

2.2 Cooperation

★ Highlights



100% signing rate for Supplier Code of Conduct

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



Awarded for Green Procurement

CAL Park, Maintenance Division, and Mandarin Airlines support green procurement and have been awarded related accolades by local government.



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

③ Sustainable Supply Chain Management



Importance of Material Issues

CAL's vision of "Leading Asia-Pacific, Flying Worldwide" has firmly established its reputation in Taiwan and around the world, and is committed to the operational objectives of corporate 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



Commitment and Long-term Goals

To achieve supply chain sustainability

▪ 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 economically feasible 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.

Commitment and Long-term Goals



■ 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, rejecting 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.

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, audit 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 improvement measures and capacity building programs, aiming to implement 50% of improvement measures 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, audit 100% of critical tier-1 suppliers and high-risk suppliers, and assess 30% of critical non-tier-1 suppliers.
5. Develop a comprehensive supply chain improvement measures and capacity building plan, aiming to implement 100% of improvement measures 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. Audit 100% of both critical tier-1 suppliers and critical non-tier-1 suppliers.
5. 100% implementation of improvement measures for high-risk suppliers to ensure regulatory compliance.

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

 Unit in Charge	Corporate Sustainability Committee — Cooperation Task Force (in charge of aviation supplies, jet fuel, in-flight catering, and service procurement as well as general affairs)	
 Management Mechanisms	<ul style="list-style-type: none"> The meeting of the Corporate Sustainability Committee, at least twice a year Cooperation Task Force reports to Corporate Sustainability Committee, every quarter 	<ul style="list-style-type: none"> 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

Objectives and Plans

KPI	2024		
	Objectives	Performance	Achievement
Convene Annual Supplier Conference	One session	Held at the Novotel Taipei Taoyuan International Airport on November 29	100%
Conduct SAQ	Response rate at least 75%	Recycling Rate: 69%	92%
Critical Supplier SAQ Score	89	94.38	100%
ESG Training for Procurement Staff	Three sessions each year	Participated in three sessions of internal / external ESG online sustainability seminars	100%
Commitments to forest and biodiversity conservation	New(existing) suppliers signing contracts (renewing contracts) have reached 100% compliance rate	Both new suppliers signing contracts and existing suppliers renewing contracts are obligated to comply with the commitments of the "Forest and Biodiversity Conservation Commitment"	100%
Establishment of Supply Chain Corrective Action Plans and Capacity Building Programs	<ul style="list-style-type: none"> The implemented corrective action plans have reached 25% The implemented capacity building measures have reached 25% 	<ul style="list-style-type: none"> Implement corrective action plans for four high-risk suppliers Capacity building initiatives for 16 suppliers 	<ul style="list-style-type: none"> The implemented corrective action plans have reached 100% Capacity building measures have reached 33%
2024 Annual high-risk suppliers review	Coverage rate 100%	100% review completion	100%

Note: In order to continue the objectives and plans outlined in the 2023 Sustainability Report, the 2024 Sustainability Report will maintain the annual supplier conference, conduct supplier sustainability risk assessments, and evaluate the sustainability performance of critical suppliers, 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](#)

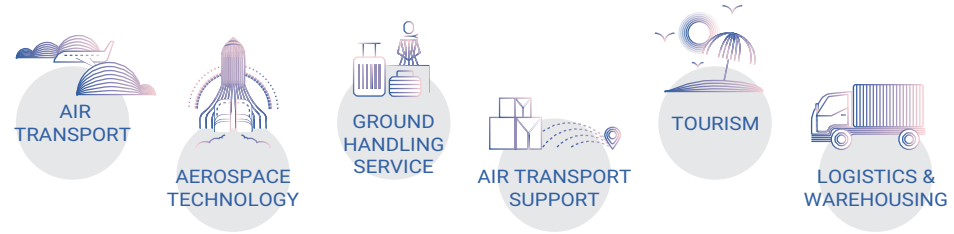


Item	Department	E-mail
General Products	Administration Division	tpeuo@china-airlines.com
Aviation Parts	Engineering Division	AOG_DESK@email.china-airlines.com
E-shopping /Duty free	In-flight Service Supply Division	eShopping@china-airlines.com

2.2.1 CAL Value Chain

GRI 2-6

The aviation industry supply chain is highly unique compared to other industries. As of the end of 2024, 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 (No. of Tier-1 Suppliers/ Critical Tier-1 Suppliers)	Aviation Materials Aircraft Parts (8/26)	Aviation Fuel Fuel Required for Flight (27/ 5)	In-Flight Catering In-Flight Meals Offered to Passengers (21/3)	Ground Handling Service Airport Manpower (27/1)	General Products Goods Required for Overall Operations (163/14)
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	<ul style="list-style-type: none"> Irreplaceable suppliers Cumulative annual procurement amount in the top 80% 	<ul style="list-style-type: none"> Irreplaceable suppliers The procurement amount is accounted for over certain jet fuel cost in whole year 	<ul style="list-style-type: none"> Suppliers offer long-haul service to provide return meals for a minimum of 4 stations (including the China Pacific Catering Services at Taipei Station) 	<ul style="list-style-type: none"> Irreplaceable suppliers. Exclusive ground handling agent which is not affiliated with airlines Yearly flights handling by the suppliers are accounted for over certain total flights of CAL 	<ul style="list-style-type: none"> Irreplaceable suppliers Annual procurement amount in the top 15
Definitions of Tier-1 Suppliers	Annual procurement amount exceeds USD 1 million	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 suppliers in the five major categories will be selected. 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 CAL 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.

Upstream



Aircraft Manufacturing



Aircraft Engine Manufacturing



Ground Handling Service Equipment Manufacturing



Aircraft Leasing

Midstream



Ground Handling Service

- Taoyuan International Airport Service Co., Ltd.
- Taiwan Airport Service Co., Ltd.
- Dynasty Aerotech International Corp.



Logistics and Warehouse

- Taiwan Air Cargo Terminal Limited
- Airport Cargo Terminal (Xiamen) Co., Ltd.
- Airport Cargo Service (Xiamen) Co., Ltd.
- Global Sky Express (Taiwan) Ltd. (Note 2)
- Eastern United International Logistics (Holdings) Ltd.



Investment and Leasing Business Group

- CAL-Dynasty International, Inc.
- Dynasty Properties Co., Ltd.
- CAL Park Co., Ltd.
- CAL-Asia Investment Inc.
- Taiwan Airport Service (Samoa) Company, Limited



Air Transport Support

- Sabre Travel Network Taiwan Ltd.
- Everest Investment Holdings Ltd.
- China Pacific Laundry Services Ltd.
- Delica International Co., Ltd. (Note 1)
- China Pacific Catering Services Ltd.
- Kaohsiung Airport Catering Services Ltd.



Aerospace Technology

- China Aircraft Services Limited
- Taikoo (Xiamen) Landing Gear Services Co., Ltd.
- Taiwan Aircraft Maintenance and Engineering Co., Ltd.
- HAECO Composite Structures (Jinjiang) Co., Ltd.



Airlines

- Mandarin Airlines Co., Ltd.
- Tigerair Taiwan Co., Ltd.

Downstream



Tourism and Leisure

- CAL Hotel Co., Ltd.
- Dynasty Hotel of Hawaii, Inc.



Customer



Express Delivery

- CHUNG-HWA Express Co., Ltd.

Note 1: Delica International was dissolved in March 2024, and the liquidation process was completed in August 2024.

Note 2: Global Sky Express (Taiwan) convened an extraordinary shareholders' meeting in September 2024, during which a resolution was passed to dissolve the company.

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 Cooperation Task Force 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. Each year, CAL continuously reviews its procurement procedures and existing sustainable supply chain management mechanisms to ensure that suppliers comply with the CAL Supplier Code of Conduct, thereby preventing any violations of ESG requirements by suppliers. If a supplier violates the terms of the Supplier Code of Conduct, CAL 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-ranking decision-maker of the Corporate Sustainability Committee.

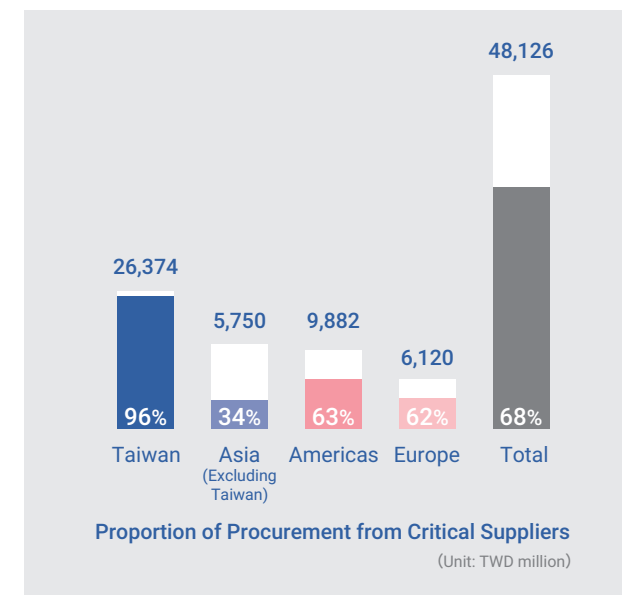
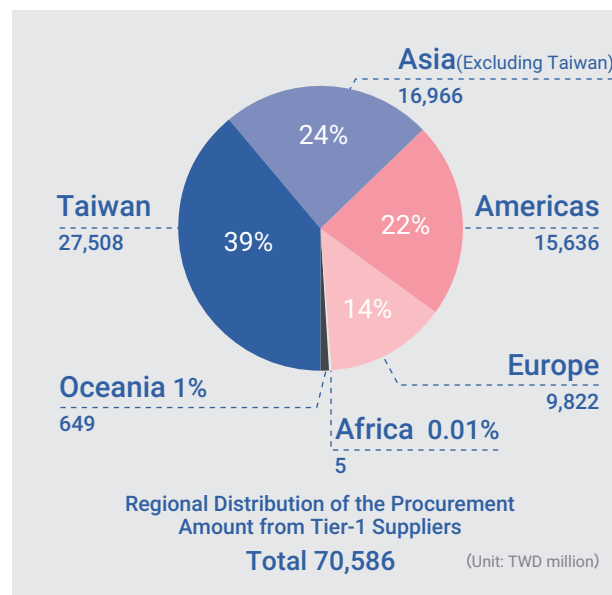
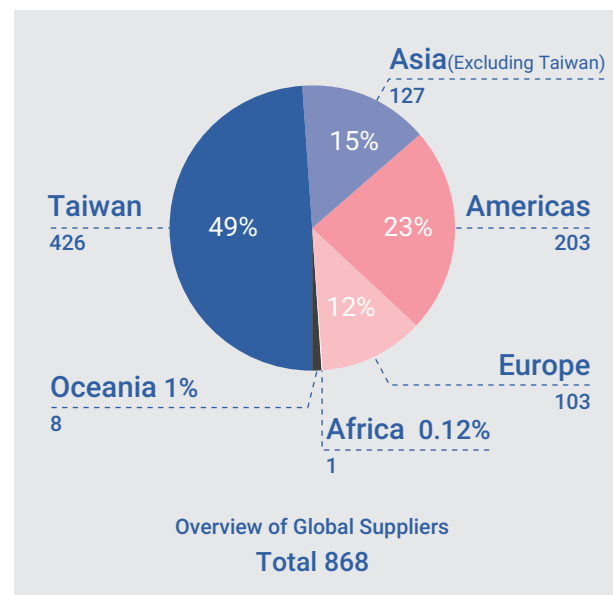


Supplier Code of Conduct

Supply Chain Management Objectives and Exit Mechanism

CAL's primary operations and supply chain are based in Taiwan, where 49% of all suppliers are located, accounting for 39% of the total procurement amount, the highest proportion globally. This is followed by the Americas, Asia, Europe, Oceania, and Africa. Furthermore, CAL's operational bases and suppliers have not violated workers' rights to freedom of association or collective bargaining. CAL continues to monitor whether its partner suppliers engage in any illegal practices related to forced labor and other human rights issues. Additionally, it prioritizes collaboration with suppliers that demonstrate strong performance in Environmental, Social, and Governance (ESG) criteria 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 Suppliers (incl. Tier-1)



2024 Supplier ESG Program Achievements

01.Sustainable Supply Chain Procurement Practices

Best Practices




CAL Expands Application of SAF, Pioneering Low-Carbon Aviation

CAL is actively promoting the use of Sustainable Aviation Fuels (SAF) and once again participated in The Aviation Challenge (TAC) of the SkyTeam Alliance in 2024. The airline operated the CI100/CI101 demonstration flight from Taoyuan to Tokyo Narita using the A350-900, a new generation of fuel-efficient aircraft, to demonstrate its commitment to sustainable development. This flight utilized 20% SAF, representing a pioneering collaboration within the domestic aviation industry regarding the value chain of a single passenger flight. This initiative was supported by China Trust Bank, the issuing institution of the joint card with China Airlines, as part of a concerted effort to promote low-carbon flying.

CAL has been utilizing SAF since 2017, putting it to use on passenger flights for the first time in 2023. This year, this has been further expanded on through collaboration with its long-term aviation fuel supplier, Japan's ENEOS, to implement SAF operations and execute voluntary carbon offsets, achieving full carbon neutrality for flights CI100 and CI101, thereby realizing net-zero carbon flight. According to information from the International Air Transport Association (IATA), SAF has the potential to reduce carbon emissions by approximately 80%. This initiative will not only provide environmental benefits to CAL but also help foster energy transition and the advancement of low-carbon transportation within the aviation industry.

CAL continues its commitment to environmental sustainability by integrating carbon reduction practices into daily operations. We prioritize using paper boarding passes made from materials certified by forest verification standards and promote online check-in and electronic boarding pass services to reduce paper usage in the boarding process. In-flight services encourage passengers to choose the low-carbon Michelin Green Star Yang Ming Spring vegetarian meals and offer electronic menu services. Economy class has switched to eco-friendly, recycled stainless steel cutlery, which is being gradually implemented across all routes. We provide eco-friendly materials for pillowcases, headrest covers, tray covers, plastic cups, dental floss picks, and restroom product containers. Additionally, we continue to promote a paperless cloud-based library, encouraging the use of personal devices to read digital newspapers and magazines, reducing the load of physical publications. Since its launch, this initiative has reduced weight by over 2,000 metric tons.

Unit : TWD thousand

item	Scope	2020	2021	2022	2023	2024
 Environmental Management	O&M of environmental protection equipment and management systems, and investment in research projects. (Note 1)	23,390	29,811	27,081	25,357	25,960
 Green Procurement	Category I, II, and III products prescribed in the Regulations for Priority Procurement of Eco-Products (dated January 15, 2001)	10,199	6,455	9,221	46,844	79,894
 Waste Management	Waste disposal fees	3,854	4,107	4,261	5,980	6,307
 Noise Prevention	Noise control fees	136,812	136,136	129,674	151,005	153,881
 Air Pollution Prevention	Air Pollution prevention fees	819	589	615	384	461
Total Investment Amount		175,074	177,098	170,852	229,570	266,503

Note 1: Depreciation, renewal, operation and maintenance, of pollution prevention equipment; environmental testing; implementation of the environmental management system; and investment in research projects

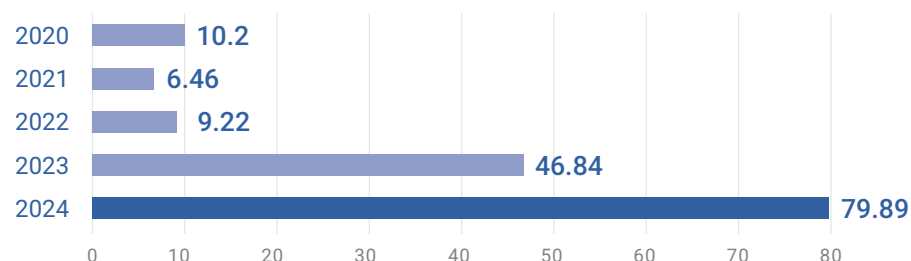
Note 2: Annual special investments and promotional projects are not included in this table. (Please refer to the financial yearbook for more detailed information.)

Green Procurement

As CAL enhances its operations, it continues to implement its green procurement policy. In 2024, green procurement spending increased by 71% compared to 2023, earning CAL recognition from the Taoyuan City Government as an outstanding enterprise. In addition to selecting environmentally certified products for daily use—such as stationery, office equipment, and high-efficiency air conditioning and appliances—CAL allocates annual budgets to electrify outdated vehicles and equipment, balancing operational efficiency with air pollution and carbon emission reductions. Sustainability certifications are also a key consideration in selecting passenger service items. CAL uses FSC/PEFC-certified products, including paper boarding passes, menus, napkins, luggage tags, and eco-friendly hand towels, demonstrating its commitment to forest and biodiversity conservation. Additionally, we continue to promote systematic, digital, and mobile operations to raise awareness of green consumption and reduce environmental impact at the source.

Amount of Green Procurement

(Unit: TWD Million)



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

CAL Group's Mandarin Airlines is committed to implementing environmental and energy management principles to ensure sustainable development. The company has also focused on procurement to practice green consumption, contributing to environmental sustainability. On May 15, 2024, Mandarin Airlines was recognized by the Taipei City Environmental Protection Bureau as an outstanding private enterprise in green procurement.



Director Huang of the Public Relations Office at Mandarin Airlines received recognition for outstanding performance in green procurement from Taipei City.



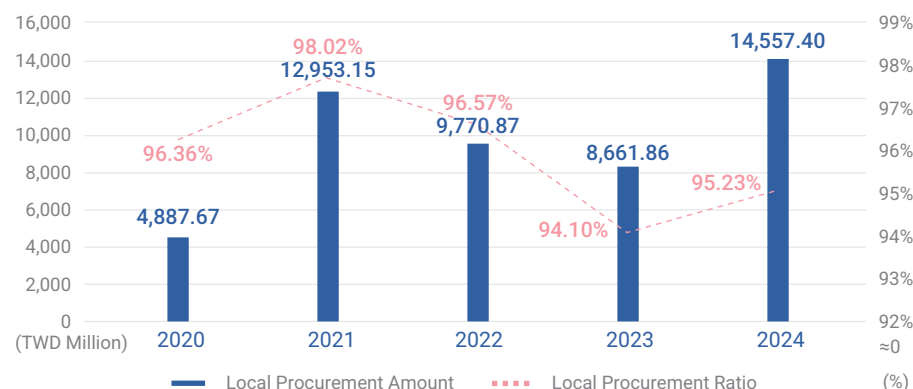
The Deputy Manager of the Maintenance Division represented CAL in receiving recognition as an Outstanding Enterprise for Green Procurement from Taoyuan City.

Local Procurement

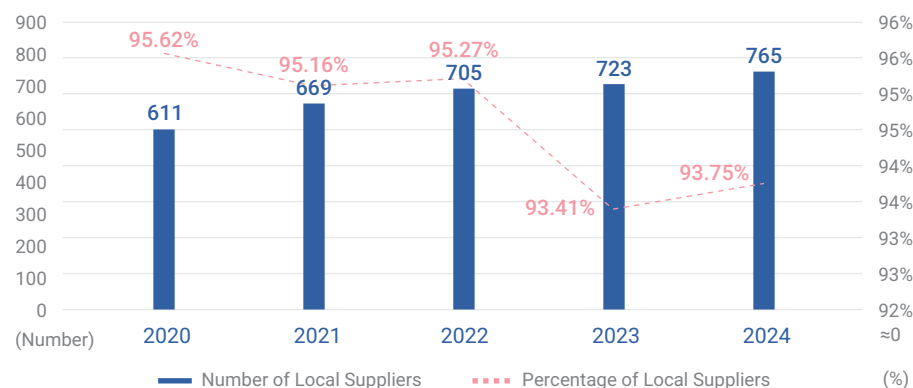
From 2020 to 2024, CAL has continuously refined its procurement strategy to increase local sourcing and reduce its carbon footprint. In 2024, the proportion of local procurement rose by 1.13% compared to 2023, with a 68% increase in total procurement spending. The share of local suppliers grew by 0.34%, and their total number increased by 6% year-over-year.

CAL actively promotes local procurement at its operational bases and destinations served by CAL flights. Through strategic adjustments, CAL has steadily increased both the volume of local procurement and the number of local suppliers. These efforts have enhanced supply chain resilience, improved operational efficiency, and supported environmental goals—demonstrating CAL's commitment to corporate social responsibility.

Amount of Local Procurement



Number of Local Suppliers



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

02. 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, ensuring that CAL fully identifies high-risk suppliers and implements review procedures to mitigate sustainability risks in the supply chain.

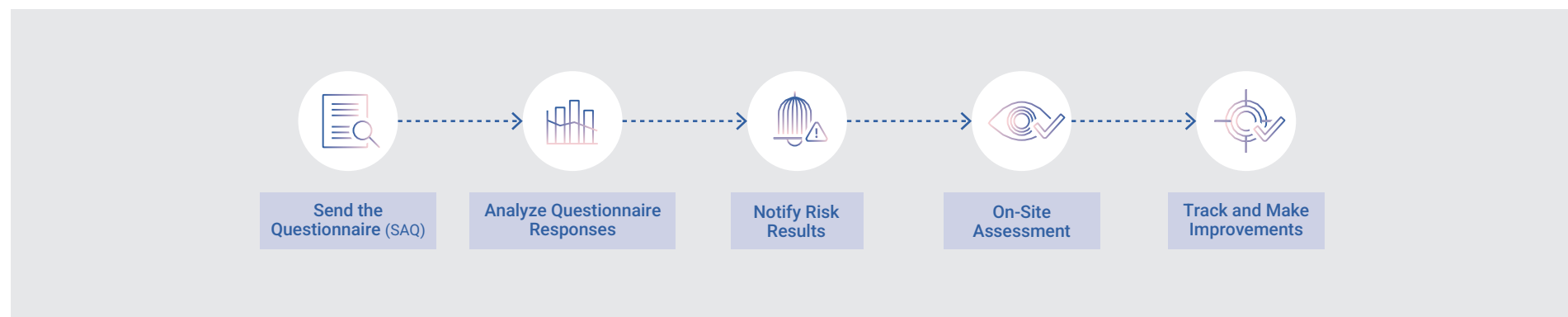
In the SAQ section, CAL conducted a survey of 49 critical tier-1 suppliers for 2024, achieving a response rate of 69%. Analysis of the survey results shows that the total number of valid questionnaires for 2024 reached 58, an increase of 10 compared to 2023. The average score was 94.38. Upon further examination of the four survey dimensions, the average scores ranged from 90 to 97, indicating that key suppliers possess a sustainable concept in all four areas.

Note: "Governance" includes ethics and regulatory compliance. "Environment" refers to energy and resource management and conservation "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 Criterion (E)	This includes but is not limited to waste management, energy management, and biodiversity
 Society Criterion (S)	This includes but is not limited to human rights and labor rights
 Governance Criterion (G)	This includes but is not limited to anti-corruption and bribery
 Country-specific Risks	Appropriate management mechanisms and monitoring measures, such as audits, should be implemented to ensure that the company's procurement does not originate from countries known for high levels of corruption, instability, political conflict, or weak regulatory capacity
 Sector-specific Risk	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	This includes, but is not limited to, the acceptance of regular inspections of oil products, operations, or equipment; compliance with food safety control systems; and the provision of airworthiness certificates or quality assurance documents for each transaction related to aviation materials

Procedures of Identifying Risk of Supply Chain Sustainability

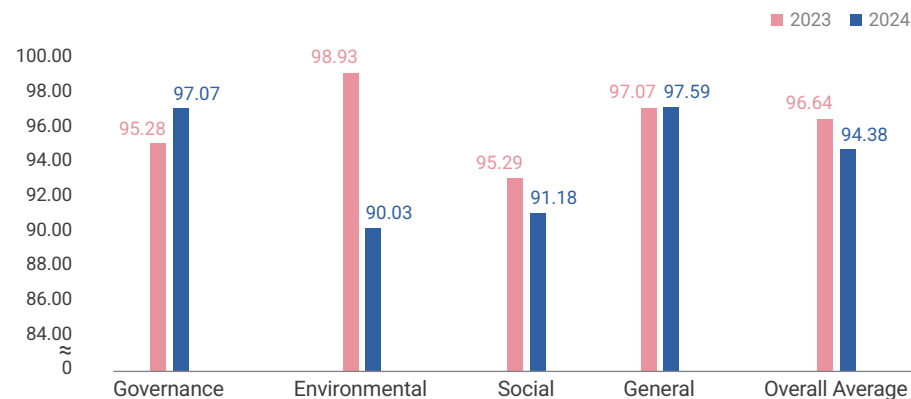


Supply Chain Sustainability Risk Assessment Implementation Status

Suppliers	2023	2024
Tier-1 Suppliers	838	246
Critical Tier-1 Suppliers (Share of Total Procurement Spent %)	50 (59%)	49 (68%)
Non-tier-1 Suppliers	1	0
Tier-1 Significant Suppliers	50	53
Proportion of Procurement from Tier-1 Significant Suppliers	59%	72%
Non-Tier-1 Significant Suppliers	1	0
Risk Assessment of Supply Chain Sustainability (Supplier Screening)		
Tier-1 Suppliers Assessed Annually	48	58
Significant Suppliers Assessed Annually	49	38
High-Risk Suppliers		
Tier-1 Suppliers Classified as High-risk (Share of Total Procurement Spent %)	5 (9%)	4 (4%)
Number of Non-tier 1 Suppliers Classified as High-risk	0	0

Note: Significant suppliers include both critical suppliers and high-risk suppliers. When calculating the quantity, if a supplier is classified as both a key supplier and a high-risk supplier, it will not be counted more than once.

2024 Risk Survey of Supply Chain Sustainability



Overall Performance of Supply Chain Sustainability

Overall Average

In 2024, the score of supply chain sustainability risk assessment was 94.38 points.



Governance

The score of 97.07 represents an improvement over last year's score of 95.28, indicating that suppliers have made progress in regulatory compliance and governance structures. However, ongoing attention and enhancement of governance mechanisms remain essential.



Environmental

The score of 90.03 represents a decrease from last year's score of 98.93, indicating a decline in supplier performance concerning environmental issues. In response to this trend, we will revise our approach to enhance requirements for suppliers to focus on environmental considerations and propose relevant environmental policies.



Social

The score has decreased to 91.18 from 95.29 last year, indicating that occupational safety and social responsibility within the supply chain continue to require ongoing attention. We will continue to require suppliers to strengthen their management of occupational injuries, ensuring compliance with safety standards and reducing the incidence of workplace accidents.



General

The score of 97.59 shows a slight improvement compared to last year's score of 97.07, marking the best performance across all aspects. Moving forward, we will continue to monitor the implementation of privacy management and the overall operational standards upheld by our suppliers.

03. Sustainable Supply Chain Assessment

The results of the 2024 China Airlines Supply Chain SAQ analysis indicate that there are four high-risk suppliers for the year. Audit investigations have revealed that some suppliers still need to improve their performance in environmental and social aspects. In the areas of establishing an environmental management system, waste classification and recycling, and monitoring suppliers' environmental performance, some suppliers still need improvement. Additionally, the management of human rights and labor conditions has not met the standards.

To enhance supply chain management efficiency, CAL will continue to monitor and guide suppliers, requiring improvements to elevate their sustainability management capabilities. This year, we selected one high-risk supplier for in-depth analysis. Using a radar chart, we compared its scores with the category average to identify areas with significant gaps and provided benchmark cases and improvement suggestions.

To ensure the sustainable development management of supply chain partners, CAL continues to promote audit programs at various stages to monitor the actual implementation of environmental and social practices by its suppliers.

No critical tier-1 suppliers have terminated the partnership in 2024. In the future, CAL will enhance guidance and supervision for suppliers that have room for improvement in environmental and social aspects. We will also strengthen their awareness of and compliance with regulations to ensure that supply chain partners can achieve higher sustainability standards.

04. Assisting Suppliers Reduce Risks

Corrective Action Plans and Capacity Building

In 2024, one high-risk supplier was supported in completing corrective actions through the SAQ and audit process. In terms of capacity building, the supplier identified through the SAQ analysis was Taiwan Airport Service Co., Ltd. (TASCO).




This training program marks CAL's inaugural sustainability education course tailored specifically for suppliers, with a particular emphasis on the group's subsidiaries, thereby enhancing its overall purpose. The headquarters of TASCO has demonstrated strong support for this event by actively participating in discussions and

Supply Chain Sustainability Assessment Implementation Status

Suppliers	2022	2023	2024
Critical Tier-One Suppliers Assessed for the Year (Percentage of Total Critical Suppliers)	9 (20.45%)	13 (26%)	22 (45%)
Assessed in the Past 3 Years (Percentage of Total Critical Suppliers)	79.55%	90%	98%
High-Risk Suppliers			
High-risk Suppliers Assessed in the Current Year (Percentage of Total High-Risk Suppliers)	0 / 0% (No high-risk suppliers in the current year)	1 / 20%	0 / 0%
High-risk Suppliers Assessed At Least Once Every 3 Years (Percentage of Total High-Risk Suppliers)	0%	0%	25%
High-risk Suppliers with Corrective Action Plans and Completed Improvements	0% (No high-risk suppliers in the current year)	0% (The implementation of Corrective Action Plans is planned to begin in 2024)	0%
Significant Suppliers			
Assessed in the Current Year (Percentage of Total Significant Suppliers)	Beginning in 2023, we conduct inventories of our significant suppliers	25%	42%
On-site Assessments		3	10
Desk Assessments		10	59

enthusiastically sharing their experiences and challenges. Through this guidance, the supplier has strengthened their understanding and practical application of sustainable management, laying a solid foundation for the sustainable development of future supply chain partners.



Capacity Building	Project of Capacity Building	2024 Achievements / Results
 <p>Deepening Environmental and Sustainable Governance</p>	<p>To enhance the integrity and performance of CAL Group's environmental and sustainability governance, a Group Sustainability Governance Communication Meeting was scheduled for November 7, 2024. General managers from all Group companies gathered to understand international trends in sustainability and environmental governance, market competitive pressures, and development opportunities, and to build consensus on the Group's environmental and sustainability governance.</p>	<p>During the meeting, subsidiaries were invited to establish environmental or ESG committees, as well as other cross-unit promotional organizations, to continuously enhance environmental and energy performance and objectives. Additionally, CAL Group is committed to implementing and expanding the environmental management system in phases, taking into account factors such as company size, environmental risks, and competitive advantages.</p>
 <p>Enhancing Environmental and Carbon Management Performance</p>	<ol style="list-style-type: none"> 1. CAL conducts regular surveys to monitor resource use and identify environmental risks and opportunities. It also engages external consultants to help group partners build ISO 14064-1 GHG inventory capabilities, covering requirements analysis, data collection, and internal verification. 2. Under the Corporate Environmental Committee and ISO 14001 framework, we manage suppliers, conduct audits, and promote environmental and energy-saving measures. 	<ol style="list-style-type: none"> 1. Assisted 12 Group partners in setting 24 energy and resource management targets with 100% attainment for 19 targets. Implemented environmental protection and energy conservation measures to reduce electricity consumption by 654,000 kWh and reduce diesel consumption by 374 liters. 2. Assisted 14 Group partners in achieving 100% completion of carbon inventory; in 2023, total emissions for Categories 1 and 2 were 504,926 tons CO₂e, and for Categories 3 to 6 were 114,669 tons CO₂e, with all verified by a third party in 2024.
 <p>Fostering Consensus on Environmental Sustainability</p>	<p>In alignment with international trends and practical operational requirements, thematic workshops, courses, communication meetings, and lectures will be conducted periodically, inviting Group partners to participate.</p>	<p>In 2024, CAL conducted seven training sessions on environmental sustainability topics, including "Environmental Energy Management Systems," "TCFD Climate Risk Disclosures," "CORSIA," and the "Corporate SAF Collaboration Program." Additionally, one Group Sustainable Governance and Environmental Management Communication Meeting was held, along with an environmental lecture featuring a section chief from the Ministry of Agriculture's Forestry and Nature Conservation Agency, who shared insights on ecotourism management.</p>

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

In 2024, CAL continued to promote sustainability education and training for procurement personnel to deepen their understanding of sustainable practices. The training focused on the development, core concepts, and operational impacts of the EU Corporate Sustainability Due Diligence Directive (CSDDD), along with corresponding measures in Taiwan, such as the Guidelines for Taiwanese Supply Chain Enterprises to Respect Human Rights.

CAL also invited external experts to deliver practical training on sustainability audits, ensuring procurement practices aligned with the Company's sustainable supply chain policies and systems. Through its supplier conference platform, CAL actively engaged supplier partners, reiterating its sustainability policies, principles, and commitments. CAL also shared its environmental initiatives, including sustainable aviation fuel practices and biodiversity conservation, to reinforce ESG values throughout the supply chain.

2.2.3 Sustainable Supply Chain Engagement

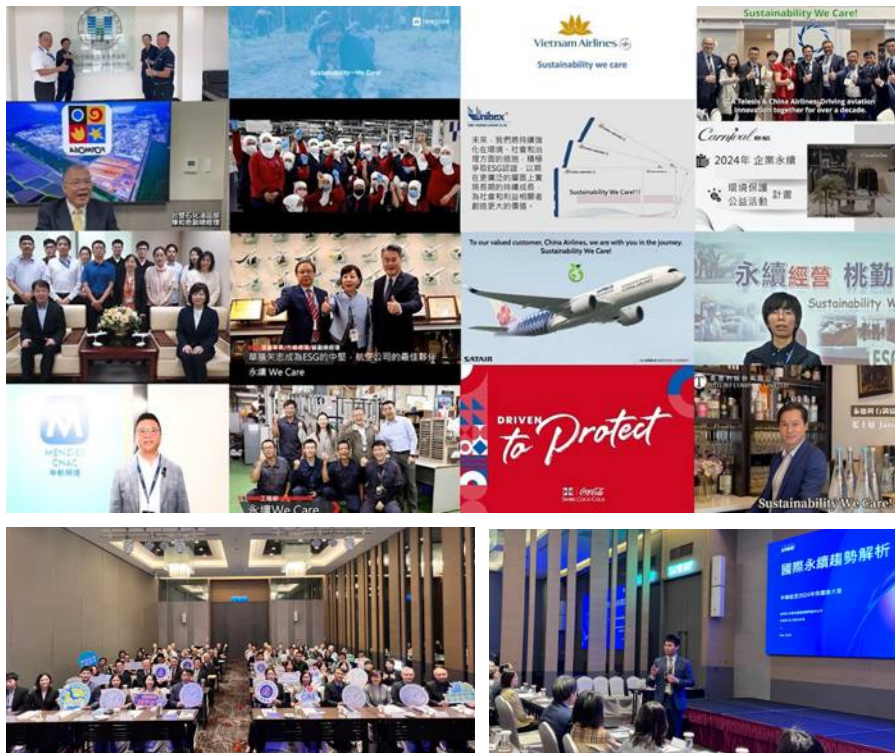
Convene Annual CAL's Sustainable Supplier Conference

CAL convened the 9th Annual Sustainable Supplier Conference on November 29, 2024, at Novotel Taipei Taoyuan International Airport, with 28 domestic suppliers (42 partners) in attendance. Sam Lin, Executive Vice President of KPMG Taiwan, delivered a presentation on global sustainability trends to help suppliers understand the urgency of environmental sustainability and the circular economy, while raising awareness of carbon reduction and biodiversity conservation.

Mr. James Chung, Chief Sustainability Officer of CAL's Sustainable Development Center, shared insights on the aviation industry's approach to sustainability, covering governance and disclosure trends both in Taiwan and globally, as well as CAL's sustainable operations. He also addressed key topics such as carbon reduction and the use of SAF. From 2022 to 2024, CAL participated in the SkyTeam The Aviation Challenge, integrating innovation and service to realize sustainable flight. In 2024, CAL led the Taiwanese aviation industry in advancing sustainability across the value chain.

During the meeting, a workshop was held to present CAL's sustainable supply chain strategy, risk assessment, and procurement outcomes, emphasizing the creation of sustainable value with partners. CAL aims to strengthen its procurement mechanisms and reduce workplace safety risks through effective supply chain management and training, enhancing sustainability across the value chain. We also outlined our future goals and plans for a sustainable supply chain.

CAL regularly shares sustainable practices and benchmark cases to help suppliers adapt to emerging trends. This support focuses on: (1) promoting sustainable strategies and encouraging supplier commitment, and (2) addressing key risks—such as high injury rates—based on assessments and audit findings, to improve supplier safety and operational stability. To further deepen supplier understanding of global best practices, CAL invited dnata, one of its suppliers, to share its international experience and successful cases in sustainable operations, offering valuable insights and references.



Future Plans



CAL will continuously survey supply chain partners on their sustainability practices and advance sustainable supply chain management by completing 100% SAQ for critical tier-1 suppliers and 40% for all tier-1 suppliers by 2030, implementing corrective action plans and capacity-building programs, establishing evaluation criteria for purchasing units, and incorporating at least 5% ESG performance into procurement evaluations.



CAL continues to provide sustainability training for its personnel through internal courses and external programs. It also offers all domestic suppliers sustainability training—both written and in-person—to enhance their procurement teams' knowledge.



CAL is intensifying its sustainable development strategy by advancing low-carbon transition, optimizing environmental management, and minimizing environmental impacts. Collaborating with supply chain partners, CAL strengthens carbon reduction efforts, promotes green procurement, resource reuse, and environmentally friendly technologies to boost value chain sustainability and competitiveness, aiming for long-term carbon reduction and net-zero targets.

