



July 31, 2017

Modern Slavery and Human Trafficking Statement¹

CEO's statement

Air Canada is committed to act with integrity in all our business dealings, to comply with all applicable laws and to act responsibly when dealing with our employees or interacting with communities. Recognizing the suffering modern slavery and human trafficking cause, we have zero tolerance for any form of slavery or human trafficking in our operations and supply chain. As an increasingly global airline, the Company has an on-going responsibility to ensure that appropriate measures are implemented to mitigate the risk of slavery and human trafficking wherever we operate, either directly or through our service providers.

Our organization

Air Canada is Canada's largest passenger airline. It operates the most scheduled flights in each of the domestic, U.S. and international markets for air travel within, to and from Canada. In 2016, Air Canada, together with its leisure carrier Air Canada Rouge and its Air Canada Express® regional partners, operated, on average, over 1,500 scheduled flights each day and served approximately 45 million customers, providing direct passenger service to more than 200 destinations on six continents. The company is among the largest 100 corporations in Canada. The Company's headquarters are located in Montréal and it employs approximately 30,000 people in Canada and in 34 other countries throughout the world.

As one of the leading commercial airlines in the world, we always work to the highest professional standards and comply with all laws, regulations and standards relevant to our business. Corporate social responsibility is an intrinsic part of our culture and we aim to make a lasting and positive impact on the communities in which we live and work. We expect nothing less than the same from our suppliers and business partners.

¹ This statement is made pursuant to Section 54, Part 6 of the Modern Slavery Act 2015 and sets out the steps Air Canada (the 'Company' or 'we') has taken to ensure that slavery and human trafficking is not taking place in our supply chains or in any part of our business. It constitutes our slavery and human trafficking statement for the 2016 financial year.

Our policies

The Company is committed to ensuring we are not supplied by anyone who engages in human trafficking or any form of slavery. Many of our existing policies contain sections which have the effect of mitigating the risk of slavery and human trafficking taking place in any part of our global business or supply chain.

Our relevant policies include:

Corporate Policy and Guidelines on Business Conduct, better known as the (employee) Code of Conduct;

Among other things, the Code addresses: compliance with laws, human rights, privacy, violence prevention, discrimination and harassment, fair dealing with other people and organizations and reporting suspected non-compliance.

Recruiting Policy

Duty to Accommodate policy

Employment Equity Policy

Workplace Violence and Harassment Prevention Policy

Remuneration and other employment Standards and Guidelines;

Health and Safety Policy

Employee Privacy Policy

Public Disclosure Policy

Supplier Code of Conduct

These policies are monitored regularly by the policy owners, working closely with all relevant departments within the company, including Legal, Compliance, Human Resources, Health and Safety, Operations, IT and Procurement.

We also have an internal reporting policy and program, which is publicized on our intranet site. If employees have concerns about any wrongdoing or breaches of law, they can raise these concerns through numerous channels including in confidence through a confidential Hotline without fear of disciplinary action or retaliation.

What we are doing

Our working practices respect and uphold human rights for our employees, suppliers and business partners.

We have taken the following steps to identify and mitigate risks of modern slavery and human trafficking within our business and our supply chain:

We have a Supplier Code of Conduct (SCC), which we expect all suppliers to adhere to. The SCC forms an integral part of Air Canada's material supplier contracts. It sets out the standards we expect our suppliers to uphold at all times relating to various matters including human trafficking, slavery, child labour, non-discrimination and human rights, employment conditions, ethical behaviour and much more including the right to audit.

We have begun to assess risks related to human trafficking and forced labour associated with our operations and supply base in relation to new routes and at new destinations.

We will carry out more extensive due diligence on our existing suppliers using up-to-date tools to identify any issues that may pose legal or reputational risks for Air Canada.

We carry out audits on certain suppliers, which will now include asking for information on their compliance with the SCC, their policies on fair sourcing of goods and services, and their recruiting and employment practices.

All flight attendants are trained on modern slavery and human trafficking awareness and how to report suspicious behavior. We are planning to expand this to all customer service agents in Canada and abroad.

Awareness-raising public service videos denouncing child abuse are exhibited on the in-flight entertainment on all Air Canada flights.

We work with the Air Canada Foundation and other organisations that fight against child sex tourism and human trafficking that target children and vulnerable adults.

We have hosted conferences on child sex tourism and human trafficking in Toronto and Vancouver.

We support organizations that are dedicated to ending child exploitation and protecting children's rights.

Approval

This statement has been approved by the Board of Directors of Air Canada.

A handwritten signature in black ink that reads "Cal. Rovinescu" followed by a horizontal line.

Calin Rovinescu

President and Chief Executive Officer