2.2 Cooperation

Highlights

100 %

Supplier Code of Conduct Signing Rate 100%

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

Supporting Green Procurement and Earning Recognition

CAL Park, Maintenance Division, and Mandarin Airlines have actively implemented green procurement and have been awarded related green procurement 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.

CAL Expands Application of SAF, Pioneering Low-Carbon Aviation

CAL took the lead in the industry by launching the "Corporate Business Travel SAF Emission Reduction Program," actively inviting supply chain partners and corporate clients to participate.

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.

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

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

We require all suppliers and contractors to

- Strictly abide by local and international laws and regulations.
- Implement quality control systems that ensure the quality and safety of products or services provided.
- Establish information security mechanisms that prevent the misuse of confidential and sensitive information.
- Comply with local and international human rights and labor standards, and prohibit child labor and discriminatory practices.
- Provide a safe and healthy working environment and effectively manage occupational health and safety risks.
- Prohibit all forms of forced labor and guarantee freedom of association as well as proper working conditions and pay.
- Reduce the negative impact of products and services on the environment and society in accordance with sustainability-related regulations.

Sustainable Supply Chain Management Policy Statement

Long-term Goals

2027

- SAQ for critical Tier-1 suppliers has achieved a risk assessment coverage ratio of 100%. All Tier-1 suppliers have reached 25%.
- 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 and existing suppliers shall be obligated to comply with the commitments of the "Forest and Biodiversity Conservation Commitment".
- 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 comprehensive supply chain improvement measures and capacity building programs, aiming to implement 50% of improvement measures and 50% of capacity building programs.

2030

- The risk assessment coverage rate for all critical Tier-1 suppliers reached 100%, and the SAQ risk assessment proportion for Tier-1 suppliers reached 40%; the risk assessment proportion for critical non-Tier-1 suppliers reached 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".
- 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 comprehensive supply chain improvement measures and capacity building plan, aiming to implement 100% of improvement measures and 100% of capacity building measures.

2040

- Perform 100% SAQ risk assessment for both Tier-1 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".
- Assess 100% of both Tier-1 and critical non-Tier-1 suppliers.
- 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 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.

Objectives and Plans

KPI	2025		
	Objectives	Performance	Achievement
Convene Annual Supplier Conference	One session	Held on November 21, at the Hyatt Regency Taoyuan International Airport	100%
Conduct SAQ	Coverage rate reached 75%+.	Coverage rate 100%	100%
Critical Supplier SAQ Score	89	97.45	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	All new (existing) suppliers have completed the signing (renewing) of contracts.	100%
Establish Supply Chain Improvement Measures and Capacity-Building Programs	Implemented improvement measures have reached 50%. Implemented capacity building measures have reached 50%	Implement improvement measures for four high-risk suppliers. Capacity building initiatives for 46 suppliers.	The implemented improvement measures have reached 100%. Capacity building measures have reached 100%.
2025 Annual High-Risk Suppliers Review	Coverage rate 100%	Completed.	100%

Note: In order to continue the objectives and plans outlined in the 2024 Sustainability Report, the 2025 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 improvement measures 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	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

CAL is the largest airline in Taiwan and operates within the air transportation industry, mainly providing international passenger and freight air transport services. In 2025, China Airlines and Mandarin Airlines jointly operated flights to 29 countries/regions with other operators, serving 191 destinations, while Tigerair Taiwan served 30 destinations across 45 routes. Compared with other industries, the aviation industry is unique in respect of safety concerns. As of the end of 2025, the CAL Group had established 26 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 Procurement Types and Suppliers

Category (Tier-1 Suppliers/ Critical Tier-1 Suppliers)	**Aviation Materials** Aircraft Parts (26/22)	**Aviation Fuel** Fuel Required for Flight (22 / 5)	**In-Flight Catering** In-Flight Meals Offered to Passengers (21 / 3)	**Ground Handling Service** Airport Manpower (26 / 1)	**General Products** Goods Required for Overall Operations (76/15) (Note)
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 is one of CAL's key service offerings. 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	• Irreplaceable suppliers • Cumulative annual procurement amount in the top 80%	• Irreplaceable suppliers • 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)	• 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.	• 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.	Annual procurement amount accounting for more than 0.1% of the total annual procurement amount.
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 are listed separately; if a supplier qualifies as both a critical supplier and a high-risk supplier, it is counted only once.				

Note: General administrative matters: In 2024, Tier-1 suppliers were defined as "suppliers with transactions during the year." In 2025, the definition was adjusted to "suppliers whose annual procurement amount accounts for more than 0.1% of the total annual procurement amount," totaling 76 suppliers; the number of suppliers with transactions was 168.

Upstream

- Aircraft Manufacturing
- Aircraft Engine Manufacturing
- Ground Handling Service Equipment Manufacturing
- Aircraft Leasing

Midstream

Logistics and Warehouse

- Taiwan Air Cargo Terminal Limited
- Arport Cargo Terminal (Xiamen) Co., Ltd.
- Arport Cargo Service (Xiamen) Co., Ltd.
- Eastern United International Logistics (Holdings) Ltd.

Aerospace Technology

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

Air Transport Support

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

Ground Handling Service

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

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: On January 19, 2026, CAL's Board of Directors resolved to acquire the 49% equity interest held by the original joint venture partner of China Airlines Catering Services. The transaction was completed on February 25, 2026, making it a wholly owned subsidiary of CAL.
Note 2: Global Sky Express (Taiwan) was dissolved in September 2024, and the liquidation process was completed in December 2025.

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. 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, 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-ranking decision-maker of the Corporate Sustainability Committee.

Supplier Code of Conduct

Supply Chain Management Objectives and Exit Strategy

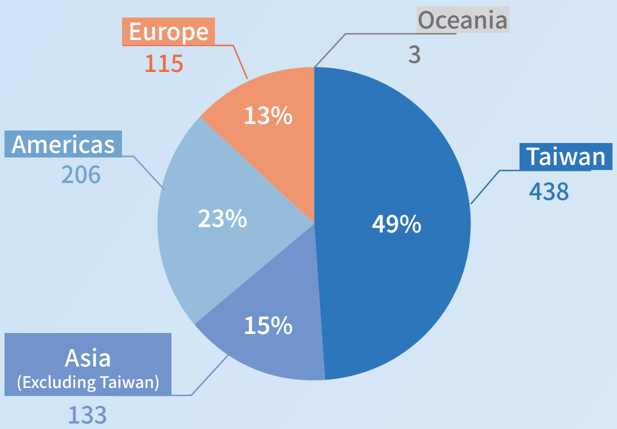
CAL's primary operations and supply chain are based in Taiwan, where suppliers account for 49% of the total number of suppliers and 37% of the total procurement amount, representing the highest global proportion. This is followed by suppliers in Asia, the Americas, Europe, and Oceania. Furthermore, CAL's 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, suppliers with better ESG performance are preferred in supplier selection and contract awarding. 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. CAL's contracts with suppliers include provisions that require suppliers to complete corrective actions within a specified period (e.g., 180 days) if they violate CAL's Supplier Code of Conduct. Failure to comply with these corrective measures may result in termination of the partnership. CAL will continue to monitor suppliers to enhance the overall sustainability performance of the supply chain. Additionally, ESG considerations are incorporated into the new supplier selection process, and information is collected through supplier self-assessment surveys to serve as a comprehensive reference during supplier evaluation, thereby continuously strengthening supply chain sustainability management.

Regional Distribution of Suppliers (incl. Critical Suppliers)

Regional Distribution of Suppliers

Overview of Global Suppliers

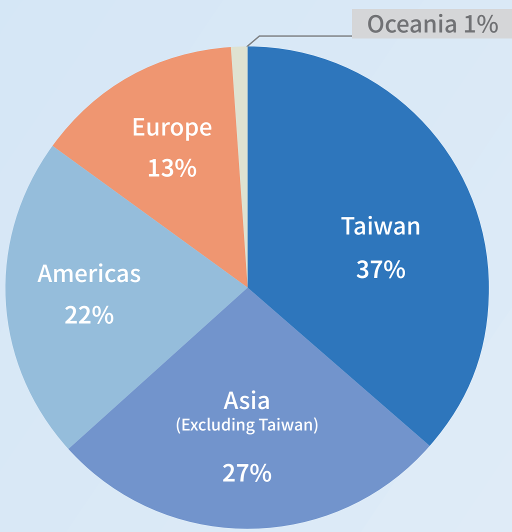
Total 895



Regional Distribution of the Procurement Amount from Suppliers

Overview of Global Procurement

Total 83,061,404,851

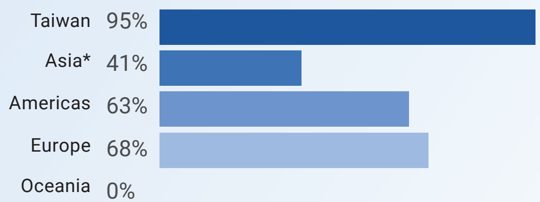


Proportion of Procurement from Critical Suppliers

Procurement from Critical Suppliers

Total 57,444,298,324

Region	Critical Tier-1 Procurement Amount
Taiwan	29,290,956,017
Asia (Excluding Taiwan)	9,166,931,497
Americas	11,328,534,207
Europe	7,657,876,604
Oceania	-



*Excluding Taiwan

1. Sustainable Supply Chain Procurement Practices

Since 2025, China Airlines has partnered with CPC Corporation, Taiwan and Formosa Petrochemical Corporation to procure Sustainable Aviation Fuel (SAF) certified under ISCC CORSIA standards. The Company has also signed a three-year memorandum of understanding (MOU) with Formosa Petrochemical to advance the development of domestic SAF supply. Building on this foundation, China Airlines continues to expand international SAF sourcing, aligning with SAF mandates in the UK and Europe, and promoting SAF usage at key international stations, including Singapore, Tokyo (Japan), and Bangkok (Thailand). In addition, the Company has established a strategic partnership with Neste, a leading global SAF supplier, extending SAF deployment to U.S.-originating flights. Approximately 160 SAF-powered flights have been implemented on the Los Angeles–Taipei route, demonstrating progressive advancement toward aviation decarbonization and strengthening the resilience of the aviation value chain. In terms of social impact, CAL has taken the lead in the industry by launching the "Corporate Business Travel SAF Carbon Reduction Program." In 2025, CAL collaborated with technology companies and international accounting firms to integrate sustainable aviation fuel applications and carbon offset mechanisms into business travel, providing corporate clients with solutions to reduce carbon emissions from their business travel and cargo transportation. China Airlines' next-generation fleet renewal program includes a total of 62 Airbus A350-1000 and Boeing 787, 777-9, and 777-8F aircraft. With superior fuel efficiency and environmental performance, these new aircraft are expected to reduce fuel consumption and carbon emissions by up to 25%. CAL has actively engaged supply chain partners and corporate clients to jointly contribute, laying a foundation for the energy transition of Taiwan's aviation industry and continuing progress toward the net-zero emissions goal.

CAL continuously promotes sustainability concepts through its in-flight services, actively advocating a low-carbon diet centered on vegetarian and vegan options. In 2025, CAL continued its collaboration with cross-industry partner Yang Ming Spring to launch a new vegan menu. Additionally, in the fourth quarter of 2025, CAL partnered for the first time with Little Tree Food, a Michelin Green Star and Bib Gourmand–recommended vegetarian restaurant, to jointly introduce Western-style breakfast and Western-style lacto-ovo vegetarian special meals. This initiative aims to meet the diverse dietary needs of global travelers and deepen passengers' recognition of in-flight vegetarian cuisine. At the same time, CAL continues to implement in-flight electronic menu services. In addition to regular scheduled flights, this service is also applied to project charter flights, considering their short-term operational characteristics. By using electronic menus instead of printed paper menus, CAL effectively reduces resource waste, thereby advancing sustainable environmental and carbon reduction efforts. CAL continuously encourages passengers to use e-services on personal electronic devices, such as the Cloud Bookstore for reading digital newspapers and magazines. At the same time, CAL promotes duty-free online pre-order services to reduce physical cargo. The in-flight entertainment system offers environmental boarding videos and selected eco-friendly short films, inviting passengers to participate in green initiatives. All CAL routes have fully adopted environmentally friendly, reusable stainless steel cutlery and have selected eco-friendly materials for pillowcases, headrest covers, various tray lids, plastic cups, dental floss sticks, and restroom supply containers. CAL encourages suppliers to collaborate in practicing a circular economy. Ground services provide online check-in, pre-selected meals to reduce food waste, automated check-in, and digital electronic boarding passes, facilitating passenger journeys while reducing paper use to protect forests. Additionally, the electrified ground vehicle fleet has reduced annual carbon emissions by 2,000 metric tons. CAL's services are progressively implementing sustainable practices.

Unit: TWD thousand

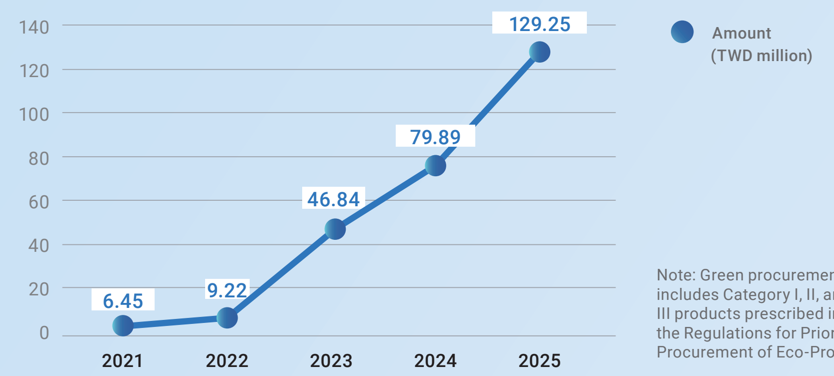
Item	Scope	2021	2022	2023	2024	2025
Environmental Protection Equipment, Management System O&M, and Research Projects	Depreciation, renewal, operation and maintenance, of pollution prevention equipment, environmental testing, establishment and implementation of the environmental management system, and strategy research projects	29,811	27,081	25,357	25,960	32,329
Green Procurement	Category I, II, and III products prescribed in the Regulations for Priority Procurement of Eco-Products (dated January 15, 2001)	6,455	9,221	46,844	79,894	129,257
Waste Management	Waste disposal fees	4,107	4,261	5,980	6,307	8,201
Noise Prevention	Noise control fees	136,136	129,674	151,005	153,881	167,496
Air Pollution Prevention	Air Pollution prevention fees	589	615	384	461	295
Total Investment Amount		177,098	170,852	229,570	266,503	337,578

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 enhances its operations, it continues to implement its environmental policy of green procurement. In 2025, the amount spent on green procurement increased by 62% compared to 2024, earning recognition from the Taoyuan City Government as an outstanding enterprise in green procurement. In addition to selecting environmentally certified products for daily use, such as stationery and office equipment (including computers), and choosing top-tier energy-efficient air conditioning and household appliances, we also allocate budgets annually to promote the electrification of outdated vehicles and equipment, balancing operational efficiency with the benefits of reducing air pollution and carbon emissions. In addition, CAL prioritizes sustainability-related certifications when selecting passenger service items, opting for products certified by FSC/PEFC, such as thermal boarding passes, luggage name tags, coasters, double-layer tri-fold paper napkins, onboard eco-friendly hand towels, and copy paper. CAL also uses rPET pillowcases and drawstring eco-friendly trash bags to fulfill its commitment to forest and biodiversity conservation. Furthermore, CAL continues to promote systematic, digital, and mobile operations to foster green consumer awareness and reduce environmental impact at the source.

Green Procurement Amounts



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 07, 2025, Mandarin Airlines was recognized by the Taipei City Environmental Protection Bureau as an outstanding private enterprise in green procurement.

Manager Chen of Mandarin Airlines' Flight Safety Management Office accepted Taipei City's Excellence in Green Purchasing recognition on behalf of Mandarin Airlines.

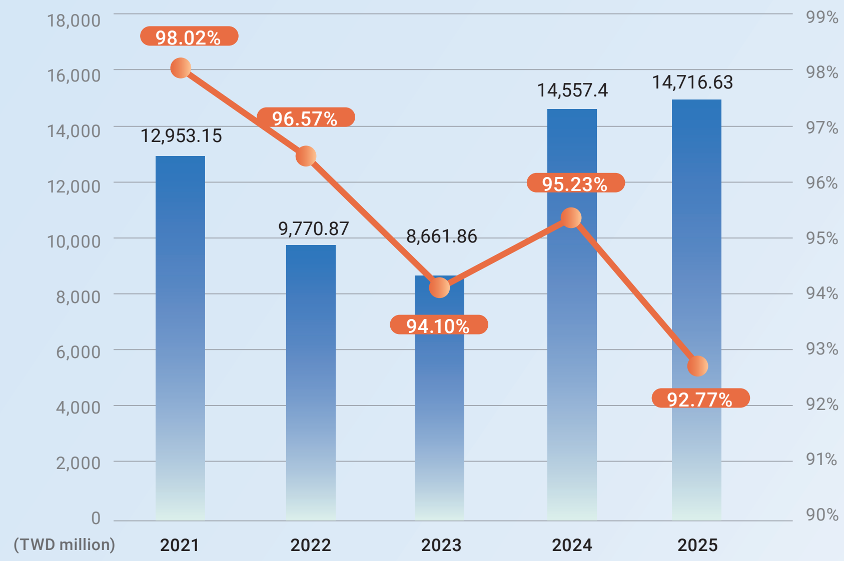
The Maintenance Division, represented by the Assistant Vice President, received the Excellence in Green Purchasing award from Taoyuan City.

CAL Honored as an Outstanding Enterprise in Green Procurement by Taoyuan City's Net Zero Sustainable Living Initiative

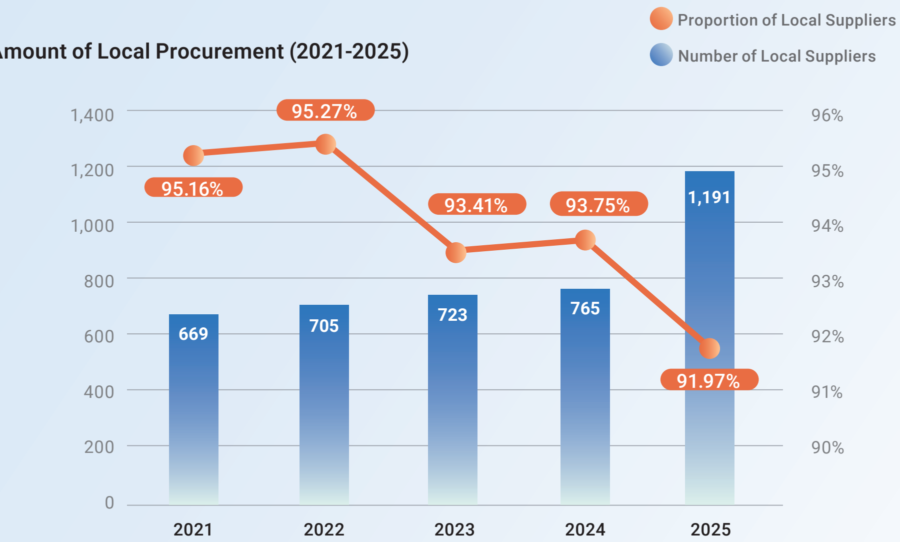
Local Procurement

From 2021 to 2025, CAL continuously optimized its procurement strategy to increase the proportion of local sourcing and reduce its carbon footprint. By redefining and adjusting its procurement approach, the number of local suppliers grew by 56% compared to the previous year. Between 2021 and 2025, CAL actively promoted local procurement (at locations where it has operational bases and transports via CAL flights), gradually increasing the amount of local procurement and the number of cooperating suppliers. By redefining and adjusting procurement strategies, China Airlines has strengthened the resilience of the local supply chain, balancing operational efficiency with environmental goals, demonstrating its commitment to corporate social responsibility.

Amount of Local Procurement



Amount of Local Procurement (2021-2025)



Note: The statistics include the Administration Division and the EMO Park

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 survey (SAQ) since 2015 based on international initiatives and evaluations such as the GRI Standards, ILO, UNGC, S&P Global CSA, CDP, the Universal Declaration of Human Rights, and the RBA Code of Conduct. 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 survey (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 46 critical Tier-1 suppliers for 2025, achieving a response rate of 59%. Analysis of the survey results shows that the total number of valid surveys for 2025 reached 121, an increase of 63 compared to 2024. The average score was 97.45, a significant increase on the previous year's 94.38. Upon further examination of the four survey dimensions, the scores ranged from 95 to 99, indicating that key suppliers possess a sustainable concept in all four areas.

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

Environmental Criterion

This includes but is not limited to waste management, energy management, and biodiversity.

Society Criterion

This includes but is not limited to human rights and labor rights.

Governance Criterion

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.

Product-specific Risks

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.

Industry-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.

Business Relevance Category

Exclusive domestic and international suppliers, as well as key primary transaction suppliers, ensure that CAL, its products, or its operations possess value, practicality, and innovation. This approach maintains competitive advantage and actively engages in industry affairs.

Process for Identifying Supply Chain Sustainability Risks

Send the Questionnaire (SAQ) → Analyze Questionnaire Responses → Notify Risk Results → On-site Assessment → Track and Make Improvements → Supplier Capability Building

Supply Chain Sustainability Risk Assessment Implementation Status

Suppliers		2024	2025
Total suppliers	Number	295	218
	Percentage of Procurement Amount	98%	98%
Critical Tier-1 Suppliers	Number	49	46
	Percentage of Procurement Amount	68%	69%
Tier-1 Significant Suppliers	Number	53	49
	Percentage of Procurement Amount	72%	69%

Note: The total number of suppliers is the sum of Tier-1 suppliers and critical Tier-1 suppliers.

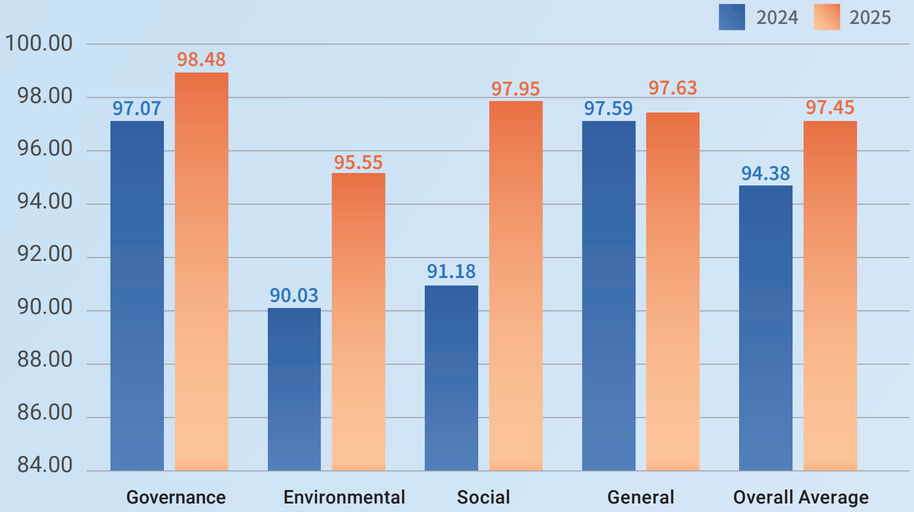
Risk Assessment of Supply Chain Sustainability	2024	2025
Tier-1 Suppliers Assessed Annually	58	121
Significant Suppliers Assessed Annually	38	30

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

Overall Performance of Supply Chain Sustainability

- The sustainable supply chain risk assessment score for 2025 was 97.45, a significant increase from 94.38 in 2024.
- Governance: The score of 98.48, an improvement from 97.07 last year, demonstrates that suppliers have continuously strengthened compliance with regulations and governance systems.
- Environment: The score of 95.55 represents a significant increase compared to last year’s 90.03, indicating that suppliers continue to place strong emphasis on environmental issues.
- Social: The score of 97.95 represents a significant improvement compared to last year’s 91.18, reflecting enhanced maturity among suppliers in human rights protection and occupational health and safety management.
- General: The score of 97.63 is comparable to last year’s 97.59 and the previous year’s performance, maintaining an overall good level.

2025 Supply Chain SAQ Analysis Results



3. Sustainable Supply Chain Assessment

According to the 2025 supply chain SAQ analysis results, there are a total of four high-risk suppliers, primarily concentrated among aviation material suppliers. Analysis indicates that some suppliers still have room for improvement in environmental aspects and general areas, particularly in information security. Accordingly, CAL has identified key risk sources as the basis for subsequent supplier management and guidance.

In addition, CAL continuously updates its SAQs and subsequent audit plans based on SAQ analysis results. Through phased audits and management mechanisms, CAL monitors suppliers' actual performance in environmental and social aspects to ensure that supply chain partners progressively achieve higher sustainability standards.

Supply Chain Sustainability Assessment Implementation Status

Suppliers	2024	2025
Number of unique significant suppliers supported with development measures	20	49
Number of unique significant suppliers assessed via desk assessments/on-site assessments (percentage of significant suppliers)	22(45%)	14(29%)
Number of unique significant suppliers assessed with substantial actual/ potential negative impacts	4	4
Number of unique significant suppliers with substantial actual/ potential negative impacts with agreed corrective action/ improvement plan	0	1
Number of unique significant suppliers with substantial actual/ potential negative impacts that were terminated	0	0
Number of On-Site and Desk Assessments	69	79

4. Assisting Suppliers in Reducing Risks

Improvement Measures and Capacity Building

In 2025, CAL selected a well-known domestic food company as the target for capability development in accordance with the supply chain audit management process. CAL, together with a third-party professional consulting team, conducted multiple interviews and document reviews with suppliers to assist them in strengthening relevant management systems and internal regulations, and to verify the completeness and effectiveness of the improvement measures. During the capacity-building process, CAL simultaneously shares international sustainability development trends, relevant regulatory updates, and best practices from benchmark enterprises to assist suppliers in enhancing their sustainability governance maturity. In the future, CAL will continue to deepen collaboration with supply chain partners through risk assessment, audits, and capacity-building mechanisms to jointly enhance the overall sustainability resilience and value-creation capabilities of the supply chain.






Deepening Environmental and Sustainable Governance

Capacity Building Programs

To enhance the integrity and performance of CAL Group's environmental and sustainability governance, a Group Sustainability Governance Communication Meeting was scheduled for December 17, 2025. Presidents 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.

2025 Achievements/ Results

During the meeting, subsidiaries from each group 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.

Enhancing Environmental and Carbon Management Performance

Capacity Building Programs

- CAL regularly distributes surveys to assess resource consumption and investigate potential environmental risks and opportunities in operations. Additionally, external consultants are commissioned to assist group partners in establishing ISO 14064-1 Greenhouse Gas Inventory capabilities, including requirements analysis, data collection processes, and internal verification techniques.
- In alignment with the operational framework of the Corporate Environmental Committee and ISO 14001, we implement supplier management, conduct audits, and promote measures for environmental protection and energy conservation.

2025 Achievements/ Results

- Assisted 12 group partners in setting 24 energy and resource management goals, of which 15 have been 100% achieved.
- Assisted 13 group affiliates in achieving 100% completion of greenhouse gas inventories across Scopes 1, 2, and 3, with all inventories successfully verified by independent third parties.

Fostering Consensus on Environmental Sustainability

Capacity Building Programs

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.

2025 Achievements/ Results

In 2025, CAL conducted six environmental sustainability-themed training sessions, including: "Environmental Energy Management Systems," "Supply Chain Management and Information Disclosure Principles," "All-Staff Sustainability Seminar – From the News Desk to Protecting Our Planet," "ESG Sustainable Development and Environmental Awareness Training," "Introduction to the Greenhouse Gas Protocol (GHG Protocol)," and "ISO 14001 Advanced Training." Additionally, CAL held one group governance communication meeting.

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

CAL continuously participates in international conferences, such as communication meetings organized by IATA, to stay informed and exchange insights on the carbon market and overall development trends of sustainable aviation fuel in the global aviation industry. Internally, all employees are required to complete online training courses, including ESG sustainable development and environmental awareness education, sustainable supply chain management, and information disclosure. Additionally, with the guidance of external consultants, employees establish standard operating procedures and processes for sustainable supply chain management, as well as standardized supply chain operations, aiming to ensure that procurement practices comply with CAL's sustainable supply chain management policies and management system operations.

2.2.3 Enhancing Sustainability Value through Supply Chain Engagement

Convene Annual CAL's Sustainable Supplier Conference

On November 21, 2025, CAL held its annual Sustainable Suppliers Conference at the Hyatt Regency Taoyuan International Airport, inviting supplier partners to participate. The event aimed to help suppliers stay informed about international sustainability trends and promote collaborative efforts with CAL to achieve sustainable development across the value chain.

The Manager of CAL's Sustainability Development Center shared strategies for sustainable development in the net-zero era, establishing carbon reduction targets for both air and ground operations, and promoting net-zero transformation in collaboration with supply chain partners. An external expert also presented on international sustainability trends, explaining the impacts of global climate change, geopolitical issues, and supply chain risks on corporate operations. This helped suppliers stay informed on the latest sustainability topics and regulatory developments. Through a supply chain sustainability risk awareness workshop, CAL outlined its sustainable supply chain management strategies, risk assessment, and audit practices, enhancing suppliers' understanding of human rights, occupational health and safety, and operational risk management. CAL aims to work together with supply chain partners to strengthen the overall sustainability resilience of the value chain. China Airlines invited its industry peer, Menzies Aviation, to share insights during the meeting. Through its "All In" sustainability strategy, Menzies drives ESG management across six core pillars—Environment, People, Safety, Ethics, Community, and Governance—fully aligning with the UN Global Compact and the Sustainable Development Goals (SDGs). On the Environmental Front: Menzies has set a net-zero emissions target by 2045. The company is actively promoting the electrification of ground support equipment (GSE), aiming for 25% by 2025 and 50% by 2030. It is also introducing the IATA Environmental Assessment (IEnvA) system, targeting 75% of its stations by 2026, while reducing operational carbon emissions through biofuels and the circular economy. On the Social Front: The strategy emphasizes employee safety (with a zero-accident goal), Diversity, Equity, and Inclusion (DEI), and female leadership development.

Additionally, Menzies actively promotes refugee employment and community engagement. On the Governance Front: Transparency and accountability are reinforced through their code of conduct, supply chain sustainability, and alignment with recognized international standards such as the Science Based Targets initiative (SBTi) and IEnvA. Overall, Menzies has established a concrete, institutionalized, and quantifiable ESG management model that closely aligns with the distinct characteristics of the aviation sector.

Future Plans

1 CAL actively exerts influence across the supply chain and continues to strengthen supplier management mechanisms through its annual Sustainability survey (SAQ). To demonstrate value chain resilience, a specific target for 2030 has been established: 100% risk assessment coverage will be achieved for critical Tier-1 suppliers, and the scope will be extended to 40% of Tier-1 suppliers and 30% of non-Tier-1 suppliers. Also, we plan to incorporate ESG indicators into the weighting by at least 5% in 40% of procurement evaluations, and to complete 100% of supplier improvement and capacity-building plans, joining hands with partners to advance sustainable transformation.

2 To implement our sustainability governance target, we continue to promote sustainability training and integrated internal and external resources to enhance employees' understanding of sustainability issues. Regarding supply chain management, in-person courses and written outreach are used to strengthen the ESG awareness and practical capabilities of domestic and international partners, ensuring a high degree of alignment between procurement operations and sustainability knowledge, and enhancing value chain resilience.

3 CAL will further cooperate with suppliers to drive the aviation industry's low-carbon transition, and, through operational optimization and innovative environmental management strategy, maximize resource efficiency and minimize the environmental impact footprint. In the future, we will move toward a green supply chain, introducing carbon reduction technologies and a circular economy into the procurement system, and working with value chain partners to move toward the 2050 net zero emissions target.

2.3 Environment

Highlights

Highest environmental score in S&P Global CSA

In 2025, CAL achieved a score of 90 in the environmental dimension of the S&P Global CSA, the highest among airlines. Full scores were obtained in environmental policy and management, energy, water resources, and climate change.

5th consecutive year achieving CDP SEA Leadership level

Since 2012, CAL has responded to the CDP climate questionnaire for 13 consecutive years and has actively advanced supply chain and value chain management. The Company has achieved the CDP Supplier Engagement Assessment (SEA) Leadership level for five consecutive years and was included in the A List for the second time in 2025.

12th consecutive TCSA Climate Leadership Award

Since 2014, CAL has received the TCSA Climate Leadership Award for 12 consecutive years, making it the only company in Taiwan's transportation service industry to achieve this distinction.

Leading and expanding SAF value chain collaboration initiatives

CO2

CAL actively supports national net-zero transition policies by participating in government pilot programs and developing both domestic and international SAF supplier networks. As a pioneer in Taiwan, CAL introduced a corporate SAF collaboration model, working with passenger and cargo customers to adopt SAF, reduce aviation emissions, and lower carbon footprints from passenger travel and cargo transportation, while driving energy transition across the aviation value chain.