

3-4 Regulatory Compliance

(GRI 2-23, 2-24, 2-25, 2-27, 205-2, 206-1, 412-2)

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, the Board of Directors Code of Ethical Conduct (the anti-corruption training for directors were implemented in 2021; training details as shown under "3-3 Compliance" in the [2021 CAL Sustainability Report](#) for detailed information), and Employee Code of Conduct have been formulated to ensure that the Board of Directors and employees behave ethically and comply with anti-corruption laws. In 2017, CAL launched a three-year awareness-raising program to strengthen our corporate sustainability DNA and added the new CAL Group Code of Conduct and implemented related training that all employees have completed in 2020, and continued training new recruits, with a total training completion rate of 100% (training details for 2017-2019 as shown under "3-1-2 Compliance" in the [2019 CAL CSR Report](#); training details for 2020 as shown under "3-1-3 Compliance" in the [2020 CAL CSR Report](#); training details for 2021 as shown under "3-3 Compliance" in the [2021 CAL Sustainability Report](#)). In 2022, CAL completed training for 288 new employees and the total training completion rate remained 100% (Note 2). To maintain compliance awareness, we organized training for all employees in February 2023 totaling 10,778 attendances and the training completion rate was 99.9% (as of March 14) (Note 1 and Note 2). CAL employee who violates the code of conduct of the China Airlines Group 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. In 2022, there is no corruption, violation of customer privacy, conflict of interest, or money laundering / insider trading cases happened in CAL. We provided training on the Code of Conduct to affiliates in 2018. We also organized training on the Code of Conduct and the corporate sustainability vision to promote CSR awareness in 2020 for 5,140 participants. We have attained our medium-term sustainability goal of providing more than 2 CSR training courses for affiliates by 2025. The Company also organized a management meeting of the Group in 2022 to communicate the responsibilities and obligations of directors and supervisors and matters of compliance for affiliates in response to the amendment of financial regulations. The Company will continue to promote related training programs in the future. As suppliers are important partners of the Company, we requested all suppliers that have signed contracts with the Company in 2022 to sign and implement the Supplier Code of Conduct (including compliance with laws and regulations and anti-corruption regulations).

Note 1: Trainees include separated employees.

Note 2: Only applicable to CAL.

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. There were no antitrust-related penalties in 2021 and 2022. Please refer to page the [Annual Report](#) for more information on whether the Company was implicated in violations of laws, contents of violations, and penalties.

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