Taxiing Rate at Suitable Stations

Following the epidemic, as air transportation recovers and flight volumes become congested, the average taxiing time has nearly doubled compared to the epidemic period. In response to this change, CAL continues to actively promote single-engine taxiing operations at suitable stations. This involves shutting down one engine to reduce the amount of fuel consumed during taxiing from landing to gate. After collecting and analyzing data on the characteristics of various stations, the Aviation Fuel Management Working Group encourages flight crew to perform single-engine taxiing operations at airports with operational advantages, such as Hong Kong, Narita, and Incheon. In 2023, CAL conducted a total of 8,370 single-engine taxiing operations, achieving an operational rate of 81% at advantageous airports. This resulted in a total fuel saving of 900,000 pounds.

CAL will continue to enhance and strengthen this initiative to optimize aviation fuel efficiency, reduce ground operation carbon emissions, and mitigate noise impact.

For detailed operational instructions, please refer to CAL Sustainability website under Environmental Sustainability - ECO Action.

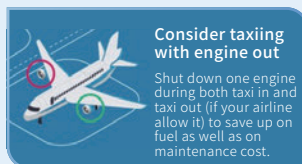


Diagram illustrating single-engine taxiing measures.

HIGHLIGHT

Using SAF for Domestic Flights during the Ferrying of New Aircraft

In response to the group's environmental and energy-saving carbon reduction policies, CAL Group's Mandarin Airlines actively blended 30% Sustainable Aviation Fuel (SAF) into the ferrying journey of new ATR aircraft to Taiwan in 2023. The first aircraft (B-16861) successfully arrived at Taipei Songshan Airport on January 3, 2024. This marks the first utilization of SAF to domestic aircraft and propeller passenger aircraft in Taiwan. The new aircraft is also the first ATR equipped with the PW127XT-M upgraded engine in Taiwan, known for its efficiency, fuel savings, and low carbon emissions. It can reduce fuel consumption and carbon dioxide emissions by at least 3% compared to similar aircraft.

Energy usage GRI 302-1, 302-2, 302-4, 302-5

CAL continues to implement ISO 50001 Energy Management by fully considering energy-saving and carbon reduction benefits during the design/procurement stages of significant energy use. It incorporates these considerations into decision-making factors and installs energy monitoring equipment and automatic transmission systems that exceed regulatory standards. CAL also optimizes fuel management for company vehicles, implements internal audits, and integrates concerns from stakeholders (such as renewable energy and energy storage systems) to comprehensively enhance energy management integrity and implementation. This effort aims to create a low-carbon operational and office environment. In terms of education and advocacy, CAL also conducted "Environmental and Energy Regulations" educational training in 2023. This training aimed to clarify recent changes in environmental and energy regulations, as well as provide explanations on confusing provisions and improvement practices in daily operations, enhancing CAL's environmental and energy performance.

In 2023, CAL continued to upgrade energy-consuming equipment and facilities, and pursued R&D projects on energy monitoring systems that exceed regulatory standards. Additionally, CAL completed the planning for the installation of two additional solar photovoltaic power generation facilities. Among these, the 193 kWp facility was commissioned in December 2023, while the remaining 178 kWp facility is expected to be operational in Q3 2024. Furthermore, electric vehicle charging stations have been installed in CAL's parking facilities, enhancing the infrastructure for electric vehicle utilization and encouraging employees to use electric vehicles.

In 2023, CAL's total electricity consumption was 31,972 MWh, representing a decrease of 1.5% compared to 2022 (32,464 kWh). The existing 98.21 kWp solar photovoltaic power generation system maintained an efficiency of 9,800 kWh per month. Since its completion in 2018, it has obtained 475 Renewable Energy Certificates (RECs) issued by the National Renewable Energy Certification Center, Bureau of Standards, Metrology and Inspection, Ministry of Economic Affairs, Taiwan. For ground operations, the consumption of gasoline/diesel increased in 2023 due to the rise in operational flights and associated support activities. A total of 921 kiloliters were consumed in 2023, representing a 13% increase compared to 812 kiloliters in 2022. However, the per unit consumption still showed a decreasing trend. CAL will further improve fuel management for company vehicles by implementing reminder systems, expediting the phase-out of oil-consuming vehicles, and intensifying efforts toward electrification. Furthermore, 30.6 kiloliters of SAF was continuously used to flight operation.

To achieve the 2050 net-zero target, CAL will continue to survey available space to increase the installation of renewable energy equipment. Additionally, through the implementation of various measures promoting green office practices, CAL aims to achieve the objectives and plans of 10% renewable energy installation capacity by 2030 and 15% by 2040. In late 2023, CAL actively engaged with the government and domestic and international suppliers to prioritize the participation of Taiwanese peers in establishing a sustainable aviation fuel program with leading international oil companies and blockchain platforms. This marked the first introduction of a cooperative model for purchasing SAF by a corporation. Moving forward, CAL will continue to integrate its own procurement and corporate partnership strategies, steadily progressing towards the objectives and plans of using 2% SAF by 2025, 5% by 2030, 40% by 2040, and 65% by 2050.



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Types of Energy	Unit	2020	2021	2022	2023
Non-renewable Fuels	MWh/GJ	22,422,258 / 80,713,671	22,761,510 / 81,934,882	21,053,443 / 75,786,331	23,429,847 / 84,340,702
Renewable Fuels (Sustainable Aviation Fuel, SAF)	MWh/GJ	-	94 / 338	181 / 650	299 / 1,076
Electricity (purchased)	MWh/GJ	34,523 / 124,272	33,260 / 119,728	32,354 / 116,465	31,853 / 114,662
Solar photovoltaic (self-consumption)	MWh/GJ	117 / 421	127 / 457	110 / 396	119 / 428
Elevator Power Regeneration System (recycled for own use)	KWh/GJ	1,177 / 4.24	889 / 3.20	11,213 / 40.36	12,111 / 43.60

Note 1: Non-renewable fuels include gasoline, diesel, liquefied petroleum gas (LPG), liquefied natural gas (LNG), and aviation fuel. All CAL aircraft are counted as part of the calculation of aircraft fuel consumption.

Note 2: The scope of purchased electricity covers office areas (CAL Park, Taipei Branch, Songshan Office), maintenance divisions (Hangars 2 and 3, Engine Maintenance Plant), and Kaohsiung Branch. It included purchased electricity which accounted for 9.9% or approximately 3,153MWh of renewable energy in 2023 (source: <https://reurl.cc/eXMEr7>)

Note 3: In 2023, non-renewable energy consumption was 84,455,364 GJ, and renewable energy consumption was 1,504 GJ; totaling 84,456,868 GJ.

Note 4: The net calorific values for aviation fuel are based on the coefficients announced by the IPCC, while those for natural gas and sustainable aviation fuel are determined by the actual values provided by suppliers. The calorific values for residual gasoline/diesel are calculated using the latest version of the Energy Bureau's Energy Product Unit Calorific Value Table.

Water and Wastewater GRI 303-1, 303-2, 303-3, 303-4, 303-5

CAL conducts a water balance analysis to identify hotspots of water consumption, including aircraft cleaning, chiller cooling and lavatory usage. Subsequently, we improve facilities and optimize operating procedures to reduce water resource consumption and adequately process sewage and wastewater.

Water source development (Increasing supply)

The water recycling concept was included in the realm of green building design of HQ buildings (CAL Park) during the initial development phase. CAL set up a rainwater collection system with a capacity of 1,050 tons and updated pipelines afterwards to direct wastewater from the central drinking water system and the condensate from the chiller into the rainwater collection system for use in plant watering and flushing in CAL Park, achieving a recycling rate of 39%. CAL also carried out optimization of the pipelines and wastewater treatment facilities in the maintenance area (EMO Park) for industrial (organic) wastewater treatment and reuse the water for cleaning vehicles and watering plants according to regulations and permit measures. We recycled approximately 4,108 tons of water in 2023, achieving a recycling rate of 6.7%.

Conservation (Reducing consumption)

CAL fully incorporated water-saving certified products within the CAL Park. We also selected equipment with water-saving certified and water-saving functions for subsequent equipment replacements or upgrades.

In maintenance areas (EMO Park), CAL implements process and management improvements to reduce maintenance and domestic water consumption. The measures include adoption of environmentally friendly water-saving aircraft cleaning methods and technologies, which reduce the water consumption for cleaning aircraft with a water saving efficiency of 90%. We also installed water meters comprehensively to monitor the consumption of water and implement hotspot inventory and management.

Strengthening management

CAL is dedicated to water stewardship, and has set short, medium, and long-term water conservation targets and annual performance targets and management plans for water resource management. They have been placed under the management of Corporate Environmental Committee. We also continued to invest and upgrade wastewater treatment equipment to enhance processing efficiency, and by implementing internal/external audits and emergency response and evacuation drills, we aimed at ensuring high-quality processing efficiency and prevent any potential issues. To maintain the capacity and stability of the sewage treatment plant, the domestic sewage from the EMO park undergoes oil separation and pre-treatment to reduce the BOD concentration, before being discharged into the sewage treatment plant operated by airport authorities.

To enhance water stewardship expertise, in the "Environmental and Energy Regulations" educational training held by CAL in 2023, in addition to summarizing key points of water pollution prevention, there was a stronger emphasis on practical drinking water management and sharing of auditing experiences. In daily operations, continuous efforts are made to promote water conservation among employees through methods such as startup screen messages and on-screen reminders.

In 2023, CAL continued to set up intermediate water recycling pipelines and continued to save water while complying with epidemic prevention requirements and government requirements for cleaning. However, there was an abnormal increase in water consumption at the Songshan Office in 2023. After thoroughly reviewing water meter readings, conducting inspections on the meters, and verifying the condition of each pipeline, it was ultimately determined that the cause was a leak in the underground water storage facility. Emergency repairs have been completed, and adjustments to usage patterns have been made. Subsequent observations show that water usage has returned to normal levels. Additionally, at the EMO Park, water usage has increased compared to previous years due to process upgrades and facility retrofit construction.

In 2023, due to business recovery (a 20.3% increase in RTK and a 22.62% year-on-year increase in consolidated revenue), CAL's Tap water withdrawal amounted to 118,158 cubic meters, representing a 19% increase compared to 2022. However, CAL still successfully achieved its SDG target of reducing water consumption by 5% compared to 2018 levels. CAL will continue to strengthen change management through water-saving advocacy, improvement in wastewater treatment efficiency, technological upgrades, and other measures. CAL is committed to achieving its targets of reducing water consumption by 7%, 10%, and 12% compared to 2018 levels by 2025, 2030, and 2040, respectively.

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Water Usage Area	Water Shortage Level	Water Supply Unit Source Type	Wastewater Processing Unit (level)	Effluent Site	Effluent Standard
CAL Park	Located in Taoyuan City with high water resource risks	Taiwan Water Corporation (freshwater)	Domestic sewage: Taoyuan Airport Sewage Treatment Plant(secondary treatment)	Nankan River (River with Category C water bodies)	pH: 6 ~ 9 COD: <100 mg / L BOD: <30 mg / L SS: <30 mg / L
EMO Park			Domestic sewage: Taoyuan Airport Sewage Treatment Plant(secondary treatment)		
			Industrial wastewater: CAL's first and second wastewater treatment plants(biological treatment)		pH: 6 ~ 9 COD: < 100 mg / L SS: < 30 mg / L Cd: < 0.03 mg / L Cr (III) & Cr (VI): < 2 mg / L
Taipei Branch	Located in Taipei City with low water resource risks	Taipei Water Department (freshwater)	Dihua Sewage Treatment Plant(secondary treatment)	Tamsui River (River with Category D water bodies)	pH: 6 ~ 9 COD: < 100 mg / L SS: < 30 mg / L NH ₃ -N: < 10 mg / L
Songshan Office					

Note 1: Source: A study on the adaptation indicators for the high water resource risk area in Taiwan, Water Resources Agency, Ministry of Economic Affairs, 2016.

Note 2: There were no violations of regulations regarding wastewater or sewage in 2023.

Water Usage Area Source Type	Water Withdrawal (Note 1)				Water Consumption (Note 2)	Water Discharge (Note 3)	Water Recycling (Note 4)	Recycling Ratio (%)
	2020	2021	2022	2023	2023	2023	2023	2023
CAL Park (tap water)	49.1	33.42	28.70	36.46	20.22	22.31	16.73	39%
CAL Park (rainwater)	8.05	5.65	9.35	6.07				
EMO Park (tap water)	59.78	65.4	55.81	61.55	35.41	Domestic: 9.00	NA	--
Taipei Branch (tap water)	5.41	4.56	4.02	4.18		Industrial: 17.14	Industrial: 4.11	6.7%
Songshan Office (tap water)	12.48	9.39	10.68	15.97	5.19	10.78	NA	--
Total	134.82	118.42	108.56	124.23	63.02	61.21	20.84	16.77%

Note 1: Scope covered by water meters: CAL Park, EMO Park, Songshan Office, and Taipei Branch.

Note 2: The water consumption volume of CAL Park is calculated based on the water consumption of the equipment. The water consumption volume of Taipei Branch and Songshan Office is calculated proportionally based on the water consumption of CAL Park.

Note 3: Wastewater treatment for the EMO Park includes industrial wastewater from Taiwan Aircraft Maintenance and Engineering Co., Ltd.

Note4 : Water recycling includes rainwater and intermediate water recovery in the CAL Park and wastewater recycled in the EMO Park.

Emissions GRI 305-7

Among the gases emitted by aircraft engines, nitrogen oxides (NOx) and sulfur oxides (SOx) will adversely impact local air quality, CAL continuously implements fleet renewal, fuel-saving measures and improves operational efficiency to reduce emission intensity and minimize environmental impact. In addition, the process of painting aircraft also releases volatile organic compounds (VOC). CAL actively communicates with the manufacturers of aircraft to advocate for and promote the use of new environmentally friendly paints and paint removers, aiming to reduce the concentration of VOCs and toxicity in the work environment and atmosphere. This effort also lowers the toxicity of wastewater and reduces the burden on treatment plants. CAL also continues to invest in improvements of the air pollution control facilities in the maintenance and repairs hangars to increase energy efficiency and exhaust performance. In 2023, the emissions of VOCs from maintenance were approximately 20 tons, representing a 10% reduction compared to 22 tons in 2022. In addition, CAL established the work environment monitoring plan and operating procedures to protect the workplace environment for employees. CAL also monitors the changes in CO₂ concentration in office spaces.

For detailed air pollution management information, please refer to CAL Sustainability website under Environmental Sustainability - ECO Action.

SOx and NOx Emissions of CAL Group

Item			Unit	2020	2021	2022	2023
Passenger Aircraft	SOx	Emissions	Ton	30.41	27.43	29.59	38.36
		Emission Efficiency	g / RTK	0.0133	0.0150	0.0130	0.0094
	NOx	Emissions	Ton	317.03	34.18	120.64	400.60
		Emission Efficiency	g / RPK	0.0400	0.0538	0.0183	0.0119
Cargo Aircraft	SOx	Emissions	Ton	14.58	16.06	13.03	11.37
		Emission Efficiency	g / RTK	0.0030	0.0028	0.0028	0.0027
	NOx	Emissions	Ton	152.04	167.43	135.84	118.79
		Emission Efficiency	g / RTK	0.0317	0.0290	0.0291	0.0278

Item			Unit	2020	2022	2023	2021	2022	2023
Passenger Aircraft	SOx	Emissions	Ton	16.85	24.99	26.58	0.04	1.24	11.56
		Emission Efficiency	g / RTK	0.6549	0.6070	0.4004	0.0838	0.0458	0.0304
	NOx	Emissions	Ton	175.61	260.49	277.54	0.46	12.95	120.77
		Emission Efficiency	g / RPK	0.6802	0.5908	0.3863	0.0784	0.0434	0.0279

Note 1: The emissions of SOx and NOx are calculated using the formula "Total annual emissions = Number of flights x SOx/NOx Emission Factor (Tons / LTO)," where the emission factors are based on the latest numerical values announced by the Environmental Protection Agency (EPA) of the United States for that year.

Note 2: LTO: refers to the landing take-off.

Note 3: Mandarin Airlines and Tigerair Taiwan have no cargo aircraft.

Note 4: Amendment of calculation method and coverage on CAL's NOx emissions from 2021 to 2022, excluding the pandemic's effect on flight dispatch.



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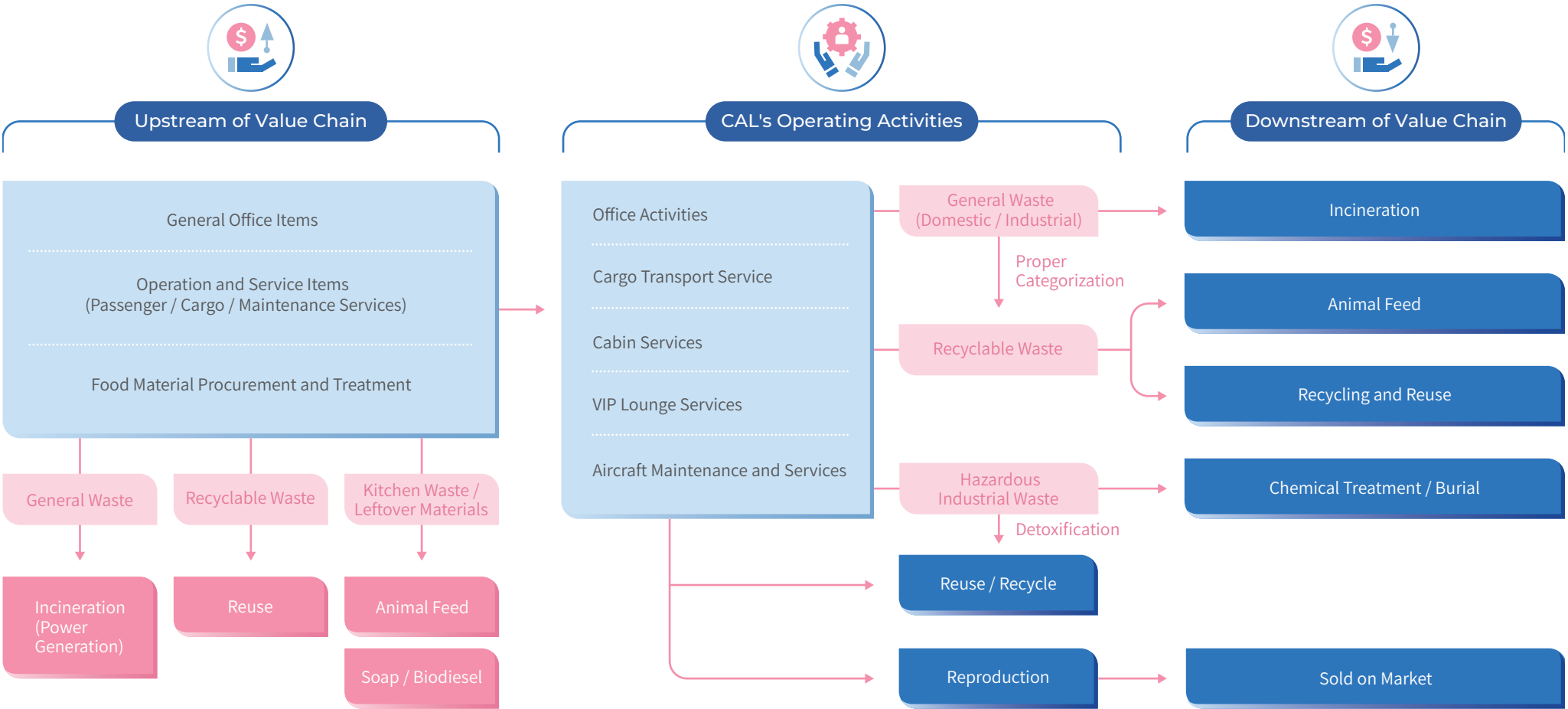
Circular Economy GRI 306-2, 306-3

CAL's waste mainly originates from industrial waste (general / hazardous) from ground operations, general waste generated by employees , catering preparation and kitchen, cleaning and packaging waste from in-flight services (refer to the waste flowchart). To minimize the amount of waste sent to landfills (zero waste to landfill), CAL implements waste management strategies guided by a hierarchical approach, prioritizing measures such as prevention, reduction, reuse, recycle and recovery to take actions for reducing waste. This includes proper sorting processes with detoxification measures to increase opportunities for general waste recycling, and enhance the feasibility of reuse/recycling to reduce the amount of waste sent to incineration/landfills. As for the waste destined for the incineration plant, opt for waste to energy (WTE) treatment whenever possible. The restrictions on the packaging, use of single use plastic products and food loss and waste management have attracted high levels of concern in recent years. Although CAL does not directly manufacture or produce products, we still actively communicate

with suppliers on environmental protection development trends and incorporate circular economy concepts to develop and design several environmentally friendly/reduced-plastic inflight service items and packaging.

Furthermore, in response to international concerns regarding cabin waste reduction, CAL has introduced onboard resource sorting and recycling operations for A350 and 777 aircraft on transoceanic routes starting in 2023. Additionally, dedicated recycling eco-carts have been loaded for cabin crew members to properly sort recyclable items and other materials. Furthermore, to enhance waste management practices and ensure due diligence in operations, CAL convened visits by waste management personnel from various sites to professional waste management consultants in Taiwan. Through educational training, understand the current state of waste management in Taiwan, government regulations and developments, and contract signing considerations to reduce waste, minimize the risk of violating waste-related regulations, and strengthen supplier management.

Waste Flowchart



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Principle	Waste Management	Reduce Single-use Plastics / Packaging	Food loss and Waste Management
Prevention	<ol style="list-style-type: none"> 1. Encourage the selection of products with environmental certification (e.g., eco-label, FSC, energy or water saving certified) for procurement applications. 2. Optimize the operating system with the digitalization and paperless procedures for flight operations, passenger/cargo services, and office activities and paperless operations. 	<ol style="list-style-type: none"> 1. Purchase non-single use plastic materials and eco-friendly / recyclable products (e.g., wooden stirrers). For short-haul flights, eco-friendly cutlery are provided, featuring wooden spoons and forks packaged in paper pouches. CAL collaborated with suppliers to develop plastic-free paper cups, mitigating the environmental impact during disposal process. 2. Collaborating with suppliers to develop of service items made with recycled materials. For example: Pillow cases made with coffee ground fabrics, and headrest covers made from Recycled PET (RPET). 3. Trial adoption of reusable meal boxes instead of single-use ones for meetings involving non-staffs attendees. 	<ol style="list-style-type: none"> 1. Use a precision meal loading system to access and monitor the quantity of meals on board globally, collaborating closely with global catering suppliers to conduct thorough meal quantity checks and accurately determine the required number of meals. 2. Collaborate with well-known restaurant brands to launch co-branded specialty meals and promote in-flight pre-selection meal services through exclusive pre-selected meal packages to increase meal completion rates. 3. Collaborate with catering suppliers to precisely design meal quantity for reducing food waste.
Reduction	<ol style="list-style-type: none"> 1. Opt for the lease model for photocopiers with built-in paper consumption monitoring system to track monthly consumption. 2. Optimize maintenance processes and reduce waste. 	<ol style="list-style-type: none"> 1. Precisely plan operational and in-flight services items to reduce cabin weight and waste, also collaborate with catering suppliers to minimize packaging and waste accordingly. For example: Ice cream is now supplied in paper packaging or with wooden sticks instead of plastic containers. 2. Implement the bring-your-own-cup policy in the workplace environment and cancel single-use supplies for meetings. 3. Encourage passengers to bring their own personal items such as headphones and eco-friendly cups and cutlery. 	<ol style="list-style-type: none"> 1. Strictly control the operating procedures from the procurement, delivery, and low-temperature storage of food ingredients to loading to reduce food loss. 2. Design recipes with high interoperability between the preferences of passengers in different regions to increase passenger satisfaction and meal completion rate. 3. Regularly review the average food waste per person among VIPs and establish management targets along with corresponding improvement measures.
Reuse	<ol style="list-style-type: none"> 1. Implement matchmaking to increase the industrial waste recycling ratio (e.g., waste plastic barrels and waste lubricants). 2. Repair passenger and cargo transport equipment (e.g., containers/pallet nets etc.) for reuse. 3. Actively seek detoxification methods for hazardous waste to enhance the feasibility of reuse/recycling. 	<ol style="list-style-type: none"> 1. Develop and encourage passengers the use of reusable products by passengers to replace single-use items and their packaging, such as foldable platinum silicone cups, eco-friendly chopsticks, slippers in business class and duty-free shopping bags. 2. Uses reusable, recyclable plastic trays and cutlery for passenger catering services and reuse them after thorough disinfection. 	<ol style="list-style-type: none"> 1. Develop innovative new meals and maximize food ingredient utilization. 2. Utilize scraps diversely to achieve zero food ingredients waste.
Recycling	<ol style="list-style-type: none"> 1. Waste paper containing confidential and sensitive information is recycled as pulp after shredding and pulping. 2. Waste paper meal boxes are reproduced as pulp after cleaning and recycling. 3. Recycle waste rain covers and plastic wraps derived from cargo services at the TPE station for reuse by manufacturers. 4. Recycle, refine and reuse the waste aviation fuel from the maintenance and repairs operations. 	<ol style="list-style-type: none"> 1. Prioritize the use of mixed-material waterproof rain cover made with 40% - 60% recycled materials for cargo services. 2. Continuously adopt garbage bags, plastic cups and salad bowl lids made from 100% recycled PET (RPET). 3. Select suitable retired, retrofitted in-flight service items to reproduce as products for sale, such as aluminum meal service carts and boxes, and eco-friendly travel bags produced with retired life vests. 4. Collaborating with suppliers to modify cabin service and cabin cleaning operations to conduct onboard resource sorting and recycling operations. 5. Require e-commerce platform (e-Mall) partners to use recycled content paper box as packaging. 	<ol style="list-style-type: none"> 1. Food waste from meal preparation is provided to pig farms for recycled use. 2. 100% of the waste food oil is provided to oil manufacturers for recycling and processing into biofuel and other products.
Recovery	<ol style="list-style-type: none"> 1. The food waste incinerated in accordance with quarantine regulations and most non-recyclable waste generated from employees are processed with waste to energy (WTE) cogeneration equipment of incineration plants. According to the incinerator's power generation efficiency in 2023, CAL's waste was estimated to generate about 883 MWh of electricity. 2. Keep lobbying Taoyuan Airport authorities for the installation of heat recovery equipment in the incineration plant. 		



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In 2023, CAL continued to promote various initiatives for resource recycling and reuse, developed environmentally friendly and reduced plastic service items, collaborated with other industries to supply low-carbon catering and digitization services such as Dynasty Sky Reading service. The total waste generated amounted to 4,553 tons, with recycling rates of 21.54% for general ground waste, 26.2% for in-flight waste, and 58% for industrial waste. Among them, in 2023, the general waste (non-recyclable) from ground operations amounted to 531 tons due to the aforementioned business recovery and retrofit construction, representing a 16% increase compared to 2022. The waste generated at CAL Park increased slightly by 6%, while the EMO Park saw an 18% increase in waste generation in 2023 due to as the execution of 10-aircraft-return projects and retrofit construction within maintenance area. CAL will conduct source management for project-specific or abnormal business operations waste to effectively monitor the performance and effectiveness of reducing measures. In 2023, the total volume of in-flight waste increased by 178% compared to 2022 due to the significant increase in operational volume. However, when considering the number of passengers returning to Taiwan in 2023, the amount of waste generated per person-meal per flight decreased by nearly 50%, from 0.65 kilograms in 2022 to 0.33 kilograms.

SDG Targets and Plans Related to Waste Management	2023 Performance	Achievement Rate	Short-, Med-, and Long-Term Targets
Reducing non-recyclable general waste by 5% compared to 2018	Increased by 33% compared to 2018.	Not achieved	Reducing by 7% in 2025, 12% in 2030, and 14% in 2040 compared to 2018
Reducing in-flight waste by 25% compared to 2018	Decreased by 25% compared to 2018	100%	Reducing by 50% in 2025, 65% in 2030, and 70% in 2040 compared to 2018
Reducing use of single use plastic items and packaging for in-flight services by 50%	The replacement rate has reached 50% compared to 2018	100%	<ul style="list-style-type: none"> Reducing use of single-use plastic items and packaging for in-flight services by 90% by 2025, and by 100% by 2030 Using 10% in 2025, 50% in 2030, and 80% in 2040 of sustainably certified paper / wood items for in-flight/ground services
Reducing average food waste produced per person for in-flight services by 5% compared to 2020	Reduced by 5% from 2020 levels	100%	Reducing by 5% in 2025, 10% in 2030, and 25% in 2040 compared to 2023

CAL will continue to collaborate with its suppliers to explore more opportunities for environmentally sustainable designs at the source, resource recycling and reuse, and waste management. Additionally, CAL will persist in implementing and expanding resource recycling mechanisms to achieve zero landfill waste, thereby advancing towards the sustainable vision of zero waste.

To verify the accuracy of waste data collected, CAL conducts internal and external audits at least once a year in accordance with ISO 14001. Additionally, CAL plans to investigate staff waste classification habits and the collection/reclassification processes of outsourced suppliers during ground operations by observing them in 2024. This initiative aims to explore advanced opportunities for waste reduction or diversion. Regarding in-flight waste, CAL focuses on conducting composition investigations aligned with IATA's methodology in the "Transatlantic Recycling Trials" program. The goal is to explore waste reduction potentials through the reduction or substitution of supplies and served items. Summary of the achievement of SDG objectives and plans related to waste management in 2023, as shown in the table:



Waste Information

(Unit: Metric Tons)

Item	Waste Produced			Disposal Method
	2021	2022	2023	
General Domestic Waste	94	113	122	Incineration - with energy recovery
	410	629	986	Incineration - without energy recovery (Delivered to the airport incineration plant in accordance with regulations and recommended the installation of waste-to-energy facilities)
Recyclable items	507	622	973	Recycling and reuse: resource recycling
Kitchen Waste	68	142	529	Recycling and reuse: Composting and Pig Farming
	177	632	1,610	Incineration - with energy recovery (in accordance with quarantine requirements)
Hazardous Industrial Waste	12	12	11	Other treatment - heat treatment (e.g., sludge from electroplating)
	1	2	1	Other treatment - offshore treatment (e.g., Lithium-ion battery)
General (Non-hazardous) Industrial Waste	100	147	194	Recycling and reuse - resource recycling (e.g., waste lubricants)
	64	47	127	Other treatment - heat treatment (e.g., waste paint)
Total	1,433	2,346	4,553	-

Note 1: Third-party contractors were appointed for removing and offsite processing of waste for disposal. CAL implements inspections in accordance with the contract to ensure compliance with regulations.

Note 2: Scope of statistic: EMO, CAL Park, Kaohsiung Branch, VIP lounges of four stations (Taoyuan, Songshan, Kaohsiung and Tainan), and Taoyuan Airport in-bound flight services.

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HIGHLIGHT

Innovating RPET eco-friendly headrest covers

To continuously enhance the use of eco-friendly materials for in-flight service items, since 2023, CAL has collaborated with EcoVadis Gold-rated suppliers to develop and pioneer the trial use of the latest RPET headrest covers. This initiative aims to overcome challenges related to the stiffness of recycled plastic materials, making it difficult to adhere to hook-and-loop fasteners. Through ongoing collaboration and phased improvements with suppliers, these challenges are being addressed and resolved.

Adjusting thickness and dimensions: Due to RPET being recycled from PET bottles, its material properties are inherently stiffer and less compatible compared to the original non-woven fabric. Therefore, through repeated adjustments to product specifications and testing, we have ensured that the comfort level of the product meets the needs of passengers.

Improving compatibility with seats: By "increasing the grip between the hook-and-loop fasteners and cotton thread" and "removing any lint from the hook-and-loop fasteners," we enhance the compatibility and ensure safety.



The RPET eco-friendly headrest covers developed in collaboration with suppliers

HIGHLIGHT

Fashion Trends and Sustainable Transformation

In 2023, CAL partnered with the fashionable luxury brand MOSCHINO to introduce a new collection of onboard travel kits that embody CAL's principles of environmental sustainability. Bringing a youthful vitality into the cabin, we are creating exclusive airborne fashion pieces for passengers, set to debut exclusively on our long-haul routes in the luxurious business class cabin, starting today.

1. The brand-new travel kits for the luxurious business class cabin are created in collaboration with #MOSCHINO, while those for the luxurious economy class cabin are developed in partnership with #Roots, offering convenient little bags for on-the-go use. These kits feature popular #moroccanoil skincare products, ensuring practical skincare solutions for passengers.
2. To practice CAL's environmental sustainability, environmental friendliness is prioritized from the design of the kits to their contents and packaging materials. For instance, the kits, skincare product bottles, eye masks, and combs are made from recycled plastic. Toothbrushes are made from wheat material, dental kits are packaged in wax paper, skincare products are packaged in PLA, earplugs are packaged in kraft paper boxes, and outer packaging such as paper waistbands and cards are made from FSC-certified paper. Moreover, biodegradable CPE plastic bags are used for outer packaging, expecting to minimize the environmental impact of both the items and their packaging.



Brand-new onboard travel kits designed with eco-friendly concepts—premium business class cabin



Brand new onboard travel kits designed with eco-friendly concepts—premium economic class cabin



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HIGHLIGHT

Reborn Life Vests

In 2022, CAL launched its "China Airlines Eco Travel Pack" made from recycled aircraft life vests on the sustainable demonstrative flight. It received widespread acclaim and attention, with stocks quickly selling out upon release. In 2023, CAL introduced a new product line, the "China Airlines Sustainable Life Vest Bags," featuring three limited-edition styles: the Pineapple Bag, the Mailman Bag, and the Everyday Long Bag. These bags utilize recycled life vests, repurposing them into practical and daily bags. Each bag is unique due to the varying cutting positions of the life vests, showcasing distinctive patterns. With meticulous stitching, vibrant and iconic visual aesthetics, ample capacity, and clever layered design, these bags are not only eye-catching but also functionally waterproof and sustainable, embodying both fashion and practicality while promoting the concept of sustainable recycling.



CAL introduced three styles of sustainable life vest bags in 2023.



By leveraging every usable detail of life vests, Mandarin Airlines design eco-friendly reusable cup holder that are in line with current trends, allowing passengers to carry the concept of sustainability wherever they go.



The popular eco-friendly recycled fashion items received an upgrade with the launch of the second-generation version by Mandarin Airlines in 2023. Featuring the strap for inflating the life vests, these bags provide an enhanced aesthetic, enriching the overall sustainability lifestyle experience.



The essential coin purse has also come in an eco-friendly and sustainable design, making recycled life vest products more practical and reminds travelers to be environmentally conscious at all times.

Green Services and Communication

The support and encouragement of passengers serve as the driving force for CAL to advance towards its environmental sustainability goals. CAL offers diverse eco-friendly services and invites passengers to join with us. Through various channels and formats, CAL communicates environmental knowledge, corporate environmental initiatives, and outcomes to different audiences, fostering an internal culture of environmental conservation and shaping an eco-friendly brand. Additionally, each year, through prize-winning quiz activity, CAL conducts surveys to assess employee satisfaction with environmental information dissemination and gathers suggestions for improvement. In 2023, a total of 2,809 employees participated, with an overall satisfaction rate of 95.7%.

Green Services



Phase of Journey	Outcomes
Ground Operations	<ol style="list-style-type: none">1. Promoted digital boarding procedures and digital corporate memberships, using 100% FSC-certified paper for printing boarding passes.2. Adopted digital operations for the menu services in the VIP lounge in Taoyuan Airport and implemented contactless services.3. Provided and promoted the voluntary "ECO Travel" Carbon Offsetting Program to passengers / shippers of China Airlines / Mandarin Airlines / Tigerair Taiwan.4. Added the warning of the embargo on transport of endangered species on the company website / airport check-in counter and invite passengers to join the global fight against illegal wildlife trade.5. Mandarin Airlines received the carbon label and carbon reduction label from Taiwan EPA and joined the "ECO Points (Green Points)" campaign for fare discounts.
Takeoff / Landing Process	<ol style="list-style-type: none">1. Continued the practice of closing windows during summer to lower the temperature of the cabin and thus reduce the cost of the use of the auxiliary power unit (APU) and airport energy use.2. Implementing green flight operations, such as conducting continuous descent operations (CDO) when conditions permit, to achieve fuel efficiency targets.
During Flights	<ol style="list-style-type: none">1. In-flight catering services consistently prioritizes the use of locally sourced seasonal ingredients, aiming to achieve a zero carbon footprint targets, and prohibits the use of endangered species as food.2. Promoted electronic services and online pre-selection meal services for the main dishes of in-flight meals, and the pre-selection rate increased to 22.86% in 2023.3. To support sustainable development and digitalization trends, we launched the Dynasty Sky Reading to reduce the weight of aircraft and reduce fuel consumption.4. Adopt paperless and digital operating procedures for in-flight services, eco-friendly service items, and promote e-commerce (eMall) and green consumption.5. Implement and expand the participation in the Pacific Greenhouse Gases Measurement Program (PGGM) initiative.6. Gradually expand the service items in "The Sustainable Flight Challenge". <p>refer to the Sustainable Flight Challenge page</p>



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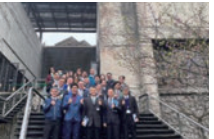
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Environmental Communication

Targets	Contents	Channel	Outcomes in 2023
New Employees and All Employees	<ul style="list-style-type: none"> • Cultivate sustainability awareness of employees to shape a culture of environmental protection • Organized experience activities to consolidate environmental protection and sustainability consensus 	<ul style="list-style-type: none"> • "CAL and I" courses for new employees • Company's email, China Airlines newsletter, startup screen, questionnaires, and quizzes 	<ul style="list-style-type: none"> • Environmental e-learning is a mandatory course for new employees, and through 23 physical new employee training sessions, CAL achieved a 100% execution rate in promoting the Company's environmental and energy-saving policies and practices. • We published 28 articles on environmental sustainability topics as well as activity reports, effectively communicating environmental knowledge and addressing various environmental issues. • We organized 3 environmental prize quizzes to summarize environmental information from the past six months and gathered suggestions for annual improvements. A total of 2,809 employees participated, resulting in an annual satisfaction rate of 96%.
		Environmental Lectures	<ul style="list-style-type: none"> • One environmental lecture was held, focusing on the development of the Saisiyat tribe and ecological conservation issues, to raise the employees' awareness of environmental protection; 90 participants attended.  <p>Invited Elder Chih-You Ken, Chair of the Board of Miaoli County Saisiyat Indigenous Peoples Forestry and Worker Limited Liability Cooperative, to deliver a speech.</p>  <p>Elder Chih-You Ken taking a group photo with colleagues both physically present and joining online</p>
		Cross-industry Exchange	<ul style="list-style-type: none"> • In 2023, CAL organized 2 cross-industry exchanged events to gather insights on environmental sustainability strategies from external companies and share CAL's experiences. 
Environmental / Energy / Carbon Management Personnel (including partners of the Group)	<ul style="list-style-type: none"> • Increase environmental protection and energy conservation knowledge and improve management capacity 	<ul style="list-style-type: none"> • Environmental / Energy / Carbon Management Workshop • e-learning environmental courses 	<ul style="list-style-type: none"> • Based on operational requirements, we organized 7 professional training sessions on "environmental energy management systems", "TCFD climate-related financial disclosures for climate risks", "CORSIA concept training", and the Group's "Value Chain Environmental Management Meeting" for operation personnel and partners. The courses had a total of 263 attendees.
Passengers and Shippers	<ul style="list-style-type: none"> • Share new knowledge on environmental sustainability and increase green consumption awareness 	<ul style="list-style-type: none"> • In-flight entertainment system, in-flight magazine (Dynasty), official website, and social media posts 	<ul style="list-style-type: none"> • CAL selected 17 environment and eco-themed videos to play during flights and published 11 environmental protection articles and reports via social media which reached 320,321 viewers. • CAL continuously updated and shared the carbon footprint of routes. • Set up the Green Life Select section on CAL's eMALL official website to promote sustainable products. • CAL calendar was printed with soy ink.
Group (joint venture) Companies and Business Partners	<ul style="list-style-type: none"> • Enhance environmental risk and opportunity management, carbon management, and adaptation capacity • Expand sustainable influence by adding value to products and services 	<ul style="list-style-type: none"> • Regular/periodic risk and opportunity surveys, invitations to physical/online courses, annual management communication meetings, project collaborations, etc. 	<ul style="list-style-type: none"> • Established a mechanism to collect semi-annual resource consumption and annual carbon emissions data. Continued environmental risk and opportunity audits, conducting two on-site audits for high-risk operations through the Environmental Committee and various Environmental Management Committees. In 2023, eight environmental protection and energy-saving measures reduced electricity by 42,000 kWh, gasoline and diesel usage by 5,000 liters, and carbon emissions by 32.6 tons. • Initiated a GHG inventory guidance project to bolster carbon inventory and management efforts, including tracking semi-annual resource usage and GHG inventory results. 2023 Outcomes: <ul style="list-style-type: none"> • 13 partners of the Group have completed 100% of energy resource data collection and carbon inventory, with a total emission of 643,002 tons of CO₂e for categories 1 and 2, and 307,579 tons of CO₂e for categories 3~6 in 2023. Additionally, they have established their own internal verification capacity through the guide project. • 13 partners of the Group have set 26 energy resource management targets, with 21 of the targets being completely achieved. • Organized one session of value chain communication/management meeting to share international information, set and track annual objectives and plans, and environmental performance. • Regularly review and update the CAL Code of Conduct, and communicate the Group's environmental, energy, and conservation policies and principles. • Invited participation in various environmental conservation seminars, professional training for environmental/energy management system operators, and workshops related to carbon management. Project development of eco-friendly service items, such as products made with RPET or coffee ground fabrics.



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Future Plans

Operational Highlights		Future Development Plans
1	Improve the effectiveness of the operations of the management system	<ol style="list-style-type: none"> 1. Advance the operation of ISO 14001, ISO 50001 management systems, and ISO 14064-1:2018 MRV 2. Implement environmental and energy-saving measures to achieve short, medium, and long-term Sustainable Development Goals (SDGs) 3. Expand the digitization of management systems 4. Participate in industrial environmental management system planning and engagement
2	Enhance environmental sustainability collaborations with supply / value chains, and business partners	<ol style="list-style-type: none"> 1. Establish comprehensive environmental sustainability management mechanisms for supply / value chains, and business partners 2. Improve environmental, energy and resources, climate change and nature resources risk assessment, carbon emission management, and adaptation operations for outstations 3. Assist CAL value chain and group companies in enhancing carbon, environmental management and climate change adaptation operations
3	Comply with international carbon management mechanisms	<ol style="list-style-type: none"> 1. Continue to participate in the IATA, AAPA, and Taiwanese government's strategic engagement mechanisms for CORSIA operations 2. Implement Monitoring, Reporting, and Verification (MRV) operations in accordance with international aviation carbon management schemes such as CORSIA, UK ETS, EU ETS, and strengthen data quality management 3. Optimize management and operations of Carbon emissions reduction, offsetting, and carbon credit 4. Conduct carbon offset management in accordance with ICAO, EU and UK regulations 5. Promote and implement aircraft SAF addition goals
4	Enhance the climate resilience of the Company	<ol style="list-style-type: none"> 1. Strengthen and best practice high-level climate change and environmental governance 2. Enhance financial disclosure related to climate and natural related risks and opportunities (TCFD, TNFD) 3. Enhance the implementation capacity of various units in climate issue management 4. Strengthen climate prediction accuracy and the ability to adjust corporate operations
5	Continue to improve carbon reduction operation	<ol style="list-style-type: none"> 1. Implement the 2050 net-zero carbon emissions target, continuously monitor and improve flight and ground carbon reduction targets and performance 2. Expand the use of renewable energy, continuously reduce operational carbon footprint, and improve overall eco-efficiency and eco-benefits 3. Promote internal pricing and develop carbon reduction strategies and pathways aligned with SBTi 4. Expand the use of renewable energy and promote afforestation carbon sink projects
6	Continue to increase environmental resource utilization efficiency	<ol style="list-style-type: none"> 1. Promote and implement green office and green restaurant to create environmentally sustainable working environments 2. Enhance water resources and waste management operations, expand and improve management goals 3. Continuously improve environmental conservation and energy-saving measures to enhance natural and energy resource utilization efficiency 4. Collaborate with in-flight supplies vendors to innovating the development of eco-friendly products 5. Enhance awareness of environmental sustainability labels and increase the proportion of sustainable procurement
7	Advance the sustainable aviation fuel (SAF) application strategies	<ol style="list-style-type: none"> 1. Continuously monitor the global SAF development trends 2. Continuously advance the use of SAF and customer project mechanisms to firmly implement SAF usage objectives 3. Facilitate Taiwan policies related to SAF, fostering the strategies and development of Taiwan SAF production and use
8	Promote forest and biodiversity conservation	<ol style="list-style-type: none"> 1. Continuously support the Buckingham Palace Declaration and implement the CAL forest and biodiversity conservation policies 2. Provide ongoing support for Taiwan and international forest and biodiversity conservation initiatives 3. Incorporate forest and biodiversity conservation evaluation criteria into supplier management 4. Optimize biodiversity conservation and related disclosure information
9	Enhancing environmental sustainability culture within and outside CAL	<ol style="list-style-type: none"> 1. Continuously support Taiwan and international environmental sustainability initiatives, including the Pacific Greenhouse Gases Measurement (PGGM) and IATA Eddy Dissipation Rate (EDR) turbulence detection algorithm 2. Create diverse channels for internal and external promotion and engagement, enhancing innovative collaboration momentum

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2-4 Human Resources

HIGHLIGHTS



106 people with disabilities employed

CAL was the only company in the industry to receive the Golden Wingspan Award. CAL employed 106 people with disabilities.



TWD 17.485 billion in salary and benefits

Invested TWD 17.485 billion in salary and benefits.



99.17% union participation

99.17% of employees participating in corporate union.



Employee health examination superior to regulatory requirements

The items and frequency of health examination offered by the Company are superior to regulatory requirements.



TWD 364 million in employee training

The Company actively organizes and manages professional training and invested TWD 364 million.



Continuous Support for "TALENT in Taiwan"

CAL continued joining 2024 "TALENT in Taiwan" to jointly promote sustainable talent development with "CommonWealth Learning", and many other companies in Taiwan.



Recognition as one of the "Best Companies to Work for in Asia"

CAL awarded HR Asia Best Companies to Work for in Asia 2023.

Management Approach

Material Issues

- Attracting, Cultivating, and Retaining Diverse Talent
- Labor Relations and Communication
- Occupational Safety and Health

Importance of Material Issues

CAL regards 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 and transparent negotiations and are more willing to engage in positive communication on collective agreement issues. CAL values the safety and health of

passengers, employees, and all stakeholders. In addition to promoting the systematic management of occupational safety and health, we are committed to reducing occupational hazards, creating a friendly, safe, and healthy workplace, and pursuing a sustainable future.

Commitment and Long-term Goals



Commitment

1. 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 by maintaining neutrality in accordance with laws.
2. 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.



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Long-term Goals



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 managers reaching 26%

2030

1. Achieving 75% of internal applicants completing the online course (completion rate)
2. Cultivating aviation management talents to reach 150
3. Percentage of female executives reaching 27%

2040

1. Achieving 100% of internal applicants completing the online course (completion rate)
2. Cultivating aviation management talents to reach 400
3. Percentage of female executives reaching 30%

Unit in Charge

Corporate Sustainability Committee - Human Resources Task Force

Management Mechanisms

- The meeting of Corporate Sustainability Committee, at least twice every year
- The Talent Value Task Force reports the KPI progress to the Corporate Sustainability Committee, every quarter
- A labor-management meeting, at least once every three months on a regular basis
- The meeting of Occupational Safety and Health Committee, every quarter on a regular basis
- Formulate Occupational Safety and Health Management Plan, Safety and Health Management Self-Inspection Plan, Workers' Health service plan to implement every year
- A personal information protection management review meeting, every year on a regular basis

Objectives and Plans

Issue	KPI	2023			2024 Objectives
		Objectives	Performance	Achievement	
Occupational Safety and Health	Reduce the Frequency-Severity Indicator (FSI) by 5%	FSI 0.42	FSI 0.33	100%	FSI 0.42
	Pass the certification of occupational safety-related management systems	Passing ISO45001:2018, CNS45001:2018 and TOSHMS	Passed	100%	Passing ISO45001:2018, CNS45001:2018 and TOSHMS Regular tracking and auditing
Labor-management Relations	Convene labor-management meetings	4 times	6 times	100%	4 times
Labor Rights	Organizing training on sexual harassment prevention	1 time	1 time	100%	1 time

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 : 2021-2023 averages in the air transport industry published by the Ministry of Labor: FR=1.37, SR=28, FSI=0.19

Grievance Mechanism

- Employee Relations Department : Human Resources Division
- E-Mail : wecare@china-airlines.com




Stakeholder Contact



2-4-1 Human Rights Management Framework GRI 2-23, 2-25, 406-1

To enforce the idea of human rights, CAL has established its human rights policies and management mechanisms based on the UN Guiding Principles on Business and Human Rights, international trends, and local laws and regulations. The establishment and amendment of CAL's Human Rights Policy require the signatures of the Company's Chairman and President. CAL's Human Rights Policy applies to CAL Group members, suppliers, partners, and all sites of operations. 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. In addition to ensuring CAL's respect for human rights, CAL supported the government business and human rights campaign and signed the "Letter of Intent for Promoting Business and Human Rights in Taiwan" in November 2022. CAL joined hands with several other companies in signing the "National Action Plan on Business and Human Rights". CAL also requires suppliers to sign the Supplier Code of Conduct during procurement to ensure that suppliers meet CAL's Human Rights Policy.

Regulations and Procedures on Human Rights

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 accomplices 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	<ul style="list-style-type: none"> • Proclaimed employee human rights protection includes basic stipulations, freedom of employment, humane treatment, and prohibition of discrimination or sexual harassment. • In October 2023, the Company organized online training courses for sexual prevention and 9,648 employees completed the training. 	
Sustainable Development Best Practice Principles — Child Labor Prohibited	Hiring people younger less than 16 years old is strictly prohibited to ensure full compliance 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 has incorporated management measures for equality and anti-discrimination and whistle-blowing channels into their regulations and organized training on a regular basis. In 2023, Mandarin Airlines organized a "Mandarin Airlines and Me" workshop on sexual harassment prevention, a course on gender equality and friendly workplace and sexual harassment prevention for managers and regular employees, and safety and health training for preventing illegal infringement.



CAL's Human Rights Policy

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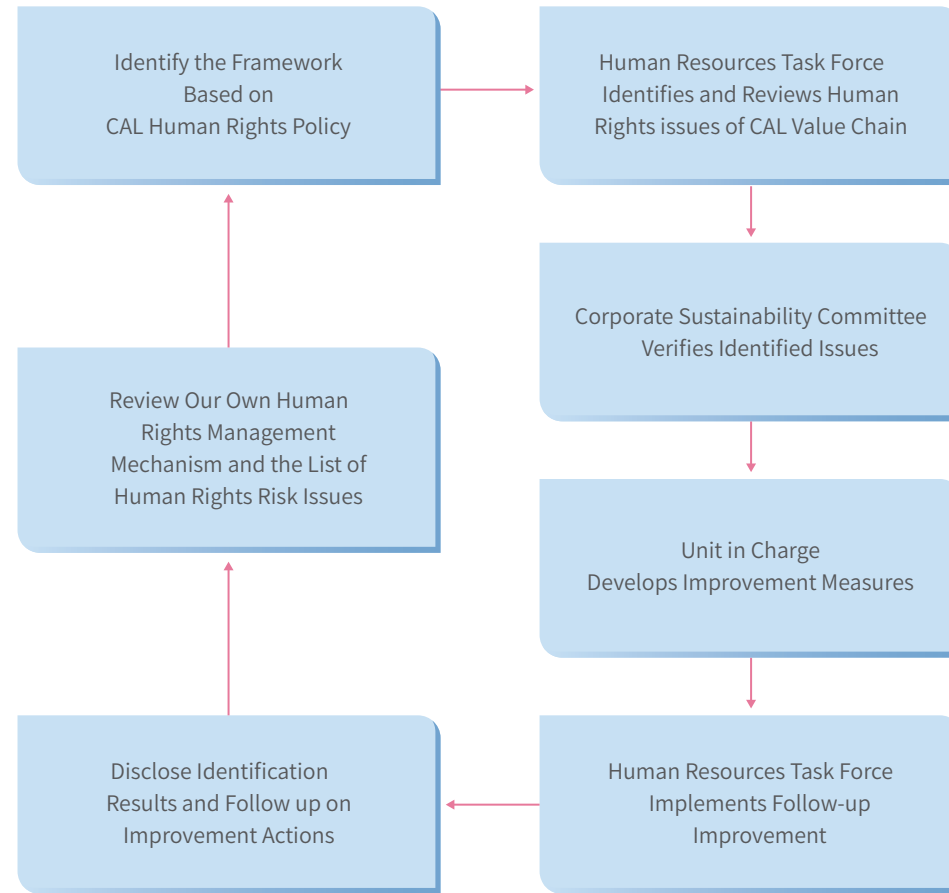
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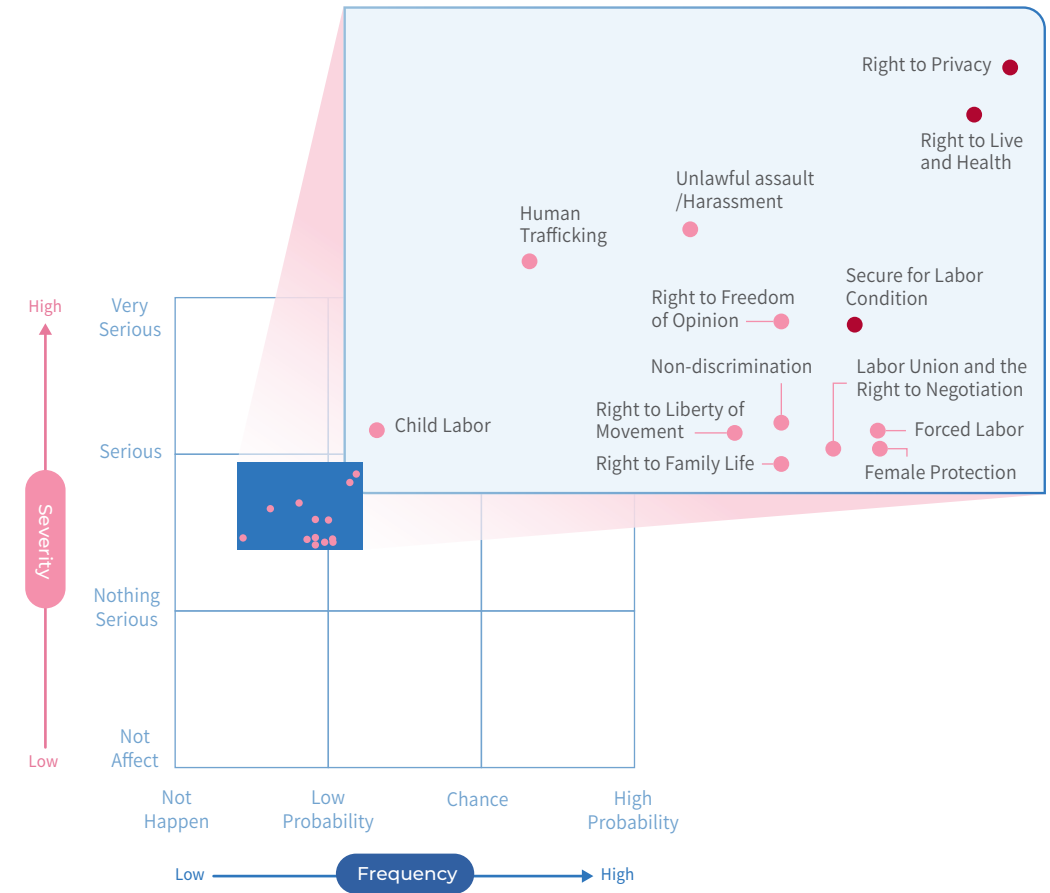
Procedures for Identifying Material Human Rights Issues



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 entire value chain (no new business relationships were established in 2023, such as material mergers & acquisitions). In 2023, it analyzed the material human rights risk issues of the year based on 518 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 2023 was low, but we are still responding to three relatively major risk issues, including the right to privacy, the right to life and health, and the protection of labor conditions.

Human Rights Risks Identification Results in 2023



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 risk issues. Based on the three material risks identified in 2023, 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). CAL also adapted the mitigation and remedial measures for all sites of operations across the globe based on the regulations of the host countries (64 branch offices, coverage 100%). In response to potential risks, CAL adopts early warning and remedial measures. Relevant information is described below.

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Management of Material Human Rights Issues

Node of Value Chain		Human Rights Issues	Mitigation Measures (Prevention)	Remedial Measures (Response)
Upstream	Supply Chain Partners	Right to Privacy	Formulated the "Personal Information Entrustment Management Procedure" to regulate the matters requiring attention and rights and responsibilities for product / service providers entrusted to handle personal information. The Privacy Protection Policy and Statement on CAL's official website also specify that when CAL provides the involved party's personal information for the third party to use, the third party is requested to comply with the relevant policies, rules, and regulations	CAL has established a sustainable supply chain management mechanism, and the high-risk sustainability issues of supply chain partners are audited, guided, and improved through review
		Right to Life and Health	For general merchandise suppliers, there are quality assurance obligations in the terms of the purchase contract, stating that the supplier shall guarantee that its products are free from safety or hygiene hazards; if the nature of its products is inherently hazardous, warning labels and methods of handling should be prominently displayed	
		Protection of Labor Conditions	<ul style="list-style-type: none"> Established the China Airlines Policy Statement on Sustainable Supply Chain Management and the China Airlines Supplier Code of Conduct, requiring all suppliers to implement management in accordance with the information security, labor human rights, and labor conditions, as well as the occupational safety spirit as stipulated Kept abreast of the current status of critical suppliers management through the periodic supply chain sustainability risk survey Presented case studies on human rights policy and management at the 2023 Suppliers' Conference 	
Midstream	CAL's Operations	Right to Privacy	<ul style="list-style-type: none"> Formulated a standard operating procedure in accordance with CAL's "Personal Information Protection Management System" for collecting, handling, and using personal information to ensure regulatory compliance, and organized relevant educational training and seminars to strengthen the awareness of personal information protection 	Formulated a standard operating procedure in accordance with CAL's "Personal Information Protection Management System" for collecting, handling, and using personal information to ensure regulatory compliance
		Right to Life and Health	<ul style="list-style-type: none"> Established an Occupational Safety and Health Committee, which meets regularly every three months to review, coordinate, and make recommendations on safety and health related matters CAL has been certified by ISO45001:2018, CNS45001:2018 and TOSHMS, and regularly conducts internal audits once a year as well as external tracking audits once a year. Through the risk management mechanism, risk classification is carried out according to each type of operation and job category Regularly conduct employee health checkups to achieve the goals of early detection, early prevention, and early treatment An "Employee Health Management System" has been set up so that employees can inquire about health check reports over the years, make appointments for physician consultation services, and record self-monitoring indexes to facilitate independent health management and disease prevention Regularly provide free influenza vaccination every year, and offer multiple channels for vaccination (stationed at various workplaces, subsidized by external hospitals, and scheduled vaccination at the airport medical center) to take care of employees' health 	<ul style="list-style-type: none"> Through the operation of the Occupational Safety and Health Committee and the guidelines of ISO 45001:2018 and TOSHMS, CAL regularly conducts statistics and analysis of the Company's occupational disaster cases, as well as reporting and tracking of follow-up safety and health management programs (refer to the Healthy and Safe Workplace section of this report, 2-4-5) Control Banding based on health examination results, screening out high-risk groups and referring them to the Company's medical staff for one-on-one health care interviews to provide customized health guidance and referral to outpatient clinics



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Node of Value Chain		Human Rights Issues	Mitigation Measures (Prevention)	Remedial Measures (Response)
Midstream	CAL's Operations	Right to Life and Health	<ul style="list-style-type: none">• In terms of aviation safety, CAL promotes a Safety Management System to prevent potential risks or hazards through continuous risk identification and management• Established a safety reporting system to encourage all employees to proactively identify possible safety impact factors and strengthen risk control	Conducted relevant investigations through the Safety Management System, continuously optimized management through risk identification and proactive actions, and established a containment mechanism
		Protection of Labor Conditions	<ul style="list-style-type: none">• Held regular labor-management meetings at the headquarters and each unit to negotiate labor conditions and welfare with employee representatives• Organized and operated the Occupational Safety and Health Committee, the Labor Pension Reserve Supervisory Committee, and the Employee Welfare Committee in conjunction with employee representatives to communicate on matters of workplace safety and labor welfare, and to work together to protect the labor rights and interests of employees and to enhance the workplace environment• CAL signed collective bargaining agreements with the corporate union and Taoyuan Union of Pilots at the end of 2021	Established various grievance channels to ensure that employees' labor rights and interests can be handled properly and immediately (for more details, please refer to the section on Employee Rights - Employee Communication in this report 2-4-4)
Downstream	Customers	Right to Privacy	In order to create a trustworthy personal information protection and privacy environment for consumers, the Company complies with the Personal Data Protection Act of the R.O.C., the Regulations Governing Personal Data File Security Maintenance Plan and Processing Method for the Civil Aviation Enterprise, the European Union's General Data Protection Regulation (GDPR), and other applicable personal information privacy laws and regulations, and collects, processes, or utilizes personal information within the scope of the specific purpose authorized by the individual concerned in a reasonable and safe manner and ensure that the individual concerned can exercise the relevant rights conferred by the personal information law to inquire, modify, delete, restrict the use of, and withdraw consent	CAL has formulated the online form of "Inquiry and Application for Personal Data Rights" and set the DPO mailbox for customers to consult and apply for personal data rights; we also respond to customers within the period specified in the Personal Data Protection Act
		Right to Life and Health	<ul style="list-style-type: none">• In terms of aviation safety, CAL promotes a Safety Management System to prevent potential risks or hazards through continuous risk identification and management• In terms of in-flight food safety, CAL has established the "Caterer Selection Procedures", whereby local caterers can become CAL's in-flight meal suppliers only if they have third-party certificates related to food safety or certificates or proofs issued by local governmental health organizations	<ul style="list-style-type: none">• The Safety Management System is used to carry out relevant assessments and eliminate hazardous factors through risk control, monitoring and review, in order to maintain the safety of passenger flights• CAL has set up the "In-Flight Medical Consultation Service", a system that allows passengers to obtain professional medical advice if they feel unwell during check-in, boarding or travel. With the support of the Taiwan Medical Association, CAL has also launched the "Caring Doctors on Board" program, which allows caring doctors to provide immediate and professional assistance in the event of an in-flight medical emergency
		Protection of Labor Conditions	Not applicable (customer is not employed, no labor condition issue)	Not applicable (customer is not employed, no labor condition issue)

Note: For more information on privacy management practices, please refer to the Privacy Management section of this report at 2-1-6. [2-1-6 Privacy Management](#)

In addition to the material human rights risks identified in 2023, CAL has always maintained an open attitude toward employees' membership in the union. As each CAL employee is an ex-officio member of the corporate union, they can freely participate in various union affairs or be directly selected as leaders in the union. CAL regularly holds negotiation meetings with the Employees Union to listen to the opinions 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' membership in 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 also re-file the complaint to protect their rights. In 2023, there were a total of 14 grievances from CAL employees, which were mainly about the use of concessional flight tickets and workplace harassment (sexual harassment in this case), and all of the complaints have been answered and closed, and there were no discriminatory incidents.

Employee Grievance Cases from 2021 to 2023

	2021	2022	2023
Performance Review	1	0	1
Concessional Flight Tickets	0	1	3
Leave of Absence	3	1	0
Disciplinary Actions	6	5	1
Occupational Disasters	0	0	0
Salary	1	0	1
Illegal Infringement at the Workplace	4	1	6
Others	0	2	2
Total	15	10	14

CAL

CAL Employee Grievance:

- 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

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 the workplace, communicating definitions and types of sexual harassment, as well as grievance channels, to all 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 and provide legal aid. Mandarin Airlines requires all new employees to take the "Mandarin Airlines and Me" course, which includes maintaining a friendly workplace and sexual harassment prevention. Mandarin Airlines also published a statement about the ban on sexual assault and harassment and posted information on sexual harassment prevention on the EIP website. In 2023, there were five cases of sexual harassment in CAL, which were transferred or administratively penalized according to the severity of the cases. In accordance with existing laws and regulations, if the cases of sexual harassment fall within the scope of the Sexual Harassment Prevention Act, they will be reported to the competent authorities in accordance with the law; there were no cases of sexual harassment in Mandarin Airlines in 2023.

Grievances Against Sexual Harassment from 2021-2023

	2021	2022	2023
Number of Grievances	3	5	6
Number of Filing	3	3	5
Category	Improper behavior	Improper behavior	Improper behavior
Outcome	Administrative disciplinary actions	Administrative disciplinary actions	Administrative disciplinary actions

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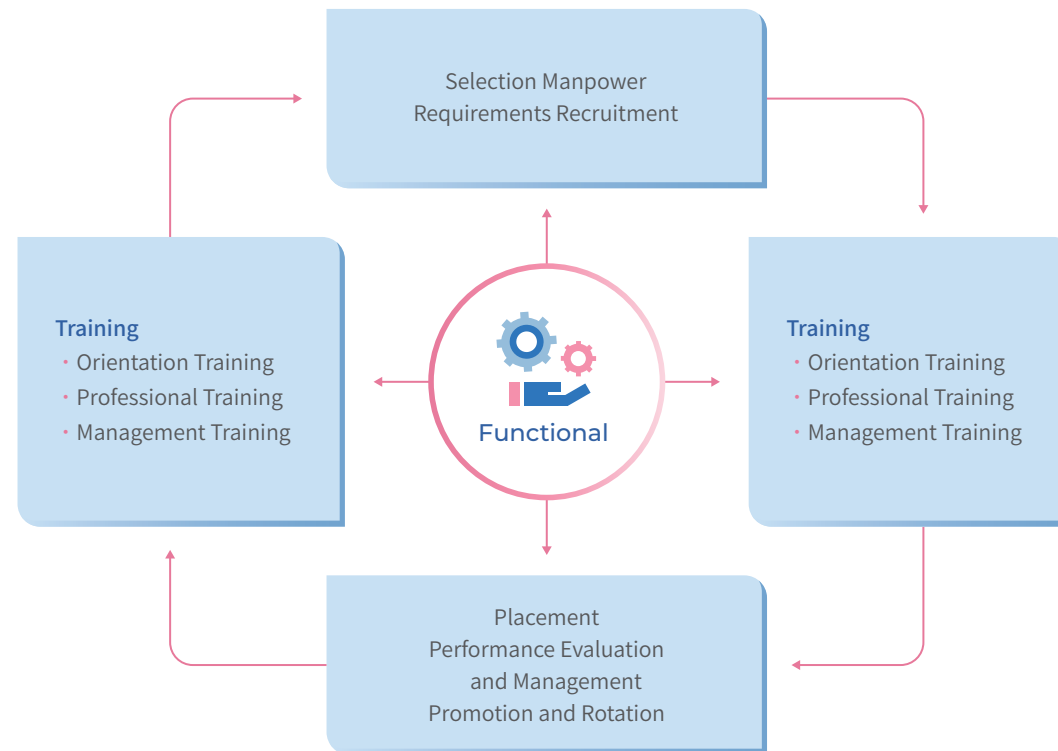
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2-4-2 Recruitment and Retention GRI 2-7, 2-8, 202-2, 401-1, 405-1

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 orientation training based on their duties and take up their posts after passing orientation training. They also continue to receive related training. CAL conducts evaluates their performance on a regular basis. Outstanding performers will be rewarded or reported for promotion, and appropriate rotations will be arranged to enhance the abilities of talents. At the end of each year, employees will be rewarded based on Company's business performance. The Company has also established favorable employee benefits and multiple channels of communication. CAL regularly conducts employee satisfaction surveys, and continuously reviews feedback and makes improvement accordingly in order to increase employee retention.





Workforce Structure of CAL Group

As of the end of 2023, the total number of employees of CAL and Mandarin Airlines were 11,258 and 885, respectively. Compared to the number of employees in 2022, CAL increased 526 employees and Mandarin Airlines added 75 employees. The number of employees employed by the two airlines is in compliance with the regulations. CAL responded to flexible work requirements for basic ground service and employed 165 dispatched workers.

[Detailed Workforce Structure Tables in the Appendix](#)

2023 Overview of CAL Group Employees

Company						
	Total	Male	Female	Total	Male	Female
Full-time Employees (Note 1)	11,127	5,508	5,619	872	422	450
Non-full-time Employees (Note 2)	112	23	89	13	2	11
Temporary Employees	19	14	5	0	0	0
Total	11,258	5,545	5,713	885	424	461
Interns (not included in the number of employees)	35	11	24	14	3	11
	The total number includes 76 indigenous employees (38 males and 38 females) and 106 employees with disabilities (71 males and 35 females).			The total number of employees includes 11 indigenous employees (1 males and 10 females) and 6 employees with disabilities (4 males and 2 females).		

Note 1 : Full-time employees are those whose contracted work hours are normal work hours.

Note 2 : Non-full-time employees are those whose contracted work hours are lower than normal work hours.

Gender Equality and Diversity

We place great importance in gender equality. In 2023, female employees of CAL accounted for 50.49% of the total CAL workforce and 28.68% of all managerial positions were held by females. At Mandarin Airlines, female employees accounted for 52.09% of the total workforce, and 24.44% of the managerial positions were held by females. 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 (detailed [Workforce Gender Diversity Target tables](#) in the Appendix). 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. For our male employees, they may apply for 7-day paternity leave with full pay during childbirth. In addition, to help our employees achieve work-life balance, CAL has signed agreements with 7 daycare centers and kindergartens in 2023 to provide special discounts for CAL employees.

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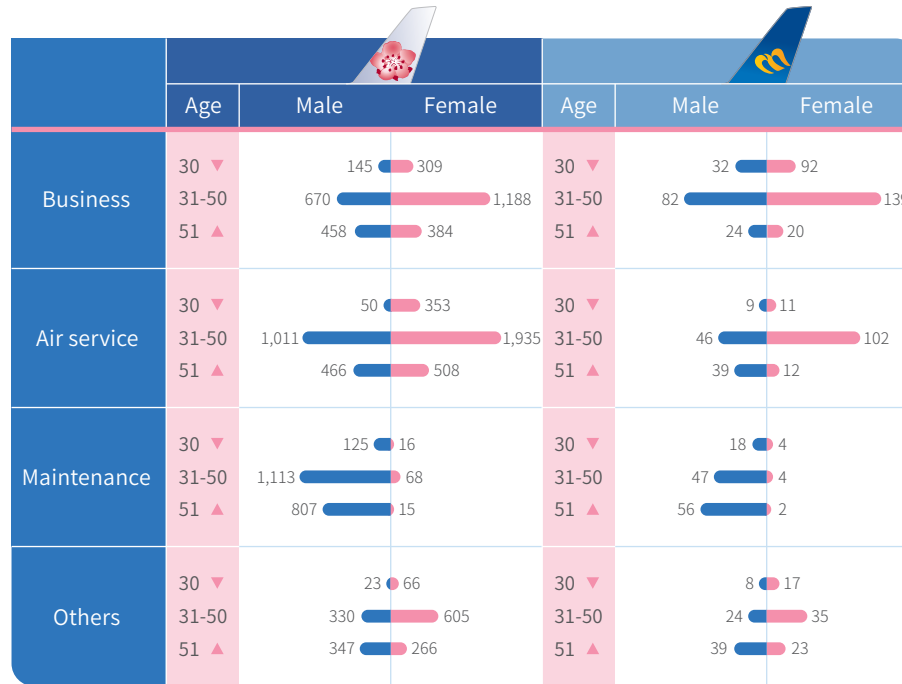
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2 Value Creation

CAL values diversity in the workforce. In 2023, CAL employed 76 (0.68%) indigenous employees and 106 (0.94%) 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.

Workforce Diversity of CAL Group in 2023



Local Employees

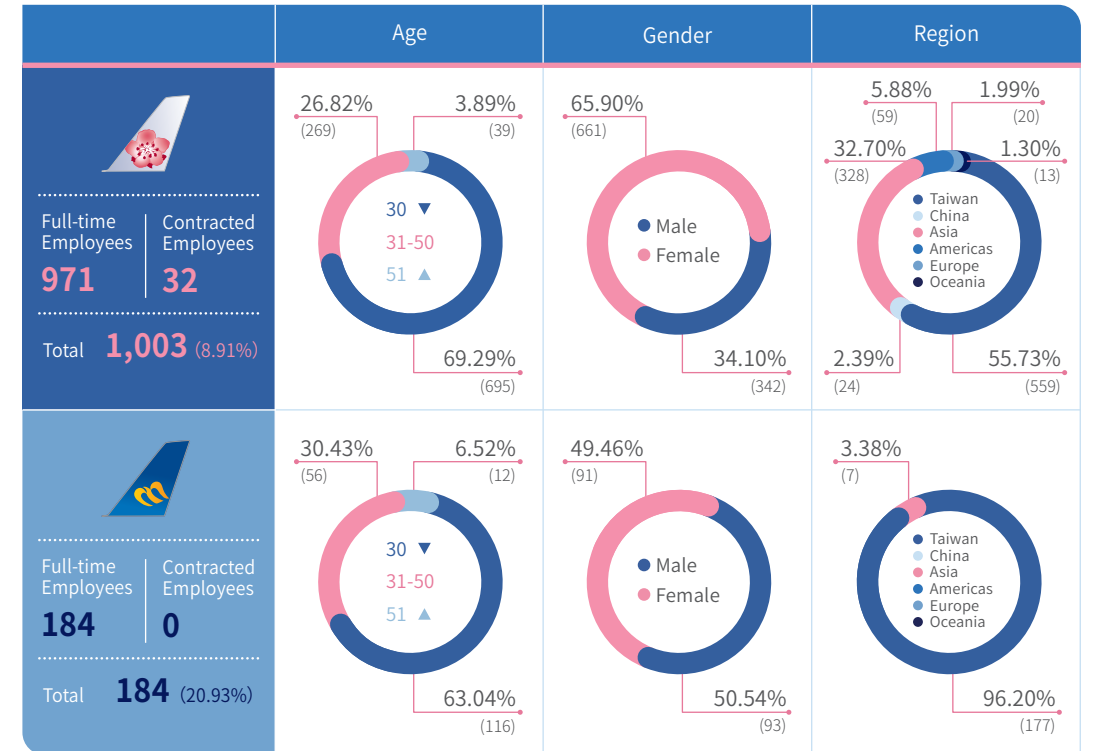
The flight network of CAL spans across the globe, and a large number of job opportunities are available. This results in contributions to local employment and economic development. About 85.96% of all CAL employees are based in Taiwan. The composition of CAL's international employees includes foreign pilots from 22 countries, and flight attendants from Vietnam, Japan, and Thailand. We also employ local employees in 25 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.

Local Employment of CAL Group in 2023

Company	Region	Employees	Management
	Taiwan	98.44%	100.00%
	China	96.27%	40.00%
	Asia	94.41%	43.00%
	Americas	64.89%	24.39%
	Europe	48.31%	25.93%
	Oceania	33.33%	14.29%
	Taiwan	100.00%	100.00%
	China	77.78%	27.78%

Note: Local employees refer to employees of the local nationality.

New Employees of CAL Group in 2023



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 2023, CAL recruited 1003 employees, including 971 full-time employees and 32 contract employees, accounting for 8.91% of the total workforce. Mandarin Airlines recruited 184 full-time employees, accounting for 20.79% of the total workforce.



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Employee Turnover

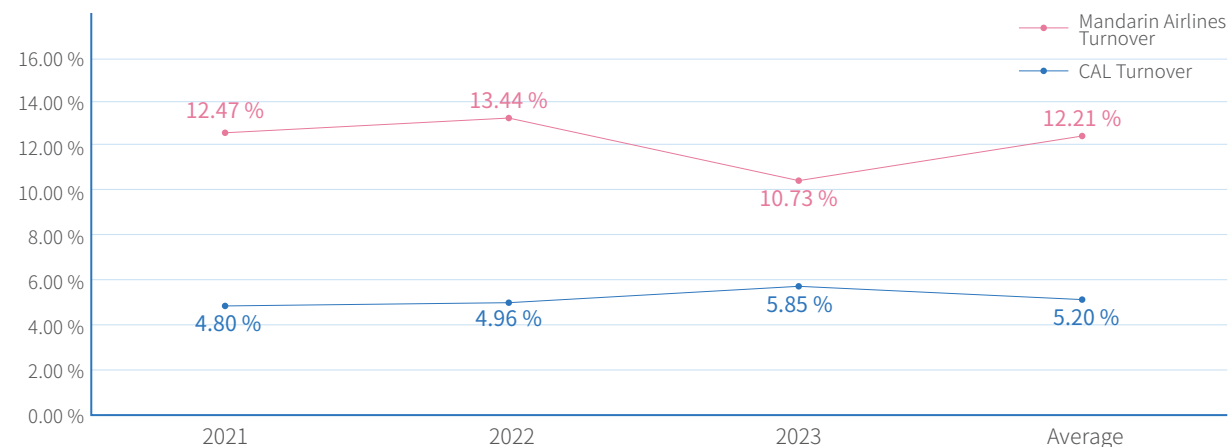
Over the past three years, the average employee turnover of CAL has been 5.20%. Each of our employees is protected by an employment contract, and each contract clearly sets forth provisions regarding rewards, disciplinary actions, and employment termination. In addition, rules concerning termination 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 managers to see whether adjustments are needed in our salary and benefit practices. We also utilize internal systems and incentive programs to reduce turnover rates. [Refer to ESG Data and Appendix Employee Turnover Rate Table](#)

At CAL, the employee turnover in 2023 increased slightly by 0.89% compared to that in 2022. The involuntary turnover rate was 0.02% lower than that in 2022, while the voluntary turnover rate was 0.91% higher due to the impact of the large-scale recruitment in the technology industry, travel and tourism and other industries that have recovered in recent years, but with no significant fluctuations. CAL will continuously optimize internal management to maintain low turnover.

At Mandarin Airlines, employee turnover in 2023 decreased by approximately 2.71% compared to 2022, mainly due to personal career plans with applications for retirement or resignation. Despite the decrease in the turnover rate, Mandarin Airlines will continue to provide diversified channels of communication for its employees and gradually enhance its employee benefit system to retain talent.

Employee Turnover Rate of CAL Group from 2021-2023

Year	CAL Turnover	CAL Turnover (Voluntary)	CAL Turnover (Involuntary)	Mandarin Airlines Turnover
2021	4.80%	3.41%	1.39%	12.47%
2022	4.96%	3.66%	1.30%	13.44%
2023	5.85%	4.57%	1.28%	10.73%
Average	5.20%	3.88%	1.32%	12.21%



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, which includes conducting performance interviews in a timely manner for those whose performance is needed for help or more related consultation to promote positive conversations.

Apart from evaluations on general performance, core competence 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. 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.

For flight attendants, besides the evaluations mentioned above, two-way performance feedback (flight attendants can also submit their feedback about their supervisors' working performance) has been also adopted. 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 employees with outstanding performance, 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.

In order to enhance the employee retentive effect, the company also has a mechanism to increase work allowances by seniority, and also designed a mechanism in the employee stock ownership trust to increase the company's reward amount with seniority.

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2-4-3 Employee Development GRI 404-1

Sound Training System and Framework Training Framework

CAL has established a sound training system and framework to train 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 management training and general aviation training in line with the Company's development strategy for all managerial levels and employees with potential on a regular basis to improve their horizons and expertise, enhance their knowledge and skills, help employees with different expertise understand each other, and foster cooperation between units.





The Training Advisory Committee has been established to plan annual education and training activities for all employees based on training requirements in the CAL training framework. The primary strategic goal of CAL's training and development program is to enhance employees' job skills. We use the existing training framework to ensure that all employees are equipped with skills to perform their duties and job functions.

CAL as 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 to build their management capacity and experience. In addition to the annual talent recommendations, CAL also selects talents from different levels and sets up management improvement courses and management training courses. CAL provides two-year courses based on the ranks of the employees to continue to enhance their management skills. CAL has always sought out and successfully trained many potential talents to serve as unit chiefs both at home and abroad. CAL will continue to provide them with opportunities to develop their careers, in hopes of achieving corporate sustainability.

In 2023, CAL invested about TWD 364 million in employee training and development (the average amount was approximately TWD 32,300). The total number of training hours (including onsite and online courses) totaled approximately 530,000 (the average number of hours per employee was approximately 43 hours), and the completion rate of training reached 99.44%.

🔍 Training Statistics of CAL Group Table in the ESG Data and Appendix

New Employees of CAL Group in 2023

Skill Type		Orientation Training	On-the-job Training	Advanced Training
	Strategic Skills Abilities required for employees to perform projects according to CAL business strategies	Organized ad hoc based on CAL's business operations and strategic development needs		
	Professional Skills Qualities and skills required to perform specific duties or tasks	Basic training for each professional position (flight operations / maintenance / service / ticketing / cargo)	<ul style="list-style-type: none"> Model / class training Annual retraining for each professional position 	<ul style="list-style-type: none"> Instructor training Advanced job training (pilot in command / cabin manager / supervisor)
	Management Skills Knowledge and skills required for managerial positions	New manager training	Management skill training	Executive training / seminars
	General Skills Knowledge, skills, and conduct required for every employee	"CAL and me" orientation training	Career experience camp	General aviation management training

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 the full tuition).

Sound Internal Recruitment and Rotation System

CAL is committed to upholding the principle of assigning each staff member to an appropriate position. We offer regular job rotations and internal training courses to support employees' diverse development. Each department determines whether to rotate employees based on their labor needs. CAL has established an internal recruitment system, so that employees can participate in the selection processes in accordance with their wishes and career plans. This allows CAL to utilize its human resources in a flexible manner and ensures that employees are assigned to the most suitable positions, resulting in a win-win situation for both parties. The internal hiring rate this year (2023) was 56.18%, which was slightly lower than that of 2022 because more internal vacancies were related to science and technology.

To utilize management with flexibility and to ensure that they are assigned to the most appropriate 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.



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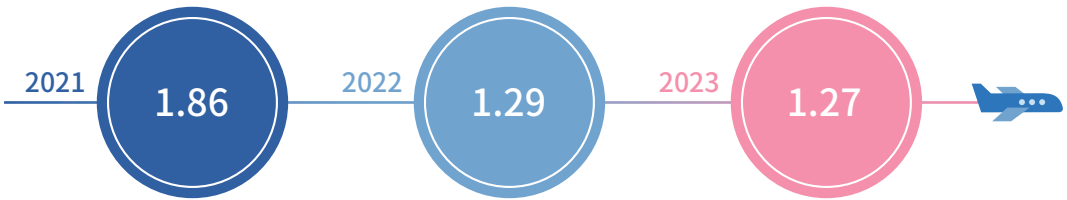
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Human Capital ROI





Through education and training, employees can grow along with CAL's strategic and business goals. Corporate assets will also accumulate in value and provide CAL with a solid foundation for sustainable development. 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. In 2023, the passenger/cargo market were going back to normal and the revenue of CAL is more than 2022; however, due to operational expenses of continuous inflation (fuel prices are included) and increasing the employee compensation and benefit investments for taking care of CAL employees, the ROI in 2023 is slightly lower than 2022.

Human Capital ROI



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

Details of Employee Development Programs to Accommodate the Company's Business Objectives for 2023

 Employee Development Program	 Business Benefits	 Quantitative Impact of Business Benefits	 Proportion of Total Employees Participation in the Program
Enhancing passenger sales and marketing management training Enhance the professional knowledge of passenger operation staff in ticketing, reservation, fare management, revenue analysis, marketing tools, etc. to cope with the recovery of passenger transportation	Enhance the sales management and marketing analysis skills of the passenger operation staff to increase the passenger revenue	Passenger revenue in 2023 was approximately TWD 99.01 billion, an increase of TWD 78.53 billion from 2022 passenger revenue of TWD 20.48 billion	18.7%
Upgrade maintenance skills training Enhance maintenance staff's knowledge of customer's aircraft systems and maintenance techniques	Enhance the quality of aircraft maintenance and increase customer satisfaction of aircraft maintenance	The customer satisfaction score of aircraft maintenance for the 2023 was 8.8 out of 10, an increase of 0.56 points from the 2022 score of 8.24 points	5.0%

Note: The training provided are all further or advanced courses to improve related professional knowledge, not basic/orientation training for newcomers.

Training to Promote Awareness of Diversity, Equality, and Inclusion

In order to create a positive workplace environment and promote "diversity, equality, and inclusion" in the workplace, CAL organized a number of related courses in 2023, including training on the topic of "Intergenerational Communication" for managers and colleagues below the first level of domestic management, with the aim of enhancing mutual understanding, respect, tolerance, and promotion of the transmission of different values across generations. CAL also organized a series of master sharing courses to enhance mutual understanding among units and improve the atmosphere of inter-departmental cooperation. CAL increased the number of courses provided to junior colleagues to improve their work efficiency/skills (including work management, business negotiation, and problem solving, etc.), and tried its best to provide resources for the self-development of colleagues at all levels. In addition, a "Me and CAL" retraining program has been organized since 2023 for new recruits who have completed their first year of service to learn more about their learning and development.

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Industry-Academia Collaboration

CAL has a wealth of practical experience sound aviation training facilities and courses. We actively support the "Industry-Academia Collaboration for Technical Colleges and Universities and Talent Cultivation" initiative promoted by the Ministry of Education and we have promoted the campus talent development program since 2013. CAL has cooperated with colleges and universities nationwide to offer internship programs that last for six months to one year in a wide variety of 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. CAL will continue to strengthen industry-academia collaboration and provide students with opportunities to gain aviation expertise and make their career plans, and thus help CAL recruit potential talents.

In 2023, as the pandemic has subsided and operations are gradually returning to normal, CAL has resumed various types of industry-academia cooperation (51 students/16 schools) and Mandarin Airlines has resumed industry-academia cooperation (14 students/6 schools) in 2023.

Continuous Support for TALENT in Taiwan

In order to strengthen Taiwan's competitiveness in terms of talent and the importance that global enterprises place on talent, CAL announced on February 29, 2024 that we will continue to respond to the "TALENT in Taiwan" and work with "Common Wealth Learning", the Talent Sustainability Channel, and a number of enterprises in Taiwan to continue to promote and advocate for the sustainability of talent; CAL has committed to continuously providing professional training in various occupations and passing on the Company's culture and values by aligning with the Company's business strategy and strengthening the products and services. In order to echo the theme of "diversity, equality, and inclusion" advocated by TALENT in Taiwan this year (2024), CAL's annual training program maintains the theme of "sustainability, care, and harmony" to provide employees with more resources and learning opportunities for self-development, so as to enable employees of all generations to integrate with each other, to share in the glory, and to give full play to their teamwork, which will be conducive to the Company's sustainable development. We hope to use the project of hope for talent development to develop every worker, strengthen their professional skills, and create better career development and a brighter future.



CAL announces its continued participation in TALENT in Taiwan

2-4-4 Employee Rights GRI 2-30, 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 2023, CAL's average salary increase was 4.45%. Employees who are required to work overtime due to the nature of their employment received reasonable overtime pay in accordance with regulations. No employee was forced to work against his or her will.

Male / Female Salary Ratio of CAL Group in 2023 (Female Salary is 1)

Company	Category	Base Salary	Bonus	Remuneration
	Business Operations	1.16	1.04	1.10
	Flight and Cabin Crews	1.10	1.02	1.06
	Maintenance Personnel	1.10	1.02	1.06
	Others	1.11	1.01	1.07
	Business Operations	1.05	1.13	1.10
	Flight and Cabin Crews	1.46	2.99	2.42
	Maintenance Personnel	1.24	1.63	1.44
	Others	1.11	1.2	1.15

Note 1: Remuneration = base salary + bonus

Note 2: Female salary is 1 in this Salary Ratio Table.

Note 3: Flight and cabin crews: 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: 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 4: Base salary: Basic pay; bonus: pay outside base pay.

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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 9,653 in 2023, a increase of 110 from the previous year. The total salary of full-time employees not in a managerial position was TWD 20,028.99 million, an increase of TWD 4396.19 million year-over-year, the average salary of full-time employees not in a managerial position was TWD 2.08 million in 2023, an increase of TWD 0.44 million, and the median salary of full-time employees not in a managerial position was TWD 1.55 million in 2023, an increase of TWD 0.39 million. About Annual total compensation ratio in 2023, please refer to the Appendix.

Appendix Annual total compensation ratio in 2023

Full-time Employees not in a Managerial Position	Numerical Value	Difference from the Previous Year
Number of people	9,653	▲ 110
Total Salary (TWD million)	20,028.99	▲ 4,396.19
Average Salary (TWD million)	2.08	▲ 0.44
Median Salary (TWD million)	1.55	▲ 0.39



Note: Please refer to the Appendix for more information on the [gender pay gap analysis](#).

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 2023

(Unit: TWD million)

Company	Item	2021	2022	2023
	Salary	13,660	17,372	17,291
	Benefits	216	197	194
	Pension Reserve Fund	6,514	7,437	7,740
	Salary	896	740	800
	Benefits	2.48	3.6	4.8
	Pension Reserve Fund	436	409	437

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

Employee support program (eg. unpaid Parental Leave, benefit leave, etc)

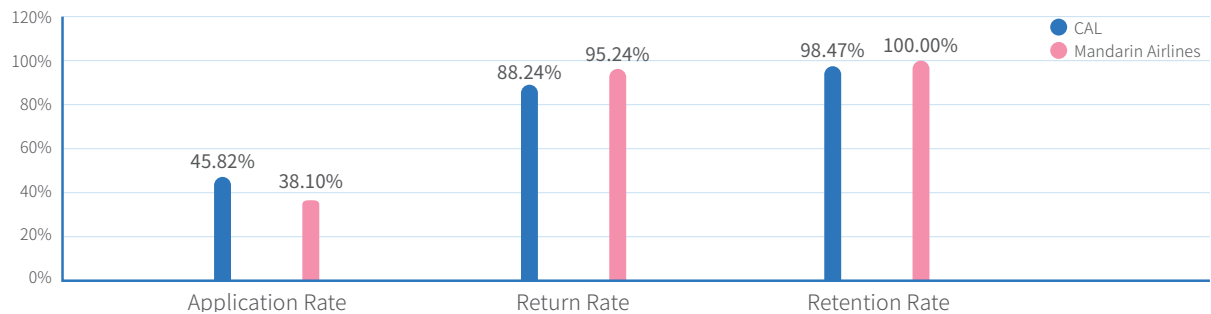
CAL responds to the government's policy of parental leave without pay so that employees can take care of their families and work in peace. According to the Gender Equality in Employment Act, employees may apply for parental leave without pay for two years after their children reach the age of three; employees may apply for reinstatement before the expiration of the parental leave period according to family needs or career planning. In 2023, a total of 549 applications were received for leave without pay for baby-sitting.

In addition, employees are entitled to 8 weeks of paid maternity leave before and after giving birth, and may also apply for 7 days of paid paternity leave before and after their spouse's delivery. If the paternity leave falls on a business trip, regular holiday, or national holiday, the leave may be taken within 15 days from the day after the end of the business trip, and the overall system is designed to be more favorable than that required by the Gender Equality in Employment Act.

Moreover, CAL provides more 7 days of benefits leave with payment which is better than the legal requirements every year, that can allow employees spend more time with their family. CAL also offers take care of relatives leave, if employees need to care for the family member with a serious illness. This leave can be applied for up to six months, employees can take care of their families with confidence before returning to work. Moreover, CAL also offer chances for employees who were part-timers apply transferring to full-time job.

The Appendix Unpaid Parental Leave of CAL Group Tables

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Benefits for CAL Employees

Item	Explanation	Superior to Regulations
Unpaid Leave	<ul style="list-style-type: none"> • Care for Family Members 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. • Joining Family on Overseas Assignment When an employee is assigned overseas, his/her dependents in the Company may apply for unpaid leave. • 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. 	
Benefits Leave	Ground personnel are provided with seven days of additional paid leave each year as benefits for the seven national holidays that are commemorated but are not days off.	
Paid Sick Leave	The employee shall receive full salary for the first 5 days of sick leave without hospitalization each year; the employee shall receive half the salary from the 6th to 30th day. The employee shall receive full salary for sick leave with hospitalization for up to 45 days.	
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.	
CAL Alumni Association	CAL has assisted its retirees and employees in establishing the CAL Alumni Association. The Alumni Association organizes quarterly activities to promote interchange between retirees. CAL also offers grants to the Retiree Association to provide positive assistance and encouragement.	
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.	

Item	Explanation	Superior to Regulations
Annual Leave Scheme	CAL offers annual leave better than that stipulated in the Labor Standards Act.	
Childcare	CAL has entered into preferential childcare contracts with 7 daycare centers across Taiwan to assist employees with childcare arrangements.	
Breastfeeding Environment	CAL provides friendly and welcoming breastfeeding (collection) rooms at the workplace to create a comfortable breastfeeding (collection) environment. For female employees who are pregnant or less than 1 year after giving birth, CAL provides guidance on doctor interviews, work suitability assessments, and hazard control suggestions.	
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.	
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.	
Flexible Work Hours	Ground employees in CAL Park who do not use the shuttle buses may, with the approval of their supervisor, apply for flexible work hours (up to one hour each day). Each application must be for a duration of at least three months.	
Concessional Flight Tickets	Employees and their dependents enjoy free and concessional flight tickets on CAL flights and code-shared concessional flight tickets from other airlines.	
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.	
Resignation Program	Employees are eligible for CAL's resignation benefits if they apply for resignation after 10 years of service and meet the requirements.	

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Item	Explanation	Superior to Regulations
Psychological Counseling	The Company provides psychological counseling services to take care of the needs (such as coping with work stress) of employees, promote their growth, and increase their work satisfaction.	
Health Examination	<p>The inspection items and frequency of health examinations provided by the Company are superior to regulatory requirements. All employees (except for flight crew members and level 1 managers and deputies) receive health examinations once every two years. Taiwanese cabin crew, employees that work on shifts (with 60 days or more night shifts/ year), ground service crew above the age of 35 and employed for at least one year receive a health examination each year. With the average age of employees rising and the proportion of middle-aged and elderly people accounting for 48%, since 2023, we have increased the number of advanced checkups related to "common cancers and cardiovascular and cerebrovascular diseases" (gastroenteroscopy, lung CT, heart ultrasound...), so that employees can receive better care, and family members of employees can enjoy preferential prices for medical checkups.</p> <p>The Company has established the "E-Employee Health Management System", in which employees can enter the system to inquire about annual health examination reports, make appointments for physician consultation services, and record self-monitoring indexes for independent health management and disease prevention; annual health check data and questionnaires are imported into the Employee Health Management System, and according to the results of the checkups, high-risk groups are screened out by the conditions set in the system and referred to the medical staff for one-on-one health care interviews to provide personalized health guidance and referral information.</p>	
Job Transfer	Offer the opportunity for part-timers for application of transferring to full-timers.	
Sport Initiatives	CAL has sports facilities such as basketball courts, badminton courts, and fitness rooms in the Songshan Park. The Employee Welfare Committee also organizes sports competitions such as softball, basketball, and badminton to encourage everyone to exercise, and also provides subsidies for sports club activities.	

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.

Diverse employee communication channels



1. Labor-management Meetings:

The head office holds regular meetings with representatives of the CAEU and all front-line units also convene meetings with the respective branches of the union.



2. Supervisor Mailbox:

CAL encourages employees to express opinions and give suggestions through the level 1 manager 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. wecare@china-airlines.com e-mail and hotline:

The Human Resources Division has set up a dedicated mailbox and hotline to provide employees with grievance channels and protect employee rights and interests.



5. Sexual Harassment Complaint Mailbox:

The Human Resources Division has set up a confidential mailbox and assigned personnel to process cases.



6. Team+:

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

Note: In the event of a mass redundancy due to a major change in operations, CAL shall process related matters in accordance with the Act for Worker Protection of Mass Redundancy. Under general conditions, CAL shall, at least 60 days prior to the occurrence of the mass redundancy, inform the competent authority and other relevant agencies or personnel of its redundancy plan and announce it by publishing an announcement.

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Labor Unions GRI 102-41

CAL cooperates with different labor unions and remains committed to communication and negotiation. We also show the same respect to all unions in accordance with law. As CAL continues to communicate with labor unions, CAL did not have any major labor disputes or strikes in 2023. In particular, the China Airlines Employees Union (CAEU), which has the highest participation rate of CAL employees, is a nationwide trade union of the aviation industry and a member of the Taiwan Confederation of Trade Unions. 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, Kaohsiung Cargo Department, Kaohsiung Maintenance Group



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

- Branch 1 :** Divisions in Taipei Head Office
- Branch 2 :** Flight Operations Division and Operation Control Center
- Branch 3 :** Inflight Services Department
- Branch 4 :** Customer Service Division (Taipei, Kinmen, Taitung, and Nangan)
- Branch 5 :** Engineering & Maintenance Division
- Branch 6 :** Customer Service Division (Taichung, Magong, Hualien, and Kaohsiung)

All employees of CAL, with the exception of the senior managers as stipulated in the union constitution, have joined the China Airlines Employees Union, and are governed by a collective agreement signed by both parties in 2002. The collective bargaining agreement was the first in the domestic aviation industry and the parties renewed the agreement for the sixth time on December 16, 2021. After CAL concluded negotiations with the Pilots Union Taoyuan, they signed a collective bargaining agreement on December 29, 2021. In January 2017, Mandarin Airlines entered into a collective bargaining agreement with the Employees Union. The agreement includes union assistance, labor-management cooperation, dispute resolution, employment and termination, working hours, leave and vacation, salary, allowances and bonuses, personnel transfers, rewards, disciplinary actions, benefits, training, and occupational safety and health clauses. The parties negotiate the renewal of the agreement every three years. Due to the continuation of a collective bargaining agreement before labor and management renew the contract, the stipulations concerning working conditions in the collective agreement remain applicable in accordance with the law during the transition period.

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 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 2023, CAL and CAEU held six labor-management meetings to ensure smooth communication between the two parties; in 2023, Mandarin Airlines held a total of four quarterly labor-management meetings with MDAEU in accordance with the law.

Union Participation Rate of CAL and Mandarin Airlines

Company	Item	2021	2022	2023
	Number of Participants	9,526	9,382	9,621
	Participation Rate	99.41%	98.41%	99.17%
	Number of Participants	797	747	829
	Participation Rate	99.75%	99.34%	98.57%

Note 1: The number of CAL participants refers to the number of people being members of CAEU in the year (including employees in Taiwan and expatriates); 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); temporary employees (interns), hourly-paid work-study students, executives transferred from CAL, and employees in mainland China are not included.

Note 3: The collective bargaining coverage rate of CAL / Mandarin Airlines is equal to the labor union participation rate.



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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 engagement survey from December 5 to 23, 2022 by appointing a professional consulting company to organize an anonymous online questionnaire survey. The survey covered seven major dimensions, including corporate culture, leadership, job & career, employee engagement, work environment, compensation and benefits, and COVID-19. In the Questionnaire, we have the question which corresponding to Job satisfaction, Purpose, Happiness, and Stress such as "Overall, I am satisfied with my current job", "My performance goals are clearly set to define what I am expected to achieve in my job", "My coworkers and I have a good working relationship.", "My working requirements and schedule allows me to balance work and personal life.", etc. There were 5,057 effective questionnaires (the effective response rate was 57.9% with 2,518 male respondents who accounted for 49.8% and 2,539 female respondents who accounted for 50.2%). According to the results of the survey, the employees' overall approval was highest for compensation and benefits. it was followed by employee engagement, corporate culture, connection with the Company during the COVID-19 pandemic, job & career, leadership, and the work environment. The overall score was 7.8 points, which was a significant increase compared to 6.4 points in 2019 (CAL's principle is to conduct the survey in 2 to 3 years), particularly for compensation and benefits.

In 2023, with "family" as the core, CAL has planned a series of "Happiness Flight Program", which are divided into three lines, including the "Hand in Hand Line" to promote parent-child relationships, which promotes a sense of sympathy and co-prosperity among employees' family members through corporate visits so that their family members can have a better understanding of the employees' work environment. The "Heartbeat Line" helps single employees meet new people by taking them on a walk in the countryside to increase the chance of interacting with the opposite sex through light travel. The last line is the "Eternal Line" that helps employees start a family by organizing a joint wedding ceremony to provide an opportunity to fulfill their dreams and the most far-reaching blessing to those who have delayed or even given up the white veil and red carpet due to the pandemic or the pressures of life. In addition to the aforementioned "Happiness Flight Program", CAL has also organized several employee activities, including lectures on pension planning for retired employees, corporate health and stress relief days, and holiday caring activities, etc. Through these activities, the Company has promoted the issues of employee happiness and corporate sustainability. CAL provides a better workplace environment for its employees in three ways: "Work Side" to create a pleasant workplace environment, "Family Side" with family-friendly measures, and "Health Side" with physical and mental health promotion to create a positive and supportive workplace environment. Starting from this year, we have organized the "Me and CAL" retraining for new recruits who have completed one year of service. In addition to understanding their learning and development, we also provide them with care and collect their suggestions as reference for related enhancement.

Recognition as One of the "Best Companies to Work for in Asia" in 2023



The Best Companies to Work for in Asia Award is organized by HR Asia, a leading HR professional magazine in Asia, and is a benchmarking award for HR management in the region. CAL was selected out of 339 companies for the first time in the competition.

CAL recognizes its employees as the most important asset of the Company and provides competitive salaries, quality working conditions and environment, as well as comprehensive vocational training and diversified career planning to ensure the safety and growth of its employees. CAL also has a number of benefits and health protection measures that are superior to those in the industry, especially the concessional flight tickets benefits, which are the best in the industry. CAL is committed to creating a more friendly workplace environment through a diverse and equal workplace, employee health and well-being, and employee dedication, so that employees can enjoy their work and be proud of being CAL employees!

2-4-5 Healthy and Safe Workplace GRI 403

International Safety and Health Management System Dual Certification GRI403-1, 403-8

- In response to the trend of globalization and international labor development, we comply with domestic and international safety and health standards, as well as enhance the efficiency of safety and health management and promote systematic management measures. Since 2016, we have established an independent safety and health management system, and are committed to aligning our risk management capabilities with those of the rest of the world.
- Headquarter's Taoyuan area has been qualified by OHSAS18001 and TOSHMS since 2016~2018; in 2019, it was converted to ISO45001:2018, CNS45001:2018, and TOSHMS. In accordance with the "Safety and Health Internal Audit Management Procedures", we will perform internal audits of each unit once a year. We continue to accept external audits and commission SGS to conduct regular tracking audits once a year. Through the risk management mechanism, risk classification is carried out according to each type of operation and job category. The scope of application includes 9,869 employees (96.7%) and 335 non-employees (3.3%), accounting for 100% of the total number of employees and non-employees of CAL, except for overseas employees and non-employees who are not included in the consolidated statistics, e.g., overseas locations are not included in the consolidated statistics because the occupational safety and health management system is established in accordance with the laws and regulations of the respective countries.

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Category	Hazard Risk Classification	Job Type (Examples)
Category 1	Significant Occupational Risk	Flight crew, cabin crew, transportation staff, cargo loading personnel
Category 2	Moderate Occupational Risk	Information equipment, plant electrical and mechanical air conditioning equipment maintenance personnel
Category 3	Low Occupational Risk	Office administrators

- Taipei Branch and Kaohsiung Branch operate under the Occupational Safety and Health Management System of the head office in Taoyuan, Taiwan, and the repair plant has been certified as ISO45001:2018 compliant from 2022 onwards.
- The safety and health policy commits to the goal of "preventing occupational hazards and creating a healthy workplace", building an occupational safety and health management system, actively providing the necessary resources and training, implementing risk management, eliminating potential hazards, and making continuous improvements in order to pursue sustainable corporate development. In 2023, we continued to track and improve our safety and health performance indicators, which are divided into two types of indicators: active (safety and health management program proposals) and passive (occupational accidents, penalties imposed by the competent authorities, and audit results), and regularly reviewed each unit's performance indicators at the Occupational Safety and Health Committee meetings, to enhance the safety of the work environment for our employees and promote health care. In addition, we have achieved the goals of employee incapacitating injuries indicator, zero contractor incapacitating injuries, and zero contractor major occupational accidents in 2023.
- In 2023, a total of 916 occupational safety and health inspections were conducted at various workplaces, and 101 defects were found. All of these inspections were immediately coordinated with the relevant units to complete improvements, and were tracked by the occupational safety management unit, with a completion rate of 100%.

Establishing an Occupational Safety and Health Policy GRI 403-4

CAL upholds an occupational safety and health policy of "respect life, safety first", with the goals of FSI of less than 0.42, a participation rate of more than 70% in the annual health checkups of employees, and health education attainment rate of more than 80% for those with major abnormalities, and is committed to "preventing occupational hazards and creating a healthy workplace". We have established an occupational safety and health management system, proactively provided necessary resources and training, implemented risk management, eliminated potential hazards, and continued to conduct hazard identification assessments and implement improvements in pursuit of sustainable development. After discussing with labor representatives and signed by the chairman of the board of directors and the president, the Occupational Safety and Health Policy was formulated and published on December 1, 2016 in accordance with the ISO45001 standard, and is regularly reviewed annually. The Occupational Safety and Health Policy applies to all employees in our own operations, contracted employees, outsourced manpower, and contractors, and we provide a variety of channels, such as questionnaires, committees, and occupational safety and health zones,

to promote consultation and participation of workers in the field of occupational safety and health. The Occupational Safety and Health Committee has been established in accordance with the law to scrutinize, coordinate, and make recommendations on safety and health related matters, with the goal of preventing occupational disasters and protecting the safety and health of employees. The president acts as the chairperson. One deputy chairperson and one executive secretary are appointed. The committee consists of one level of supervisors of designated units, occupational safety and health personnel, engineering and technical personnel, medical personnel, and more than one-third of the labor representatives designated by the labor union. 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 2023, the total number of safety and health proposals considered, coordinated and recommended in the meeting was 5, with 4 cases completed and 1 case in progress, and the relevant minutes of the meeting were posted on the EIP website.



Occupational Safety and Health Policy

Five Major Goals of CAL's Occupational Safety and Health





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Proportion of Labor Representatives in Occupational Health and Safety

(Unit: %)

Company		2021	2022	2023	2023 Number of Labor Representatives	2023 Total Number of Committee Members
CAL	Taipei Branch	36.36	36.36	36.00	4	11
	Taoyuan (%)	37.73	37.73	40.00	20	53
	Kaohsiung Branch (%)	37.5	35.29	35.00	6	17
	EMO Park (%)	34.78	34.78	35.00	8	23
Mandarin Airlines		33.33	33.33	33.33	5	15

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

Enhancing Operational Safety and Implementing Hazard Identification, Risk Assessment, and Accident Investigation GRI 403-2, 403-9

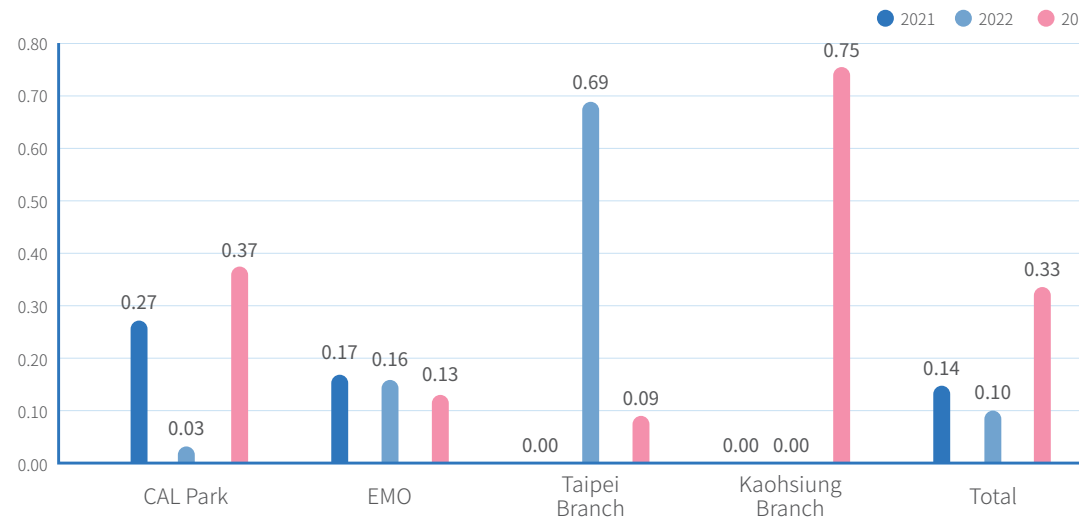
- The Company has formulated the "Occupational Safety and Health Management Manual" and has followed the "Emergency Preparedness and Response Procedures", "Regulations on Notification of Occupational Accidents", "Occupational Accident Investigation and Management Procedures", and "Occupational Accident Identification and Operation Assistance Measures" to enhance operational safety. If an immediate hazard occurs while performing work, employees may stop or leave on their own and immediately notify the Company to protect workers from punishment.
- In 2023, CAL had an disabling injury frequency rate (FR) of 2.80, a severity rate (SR) of 39, a FSI of 0.33, and an absence rate (AR) of 0.78%. The reasons for the analysis were mostly due to employees' unsafe behaviors, which were slightly higher than the Ministry of Labor's 2021-2023 air transportation industry average FR (1.37), SR (28), and FSI (0.19). The number of outsourced laborers (non-workers) totaled 165, and the number of contractors totaled 170, and none of them had occupational accidents. We will continue to implement occupational accident prevention campaigns and related education and training (Refer to Comparing the Frequency-severity Indicator and Occupational Injury Statistics Over the Past 3 Years and Occupational Hazards Statistics of CAL Group).

[Q Comparing the Frequency-severity Indicator and Occupational Injury Statistics Over the Past 3 Years](#)

[Q Occupational Hazards Statistics of CAL Group](#)

Comparing the Frequency-Severity Indicator (FSI) Over the Past 3 Years

(Unit: %)



- In accordance with the "Health Risk and Opportunity Management Procedure", "Safety and Health Performance Monitoring and Measurement Procedures", and "Management Procedures for Corrective and Preventive Measures of Safety and Health Non-conformities", and through the PDCA cycle of continuous improvement, there were a total of 122 reports on the safety of the entire staff of the Occupational Safety and Health category, and the number of reports that had been dealt with for improvement and closed amounted to 122, with an improvement completion rate of 100%, and an improvement in the rate of false alarms reported by 8% in comparison with the rate of false alarms reported in 2022.
- The Company instructs each unit to implement risk assessment for types of occupational hazards and specific sensitive groups, to implement occupational hazard identification and risk assessment; to formulate occupational safety and health management plans and apply hierarchical control strategies to eliminate hazards and minimize risks; and to establish a performance evaluation and assessment system for continuous improvement of the occupational safety and health management system. In 2023, each unit formulated a total of 57 occupational safety and health management programs, with a target achievement rate of more than 80%.

Identification of Major Hazards

- Each unit has implemented hazard identification and risk assessment according to the type of occupational safety hazards in the workplace, including trips/strikes/falls/cutting/turbulence and traffic incidents, with a completion rate of 100%. Among them, trip injuries due to personal unsafe behaviors were the most important types of injuries, and all of them have implemented publicity and improvement measures.
- Each unit has implemented hazard identification and risk assessment based on the type of occupational health hazards, including physical, human factors, chemical, biological, and psychological hazards, according to the characteristics of the workplace, with a completion rate of 100%. The most frequently evaluated hazards were office ergonomic hazards and physical noise hazards.
 - Ergonomic Hazards in Office: In accordance with the "Ergonomic Hazards Prevention Program," 613 active injury and illness surveys were collected, and 39 people suspected of having hazards were interviewed at the work site to understand the work patterns of the colleagues, and occupational safety and health recommendations were provided as appropriate.
 - Noise hazards: Under the "Hearing Protection Program", we provide noise protection equipment and educational training for the use of relevant laborers, and implement six times of ramp noise monitoring every six months and annual health checkups for special health hazards to protect the health of laborers.
- For employees who are at risk of maternal health hazards, 205 employees were evaluated for hazard identification in the workplace, and the risk assessment results were all level 1 management.
- In 2023, 129 employees at all levels and new supervisors conducted self-assessment of unlawful acts, and each unit implemented hazard identification and risk assessment of unlawful acts according to the characteristics of the workplace, with a completion rate of 100%, to create a safe and friendly workplace environment.
- The Company enhanced the awareness of hazard prevention, conducted various types of hazard prevention propaganda and earthquake accident execution emergency response drills for 1 time, with a total of 108 people completing the training.

Main Hazard Mitigation Action Plan

- The Company implemented and completed investigation reports on 91 cases of occupational accidents (including 36 cases of commuting), with a 100% correction rate.
- The construction of chemical management mechanism has been completed. Hazardous chemicals are posted with hazard labels, preparation lists, and disclosure safety data sheets, and necessary hazard prevention measures have been taken, with a completion rate of 100%.
- Operational environmental monitoring was conducted twice a year. Carbon dioxide monitoring was conducted at 122 locations, and the monitoring results all met the legal value of 5,000 PPM or less. Noise environmental monitoring was conducted by a total of 12 sampling, and an on-site visit to the workplace was conducted to assess the units and personnel whose average sound pressure levels exceeded the legal limit of 85 decibels or more over an eight-hour day during the workday of noise exposure, and to provide protective gears and education and training to enhance hearing protection for the employees.

Education and Training on Occupational Safety and Health GRI 403-5

In accordance with the Company's "Safety and Health Education and Training Management Procedures", we have completed the establishment of safety and health officers and on-the-job training for each unit, which includes how to identify hazards in the workplace, risk classification, how to write a management plan, and how to recognize the process of occupational hazards, in order to provide counseling on risk assessment and preventive improvement for each unit at all levels. Through regular internal and external audits, we effectively control the risk of occupational hazards, improve the management of occupational disease prevention, enhance the performance of occupational safety and health management, and carry out occupational safety policies in accordance with the five elements of the occupational safety and health management system and its related implementation, so as to ensure that employees can work in a safe, healthy, and comfortable working environment.

	Item	Content
1	Safety and Health Training for Newcomers	In 2023, in cooperation with the "CAL and Me" program of the Human Resources Division, the 21st tier of general safety and health education training for new recruits was implemented for 3 hours, with a total of 629 people completing the training. Training completion rate: 100%; training satisfaction rate: 98%.
2	Safety and Health Training for In-service Personnel	<p>In 2023, the following safety and health education and training for in-service personnel was organized:</p> <ol style="list-style-type: none"> On June 13 and June 15, we organized two in-house training courses on "Contracting, Purchasing, and Change Management" for 2 hours, with a total of 52 employees completing the training. Training completion rate: 100%; training satisfaction rate: 95%. Between September 1 and September 30, we organized "2023 Occupational Safety and Health Education and Training (defensive driving e-learning) 1 Hour", and the number of people who completed the training was 9,502 in total. Training completion rate: 100%; training satisfaction rate: 92%. On October 27, a 2-hour training on occupational safety hazard prevention and earthquake experiential disaster prevention was held at CAL Park, with a total of 108 participants. Training completion rate: 100%; training satisfaction rate: 100%.

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	Item	Content
3	Safety and Health Training for Supervisors	<ol style="list-style-type: none"> On September 1, we organized a 6-hour training on occupational safety and health for new supervisors, with a total of 35 people completing the training. Training completion rate: 100%; training satisfaction rate: 95%. In 2023, we cooperated with the Human Resources Division to organize the 9th tier of occupational safety and health education training for new outstation supervisors for 0.5 hours, with a total of 18 people completing the training, and the satisfaction rate of the training: 97.1%.
4	Other Related Safety and Health Education and Training	In 2023, the Occupational Safety and Health Department participated in a total of 21 times in occupational safety and health external training and seminars, totaling 30 attendances.
5	Safety and Health Promotion	In 2023, a total of 27 safety and health propaganda were issued.

Preventing and Minimizing Occupational Health and Safety Impacts on Those Directly Associated with the Business GRI 403-7

In accordance with the "Procurement Safety and Health Management Procedures" and "Contractor Safety and Health Management Procedures", to ensure the safety of contractors' workers, the eight existing regular contractors have included CAL's "Safety and Health Code for Contractors" in the "Notice to Bidders" and the "Contracts" at the time of the delivery of the contract to each delivery organizer to be used as the basis for the subsequent implementation of the contract by the two parties.

For those who have not signed a contract or whose contract does not include safety and health regulations, the organizer of the contract should provide the "Safety and Health Code for Contractors" to the contractors for their signature and keep the record of the signature for reference.

Before, during, and after the actual operation of the contractors, each delivery contractor organizer, in accordance with occupational safety and health related laws and regulations and the "Contractor Safety and Health Management Procedures", convenes a safety coordination meeting for the contractor's operation, notifies the contractor of hazards, and carries out coordination, command, supervision, and inspection to enhance the quality of the contractor's construction and to prevent occupational accidents. Upon completion of the project, a contractor evaluation is conducted to identify manufacturers with high occupational health and safety risks, and periodic audits are conducted to serve as a reference for the next solicitation.

Occupational Health Services, Worker Health and Promotion of Work-related Disease Prevention GRI 403-3, 403-6, 403-10

Implementation of the Health Management Grading System



1. CAL has a professional healthcare team that is superior to the regulations and assists employers in selecting workers based on the results of the physical examination of new recruits, with a total of 922 cases examined in 2023.



2. Employees are screened annually with a frequency and items that are better than those required by law, and health risk classification is conducted based on the results and conditions of the health checkups. One-on-one health care visits are conducted by health care personnel to provide personalized health guidance and referral to outpatient clinics, and the rate of screenings reaches 92.25%.



3. In response to the risk analysis of the abnormal workload risk identification assessment questionnaire, the total number of employees with cardiovascular risk of more than 20% (249) have been provided with health education guidance and consultation with doctors, and appropriate job assignments. For 48% of middle-aged and elderly employees, we have increased the number of advanced examination items related to "common cancers and cerebrovascular and cardiovascular diseases" (gastroenteroscopy, lung CT, heart ultrasound...) so that employees can receive better care and at the same time, their family members can also enjoy preferential prices for health examinations.



4. In 2023, a total of 234 maternal health protection employees underwent health risk classification and management, with the Occupational Safety and Health Department and each subordinate unit carrying out risk assessments of environmental hazards in the workplace and identifying obvious and hidden hazards in the workplace and related operations, all of which were classified as level 1 management; pregnant employees were adjusted to work in units with low risk of hazards, and a total of 214 were interviewed by a doctor, with an achievement rate of 91.45%, informing them of safety and related health education during pregnancy and after giving birth. The Company has also equipped four breastfeeding rooms with bottle sterilizers and breastmilk refrigerators, as well as an access-control system and dedicated personnel to maintain them for increased safety.



5. In 2023, a total of 1,794 people received physician consultation services. In order to encourage employees to actively and conveniently manage their own health and disease prevention, in addition to installing "tunnel-type" blood pressure monitors in each office to provide employees with the opportunity to measure their blood pressure and pulse at any time, and to develop the habit of self-health management, the Company has also established the "E-Employee Health Management System", which allows employees to check their health examination reports from previous years, make appointments for physician consulting services, and record their self-monitoring indexes at any time.



6. In addition, due to the characteristics of the industry, the Company has a health management system for flight crews that complies with international civil aviation regulations, Civil Aviation Act, and standards for medical examinations of aviation personnel.

Creating a Secure and Healthy Work Environment



1. In order to provide a safe and secure working environment for our employees, in addition to installing AEDs on passenger planes in accordance with the law, all of our offices are equipped with AEDs in accordance with the law; and we also organize CPR+AED training courses from time to time for all employees, so that not only do they know the location of the AEDs in case of emergency, but also become familiar with their use. At the same time, there are 277 "Workplace First Aiders", all of which are registered on the corporate website for the units to inquire.



2. In order to prevent infectious diseases from threatening employees and travelers and causing public health incidents, the Company provides multiple vaccination channels (workplace locations, subsidies from outside hospitals, and scheduled vaccinations at airport medical centers) and offers various types of free vaccination programs every year in order to maintain workplace health and reduce the risk of serious illnesses caused by infections, and the rate of influenza vaccination among employees was 28% (a total of 2,661 employees) in 2023, a 6% increase compared to 22% in 2019; meanwhile, in 2023, a total of 1,111 cabin crew members were vaccinated against measles, mumps, and rubella (MMR), with 75% protection against measles, and a total of 463 ground crew members were vaccinated, with a protection rate of 70%. As a result, the Company was honored with the "8th Corporate Vaccination Alliance - Vaccination Vanguard Award" organized by TIVS in 2023.

Diverse Health Promotion Initiatives



1. The Company's annual "Employee Health Service Plan" is reviewed and approved by the Occupational Safety and Health Committee every year, and the Company organizes a variety of health seminars and activities on various topics, such as the help of positive thinking on sleep and stress, and actively promotes the correct use of sedative sleeping pills as well as the education and promotion of drug abuse prevention, for which the Company has been awarded a Certificate of Appreciation by the Ministry of Health and Welfare. For public welfare blood donation, we cooperated with the Taiwan Blood Services Foundation - Hsinchu Blood Center to present eco-friendly tableware

products and Novotel bread containers from the Taoyuan Sheltered Workshop to the blood donors to support the public welfare unit, and our employees enthusiastically responded to the donation by collecting more than 87 bags of 21,750 cc of blood. In addition, a renowned ophthalmology team visited our Company to conduct a number of eye examinations, and ophthalmologists explained the results of the examinations and provided guidance and workplace drug abuse prevention to our colleagues. In 2023, in line with the government's policy of promoting anti-drug policies for the entire population, our Company joined hands with the Taoyuan City Government's Drug Abuse Prevention Center and the Landseed International Hospital to set up an anti-drug hygiene awareness booth to introduce the hazards, new drugs, and new packaging that have flooded the society today. The booth introduced the harms of drugs, the appearance of new drugs, and tips for preventing contact with them, and allowed visitors to experience the smell of simulated drugs. The overall satisfaction rate was 95%.



2. From December 2019 to May 2023, in response to the COVID-19 pandemic, an emergency response mechanism has been established. In line with the pandemic prevention measures of the Central Epidemic Command Center of the Executive Yuan, we have established a cross-unit mobilization mechanism, command system, and operational procedures to integrate relevant units to respond to the outbreak, to remind employees to be more vigilant, and to activate the Company's contingency mechanism in a sequential manner at any time in accordance with the magnitude of the outbreak, and the Corporate Safety Office to consolidate the prevention and control actions, to formulate a business continuity planning for autonomous management, and to convene meetings on pandemic prevention from time to time. We encouraged employees to receive four doses of vaccine and adjusted our response on a rolling basis. We gradually relaxed various pandemic prevention measures and continued to promote pandemic prevention and autonomous health management to maintain the health of ourselves, our family members and colleagues. According to the announcement of the Central Epidemic Command Center on April 27, 2023, with the change of COVID-19 from Category 5 to Category 4, the Command Center was disbanded on May 1, and the prevention of the pandemic has returned to normalcy.



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Future Plans



1. Recruitment

In 2024, CAL will continue to recruit flight crew members, maintenance staff, and other relevant professionals in accordance with the recovery of operations, resume industry-academia collaboration, and continue to hire people with disabilities to fulfill 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 2024 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 2024, the target is set at 25%.



3. Employee Training

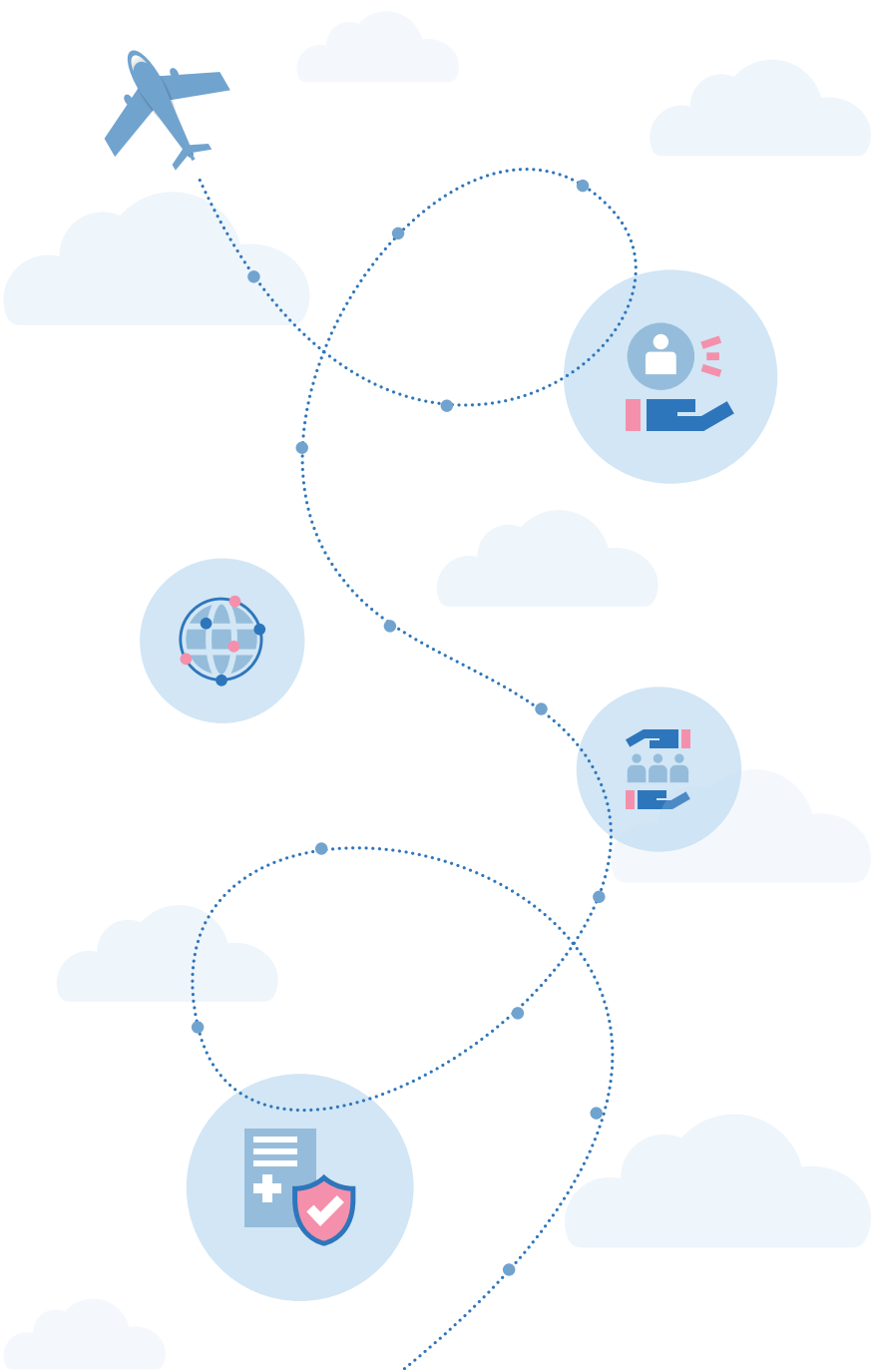
2024 marks CAL's 64th anniversary. In addition to continuously strengthening our products and services and providing professional training for various occupations in line with the Company's business strategy, CAL will continue to plan and expand management and common function courses under the theme of "sustainability, care, and harmony", and continue to root our Company's culture and values downward. We expect to offer courses on common management functions such as management seminars and team leadership, professional staff functions such as teacher and human resources training, and general knowledge courses such as aviation management knowledge, cross-generation communication, and cross-departmental communication. We will also continue to improve the management talent cultivation mechanisms to cultivate talents necessary for the Company's future development.

Mandarin Airlines established comprehensive training programs to increase the overall competitiveness of the Company, support the Company's overall strategic goals, comply with applicable laws and regulations, and train professional aviation talents. It uses online courses and other diverse learning methods to integrate fundamental aviation training with hands-on practice. Mandarin Airlines organizes management training and general aviation training in line with the Company's development strategy for all employees from time to time to enhance their knowledge and skills, help employees with different expertise understand each other, and foster cooperation between units.



4. Implementing Occupational Health and Safety Management System and Incorporating Occupational Safety and Health in Corporate Culture

We will continue to promote the implementation of CAL's occupational safety and health management system and deepen our occupational safety and health management audits and improvements. By building up safety awareness, beliefs, and values, we will continue to minimize occupational accidents and prevent major occupational accidents, provide employees with a safe, healthy, and secure workplace, and pursue the future of CAL's sustainable development.



2-5 Society

HIGHLIGHTS



Over TWD 46.46 million in charity activities

In 2023, CAL's total social charitable contributions amounted to TWD 46,466,520.



Over 1,100 boxes of fruit purchased for charity

To support high-quality Taiwanese agricultural products and goods from charitable organizations, we have purchased around 1,170 boxes of Taitung atemoyas and 22 boxes of Golden Diamond pineapples, with a total value of approximately TWD 615,000.



Highest scores in global aviation in The Sustainability Yearbook 2023 ESG - Social Responsibility

In 2023, CAL was honored to be rated in the top 1% by the international sustainability rating agency S&P Global in 'The Sustainability Yearbook 2023'. It received the highest score in ESG (Environmental, Social, and Governance) - Social Responsibility among global aviation industry participants, making it the only Taiwanese transportation company to be listed six times.



420 senior citizens

In 2023, a total of three events were held to care for vulnerable senior citizens, benefiting 420 participants.



Over 1,300 students

In 2023, in compliance with pandemic prevention regulations, volunteers from CAL Volunteer Club and grassroots organizations voluntarily went to remote areas to impart aviation knowledge. A total of 1,369 children benefited from this initiative.



Sixth Time in TCSA Social Inclusion Leadership Award

This award acknowledges organizations that have set the benchmark with their exceptional performance and leadership in specific sustainability issues. CAL has received this award for the sixth time.

Management Approach

Material Issues

- Social Feedback and Engagement

Importance of Material Issues

The support of society is an indispensable and critical element for China Airlines' success. "Social support" is a key factor in driving CAL's success. CAL continues to contribute to society and uphold the core principle of "taking from and giving back to society," fostering a culture of compassion and promoting social welfare. It fulfills its responsibility as part of Taiwan by contributing positively to society.

Commitment and Long-term Goals



Commitment

As a leader in Taiwan's aviation industry and a global citizen, CAL responds to international situations annually, assuming social responsibilities and fulfilling its mission to contribute to society and generate social value. This commitment is vital for the sustainable development of CAL.



Long-term Goals

2025

1. Supporting international initiatives and organizing at least one long-term charity project
2. Organize at least one educational event in rural areas to promote international educational opportunities for young students
3. Organize an event aimed at promoting economic growth and providing employment assistance in rural areas, thereby enhancing social wellbeing

2030

1. Supporting international initiatives and organizing at least one long-term charity project
2. Integrate central and local resources to host at least one rural education event, ensuring equal access to education for all
3. Boost the efficacy of sponsorship, sponsoring an event aimed at promoting regional economic growth and providing employment assistance in rural areas, thereby enhancing social wellbeing

2040

2. Establishing long-term cooperation with international relief organizations to organize at least one long-term charity project
2. Partner with international education organizations to coordinate a minimum of one rural education event, thereby improving the quality of national education
3. Organize projects to support economic development in underdeveloped regions or developing countries, enhancing employment opportunities in those areas





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Unit in Charge

Corporate Sustainability Committee - Society Task Force

Management Mechanisms

- The Corporate Sustainability Committee holds at least two meetings annually
- The Society Task Force reports KPI progress to the Corporate Sustainability Committee every quarter

Objectives and Plans

Direction	KPI	2023			2024
		Objectives	Performance	Level of Compliance (Note 4)	Objectives
Enhance the Overall Quality of National Education	Organize long-term education charity projects	Organize at least one education charity event in a remote rural area outside Taoyuan to expand the reach of charitable activities	In addition to continuing the tradition of visiting six nearby elementary schools and three junior high/elementary schools in remote areas of Taitung to provide volunteer teaching(Note 1), this year we have invited the Vox Nativa Children's Choir from Xinyi Township, Nantou. The choir consists of indigenous children from tribal communities, and they participated in the Little Pilot Experience Camp. Through this activity, our aim is to promote essential aviation knowledge and contribute to the improvement of education quality in Taiwan.	100%	The company has long been committed to public welfare sports camps and volunteer teaching activities. Each year, at least one educational public welfare event is held outside of Taoyuan, aiming to expand the beneficiaries.
Increasing Taiwan's International Visibility	Increase the number of sponsoring international activities	Improving Taiwan's global visibility through sponsorship programs	We collaborated with Jeremy Lin and the P.League+ team the Taoyuan Pauian Pilots to organize a charity basketball camp. Additionally, we partnered with baseball stars Wei-yin Chen and Yu-cheng Chang to host a charity baseball camp and held a charity table tennis camp with Chih-yuan Chuang. The goal of all four charity events was to inspire young players to pursue their dreams by sharing their own experiences. (Note 2) This year, we continue to respond to international relief efforts by sponsoring the "Little Miss. Liao's Humanitarian Medical Assistance for Overseas Chinese in Myanmar" program organized by the Chia-Yi Christian Hospital. By leveraging our corporate influence, we aim to enhance the international visibility of Taiwanese brands and collaborate with society to create mutual prosperity and goodness.	100%	We aim to increase Taiwan's global presence by implementing sponsorship programs and harnessing the influence of businesses to support the humanitarian values of international rescue operations.
Empowering the Disadvantaged to Gain Equal Social Opportunities	Increase level of sponsorship in charity events	Collaborating with indigenous peoples and local small farmers in Taiwan to develop public relations gifts, helping promote social equality by providing opportunities for disadvantaged groups.	In addition to our ongoing participation in and implementation of three long-term public welfare projects in 2023(Note 3), we also collaborate with the Taiwan Fund for Children and Families and the ROC Foundation for Autistic Children and Adults in Taiwan on charitable public welfare projects. Furthermore, we will procure food gifts from small farmers and indigenous communities to foster equal opportunities for marginalized groups and enhance resources for charitable sponsorship programs.	100%	To fulfill our corporate social responsibility, we will collaborate with indigenous peoples or local farmers in Taiwan to provide PR gifts, as well as giving back to another vulnerable group to create mutual benefits and enhance the value of our sponsorship program.

Note 1: In 2023, volunteers from the CAL Volunteer Club visited six elementary schools near Taoyuan and three rural junior high/elementary schools in Taitung to provide volunteer teaching. Through aviation expertise, the aim was to enrich the learning experience for children during the pandemic.

Note 2: Collaborating with local Taiwanese sports brands, we organized two charity basketball camps, one charity baseball camp, and one charity table tennis camp. Through integrated marketing approaches, we aim to enhance the sponsorship benefits and strengthen the connection with the local community.

Note 3: In 2023, we will continue our participation in the Huashan Social Welfare Foundation's three major public welfare activities project.

Note 4: The degree of compliance is expressed as a percentage of the achievement rate.

Grievance Mechanism

- Investor Relations and Media Contacts — Investors Service Website
- Charitable Activities: Corporate Communication Office — E-mail: tpepp@china-airlines.com



Stakeholder Contact



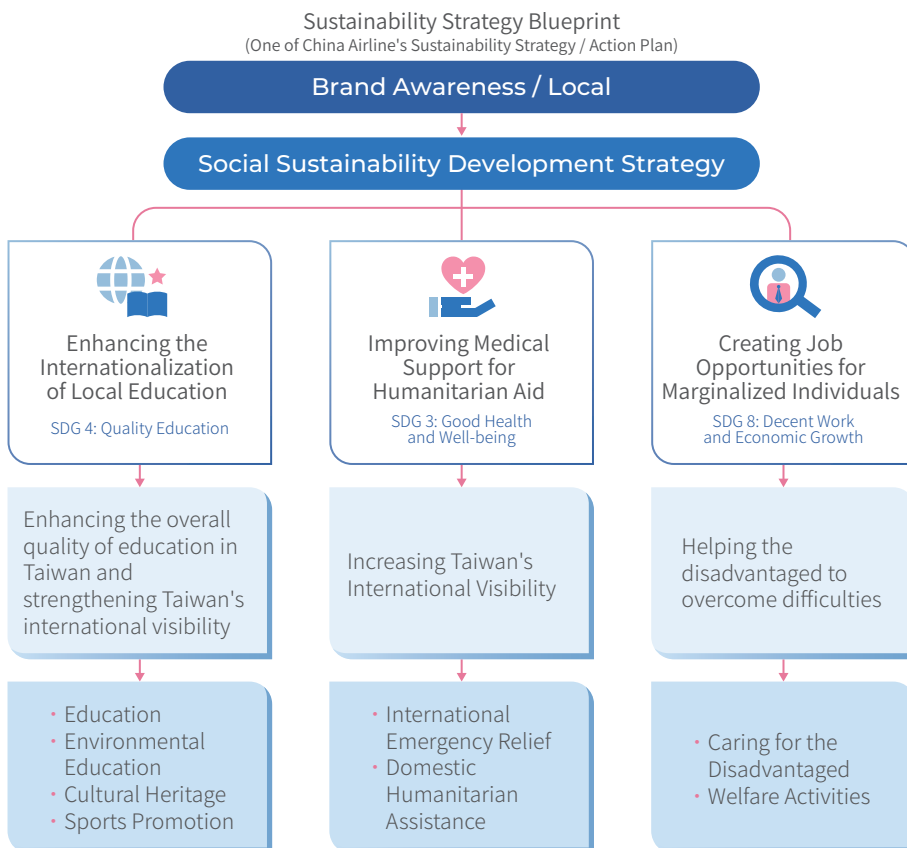
Investor Services Website

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2-5-1 Charity Strategy Blueprint

As a pioneer in the aviation industry and a member of the Taiwanese corporate community, CAL is dedicated to contributing to society and creating social value as essential aspects of its sustainable development. We have consistently fulfilled our social responsibilities, exerted influence, and invested resources in social welfare, with a commitment to making a positive impact on society. In 2023, CAL continued to advance its sustainability strategy with the core focus on "brand perception," extending the development of social sustainability strategies. This includes promoting the internationalization of local education, enhancing medical assistance for humanitarian aid, and providing employment opportunities for vulnerable groups. These efforts aim to enhance the international visibility of Taiwan's local brands and align with the United Nations Sustainable Development Goals (SDGs) such as SDG 4 (Quality Education), SDG 3 (Good Health and Well-being), and SDG 8 (Decent Work and Economic Growth). The goal is to ensure that the CAL's contributions to social development create a positive cycle that complements the company's commercial operations, fostering sustainable collaboration with society.

China Airline's Sustainable Development Strategy

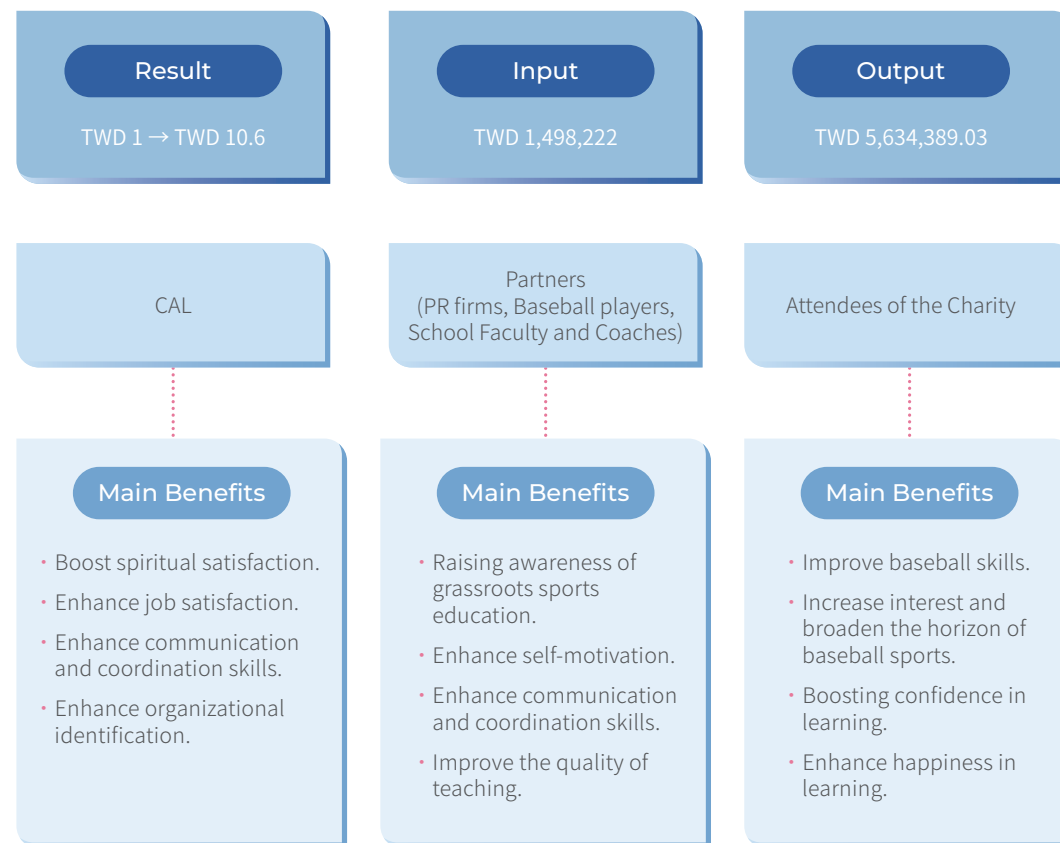


Creating a Sustainable Society

As the COVID-19 situation gradually becomes clearer in 2023, CAL adjusted its operational focus and gradually resumed passenger flights. Additionally, the company is committed to investing in social welfare and supporting the development of social equality, actively utilizing its operational advantages and fulfilling its corporate social responsibility. CAL also makes timely adjustments to foster collaboration with society and create higher value, striving towards the goal of sustainable social development. Moreover, analysis is conducted to quantify the contribution of social investment and its impact on the operation of CAL. This analysis combines social investment with financial information. Adjustments are promptly made to enable CAL to create greater value in collaboration with society.

Social Investment Evaluation

Since 2015, CAL has adopted the London Benchmarking Group (LBG) model to analyze the effectiveness of social investment and quantify the influences of various resources invested in society and the business itself. CAL adopted the Social Return on Investment (SROI) model in 2019 to analyze the benefits of individual charity programs. CAL took the 2023 CAL Charity Sport Camps as the target for calculation. According to the SROI evaluation method, the calculation result of this activity is 10.6, which means that for every TWD 1 invested, TWD 10.6 of social benefit can be generated.





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In 2023, CAL's total social welfare investment amounted to TWD 46,466,520. The investment distribution based on business activities, charity events, and community investments was 79%, 13%, and 8%, respectively. Furthermore, based on the types of donations, including goods, cash, volunteer labor, and management costs, the investment distribution was 41.2%, 46.5%, 0.5%, and 11.8%, respectively. The detailed breakdown of the investment distribution is as follows:

Types of Social Involvement

Item	Amount (TWD)			2023	
	2021	2022	2023	Content	Percentage
Commercial Activities	11,629,340	16,763,394	36,594,093	<ul style="list-style-type: none">Public forums and cultural eventsSponsoring Taiwan-based athletes for international competitions	79%
Charitable Events	2,671,500	14,687,100	3,822,991	<ul style="list-style-type: none">Transportation of relief supplies and resources for domestic and international disaster reliefContinuously caring for local vulnerable groups and supporting agricultural production and marketing in rural areas	13%
Community Investments	4,955,660	7,950,552	6,049,436	<ul style="list-style-type: none">Organizing care activities and providing resources for vulnerable groupsTeaching aviation knowledge to elementary schools in remote communitiesBeach cleanupCharity basketball and baseball camps	8%
Total	19,256,500	39,401,046	46,466,520	All activities including business activities, charitable events, and community investments	100%

Input of Social Investment

Item	Amount (TWD)			2023	
	2021	2022	2023	Content	Percentage
Material Donations	8,764,000	5,602,870	19,119,980	Donation of airline tickets	41.2%
Monetary Donations	4,845,000	30,697,624	21,622,104	Cash amounts and freight discount offers for different activity investments	46.5%
Employee Volunteers	134,962	149,376	226,336	Volunteer expenses for teaching, coastal cleanup/tree planting, charity sport camp activities, etc.	0.5%
Management Overhead	4,512,410	2,951,176	5,498,100	Overhead for managing volunteers in teaching, coastal cleanup/tree planting, charity sport camp activities, etc.	11.8%

Effectiveness of Social Investment

Item	2021	2022	2023
Amount of Social Investments (TWD)	26,378,062	63,496,247	41,145,948
Number of Beneficiaries (People)	203,758	4,913,310	1,285,784
Volume of Media Exposure/Facebook Page Likes	95/1,063,177	123/1,106,652	148/1,141,233
Number of Flight Tickets Sponsored	59	75	1,095

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Environmental / Social Effectiveness		
Sponsorship	Content / Reach	Amount(TWD)
Other Donations for Art and Charitable Events	The 2023 Taiwan Lantern Festival, Presidential Concert, Huashan Social Welfare Foundation, National Symphony Orchestra Tour, Overseas Exhibitions by the General Assembly of Chinese Culture, World Illustration Awards Exhibition in Bologna, Hakka Expo, National Day Performance Groups visiting Taiwan, Taitung Pineapple and Custard Apple, and Gold Diamond Pineapple subscriptions have collectively created benefits approximately 1,282,233 times.	20,049,122
Employee Donation of Proceeds from Charity Sales	Approximately 300 beneficiaries	300,000
Coastal Cleanup	Approximately 450 participants	680,524 (Note 1)
Charity Basketball Camp (2 Sessions)	Approximately 442 beneficiaries	942,610 (Note 2)
Charity Baseball Camp	Approximately 416 beneficiaries	618,448 (Note 3)
Charity Table Tennis Camp	Approximately 90 beneficiaries	649,690 (Note 4)
Charity Pilot Experience Camp (2 Sessions)	Approximately 68 participants	130,864 (Note 5)
Charity Cabin Crew Experience Camp (2 Sessions)	Approximately 416 beneficiaries	787,372 (Note 6)
Aviation Knowledge Lecture for Remote Rural Areas	1,369 students from various elementary schools	1,437,450 (Note 7)

Benefits to Business Operations		
Indicator	Content / Reach	Amount(TWD)
Media Exposure	<ul style="list-style-type: none"> Media Reports: 148 Facebook Page Likes 1,141,233 	14,800,000 (Note 8)
Airfare Sales/ Transportation Fees from Sponsored Events	Flight tickets / transportation fee sponsored at a discount	34,250,035 (Note 9)
Flight Tickets Sponsored	Total of 113 flight tickets sponsored	15,549,868

Explanation of the Monetary Benefits of Social Involvement

Note 1: Meals, activities, transportation, and miscellaneous expenses amount to approximately TWD 676,300. In addition, volunteer costs for eight people, calculation based on the minimum wage of the Labor Standards Act of TWD 176 per hour for three hours amounts to TWD 680,524.

Note 2: The first event's expenses for meals, activities, transportation, and miscellaneous costs were approximately TWD 642,650. Additionally, volunteer costs were calculated at TWD 176 per hour for 20 volunteers working for two hours. The second event's expenses for meals, activities, transportation, and miscellaneous costs amounted to approximately TWD 285,000. Volunteer costswere calculated at TWD 176 per hour for 15 volunteers working for three hours, totaling TWD 942,610.

Note 3: The expenses for meals, activities, transportation, and miscellaneous costs amounted to approximately TWD 610,000. Additionally, volunteer costs were calculated at TWD 176 per hour for 16 volunteers working for three hours, totaling TWD 618,448.

Note 4: The expenses for meals, activities, transportation, and miscellaneous costs amounted to approximately TWD 642,650. Additionally, volunteer costs were calculated at TWD 176 per hour for 20 volunteers working for two hours, totaling TWD 649,690.

Note 5: The expenses for meals, activities, transportation, and miscellaneous costs for the first event amounted to approximately TWD 50,000. Additionally, volunteer costs were calculated at TWD 176 per hour for eight volunteers working for four hours during the first event. For the second event, the expenses for meals, activities, transportation, and miscellaneous costs amounted to approximately TWD 69,600 + the cost of eight volunteers at TWD 176 per hour for four hours, totaling TWD 130,864.

Note 6: The expenses for meals, activities, transportation, and miscellaneous costs for the first event amounted to approximately TWD 95,500. Additionally, volunteer costs were calculated at TWD 176 per hour for five volunteers working for five hours during the first event. For the second event, the expenses for meals, activities, transportation, and miscellaneous costs amounted to approximately TWD 44,352 + cost of four volunteers at TWD 176 per hour for e;is hours, totaling TWD 787,372.

Note 7: The total cost for the participation of 1,369 individuals in each class, lasting three hours and including teaching materials priced at TWD 350, totaling TWD 1,437,450.

Note 8: The benefits from media exposure cannot be precisely estimated, so we assume hypothetical pricing based on the cost of advertising space: TWD 100,000 per placement, multiplied by 148 placements, totaling TWD 14,800,000.

Note 9: Sponsorship was provided through discounted airfare/freight charges. The total ticket/freight fee amounted to TWD 45,681,062, with a sponsorship discount of TWD 11,431,027. Consequently, the actual revenue from ticket sales was TWD 34,250,035.

Note 10: As the aforementioned effectiveness of social involvement is hard to quantify, the environmental/social effectiveness is represented by cost.

2-5-2 Enhancing the Internationalization of Local Education

CAL Group has a longstanding commitment to education, environmental sustainability, and cultural heritage. In addition to utilizing group resources for social development and ensuring significant improvements in children's education, the group has been organizing beach cleaning activities for many years to promote environmental sustainability. Furthermore, it takes concrete actions to support the stable development of local athletes and enhance their opportunities to participate in international sports competitions.

Subject	Item	2023 Performance	
		Number of Participants / Beneficiaries (persons)	Investment Amount (TWD)
Education	Corporate visits, volunteer teaching, public sports camps, sports promotion, junior pilot experience camp, and the creation of a shared knowledge platform for elementary schools	42,039	4,891,434
Environmental Coexistence	Beach cleaning event and charitable donations	750	980,524
Cultural Heritage	Advancing Taiwanese culture globally	174	1,837,338



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Education

The CAL Group has long been committed to promoting the internationalization of education in Taiwan. It takes concrete actions to ensure substantial improvements in children's education while upholding the spirit of inclusive education and leveraging its unique aviation resources. Each year, it accepts applications for college and university visits. Since 2010, it has also encouraged diverse learning and growth among children through volunteer teaching. Furthermore, since 2013, it has actively fostered industry-academia collaboration with domestic universities, providing opportunities to enhance professional knowledge and practical skills. Additionally, the group has been organizing charity sports camps for many years and actively promoting environmental awareness, with the aim of achieving positive and sustainable social development.

Company Visit

CAL annually opens its corporate campuses to college and university students majoring in relevant fields, offering guided tours to familiarize them with the company's culture, cabin crew training facilities, emergency evacuation training facilities, and aviation training facilities. Through practical exchanges, the program aims to enhance students' understanding of the aviation industry. In 2023, a total of 17 college and university visit activities were conducted, benefiting a total of 586 students. The aim of these activities was to communicate the core principles of aviation industry management through practical experience and promote the sustainable development and cultivation of talent by leveraging resources from the academic and exhibition industries.



Introduction to college student participation in crew member escape training.



After visiting the company, college students pose for a group photo.

Lectures by Volunteers

The CAL Volunteer Club promotes global perspectives and diverse growth

Since its establishment in 2011, the CAL Volunteer Club has been regularly visiting nearby schools to teach classes, demonstrating concrete actions to convey core aviation knowledge and teach English. This initiative fosters local education and internationalization, aligning with the United Nations Sustainable Development Goal 4, "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all," and encourages children to develop a global perspective and cultivate a habit of seeking knowledge, thereby enhancing their opportunities for diverse growth. In 2023, a total of 11 teaching activities were conducted, covering schools such as Dayuan District Hsi Hai Elementary School, Zhu Wei Elementary School, Shan Fong Elementary School, Guo Lin Elementary School, Qing-Xi Elementary School, Nan-Shi Elementary School, and others. These activities will benefit a total of 1,000 students. It is our hope that we can visit more schools in the future to share aviation knowledge, enhance learning experiences, and foster opportunities for children's diverse growth.



Volunteer instructors receive certificates of appreciation from the school.



CAL volunteers with students.

Rural Development Team promotes aviation education in rural Taiwanese schools

Our company's autonomous Rural Development Team visits rural schools in Taiwan annually to provide aviation expertise. In 2023, we conducted three educational sessions at Jia-na Elementary School and Jia-na Junior High School in the rural Taitung County township of Haiduan, benefiting a total of 339 students. Furthermore, our ground staff visited Mu-Hsiang Childcare Center this year to share their airport work experiences, benefiting 30 students.



Rural Development Team distributes air cushions to students at Jia-na Elementary School.



Jia-na Junior High School students pose joyfully with model airplanes.

The Mandarin Airlines Charity Club engages with local communities to support quality education

In 2023, Mandarin Airlines officially established the Charity Club, starting with Minquan Elementary School, the school closest to Taipei Songshan Airport. The club conducted aviation career and knowledge sharing sessions with over 400 fifth and sixth-grade students, led by flight attendants and maintenance crew members. Through lively Q&A sessions and interactive activities, the initiative received enthusiastic responses from the students. Students expressed their intention to join the aviation industry in the future thanks to this aviation knowledge sharing session. This event aligns with the concept of SDG 4, "Quality Education," through extensive community engagement and promotion.



A lively group photo with enthusiastic students and members of the Mandarin Airlines Charity Club.



The principal of Minquan Elementary School specially presents a Certificate of Appreciation to Mandarin Airlines staff, thanking them for sharing aviation knowledge and practice with her students.



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Developing a Unified Knowledge Platform for Elementary Schools

Since 2014, CAL has participated in the "Common Knowledge Platform Charity Project" sponsored by Global Views Educational Foundation. We have provided subscriptions to the magazines "Global Kids Junior Monthly" and "Global Kids Monthly" to several elementary schools in Taoyuan City, Taitung County, Nantou County, Hualien County, and other areas. This initiative aims to enhance children's reading habits and thirst for knowledge, contributing to cultural education through tangible actions. In 2023, a total of 90 schools, benefiting approximately 38,652 students, were supported through this program.



The students from Pantau Elementary School in Miaoli are delighted to read the magazine "Global Kids Junior Monthly".



Taoyuan Bade Dacheng Elementary School take a joyful photo with their magazines and express their gratitude to CAL for their generous donation.

Junior Pilot Experience Camp Charity

With an eye to the company's sustainability strategy and goals, our department organized a charity Junior Pilot Camp during the winter break of 2023. We invited the Vox Nativia Children's Choir from Xinyi Township, Nantou County, which consists of 33 indigenous students from tribal communities, to participate. Through this camp, our aim is to convey essential aviation knowledge to children in remote areas, giving them insights into an industry they rarely have the opportunity to explore. At the same time, this is a show of our dedication to the improvement of education quality in Taiwan. Additionally, during the summer vacation, we invite underprivileged children from Taoyuan to participate in a charity pilot experience camp, providing them with the chance to learn about an industry that is seldom accessible to them and acquire fundamental aviation knowledge.



A member of the Vox Nativia Children's Choir smiles for the camera during their time in the cockpit simulator.



Children with the Taiwan Fund for Children and Families pose with model airplanes.

Charity Sports Camps / Sports Promoter

CAL upholds the spirit of "China stands up for China" and has long been supporting the development of local sports, hoping to nurture more rising stars who bring glory to the country. In 2023, we sponsored several domestic athletes to participate in international sports events, leveraging our expertise in aviation transportation to support these outstanding athletes in representing the Republic of China in international sporting events. Additionally, we organized a charity baseball camp featuring professional baseball players Wei-yin Chen and Yu-cheng Chang and hosted a charity basketball camp with renowned basketball star Jeremy Lin and the Taoyuan Pauian Pilots basketball team. Furthermore, we arranged a charity table tennis camp led by table tennis master Chih-yuan Chuang. Combining sports activities with charity, we provided the children with the opportunity to purchase the illustrated book "Imperfect Treasures" about stray animals, which added educational significance and enhanced the overall value of the event. CAL has a long-standing tradition of inviting well-known athletes from various fields to personally mentor young athletes, combining sports activities with public welfare. This initiative aims to provide children with valuable experience and encouragement to courageously pursue their dreams and be fully prepared for a successful future. So far, a total of 948 children have benefited from this program.

Supported Projects	Events and Athletes	2023 Achievements
Sports Events	2023 CTC Cup DanceSport Championships and Shin Kong Life "Run for Sustainability" Climbing Competition.	TWD 32,541
Athletes and Teams	The P.League+ Taoyuan Pauian Pilots basketball team, the Rising Star Rhythmic Gymnastics Association of the Republic of China, sponsoring visually impaired runner Kun-fang Zhou for "Conquering the World's Six Marathon Majors- Tokyo Marathon," baseball player Yu-cheng Chang, polar ultra-marathon runner Tommy Chen, table tennis player Chih-yuan Chuang, fencer Yi-tong Chen, tennis players Ya-yi Yang and Jason Tseng, golfer Pei-ying Tsai, table tennis player Chin-ting Lin, and badminton player Chun-yi Lin.	TWD 21,323,987



CAL, along with baseball players Wei-yin Chen and Yu-cheng Chang, organized a charity baseball camp.



Players from the Taoyuan Pauian Pilots basketball team share their experiences with children at a charity basketball camp.



After the charity table tennis camp and student tournament, table tennis mentor Chih-yuan Chuang shook hands with the children.



Jeremy Lin, a renowned basketball star, instructs young players in fundamental basketball skills at a charity basketball camp.



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Environmental Coexistence

CAL Group is dedicated to corporate social responsibility and sustainable development. We place a strong emphasis on environmental improvement and protection, embracing the principles of environmental awareness and striving towards the goal of environmental sustainability.

Coastal Cleanup

CAL has been actively participating in international beach cleaning activities and has been organizing regular beach cleaning events at Zhubei Fishing Port since 2011. On April 22, 2023, which was Earth Day, the company successfully held its first-ever coordinated beach cleaning events in both northern and southern Taiwan. Employees from CAL units in the north and south, along with their friends, family, and members of the CAL Volunteer Club, were invited to participate in the beach cleaning. A total of 450 employees joined this global movement, showcasing the company's unwavering commitment to sustainability and their dedication to preserving the Earth through practical action.



CAL supports international beach clean-up activities, collecting a total of 800 kilograms of garbage in 2023.

Tree Planting

CAL has partnered with the Forestry Bureau of the Council of Agriculture, Executive Yuan, and the Hsinchu Forest District Management Office to adopt nearly two hectares of forest land in Nanzhuang, Miaoli. The Saisiyat indigenous people, a local mountain and forest co-management partner, collaborated with us to reforest and nurture the land by planting 4,250 native Taiwan cypress trees. With its excellent carbon absorption capacity, it is estimated that the forest will be able to store carbon by 65 metric tons two years after reaching maturation. This initiative represents a tangible implementation of the United Nations Sustainable Development Goals, creating a positive ESG sustainable development cycle for society, the economy, and environmental resources.



CAL Group adopts Nanzhuang Forest to protect the environment together.

Charity Donations to Support Environmental Protection and Reuse

CAL has a strong commitment to environmental sustainability. In 2023, during the annual Ghost Day festival, we donated supplies to the Muhsiang Home and the White Childcare Center in Luzhu District. We aim to showcase our leadership in the aviation industry by actively participating in charitable donations and promoting waste reduction, thus contributing to the sustainable development of Taiwan.

Cultural Heritage

CAL recognizes that cultural development is a continuous learning process and a valuable part of our heritage. By leveraging its strengths in the aviation industry, the company offered discounted tickets for the Cultural Bridges Organization 2023 World Scout Jamboree (WSJ) and the Puzangalan Children's Choir from Pingtung in 2023. These initiatives aim to support young indigenous individuals from remote communities in participating in international events, fostering diversity among indigenous youth, and showcasing Taiwanese culture on the global stage.



The 2023 World Scout Jamboree (WSJ) highlighted the cultural charm of Taiwan.

2-5-3 Enhancing Medical Assistance for Vulnerable Groups and Humanitarian Aid

Social responsibility is the foundation of CAL's implementation of its social sustainability strategy. We have long responded to the global situation by actively participating in domestic and international humanitarian relief efforts. We regard social sustainability as an important mission, leveraging our core strengths and capabilities to consistently fulfill our commitment to creating social value.

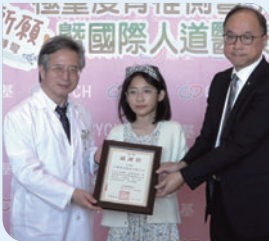
Subject	Item	2023 Results
		Amount Invested
International Emergency Relief Support	Chia-Yi Christian Hospital's "Little Miss. Liao's Humanitarian Medical Assistance for Overseas Chinese in Myanmar" charitable action sponsorship	TWD 133,024
Domestic Humanitarian Support	Corporate blood drive and care for the elderly	TWD 241,130

International Emergency Relief

As a member of the global community, CAL upholds the principle of "Taiwan Can Help" and embraces its social responsibility, actively participating in international rescue efforts every year. In 2023, the airline partnered with Chia-Yi Christian Hospital for the " Little Miss. Liao's Humanitarian Medical Assistance for Overseas Chinese in Myanmar" project, collaborating with various Taiwanese medical enterprises to extend compassion. This project aimed to bring Little Miss Liao, an overseas Chinese from Myanmar, to Taiwan to receive international assistance, showcasing the humanitarian spirit of corporate influence in global rescue efforts. Together with society, we are committed to building a better future.



General Manager Jian-zhang Lian and colleagues from the Myanmar branch took a photo with the Liao family at Yangon International Airport.



Mr. Zhen-yu Feng, the General Manager of CAL Kaohsiung Branch, presents a music bell to Little Miss Liao.

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Domestic Humanitarian Relief Support

Corporate Blood Drive : Fulfilling Corporate Social Responsibility

In 2023, the Human Resources Department of CAL launched a blood donation campaign that received an enthusiastic response from colleagues across various departments of the company. A total of 87 bags, amounting to 21,750cc of blood, were collected, showcasing the company's unwavering commitment to social responsibility.



CAL colleagues implement social responsibility through blood donation activities.

Providing care for Senior Citizens

CAL is once again partnering with the Huashan Social Welfare Foundation (Dayuan) to offer support to the elderly in Taoyuan who face the challenges of physical disability, loss of support, and cognitive impairment during the three major traditional holidays (Lunar New Year, Dragon Boat Festival, and Mid-Autumn Festival). This year, a total of three charity events were held: "Love the Elderly and Love Team Members", "Love the Elderly by Exercising", and "Love the Elderly by Lighting up Mid-Autumn Festival". Despite the impact of the pandemic, ongoing efforts were made to provide care and support to the elderly. Care packages containing rice, nutritious cereal, and other items were distributed, and on-site assistance was provided with blood pressure measurements to take care of the overall well-being of these elderly individuals. CAL has provided care to a total of 420 elderly people through collaboration with the social enterprise project "Elderly Support in the Pandemic".



CAL Volunteer Club provides care packages for elderly people living alone during Mid-Autumn Festival.



2-5-4 Empowering the Disadvantaged to Gain Equal Social Opportunities

The CAL Group views corporate social responsibility not merely as providing financial sponsorship, but as utilizing its own resources and aviation expertise to actively support and promote employment opportunities for socially disadvantaged individuals. The objective is to foster social equality and prosperity, with the aim of enabling more people to pursue happiness and achieve success.

Subject	Item	2023 Results	
		Number of Beneficiaries (Person)	Investment Amount (TWD)
Caring for the Disadvantaged	Disadvantaged students and the general public	91,285	4,507,776
	Support for local independent farmers and charity organizations	12,446	615,984
	Donation of proceeds from charity sales	300	310,560

Caring for the Disadvantaged

CAL is deeply aware that fulfilling our corporate social responsibility isn't only a matter of making donations. Instead, CAL has endeavored to use its resources and specializations and take real actions to care for and help the disadvantaged improve their quality of life and their education levels. By taking care of the elderly and disadvantaged schoolchildren and taking action or making donations to support independent farmers in Taiwan, we hope to fulfill our commitment to social equality.

Invitation for Families from the ROC Foundation for Autistic Children and Adults in Taiwan to Visit the Bologna World Illustration Awards Charity Event

This year, our company extended an invitation to around 40 individuals from the families, students, and volunteers associated with the ROC Foundation for Autistic Children and Adults in Taiwan. They were offered complimentary access to the World Illustration Awards Exhibition in Bologna. Our aim is to contribute to the well-being and support of marginalized groups, promoting social equality.



The ROC Foundation for Autistic Children and Adults in Taiwan was pleased to present this letter of gratitude to CAL.

Collaboration between "Love on the Move" and Make-A-Wish Taiwan: Make A Wish Dream Project

In 2023, our company's pilots and flight attendants voluntarily formed the "Love on the Move" team. "Love on the Move" collaborated with the Make-A-Wish Foundation of the Republic of China to organize an aviation experience camp called the Make A Wish Dream Project. The camp aimed to help critically ill children fulfill their dreams and bring joy and happiness to them and their families, reaching a total of approximately 50 children. Through activities such as flight training and flight attendant training, the goal was to inspire them to persevere through their treatment and empower them to change their lives.



The Make A Wish Dream Project brings hope to children with dreams.

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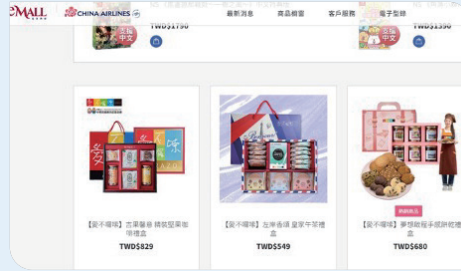
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Supporting Local Farmers and Charitable Organizations

In fulfilling our corporate social responsibility and supporting high-quality agricultural products in Taiwan, our company not only uses ingredients from small farmers to prepare meals on board, but also purchased a batch of 1,000 boxes of atemoyas from Taitung Haoshi as a gesture of appreciation, with a total value of approximately TWD 600,000. This practical action aims to support farmers and familiarize our employees with local specialty agricultural products, while also contributing to charitable organizations. Furthermore, our Inflight Merchandise Marketing Department has made Lunar New Year gift boxes from the Down Syndrome Foundation R.O.C. available for sale in eMall's "Abrazo" section. In 2023, a total of 570 gift boxes were sold through the platform, creating a positive impact and improving society by enhancing employment opportunities and providing economic assistance to disadvantaged groups.



The "Abrazo" section of CAL's eMall is actively promoting employment opportunities for vulnerable groups through tangible actions.

Donation of Proceeds from Charity Sales

To implement our company's sustainability policy and align with the United Nations Sustainable Development Goals, the Public Relations Department organized the "PR Office Limited Edition Merchandise Charity Sale" at the end of 2023. In addition to replacing outdated PR gifts, all proceeds from the sale were donated to the Taiwan Fund for Children and Families, Taoyuan. Through this initiative, we aimed to demonstrate our commitment to caring for and assisting disadvantaged members of society, thereby striving towards the goal of social equality and prosperity.



The Taiwan Fund for Children and Families, Taoyuan presents thank-you cards to children on behalf of CAL.

Boosting Employment and Development through Indigenous Food Products

In order to create more employment opportunities, CAL has bought 140 jars of locally produced brown rice cakes this year. These cakes have been included in care packages for elderly individuals suffering physical disability, loss of support, or dementia in Taoyuan, which were provided via the Huashan Social Welfare Foundation. A total of 140 individuals or households have benefitted from this initiative. The brown rice cakes are made from Kaohsiung No. 147 fragrant rice cultivated by the local indigenous communities, with the aim of promoting equal social welfare through mutual benefit.



CAL has increased its purchase of indigenous-made brown rice cakes and is committed to helping vulnerable minority groups gain equal opportunities.

Rural Children's Learning Camp

Mandarin Airlines co-organized the "Fun Stop Taiwan," a documentary photography camp for children. Rural children were eligible to participate in the camp for free, and after going through a selection process, a student from Kinmen was chosen. Mandarin Airlines graciously sponsored the round-trip airfare for the student from Kinmen to Taipei, providing this child from an outlying island with a great chance to participate in an educational activity.



A student from Kinmen holds a thank-you card and poses for a photo with ground staff at Kinmen Airport.

Charity Bazaar

To commemorate its 32nd anniversary, Mandarin Airlines organized a charity sale at the Taipei Songshan Airport counter, raising a total of TWD 101,200. The entire amount was donated to Hannah's Home Taiwan in Taitung. The President of Mandarin Airlines delivered the proceeds from the charity sale to Hannah's Home Taiwan in Taitung. The Chairman, Fang-fang Wu, accepted this donation and heartfelt contribution from Mandarin Airlines, along with a commemorative medal, thanking Mandarin Airlines for its long-term care for the rural babies at Hannah's Home Taiwan and giving them a sense of warmth and care.



The entire proceeds from this CAL charity sale were donated to Hannah's Home Taiwan in Taitung.



The Chairman and CEO of Hannah's Home Taiwan accepts a donation from Mandarin Airlines.





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Virtual Cabin Journey in Rural Areas

Mandarin Airlines is committed to providing social care for disadvantaged rural areas. In collaboration with the A Kernel of Wheat Foundation, the airline recently organized a virtual cabin tour in Taitung. More than 50 seniors from a local daytime care center had the opportunity to joyfully simulate the experience of boarding a plane. Members of the Mandarin Airlines Charity Club, including pilots and flight attendants, paid a special visit to the Taitung New Life Day Care Center. They simulated the entire boarding process, giving the elderly a chance to experience the warm and attentive in-flight service provided by Mandarin Airlines. On Christmas Eve, Mandarin Airlines made a special delivery of blankets and meal boxes made by disabled individuals in a local sheltered bakery in Taitung, simultaneously demonstrating care for elderly people with disabilities and dementia and providing encouragement to a vulnerable group. In order to express their gratitude for the rare opportunity arranged by Mandarin Airlines, the senior members of the center, with the guidance of a handicraft teacher, created exquisite Christmas cards using dried flowers. These cards were presented to the Mandarin Airlines employees who attended the event, along with the accompaniment of Christmas songs like "Joy to the World" and "Silent Night", as a way to convey our appreciation. The chairman of the A Kernel of Wheat Foundation expressed his gratitude to Mandarin Airlines and the Charity Club for their care and support for the disabled and elderly with dementia in Taitung. Mandarin Airlines has been actively involved in rural charity since 2014, beginning with offering support to the Taichung Christian Hospital. We have since partnered with the Galilee Family Welfare Foundation and Hannah's Home Taiwan, and now we are also helping the disabled or elderly with dementia who are under the care of the A Kernel of Wheat Foundation.



Flight attendants provide meticulous care to the elderly from the moment they board the "plane".



The demonstration of life jackets is another crucial component of the virtual cabin experience.



Flight attendants provide warm blankets to elderly passengers.



The Mandarin Airlines Charity Club and Foundation joyfully pose for a photo with the elderly participants.

Future Plans

1. Enhancing the Internationalization of Local Education

In order to further enhance education and leverage aviation resources to promote the CAL brand, we will be conducting future teaching activities across Taiwan. This initiative aims to expand participation and sponsorship benefits, with the goal of enriching educational quality for students in rural areas. Moreover, we will also consider the evaluation of the international aviation landscape to promote international educational opportunities for young students. By leveraging our industry advantages, we aim to encourage students to broaden their academic perspectives through exchange programs and improve the educational quality in underdeveloped areas and developing countries, thereby nurturing future aviation professionals.

2. Enhancing Medical Assistance to Fulfill Humanitarian Aid (Increasing Taiwan's International Visibility)

CAL is dedicated to international relief operations, sparing no effort. In addition to providing long-term support for government projects, the airline also responds to international situations by undertaking long-term charitable projects, actively enhancing the country's positive global image. In the future, we intend to collaborate with relevant organizations, companies, and athletes in Taiwan to coordinate joint corporate social responsibility activities or develop collaborative products. By leveraging our corporate resources and the value of the aviation industry, our goal is to enhance the international visibility of local brands and make active contributions to society.

3. Helping the Disadvantaged Overcome Difficulties

In 2023, CAL organized a total of three long-term charity projects, one charity baseball camp, two charity basketball camps, and one charity table tennis camp to help disadvantaged groups achieve social equality. In addition to investing corporate resources in the future, we also plan to invite local non-profit organizations, businesses, and athletes to participate in charity-related projects in Taiwan. Besides regular charity sports camps, this initiative aims to facilitate positive bilateral communication and support small farmers and indigenous cultures expand their reach on the international stage, expanding resources and recipients through partnerships, enhancing the social welfare of rural and disadvantaged groups in Taiwan, and supporting the creation of a positive cycle in society.



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HIGHLIGHTS



8th time selected for DJSI Emerging Markets Index

The only Taiwanese airline selected for DJSI Emerging Markets for eight consecutive years and ranked in 2nd place among the world's airlines.



7th time selected for Taiwan EMP 99 Index and Taiwan HC100 Index

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



Top 21%-35% of TWSE / TPEX listed companies

Selected as the top 21%-35% of the excellent corporation award in the 9th Corporate Governance Review.



10th time in TCSA Award

CAL won the Taiwan Corporate Sustainability Award for ten consecutive years. In 2023, CAL won the "Taiwan's Top 10 Sustainable Model Enterprises Award" for the first time and was awarded the "Best Report of the Year" in the category of sustainability report for two consecutive years (service industry).



7th time selected for the Sustainability Yearbook

CAL became the only airline company in Taiwan that was selected for the Sustainability Yearbook for the 7th time, and was ranked among the top 5% among aviation companies in the Sustainability Yearbook in 2024.



8th time selected for FTSE4Good Index Series

Selected in the FTSE4Good Index Series for eight consecutive years.



2nd time to be selected for the MSCI Index

Has selected as a constituent stock of the MSCI Global Standard Indexes since 2022.



5th time in GCSA Award

CAL won the Sustainability Reporting Award for the 5th time and won the Silver Award in 2023.



5th time selected for FTSE4Good TIP Taiwan ESG Index

Selected in the FTSE4Good TIP Taiwan ESG Index for the 5th time.



Taiwan Ratings maintained "stable" outlook

In view of the lifting of restrictions internationally by the end of 2022, the strong recovery in passenger traffic in 2023, offsetting the impact of the weakening of air cargo, and the expectation that the Company's total revenue in 2023-2024 will surpass the 2019 level, Taiwan Ratings announced in October 2023 that CAL's long-term and short-term credit ratings were "twBBB+/twA-2" and the outlook remained "stable".

3-1 Governance Framework GRI 2-9, 2-10, 2-11, 2-15, 2-17, 2-19, 2-20

Board of Directors

As the highest governing organization at CAL, the Board of Directors is responsible for supervising and resolving crucial issues, guiding management, and formulating and complying with policies and rules in accordance with laws and regulations and with the powers granted by the shareholders' meetings. The composition of the Board of Directors is diverse. According to Article 198-1 of the Company Act, candidates for directors are nominated by the shareholders. The selection is merit-based and does not discriminate based on gender, nationality, or race, and directors have good qualities and expertise or experience in the management of international companies. The Company also considers the views of the China Aviation Development Foundation and the government. A total of 13 directors have been elected to the 23rd Board of Directors, including five independent directors, two of whom is female. Directors are elected for three-year terms (the current term was from May 30, 2024 to May 30, 2027). CAL implements performance evaluation and reviews the special professional skills of directors as the basis for nomination for the next election. Meetings of

the Board of Directors are held at least five times a year and may be convened at any time in case of important or urgent matters.

In 2023, the directors furthered the 3-hour refresher courses on "Emerging Risks for Enterprises: Climate Change" and "Artificial Intelligence Explosion : Technological Development and Application Opportunities of ChatGPT" for a total of 6 hours. After discussion and communication between the Audit Committee and the Risk Management Committee, the directors resolved the key events including the execution of the transfer of 8 787s from option to booking, the sale of 5 747-400F freighters, the introduction of A350-900 leases, the disposal of 747-400F freighters, and the short-term lease renewal of A330-300 and 737-800 leases, etc. The directors also supervised the Corporate Sustainability Committee in reporting to the Board of Directors on the Company's goals and achievements in sustainability. Please refer to the CAL Annual Report for more information.

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Shareholders with at least 5% of CAL's shares as of December 2023 are listed below :

Major Shareholders	Contributions to Taiwan	Percentage of Shares Held
China Aviation Development Foundation	Striving for the development of Taiwan's aviation business, national traffic construction, research, and event promotion	30.85%
National Development Fund, Executive Yuan	Accelerating industrial innovation, economic transformation, and national development	8.58%

Note: The China Aviation Development Foundation and National Development Fund of the Executive Yuan are also institutional directors of CAL.

To facilitate the objective performance of independent directors, CAL's "Corporate Governance Best Practice Principles" stipulate that independent director may not serve more than three consecutive terms to ensure that independence is not reduced by extended association. There were no cases where the independent directors served for more than nine years. The average term of office of the directors is 6.3 years. CAL values the independence of directors. The Chairman and President are not the same individual or have relations such as spouses or relatives within the first degree of kinship. Directors also do not have relations within the second degree of kinship. Our independent directors meet the independence criteria stipulated by the competent authority and do not concurrently serve as a director or independent director of more than two other companies. All directors do not concurrently serve as a director of two other public companies. To ensure the effective implementation of board independence, CAL also evaluates the independence of external directors, setting its board independence target to be 80% of the total seats. In 2023, 92.3% of the board members met the independence criteria, which is above the set target.

CAL deficiencies identified by regulators at home and abroad and in internal / external audit reports and their corresponding improvements, and major issues concerning operation and business were reported to the Board of Directors for timely responses. Additionally, CAL has established clear regulations on the avoidance of conflicts of interests for directors who shall uphold a high level of discipline. When the resolutions listed by the Board of Directors have an interest in themselves or the legal person they represent, they shall explain the important content of their interest in the current board meeting, and withdraw from the discussion and voting, and do not exercise voting rights on behalf of other directors. The professional knowledge and independence of the directors of CAL are as follows :

👉 indicates the director has the capability / 🟡 indicates the director has some capability

Name	Basic Composition							Industrial Experience (Note 2)	Professional Background								Professional Competence				
	Title	Independence (Note 1)	Has Employee Status	Nationality	Gender	Age			Airlines	Transport	Professional Services and Marketing	Financial and Finance	Construction and Engineering	Banking, Insurance and Real Estate	Business and Supply	Information and Technology	Metal and Machinery	Law	Accounting	Risk Management	
						40-50 Years	51-60 Years														61-70 Years
Hsieh, Su-Chien	Chairman	Independent Director	‘	R.O.C.	👤	‘	‘	👉	Transport	👉	👉	🟡	‘	‘	👉	🟡	‘	‘	🟡	👉	
Charles, C.Y, Chen	Director	Independent Director	‘	R.O.C.	👤	‘	👉	‘	Transport	‘	👉	🟡	‘	‘	👉	🟡	‘	‘	‘	👉	
Ting, Kwang-Hung	Director	Independent Director	‘	R.O.C.	👤	👉	‘	‘	Commercial & Professional Services	‘	‘	👉	👉	👉	👉	‘	‘	‘	🟡	👉	
Chen, Han-Ming	Director	Independent Director	‘	R.O.C.	👤	👉	‘	‘	Transport	👉	‘	🟡	👉	👉	👉	‘	👉	‘	‘	👉	
Chen, Maun-Jen	Director	Independent Director	‘	R.O.C.	👤	‘	‘	👉	Commercial & Professional Services	‘	‘	‘	‘	‘	👉	👉	👉	‘	‘	🟡	

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Name	Basic Composition							Industrial Experience (Note 2)	Professional Background								Professional Competence				
	Title	Independence (Note 1)	Has Employee Status	Nationality	Gender	Age			Airlines	Transport	Professional Services and Marketing	Financial and Finance	Construction and Engineering	Banking, Insurance and Real Estate	Business and Supply	Information and Technology	Metal and Machinery	Law	Accounting	Risk Management	
						40-50 Years	51-60 Years														61-70 Years
Su, Pei-Hsien	Director	Executive Director	👉	R.O.C.	👤	👉	•	•	Transport	👉	👉	•	•	•	•	•	•	•	•	🔴	
Huang, Huei-Jen	Director	Executive Director	👉	R.O.C.	👤	👉	•	•	Transport	👉	👉	•	•	•	•	•	•	•	•	🔴	
Wei, Chien-Hung	Director	Independent Director	•	R.O.C.	👤	•	•	👉	Transport	•	👉	•	•	•	•	🔴	•	🔴	•	👉	
Lin, Kuo-Chang	Independent Director	Independent Director	•	R.O.C.	👤	•	👉	•	Commercial & Professional Services	•	•	•	•	•	•	👉	•	👉	•	•	
Huang, Hsieh-Hsing	Independent Director	Independent Director	•	R.O.C.	👤	•	👉	•	Financial Services	•	•	•	👉	•	•	•	•	👉	👉	👉	
Chang, Hsieh-Gen-Sen	Independent Director	Independent Director	•	R.O.C.	👤	•	•	👉	Financial Services	•	•	•	👉	•	•	•	•	•	👉	🔴	
Hwang, Yih-Ray	Independent Director	Independent Director	•	R.O.C.	👤	•	👉	•	Financial Services	•	•	•	👉	•	•	•	•	👉	👉	👉	
Lin, Yu-Fen	Independent Director	Independent Director	•	R.O.C.	👤	•	👉	•	Commercial & Professional Services	•	•	•	•	•	•	👉	•	👉	•	•	

Note 1: The Board of Directors of CAL adopts the one-track system. The independent status of external directors adopts the following criteria. It must satisfy at least 4 items in following 9 items, and at least 2 items in the first 3 items :

- 1.The director must not have been employed by the company in an executive capacity within the last year.
- 2.The director must not accept or have a "Family Member who accepts any payments from the company or any parent or subsidiary of the company in excess of \$60,000 during the current fiscal year", other than those permitted by SEC Rule 4200 Definitions.
- 3.The director must not be a "Family Member of an individual who is employed by the company or by any parent or subsidiary of the company as an executive officer".
- 4.The director must not be (and must not be affiliated with a company that is) an adviser or consultant to the company or a member of the company's senior management.
- 5.The director must not be affiliated with a significant customer or supplier of the company.
- 6.The director must have no personal services contract(s) with the company or a member of the company's senior management.

- 7.The director must not be affiliated with a not-for-profit entity that receives significant contributions from the company.
- 8.The director must not have been a partner or employee of the company's outside auditor during the past year.
- 9.The director must not have any other conflict of interest that the board itself determines to mean they cannot be considered independent.

In addition, pursuant to Article 4 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, the Company's independent director may not concurrently serve as an independent director of more than three other public companies.

Note 2: Categorized according to the Global Industry Classification Standard (GICS) Level 2.

Note 3: For experience / education, concurrent posts, expertise, field of experience, compliance of independence, and the operations of the Board of Directors, please refer to the CAL Annual Report.

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Functional Committees of the Board

The Board of Directors has three functional committees including the Audit Committee, Remuneration Committee, and Risk Management Committee. They help the Board of Directors with its supervision and guidance and convene meetings in accordance with the respective organizational regulations adopted by the Board of Directors. These committees exercise the powers granted them by law to review and discuss relevant issues, then regularly submit their conclusions and recommendations to the Board of Directors for resolution. Based on the powers specified in the CAL's Remuneration Committee Charter, the Remuneration Committee periodically reviews performance evaluations and remuneration policies, systems, standards, and structures for directors and managerial officers.

Functional Committees

Major Shareholders	Audit Committee	Remuneration Committee	Risk Management Committee
Members	<ul style="list-style-type: none">Guo-zhang Lin, Independent DirectorHsieh-Hsing Huang, Independent DirectorHsieh Gen-Sen Chang, Independent DirectorYi-Ruei Huang, Independent DirectorYu-Fen Lin, Independent Director	<ul style="list-style-type: none">Hsieh-Hsing Huang, Independent Director (Convener)Gen-Sen Chang Hsieh, Independent DirectorChun-Hui Ho, Committee Member (External Professional)	<ul style="list-style-type: none">Yi-Ruei Huang, Independent Director (Convener)Yu-Fen Lin, Independent DirectorGuo-Zhang Lin, Independent DirectorChih-Yuan Chen, DirectorKwang-Hung Ting, DirectorKuo-Yuan Liang, Consultant
Meeting Frequency	At least once per quarter	At least twice per year	Once per quarter
Functions	The Committee is composed of all independent directors and is responsible for helping the Board of Directors perform its duties, including supervision of fair presentation of CAL's financial statements, selection (dismissal), independence and performance of CPAs, implementation of internal controls, and compliance with corporate laws and regulations, as well as other statutory tasks.	The Committee regularly reviews the overall benefit and compensation policy for directors and executives. It also conducts board performance evaluation once a year. In addition, it appoints a qualified external independent institution or external expert team conduct the evaluation once every three years (last time being in 2023). CAL increases the long-term value of the management team to the company through performance evaluation and remuneration systems. The approach creates a sound corporate governance system, and helps CAL achieve sustainability goals. <small>Note: Refer to the CAL Annual Report and the Remuneration Committee Charter for information on director and executive remuneration.</small>	Responsible for helping the Board of Directors review the establishment, implementation, and countermeasures of CAL's overall strategy for risk management in terms of finance, economy, flight safety, personal information, and information safety.

Note: The Company has not yet appointed a remuneration consultant independent of the Board of Directors and executives.

The performance evaluations and remuneration of directors and managerial officers shall be based on prevailing rates of the industry, as well as their individual achievements, the Company's overall performance, and the reasonableness of future risks. The Company's business performance and future risks also encompass the economic, environmental, and human rights impact on topics of concern to different stakeholders. Directors are paid transportation allowances but not director remuneration. The remuneration system for the Chairman, President, and executives (senior vice presidents) is based on the Company's current systems, including the hiring and salary standards, salary adjustments for promotions, performance evaluation (ESG sustainable development and cost control are included in performance target items), and accounting standards for severance pay. According to Article 18 of the Company's Articles of Incorporation, the Board of Directors is authorized to determine the remuneration of the Chairman in accordance with the Company's regulations for the remuneration for managerial officers based on the Chairman's participation in the operations of the Company. The President's remuneration is based on the Company's remuneration standards for the President. The bonus and employee's remuneration are determined by the Company's overall performance and the existing operation regulations. The remuneration paid to managerial officers is determined based on factors such as their responsibility, position, number of years of service, personal abilities, and experience as well as the Company's remuneration standards for the position, and prevailing rates in the market. The Company has not yet set clawback mechanisms in the remuneration system of the Chairman, President, and executives.

General Audit Office

To enforce corporate sustainability, the General Audit Office is responsible for auditing the corporate governance system to prevent fraudulent activities and corruption. The results of audits are continually followed and required to be corrected by the given time limit. The audited cases in 2023 are summarized below by category. All of the cases have been reported to the General Audit Office for approval.

Audited Cases in 2023

Type of Cases	Number of Cases Audited	Number of Comments	Number of Corrections
Head Office	11	77	77
Branch	24	145	145
Subsidiary	9	57	57
Transaction in Derivative Products	12	None, full compliance with regulations	-
Procedures for Lending Funds and Making Endorsements / Guarantees	4	None, full compliance with regulations	-

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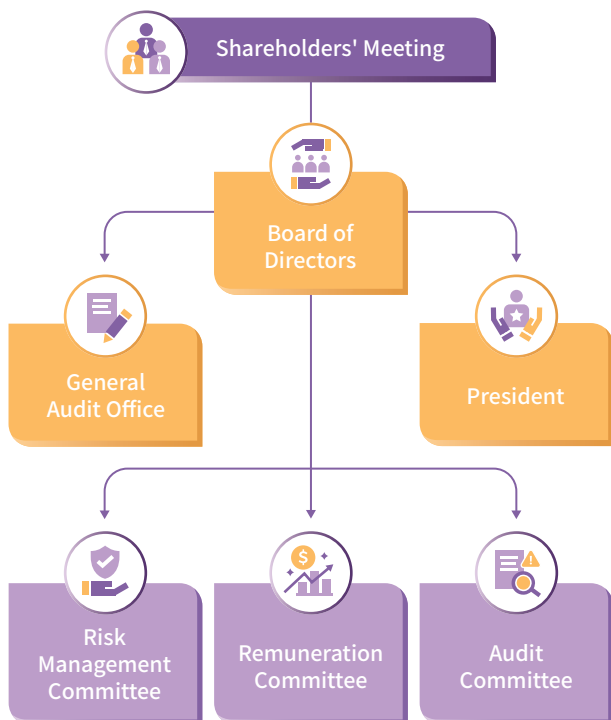
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Every year, the General Audit Office compiles an "overall evaluation" based on self assessments performed by individual departments and improvement of errors and irregularities identified in the annual audits. The overall evaluation is used to verify the effectiveness of the internal control system, and provides the basis for the "Internal Control Statement", which will be submitted to the board of directors for review. The General Audit Office has also established a whistle-blowing mechanism to report fraudulent activities and unethical conduct. If it is found that an employee of CAL or its affiliates is misusing his / her position to take bribes or behave in violation of his / her duties for the purpose of obtaining unlawful benefits for himself / herself or others, thereby causing losses to CAL's property or reputation, an employee or an external partner (e.g., a supplier) is encouraged to report this matter through the management mechanism or through the independent mailbox (auditor@china-airlines.com) published on the website (Stakeholder Contact- Business Conduct) and in the Annual Report (Corporate Governance Report- Corporate Governance).

Corporate Governance Framework Diagram



3-2 Operational Achievements

GRI 201-1

3-2-1 CAL Group Operational Achievements

With the global effort to revitalize tourism after the pandemic, more and more airlines have restored their capacity and routes to the pre-pandemic level, and competition in the market has become more intense. However, the Asian region has been slower to relax, and its recovery has lagged behind Europe and the US. In addition, the operating environment continues to face great challenges, including geopolitical conflicts (Russia-Ukraine War, Israeli-Palestinian conflict), inflation, interest rate hikes, slowing economic growth, border policies, and high inventory levels. The impact of multiple factors, coupled with the increase in fuel and personnel costs, has resulted in a significant increase in operating costs and reduced profit margins. In response to market changes, the Company has flexibly shifted from a "cargo-oriented" business strategy to a "passenger/cargo" approach in the post pandemic era. The Company has continued to carry out fleet retirement and replacement programs, introducing new fleets such as the A321neo and the 777F, and placing orders for 18 Boeing 787-9s and 6 787-10s, as well as phasing out its 737-800s, A330-300s, and 747-400F freighters. Through fleet optimization and renewal, flexible adjustment of passenger and cargo flights, layout of the overall operating network, and the provision of more competitive products and services to meet passenger needs, in order to actively seize the passenger and cargo business opportunities, and make every effort to sprint to the post-pandemic era. Consolidated operating revenue in 2023 was TWD 184.817 billion (including revenue from passenger transport totaling TWD 115.723 billion, cargo revenue totaling TWD 57.146 billion, and other revenue totaling TWD 11.948 billion). Consolidated operating profit was TWD 10.157 billion; consolidated net profit before tax was TWD 9.305 billion, and final profit after tax attributable to the parent company was TWD 6.819 billion. [Refer to Financial Performance in the Appendix for more details](#)

Consolidated Financial Statement

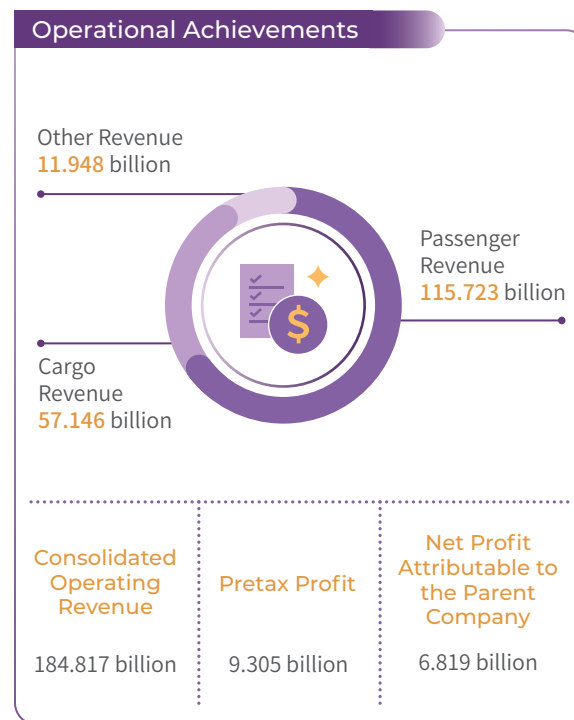
(Unit : TWD billion)

Item	2020	2021	2022	2023
Passenger Revenue	25.704	6.064	25.481	115.723
Cargo Revenue	81.918	124.541	116.25	57.146
Other Revenue	7.628	8.236	8.991	11.948
Consolidated Operating Revenue	115.25	138.841	150.722	184.817
Consolidated Pretax Profit	-0.654	11.127	2.661	9.305

Individual Financial Statement

(Unit : TWD billion)

Item	2020	2021	2022	2023
Operating Revenue	106.327	132.14	141.07	161.676
Operating Cost	95.19	106.23	128.089	144.04
Operating Expense	6.252	6.59	7.063	11.041
Income Tax Expense (Benefit)	0.031	2.594	1.029	1.237
Total Salary Expenses	12.892	16.188	14.494	16.837
Total Employee Benefits	18.931	22.596	20.465	24.458
Total Pension	1.587	1.527	1.466	1.476





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2023 Performance of International Passenger and Cargo Transport

Routes	Company	Number of Departures (Flights)	Passenger Transport					Cargo Transport				
			Passengers (Persons)	Market Share (%)	Revenue Passenger Kilometers (RPK)	Available Seat Kilometer (ASK)	Passenger Load Factor (%)	Tonnage (Metric Ton)	Market Share (%)	Freight Revenue Ton Kilometers (FRTK)	Freight Available Tonne Kilometers (FATK)	Freight Load Factor (%)
International		56,746	9,386,420	36.3	33,607,788,336	42,938,122,905	78.3	1,210,580	59.6	5,329,711,260	7,922,304,869	67.3
		1,732	213,933	0.8	203,961,311	307,131,958	66.4	10,234	0.5	2,890,204	8,758,193	33.0
		14,300	2,222,450	8.6	4,350,550,454	5,058,950,050	86.0	24,691	1.2	49,432,960	98,368,473	50.3
	CAL Group	72,778	11,822,803	45.7	38,162,300,101	48,304,204,913	79.0	1,245,505	61.4	5,382,034,424	8,029,431,535	67.0
Domestic		31,200	2,222,211	40.5	956,409,351	1,230,518,549	77.7	18,829	37.8	2,107,703	11,354,005	18.6
Global	CAL Group	103,978	14,045,014	44.8	39,118,709,452	49,534,723,462	79.0	1,264,334	60.8	5,384,142,127	8,040,785,540	67.0

Source: "Civil Air Transport Statistics (Table 18 Overview of Global Passenger and Cargo Transport on Global Routes by Domestic Airlines)" by CAA of MOTC.

3-2-2 Analysis of Risks and Opportunities in the Business Environment

The aviation industry connects people and logistics across the globe, and the development of the industry is closely associated with the growth and prosperity of the global economy. According to a report released by the International Air Transport Association (IATA) in December 2023, the global aviation market continued its recovery in 2023. The estimated number of passengers increased to 4.287 billion. The output rebounded by nearly USD 936 billion. Passenger volume is expected to return to pre-pandemic levels by 2024. CAL has continued to review the risks and opportunities in the business environment and regularly reviews medium and long-term business opportunities and risks. We also focus on material topics of concern to stakeholders and implement the Sustainable Development Strategy to fulfill the Sustainable Development Goals (SDGs) through real actions.

Item	2022	2023 Forecast	2023 Compared to 2022	
Production Value (US\$100mn)	7,630	9,360	+1,730	+22.67%
Contribution to Global GDP (%)	0.7%	0.9%	+0.2ppt	
Passengers (100 million persons)	34.86	42.87	+8.01	+22.98%
RPK (1,000bn km)	5.974	8.271	+2.297	+38.45%
Passenger Revenue (US\$100mn)	4,360	6,420	+2,060	+47.25%
Freight Ton (10,000 ton)	2,500	2,410	-718	-34.77%
FRTK (100mn km)	2,065	1,347	+271	+613.16%
Cargo Revenue (US\$100mn)	-38	233	+8.01	+22.98%
After-tax Earnings (US\$100mn)	-420	-69	+351	+83.6%

Source: International Air Transport Association (IATA)

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Business Opportunities

Post-Pandemic Passenger Transport Opportunities

With the global effort to revitalize tourism after the pandemic, the demand for overseas travel has increased dramatically. Airline operators have also resumed normal passenger flight services and opened new routes in response to market demand, aiming at business opportunities in the post pandemic era. According to a report released by IATA in December 2023, the overall passenger transportation market is expected to return to pre-pandemic levels by 2024, but the Asia-Pacific region is lagging behind and is expected to fully return to pre-pandemic levels by 2025. Taiwan is in a more favorable position in terms of air passenger transportation recovery, as the demand for Southeast Asia-North America transshipment has increased significantly after the pandemic, but the recovery of long-haul routes from China and Hong Kong airports has been slow, which has resulted in a spillover of connecting flights from neighboring Taoyuan Airport. Currently, air passenger transportation is still in the stage of recovery. In order to respond to future market changes, domestic airline operators are actively laying out their passenger transportation business, continuing their aircraft retirement and replacement programs, and introducing new-generation aircraft to enhance overall operational efficiency, so as to fully seize the recovery business opportunities.

Taking Advantage of Geographic Location as a Hub

Under the US-China trade war, technology war and the trend of global supply chain restructuring, Taiwan is located in an important hub in the Asia-Pacific region, which is conducive to the development of passenger and cargo transshipment business. In accordance with the second version of the Taoyuan International Airport Outline Plan (the third version of which will be approved by 2025), Taoyuan International Airport is cooperating with the government in the promotion of the "Asia Pacific Operation Center - Air Transshipment Center Project" plan. Taoyuan Airport will build Terminal 3 (2015-2026), Runway 3 (2025-2030), and the West Satellite Concourse (2028-2035). It will also set up the New Aircraft Maintenance and Repairs Area (2028-2029) and the New Air Cargo Park (2025-2034) to keep up with post-pandemic development and demand. It will continue to enhance its operational efficiency and international competitiveness, attracting transit passengers and re-export cargo opportunities, and moving towards the goal of becoming a hub airport in East Asia. (Taoyuan International Airport aims to increase passenger traffic to 82 million passengers and increase cargo volume to 4.02 million tons by 2040).

New Generation of Fleet in Place to Enhance Operational Efficiency

CAL continues the fleet renewal programs to ensure sustainable development. The next-generation aircrafts offer advantages in terms of aircraft design, fuel economy, operating performance, and product acceptability, which significantly reduces the cost and support CAL's plans to attain net zero carbon emissions by 2050. It is expected that the number of 777F deliveries will reach 10 by 2024, gradually replacing the 747-400F freighters. The passenger aircraft replacement program began at the end of 2021 with the introduction of the Airbus A321neo new-generation aircraft to replace the Boeing 737-800s, and the order of 18 Boeing 787-9s and 6 Boeing 787-10s to replace the A330-300 fleet in order to take advantage of fuel-saving, high-efficiency, and environmentally friendly aircraft to meet the new generation of the post-pandemic situation.

In addition, in an effort to capture passenger business opportunities in the era of the pandemic, the Company introduced a new fleet of A321neo aircraft in 2021, which featured a wide range of new hardware and software equipment, an upgraded fully lie-flat deluxe business class, the latest personal video system with the largest screen, high-speed in-flight Wi-Fi and free text messaging, among other services. The future introduction of the 787 will be a flagship new-generation product. The new fleet will be equipped with the latest cabin seating equipment, high-definition personal

video entertainment system and in-flight Internet, which will provide passengers with a more comfortable and high-quality journey. CAL won the APEX Five Star Global Airline in 2023 from the Airline Passenger Experience Association (APEX) for the 8th consecutive year. Through its global network, CAL promotes Taiwan's cultural and creative strength and lifestyle aesthetics on the international stage, and continues to optimize its services to make every flight a home away from home, and to make every journey a wonderful, reassuring, comfortable, and enjoyable experience.

Operational Challenges

Variability in the Global Economy

Challenges such as slowing economic growth, labor shortages, and geopolitical conflicts continue to affect the strength of global economic and trade growth and the performance of air transportation, and the global aviation industry needs to cope with multiple changes.

According to IATA estimates, the overall passenger volume in 2023 increased by 38.4% to 4.287 billion passengers compared to 2022 (94.4% of pre-pandemic levels). The annual revenue from passenger services increased by 47.2% to USD 642 billion. The annual revenue from cargo services decreased by 34.8% to USD 134.7 billion. Looking ahead to 2024, the aviation industry will need to remain flexible in a dynamic and changing environment. In line with policy adjustments and economic trends in various countries, the aviation industry will need to proactively adjust its capacity, expand its scale of operations, refine its business and revenue management, and enhance its service quality, in order to ensure that the industry can continue to develop in a stable manner.

Labor Shortage and Delivery Delays in the Aviation Industry

In 2023, the airline industry faced the twin dilemmas of labor shortages and delays in aircraft delivery, which had a significant impact on the overall airline industry. Firstly, labor shortages limited the ability of airlines to meet passenger demand. Shortages in key positions such as airport attendants, pilots and flight attendants made it difficult for airlines to operate efficiently, which in turn affected passengers' flight experience. In 2023, CAL actively recruited pilots, flight dispatchers, information, human resources, accounting, maintenance, Taipei customer service staff, cabin crew, and airport operators. Depending on flight conditions and operational needs, CAL planned its manpower allocation to cope with the strong recovery of the travel market and the introduction of new aircraft.

At the same time, the delay in aircraft delivery further aggravated the airline industry's difficulties. In order to meet the high demand for travel after the pandemic, the airline industry purchased new aircraft, however, due to the overall supply chain weakness caused by the industry freeze during the pandemic period or the delay in delivery caused by other technical challenges, it was difficult for the airline industry to realize its original expansion plan. In response, CAL adopted a series of measures, including lease increases, lease extensions and deferred retirement of old aircraft, to maintain stable operations.

Use of Limited Air Transportation Resources

In recent years, airports in the Asia-Pacific region have been expanding their facilities and upgrading their software and hardware services, and Taoyuan International Airport has already reached its maximum capacity in terms of terminal buildings, aprons, scheduling, runways, and other support facilities, with foreign operators resuming flights one after another, and major local operators such as Eva Air increasing their flights and Starlux Airlines investing in the market in a big way. Issues such as insufficient ramps for aircrafts in the near future and the allocation of space in Terminal 3 are the biggest challenges faced by national operators today. As market demand grows, it is necessary to rationally allocate and utilize new terminal building resources without affecting the existing operations in order to meet the ever-increasing passenger traffic and flight demand, and the close cooperation between airlines, governmental agencies, and other parties is the key to meeting these challenges.



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3-3-1 Risk Management Mechanisms

Risk Governance and Organizational Structure

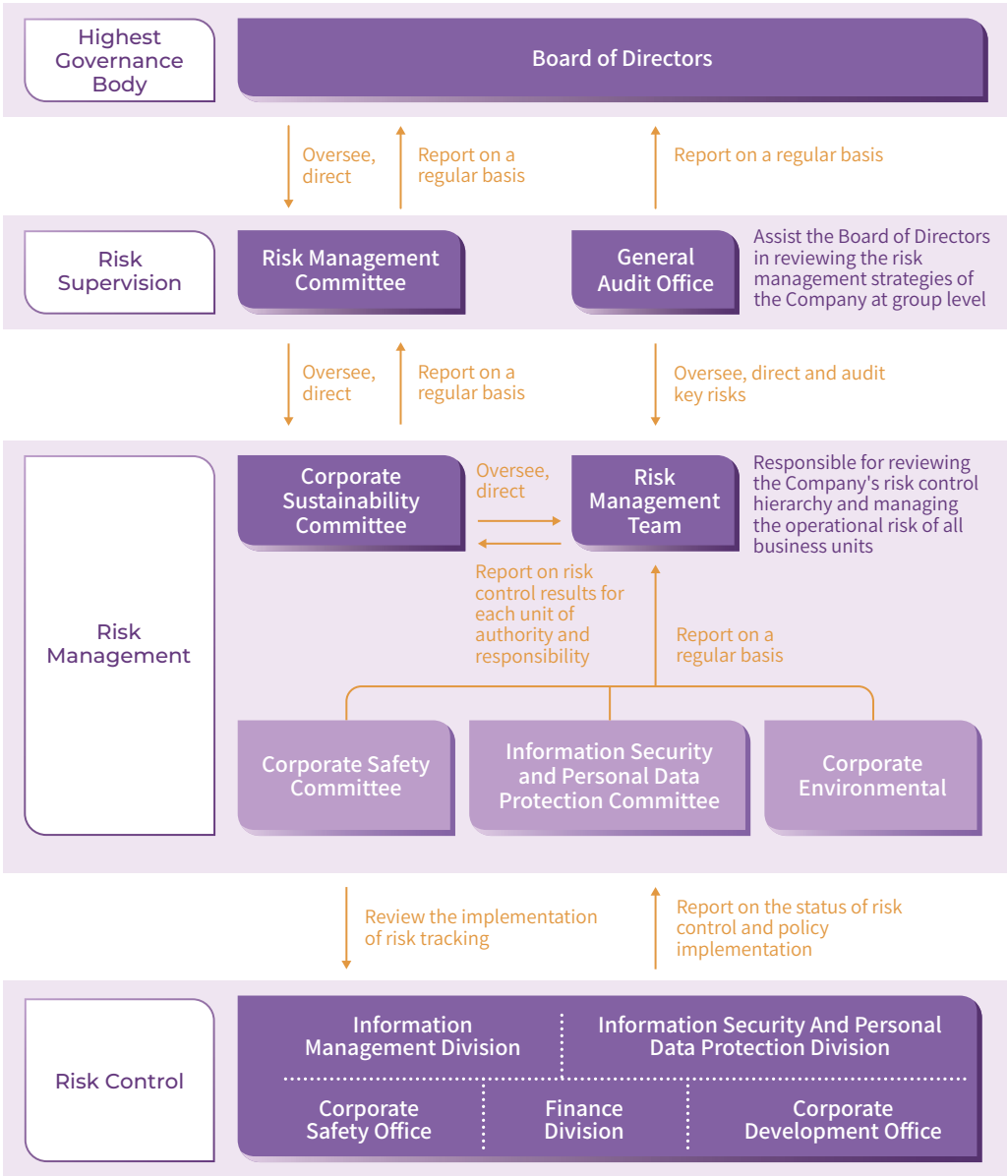
In early 2023, CAL re-examined its risk management governance structure, risk management components and operations, and risk management processes, including a three line of defense model consisting of an operational risk ownership unit (first line of defense), a risk management and compliance oversight unit (second line of defense), and an independent audit unit (third line of defense). The first line of defense is responsible for managing and controlling risks in day-to-day operations, the second line of defense is responsible for setting control standards and monitoring compliance, and the third line of defense is responsible for auditing and providing recommendations to ensure that the policy compliance and implementation process is in line with the management's chosen performance objectives and risk tolerance. Through the aforementioned three lines of defense, the responsibilities for risk management are clearly defined to ensure that risk management is promoted in a more systematic and structured manner.

CAL has established a Risk Management Committee under the Board of Directors, which meets regularly. The Auditor General is the highest risk auditor to assist the Board of Directors in reviewing the Company's risk management strategies, implementation results, and countermeasures, and to require each unit to be responsible for the control of each major type of risk, and the independent audit unit (third line of defense) closely monitors or even assists in advising on all the processes of risk management. Audits of the main risks are carried out annually, depending on their significance and the status of the response. The Risk Management Team, established in 2023, is independent of the business units and is responsible for the promotion of risk management processes and quarterly review of risk tracking implementation status. The responsible supervisor is responsible for the preparation of risk response measures and the actual implementation of risk items. The senior vice president of flight operations, who is the head of the Risk Management Team, is the highest risk management responsible person (second line of defense), who integrates and supervises all business units in the implementation of the risk management policy promotion of all aspects, and regularly reports to the Corporate Sustainability Committee (chaired by the President) on the results of the control of the different operational risk ownership units (first line of defense).

The Board of Directors is the highest governance unit for risk management, and the composition of the Risk Management Committee consists of independent or non-executive directors. In addition to directly overseeing traditional risks (including safety, business, financial, information security and personal data, etc.) and mid-term / long-term strategic risks through the Risk Management Committee, the mid-term / long-term strategic risks (including environmental risks and emerging risks) are also overseen through the Corporate Sustainability Committee - Risk Management Team.

Some of CAL's non-executive directors have experience in risk management related industries (including operational risk and financial risk). Meanwhile, the Board of Directors invites experts or scholars from outside organizations to provide 6 hours of related training courses for directors every year. In May and August 2023, a total of 12 directors attended the lectures on "Emerging Risks for Enterprises: Climate Change" and "Artificial Intelligence Explosion: Technological Development and Application Opportunities of ChatGPT" respectively, with a training rate of 92%.

CAL Risk Governance and Management Chart

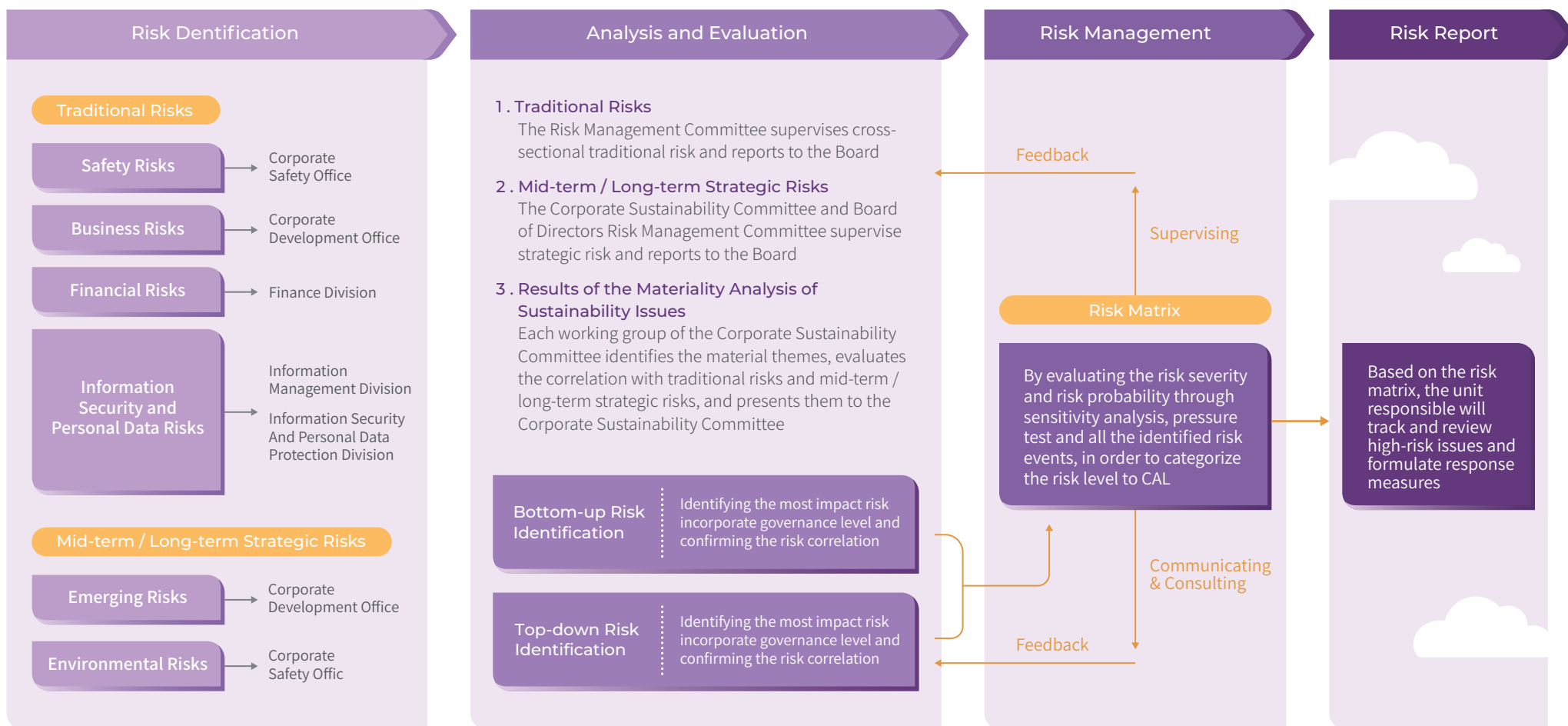


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Enterprise Risk Management Framework and Procedures

CAL's risk management framework mainly makes reference to Enterprise Risk Management (ERM) in order to establish and identify, accurately measure, effectively supervise and strictly control risk management mechanisms, and makes reference to the ISO 31000 guidelines and spirit of risk management, and continues to manage and control the Company's overall risks through a multi-level organization, as well as emphasizing possible correlations among risks to reduce impacts and seek sustainable operations. CAL's enterprise risk management is based on the principle of materiality, and identifies traditional risks and mid-term / long-term strategic risks. CAL analyzes and evaluates the impact of risk events on the Company and develops contingency plans in accordance with the four major steps of "event identification, risk analysis, risk assessment, and risk control", and follows and reviews them on a regular basis through the quarterly meetings of the Board of Directors' Risk Management Committee and the Corporate Sustainability Committee. CAL integrates the results of materiality analysis with its risk management mechanism, and considers the relationship between traditional risks, medium- and long-term strategic risks, and the results of materiality analysis on sustainability issues to ensure that the impacts and potential risks to the economy, environment and people (including human rights) are included in the corporate risk management and identification process. In 2023, two sustainability issues were identified: climate change mitigation and adaptation, and data security, which will be rigorously monitored through management objectives and action plans, and related mitigation measures. [See 2-3-2 Nature & Climate Change Mitigation and Adaptation](#) [See 2-1-5 Information Security Management](#)

CAL Risk Management Model / Procedures





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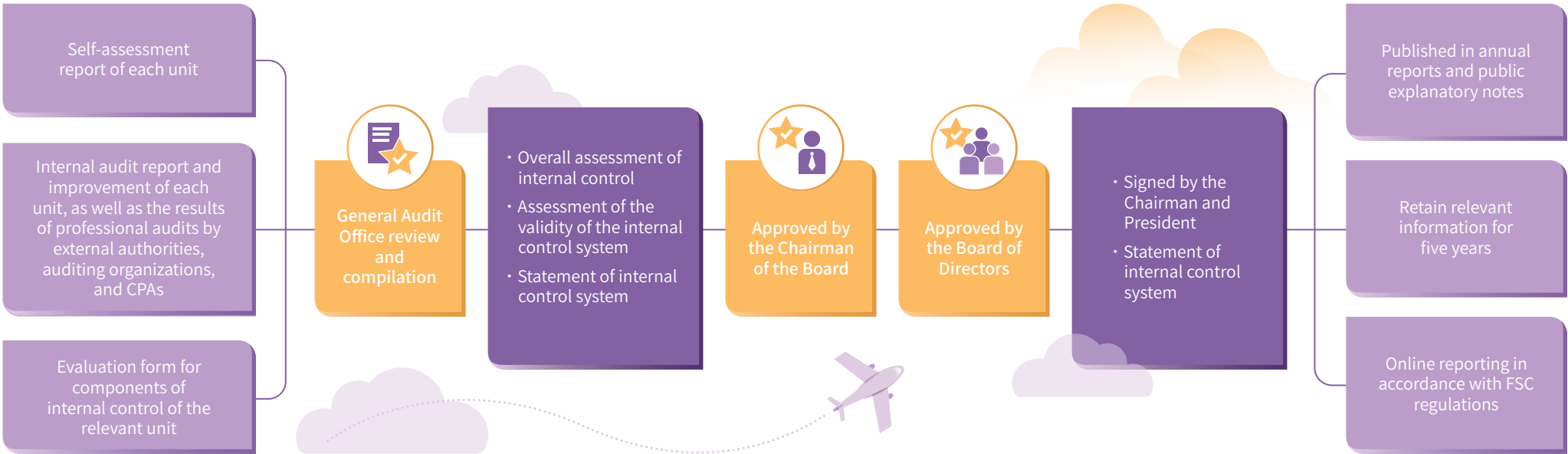
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CAL has established an effective internal control system and internal audit mechanism. The General Audit Office is subordinate to the Board of Directors, and in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies", the internal control system, including the implementation details of the internal audit, is formulated in writing and approved by the Board of Directors, and performs the internal audit. The purpose of the internal audit is to assist the Board of Directors and managers in checking and reviewing deficiencies in the internal system, and in measuring the effectiveness and efficiency of the operations, to serve as the basis for reviewing and revising the internal control, and to provide timely recommendations for improvement, so as to ensure that the internal control system is implemented effectively and continuously. In addition, the internal control program is divided into five components including control environment, risk assessment,

control process, information and communication, and supervision procedure. In order to evaluate the effectiveness of the internal control system and its implementation, an annual audit plan is prepared (including daily audit, annual audit, audit items required by the Financial Supervisory Commission, project audit, Board of Directors' business report, supervision of subsidiaries, supervisory matters, property inventory, internal control system statement operations, and official website auditor's mailbox management). The internal audit unit conducts evaluations in accordance with the "Internal Audit Implementation Regulations" and reports and communicates the results of the evaluations to the appropriate levels of management and the Board of Directors, so that timely improvements can be made in order to implement honest and trustworthy operations, reduce the related risks to an acceptable level, and prevent the occurrence of fraud and corruption.

Internal Control System and Internal Audit Flowchart



CAL's Risk Management Operations in 2023

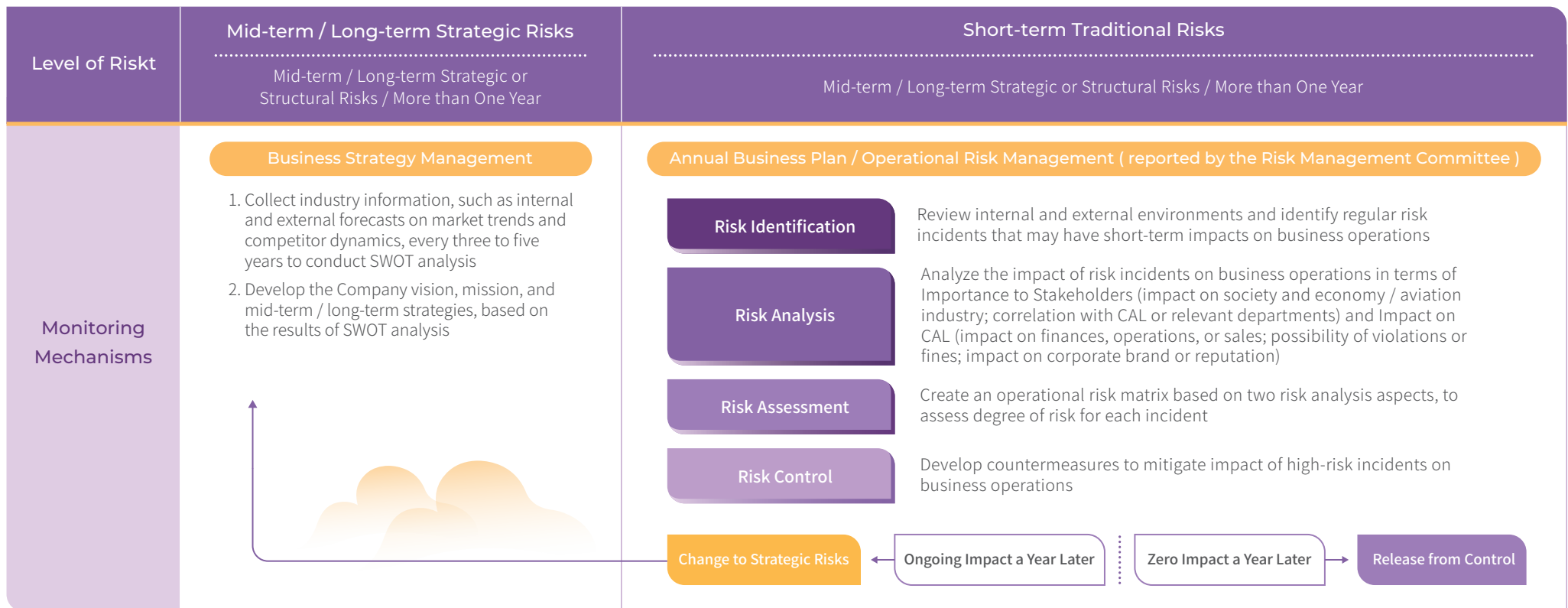
The Risk Management Committee reports quarterly to the Board of Directors on the operation of risk management, and the highlights of the relevant operation in 2023 are summarized below:

1. Risks were identified and categorized in accordance with the "Risk Management Procedures" and corresponding measures were formulated.
2. The number of higher-risk items in 2023 was zero. Among the risk items, aviation and aerospace supply chain difficulties were evaluated as higher-risk items, but improvement measures through aircraft lease extension, lease increase, and introduction of new aircraft have been formulated and implemented, and therefore, the risk items have been downgraded to medium-risk items.
3. We have selected four emerging risks as follows to review the possible impacts and their countermeasures:
 - Economic variables (slow recovery of the prosperity) : In accordance with market and industry trends, we reviewed and adjusted our passenger and cargo pricing strategies on a rolling basis.
 - Geopolitical disputes : The adjustment of shipping routes was carried out cautiously in accordance with the development of the war and the international situation.
 - Stabilization of the passenger and cargo markets : We continued to maximize revenue by resuming flights and expanding our network in response to market demand, while maintaining our high-fare strategy.
 - Aviation and aerospace supply chain dilemma : We maintained passenger capacity through aircraft lease extensions, lease increases, and introductions; and enhanced the operating efficiency of our cargo aircraft to accelerate obsolescence and replacement.

3-3-2 Risk Identification and Countermeasures

Based on the characteristics of the aviation industry and considering the operating environment and daily operation characteristics, the impact of risk events on the Company's operation is not uniform in terms of area, degree and timing, which is both extensive and time-consuming. CAL conducts quarterly risk management committee meetings to supervise the departments in charge of risk management policies and the progress of implementation and improvement of risk control, and conducts semi-annual risk health checks to evaluate and control the various financial risks by means of standardized methods. Financial risks are assessed in a standardized manner and introduced into the sensitivity analysis and stress testing mechanism. Every three to five years, we regularly collect industry information such as "internal and external forecasts on market trends and competitor dynamics" and conduct SWOT analyses to identify the sources of risks faced by the enterprise's operations, which are categorized into mid-term / long-term strategic risks and short-term traditional risks, and are monitored and controlled through the existing "Business Strategy Management" and the "Annual Business Plan / Operational Risk Management" mechanisms.

Risk Management Analysis



CAL has established an emerging risk identification process, completed a risk matrix for emerging risks, regularly conducted risk assessment and develop countermeasures to mitigate the impact of emerging risks in the aviation industry.

Financial Risk Assessment, Sensitivity Analysis, and Stress Test in 2023

The Company has formulated the "AC-031 Financial Risk Control Practice" to review and assess the level of financial risks and conduct stress tests on a semi-annual basis in order to effectively control the risks, and the relevant operational situation in 2023 is summarized as follows :

- Financial risks were identified and categorized in accordance with "AC-031 Financial Risk Control Practice", and corresponding measures were formulated.
- The primary and secondary indicators of financial risk were assessed to be "very low" to "low".
- Sensitivity analysis and stress testing: Financial risk could be effectively managed in a conservative scenario.
- The Company's financial risks are all below the low-risk level. In the future, the Company will dynamically adjust its short-, medium-, and long-term financial planning and hedging positions in response to the needs of its operational development and changes in the fund-raising market environment in order to continue to manage its financial risks.



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Traditional Risks

Traditional risks refer to short-term risk incidents that have an impact on business operations for less than one year and can be solved in a short period of time. Traditional risks are divided into safety, operational, financial, personal information, and information security, and are managed with the goals of mitigating risks, strengthening resilience to crises, protecting stakeholders' interests, and enhancing corporate sustainability.

1. Safety and Security Risk Management

Safety is the foundation of the aviation industry. Customer trust can only be earned by having an outstanding record of flight safety. Based on the Safety Management System (SMS) and the procedures for safety risk management, the Corporate Safety Office reviews and evaluates internal and external operational risks with respect to flight operations, maintenance, cabin services, and ground operations, then proposes corrective measures. [Refer to 2-1 Trust](#)

2. Business Operational Risk Management

The aviation industry faces an ever-changing business environment. Apart from major political and economic turmoil, unexpected incidents internal and external to our organization can also have a considerable impact on the Company's business operations. The Corporate Development Office analyzes potential risk incidents that may have an impact on business operations, and develops concrete countermeasures based on the analysis results in order to reduce the impact of risks on the Business Strategies and the Annual Business Plan. For example, when China Airlines prepares for a new operating station, the relevant departments must adhere to operational procedures, perform risk assessments, and incorporate risk criteria in the development of products and services to ensure that the operations of new stations comply with the CAA regulations and CAL requirements. [Refer to 3-2-2 Analysis of Risks and Opportunities in the Business Environment](#)

3. Financial Risk Management

An unexpected turn of events in the economic and financial world, both at home and abroad, can affect a company's operating results. In particular, interest rates, exchange rates, inflation, and fuel represent the principal costs for airlines; these costs are very sensitive to external factors and can become quite volatile. Therefore, the Finance Division employs financial hedging instruments to confine the major costs listed above to preset limits and to monitor financial risks on a regular basis. The Division is also responsible for developing relevant strategies and measures to fulfill the objectives of finance-related risk management. [Refer to 3-2-2 Analysis of Risks and Opportunities in the Business Environment](#)

4. Information Security and Personal Data Risk Management

CAL's Data Security and Personal Information Management Division is a dedicated management unit for information security and personal information protection. It is headed by the Data Protection Officer (DPO) and the Chief Information Security Officer (CISO), who are in charge of the promotion of information security policies and resource allocation, and who lead the independent information security and personal information teams to adopt management measures that meet the international standards in order to implement information security and personal information protection. In order to strengthen the information security framework planning and management system, we continue to improve the multi-level defense depth, staff education and training, social engineering drills, and emergency response drills, to enhance the awareness of employees on information security, and to establish compliance with laws, regulations, and international information security standards to reduce the overall risk of information security. [Refer to 2-1-5 Information Security Management](#)

In order to identify the risks associated with the handling of personal information, the Company has established operating procedures to appropriately categorize and regularly review various personal information files as the basis for planning a risk control mechanism. In addition, the Company has established the "Personal Data Breach Response Management Procedures" for personal information

incidents, which provides a contingency plan for incidents in which the rights of the subject are damaged due to the inappropriate access to, or disclosure of, or unauthorized use of, personal information. Contingency drills are held annually to ensure the validity of the contingency mechanism and to familiarize all personnel with the contingency procedures. [Refer to 2-1-6 Privacy Management](#)

Mid-term / Long-term Strategic Risks

Mid-term / long-term strategic risks refer to risk incidents that have a strategic or structural impact on business operations for more than one year, and which cannot be solved in a short period of time. CAL reviews and analyzes its market position and collects industry information, such as internal and external forecasts on market trends and competitor dynamics, every three to five years, then conducts SWOT analysis, and accordingly develops the company vision, mission, and mid-term / long-term strategies.

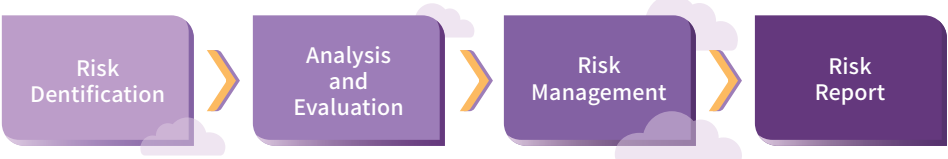
1. Environmental Risk Management

CAL recognizes the direct impact and importance of the climate issue on the aviation industry. In addition to supporting and responding to the initiatives of the International Civil Aviation Organization (ICAO), the International Air Transport Association (IATA), and the Civil Aviation Administration to promote voluntary carbon reduction by setting up three major milestones for corporate flight and ground operations, we established an inter-unit working group for the TCFD in 2019, and managed climate-related risks and opportunities through our Corporate Sustainability Committee and Environmental Committee. In 2022, we formulated and published the "Forest and Biodiversity Conservation Commitment" signed by the Chairman and the President, and in 2023, we further utilized tools such as the Biodiversity Risk Analysis Tool, the TNFD, the Natural Capital Protocol, and the Natural Target Network based on Science, to identify the impacts, dependencies, risks, and opportunities on biodiversity of our own and upstream and downstream operations, and to develop a response strategy and corresponding management targets and indicators. In addition, we have set two additional objectives for the sustainable development of biodiversity conservation. In 2024, we will further integrate the consideration of natural and climate-related issues into the scope of TCFD, and the key results will be submitted to the Board of Directors annually for monitoring and management, so as to achieve the goal of proactive management actions, such as taking early action to address risks and opportunities, and to deepen our carbon management practices and climate resilience. [Refer to 2-3-2 Nature & Climate Change Mitigation and Adaptation](#)

2. Emerging Risk Management

The Global Risks Report published by the World Economic Forum (WEF) every January divides risks into five categories of critical risks, namely economic, environmental, geopolitical, social, and technological risks. New risk categories arising from the rapid development of emerging technologies, climate, demographic changes, information security, and cyber attacks have increased, along with gradually increasing likelihoods of such risk incidents. Therefore, CAL has incorporated these identified emerging risks within the scope of risk management, reviews emerging risks on a regular basis, and develops countermeasures.

Emerging Risk Management Mechanisms



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Emerging Risk Identification Results

Category	WEF Risk Category / Risk Topic	Impact and Influence on CAL Operations	CAL Response Measures
 Economic	Rising inflation (High inflation, interest rate hikes, low growth) High inflation and tight monetary policies have contributed to high interest rates and economic recession in major economies around the world. These factors and rising operating costs have reduced profitability.	<ul style="list-style-type: none"> • Demand in the international passenger market recovered steadily, while the international cargo market approached pre-pandemic levels due to inflation, interest rate hikes, geopolitical tensions, and the slowdown in global trade, with passenger revenues being the main source of revenue in 2023. 	<ul style="list-style-type: none"> • We must stabilize financial conditions, secure a steady supply of capital, and strengthen the financial structure to enhance solvency. • We continue to pay close attention to the impact of the international situation on oil prices. In the event of high fluctuations in oil prices, we will increase the number of passenger flights to achieve the goal of increasing passenger revenues, while cargo will be transported in the belly compartments of passenger planes and cargo planes, in order to maximize the overall profitability.
 Environmental	Natural disasters and extreme weather events In terms of the impact of climate change on operations and aviation safety, the increase in the frequency and intensity of extreme weather events (heat waves, droughts, and floods) has a significant impact on the economy, life, and flight safety.	<ul style="list-style-type: none"> • There has been a series of international initiatives for supporting green energy and carbon reduction in recent years, and the use of sustainable aviation fuel (SAF) has become unavoidable. • The EU plans to include the aviation industry in the emissions trading scheme to gradually eliminate free emission quotas for air transport, and integrate it into the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). We must pay close attention to verify whether non-EU airlines will be included. 	<ul style="list-style-type: none"> • CAL continues to use sustainable aviation fuel (SAF) for the delivery flights of new fleets. • The Company launched the first "Net Zero Carbon Flights" for all flights departing from Taiwan and purchased carbon credits for all passengers departing from Taiwan on the same day to attain carbon neutrality. • We attended the Aviation SMS Summit and shared our views on aviation legislation, flight operations, aircraft maintenance and repairs, and safety management. • We continue to implement IOSA certification standards and meet requirements in international regulations to ensure flight safety by taking real actions and providing the best and most reliable services to passengers.
 Technology	Cyber insecurity Cybercrime uses cyber weapons and tools to take control of digital data and trigger systemic network breaches that paralyze critical infrastructure and cause operational disruptions, such as ransomware, data fraud, or theft.	<ul style="list-style-type: none"> • Airline website or mobile app vulnerability : With the advancement of AI technology, Airline websites and mobile apps are an important way for customers to book tickets and manage flights. Vulnerabilities or security weaknesses in these systems could lead to customers receiving incorrect flight information or panic-inducing false emergency notifications, disrupting normal operations and causing a crisis of confidence within the entire airline industry. 	<ul style="list-style-type: none"> • We focus on the advanced strengthening of information security framework planning and management system, and continue to refine the multi-level defense depth, staff education and training, social engineering drills and emergency response drills to enhance the information security awareness of our employees. • Combining AI technology with human oversight to ensure the security and reliability of systems.
 Geopolitics	Goeconomic confrontation (Geopolitical tension and high energy prices) As a result of the Russia-Ukraine War and Israel-Hamas conflict, airlines have been forced to adjust their routes to avoid high-risk areas. In addition to the increase in flight hours and costs, the impact of high fuel prices and the increase in payload limitations have compressed profit margins, further exacerbating the industry's operational difficulties and challenges.	<ul style="list-style-type: none"> • Avoiding high-risk areas requires adjustments in cargo routes to Europe and the Americas, which increases flight time and fuel consumption. 	<ul style="list-style-type: none"> • We use fuel hedging and adjust fuel surcharges to offset parts of the fuel cost. • We deploy four fuel saving strategies including Renew Fleet, Reduce Weight of Aircraft, Enhance Operational Improvements, and Advance Maintenance & Operation to reach the goal of net zero carbon emissions by 2050.
 Economic	Collapse of a systemically important supply chain The power struggle between the United States and China has been transformed from trade tensions into a technology competition, which has led to the reorganization of the global supply chain. It contributed to the regionalization and localization of the manufacturing industry and the New Southbound Policy and New Eastbound Policy will also create changes in the movement of people and goods.	<ul style="list-style-type: none"> • Taiwan is an export-oriented economy and is highly sensitive to changes in the global economy. High inflation, tightened monetary policies, decline in end-user demand, inventory adjustments in the industry chain, reduced demand, and an influx of belly capacity in passenger aircrafts on the market resulted in a decline in cargo volume and prices. 	<ul style="list-style-type: none"> • We actively pursue business opportunities for passenger and cargo services as supply chains expand overseas. • We added cargo flights to Europe and the Americas and pursued business opportunities for high-price charter flights and medium to long-term customized services to expand competitive advantages and consolidate Taiwan's position as a hub. • We expanded potential destinations in Southeast Asia for passenger services and added routes to Southeast Asia that connect to Europe and the Americas to target passengers on transfer flights.

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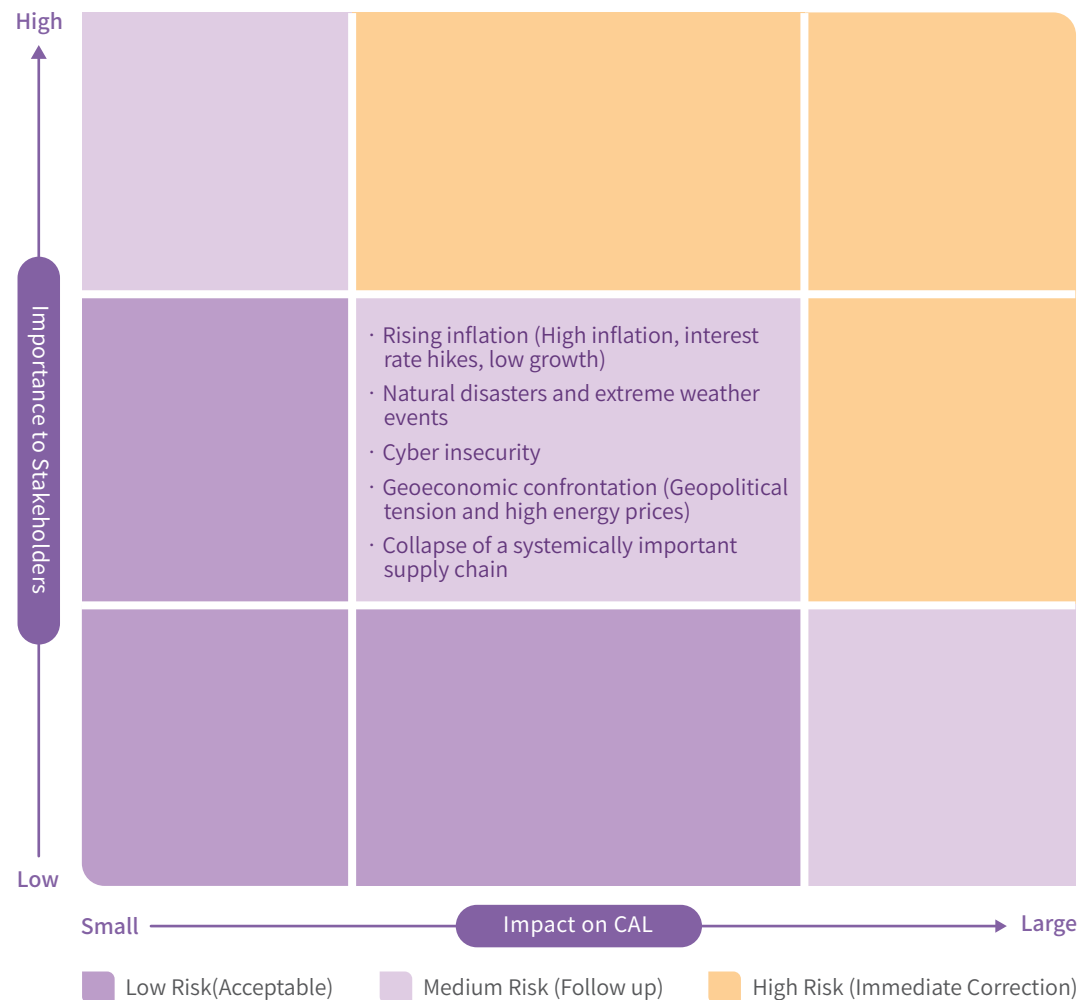
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- 3-2 Operational Achievements
- 3-3 Risk Management
- 3-4 Regulatory Compliance

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3-4 Regulatory Compliance GRI 2-23, 2-24, 2-25, 2-27, 205-2, 206-1

Internal Regulations and Code of Conduct

Regulatory compliance and integrity are the basis of business management. CAL shapes its corporate culture and values through the formulation of internal regulations and codes of conduct that emphasize business integrity. The Board of Directors, employees, and business partners have completed related training programs in accordance with the code of conduct and commitments. To establish sound corporate governance as its business foundation, CAL has set the Code of Corporate Governance, the Board Directors Code of Ethical Conduct, Executive Code of Ethical Conduct, the Procedure for Handling Material Inside

Information, the Ethical Corporate Management Best Practice Principles, and the Procedures for Ethical Management and Guidelines for Conduct. CAL fully complies with related laws and regulations and is committed to six major principles : protecting shareholders' rights and interests, strengthening Board of Directors functions, adhering to regulations concerning the Board, adopting decision-making procedures of the Board (including avoidance of conflicts of interests), respecting stakeholders' rights and interests, and enhancing information transparency. In accordance with Article 9 of the Procedures for Ethical Management and Guidelines for Conduct, CAL takes a politically neutral stance and has never provided political donations.

In addition, in order to ensure that all directors and employees of the Company comply with ethical behavior including anti-corruption, the Company has formulated the Board Directors Code of Ethical Conduct (the anti-corruption training course for directors has been implemented in 2021, and the training information is detailed in the "3-3 Compliance" of the [2021 CAL Sustainability Report](#)) and the Employee Code of Conduct. Starting from 2017, a three-year awareness-raising program was implemented to foster corporate sustainability. CAL added the CAL Code of Conduct and conducted relevant education and training and completed all training in 2020, and continued to train new recruits to maintain the training for all employees (details of the training received from 2017 onwards are in the compliance section of each year's CSR/Sustainability Report), and in order to maintain the awareness of regulations, the Company continued to implement the education and training program for all employees in February 2023 with 10,778 attendances and a completion rate of 99.9%, and also continued to train new recruits with 1,052 attendances, with a total completion rate of 100% (Note 1 and Note 2); in addition, CAL employee who violates the CAL Code of Conduct will be punished in accordance with the relevant provisions of the employee reward and punishment regulations and included in the performance evaluation mechanism; depending on the situation, annual bonus / salary adjustment will not be paid according the annual bonus and salary promotion regulations. There were no instances of corruption, violation of customer privacy, conflict of interest, or money laundering/insider trading at CAL's employees in 2023.

In 2018, the Company promoted the Code of Conduct to its affiliates, and in 2020 and 2023, the Company implemented training on the Code of Conduct and education and training on corporate sustainability vision to promote CSR awareness, with a total of 5,140 and 7,829 attendances, respectively, and reached the Company's short-term sustainability goal of providing more than 2 CSR trainings to affiliates by 2025. In addition, the Group Management Meeting in 2022 announced the responsibilities and obligations of directors and supervisors, and the matters that should be coordinated by affiliates in response to the amendment of the Financial Supervisory Law, and in 2023 announced the key points of utilizing AI in capital security and the amendment of the Personal Information Law to provide affiliates with references for their operation and management. In the future, the Company will continue to promote related training. In view of the fact that suppliers are also important partners of the Company, 100% of suppliers who have signed contracts in 2023 are required to sign and implement the Supplier Code of Conduct (including compliance with laws and regulations and anti-corruption concepts).

Note 1: Trainees include separated employees.

Note 2: Only applicable to CAL.

Antitrust

In recent years, the Company has continued to strengthen its compliance with the Fair Trade Act and antitrust regulations. The Company used a major international antitrust case as an example to remind its management and all business practitioners to remain vigilant, and the Company also held physical education training in 2020 on "Compliance with the Fair Trade Act" and invited the Fair Trade Commission, the competent authority, to promote the concept of compliance with the Fair Trade Act to our head office, branches, and affiliated companies. In addition, since 2013, front-line business unit supervisors are required to complete an Antitrust Audit Checklist, which is included in the auditor's random checks. In 2021, we conducted E-learning on antitrust compliance for personnel of the passenger units; for personnel of the cargo units, the Cargo Division instructed all stations across all

lines to promote the idea of not negotiating with or inappropriately collaborating with competitors to avoid the risk of breaking the law. In 2022, the Company appointed Stellex Law Firm to produce antitrust compliance training materials and organized in-person and online training for all passenger and cargo service employees of the Company (including outstations). We uploaded the Antitrust Audit Checklist for trainees to fill out for future reference. In 2023, a course on antitrust compliance was held at the Americas Regional Business Meeting, which was taught in person by local professional attorneys to outstation supervisors, and the Company did not have any antitrust-related penalties from 2021 to 2023; please refer to the annual report for the information on whether there were any violations of the law by the Company, the content of the violations and the penalties imposed.

List of Standards Documents

Item	Regulating Object(s)	Purpose
China Aviation Development Foundation	CAL and its subsidiaries	To establish a sound corporate governance system and an effective corporate governance framework
Ethical Corporate Management Best Practice Principles	Directors, managers, employees, and appointees of CAL and those having substantial control	To strengthen CAL's corporate culture that values business integrity and to improve the business environment for sustainable development
Procedures for Ethical Management and Guidelines for Conduct	Directors, managers, employees, and appointees of CAL and its subsidiary companies and organizations and those having substantial control	To implement the policy of business integrity, to actively prevent fraudulent conduct, and to regulate matters that should be taken care of by employees when performing business
China Airlines Ltd. Procedure for Handling Material Inside Information	Directors, managers, and employees of CAL and those knowing CAL's material inside information due to their identity, occupation or control	To avoid improper disclosure of information and to ensure the consistency and correctness of information published by CAL
Board Directors Code of Ethical Conduct	All directors	To regulate the ethics and conduct of directors when performing their duties in pursuit of CAL's maximum benefits and sustainable development
Executive Code of Ethical Conduct	CAL's representative (Chairman) and managers (including President, Senior Vice President and equivalents, head of Finance Division, head of Accounting Division, and officers managing affairs and having the right to sign on behalf of the Company)	To guide executives to follow the ethics and conduct and to help stakeholders better understand the Company's code of ethics
Employee Code of Conduct	All employees	To guide employees to follow the codes of conduct covering anti-corruption in the workplace
CAL Code of Conduct	Employees and suppliers of the Company and its subsidiaries, any foundation to which the Company's direct or indirect contribution of funds exceeds 50 percent of the total funds received, and other institutions or juridical persons which are substantially controlled by the Company	To guide the CAL Group to follow related laws and regulations and shape a corporate culture that creates sustainable value for stakeholders
Supplier Code of Conduct	All suppliers and contractors	To achieve the goal of sustainable supply chain management, so as to increase the sustainability of a large number of suppliers

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Financial Performance

I. Five-Year Financial Summary

Consolidated Condensed Balance Sheet - Based on IFRS (CAL Group)

(Unit: TWD thousands)

Item		Financial Summary for the Last Five Years				
		2019	2020	2021	2022	2023
Current assets		51,822,342	61,872,468	85,849,590	69,822,343	69,693,315
Property, Plant and equipment		145,886,971	141,481,694	129,632,046	128,207,404	123,342,731
Intangible assets		1,182,692	1,076,351	1,008,992	883,420	791,567
Other assets		94,155,974	79,763,571	78,230,453	95,499,026	97,414,818
Total assets		293,047,979	284,194,084	294,721,081	294,412,193	291,242,431
Current liabilities	Before distribution	76,351,527	62,649,715	53,239,105	71,255,078	90,045,667
	After distribution	76,351,527	62,649,715	58,239,105	74,027,285	-
Non-current liabilities		156,564,335	160,832,796	164,276,958	150,703,673	123,717,894
Total liabilities	Before distribution	232,915,862	223,482,511	217,516,063	221,958,751	213,763,561
	After distribution	232,915,862	223,482,511	222,516,063	224,730,958	-
Equity attributable to shareholders of the parent		56,553,772	57,559,483	74,043,573	70,000,201	74,591,115
Capital stock		54,209,846	54,209,846	59,412,243	60,135,374	60,513,407
Capital surplus	Before distribution	2,488,907	1,187,327	2,694,529	3,120,311	3,887,046
	After distribution	1,191,065	836,746	2,694,529	3,120,311	-
Retained earnings	Before distribution	-1,297,842	-350,581	9,253,848	7,309,766	10,911,551
	After distribution	-	-	4,253,848	4,537,559	-
Other equity interest		1,196,233	2,543,766	2,713,828	-534,375	-690,014
Treasury shares		-43,372	-30,875	-30,875	-30,875	-30,875
Non-controlling interest		3,578,345	3,152,090	3,161,445	2,453,241	2,887,755
Total equity	Before distribution	60,132,117	60,711,573	77,205,018	72,453,442	77,478,870
	After distribution	60,132,117	60,711,573	72,205,018	69,681,235	-

Consolidated Condensed Statement of Comprehensive Income - Based on IFRS (CAL Group)

(Unit: TWD thousands; EPS (net) = TWD)

Item		Financial Summary for the Last Five Years				
		2019	2020	2021	2022	2023
Revenue		168,444,160	115,250,550	138,841,403	150,722,471	184,816,790
Gross profit		16,686,928	10,219,201	23,354,457	11,370,213	23,830,774
Operating Profit (Loss)		2,665,821	2,184,416	14,968,035	2,584,734	10,157,421
Non-operating Income and Expenses		-2,762,638	-2,838,213	-3,841,430	76,026	-851,949
Pretax Profit (Loss)		-96,817	-653,797	11,126,605	2,660,760	9,305,472
Income from operations of continued segments - after tax		-675,002	-279,814	8,956,664	2,245,401	7,471,201
Income from discontinued operations		-	-	-	-	-
Net Income (Loss)		-675,002	-279,814	8,956,664	2,245,401	7,471,201
Other comprehensive income (Income / Loss after taxes)		462,758	864,072	30,581	-3,043,929	-902,960
Total Comprehensive Gain (Loss) for the Year		-212,244	584,258	8,987,245	-798,528	6,568,241
Net income attributable to shareholders of the parent		-1,199,798	140,000	9,379,905	2,859,503	6,818,552
Net income attributable to non-controlling interest		524,796	-419,814	-423,241	-614,102	652,649
Comprehensive income attributable to Shareholders of the parent		-647,085	966,968	9,429,042	-292,972	6,049,509
Comprehensive income attributable to non-controlling interest		434,841	-382,710	-441,797	-505,556	518,732
Earnings (Loss) per share		-0.22	0.03	1.67	0.48	1.13

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Condensed Balance Sheet - Based on IFRS (CAL Only)

(Unit: TWD thousands)

Item		Financial Summary for the Last Five Years				
		2019	2020	2021	2022	2023
Current assets		40,989,612	51,858,785	73,846,790	59,536,245	56,588,780
Property, Plant and equipment		131,029,886	126,414,462	115,174,548	114,770,352	110,932,284
Intangible assets		971,298	867,453	754,349	654,596	584,756
Other assets		95,885,709	81,769,065	80,875,029	93,131,005	96,860,586
Total assets		268,876,505	260,909,765	270,650,716	268,092,198	264,966,406
Current liabilities	Before distribution	68,000,173	56,740,010	45,666,704	62,280,883	79,671,963
	After distribution	68,000,173	56,740,010	50,666,704	65,053,090	-
Non-current liabilities		144,322,560	146,610,272	150,940,439	135,811,114	110,703,328
Total liabilities	Before distribution	212,322,733	203,350,282	196,607,143	198,091,997	190,375,291
	After distribution	212,322,733	203,350,282	201,607,143	200,864,204	-
Equity attributable to shareholders of the parent		56,553,772	57,559,483	74,043,573	70,000,201	74,591,115
Capital stock		54,209,846	54,209,846	59,412,243	60,135,374	60,513,407
Capital surplus	Before distribution	2,488,907	1,187,327	2,694,529	3,120,311	3,887,046
	After distribution	1,191,065	836,746	2,694,529	3,120,311	-
Retained earnings	Before distribution	-1,297,842	-350,581	9,253,848	7,309,766	10,911,551
	After distribution	-	-	4,253,848	4,537,559	-
Other equity interest		1,196,233	2,543,766	2,713,828	-534,375	-690,014
Treasury shares		-43,372	-30,875	-30,875	-30,875	-30,875
Non-controlling interest		-	-	-	-	-
Total equity	Before distribution	56,553,772	57,559,483	74,043,573	70,000,201	74,591,115
	After distribution	56,553,772	57,559,483	69,043,573	67,227,994	-

Condensed Statement of Comprehensive Income -Based on IFRS (CAL Only)

(Unit: TWD thousands; EPS (net) = TWD)

Item		Financial Summary for the Last Five Years				
		2019	2020	2021	2022	2023
Revenue		146,372,401	106,327,123	132,140,248	141,069,849	161,675,533
Gross profit		11,364,235	11,136,944	25,910,694	12,980,501	17,635,529
Operating Profit (Loss)		80,235	4,884,855	19,320,396	5,917,040	6,594,363
Non-operating Income and Expenses		-1,267,561	-4,713,760	-7,346,456	-2,028,138	1,461,091
Pretax Profit (Loss)		-1,187,326	171,095	11,973,940	3,888,902	8,055,454
Income from operations of continued segments - after tax		-1,199,798	140,000	9,379,905	2,859,503	6,818,552
Income from discontinued operations		-	-	-	-	-
Net Income (Loss)		-1,199,798	140,000	9,379,905	2,859,503	6,818,552
Other comprehensive income (Income / Loss after taxes)		552,713	826,968	49,137	-3,152,475	-769,043
Total Comprehensive Gain (Loss) for the Year		-647,085	966,968	9,429,042	-292,972	6,049,509
Net income attributable to shareholders of the parent		-0.22	0.03	1.67	0.48	1.13



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II. Five-Year Financial Analysis

Consolidated Condensed Balance Sheet - Based on IFRS (CAL Group)

Item		Financial Summary for the Last Five Years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt Ratio	79.48	78.64	73.80	75.39	73.40
	Ratio of long-term capital to property, plant and equipment	148.54	156.59	186.28	174.06	163.12
Solvency (%)	Current ratio	67.87	98.76	161.25	97.99	77.40
	Quick ratio	54.57	84.18	144.08	81.48	64.73
	Interest earned ratio (times)	103.79	74.92	566.29	194.07	406.82
Operating performance	Accounts receivable turnover (times)	18.13	12.64	11.98	12.25	17.48
	Average collection period	20.13	28.87	30.46	29.80	20.88
	Inventory turnover (times)	-	-	-	-	-
	Accounts payable turnover (times)	-	-	-	-	-
	Average days in sales	-	-	-	-	-
	Property, plant and equipment turnover (times)	1.09	0.80	1.02	1.17	1.47
	Total assets turnover (times)	0.64	0.40	0.48	0.51	0.63
Profitability	Return on total assets (%)	0.76	0.75	3.76	1.45	3.26
	Return on stockholders' equity (%)	-1.12	-0.46	12.99	3.00	9.97
	Pre-tax income to paid-in capital (%)	-0.18	-1.21	18.73	4.42	15.38
	Profit ratio (%)	-0.40	-0.24	6.45	1.49	4.04
	Earnings per share (NT\$)	-0.22	0.03	1.67	0.48	1.13
Cash flow	Cash flow ratio (%)	49.15	15.52	93.70	65.75	62.02
	Cash flow adequacy ratio (%)	518.33	579.28	825.91	678.90	764.39
	Cash reinvestment ratio (%)	12.24	2.98	15.20	13.23	19.12
Leverage	Operating leverage	14.20	16.28	3.11	13.40	4.20
	Financial leverage	-3.95	-2.50	1.19	58.82	1.35

Financial Analysis – Based on IFRS (CAL Only)

Item		Financial Summary for the Last Five Years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt Ratio	78.97	77.94	72.64	73.89	71.85
	Ratio of long-term capital to fixed assets	153.31	161.51	195.34	179.32	167.03
Solvency (%)	Current ratio	60.28	91.40	161.71	95.59	71.03
	Quick ratio	45.87	76.90	142.97	77.14	57.27
	Interest earned ratio (times)	60.78	99.48	660.63	258.73	401.44
Operating performance	Accounts receivable turnover (times)	16.72	12.34	11.83	11.90	16.28
	Average collection period	21.83	29.57	30.86	30.67	22.41
	Inventory turnover (times)	-	-	-	-	-
	Accounts payable turnover (times)	-	-	-	-	-
	Average days in sales	-	-	-	-	-
	Fixed assets turnover (times)	1.05	0.83	1.09	1.23	1.43
	Total assets turnover (times)	0.61	0.40	0.50	0.52	0.61
Profitability	Return on total assets (%)	0.51	0.89	4.18	1.72	3.23
	Return on stockholders' equity (%)	-2.11	0.25	14.25	3.97	9.43
	Pre-tax income to paid-in capital (%)	-2.19	0.32	20.15	6.47	13.31
	Profit ratio (%)	-0.82	0.13	7.10	2.03	4.22
	Earnings per share (NT\$)	-0.22	0.03	1.67	0.48	1.13
Cash flow	Cash flow ratio (%)	48.16	24.19	109.78	73.20	60.11
	Cash flow adequacy ratio (%)	557.30	610.31	708.23	600.13	617.51
	Cash reinvestment ratio (%)	11.34	4.50	16.38	13.80	17.64
Leverage	Operating leverage	396.38	7.15	2.46	5.82	5.38
	Financial leverage	-0.03	2.32	1.13	1.60	1.52



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III.Organizations, Initiatives, Policies, Contributions and Other Expenses

Unit: TWD thousand

item	2020	2021	2022	2023
Lobbying, interest representation or similar	0	0	0	0
Local, regional or national political cam-paigns/ organizations/candidates	0	0	0	0
Trade associations or tax-exempt groups (e.g. think tanks)	33,250,413	30,734,332	36,942,418	56,564,101
Other (e.g. spending related to ballot measures or referendums)	0	0	0	0
Total contributions and other spending	33,250,413	30,734,332	36,942,418	56,564,101
Data coverage (as % of denominator, indi-cating the organizational scope of the re-reported data)	100	100	100	100

Note: This includes the total contributions and expenditures towards political activities, political organizations, lobbying or lobbying organizations, trade associations, and other tax-exempt groups in past years.

Environmental Performance

Primary Item	Secondary Item	Unit	2020		2021		2022		2023		2023 Objective	Achievement Rate
Category 1 GHG Emissions	Flight operations	Tons CO ₂ e	5,787,751	5,790,802	5,875,531	5,878,428	5,435,050	5,439,091	6,048,568	6,052,838	5,888,879	97%
	Ground Operations	Tons CO ₂ e	3,051		2,897		4,041		TWN : 3,028 OVS : 1,242			
Category 2 GHG Emissions	Ground Operations	Tons CO ₂ e	17,572		16,697		16,468		TWN : 15,767 OVS : 1,072	16,839	18,593	110%
Category 3-6 GHG Emissions (Note 1)	Ground Operations	Tons CO ₂ e	1,326,227		1,364,016		1,240,935		1,389,211		1,343,555	97%
Aviation Fuel Usage	All Aircrafts (non-renewable energy)	Tons	1,829,328		1,857,073		1,717,758		1,911,645		Fleet fuel efficiency 0.2373 tons/thousand RTK	104%
	Sustainable Aviation / Alternative Fuel	Tons (%)	0		7.7(4.15E-4)		23.1(8.6E-4)		24.5(0.0013)		0.001%	100%
Aviation Fuel Efficiency	Passenger Aircraft	L/RPK*100	15.2246		18.9433		7.2469		4.3343		7.1372	164%
	Cargo Aircraft	L/FRTK	0.2252		0.1830		0.2060		0.2099		0.2060	98%
	All Aircrafts (Note2)	Tons / thousand RTK	0.2586		0.2442		0.2472 0.2409*		0.2287		0.2373	104%
Aviation Fuel Carbon Intensity	Passenger Aircraft	Tons CO ₂ e / thousand RTK	0.5952		0.4795		0.1834		0.1097		0.1807	165%
	Cargo Aircraft	Tons CO ₂ e / thousand RTK	0.5700		0.5334		0.5213		0.5313		0.5214	98%
	All Aircraft	Tons CO ₂ e / thousand RTK	0.8180		0.7726		0.7821		0.7236		0.7704	106%
Energy Consumption	Aviation Fuel	MWh/GJ	22,411,067 / 80,673,386		22,750,962 / 81,896,910		21,044,032 / 75,752,456		23,419,521 / 84,303,532		Energy Consumption 22,829,496	97%
	Gasoline	MWh/GJ	2,429 / 8,744		2,229 / 8,024		2,248 / 8,091		2,443/ 8,795			
	Diesel	MWh/GJ	8,257 / 29,721		8,032 / 28,914		6,871 / 24,733		7,610 / 27,394			
	Natural Gas	MWh/GJ	505 / 1,819		286 / 1,030		291 / 1,049		272 / 978			
	Electricity Purchased	MWh/GJ	34,523 / 124,272		33,260 / 119,728		32,354 / 116,465		31,853 / 114,662			
	Elevator Power Regeneration	kWh/GJ	1,177 / 4.24		889/3.20		11,213 / 40.36		12,111 / 43.60		Full Operation	100%
	Renewable Energy(Solar)	MWh/GJ	117 / 421		127 / 457		110 / 296		119 / 428		120	99%

Trust Value Related Data

I.Flight Safety
China Airlines has not experienced any personnel fatalities from 2020 to 2023.

Passenger Fatalities	2020	2021	2022	2023
Number	0	0	0	0

China Airlines successfully passed the IATA Operational Safety Audit (IOSA) certification for the 11th consecutive time in 2022. The most recent certification is as follows:



II.Online Sales Channels and Sales Amount for China Airlines

Passenger Fatalities	2020	2021	2022	2023	2023 Objectives
Percentage of Ticket Buyers (%)	21.2	20.3	25.3	28.2	26
Percentage of Sales Amount (%)	23.8	26.5	28.5	30.5	30

Note: The updates to the listed data are necessitated by significant alterations in passenger purchase demand and patterns during the 2020-2022 pandemic period. Consequently, the data collection and analysis system has been concurrently adjusted to more accurately align with current market conditions.



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Environmental Performance

Primary Item	Secondary Item	Unit	2020	2021	2022	2023	2023 Objective	Achievement Rate
Water Resources	Water Withdrawal	Million tons	0.134820	0.118422	0.108553	0.124226	0.140805	113%
	Water Discharge	Million tons	0.05953	0.06665	0.05384	0.06302		
	Water Consumption(Note 3)	Million tons	0.07529	0.05178	0.05471	0.06121	0.06938	113%
NOx Emissions	Passenger Air-craft	g/RPK	0.0400	0.0538	0.0183	0.0119	0.0183	154%
	Cargo Aircraft	g/RPK	0.0317	0.0290	0.0291	0.0278	0.0291	105%
Waste Management (in-flight and ground)	Total waste recycling and reuse	Tons	964	675	911	1,696	1,822	107%
	Total Waste Disposal	Tons	1,375	758	1,435	2,857	2,871	100%
	Incineration (energy recovery)	Tons	851	271	745	1,732	1,490	86%
	Incineration (without energy recovery)	Tons	425	410	629	986	1,258	128%
	Waste Processing via Other Disposal Methods	Tons	99	77	61	139	123	88%
Food Waste Management	Food Waste Produced (including in-flight services, VIP lounge services, and employee cafeteria)	Tons	1018	245	774	2139	1,547	72%
	Percentage of Alternative Disposal	%	100	100	100	100	100	100%
	In-Flight Food Waste Ratio	kg/meal	0.58	1.73	0.65	0.33	0.65	195%
Plastic Packaging (related to passenger/cargo transport)	Weight of Plastic Packaging	Tons	350	432	630	867	1,261	145%
	Coverage(Note 4)	%	100	100	100	100%	100%	100%
	Percentage of Recyclable Plastic Packaging	%	81.8	92.2	86.3	72.9%	86.3%	84%
	Percentage of Recycled Plastic Packaging (Note 5)	%	9.51	3.06	4.77	16.56%	4.77%	347%
Wood or Paper Packaging	Weight of Packaging	Tons	96	40	84	251		
	Coverage	%	100%	100%	100%	100%		
	Percentage of Materials Recycled and Certified (Note 6)	%	74.41%	82.55%	72.12%	79.70%	72%	111%
Metal Packaging	Weight of Packaging	Tons	85	55	289	123		
	Coverage	%	100%	100%	100	100%		
	Percentage of Materials Recycled and Certified (Note 6)	%	100%	100%	100%	100%	100%	100%
Glass Pack-aging	Weight of Packaging	Tons	6.90	0.14	45	169		
	Coverage	%	100%	100%	100	100%		
	Percentage of Materials Recycled and Certified (Note 6)	%	100%	100%	100%	100%	100%	100%
Environmental Investment (Note 7)	Green Investment	thousand TWD	175,074	177,098	170,852	229,570		
	Saving and Cost Avoidance	thousand TWD	864,422	557,807	525,707	588,840		

Note 1: Scope 3 emissions in 2019 included activities energy-related activities, employee commuting, etc. In 2020, according to the ISO 14064-1:2018 standard, the calculation of categories three to six were expanded. All data have passed external verification.

Note 2: The aviation fuel efficiency of all aircraft is calculated based on the total amount of aviation fuel (including training and maintenance oil) and operational fuel usage. The fuel efficiency of passenger/cargo aircraft only collects the operational aviation fuel usage of passenger/cargo aircraft.

Note 3: According to GRI 303: Water and Effluent 2018, water consumption = water withdrawal (from external sources include natural bodies, tap water, and rainwater utilized by CAL) – water discharge (into natural bodies and external wastewater treatment facilities)

Note 4: The coverage is calculated as Purchase Amount/Cost of Goods Sold.

Note 5: The percentage of recycled materials and certified materials is calculated as follows: Weight of Recyclable Packaging (including certified materials)/Total Weight of Packaging.

Note 6: Weight of Recyclable Packaging refers to the weight of packaging that has been verified by CAL as recycled.

Note 7: Annual special investments and promotional projects are not included in this table. (Please refer to the financial yearbook for more detailed information.)



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TCFD Index

Content Aligned with the TCFD Framework		Sustainability Report Page Number(s)	Climate Governance Report Page Number(s)
Governance	1. Board of Directorz Supervision of Climate-Related Risks and Opportunities	P.87-88	P.8
	2. Management-level Responsibility for Assessing and Managing Climate-related Risks and Opportunities		
Strategy	1. Identification of Short-, Medium-, and Long-term Climate-related Risks and Opportunities	P.89-91	P.11-12
	2. Impact of Climate-Related Risks and Opportunities on the Organization's Business, Strategy, and Finances	P.89-91	P.13-14
	3. Organizational Strategic Resilience Takes into Account Various Climate-related Scenarios (Including Scenarios that are 2 ° C or More Stringent)	P.92	P.11-12, P.21
Risk Management	1. Procedure for Identifying and Assessing Climate-Related Risks in Organizational Institutions	P.92-93	P.21-22
	2. Procedure for Managing Climate-Related Risks in Organizational Institutions	P.92-93	P.22
	3. Integration of Process for Identifying, Assessing, and Managing Climate-related Risks with Organization's Overall Risk Management Mechanism.	P.92-93	P.22-31
Indicators and Objectives	1. Organization Utilizes Indicators to Evaluate Climate-Related Risks and Opportunities in Alignment with Its Strategy and Risk Management Processes	P.92-93	P.31-34
	2. Disclosure of Greenhouse Gas Emissions and Associated Risks in Scopes 1, 2, and 3	P.96, P.163	P.32
	3. Objectives Utilized and Achievement Status in Managing Climate-Related Risks and Opportunities by the Organization	P.92-93	P.34-37

TNFD Index

Content Aligned with the TCFD and TNFD Frameworks		Sustainability Report Page Number(s)
Governance	1. Board of Directors' Supervision of Nature-Related Dependencies, Impacts, and Risks/Opportunities	P.87
	2. Management-level Responsibility for Assessing and Managing Nature-related Dependencies, Impacts, and Risks/Opportunities	P.87
	3. Methods for Engaging with Stakeholders Who Are Affected by and Involved in Assessing and Managing Nature-Related Dependencies, Impacts, and Risks/Opportunities	P.88
Strategy	1. Identification of Short-, Medium-, and Long-term Nature-related Dependencies, Impacts, and Risks/Opportunities	P.92-93
	2. Impact of Nature-Related Dependencies, Impacts, Risks/Opportunities, and Transitional Actions on the Organization's Business, Strategy, and Finances	P.92-93
	3. Enhancing Strategic Capacity for Responding to Nature-Related Risks by Considering a Range of Potential Scenarios	P.92-93
	4. Disclosure of Information Regarding Locations of Assets and/or Activities That Pose Higher Risks to Biodiversity in Direct Operations and Upstream/Downstream Value Chain	P.92
Risk Management	1. Process for Identification and Assessment of Nature-related Dependencies, Impacts, and Risks/Opportunities (Including Upstream and Downstream)	P.92
	2. Process for Management of Nature-related Dependencies, Impacts, and Risks/Opportunities	P.92
	3. Integration of Process for Identifying, Assessing, Prioritizing, and Monitoring Nature-related Risks with Organization's Overall Risk Management Mechanism	P.93、80
Indicators and Objectives	1. Organization Utilizes Indicators to Evaluate Nature-Related Risks and Opportunities in Alignment with Its Strategy and Risk Management Processes	P.93
	2. Disclosure of Indicators for Assessing and Managing Nature-Related Dependencies and Impacts	P.93
	3. Objectives Utilized and Achievement Status in Managing Nature-Related Dependencies, Impacts, and Risks/Opportunities by the Organi-zation	P.87

The Climate-related Information Comparison Table for TWSE/TPEX Listed Companies

Item	Execution Status/Page Number
1. Describe Supervision and Management of Climate-Related Risks and Opportunities by Board of Directors and Management	P.87
2. Describe Impact of Identified Climate Risks and Opportunities on Company's Business, Strategy, and Finance in Short, Medium, and Long Term	P.88-89
3. Describe Effects of Extreme Weather Events and Transition Actions on Financial Sector	P.88
4. Describe How Climate Risk Identification, Assessment and Management Processes are Integrated into the Overall Risk Management System	P.89
5. Describe the Scenarios, Parameters, Assumptions, Analysis Factors, and Significant Financial Impacts Considered in Formulation of Strategies to Strengthen Resilience Against Climate and Nature-Related Risks	P.89-90
6. If a Transition Plan Is in Place to Mitigate Climate-Related Risks, Please Provide a Detailed Description of the Plan's Content. Additionally, Include Indicators and Objec-tives Utilized to Identify and Manage Both Physical and Transitional Risks	P.92-93
7. If Utilizing Internal Carbon Pricing as a Tool for Climate Governance Planning, Provide an Explanation for the Basis of Price Determination	P.14
8. If Climate-Related Goals Are Established, Provide an Explanation of the Activities Covered, Scope of GHG Emissions, Planning Schedule, and the Annual Progress. If Car-bon Offsetting or Renewable Energy Certificates (RECs) Are Utilized to Meet These Goals, Specify the Source and Quantity of Carbon Offset or the Quantity of RECs	P.80, P.96, P.163
9. Inventory and Verification of Greenhouse Gas Emissions, Reduction Targets, Strategies, and Action Plans	P.96, P.163
1-1-1 GHG Inventory Information: Provide Data on Emissions (in Metric Tons of CO ₂ e), Intensity (in Metric Tons of CO ₂ e/Million Dollars), and Data Coverage for the Past Two Years.	P.96, P.163
1-1-2 GHG Assurance Information: Describe Assurance Status over Past Two Fiscal Years, Including Assurance Scope, Institutions, Criteria, and Opinions.	P.96
1-2 GHG Reduction Targets, Strategies, and Specific Action Plans: Describe Baseline Year and Relevant Data for Greenhouse Gas Reduction, Together with Reduction Targets, Strategies, Specific Action Plans, and Achievement of Reduction Targets.	P.80, P.92-93, P.163



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Relevant Data Statistics of Human Resources GRI 2-21

Workforce Structure of CAL Group in 2023



Category		Groups						
			Total	Male	Female	Total	Male	Female
Full-time Employees			11,127	5,508	5,619	872	422	450
Non-full-time Employees			112	23	89	13	2	11
Temporary Employees			19	14	5	0	0	0
Age	Under 30		1,087	343	744	191	67	124
	31-50		6,920	3,124	3,796	479	199	280
	Above 51		3,251	2,078	1,173	215	158	57
The Job Category	Business		3,154	1,231	1,881	389	138	251
	Air Service		4,323	1,527	2,796	219	94	125
	Maintenance		2,144	2,045	99	131	121	10
	Others (Note 1)		1,637	700	937	146	71	75
Ranking	Senior Management (Note 2)		123	92	31	22	19	3
	Mid-level Management		349	246	103	34	24	10
	Junior Managemer		166	117	49	34	25	9
	Non-executive Employees		10,620	5,090	5,530	795	356	439
Region	Taiwan		9,677	4,935	4,742	850	408	442
	China		191	102	89	35	16	19
	Asia		958	315	643	-	-	-
	USA		266	115	151	-	-	-
	Europe		116	54	62	-	-	-
	Oceania		50	24	26	-	-	-
Education	Master / PhD		1,432	806	626	78	50	28
	Bachelor		9,248	4,328	4,920	751	333	418
	Senior High		496	361	135	56	41	15
	Others		82	50	32	-	-	-
Total			11,258	5,545	5,713	885	424	461
The Total Number Includes	Indigenous Employees		76	38	38	11	1	10
	Disabled Employees		106	71	35	6	4	2
Interns (Not Included in the Number of Employees)			35	11	24	14	3	11

Note 1: Job duties - others: including senior executives at the level of vice president and above, auditing and accounting, information technology staff, and all other personnel not categorized above.

Note 2: Senior executives: Level 1 managers and deputies or above; Mid-level managers: Level 2 managers and deputies; Junior-level supervisors: Level 3 managers and deputies.

Note 3: Interns are not included in the total number of employees.

Workforce Structure of CAL Group by Region in 2023

Company	Category	Groups	2022					
			Taiwan	China	Asia	USA	Europe	Oceania
	Full-time Employees		9,568	191	941	263	116	48
	Non-full-time Employees		91	-	16	3	-	2
	Temporary Employees		18	-	1	-	-	-
	Total		9,677	191	958	266	116	50
	Full-time Employees		837	35	-	-	-	-
	Non-full-time Employees		13	-	-	-	-	-
	Total		850	35	-	-	-	-

Note 1: Full-time Employees are those whose contracted work hours are normal work hours.

Note 2: Non-full-time employees are those whose contracted work hours are lower than normal work hours.

CAL Contracted Employees (Workers who are not Employees)

Distribution of Dispatched Workers			
Job Type			
			Male Female Total
Maintenance, Cleaning, Marshaling, and Other General Ground Services			74 31 105
Paperwork Processing			11 49 60
Number of People			85 80 165

Note 1: The calculation is based on the number of employees as of December 31, 2023.

Note 2: AE has no contracted employees.

Workforce Breakdown by Nationality of CAL

Countries	Share of Total Workforce (%)	Share of Manage-ment Positions (%)
R.O.C.	86.78%	87.62%
Thailand	2.63%	0.78%
Japan	2.10%	2.82%
China	1.74%	1.88%
United States	1.39%	1.72%
Others	5.37%	5.17%

Workplace Gender Diversity of CAL in 2023 and Targets

Indicator	Current Conditions (0-100%)	Objectives
Share of women in total workforce	50.75%	48%/Target year: 2024
Share of women in all manage-ment positions	28.68%	27%/Target year: 2030
Share of women in junior man-agement positions	29.52%	27%/Target year: 2025
Share of women in top manage-ment positions	25.20%	25%/Target year: 2025
Share of women in management positions in revenue-generating functions	30.37%	29%/Target year: 2025
Share of women in STEM-related positions	11.30%	8%/Target year: 2025

Note: According to DJSI definition, STEM refers to positions related to science, technology, engineering, and math.



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Employee Turnover Statistics of CAL Group in 2023

Category	Groups	2022						2023					
		2021		2022		2023		2021		2022		2023	
		Amount	Percentage(%)	Amount	Percentage(%)	Amount	Percentage(%)	Amount	Percentage(%)	Amount	Percentage(%)	Amount	Percentage(%)
Age	Under 30	152	29.12%	106	20.11%	100	15.17%	44	40.37%	25	23.36%	23	24.21%
	31-50	172	32.95%	227	42.67%	297	45.07%	47	43.12%	58	54.21%	52	54.74%
	Above 51	198	37.93%	198	37.22%	262	39.76%	18	16.51%	24	22.43%	20	21.05%
Gender	Male	310	59.39%	302	56.77%	308	46.74%	69	63.30%	67	62.62%	53	55.79%
	Female	212	40.61%	230	43.23%	351	53.26%	40	36.70%	40	37.38%	42	44.21%
Region	Taiwan	311	59.58%	310	58.27%	410	62.22%	106	97.25%	75	70.09%	86	90.53%
	China	19	3.64%	58	10.90%	14	2.12%	3	2.75%	32	29.91%	9	9.47%
	Asia	125	23.95%	98	18.42%	155	23.52%	0	0.00%	0	0.00%	0	0.00%
	USA	49	9.39%	40	7.52%	51	7.74%	0	0.00%	0	0.00%	0	0.00%
	Europe	10	1.92%	10	1.88%	16	2.73%	0	0.00%	0	0.00%	0	0.00%
	Oceania	8	1.53%	16	3.01%	8	1.67%	0	0.00%	0	0.00%	0	0.00%
Voluntary	-	371	3.41%	393	3.66%	515	4.57%	-	-	-	0.00%	-	0.00%
Involuntary	-	151	1.39%	139	1.30%	144	1.28%	-	-	-	0.00%	-	0.00%
Total		522	4.80%	532	4.96%	659	5.85%	109	12.47%	107	13.44%	95	10.73%

Note: Voluntary termination includes resignation, retirement prior to retirement age, application for dismissal, and other factors; involuntary termination includes reaching retirement age and layoffs.

Unpaid Parental Leave Statistics of CAL Group in 2023

Unpaid Parental Leave Statistics	2022			2023		
	Female	Male	Total	Female	Male	Total
Numbers of employees eligible for parental leave in 2023(A)	550	384	934	61	23	84
Actual Numbers of employees applying for parental leave in 2023(B)	505	44	549	32	0	32
Rate for employees applying for parental leave in 2023(B*100/A)	91.82%	11.46%	58.78%	52.46%	0%	38.10%
Numbers of employees expecting to return in 2020 after parental leave in 2023(C)	232	10	242	19	2	21
Numbers of employees applying to return in 2023(D)	284	35	319	19	1	20
Return rate in 2022(D*100/C)	122.41%	350.00%	131.82%	100.00%	50.00%	95.24%
Total number of employees returning after parental leave in 2022(E)	177	33	210	5	0	5
Number of employees completing one full year of service after returning from parental leave in 2022(F)	166	30	196	5	0	5
Rate on return after parental leave in 2023(F*100/E)	93.79%	90.91%	93.33%	100.00%	0.00%	100%

Note: (A): Number of employees whose children's date of birth is between January 1, 2020 and December 31, 2023.

Gender Pay Gap Analysis of China Airlines in 2023

Indicator	Gender Gap (Male/Female)(%)
Gender pay gap (mean)	16%
Gender pay gap (median)	17%
Bonus gap (mean)	17%
Bonus gap (median)	16%

Note: Due to the differences in salary structure, pilots and executives are not included in the scope of calculation of the table.

Annual Total Compensation Ratio in 2023 (Other Employees as 1) GRI 2-21

Indicator	2022	2023
The annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees(excluding the highest-paid individual)	2.8	2.06
The percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual)	0.7	0.32



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Employee Training Statistics of CAL Group from 2021 to 2023

Company	Category		2021			2022			2023					
			Training Hours	Amount	Average Hours	Training Hours	Amount	Average Hours	Training Hours	Amount	Average Hours	Total expenses	Number of classes opened	Training completion rate
	The Job Category	Business	98,204	3,301	29.75	90,321	3,282	27.52	84,908	3,506	24.22	363,965,335	4,534	99.44%
		Air service	134,727	4,408	30.56	240,993	4,360	55.27	325,751	4,694	69.40			
		Maintenance	92,594	2,284	40.54	85,491	2,236	38.23	81,264	2,228	36.47			
		Others	28,970	1,631	17.76	34,504	1,767	19.53	35,602	1,843	19.32			
	Gender	Male	167,488	5,705	29.36	243,212	5,772	42.14	195,168	5,912	33.01			
		Female	187,007	5,919	31.59	208,097	5,873	35.43	332,357	6,359	52.27			
	The Job Category	Business	5,123	310	16.52	3,307	239	13.83	6,177.00	331.00	18.66	41,310,069	16,475	99.92%
		Air service	10,713	257	41.68	10,857	223	48.69	17,945.30	246.00	72.95			
		Maintenance	9,530	153	62.28	7,424	134	55.40	12,557.00	139.00	90.34			
		Others	886	39	22.71	1,796	65	27.63	1,920.00	56.00	34.29			
	Gender	Male	18,657	394	47.35	17,187	349	49.25	10,865.50	379.00	28.67			
		Female	7,939	365	21.75	6,196	312	19.86	27,733.80	393.00	70.57			

Note 1: "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 2: Training hours exclude those at outstations.

Note 3: Average training hours = Total training hours total number of ÷ employees in the category. For CAL, completion rate of training = average completion rate of training. For Mandarin Airlines, completion rate of training = completion rate ÷ of training in each unit number of units.

Comparing the Frequency-Severity Indicator (FSI) in the Past 3 Years

Year	Unit	CAL Park	EMO	Taipei Branch	Kaohsiung Branch	Total
2021	Number of Annual Disabling Injuries	11	7	0	1	19
	Absence Days of Annual Disabling Injuries	318	99	0	0	417
	FR	0.84	1.48	0	0.92	0.97
	SR	24	21	0	0	21
	FSI	0.27	0.17	0	0	0.14
2022	Number of Annual Disabling injuries	7	5	2	0	14
	Absence Days of Annual Disabling injuries	44	119	132	0	295
	FR	0.53	1.11	2.72	0	0.72
	SR	3	26	180	0	15
	FSI	0.03	0.16	0.69	0	0.10
2023	Number of Annual Disabling injuries	45	4	1	5	55
	Absence Days of Annual Disabling Injuries	588	101	5	84	778
	FR	3.33	0.88	1.39	5.84	2.80
	SR	43	22	6	98	39
	FSI	0.37	0.13	0.09	0.75	0.33

Note 1: Calculated at 8 hours per day per person.

Note 2: Disabling injury frequency rate (FR) refers to the number of disabling injuries per million working hours. The calculation of the FR is as follows: (Number of annual disabling injuries ÷ annual working hours) × 1,000,000.The number of annual disabling injuries includes the number of annual fatalities, permanent total disabilities, permanent partial disabilities, and temporary total disabilities. Numerical approxi-mation of calculation results: The calculation is rounded to two decimal places.

Note 3: Disabling injury severity rate (SR) refers to the total number of days of losses due to disability and injury per million working hours. The calculation of the SR is as follows: (Absence days of annual disabling injuries ÷ Annual working hours) × 1,000,000.The absence days of different types of disabling injuries are calculated based on the online Occupational Hazard System. Numerical approximation of calculation results: The calculation is rounded to the nearest integer.

Note 4: Frequency-Severity Indicator (FSI) is calculated as the square root of (FR) multiplied by (SR) and divided by one thousand. FSI= $\sqrt{((FR \times SR)/1000)}$. Numerical approximation of calculation results: The calculation is rounded to two decimal places.

Note 5: 2021-2023 averages in the air transport industry published by the Ministry of Labor: FR=1.37, SR=28, FSI=0.19.

Note 6: We continue to review the FSI to understand the operational performance of each unit's occupational disaster prevention and implement improvements.

Note 7: TPE established an Occupational Safety Unit in 2013.

Note 8: This statistic does not include commuting accidents caused by transportation that is not arranged by the company.



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Occupational Hazards Statistics of CAL Group in 2023

Item										
	Male	Female	Total	CAL Park	EMO	Taipei Branch	Kaohsiung Branch	Male	Female	Total
The Number of Recordable Occupational Injuries	9	46	55	45	4	1	5	2	2	4
Disabling Injury Frequency Rate	0.88	4.86	2.80	3.33	0.88	1.39	5.84	2.57	2.15	2.34
Disabling Injury Severity Rate	12	68	39	43	22	6	98	6	47	28
Incidents Resulting in Work-Related Fatalities	0	0	0	0	0	0	0	0	0	0
The Rate of Fatalities as a Result of Occupational Injury	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Occupational Disease Rate	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
The Number of High - Consequence Occupational Injurie	0	0	0	0	0	0	0	0	0	0
The Rate of High-consequence Occupational Injuries	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Absence Rate	0.50%	1.06%	0.78%	0.70%	0.71%	2.63%	1.04%	0.68%	0.90%	0.80%
The Total Working Hours	10,126,336	9,453,760	19,580,096	13,493,184	4,515,584	716,224	855,104	777,568	926,392	1,703,960

Note 1: Frequency of recordable occupational injuries (i.e., disabling injury frequency rate): (Number of annual disabling injuries ÷ Annual working hours) × 1,000,000.

Note 2: Disabling Injury Severity Rate: (Absence days of annual disabling injuries ÷ Annual working hours) × 1,000,000.

Note 3: Absence Rate: (Absence days ÷ Annual working days) × 100%. The absence rate target in 2023 is 1.8%. Due to the different labor laws and regulations across countries, the data coverage is based on all employees of China Airlines in Taiwan.

Note 4: Mandarin Airlines has only one business location in Taiwan.

Note 5: Disabling Injury Frequency Rate is equivalent to the definition of Recordable Occupational Injuries Rate in the GRI Standards.

Note 6: High-consequence Work-Related Injuries: Occupational injuries that lead to fatalities or that are barely possible / difficult to completely recover within six months. Rate of high-consequence occupational injuries (excluding fatalities)=[Number of high-consequence occupational injuries (excluding fatalities) / Number of hours worked]x1,000,000.

Note 7: The most common type of occupational injury is falling.

Note 8: The overall disabling injury frequency rate (FR) for the entire year of 2023 was 2.80, with a severity rate (SR) of 39 and a total injury index (FSI) of 0.33. These rates are slightly higher than the average FR (1.37), SR (28), and FSI (0.19) for the aviation transportation industry announced by the Ministry of Labor during the pandemic period from 2021 to 2023, due to the resumption of normal operations for the year. However, they are lower than the average FR (4.84), SR (74), and FSI (0.60) for the aviation transportation industry in 2019 under normal pre-pandemic conditions as announced by the Ministry of Labor.

Note 9: This statistic does not include commuting accidents caused by transportation that is not arranged by the company.

Non-Employee Occupational Hazards Statistics of CAL Group in 2023

Company	Item	Contracted em-ployees	Contractors
Non-employees of CAL	Number of Recordable Occupational Injuries	0	0
	Disabling Injury Frequency Rate	0.00	0.00
	Incidents Resulting in Work-Related Fatalities	0	0
	Rate of Fatalities as a Re-sult of Occupational Injury	0.00	0.00
	Number of High-consequence Occu-pational Injuries	0	0
	Rate of High-consequence Occupational Injuries	0.00	0.00
	Total Working Hours	327,360	337,280

Note: There were no non-employee occupational hazards in Mandarin Airlines.

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GRI Content Index GRI 2-4, 2-6

GRI 1, GRI 2, and GRI 3 are based on the GRI Universal Standards 2021, GRI 306 updated to the 2020 version, and GRI 303 and GRI 403 updated to the 2018 version. Others remain as the 2016 versions.

Usage Statement	CAL discloses information from January 1, 2023 to December 31, 2023 in accordance with the GRI Standards			
GRI 1 in use	GRI 1: Foundation 2021			
Relevant Industry Guidelines According to GRI	[Relevant Industry Guidelines According to GRI Header]			
GRI Guidelines/Other Sources	Disclosure Item		Location (Page No.)	Supplementary description (Including omissions, requests, reasons, and explanation)
General Disclosures				
GRI 2: General Disclosures 2021	2-1	Organizational details	P.5 、 P.8	
	2-2	Entities included in the organization's sustainability reporting	P.4	
	2-3	Reporting period, frequency and contact point	P.4	
	2-4	Restatements of information	-	No restatements of in-formation.
	2-5	External assurance	P.4	
	2-6	Activities, value chain and other business relationships	P.8 、 P.70 、 P.170	
	2-7	Employees	P.115	
	2-8	Workers who are not employees	P.115	
	2-9	Governance structure and composition	P.17 、 P.144	See the Board of Directors section in the annual report .
	2-10	Nomination and selection of the highest governance body	P.144	
	2-11	Chair of the highest governance body	P.144	See the Board of Directors section in the annual report .
	2-12	Role of the highest governance body in overseeing the management of impacts	P.17	
	2-13	Delegation of responsibility for managing impacts	P.17	
	2-14	Role of the highest governance body in sus-tainability reporting	P.17	See the section on independence status in the annual report .
	2-15	Conflicts of interest	P.144	See the section on independence status in the annual report .
	2-16	Communication of critical concerns	P.17	
	2-17	Collective knowledge of the highest govern-ance body	P.144	
	2-18	Evaluation of the performance of the high-est governance body	P.17	
	2-19	Remuneration policies	P.144	Please refer to Article 5 of the Organiza-tional Regulations of the Remuneration Commit-tee of China Airlines Limited .
	2-20	Process to determine remuneration	P.144	Please refer to Article 4 of the Organiza-tional Regulations of the Remuneration Commit-tee of China Airlines Limited .
	2-21	Annual total compensation ratio	P.166 、 P.167	
	2-22	Statement on sustainable development strategy	P.6	
	2-23	Policy commitments	P.110 、 P.157	
	2-24	Embedding policy commitments	P.157	
	2-25	Processes to remediate negative impacts	P.110 、 P.157	
	2-26	Mechanisms for seeking advice and raising concerns	P.23	
	2-27	Compliance with laws and regulations	P.157	
	2-28	Membership associations	P.28	
	2-29	Approach to stakeholder engagement	P.23	
	2-30	Collective bargaining agreements	P.120	



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GRI Guidelines/Other Sources	Disclosure Item		Location (Page No.)	Supplementary description (Including omissions, requests, reasons, and explanation)
General Disclosures				
Material Topics				
GRI 3: Material Topics 2021	3-1	Process to determine material topics	P.31	
	3-2	List of material topics	P.31	
	3-3	Management of material topics	P.31	
Material Topics				
Economic				
GRI 201: Economic Performance	201-1	Direct economic value generated and dis-tributed	P.148	
	201-2	Financial implications and other risks and opportunities due to climate change	P.85	
	201-3	Defined benefit plan obligations and other retirement plans	P.120	
	201-4	Financial assistance received from govern-ment	-	No significant assistance.
GRI 202: Market Presence	202-2	Proportion of senior management hired from the local community	P.115	
GRI 204: Procurement Practice	204-1	Proportion of spending on local suppliers	P.72	
GRI 205: Anti-corruption	205-2	Communication and training about an-ti-corruption policies and procedures	P.157	
	205-3	Confirmed incidents of corruption and ac-tions taken	-	There were no relevant incidents.
GRI 206: Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	P.157	
Environment				
GRI 302: Energy 2016	302-1	Energy consumption within the organization	P.94	
	302-2	Energy consumption outside of the organi-zation	P.94	
	302-3	Energy intensity	P.94	
	302-4	Reduction of energy consumption	P.94	
	302-5	Reductions in the energy requirements of products and services	P.94	
GRI 303: Water and Effluents-2018	303-1	Interactions with water as a shared resource	P.94 、 P.99	
	303-2	Management of water discharge-related impacts	P.94 、 P.99	
	303-3	Water withdrawal	P.94 、 P.99	
	303-4	Water discharge	P.94 、 P.99	
	303-5	Water consumption	P.94 、 P.99	
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	P.87	
	304-2	Significant impacts of activities, products and services on biodiversity	P.87	
	304-3	Habitats protected or restored	P.87	
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	P.87	

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GRI Guidelines/Other Sources	Disclosure Item		Location (Page No.)	Supplementary description (Including omissions, requests, reasons, and explanation)
General Disclosures				
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	P.94 、 P.96	
	305-2	Energy indirect (Scope 2) GHG emissions	P.94 、 P.96	
	305-3	Other indirect (Scope 3) GHG emissions	P.94 、 P.96	
	305-4	GHG emissions intensity	P.94 、 P.97	
	305-5	Reduction of GHG emissions	P.94 、 P.96	
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	P.94 、 P.100	
GRI 306: Waste -2020	306-1	Waste generation and significant waste-related impacts	P.94	
	306-2	Management of significant waste-related impacts	P.94 、 P.101	
	306-3	Waste generated	P.94 、 P.101	
GRI 307: Environmental Compli-ance	307-1	Non-compliance with environmental laws and regulations	-	No relevant incidents that resulted in fines.
GRI 308: Supplier Environment Assessment	308-2	Negative environmental impacts in the sup-ply chain and actions taken	P.72	
Society				
GRI 401: Employment	401-1	New employee hires and employee turnover	P.115	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	P.120	
	401-3	Parental leave	P.120	
GRI 402: Labor/Management Relations	402-1	Minimum notice periods regarding opera-tional changes	P.120	
GRI 403: Occupational Health and Safety-2018	403-1	Occupational health and safety manage-ment system	P.125	
	403-2	Hazard identification, risk assessment, and incident investigation	P.127	
	403-8	Workers covered by an occupational health and safety management system	P.125	
	403-9	Work-related injuries	P.127	
GRI 404: Training and Education	403-10	Work-related ill health	P.129	
	404-1	Average hours of training per year per em-ployee	P.118	
	404-2	Programs for upgrading employee skills and transition assistance programs	P.50	
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employ-ees	P.115	
	405-2	Ratio of basic salary and remuneration of women to men	P.120	
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	P.110	
GRI 407: Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	P.72	
GRI 408: Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	-	There were no relevant incidents.
GRI 409: Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	-	There were no relevant incidents.
GRI 414: Supplier Social As-essment	414-2	Negative social impacts in the supply chain and actions taken	P.72	
GRI 415: Public Policy	415-1	Political contributions	-	There were no relevant incidents.
GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	P.62	



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Airlines Sustainability Accounting Standard

Topic	Accounting Metric	Unit of Measure	Category	Code	Numerical Value	Corresponding Section	Page Number
Greenhouse Gas Emissions	Total Emissions in Scope 1	Tons of CO2e	Quantitative	TR-AL-110a.1	5,888,879	ESG Data and Appendix Environmental Performance	P.163
	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	NA	Qualitative	TR-AL-110a.2	NA	2-3 Environment	P.94-99
	(1) Total fuel consumed (2) percentage alternative (3) percentage sustainable	Gigajoule Percentage (%)	Quantitative	TR-AL-110a.3	(1) 84,303,532 (2) 0 (%) (3) 0.0013 (%)	ESG Data and Appendix Environmental Performance	P.163
Labor Practices	Percentage of active workforce covered under collective bargaining agreements	Percentage (%)	Quantitative	TR-AL-310a.1	99.17%	2-4-4 Employee Rights	P.124
	(1) Number of work stoppages (2) Total days idle	Number of people Number of days	Quantitative	TR-AL-310a.2	0	2-4-4 Employee Rights	P.124
Competitive Behavior	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	Currency	Quantitative	TR-AL-520a.1	0	3-4 Regulatory Compliance	P.158
Accident & Safety Management	Description of implementation and outcomes of a Safety Management System	NA	Qualitative	TR-AL-540a.1	NA	2-1-1 Flight Safety	P.46-52
	Number of aviation accidents	Frequency	Quantitative	TR-AL-540a.2	0	2-1 Trust	P.46
	Number of governmental enforcement actions of aviation safety regulations	Frequency	Quantitative	TR-AL-540a.3	2	2-1 Trust	P.46
Activity Metrics	Available seat kilometers (ASK)	ASK	Quantitative	TR-AL-000.A	49,534,723,462	3-2 Operational Achievements	P.149
	Passenger load	Percentage	Quantitative	TR-AL-000.B	79.0%	3-2 Operational Achievements	P.149
	Revenue passenger kilometers (RPK)	RPK	Quantitative	TR-AL-000.C	39,118,709,452	3-2 Operational Achievements	P.149
	Freight revenue ton-kilometers (FRTK)	RTK	Quantitative	TR-AL-000.D	5,384,142,127	3-2 Operational Achievements	P.149
	Number of departures	Number	Quantitative	TR-AL-000.E	103,978	3-2 Operational Achievements	P.149
	Average age of fleet	Years	Quantitative	TR-AL-000.F	Average age of aircraft: 9.92 years Passenger aircraft: Average age of aircraft is 8.99 years Cargo aircraft: Average age of aircraft is 13.05 years	Preface Business Overview	P.8

The United Nations Global Compact Comparison Table

Category	The Ten Principles	Corresponding Section	Page Number
Human Rights	Principle 1: Businesses should support and respect the protection of internation-ally proclaimed human rights	2-4-1: Human Rights Management Framework	P.110-114
	Principle 2: Make sure that they are not complicit in human rights abuses	3-4: Regulatory Compliance 2-2-2: Sustainable Supply Chain Manage-ment	P.157 P.72
Labor	Principle 3: Businesses should uphold the freedom of association and the effec-tive recognition of the right to collective bargaining	2-4-1: Human Rights Management Framework	P.110-114
	Principle 4: The elimination of all forms of forced and compulsory labor	2-4-1: Human Rights Management Framework	P.110-114
	Principle 5: The effective abolition of child labor	2-4-1: Human Rights Management Framework	P.110-114
	Principle 6: The elimination of discrimination in respect of employment and oc-cupation	2-4-1: Human Rights Management Framework	P.110-114
Environment	Principle 7: Businesses should support a precautionary approach to environmen-tal challenges	2-3-2: Climate Change Mitigation and Ad-aptation for the management framework and procedures	P.87-94
	Principle 8: Undertake initiatives to promote greater environmental responsibil-ity	2-3-1 Governance of Environmental Sus-tainability	P.81-87
	Principle 9: Encourage the development and diffusion of environmentally friend-ly technologies	2-3-3: Achievements in Environmental Sustainability	P.94-106
Anti-corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	3-4: Regulatory Compliance	P.157-158

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Independent Limited Assurance Report

To China Airlines Ltd.:

We were engaged by China Airlines Ltd. (“CAL”) to provide limited assurance over the selected information attached as Appendix I (“the Subject Matter Information”) on the 2023 Sustainability Report of CAL (“the Report”) for the year ended December 31, 2023.

Applicable Criteria of the Subject Matter Information

CAL shall prepare the Subject Matter Information in accordance with applicable criteria required by Global Reporting Initiative Standards (“GRI Standards”) issued by Global Sustainability Standards Board as set forth in Appendix I.

Management’s Responsibilities

CAL is responsible for determining its objectives with respect to sustainable development performance and reporting, including the identification of stakeholders and material aspects, and using the applicable criteria to fairly prepare and present the Subject Matter Information. CAL is also responsible for establishing and maintaining internal controls relevant to the preparation and presentation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error.

Our Responsibilities

We performed our work in accordance with International Standard on Assurance Engagements (ISAE) 3000 “Assurance Engagements other than Audits or Reviews of Historical Financial Information” issued by the International Auditing and Assurance Standards Board and to issue a limited assurance conclusion on whether the Subject Matter Information is free from material misstatement. Also, we have considered appropriate limited assurance procedures according to the understanding of relevant internal controls in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the internal control over the design or implementation of the Report.

Independence and Standards on Quality Management

We have complied with the independence and other ethical requirements of the Code of Professional Ethics for Certified Public Accountant in the Republic of China, which is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. In addition, we applied Standards on Quality Management. Accordingly, we maintained a comprehensive system of quality management, including documented policies and procedures regarding compliance with ethical requirements and professional standards as well as applicable legal and regulatory requirements.



Summary of Work Performed

As stated in applicable criteria of the Subject Matter Information paragraph, our main work on the selected information included:

- Reading the Report of CAL;
- Inquiries with responsible management level and non-management level personnel to understand the operational processes and information systems used to collect and process the Subject Matter Information;
- On the basis of the understanding obtained mentioned above, perform analytical procedures on the Subject Matter Information and if necessary, inspect related documents to gather sufficient and appropriate evidence in a limited assurance engagement.

The work described above is based on professional judgment and consideration of the level of assurance and our assessment of the risk of material misstatement of the Subject Matter Information, whether due to fraud or error. We believe that the work performed and evidence we have obtained are sufficient and appropriate to provide a basis of our conclusion. However, the work performed in a limited assurance engagement varies in nature and timing from, and is less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Inherent limitations

The Report for the year ended December 31, 2023 includes the disclosures of non-financial information that involved significant judgments, assumptions and interpretations by the management of CAL. Therefore, the different stakeholders may have different interpretations of such information.

Conclusion

Based on the work we have performed and the evidence we have obtained, as described above, nothing has come to our attention that causes us to believe that the Subject Matter Information has not been properly prepared, in all material aspects, in accordance with the applicable criteria.

Other Matters

We Shall not be responsible for conducting any further assurance work for any change of the Subject Matter Information or the criteria applied after the issuance date of this report.

The engagement partner on the assurance resulting in this independent auditors’ report is Yu-Ting, Huang.

KPMG

Taipei, Taiwan (Republic of China)
Jun 13, 2024

Notes to readers

The limited assurance report and the accompanying selected information are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language limited assurance report and the selected information, the Chinese version shall prevail.

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KPMG			
No.	Corresponding Section	Subject Matter Information	Applicable Criteria
1	Sustainability Analysis	<p>Appendix 1: Summary of the Subject Matter Information</p> <p>■ CAL identified eight stakeholders in accordance with the five major principles defined in the ISO 26000 Guideline: Employee (Internal), Customer (External), Investor (Financial), Community (Societal), Environment (Ecological), Supplier (Supply Chain), and Other Stakeholders. CAL also identified the importance of each stakeholder in terms of their impact on the company's economic, social, and other social challenges. This was used as the basis for planning the sustainability development strategies of each stakeholder, and the results of the planning process were used to identify the stakeholders who are most likely to impact the company's economic, social, and other social challenges. CAL also identified the importance of each stakeholder in terms of their impact on the company's economic, social, and other social challenges. CAL also identified the importance of each stakeholder in terms of their impact on the company's economic, social, and other social challenges.</p>	GRI Standards 300-1, 300-2, 300-3, 300-4, 300-5, 300-6, 300-7, 300-8, 300-9, 300-10, 300-11, 300-12, 300-13, 300-14, 300-15, 300-16, 300-17, 300-18, 300-19, 300-20, 300-21, 300-22, 300-23, 300-24, 300-25, 300-26, 300-27, 300-28, 300-29, 300-30, 300-31, 300-32, 300-33, 300-34, 300-35, 300-36, 300-37, 300-38, 300-39, 300-40, 300-41, 300-42, 300-43, 300-44, 300-45, 300-46, 300-47, 300-48, 300-49, 300-50, 300-51, 300-52, 300-53, 300-54, 300-55, 300-56, 300-57, 300-58, 300-59, 300-60, 300-61, 300-62, 300-63, 300-64, 300-65, 300-66, 300-67, 300-68, 300-69, 300-70, 300-71, 300-72, 300-73, 300-74, 300-75, 300-76, 300-77, 300-78, 300-79, 300-80, 300-81, 300-82, 300-83, 300-84, 300-85, 300-86, 300-87, 300-88, 300-89, 300-90, 300-91, 300-92, 300-93, 300-94, 300-95, 300-96, 300-97, 300-98, 300-99, 300-100, 300-101, 300-102, 300-103, 300-104, 300-105, 300-106, 300-107, 300-108, 300-109, 300-110, 300-111, 300-112, 300-113, 300-114, 300-115, 300-116, 300-117, 300-118, 300-119, 300-120, 300-121, 300-122, 300-123, 300-124, 300-125, 300-126, 300-127, 300-128, 300-129, 300-130, 300-131, 300-132, 300-133, 300-134, 300-135, 300-136, 300-137, 300-138, 300-139, 300-140, 300-141, 300-142, 300-143, 300-144, 300-145, 300-146, 300-147, 300-148, 300-149, 300-150, 300-151, 300-152, 300-153, 300-154, 300-155, 300-156, 300-157, 300-158, 300-159, 300-160, 300-161, 300-162, 300-163, 300-164, 300-165, 300-166, 300-167, 300-168, 300-169, 300-170, 300-171, 300-172, 300-173, 300-174, 300-175, 300-176, 300-177, 300-178, 300-179, 300-180, 300-181, 300-182, 300-183, 300-184, 300-185, 300-186, 300-187, 300-188, 300-189, 300-190, 300-191, 300-192, 300-193, 300-194, 300-195, 300-196, 300-197, 300-198, 300-199, 300-200, 300-201, 300-202, 300-203, 300-204, 300-205, 300-206, 300-207, 300-208, 300-209, 300-210, 300-211, 300-212, 300-213, 300-214, 300-215, 300-216, 300-217, 300-218, 300-219, 300-220, 300-221, 300-222, 300-223, 300-224, 300-225, 300-226, 300-227, 300-228, 300-229, 300-230, 300-231, 300-232, 300-233, 300-234, 300-235, 300-236, 300-237, 300-238, 300-239, 300-240, 300-241, 300-242, 300-243, 300-244, 300-245, 300-246, 300-247, 300-248, 300-249, 300-250, 300-251, 300-252, 300-253, 300-254, 300-255, 300-256, 300-257, 300-258, 300-259, 300-260, 300-261, 300-262, 300-263, 300-264, 300-265, 300-266, 300-267, 300-268, 300-269, 300-270, 300-271, 300-272, 300-273, 300-274, 300-275, 300-276, 300-277, 300-278, 300-279, 300-280, 300-281, 300-282, 300-283, 300-284, 300-285, 300-286, 300-287, 300-288, 300-289, 300-290, 300-291, 300-292, 300-293, 300-294, 300-295, 300-296, 300-297, 300-298, 300-299, 300-300, 300-301, 300-302, 300-303, 300-304, 300-305, 300-306, 300-307, 300-308, 300-309, 300-310, 300-311, 300-312, 300-313, 300-314, 300-315, 300-316, 300-317, 300-318, 300-319, 300-320, 300-321, 300-322, 300-323, 300-324, 300-325, 300-326, 300-327, 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