

# **China Airlines Ltd.**

## **Rules of Procedure for Board of Directors Meetings**

Formulated and implemented after approval by the 16th Board of Directors at the 9th meeting on Apr. 23, 2004

Amended by the 16th Board of Directors at the 31st meeting on May 9, 2006

Amended by the 17th Board of Directors at the 19th meeting on Jan. 11, 2008

Amended by the 19th Board of Directors at the 6th meeting on Mar. 29, 2013

Amended by the 20th Board of Directors at the 13th meeting on Nov. 5, 2017

Amended by the 21st Board of Directors at the 6th meeting on May. 8, 2019

Amended by the 21st Board of Directors at the 10th meeting on Mar. 18, 2020

Amended by the 22nd Board of Directors at the 7th meeting on Nov. 9, 2022

### **Article 1 (Basis for adoption)**

To establish a strong governance system and sound supervisory capabilities for the Company's Board of Directors and to strengthen management capabilities, these Rules are adopted pursuant to Article 2 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.

### **Article 2 (Scope of these Rules)**

With respect to the board of directors meetings ("board meetings") of the Company, the main agenda items, working procedures, required content of meeting minutes, public announcements, and other compliance requirements shall be handled in accordance with the provisions of these Rules.

### **Article 3 (Convening and notice of board meetings)**

The Board of Directors calls a meeting based on business needs and shall call at least one per quarter.

A notice for the reasons for convening a board meeting shall be given to each director and supervisor before seven (7) days prior to the meeting being convened. In emergency circumstances, however, a board meeting may be called on shorter notice.

The notice to be given under the preceding paragraph may be effected by paper, email or fax transmission.

All matters set forth under Article 12, paragraph 1 of these Rules shall be specified in the notice of the reasons for convening a board meeting. None of those matters may be raised by an extraordinary motion.

### **Article 4 (Meeting affairs unit and sending of meeting materials)**

The designated unit responsible for the board meetings of the Company shall be the Secretarial Office, Board of Directors.

The unit responsible for board meetings shall draft agenda items and prepare sufficient meeting materials, and shall deliver them together with the notice of the meeting.

If a director believes that the meeting materials are inadequate, they may request the meeting affairs unit to send supplementary materials, and the unit shall provide them within three days. If a director is of the opinion that materials concerning any proposal are insufficient, the deliberation of such proposal may be postponed by a resolution of the Board of Directors.

#### **Article 4-1 (Standard operating procedures for handling directors' requests)**

In order to establish good corporate governance of the company, assist directors in performing their duties and enhance the effectiveness of the Board of Directors, the company shall handle matters related to directors' requests in accordance with the provisions of laws, articles of association and these rules of procedure.

The Directors should be provided with appropriate and timely information in a form and quality sufficient to enable directors to make informed decisions and to perform their duties as directors.

All directors of the Company shall have access to the assistance of a corporate governance officer to ensure compliance with board procedures and all applicable laws and regulations, and to ensure good information exchange among board members and with managers.

The Company secretary is responsible for handling the matters requested by the directors, and handles them as quickly as possible within seven days based on the principle of immediately and effectively assisting the directors in performing their duties. If the processing time may exceed seven days, they should negotiate with the directors as soon as possible.

#### **Article 5 (Attendance at board meetings by proxy)**

When a board meeting is held, an attendance book shall be provided for signing-in by attending directors, which shall be made available for future reference.

Directors shall attend board meetings in person. A director unable to attend in person may appoint another director to attend the meeting in his or her place in accordance with the Company's Articles of Incorporation. Attendance by videoconference will be deemed attendance in person.

A director who appoints another director to attend a board meeting shall in each instance issue a proxy form stating the scope of authorization with respect to the reasons for convening the meeting.

The proxy referred to in Paragraph 2 may be the appointed proxy of only one person.

#### **Article 6 (The place and time of a board meeting)**

A board meeting shall be held at the premises and during the business hours of the Company, or at a place and time convenient for all directors to attend and suitable for holding board meetings.

#### **Article 7 (Chair and acting chair of a board meeting)**

Board meetings shall be convened and chaired by the Chairman of the Board. However, with respect to the first meeting of each newly elected board of directors, it shall be called and chaired by the director that received votes representing the largest portion of voting rights at the shareholders' meeting in which the directors were elected; if two or more directors are so entitled to convene the meeting, they shall select from among themselves one director to serve as chair.

If a board meeting is convened by more than half of all directors in accordance with Article 203, Paragraph 4 or Article 203-1, Paragraph 3 of the Company Act, the directors shall elect the chair from among themselves.

When the chair is on leave or is unable to perform their duties for a specific reason, the chair shall designate a director to serve as an acting chair; in the absence of such designation, the directors shall elect an acting chair from among themselves.

#### **Article 8 (Meeting preparation and non-voting personnel's attendance)**

When a board meeting is held, the Secretarial Office, Board of Directors, shall furnish the attending directors with relevant materials for ready reference.

As merited by the content of a proposal to be put forward at a board meeting, personnel from a relevant department or subsidiary may be notified to attend the meeting as non-voting participants.

When necessary, certified public accountants, attorneys, or other professionals retained by the Company may also be invited to attend the meeting as non-voting participants and to make explanatory statements, provided that they shall leave the meeting when deliberation or voting takes place.

The chair shall call the board meeting to order at the appointed meeting time and when more than one-half of all the directors are in attendance.

If one-half of all the directors are not in attendance at the appointed meeting time, the chair may announce postponement of the meeting time, provided that no more than two such postponements may be made. If the quorum is still not met after two postponements, the chair shall reconvene the meeting in accordance with the procedures in Article 3, Paragraph 2.

The number of "all directors," as used in the preceding paragraph and in Article 16, Paragraph 2, Subparagraph 2, shall be counted as the number of directors then actually in office.

#### **Article 9 (Documentation of a board meeting by audio or video)**

Proceedings of a board meeting shall be recorded in their entirety in audio or video, and the recording shall be retained for a minimum of 10 years. The recordings may be retained in electronic form.

If any litigation arises with respect to a resolution of a board meeting before the end of the retention period of the preceding paragraph, the relevant audio or video recordings shall be retained until the conclusion of the litigation.

Where a board meeting is held by videoconference, the audio or video documentation of the meeting constitutes part of the meeting minutes and shall be retained for the duration of the existence of the Company.

#### **Article 10 (Agenda items)**

Agenda items for regular board meetings of the Company shall include at least the following:

1. Matters to be reported:
  - (1) Minutes of the last meeting and action taken.

- (2) Important financial and business matters.
  - (3) Internal audit activities.
  - (4) Other important matters to be reported.
2. Matters for discussion:
- (1) Items for continued discussion from the last meeting.
  - (2) Items for discussion at this meeting.
3. Extraordinary motions.

### **Article 11 (Discussion of proposals)**

A board meeting shall follow the agenda given in the meeting notice. However, the agenda may be changed with the approval of a majority of directors in attendance at the board meeting.

The chair may not declare the meeting closed without the approval of a majority of the directors in attendance at the meeting.

At any time during the course of a board meeting, if the number of directors sitting at the meeting does not constitute a majority of the attending directors, then upon the motion by a director sitting at the meeting, the chair shall declare a suspension of the meeting, in which case Article 8, Paragraph 3 shall apply *mutatis mutandis*.

### **Article 12 (Matters requiring discussion at a board meeting)**

The matters listed below as they relate to the Company shall be raised for discussion at a board meeting:

1. The Company's business plan.
2. Annual and semi-annual financial reports.
3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act and assessment of the effectiveness of the internal control system.
4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others.
5. The offering, issuance, or private placement of equity-type securities.
6. Election or dismissal of the Chairman.
7. The appointment or discharge of a financial, accounting, or internal audit officer.
8. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.
9. Any matter that, under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw, must be approved by resolution at a shareholders' meeting or board

meeting, or any material matter as may be prescribed by the competent authority.

The term "related party" in Subparagraph 8 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an individual donation, or cumulative donations within a one-year period to a single recipient, at an amount of NT\$100 million or more, or at an amount equal to or greater than one percent of net operating revenue or five percent of paid-in capital as stated in the CPA-attested financial report for the most recent year.

The term "within a one-year period" in the preceding paragraph means a period of one year calculated retroactively from the date on which the current board of directors meeting is convened. Amounts already submitted to and passed by a resolution of the Board are exempted from inclusion in the calculation.

At least one independent director of the Company shall attend the meeting in person. With respect to the matters which must be approved by resolutions at a board meeting as provided in the first paragraph, any and all independent directors shall attend the meeting. Where an independent director is unable to attend the meeting, that independent director shall appoint another independent director to attend the meeting as a proxy. If an independent director objects to or expresses reservations about such a matter, it shall be recorded in the board meeting minutes; if an independent director intends to express an objection or reservation but is unable to attend the meeting in person, then unless there is a legitimate reason to do otherwise, that director shall issue a written opinion in advance, which shall be recorded in the board meeting minutes.

### **Article 13 (Voting and methods for vote monitoring and counting)**

When the chair at a board meeting is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call a vote.

When a proposal comes to a vote at a board meeting, if no attending director voices an objection following an inquiry by the chair, the proposal will be deemed approved. If there is an objection following an inquiry by the chair, the proposal shall be brought to a vote.

One voting method for proposals at a board meeting shall be selected by the chair from among those below, provided that when an attending director has an objection, the chair shall seek the opinion of the majority to make a decision:

1. A show of hands or a vote by voting machine.
2. A roll call vote.
3. A vote by ballot.
4. A vote by a method selected at the Company's discretion.

When there is an amendment or alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. If anyone among them is passed, the other proposals shall then be deemed rejected, and no further voting on them shall be required.

If a vote on a proposal requires monitoring and counting personnel, the chair shall appoint such personnel, providing that all monitoring personnel shall be directors.

Voting results shall be made known on-site immediately and recorded in writing.

"Attending directors," as used in the preceding two paragraphs, does not include directors that may not exercise voting rights pursuant to Article 15, Paragraph 1.

#### **Article 14 (Resolution)**

Except where otherwise provided by the Securities and Exchange Act and the Company Act, the passage of a proposal at a board meeting shall require the approval of a majority of the directors in attendance at a board of directors meeting attended by a majority of all directors.

#### **Article 15 (Recusal system for directors)**

If a director or a juristic person that the director represents is an interested party in relation to an agenda item, the director shall state the important aspects of the interested party relationship at the respective meeting.

When the relationship is likely to prejudice the interests of the Company, that director may not participate in discussion or voting on that agenda item and shall recuse himself or herself from the discussion or the voting on the item, and may not exercise voting rights as proxy for another director.

Where a director is prohibited by the preceding paragraph from exercising voting rights with respect to a resolution at a board meeting, the provisions of Article 180, Paragraph 2 of the Company Act apply *mutatis mutandis* in accordance with Article 206, Paragraph 3 of the same Act.

#### **Article 16 (Preparation and distribution of meeting minutes)**

Discussions at a board meeting shall be recorded in the meeting minutes and the minutes shall fully and accurately state the matters listed below:

1. The meeting session and the time and place of the meeting.
2. The name of the chair.
3. The directors' attendance at the meeting, including the names and the number of directors in attendance, excused, and absent.
4. The names and titles of those attending the meeting as non-voting participants.
5. The name of the minute taker.
6. The matters reported at the meeting.
7. Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by directors, experts, or other persons; the name of any director that is an interested party as referred to in Paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director pursuant to Article 12, Paragraph 4.
8. Extraordinary motions: The name of the mover, the method of resolution, and the result; a

summary of the comments of any director, expert, or other person; the name of any director that is an interested party as referred to in Paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; and their objections or reservations and any recorded or written statements.

9. Other matters required to be recorded.

The occurrence of any of the following circumstances with respect to a resolution passed at a board meeting shall be stated in the meeting minutes and shall be publicly announced and filed on the website of the Market Observation Post System designated by the Financial Supervisory Commission, within two (2) days of the date of the meeting:

1. Any objection or expression of reservations by an independent director of which there is a record or written statement.
2. A resolution is adopted with the approval of two-thirds or more of all directors, without having been passed by the audit committee of the Company.

The attendance book constitutes part of the minutes for each board meeting and shall be retained for the duration of the existence of the Company.

The minutes of a board meeting shall bear the signature or seal of both the chair and the minute taker, and a copy of the minutes shall be distributed to each director and supervisor within 20 days after the meeting. The minutes shall be deemed important corporate records and appropriately preserved during the existence of the Company.

The meeting minutes of Paragraph 1 may be produced and distributed in electronic form.

**Article 17** These Rules of Procedure shall be adopted or amended upon the approval of the Board of Directors.