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

CAL identified eight stakeholders in accordance with the five major principles defined in the AA1000 Stakeholder Engagement Standard (SES), and followed the Reporting principles of GRI Standards (accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability) to evaluate the significance of material issues every year in terms of their impact on the economy, environment, and other social challenges. They are used as the basis for planning the sustainable development strategies to identify material issues of stakeholders' primary concern. Different channels of communication are also established to respond to stakeholders' needs and expectations.

Step 1
Analyze the Organization

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

Step 2
Identify Actual and Potential Impact

CAL analyzed the organization and consulted experts to identify 16 sustainability issues related to CAL (divided into 21 sustainability topics with positive/negative impact). The members of the task forces of CAL's Corporate Sustainability Committee and unit managers discuss the opinions and feedback of stakeholders and identified the level of impact of CAL on the economy, environment, and people in each sustainability issue. They also identified business relationships with negative/positive impact and actual and potential impact to effectively manage the impact of material issues.

Step 3
Evaluate the Significance of Impact

After establishing sustainability issues, the Company conducted an internal identification of material issues and survey. In terms of external entities, CAL consulted key partners at its annual supplier conference and conducted a survey to effectively incorporate internal and external perspectives. We organized a survey on our sustainability website to collect feedback and assess the impact on the economy, environment, and people (including human rights). We evaluate positive and negative impacts through different approaches based on their actual and potential as well as positive and negative impact and probability of occurrence. In the process, we also used the principle of double materiality to assess the scale and severity of an individual impact of on each part of the value chain. We also assessed the financial impact on China Airlines based on whether the impact was actual or potential. After scoring, we analyzed and compiled a list of material, minor, and ongoing issues of concern.
- Negative impact: Evaluate impact based on the severity and probability of occurrence and consider the negative impact of human rights violations
- Positive impact: Evaluate impact based on the scale and scope of the impact and the probability of occurrence

Step 4
Set Priorities for the most Significant Impact

The representatives of the Corporate Sustainability Committee issued questionnaires to evaluate the level of impact of sustainability issues, connected them to related material issues in the sustainability ratings and standards of the aviation industry, and discussed with experts to identify the top three significant material topics with the highest positive and negative impact and produced the results of the 2022 materiality analysis. The Corporate Sustainability Committee, the highest governing organization of corporate sustainability, passed a resolution on the materiality analysis and used the chapters of the report to explain the material topic management policies and respond to the material issues of concern to stakeholders on CAL's Corporate Sustainability Site for external disclosure.

Corporate Sustainability Website