



2020

CORPORATE SUSTAINABILITY REPORT

CITIZENS OF THE WORLD

BEGIN >



A STAR ALLIANCE MEMBER





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About our Report

The *2020 Citizens of the World* edition reports on Air Canada’s company-wide environmental, social and governance initiatives and results from January 1 to December 31, 2020. The report focuses on the airline’s response to the COVID-19 pandemic and includes its mitigation activities and some 2021 updates. We have been reporting on our corporate sustainability activities since 2012. All prior reports and data trends can be found **here**.

Unless stated otherwise, *2020 Citizens of the World* is inclusive of the sustainability efforts and activities of Air Canada and its operating subsidiaries, namely Air Canada rouge LP, doing business as Air Canada Rouge® (Air Canada Rouge), Touram Limited Partnership doing business as Air Canada Vacations® and Aeroplan Inc., formerly Aimia Canada Inc. (Aeroplan). An overview of our financial performance and description of our business during 2020 is available in our **2020 Annual Report**.



REPORTING FRAMEWORK

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards. Internationally recognized as a leader in sustainability reporting standards, the GRI helps maintain transparency and consistency in sustainability impact reporting.

Air Canada's carbon footprint, targets and climate strategy are reported through the CDP, formerly the carbon disclosure project, whose approach has aligned with the Task Force on Climate-related Financial Disclosures (TCFD) framework. To access the CDP report and learn more, please visit www.cdp.net.

Air Canada is a signatory to the United Nations Global Compact (UNGC) and is committed to supporting the 10 principles of the UNGC and the 17 Sustainable Development Goals (SDGs). For 2020, Air Canada aligned the SDGs with its reporting on the GRI. We support all 17 Sustainable Development Goals and we are particularly focused on seven goals.

A thorough review of this reporting can be found in the Sustainable Development Goals Annex of this document. Our **Communication on Progress to the UNGC** can be found online.

THIRD-PARTY ASSURANCE

We believe in transparency and accountability and have engaged PricewaterhouseCoopers LLP to perform an independent, limited assurance engagement on seven performance indicators. For information regarding the scope of the assurance and statement, please read the **limited assurance statement**.



*10 – as a champion in diversity and inclusion practices

*13 – while always staying true to our core value, Safety First, Always, and exercising responsible and ethical business practices



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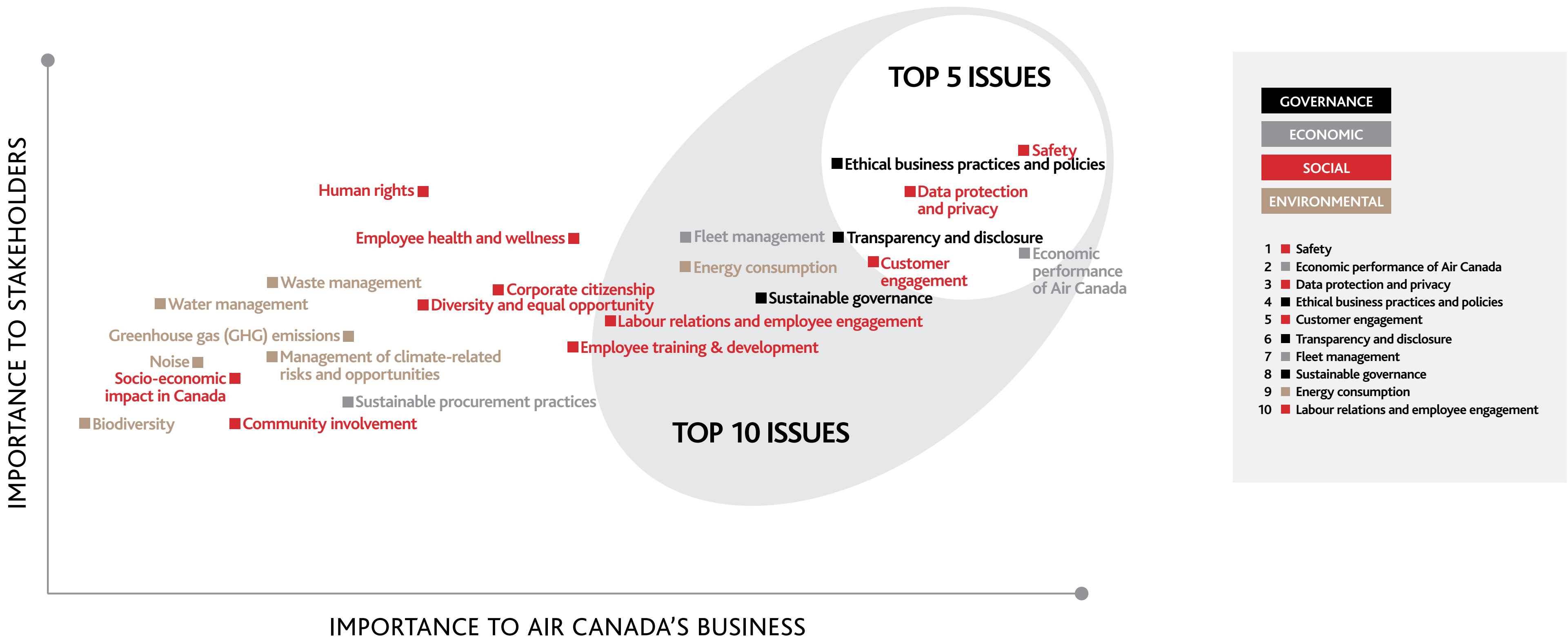
Corporate Sustainability at Air Canada

MATERIALITY MATRIX

In 2018, following the disclosure framework from the GRI, we undertook an assessment to identify the governance, economic, social and environmental issues deemed material by external stakeholders and for the Company. Rankings were based on input from stakeholders collected through interviews, workshops and surveys. Relevant sustainability topics for Air Canada were then matched with material topics from the GRI and prioritized using the Principles of Materiality

and Stakeholder Inclusiveness. The results from this materiality assessment are identified in our materiality matrix and were reviewed and used for our 2020 report.

In this report, materiality refers to the relative significance of environmental, social, governance and economic priorities for, and their impacts (positive and negative) on, our business and our stakeholders in the context of sustainability.





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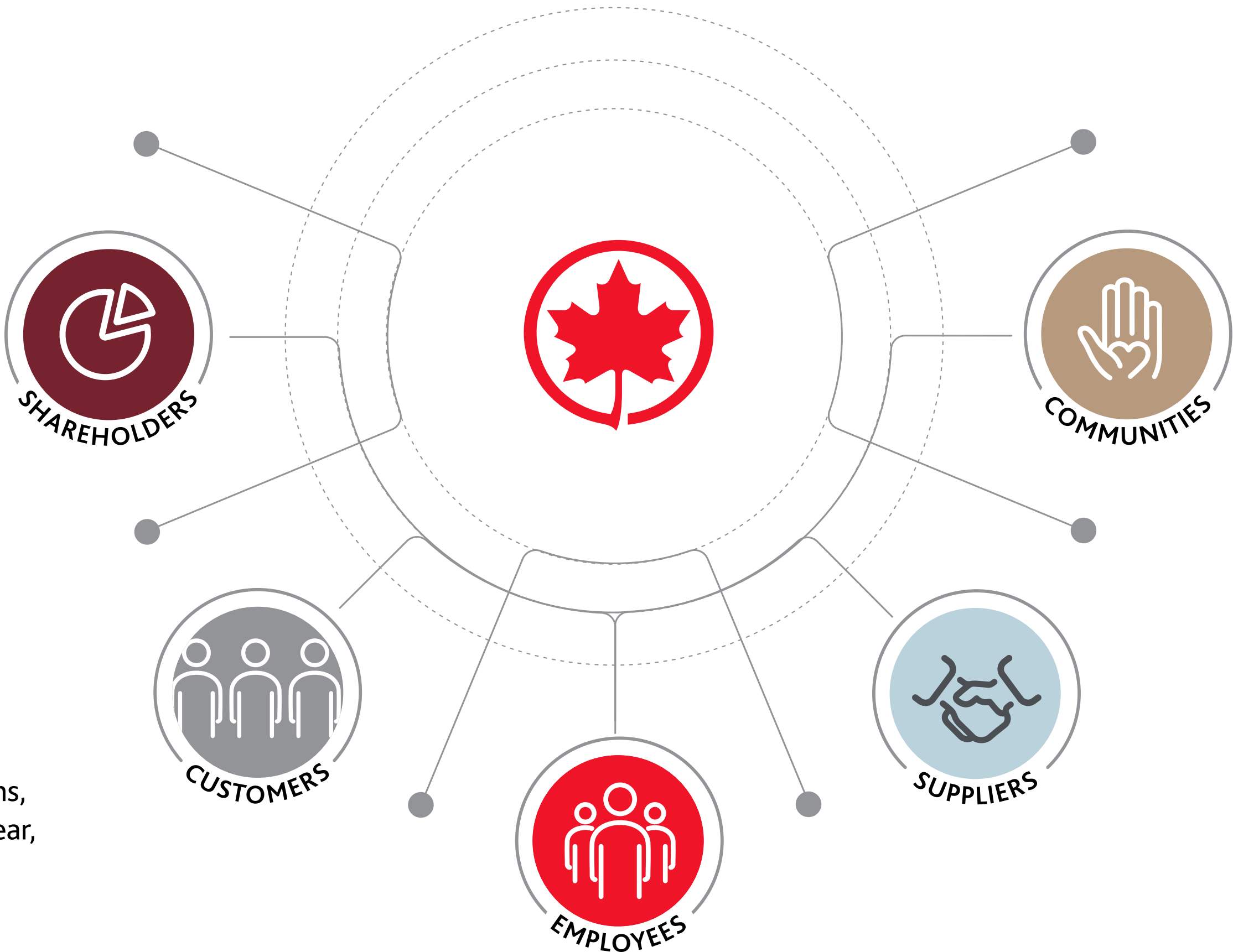
Stakeholder Engagement

In 2020, we engaged with our stakeholders through dialogue, meetings, surveys, correspondence, focus groups, social media and virtual conferences.

Our employees provided feedback and engaged in dialogue through various platforms in addition to regular surveys conducted by the Company to measure our safety culture and employee engagement.

We conducted focus groups and customer interviews to help design new products and concepts. In early 2020, we paused our customer experience surveying during the peak of the COVID-19 pandemic, instead focusing our customer research on industry biosafety measures and standards. Customer experience surveying resumed in October 2020. The highest positive responses were about the airport and onboard experience. We surveyed Canadian travellers on a quarterly basis to understand their overall opinions and perceptions, including as to product, safety and our brand. Over the course of the year, we saw continued improvement in travellers’ emotional connection to Air Canada and rating of its functional attributes.

We continue to engage with traditional media and monitor all major social media accounts as we strive to persistently enhance the level of service that we offer our customers, some of whom prefer to provide feedback via those channels. We are dedicated to serving our customers by giving them up-to-date travel and Company information, addressing their concerns and complaints, as well as support with general inquiries. To improve financial stakeholders’ engagement, since 2013, we have held biannual investor conferences and regularly participate in conferences, including fireside chats, and we have maintained dialogue with our investors. Such conferences are expected to resume as travel restrictions ease. Annual conferences and regular discussions are also regularly held with our corporate customers. The Board also exchanges with shareholders on an annual basis.



Increasingly, businesses have been called upon to create value for all stakeholders on the basis that companies should no longer serve their business purpose and shareholders only. This framework fuels a purpose-driven strategy that considers the impacts on stakeholders such as customers, employees, suppliers and communities as well as the opportunities to create value for them. Continuous stakeholder engagement has enabled us to refine the foundation for our business and social purpose.

With this in mind, in 2020, Air Canada took an integrated approach to initiatives, aiming to use its assets and expertise to deliver shared value, both for our business and for society at large. This foundation is also the blueprint for Air Canada’s Corporate Sustainability Report.



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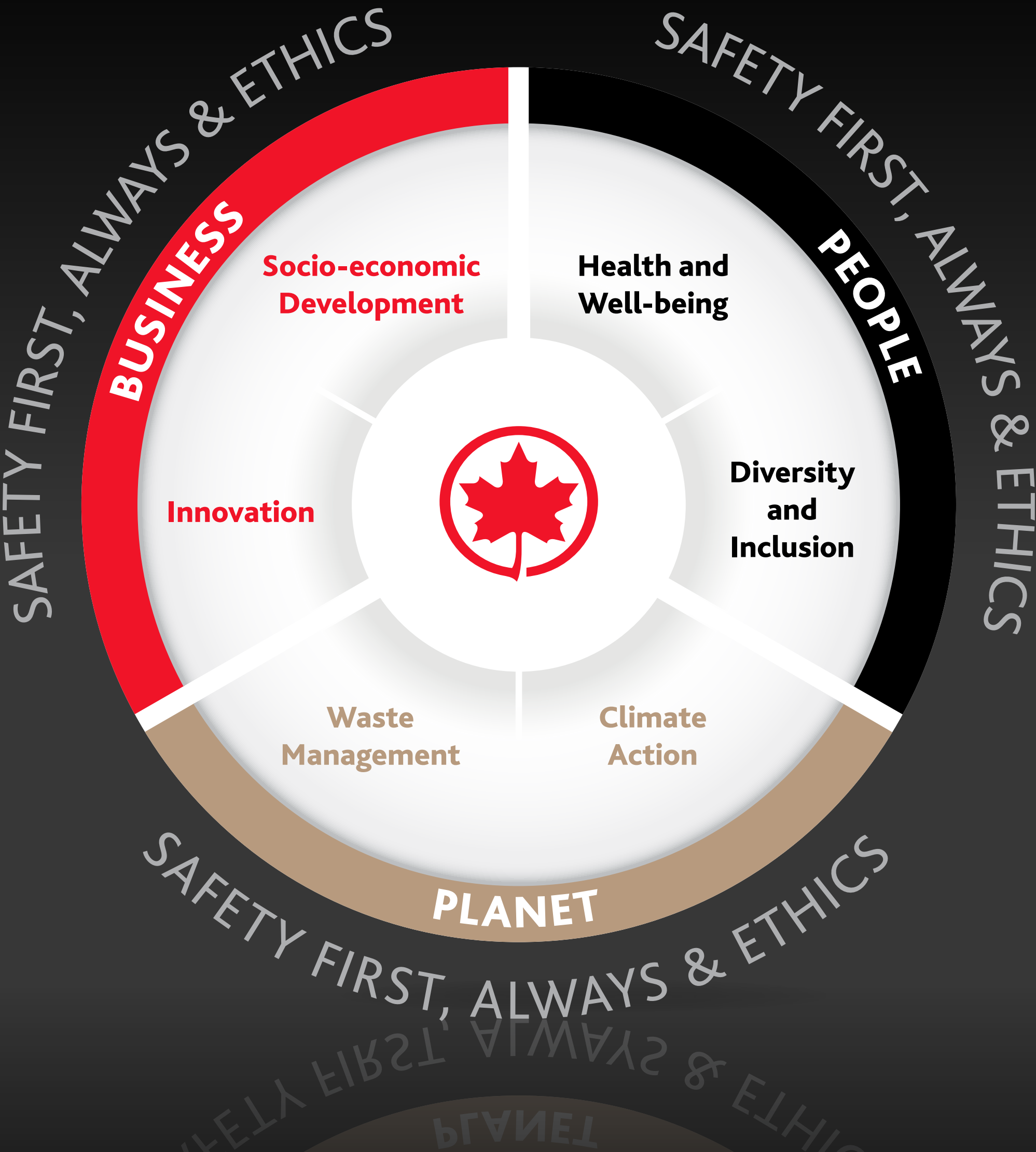
SUSTAINABILITY MISSION STATEMENT

At Air Canada, we aim to make meaningful connections and to care for and elevate one another, as Citizens of the World.

We know, as a global carrier, our activities can have an impact on our employees, our customers, the communities we serve and other stakeholders. As Citizens of the World, we aim — in everything we do — to integrate economic, environmental and social factors that we organize into three sustainability pillars:

Our Business, Our People and Our Planet.

Achieving sustainability requires that we continue to apply and develop principles and approaches to help us translate aspiration into action, such as looking at cost-effective measures even in the absence of certainty (i.e., precaution), using natural, social and economic resources in an responsible and efficient manner, fostering openness and transparency, embracing diversity, equity and inclusion, collaboration, and setting and meeting measurable targets that express what we want to achieve.





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Key Highlights

AEROPLAN 

 **AIR CANADA**

CLEANCARE+



amadeus
Altéa


UBY

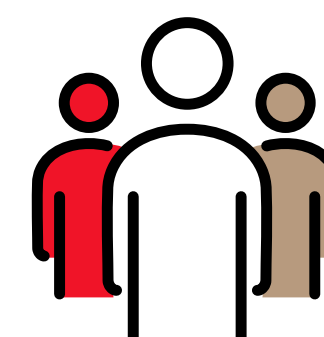


Carried nearly
10,500
Canadians and
residents home

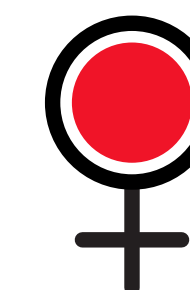


Offered more than
770,000 kg of food
from April to December
through food rescue efforts

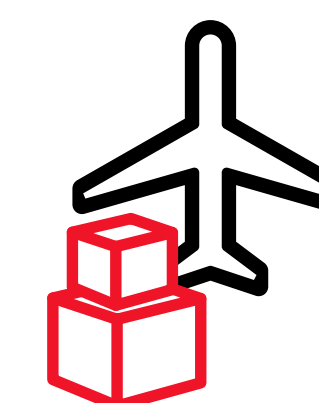
over **300**
employee
volunteers



\$2.4M
disbursed to Canadian
charities by the
Air Canada Foundation



33%
of the Board
are women



Expansion
of **Cargo**
operations



809 tonnes
of Air Canada
materials diverted
from landfill

Corporate
Waste Strategy
targets achieved

Long-term goal of
net-zero GHG emissions by 2050



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A message from Mike Rousseau, PRESIDENT AND CHIEF EXECUTIVE OFFICER

I am pleased to introduce our report on our sustainability efforts and their alignment with our sustainability mission statement. We present a holistic view of our efforts, governance and management approaches, organized through three sustainability pillars: Our Business, Our People and Our Planet.

Sustainability is often portrayed by reference to future, yet unrealized benefits. However, as I reflect on this past year's extreme turbulence, our commitment and continuing efforts toward sustainability helped to allow Air Canada and its people to respond to this uncertain and challenging environment. It accelerated innovation and other sustainability initiatives.

The best of Air Canada came through with its people giving the best of themselves. We identified the difficult areas we needed to act on and executed in preserving liquidity, leading the industry in biosafety protocols, and positioning ourselves to remain competitive over the long term.

The strong internal culture we built during the last decade was reinforced during the pandemic. It will now serve as a foundation to rise higher in the post-pandemic world and realize our goal to remain a sustainably profitable and leading global carrier. Our employees have shown boundless incredible finesse, courage and tenacity. I am grateful to them for their professionalism and commitment, and for their commendable ability, repeatedly, to overcome often cascading challenges. As I look ahead with them, I truly believe that there are brighter skies ahead.

The disruption caused by the pandemic and to our employees did not detract from serving our customers and meeting broader community needs. Our employees continued to welcome our customers with care and to bring them safely to their destinations, including through hundreds of repatriation flights. At the same time, our Cargo team moved essential personal protective equipment to Canada and around the world.

Air Canada's core value has long been Safety First, Always. This deeply ingrained approach to everything we do was applied during the pandemic, including in its very early days. Our strategic partnerships, innovative mindset and nimble culture fuelled and propelled our leadership in biosafety measures. Indeed, we quickly implemented a comprehensive biosafety program, CleanCare+, that earned us APEX's Diamond Status Certification. We were recognized for achieving hospital-grade levels of biosecurity across multiple passenger touchpoints.

Prioritizing safety also includes the wellness of our employees. The development and use of science-based tools were critical to a multi-layered approach to keeping our people safe at work. Our efforts began with testing and contact tracing in the workplace and have most recently included large-scale vaccination campaigns across Canada. Our airline's leadership position in using technology has enabled us to share our experience and knowledge in mentoring other Canadian companies as they scaled up similar initiatives. Internally, we also ran numerous programs and offered a wealth of resources to support the mental and physical well-being of our employees.

Our ongoing commitment to employees has been recognized. We were named one of Montréal's Top Employers for the eighth time and one of Canada's Best Diversity Employers for the sixth consecutive year. I am proud to see that despite the severe disruption of the COVID-19 pandemic, we are maintaining our strong employee culture. We have also worked on new initiatives to build on our efforts regarding diversity, equity and inclusion. A collaborative, diverse and inclusive culture is not only right, it is also essential to our recovery and future success.

We also completed key programs that will be foundational to our long-term success, including a new reservation system — Passenger Service System, Altéa — and the launch of the transformed Aeroplan Loyalty Program. These improvements, amongst others, will not only benefit customers, employees and other stakeholders, they will also bring long-term benefits such as generating efficiencies post-pandemic. We also accelerated our fleet renewal, removing certain older and less fuel-efficient passenger aircraft from our fleet while continuing to introduce modern, more customer-friendly, efficient and lower-carbon footprint Airbus A220 and Boeing 737 MAX aircraft.

Sustainable development is a cornerstone of our future success. Building on our ongoing sustainability efforts and achievements, we have recently committed to an even more ambitious and meaningful climate action plan that will support Canada's position on climate change, including a commitment of net-zero GHG emissions from all operations globally by 2050.

We invite you to follow us online through social media on **Facebook**, **Twitter**, **LinkedIn**, and **Instagram** where you will find sustainability announcements, stories, and updates. We also encourage you to share your thoughts and perspectives with us on these channels or via email at sustainability.developpement_durable@aircanada.ca.

Thank you for your continued trust in Air Canada.



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Sustainable Culture

At the heart of Air Canada’s culture is its overriding value: Safety First, Always. This is the foremost consideration of everyone at Air Canada in everything we do. Air Canada also recognizes that fundamental to its success is sustainable development, which must be embedded in Air Canada’s culture. Culture enables and drives sustainability in various ways and at various levels: it influences long-term behaviours, builds identity, encourages innovation and contributes to sustainable management practices. Air Canada’s culture has also been critical to the organization’s agility, i.e., its ability to navigate and adapt to the COVID-19 pandemic quickly and continually while maintaining our commitment to safety. Air Canada’s culture is what drives our actions for people, the business and the planet. We believe sustainability can be integrated into our culture of safety as a natural extension thereof: these two values complement each other.

The following is an overview of Air Canada’s environmental and social achievements in 2020, a year singularly dominated by the severe impacts of the COVID-19 pandemic, as well as a preview of certain objectives for 2021 and beyond. This overview is presented through Air Canada’s three sustainability pillars: Business, People, Planet.





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COVID-19 MITIGATION AND RECOVERY PLAN

- Activated a Pandemic Taskforce in early January.
- Developed and launched the industry-leading Air Canada CleanCare+ program.
- Implemented self-imposed customer and employee health checks and mandatory face covering.
- Launched TouchFree Bag Check.
- Reinforced medical and testing collaborations and developed new medical relationships.
- Introduced optional facial biometrics recognition tools to assist in boarding.
- Offered complimentary Manulife COVID-19 travel insurance and other special benefits and accommodation for Aeroplan Members.
- Continued to respond to Transport Canada, IATA/IOSA requirements and mitigated risks to the organization.
- Maintained approximately 50 per cent of its workforce despite the severe impact of the COVID-19 pandemic, the government-imposed travel restrictions and the significant drop in customer traffic compared to 2019 levels.



BRINGING CANADIANS HOME

Air Canada operated special flights to bring nearly 10,500 people home as the COVID-19 pandemic set in.



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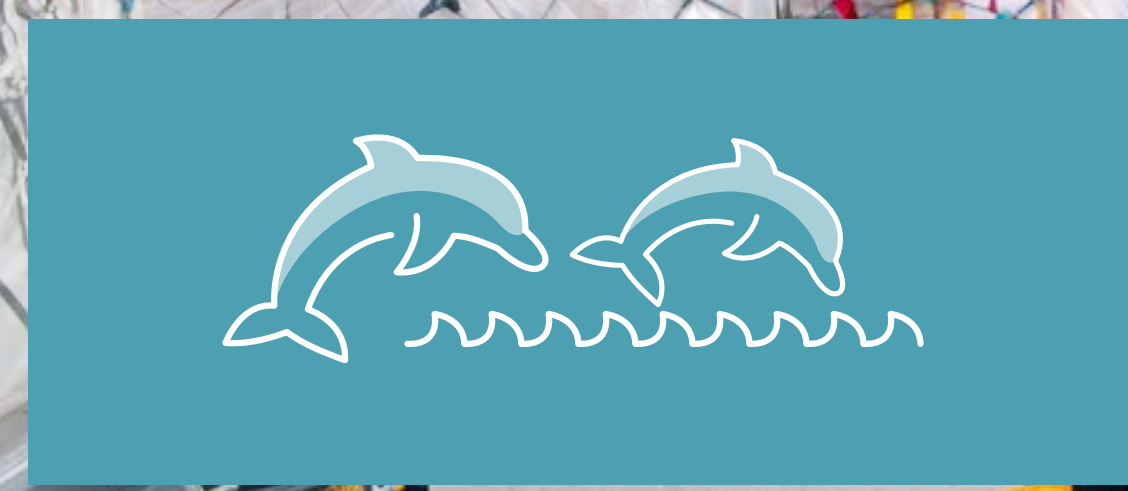
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EXPANDING AND MODIFYING CARGO OPERATIONS

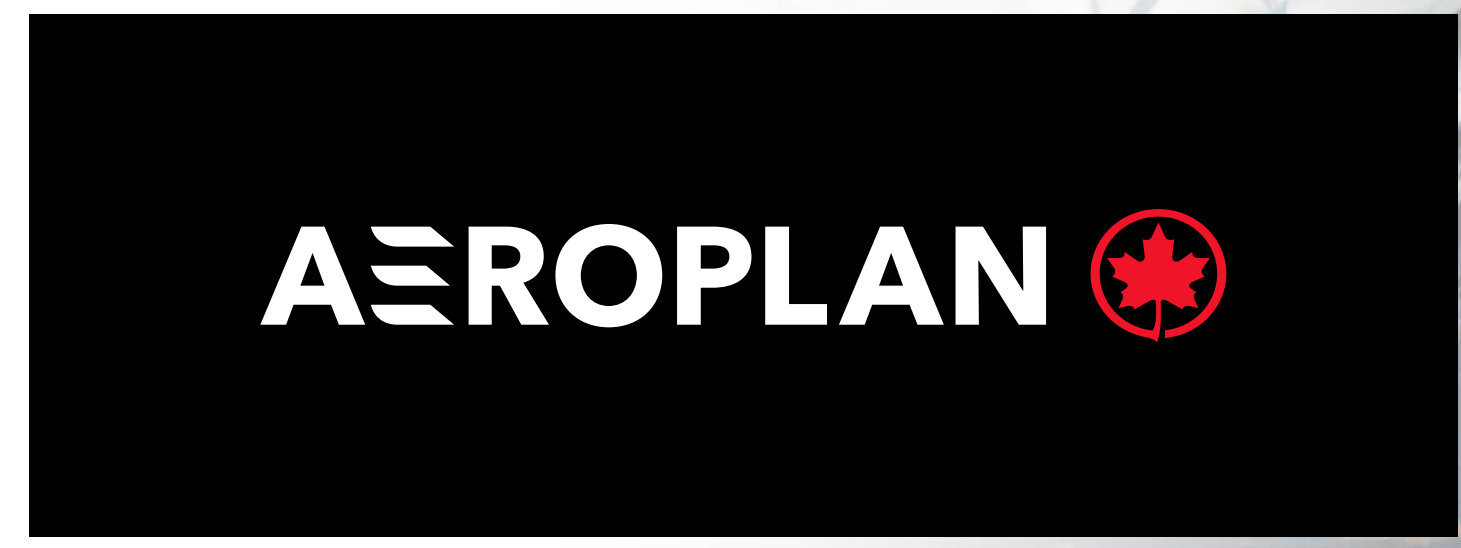
Operated more than 4,000 cargo-only flights.

Air Canada Vacations continued efforts with suppliers and hotel partners to **REDUCE ACTIVITIES RELATED TO ATTRACTIONS INVOLVING DOLPHINS.**



In addition:

- It reached an agreement with ACPA (the union representing its pilots) to allow for expanded cargo operations.
- It retrofitted aircraft and gained Transport Canada approval to convert passenger aircraft to all-cargo flights.



TRANSFORMED AEROPLAN LOYALTY PROGRAM





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2020 COVID-19 PANDEMIC RESPONSE



- COVID-19 rapid screening program in partnership with the Creative Destructive Labs Rapid Screening Consortium.
- Trial application of COVID-19 contact tracing technology in selected Toronto facilities, using the Bluetooth-enabled TraceSCAN app and wearable technology developed by Canada-based Facedrive Inc.
- Telework policy for employees.
- Guidance for Safe Workplaces during COVID-19.
- COVID-19 Guidelines for employees.
- COVID-19 Manager Guide for management.
- Leadership in COVID-19 training series.
- Weekly COVID-19 communications in collaboration with Cleveland Clinic Canada for all employees.



NEW INTERACTIVE TRAINING PROGRAM USING GAMIFICATION METHODS

Introduced to training materials for hazard identification.

CLOSE TO 170 DIGITAL LEARNING COURSES for career and self-development

THE VIRTUAL REALITY BACK INJURY PREVENTION PROGRAM

Leveraging technology to provide a new training experience for employees.

CONDUCTED THE CORPORATE SAFETY CULTURE SURVEY validating a strong safety culture.





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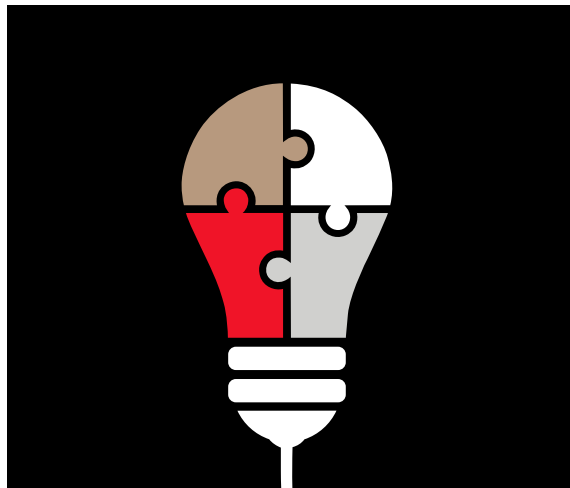


2020 ACHIEVEMENTS People

ENGAGED WITH PARTNERS AND SUPPORTED COMMUNITIES by distributing in-kind support, carrying out fundraising initiatives and granting financial support to Canadian-registered charities.



EXPANSION OF UNLOCK THE BEST IN YOU, AIR CANADA'S CORPORATE WELLNESS PROGRAM including virtual cognitive behavioural therapy for employees and their families.



DIVERSITY AND INCLUSION INITIATIVES

- Performed an employee survey and conducted focus groups on diversity and inclusion.
- Committed to the BlackNorth Initiative CEO Pledge.
- Presented Judy Cameron and Indspire scholarship awards to deserving students.
- Supported the Pinball Clemons Foundation bursary for people of colour.
- Sponsored Women in Aviation (WIA) – A Day in Aviation, an event where more than 30 young women from an all-girls school focused on science, technology, engineering and mathematics (STEM) to

- encourage them to consider the aviation industry as a career choice.
- Met with more than 600 Indigenous students at Soaring, Indspire's Indigenous Youth Empowerment Gathering, to discuss and explore post-secondary and career opportunities for students.
- Made history on March 5, 2020, with flight 167 to Edmonton from Toronto – first transcontinental flight operated by an all-female crew and guided by all-female Nav Canada air traffic controllers.





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AIR CANADA CONTINUED TO ADVANCE ITS ENVIRONMENTAL INITIATIVES AND REDUCE ITS CARBON FOOTPRINT

- Achieved pre-pandemic, 2020 Corporate Waste Strategy targets.
- Installed electric chargers for ground support equipment (GSE) in Montréal.
- Attained IEnvA stage 2 certification for its Environmental Management System.
- Signed the Buckingham Palace Declaration and attaining International Air Transport Association (IATA) Illegal Wildlife Trade (IWT) certification for cargo operations.
- Repurposed 809 tonnes of Air Canada materials, avoiding sending them to landfills.
- Made socially responsible items available for sale through the Aeroplan eStore.
- Reduced the number of printed brochures at Air Canada Vacations by 60 per cent (year over year) and engaged with partners to do the same.





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Air Canada’s vision for its recovery

To restore and rebuild towards its global champion ambition — is predicated on leveraging the solid foundation it has built over the past several years, which will be the propeller of Air Canada’s success as it seeks to recover from the impact of the COVID-19 pandemic and government-imposed travel restrictions.





FUTURE-FOCUSED OBJECTIVES

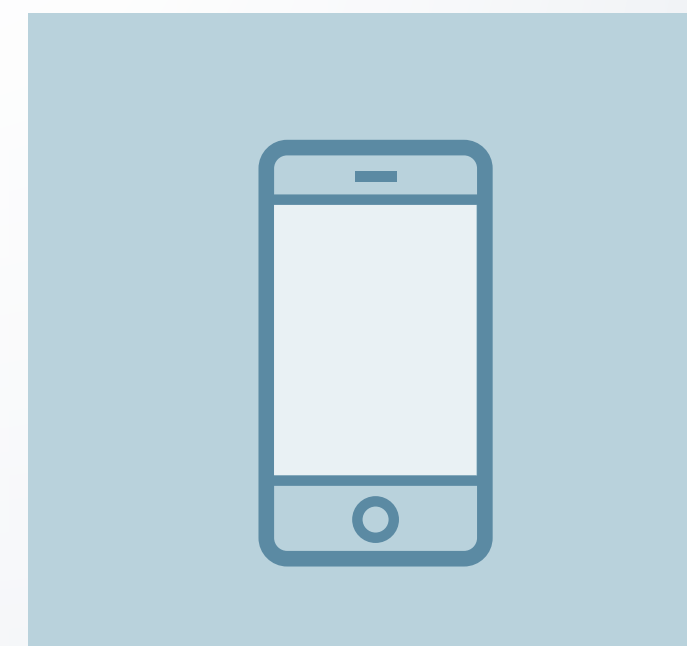
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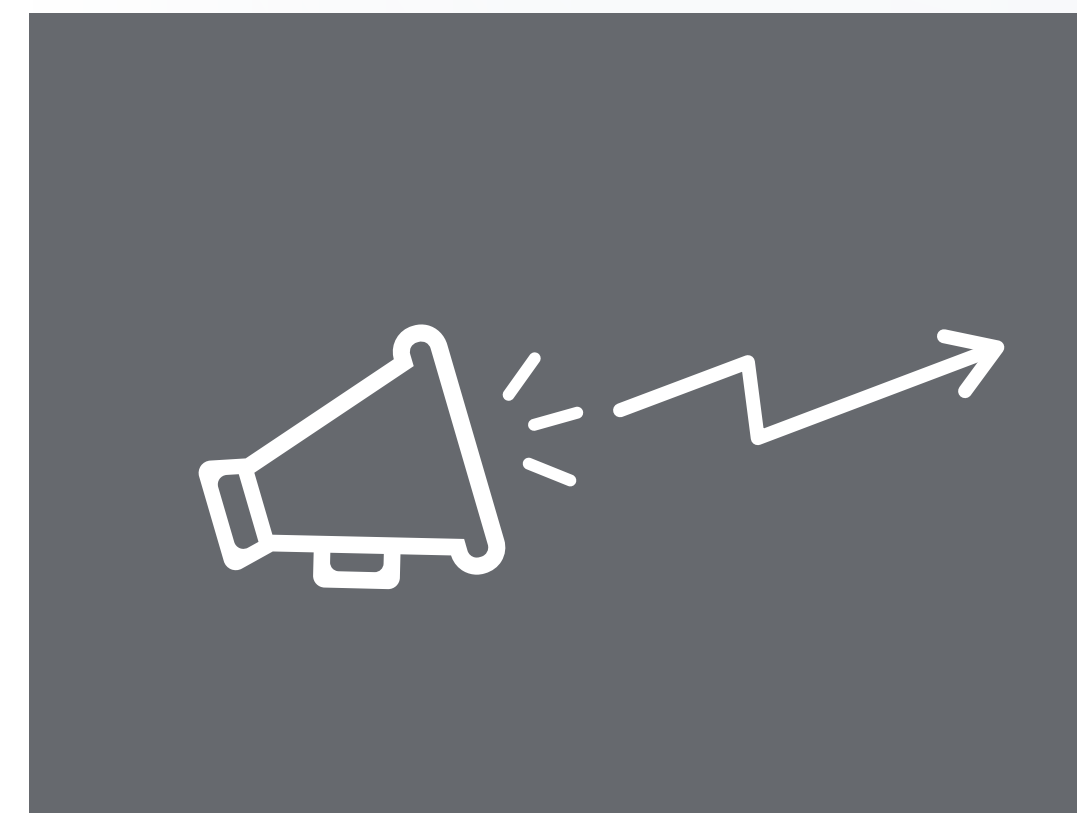
INCLUDE SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) STANDARDS in 2021 Corporate Sustainability Report.

ADVANCE SUSTAINABLE PROCUREMENT PRACTICES

UN COMMUNICATION ON PROGRESS



BUILD CUSTOM BUSINESS APPS for monitoring of injuries and success of mitigation programs.



IMPLEMENT THE 2020–23 LINGUISTIC ACTION PLAN to further Air Canada's official languages maturity.



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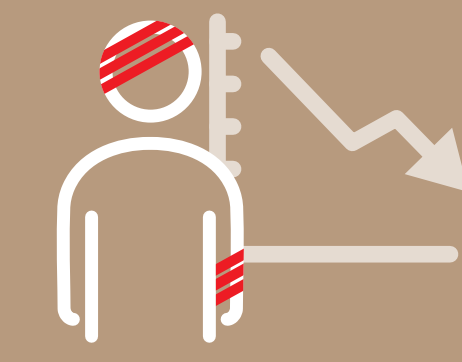
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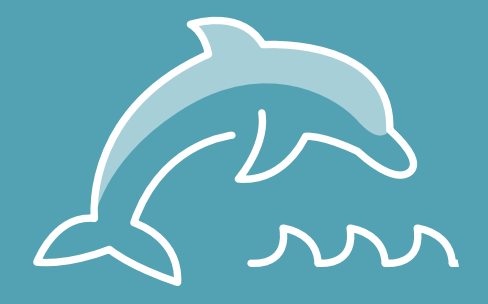
REDUCE LOST-TIME INJURIES
(per 10,000 flights)
by eight per cent
from 2020 levels.



CONTINUE TO PROMOTE AIR CANADA'S SAFETY FIRST, ALWAYS, CULTURE through key objectives that focus on risk management and reporting, the safe reintroduction of the Boeing 737 MAX, cargo operations, and new routes, equipment, initiatives and projects.



Continue to support and promote **COVID-19 BIOSAFETY COMPLIANCE AND MEASURES.**



ENHANCE SUSTAINABLE TOURISM PRACTICES by training employees on such practices and raising customer awareness about responsible excursions.





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CONTINUE TO PROMOTE AND IMPROVE RESOURCES, TOOLS AND PROGRAMS for employees' development, engagement and well-being.

CONTINUE TO HELP COMMUNITIES IN NEED FROM COAST TO COAST, through in-kind donations, employee volunteering, fundraising or special initiatives.



Act on our pledge that **3.5 PER CENT OF EXECUTIVE AND BOARD ROLES BASED IN CANADA BE HELD BY BLACK LEADERS BY 2025.**

IMPLEMENT A DIVERSITY AND INCLUSION LEADERSHIP COUNCIL

ENGAGE WITH CUSTOMERS WITH ADAPTED OFFERINGS as the ability to travel gradually returns.



DEEPEN COMMUNITY RELATIONS by supporting socio-economic development as well as organizations focused on innovation, health and wellness, diversity and inclusion, official languages and the environment.






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Evolve the next set of **CORPORATE WASTE STRATEGY TARGETS.**

IMPLEMENT A WATER CONSERVATION PROGRAM



ADVANCE AIR CANADA'S CLIMATE CHANGE STRATEGY


INCORPORATE THE "TCFD" FRAMEWORK IN CLIMATE-RELATED REPORTING



Continue advancing Air Canada's **IENVA CERTIFIED ENVIRONMENTAL MANAGEMENT SYSTEM.**

- **2050 goal:** net-zero GHG emissions from all Air Canada operations
- **2030 targets:**
 - 20 per cent absolute GHG reductions from air operations compared to 2019
 - 30 per cent absolute GHG reductions from ground operations compared to 2019
- Investments in sustainable aviation fuels and carbon reductions and removals

DEMONSTRATE COMMITMENT TO THE BUCKINGHAM PALACE DECLARATION through specific activities designed to raise awareness of illegal wildlife trafficking.





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Air Canada's primary business is to connect people to Canada and the world. Despite the unprecedented challenges of 2020, we remained committed to this mission, supporting the needs of our communities, expanding our Cargo operations to deliver essential goods, and keeping our customers safe when travelling to their destinations. Our goal to become a leading global airline persists, as we plan for the sustainable and safe recovery of our industry, thus continuing to create shared value for our stakeholders and prioritizing the safety and well-being of our customers, employees and communities.

Please refer to Air Canada's public disclosure file, available through www.aircanada.com and on SEDAR, including its year-end 2020 and second quarter 2021 **Management Discussion & Analysis** of Results of Operations and Financial Condition (MD&A), for discussions of the efforts deployed to preserve the sustainability of the business in response to the impact of the COVID-19 pandemic.



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Ethical business practices

Enterprise risk management

Organizational Compliance

Value Chain

Privacy and Cybersecurity

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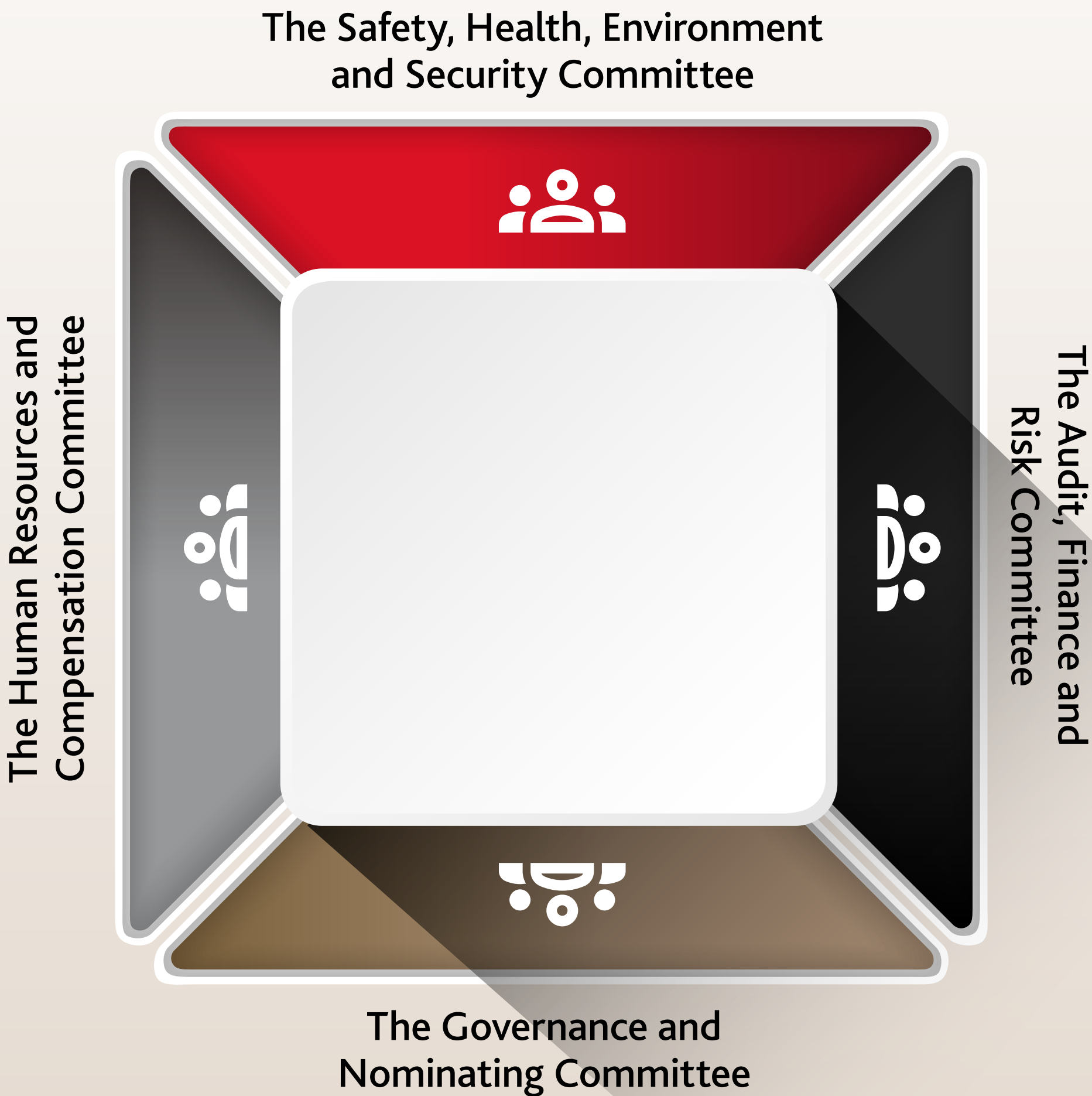
Air Canada is governed by a 12-member Board of Directors committed to meeting high standards of corporate governance in all aspects of the Company’s affairs.

The Air Canada Board of Directors has four standing committees:

All committees of the Board are composed of independent directors. The roles and responsibilities of each committee are set out in formal written charters. These charters are reviewed annually to ensure they continue to reflect best practices as well as applicable regulatory requirements.

ESG practices are integrated in Air Canada’s business and inform decision-making. Corporate sustainability initiatives are identified and coordinated through a Corporate Sustainability Working Group and a Corporate Sustainability Steering Committee. The Corporate Sustainability Working Group, comprising senior management subject matter experts from diverse functions, is tasked with the coordination and monitoring of Air Canada’s corporate sustainability initiatives. The Working Group reports on the progress of these initiatives to the Steering Committee, which includes several executives.

The board has four standing committees:





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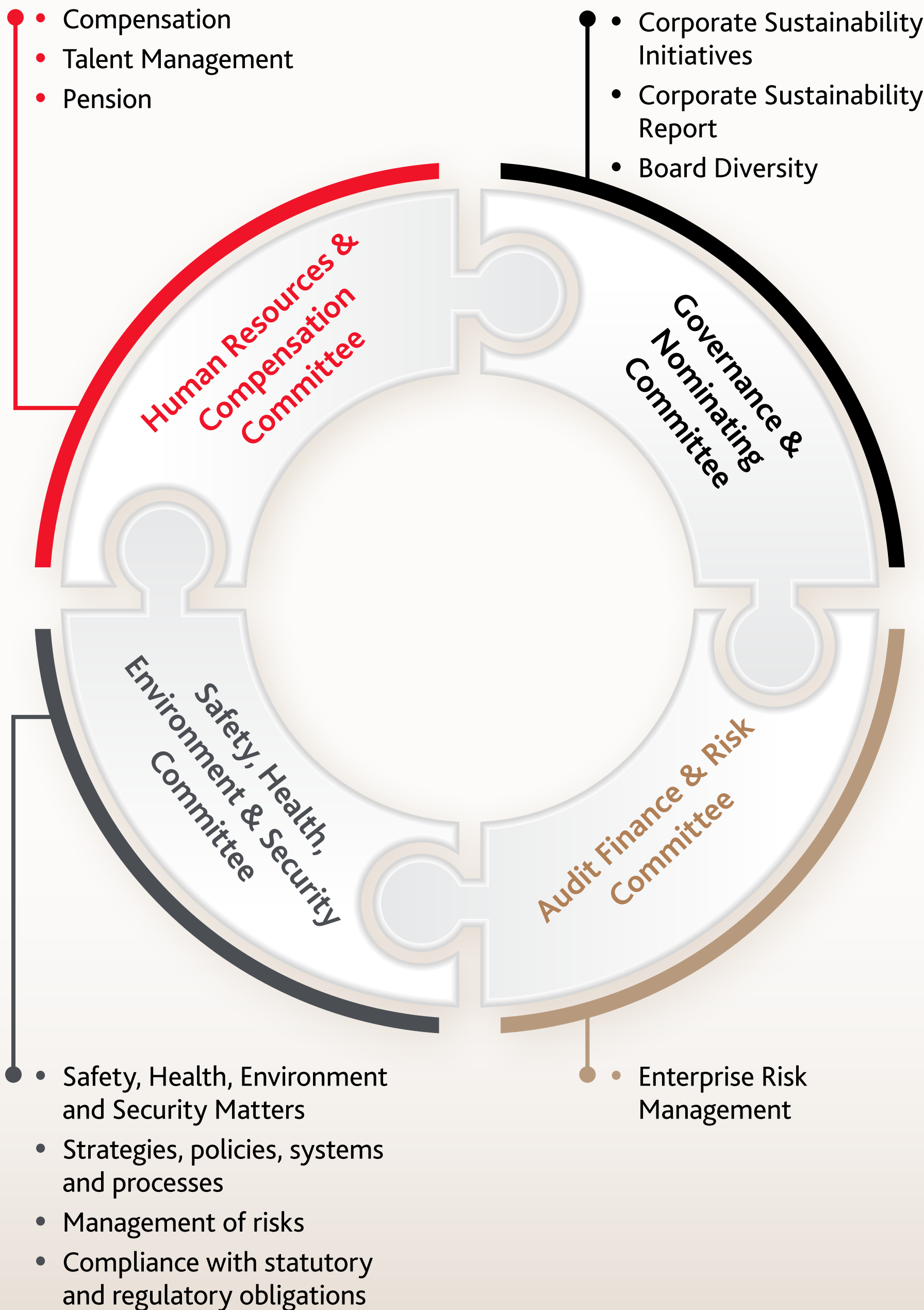
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The Board committees have responsibilities for different areas related to ESG:

- Corporate sustainability initiatives are reported to the Governance and Nominating Committee, which reviews and recommends the annual Corporate Sustainability Report and Company policy relating to the Company’s commitment to corporate social responsibility. The committee also reviews the Board’s Diversity Policy annually and makes recommendations to the Board.
- Risks that may be material to Air Canada are identified and monitored on an ongoing basis through Air Canada’s Enterprise Risk Management (ERM) Program. The Audit, Finance and Risk Committee regularly provides insights to the Board and has specific oversight responsibilities on Air Canada’s enterprise risks. Other committees also play a role in the oversight of specific risks within their mandates.
- The Safety, Health, Environment and Security Committee assists the Board in the discharge of its oversight responsibilities concerning safety, health, environment and security matters, such as (i) strategies, policies, systems and processes of the Company and its subsidiaries; (ii) management of risks relating to safety, health, environment and security matters; and (iii) compliance with statutory and regulatory obligations.
- The Human Resources and Compensation Committee assists the Board in the discharge of its responsibilities in the field of human resources and compensation. These include oversight of compensation philosophy and policies, major compensation programs, succession plans, key talent management strategies and practices, and certain employee and pension matters.





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Ethical Business Practices

Sound business practices and ethical behaviour are fundamental to Air Canada’s risk governance culture. We have in place our Corporate Policy and Guidelines on Business Conduct (Code), which was last updated in February 2021. The Code applies to all directors, officers and employees of Air Canada and its wholly owned subsidiaries, to the extent that policies and guidelines have not been adopted separately by them. The Code addresses, among other things, conflicts of interest, use of Company assets, confidential information, fair dealing with other people and organizations, compliance with laws, rules and regulations, employment policies, computer, email and Internet policies, and reporting actual or potential misconduct or violations of the Code.

All employees of Air Canada (and wholly owned subsidiaries that have not adopted their own policies and guidelines) are advised of the Code. All

employees have a responsibility to understand and follow the Code. On an annual basis, members of management are required to follow a brief training module and complete an acknowledgment form to confirm they have read the Code and will follow its terms and undertake to promote the guidelines and principles of the Code and take all reasonable measures to ensure employees under their supervision fully comply with the Code. All members of the Board also complete an acknowledgement form to confirm they have read the Code. The Code also includes guidance on how employees can report actual or potential misconduct on an anonymous basis including through an independent confidential reporting system. The system provides an online reporting portal, as well as toll-free telephone lines for Canada and several locations around the world. Retaliation in any form against anyone who reports a violation of the Code in good faith is prohibited.



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Enterprise Risk Management

The management of opportunities and risks is an integral part of Air Canada’s business processes. Strategic decisions are made by the executive team with consideration of risk implications to the business and its stakeholders. Risks that may be material to Air Canada are identified and monitored on an ongoing basis through Air Canada’s Enterprise Risk Management (ERM) Program. This is then used by the General Compliance Officer to provide insight on a regular basis to the Board of Directors through the Board’s Audit, Finance and Risk Committee, which has specific oversight responsibilities on the Company’s enterprise risks. For more information about Air Canada’s enterprise risk management and governance, please see our **2020 Annual Report**.

Air Canada’s ERM framework has been developed to support governance and oversight of the Company’s most important strategic risks and is aligned with the ISO 31000 standard and the Committee of Sponsoring Organizations of the Treadway Commission (COSO) ERM 2017 framework. Formal policies and management committees are in place to manage specific risks such as safety, security, fraud, information security, privacy, the environment and fuel price.





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Organizational Compliance

We have a General Compliance Officer (GCO) responsible for the oversight of compliance programs. The GCO manages a comprehensive annual compliance risk assessment process, methodology and related working tools for evaluating and measuring material legal, compliance, policy and contract risks. Such risks are then managed through an annual compliance plan and progress is reported on a quarterly basis to the Board’s Audit, Finance & Risk Committee. Air Canada’s integrity and compliance standards are further promoted by detailed policies, guidelines and training programs, which are verified or audited, as required.



ANTI-CORRUPTION AND FRAUD PREVENTION

One of the important potential risks identified through our risk assessment process is ongoing compliance with anti-corruption laws and regulations. Compliance efforts have evolved significantly through the development of a specific comprehensive Anti-Corruption Compliance Program, which includes:

- Identifying higher risk business activities and functions.
- Conducting interviews and focus group sessions on antibribery risks and practices.
- Maintaining a global Anti-Corruption Policy and guideline documents.
- Establishing a communication plan and a tailored Risk-based Training Program (comprising targeted in-person training sessions for executives and selected groups that deal in more sensitive areas, as well as general awareness training for management employees).

On a periodic basis, Air Canada conducts a legal and compliance risk assessment exercise that includes corruption risk; performs due diligence exercises to support our undertakings to third parties; and monitors or audits specific compliance elements related to anti-corruption.

A Fraud Prevention Committee is responsible for monitoring the general state of fraud management, including new and emerging trends and risks, and the performance of company-wide fraud mitigation structures and patterns.

COMPETITION

Competition law compliance is a continuous area of focus due to profound changes the industry experienced because of deregulation, liberalization and globalization, and the proliferation of new competition law regimes globally. Compliance efforts are embedded in our management system and include policies, specific guidelines and regular targeted training. Periodic monitoring of such measures is conducted to improve information retention and behaviour modification. Employees are made aware that the potential impacts of non-compliance may be material and may include substantial regulatory penalties and sanctions, private damage actions and criminal penalties against Company officers, directors and other personnel.



In 2020, no material anti-corruption risk sensitivities were reported or identified. Continued efforts were devoted to increasing education and awareness on potential risks related to corruption, fraud, conflicts of interest and insider threats, including in new destinations for jurisdictions with higher corruption risk.



HUMAN RIGHTS

Respect for human rights is a fundamental value at Air Canada that is reflected throughout its policies, procedures and activities. We are committed to maintaining an environment for our employees and customers, which protects and promotes fundamental human rights. Air Canada upholds human rights in its relationships with employees, suppliers and other business partners; we expect them to avoid causing or contributing to any human rights infringements through their actions.

We recognize our ongoing responsibility to ensure appropriate measures are implemented to mitigate the risk of slavery and human trafficking in our operations, either directly or through our service providers or community partnerships. Air Canada’s **Modern Slavery Statement** outlines our commitment, policies and initiatives in this regard.

Air Canada has a zero-tolerance policy when it comes to workplace harassment, violence and discrimination. In 2020, the airline worked diligently to prepare its employee training and applicable resources for compliance with new Canadian legislation effective January 1, 2021, surrounding training on workplace harassment and violence. To further support this training, the Company has been working on establishing a resource library composed of videos, training modules and reference documents to support branches of the Company. The resource library is expected to be accessible for employees in late-2021.

Air Canada continues to develop new training surrounding workplace human rights and harassment prevention that will be rolled out to unionized and management employees in 2021.

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Value Chain

Air Canada works with various suppliers worldwide. The Company has more than 7,800 individual suppliers and, in 2020, spent close to \$2.5 billion on products and services from Canadian suppliers alone, excluding labour, and had a total supplier spending of roughly \$5 billion.

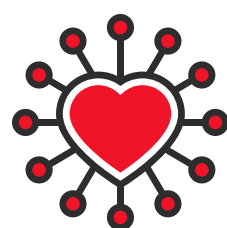
The COVID-19 pandemic significantly impacted suppliers and related jobs in 2020, contrary to 2019 that saw support for almost 40,000 high-paying jobs, plus another 190,000 jobs indirectly in the critical aerospace sector.

Approximately 59 per cent of Air Canada’s suppliers are Canadian, 21 per cent are in the United States, and the remaining are in other parts of the world. Air Canada endeavours to source locally wherever commercially feasible.

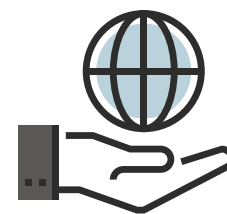
Air Canada currently has two human rights components in its strategic procurement process including clauses related to human rights within the Supplier Code of Conduct, which suppliers are expected to respect, and a one-time risk assessment inclusive of human rights screening, which is conducted prior to the execution of strategic procurement agreements.

SUPPLIER CODE OF CONDUCT

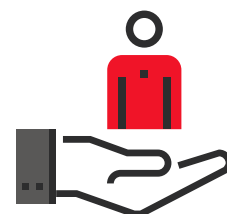
Air Canada has developed a Supplier Code of Conduct (SCC), which forms an integral part of Air Canada’s material supplier contracts. The SCC is principle based and sets out our expectations of suppliers to ensure their behaviour aligns with Air Canada standards in the following key areas:



Business integrity



Responsible business practices



Responsible treatment of individuals



Respect for the environment

The SCC includes provisions relating to forced labour, child labour, non-discrimination and human rights, safe and healthy employment conditions and ethical behaviour.

We are committed to working in partnership with our suppliers to help ensure adherence to the SCC. Suppliers may be asked periodically to confirm in writing that they meet our expectations as set out in it. Certain audit rights are also available. The SCC is reviewed regularly.



PRACTICES INTEGRATED IN THE VALUE CHAIN

In 2019, Air Canada and subsidiaries (including Air Canada Vacations) made the commitment to no longer sell or promote packages to, or generate revenue from, attractions that involve the captivity of current or future generations of dolphins.

In 2020, Air Canada Vacations further acted on these commitments, working with its suppliers and contracted hotels to continuously reduce the practice of keeping dolphins in captivity.

In addition, and further to the SCC, Air Canada is looking to restate its Procurement Policy to integrate its ESG priorities and sustainability principles going forward.



Complementing Air Canada’s commitment to disclosing its environmental, social and governance performance and commitments through its annual *Citizens of the World* report, Air Canada takes part in an ESG assessment conducted by EcoVadis. In 2020 (based primarily on 2019 data), Air Canada ranked in the 92nd percentile and was awarded a silver medal for its performance. The EcoVadis analysis covers four general themes: environment, labour and human rights, ethics and sustainable procurement.



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Privacy and Cybersecurity

When we talk about Safety First, Always, this extends to privacy and cybersecurity. We are committed to protecting our customers’ and employees’ personal information and their right to privacy. **Air Canada’s and Aeroplan’s privacy policies** describe how we collect, use and disclose personal information. It also describes the rights of individuals over that information. Our Privacy Compliance Office is responsible for overseeing what we do with the information and for monitoring compliance with this policy and data protection laws.

Air Canada has developed a cybersecurity framework and continues to implement its privacy action plan to improve its privacy maturity and cyber security resilience.

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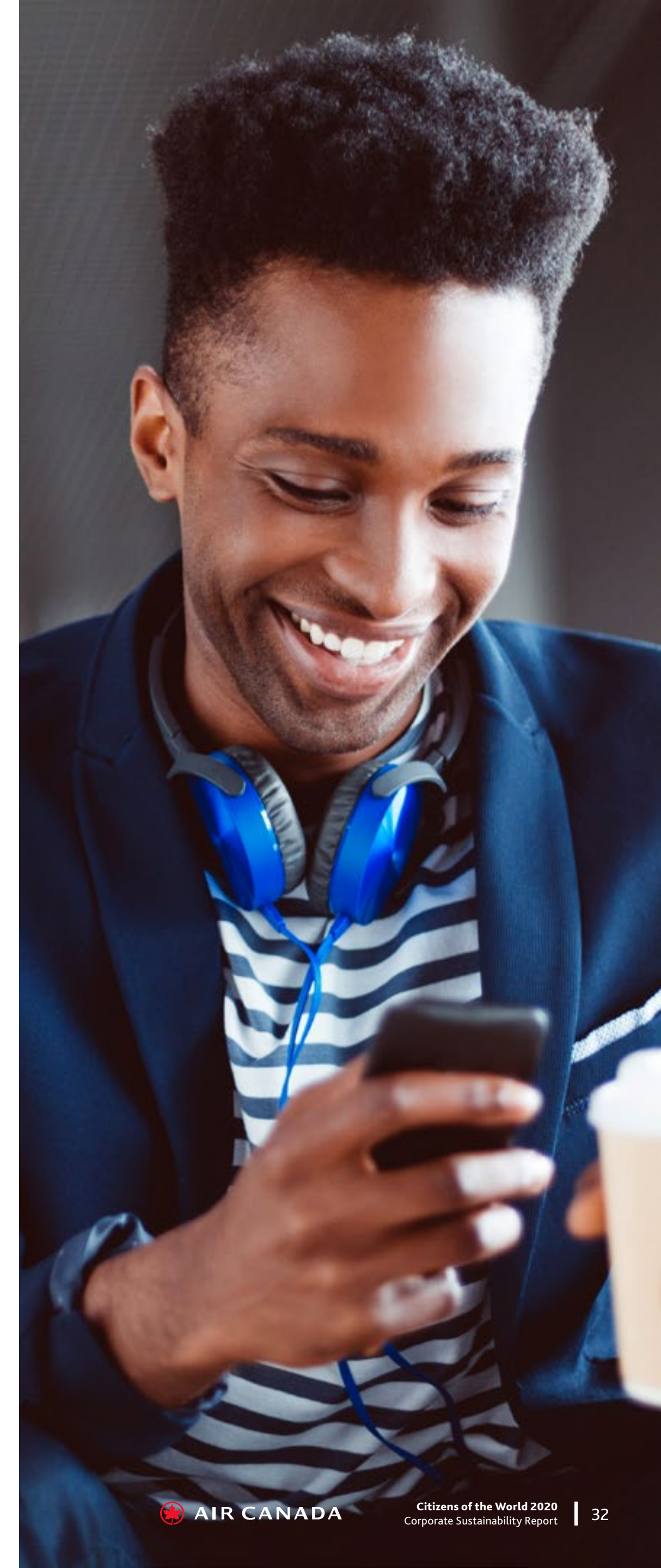
As discussed in **section 17 “Risk Factors”** in **Air Canada’s 2020 MD&A**, Air Canada faces risks relating to cyber attacks. The cyber security threat landscape is highly dynamic and continually evolving; it is generally viewed that cyber attacks have and will continue to increase in both prevalence and sophistication. Protection of Air Canada’s infrastructure, applications and information repositories (systems) are central to the secure and continuous operation of the Company’s business. As part of its efforts to address the growing threat of cyber attacks, Air Canada invests in security initiatives that include technology, processes, resourcing, training, disaster recovery plans and regular testing and benchmarking against best practices. We address evolving threats through advanced persistent threat detection, cyber assurance activities performed by external third parties (e.g., vulnerability assessments, penetration tests, table-top exercises), and fraud management. Further, there is continuous sharing of threat intelligence between Air Canada and various organizations including airport authorities and other airlines (e.g., Aviation Information Sharing and Analysis Centre (A-ISAC), Retail & Hospitality Information Sharing and Analysis Centre (RH-ISAC), Royal Canadian Mounted Police (RCMP), Canadian Centre for Cyber Security (CCCS), International Civil Aviation Organization (ICAO) and IATA).

As part of our third-party risk management process, we seek to ensure that our vendors have effective cybersecurity controls that are aligned with Air Canada’s best practice cybersecurity policies and standards.

Privacy efforts are focused notably in the areas of policies governance, vendor privacy risk management, record of processing activities, privacy impact assessments and data subject rights management. As part of its security efforts, Air Canada implemented a Multi-Factor Authentication Program for employee and customer-facing applications. Internal controls and Payment Card Industry Data Security Standard (PCI DSS) controls are assessed annually.

At Air Canada, our commitment to keep data secure and protect its integrity and confidentiality is everyone’s responsibility. Employees regularly receive reminders on the topic. Every October, we celebrate Privacy and Cybersecurity Awareness Month with a campaign that features weekly cybersecurity and privacy awareness themes to prepare employees better for existing threats and how to handle them at work or at home. On January 28, the date on which Data Privacy Day is recognized internationally, we reiterate the essential role of privacy to our stakeholders through various activities such as awareness campaigns, live stream events and other interactive initiatives.

The number of privacy-related complaints received in 2020 differs from prior years due to the reduced demand for our products and services. In 2020, Air Canada experienced no reportable breaches.





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Air Canada’s vision for its recovery is predicated on leveraging the solid foundations it has laid down over the past several years to restore its global champion ambition. This involves rebuilding a strong global network with a focus on hub-to-hub flying that provides seamless connectivity with Air Canada’s partners; delivering consistent and superior customer service; and diversifying the revenue base including through Aeroplan and Air Canada Cargo, the cargo division of Air Canada. Seeking and implementing measures to reduce costs and increase revenues remain key priorities. This is being advanced while we are mitigating the effects of the COVID-19 pandemic through a variety of strategic initiatives namely the airline’s fleet modernization, the expanded suite of branded-fare products, a renewed and improved loyalty program, the expansion of Air Canada Cargo and investments in technology.

As Air Canada prepares to welcome back employees and customers, several strategic tools will be critical to the rebuild of our airline.





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EFFICIENT FLEET

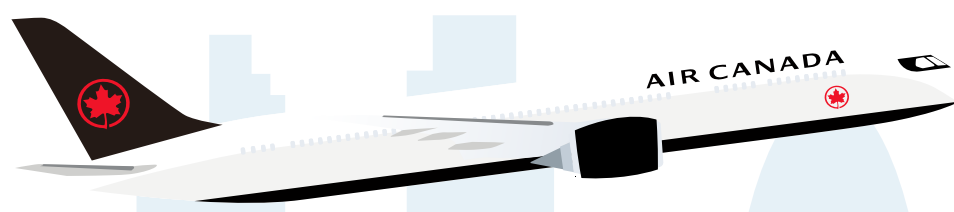
Our simplified, modern and efficient fleet is well structured to capture network opportunities as we begin to gradually rebuild. Our Boeing 787 aircraft remains the cornerstone of our international fleet, serving the hub-to-hub routes and select core markets that make up our current skeleton network. On the narrow-body side, we continue to take deliveries of the Airbus A220 aircraft and re-introduce our Boeing 737 MAX aircraft fleet back into service and welcome new deliveries. These aircraft are cost efficient and, overall, are expected to output roughly 20 per cent less carbon dioxide (CO2), and 50 per cent less nitrogen oxides, than the aircraft they replace. These aircraft represent the backbone of our fleet and will enable the re-development of our network, effectively serving domestic, transborder and international markets from our three strong Canadian hubs with a consistent onboard product.

TRANSFORMED AEROPLAN LOYALTY PROGRAM

In November 2020, Air Canada launched its transformed Aeroplan Loyalty Program designed to put the member experience first, with personalized, flexible and easy-to-use features. Offering exceptional value and allowing members to travel more and travel better, the new program offers a range of new benefits including improved value on flight rewards, access to every seat available on Air Canada flights with no cash surcharges, more options such as Family Sharing, new features for Aeroplan Elite Status and all-new Aeroplan co-branded credit cards.

Our new loyalty program was recognized as the “Best Up-and-Coming Program” in the Americas at the Freddie Awards, demonstrating the excitement our customers and members feel for the program’s transformation.

Learn more about the Aeroplan program at aircanada.com/aeroplan.



NEW TECHNOLOGIES

In May 2020, Air Canada completed Phase 2 of its Passenger Service System Program, having successfully migrated 55 airports to Altéa Customer Management, including all Canadian mainline stations. In preparation for migration, the project team at Air Canada conducted business rehearsals at 112 airports, testing over 2,000 check-in scenarios and 122 flight departures. The team also conducted technical rehearsals at 131 airports and tested, certified and deployed three new airport applications to more than 20,000 workstations across multiple vendors and environments. A new kiosk application was certified and deployed to over 4,500 airport kiosks, and the team conducted data and baggage integration and testing at more than 80 airports.

Finally, to prepare employees for deployment, 3,632 employees were trained and, in a matter of weeks, the refresher course was converted from a traditional in-class experience to a virtual one, with hundreds of laptops deployed across our network to facilitate the virtual training of more than 700 agents. A new app was also developed in a matter of weeks to support employees with quick access to the Altéa user guide.

As we look to our future, we have provided a foundation for our airline’s recovery and future growth with this new technological platform. Our customers and employees will benefit from enhanced experiences, including better disruption handling, a uniform eCommerce experience on our web, mobile and kiosk applications, and better connectivity with our Alliance and agency partners.

We also continue to support innovation and development in our communities. As an example, Air Canada supports MT Lab, a tourism, culture and entertainment accelerator, and has been co-supporter of the Cabinet Créatif de Montréal, an accelerator program initiative supporting local creative and cultural business and organizations to explore new business opportunities and develop new international markets. SmartJourney is supported by MT Lab and has been selected for the 2021 Cabinet Créatif de Montréal cohort, and Air Canada has also engaged with SmartJourney for its Maple Leaf Lounges.



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CARGO BUSINESS

We were quick to adapt and pivot our business to respond to the urgent needs of Canadians at home and around the world. The reconfiguration of certain Airbus A330s and Boeing 777-300ERs, our largest international wide-body aircraft, allowed for additional cargo capacity to transport critical medical and other vital supplies rapidly to Canada and help distribute them across the country. These aircraft became a prominent part of the more than 4,000 cargo-only flights that would take place throughout the year, contributing to the global supply chain and moving time-sensitive shipments, including medical supplies to combat COVID-19. Air Canada operated cargo-only flights between Canada and Europe, Asia, Latin America, and South America. More than 10,000 cargo-only flights have taken place including up to July 5, 2021.

Air Canada Cargo underwent an extensive preparedness exercise in 2020 to ensure all aspects of its operations were up to date and reflective of current requirements and standards for transporting vaccines. As part of that exercise, we were certified for IATA’s Center of Excellence for Independent Validators in Pharmaceutical Logistics (CEIV) Pharma certification. COVID-19 vaccines are being transported around the world and Air Canada Cargo, a trusted supply chain partner, is proudly involved in bringing the vaccines to Canadians.

At home, Air Canada worked to supply remote communities with essential goods and personal protective equipment (PPE).

As a testament to Air Canada’s adaptability, Air Canada Cargo was recognized with two Silver Stevie® awards* in two categories: Most Valuable Corporate Response and Most Exemplary Employer. The measures taken to protect the health and safety of employees were also recognized, including consistent updates to procedures and facilities to reflect the latest health guidelines.

* Created in 2002, the Stevie® Awards honour and recognize the achievements and positive contributions of organizations (large and small, public and private, for-profit and non-profit) and working professionals worldwide.



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The expansion of Air Canada Cargo is expected to play an important role in Air Canada’s recovery, including by helping diversify Air Canada’s revenue base. For example, freighters will be an essential part of Air Canada’s recovery and long-term growth. These aircraft are an exciting opportunity to continue building on the success of our current cargo-only flights.

Freighter operations will complement our passenger network and provide Air Canada Cargo with long-term stability for its largest customers, including freight forwarders that require consistent air freight capacity year-round. They will allow us to continue building on the success of our cargo-only flights and are an important part of our future growth.

By the end of 2021, Air Canada plans to have two Boeing 767 freighters operating on international cargo routes. In addition, Air Canada intends to convert other Boeing 767 aircraft to dedicated freighters to leverage Air Canada’s global footprint and complement the belly capacity in our passenger network.

The increased volumes that freighters are expected to bring to Air Canada Cargo will have a positive impact on our entire cargo network and benefit Air Canada’s overall strategy to diversify its revenue streams.

Air Canada expects to generate incremental cargo revenue by introducing an enhanced pickup and delivery service for the e-commerce sector, known as Rivo™. The airline’s goal is to drive end-to-end value through enhanced technology, dynamic pricing, and transparency across the delivery supply chain. The Rivo™ services will take advantage of our domestic network to facilitate end-to-end distribution of small parcels across Canada and provide first mile and last mile delivery through strategic service providers. This new initiative is being implemented in phases and is expected to be completed over the next year or so in Canada.

Air Canada Cargo is a member of a number of IATA committees and associations, including the Cargo Services Council (CSC) & Cargo Advisory Council (CAC), IATA Cargo Handling consultative Council (IHC), and the Cargo Customs Working Group (CCWG). Air Canada Cargo also participates in the International Air Cargo Association (TIACA), the Canadian International Freight Forwarders Association (CIFFA), CargoM, and the Toronto Transportation Club (TTC).



In 2020, Air Canada Cargo was the official carrier for the Pointe-à-Callière Museum once again.

For several years, Air Canada Cargo has supported Pointe-à-Callière Museum by transporting irreplaceable objects belonging to major museums, international or private collectors. This sponsorship helps reduce costs related to the transportation of artifacts for specific exhibitions, allowing the museum to continue its outstanding programming dedicated to history and archeology.





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PEOPLE

An airline’s sustainability is directly dependent on how well it serves, engages and connects with its customers, how well it contributes to its communities and, attracts, engages, trains, retains and motivates its employees.



Employees



Customers



Community



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Occupational Health and Safety

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Strong Labour Relations

Compensation and Benefits

Pension Plans

Employee Engagement

Wellness

Safety First, Always

At the heart of our culture is our number one central value: Safety First, Always. The foremost consideration in all we do, the safety of our customers, of our employees and of those in communities where we fly and serve is always our top priority.

We also aim to create a healthy, inclusive and rewarding work environment where everyone can belong and excel and realize their full potential. We seek to inspire, encourage and challenge our employees to be the best in all they do. We are committed to contributing to the socio-economic growth and wellness of communities in which we operate and, together with our value chain and customers, seek to make a positive difference in the lives of people in need across Canada through financial and in-kind support. To accomplish this, we understand that we need to foster a healthy environment that prioritizes and encourages good health and well-being, effectively providing resources, supporting worthy causes and partnering with organizations to further our impact with our employees and our communities.

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SAFETY MANAGEMENT

At Air Canada, safety management is a critical responsibility and impacts virtually every decision the airline makes. Given safety is the paramount priority for us, we have set up the appropriate structure, processes and resources to ensure that all aspects of safety and safety stewardship are always prioritized and that safety measures are enacted in a proper and effective manner.

Safety is an ethical and operational imperative for everyone at Air Canada as well as for our stakeholders. It ranked as the single most important issue identified in the materiality assessment conducted. This is unsurprising as safety is the heart of sustainability for an airline. A carrier’s success or failure directly depends upon establishing and maintaining a reputation for operating safely.

In partnership with our employees, we are committed to conducting our business in a manner that ensures the health and safety of our employees, customers, contractors and the general public, while meeting our obligations under all applicable regulations. To ensure our commitment to safety, we (1) support and promote effective training; (2) support the continued development and integration of safety data analytics and artificial intelligence into a Safety Management System (SMS); (3) continually assess and manage safety risks associated with the introduction of new equipment, new routes and new initiatives or projects; and (4) reinforce and promote safety reporting, protecting safety critical information in order to inform our decisions going forward.



At all levels of the operation, and in accordance with the Canadian Aviation Regulations (CARs) and IATA Operational and Safety Audit (IOSA) Standards, we implemented a **Safety Policy**, appropriate for the size and complexity of the organization. It is the basis of the Air Canada SMS. We also maintain a safety checklist for our contractors working on our premises.



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SAFETY MANAGEMENT PROGRAM

To improve the safety performance of Canadian air operators and increase accountability in the aviation sector, CARs require air operators to implement an SMS in their organizations and appoint executives who are accountable for safety. An SMS is a systematic approach to managing safety, including through the necessary organizational structures, accountabilities, policies and procedures. Both Air Canada and Air Canada Rouge have implemented an SMS that meets and exceeds the requirements of applicable laws. The SMS serves as a framework within which systematic and comprehensive processes and procedures for managing risk are developed, applied and evaluated. The SMS also creates a common support structure for all operational groups, with clear elements and concise direction, so that they may perform their safety management functions effectively.



The SMS ensures:

1. Active involvement of management, employees and health and safety committees.
2. Continual development, monitoring and improvement of effective safety practices.
3. Appropriate training and education programs.
4. An inspection and audit process that provides feedback and results with timely corrective action.
5. A safety performance system that provides timely feedback to all employees.
6. A commitment to the communication and promotion of safe work practices and processes.

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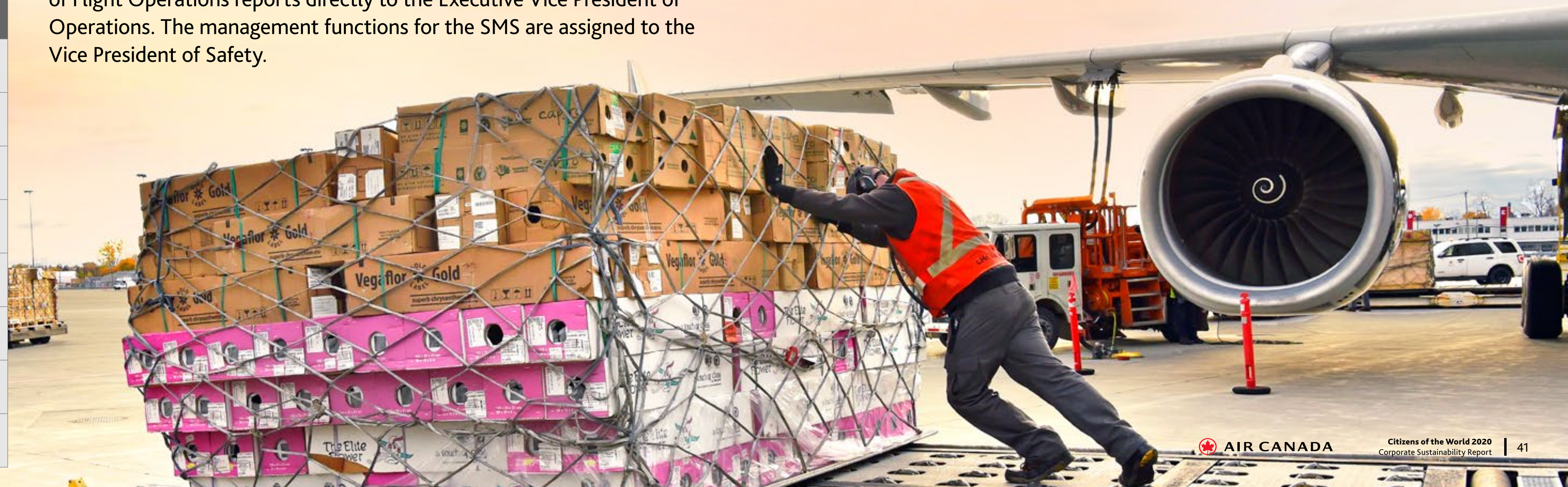
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Air Canada’s President and Chief Executive Officer is the designated accountable executive for Air Canada’s SMS with Air Canada’s Vice President of Safety responsible for day-to-day administration and corporate oversight of the SMS. At Air Canada Rouge, Air Canada’s President and CEO is the designated accountable executive for Air Canada Rouge’s SMS, and the Director of Safety, Security & Regulatory Affairs is responsible for day-to-day administration and oversight of the SMS. An integrated safety management process ensures that an appropriate flow of safety information is exchanged between the two airlines and that it reaches all levels throughout the Company.

The Executive Vice President of Operations reports directly to the President and CEO and has overall responsibility for all aspects of safe, reliable and efficient operations throughout Air Canada’s worldwide network. The Senior Vice President of Operations and Express Carriers then has the overall authority and accountability to lead the Maintenance branch and is accountable and responsible for operational oversight of the following areas: Airports (North America); International Operations; and System Operations Control (SOC). The Senior Vice President of Flight Operations is the designated “Operations Manager,” responsible for safe flight operations and control of the SMS. The Senior Vice President of Flight Operations reports directly to the Executive Vice President of Operations. The management functions for the SMS are assigned to the Vice President of Safety.

The Air Canada Corporate Safety Board, chaired by the Chief Executive Officer, meets quarterly to oversee and guide the Safety Program (which includes data from Air Canada Rouge). Air Canada Rouge also holds quarterly meetings for its Corporate Safety Board. New aircraft, new routes, changing organizational structures and business practices present opportunities for development and growth. Effective safety management is critical to ensure hazards and risks are identified and held to the lowest level.

Our established and effective structure was key for quick and effective decision-making at the onset of the COVID-19 pandemic and continues to yield advantages. Early on, we activated our Pandemic Preparedness Plan, which at certain times included daily Pandemic Taskforce meetings regrouping all operation decision-makers, to ensure best practice and effective coordination. The taskforce provided a command-and-control structure that enabled the Company to monitor reports from government agencies to issue illness prevention and infection control measures to employees, to review supplies and ensure appropriate levels of personal protective equipment, and to implement alternative workplace options including working remotely.



COMMUNICATION

We employ numerous communications processes within the organization to promote safety and permit the SMS to function effectively. It is also imperative that there is uninhibited reporting of hazards and occurrences that may compromise the health, safety or security of Air Canada, its employees, customers or property. Our Safety and Security Reporting Policy provides a confidential process and assures that no Company disciplinary action or reprisal will be taken against any employee who reports a hazard or occurrence that affects safety. We ensure an appropriate flow of safety information is exchanged between Air Canada and Air Canada Rouge and is extended to all levels within the Company thanks to an established integrated safety management process.

SAFETY INFORMATION MANAGEMENT

All safety data at Air Canada is stored within the Air Canada Safety Information Management System (SIMS). Safety reporting is accessible to all employees via SIMS for the purposes of report submission and acknowledgment receipt. This system facilitates and enhances our capabilities in the capture and analysis of safety reporting and quality assurance data. It also includes the capacity to monitor safety risk and compliance and links to Occupational Health and Safety tools. The configuration permits employees to submit hazard reports including health and safety concerns, which are then handled by the appropriate committee via the tool. This online repository for health and safety information is accessible to all Health and Safety committees.

An investigation and research group consisting of experts recruited from across all operational branches forms the core safety team. It collects and manages safety-related information gathered through the reporting system. Supported by its investigation and flight data monitoring experts, this group catalogues trends in incidents, reports on flight safety, conducts flight analysis and flight re-creations, develops comprehensive statistical data for senior management, and identifies operational trends, threats, risks and hazards. This group leads all formal investigations, conducts industry-benchmarking activities, participates in international aviation forums and provides detailed quality analysis on the reporting tools and the safety process itself.

All safety metrics are reported on a quarterly basis to each branch and, ultimately, the Corporate Safety Board (comprised of executives and senior management) and the Board of Directors (Safety, Health, Environment and Security Committee). This continuous feedback loop improves and informs our training on health and safety risks and keeps good working practices in place.





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SAFETY CULTURE SURVEYS

Air Canada has an extensive Health and Safety Program to prevent work accidents and injuries. Key to these measures is the Hazard Prevention Program, which enables Health and Safety committees to identify and assess workplace hazards and to determine appropriate controls for mitigating risks. These committees cover all employee groups at Air Canada. The Corporate Safety branch, through its Corporate Safety and Emergency Management department, is responsible for ensuring that employee safety programs are documented, implemented, effective and adapted to realize identified improvements. Among other activities, the Corporate Safety branch monitors compliance with applicable laws and regulations while tracking employee safety-related incidents.

Biannual, voluntary and confidential safety culture surveys are conducted to collect employees’ insight on safety. The results from the survey conducted in 2020 show that the majority of employees feel safe to report errors, concerns and hazards, understand why safety operating procedures are created and feel supported in their ability to learn and be taught new safety procedures.



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THIRD-PARTY AUDITS & INSPECTIONS

The IOSA Program is an internationally recognized and widely accepted evaluation system designed to assess the operational management and control systems of Air Canada and Air Canada Rouge. It is conducted on a biannual basis and is a critical audit that governs international operations, code share and alliance memberships. Successful completion of the audit is critical and as such, a determined and focused effort is required to demonstrate safe, sound and effective practices to the independent assessment team. Air Canada and Air Canada Rouge are scheduled to conduct the IOSA audit again in 2021.

Air Canada and Air Canada Rouge have a robust process in place to identify and mitigate potential operational risks, including those resulting from new aircraft, routes or initiatives. At Air Canada Vacations, contracts between the organization and its partner hotels and ground handlers include strict safety standards to which suppliers are held. Site inspections are conducted annually to ensure that protocol is being followed and standards are being met. Should Air Canada Vacations receive any complaints regarding the health and safety of its customers, complaints are immediately addressed directly with the supplier and further inspections are conducted, when required, to ensure appropriate corrective measures have been made.

In 2020, TC/IOSA GAP monitoring was implemented to ensure compliance during COVID-19. The ongoing monitoring of all operational branches has helped ensure risk to the organization is mitigated. Air Canada implemented new enhanced methods of auditing including self-assessments, remote audits and a combination of self-assessment and remote auditing across all branches.

A risk assessment was conducted and processes were developed to address the carriage of cargo in Air Canada’s aircraft cabins. These assessments and ongoing reviews were performed throughout the year. Air Canada was a leader in establishing these processes and the first airline to receive approval for carriage of cargo in the passenger cabin.



Air Canada continues to maintain exemplary IATA Operational Safety Audit results.

ASSOCIATIONS

Air Canada is also a leading and engaged member of international safety initiatives and is actively involved in IATA, ICAO, Airlines for America (A4A), National Airlines Council of Canada (NACC), the Aviation Safety Information Analysis and Sharing (ASIAS) system and regional safety meetings and working groups. We are closely aligned with IATA and the Star Alliance® network concerning international benchmarking of standards and safety performance and share our experience and knowledge, especially in the field of flight data analysis, to help develop advanced safety tools for a better understanding of risk, threats and hazards.



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Air Canada's response to the pandemic has been vigilant and informed, backed by science, with safety remaining of the utmost importance.

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The year 2020 marked the bleakest in the history of commercial aviation. After several years of record results and growth at Air Canada, we were met with the catastrophic impact of COVID-19 along with government-imposed travel restrictions and quarantine measures felt across our entire network, affecting all our stakeholders deeply. Given the circumstances and unpredictable extent and duration of the COVID-19 pandemic, Air Canada has had to make difficult decisions, including reducing its workforce by approximately 50 per cent; dismantling a global network that was 10 years in the making; suspending service to many communities; and aggressively cutting fixed costs. The decision to furlough a large proportion of our employees was an extremely painful decision we were required to take given our dramatically smaller operations at the time. Despite the severe impact of the COVID-19 pandemic, including the significant drop in customer traffic compared to 2019 levels, we maintained around 50 per cent of our workforce at the end of 2020.

In the face of uncertainty and challenges presented by constantly changing circumstances and government-imposed restrictions and other measures, our employees served our customers professionally and with dedication in carrying them safely to their destinations and operating hundreds of special flights, and our Cargo team transported essential personal protective equipment to Canada and around the world.





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BRINGING CANADIANS HOME

When many Canadians were left stranded abroad due to border closures taken in response to the COVID-19 pandemic, Air Canada diligently collaborated with the Canadian government to operate several special flights to bring Canadians home. Air Canada teams worked around the clock to help bring back as many Canadians as possible. In total, we operated 48 special flights in close cooperation with Global Affairs Canada and repatriated around 10,500 Canadians and Canadian residents from Morocco, Spain, Ecuador, Peru, Algeria, Argentina, Colombia, South Africa, and India.



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CUSTOMER AND EMPLOYEE SAFETY

While responding to the urgent needs of Canadians at home and abroad, we immediately engaged with industry experts and medical professionals and supported science-based biosafety measures in order to mitigate the spread of COVID-19, keep employees and customers safe, and prepare for a safe recovery. As such, Air Canada has been at the forefront of adopting new processes and practices based on leading data and science.

Air Canada CleanCare+

To underscore our commitment to customer and employee safety, in May 2020, we introduced a comprehensive program, Air Canada CleanCare+, to apply industry-leading biosafety measures at each stage of the journey. This program was designed to reduce the risk of exposure to COVID-19 through various measures like enhanced aircraft grooming, mandatory pre-flight customer temperature checks and facial coverings, in addition to requiring health questionnaires and providing all customers with care kits for hand cleaning and hygiene. In January 2021, Air Canada received the Diamond Certification from the Airline Passenger Experience Association (APEX) Health Safety powered by SimpliFlying for achieving hospital-grade levels of biosafety across multiple touchpoints. The certification program aims to create a global standard for health and safety measures focused on airline customers.

In support of its efforts to continually update its health and safety policies and procedures for travellers and employees in airports, on board aircraft and in other workplaces, to account for new information about COVID-19 as it becomes available, Air Canada was among the first carriers worldwide to require customer and crew face coverings on board. We were also the first airline in the Americas to take customers’ temperatures prior to boarding. Measures also included reinforcement of safe practices such as frequent handwashing and working together with the Canadian government to screen passengers to help determine fitness for flying.



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Medical and Testing Collaborations

Understanding that we will need to live with the virus for some time, Air Canada has strengthened and undertaken several medical collaborations to continue advancing biosafety across its business, including with Cleveland Clinic Canada in Toronto, a renowned global health care leader, to provide additional science-based evidence in our ongoing COVID-19 response, and, since early 2019, with Toronto-based BlueDot Inc., a company that monitors infectious diseases globally in real time to provide accurate, relevant information to make business and safety decisions quickly. These allowed Air Canada to develop solutions and incorporate best practices into operations as soon as feasible at the onset of the COVID-19 pandemic and remain nimble in the decision-making processes.

Air Canada partnered with McMaster HealthLabs and the Greater Toronto Airports Authority in a study of international travellers arriving at Toronto Pearson International Airport. The largest study of its kind to date, preliminary results have indicated that testing can provide an effective, responsible alternative to facilitate the safe relaxation of quarantines. Final results were analyzed and submitted for publication by McMaster HealthLabs and the University of Toronto in the second quarter of 2021. The study was accepted by the *British Medical Journal*.

We also partnered with Aéroports de Montréal and Biron Health Group on a pilot project to test a new rapid screening process for COVID-19 departures from Montréal-Trudeau International Airport to a destination that requires a negative result medical

certificate for admission to their territory. These antigen tests will make it possible to perform certified and rapid tests within 15 minutes. Rapid screening is an effective and responsible alternative that facilitates the safe relaxation of global travel restrictions and quarantine measures, while protecting the health and safety of the travelling public.

A collaboration with Shoppers Drug Mart provides Air Canada customers with the opportunity to take a pre-departure COVID-19 PCR test to support compliance with international travel requirements. The test is currently available to travellers in Ontario, Alberta, and British Columbia.

Air Canada has purchased Abbott's ID NOW COVID-19 point of care tests as part of its ongoing evaluation of COVID-19 testing technology and protocols — one of the first private sector companies to do so. We are currently using the tests at our three main bases for employee and crew testing.

We continue to ensure our policies and procedures continue to reflect best practices. We remain in close contact with various health agencies and we have activated our task force that meets frequently to review our Pandemic Plan and our emergency response procedures to ensure they meet or exceed interim provisional guidelines for our employees.



TouchFree Bag Check

We introduced numerous touchless processes throughout the customer journey, including TouchFree Bag Check for flights departing from Canadian airports; the ability to order food directly in Maple Leaf Lounges from smartphones and tablets; touchless self-entry to the Air Canada Café for when it reopens; and provisioning all newspapers and magazines in digital format via PressReader.



Biometrics Boarding

In addition to a number of touchless processes throughout the customer journey, Air Canada was the first Canadian airline to offer its customers the safety and convenience of a new boarding option using facial biometrics. The technology is available for customers departing from San Francisco International Airport. Air Canada plans to expand biometric boarding options to other U.S. airports in the near future and is currently exploring options that could be viable at Canadian airports.

With biometric boarding, customers present themselves at the boarding gate and have their photo taken, which is then validated and confirmed to their passport document details and photo already captured via the U.S. Customs and Border Protection's (CBP) Traveler Verification Service. In a matter of seconds, CBP's biometric facial comparison service will automatically compare the new photo of the traveller to images that the traveller already provided to the government, such as passport and visa photos. Overall, the use of facial biometrics provides travellers with a secure, touchless process that streamlines air travel.

COVID-19 Insurance

As part of our effort to help Canadians travel internationally safely and securely, in February 2021, Air Canada introduced complimentary Manulife COVID-19 Emergency Medical Insurance underwritten by the Manufacturers Life Insurance Company (Manulife).

This insurance covers eligible Canadian residents, who are Aeroplan Members and travelling internationally on a new booking made with Air Canada. The booking must originate in Canada and the journey must be completed by October 31, 2021. Manulife coverage will be automatically included, if eligible, when a booking is purchased or made through a redemption of Aeroplan points. There are no registration forms to complete, and premiums are paid for by Air Canada.

Maple Leaf Lounges

In 2021, we are glad to welcome eligible customers back to certain lounges, re-opened with new biosafety standards, additional cleaning and sanitizing procedures. An elevated dining experience offers customers the opportunity to order meals and have them delivered to their table through the new Maple Leaf Lounge @ la table service simply by scanning an NFC or QR code found at the table.



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Customer Satisfaction

In 2020 customer survey topics shifted to a product and safety focus in response to COVID-19, with customers sharing perceptions and opinions of safety measures throughout the travel journey. Satisfaction and a positive rating of Air Canada’s response to COVID-19 was noted amongst customers. Air Canada evaluated the customer’s travel experience post flight and the feedback received was positive. Canadian travellers displayed an increased positive emotional connection and rating of Air Canada’s functional attributes.

Since March 2020, Air Canada has refunded more than \$1.2 billion to customers holding refundable tickets. In April 2021, Air Canada began offering eligible customers who purchased non-refundable tickets for travel on or after February 1, 2020, but did not fly for any reason, the option to obtain a refund to the original form of payment. Air Canada customers also had the option of accepting a fully transferrable Air Canada Travel Voucher (ACTV) with no expiry date or converting the value of their ticket to Aeroplan points with a 65 per cent bonus. Customers who already accepted an ACTV or Aeroplan points had the option to exchange these for a refund to the original form of payment, including for the unused portion of any ACTV issued or in cases where a partial refund was provided.

In addition, Air Canada reviewed and updated its Refund Policy applicable as of April 12, 2021. For new tickets purchased on or after April 13, 2021, Air Canada is providing customers an option for a refund to the original form of payment in instances where Air Canada cancels their flight or reschedules the departure time by more than three hours, irrespective of the reason. Air Canada customers will also have the option of accepting an ACTV or Aeroplan points with a 65 per cent bonus.



Satisfaction and a positive rating of Air Canada’s response to COVID-19 was noted amongst customers.





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WORKPLACE MEASURES

From the onset of the COVID-19 pandemic, our employees have worked diligently to ensure Safety First, Always, for each other and our customers at every step of the journey. In order to continue to uphold our commitment to safety as our number one priority, we have taken numerous measures to protect our employees and reduce the risk and mitigate the spread of COVID-19. This included a COVID-19 Wellness Assessment Tool to help employees follow the guidelines to whether they should be reporting for work. A COVID-19 Safe Behaviour Policy was also formulated to minimize the risk of COVID-19 community spread while we are at work. We quickly adjusted our practices to enable employees to physically distance safely; pivoted our hiring practices to a completely virtual process; shifted our training to be completed predominantly online; enabled remote work where possible; developed flexible return-to-work models, including rotational scheduling and work-from-home opportunities for our colleagues who work at corporate offices; and enhanced signage to provide employees guidance such as placing direction markers on floors and entry/exit points.

Rapid Antigen Screening

As a founding member of the Creative Destruction Lab Rapid Screening Consortium, in 2020, we initiated a COVID-19 Rapid Antigen Screening Program, using rapid antigen tests such as the Abbott's Panbio and BD Veritor. In January 2021, the program was initiated in Toronto for operational branches and quickly expanded to over 12 locations across Canada. We are scaling this testing across other locations as provincial health authorities approve its use and are continuing to expand it to other groups.

Air Canada has been and continues to be the leader in rapid screening in the workplace, mentoring multiple other employers as they launch similar programs to maintain safe workplaces.



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Trial Application of COVID-19 Contact Tracing Technology

In 2020, we conducted a trial with the application of COVID-19 contact tracing technology in our workplace using the Bluetooth-enabled TraceSCAN app and wearable technology developed by Canadian-based Facedrive Inc. The contact tracing data obtained is also shared through the Creative Destruction Labs Rapid Screening Consortium, following an initial pilot, the use of this technology is being further expanded on a trial basis in other Air Canada workplaces.

COVID-19 Leave

Complementing temporary amendments made by the federal government to the *Canada Labour Code*, Air Canada introduced its official policy for COVID-19 leave. The policy applies to all Canadian-based employees because they need time to care for themselves or to care for others who are affected by COVID-19. It helps protect and support Canadian workers during the COVID-19 crisis and ensures employees can take the time off work they need in the face of the pandemic. It is expected this leave will be extended by the government beyond September 25, 2021, though, at this time, we cannot predict for exactly how long.

Telework Policy

Air Canada recognizes the importance of work-life balance to ensure its employees' optimal mental and physical health. In today's environment, technology has made it possible, in certain situations, for an employee to work from another location and still be connected to the office by telephone or computer. In 2020, a Telework Policy was issued to assist employees and managers in the transition to our new reality. The Telework Policy offers a flexible work arrangement that allows employees who can work remotely to do so for a portion or the totality of the workday or workweek, where appropriate. Telework is not for everyone or suitable for every role, but Air Canada encourages telework arrangements where it is economically and operationally feasible. The employee's terms and conditions of employment, existing Company policies and applicable legislation continue to apply in telework situations. The policy will be reviewed annually or when circumstances warrant.

Guidance for Safe Workplaces during COVID-19

A Guidance for Safe Workplaces during COVID-19 Manual was issued and regularly updated to assist in planning for employees' return to work to certain Air Canada facilities, and for continuation of work of employees who have been working at Air Canada facilities, regularly or from time to time, since the onset of the COVID-19 pandemic.

Leadership in COVID-19 Series

To help support people managers and employees during the ever-present and changing reality of the pandemic, Air Canada also introduced its Leadership in COVID-19 training series along with a COVID-19 Manager Guide. The guide was continually updated and communications focused on tips and insights to help employees and managers navigate their teams, providing tangible advice for fostering a healthy work environment supported by teamwork, empathy, and connection.

Weekly COVID-19 Communications

Through our partnership with Cleveland Clinic Canada, we held several town halls on topics including return to school, vaccination and building resiliency in turbulent times for the aviation sector. The webcasts were moderated by Dr. Jim Chung, our Chief Medical Officer, along with Dr. Gabriel Rebick of Cleveland Clinic Canada.



We continue to explore other potential partnerships with technology and medical companies to further strengthen our biosafety protocols.



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Occupational Health and Safety

At Air Canada, we believe and pursue our core value Safety First, Always, in all capacities and settings, and take the prevention of occupational injuries and illnesses very seriously. Occupational injuries and illnesses can provoke major crises for the families in which they occur. Our Occupational Health and Safety (OHS) Program is designed to protect employees from occupational hazards, minimizing risks to their health and well-being. The program establishes procedures for dealing with workplace hazards and meeting our obligations under applicable laws and regulations.

All employees may provide input into the program and are encouraged to offer suggestions and ideas on how to improve safety. This creates opportunities across the organization, fostering a culture of continuous improvement. While the underlying focus is safety, the program also translates into cost savings by reducing employee absences.



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A critical element of the OHS Program is the Hazard Prevention Program, which allows Health and Safety committees to identify and assess workplace hazards and to determine appropriate controls to mitigate risks. These committees cover all employee groups at Air Canada. The Corporate Safety and Emergency Management department also provides primary and important support for a series of Health and Safety committees throughout the organization as well as external committees, and monitors compliance with the *Canada Labour Code* and other applicable legislation. We ensure employee safety programs are documented, implemented, effective and continuously improving.

Six Policy committees and 58 local Health and Safety committees at Air Canada work together to improve our Safety Program. Air Canada Rouge also has Health and Safety committees. They conduct workplace inspections, investigations when accidents occur, evaluate health and safety complaints that are escalated to their level, and report back their progress to the respective authority including Employment and Social Development Canada or Transport Canada.

We employ numerous communication processes within the organization to promote safety and support the effective function of the Safety Management System. This includes promotion of Safety and Health Week, an annual campaign to raise awareness about health and safety, both in the workplace and at home.





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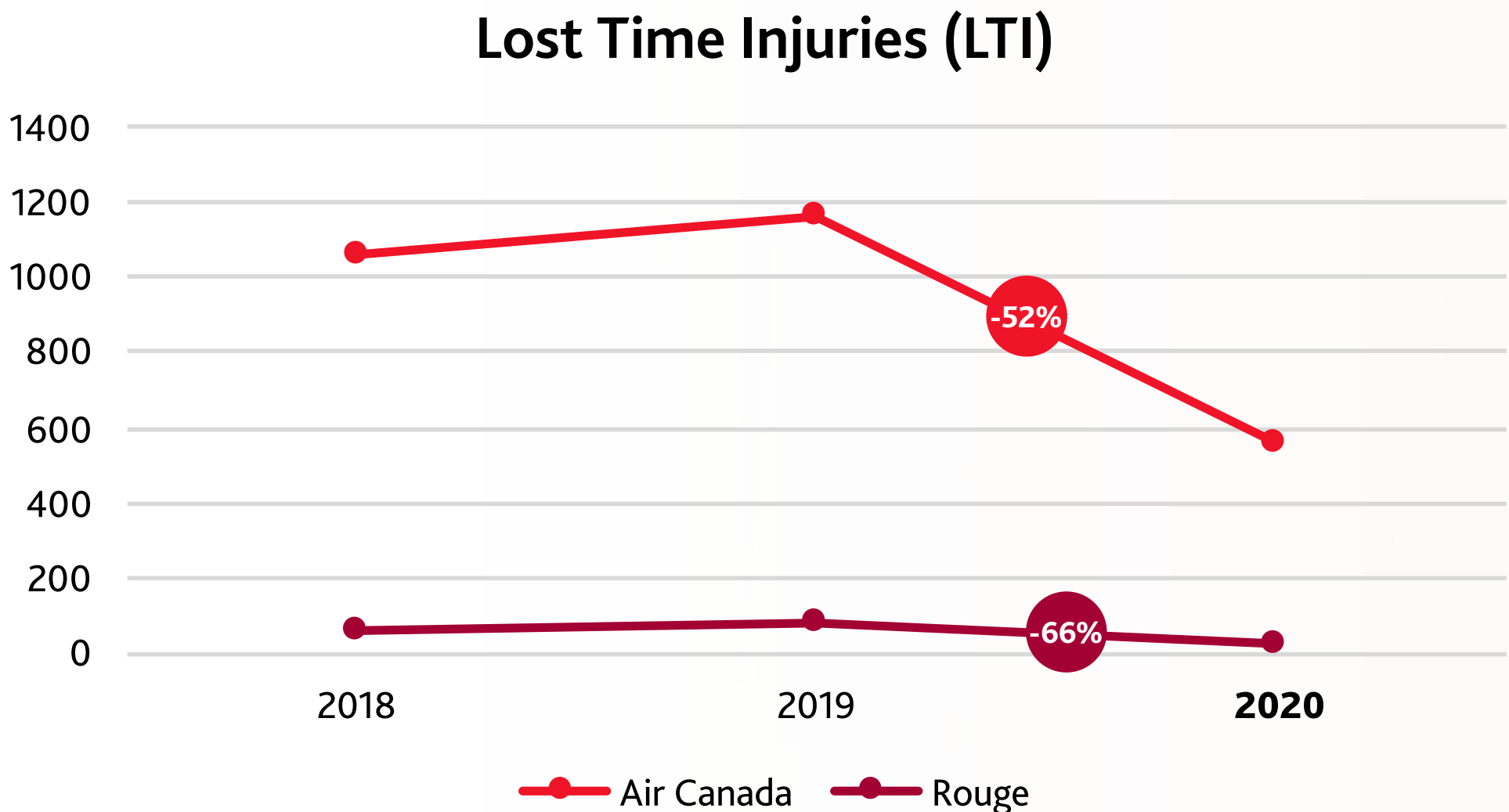
Health and Safety committees played a key role in addressing and mitigating the hazards and concerns regarding COVID-19. Maintaining open communication, our expert leaders held several all-employee information conference calls, allowing employees to ask questions related to and learn about COVID-19. They were often joined by Dr. Kamran Khan, an infectious disease specialist and CEO of BlueDot. We have been collaborating with their medical experts since the spring of 2019 and this relationship has served us extremely well, especially during the COVID-19 pandemic.

Disability management professionals are engaged in making it easier for injured workers to come back to the workplace through the Return to Work programs (for Air Canada and Air Canada Rouge). These programs help ensure employees who require medical attention seek it immediately and are brought back to work when capable, including in a limited capacity. These programs, along with the teams involved in injury prevention, ensure that integrity in the OHS programs is maintained by monitoring

key performance indicators (KPIs) and the Hazard Prevention Program for accuracy. For 2021, action plans are in place to address the Return to Work programs using a new phased-in approach along with technological advancements (e.g., virtual reality) to support effective education for those injured in the workplace.

KPIs are monitored and reviewed at branch management meetings. Topics discussed include performance metrics, prevention and mitigation measures for current hazards and opportunities to bring forward action items to leadership. KPIs include non-compliance sanctions under applicable law, lost time injuries, lost time days lost and total Workers' Compensation Board costs.

Our most common injuries remain strains and those resulting from slips and trips. We work continuously towards reducing our lost time injuries.



Although our count for injuries dropped substantially compared to the previous year, we did see the rate per flights increase (see GRI chart 403-9 for further details).



For 2021, Air Canada aims to achieve an **eight per cent reduction** in lost time injuries per 10,000 flights compared to 2020.



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WORKPLACE HEALTH AND SAFETY MEASURES

In addition to the COVID-19 measures, we have a multitude of workplace safety measures in place to help ensure the constant safety of our employees. Here is a brief overview of some of these measures:

Workplace Violence and Harassment Policy

We are committed to providing all employees with a safe and healthy workplace free from violence and harassment. To that end, we enacted the Workplace Violence and Harassment Prevention Policy to help prevent workplace violence and harassment (including discriminatory harassment) and take remedial measures when required.

We have dedicated attention, resources and time to address factors that contribute to workplace violence and harassment and regularly communicate related information to employees. Respect in the Workplace training is regularly delivered — the basis of which is to engage one another respectfully even when we have diverging opinions and perspectives.

Policy on Drugs and Alcohol

The use of intoxicating substances jeopardizes job performance and creates safety hazards for employees, customers and the public. We take seriously our responsibility to maintain a safe workplace and related operations, free from the adverse effects of intoxicating substances, including alcohol and drugs, and have an effective policy on drugs and alcohol in place. This policy is a component of our overall Safety Program.



Training

Our mandatory safety training programs are also instrumental in helping ensure safety. For instance, with every new aircraft, our operating crews undergo comprehensive training on all relevant aspects. This training includes every aspect of the normal and emergency procedures associated with the aircraft.

We also have in place necessary resources and infrastructure to ensure continuous training, such as our fleet simulators. These assets are important for our pilots to continue maintaining their knowledge and skills, especially during a downturn. Throughout the COVID-19 pandemic, these simulators have allowed us to keep pilots trained and current.

Preventing injuries and accidents requires vigilance. We understand that the passing of time without an injury or an accident is not necessarily an indication that all is well and may in fact contribute to a dangerous and growing sense of complacency. With this, there is a focus on promoting a culture of vigilance as part of our relentlessly pursuing prevention of injuries and accidents.

In 2020, several PPE products were introduced into daily operations and Air Canada educated employees on the proper use and storage of face coverings and cleaning of eyeglasses and how to sanitize them properly and effectively.



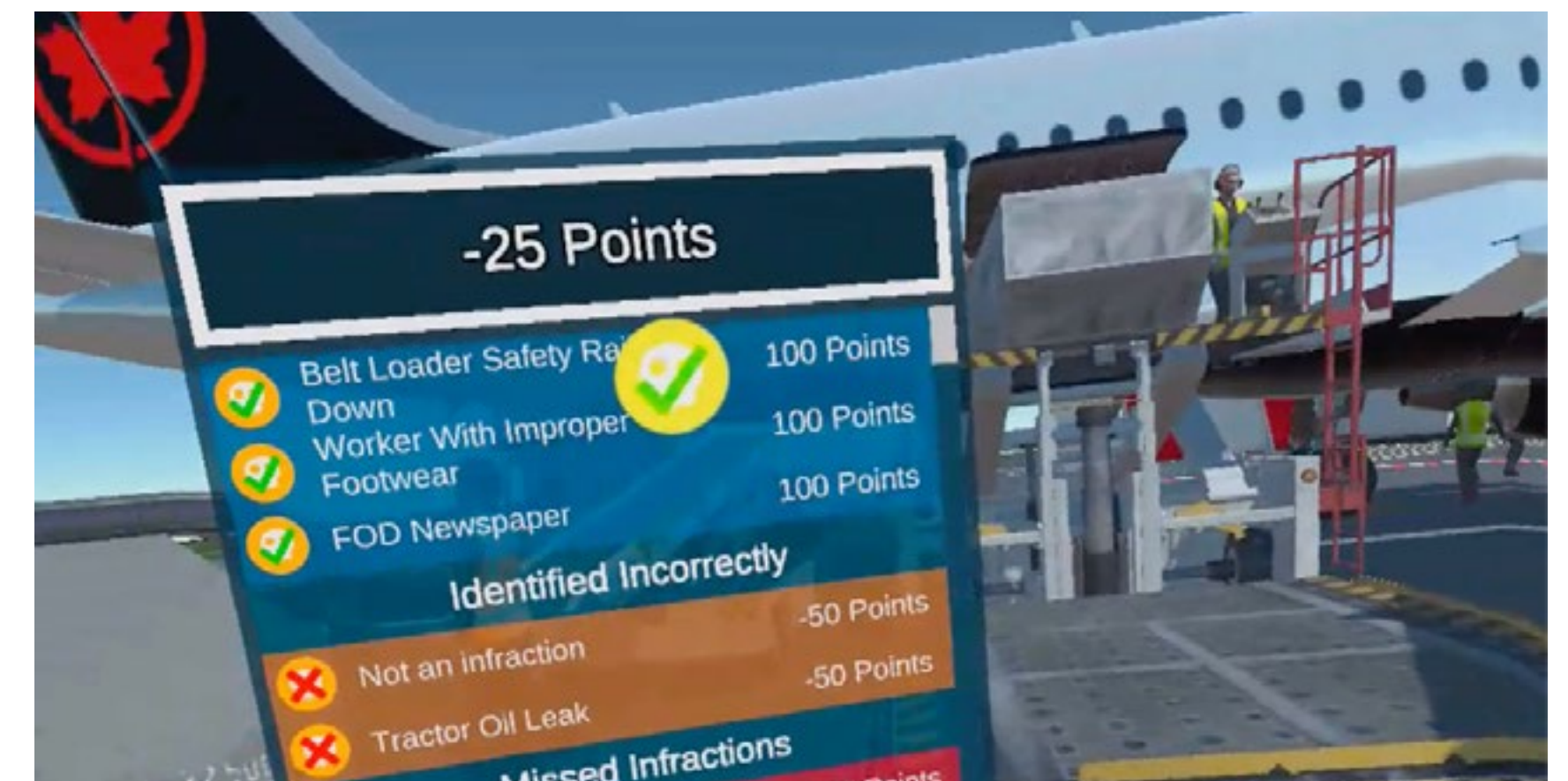
Virtual Reality Back Injury Prevention Program

Air Canada has several programs employees can use to infuse healthy lifestyle habits at the workplace and at home. One example is our Back Safety Program, comprising easily accessible safety videos, which looks to help prevent injuries and keep our employees fit and functional at work and at home. These programs are communicated on an ongoing basis to employees through various internal communications channels. The programs are mandatory for those who work in operations and must be completed on a yearly basis. Our experts perform site visits twice a year to speak with employees and promote additional learning sessions. The program was offered virtually in 2020 to ensure continuous, timely and easily accessible training.

Ramp Training Gamification Program

Air Canada launched a new interactive training program using gamification methods for hazard identification within the station attendant environment in North American airports. Through this program, participants can compete and compare their results against a leaderboard.

In 2021, we are planning a greater launch within our application, allowing for internal station competition that will be tied to Shine points — part of our internal peer recognition platform.



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ONBOARD FIRST AID TRAINING & EQUIPMENT

Our cabin crew is trained to provide lifesaving procedures over and above those mandated by aviation authorities; is qualified to use advanced equipment on board, such as Automated External Defibrillators (AED); and has access to medical professionals 24/7 via our service provider for medical assistance.

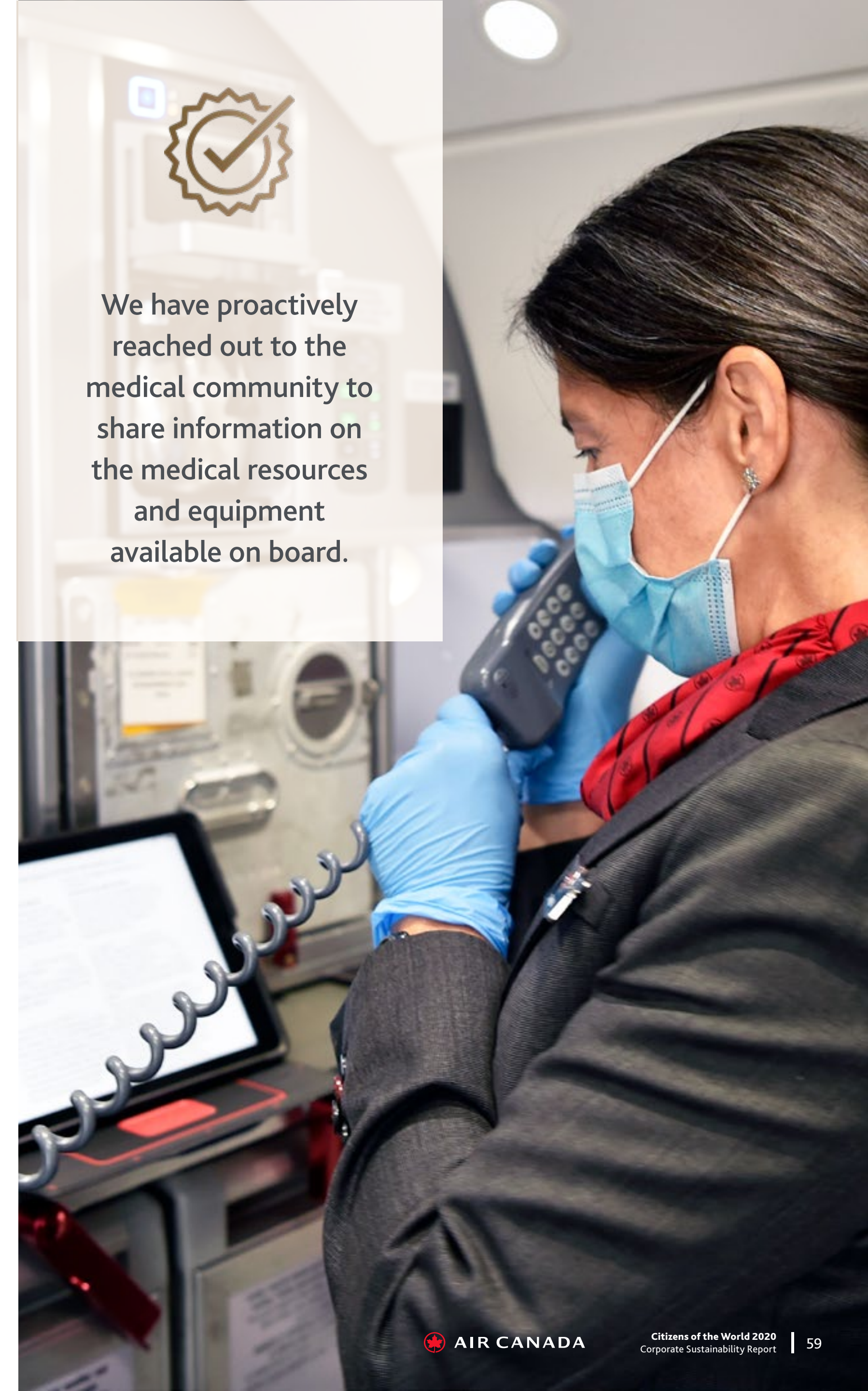
AEDs have been on our aircraft for several years and, a few years ago, we moved forward with the installation of AEDs in the workplace. By 2019, all our facilities were equipped with defibrillators. We continue to monitor and maintain AED units so that they are fully functional and compliant. In 2020, we performed maintenance activities by ensuring all AEDs had pads and batteries were within warranty life. We also trained more than 300 employees on first aid to ensure we met regulations associated with the reduced size of our operations.

Seeing the devastating effect of the rise in opioid-related overdoses and deaths in Canada, in early 2018, and prior to any regulation mandating us to do so, we began carrying Naloxone kits on board. Naloxone (or Narcan) is a medication used to block the effects of opioids. Our onboard medical kits were completely overhauled in 2018 and are refreshed on an ongoing basis.

Continuing work started in 2019, in 2020, we equipped our wide-body aircraft with units allowing for real-time electronic transmission of vital signs to get the best remote diagnosis and treatment support available (Tempus Unit).

In 2020, first aid training for cabin crew was amended to incorporate the new reality of providing first aid in a COVID-19 environment including changes to our CPR procedures where, for example, ventilations were suspended. Additional training on PPE was also offered, with a renewed focus on hand washing, surface decontamination and sanitization products, and the proper sequence for the safe donning and removal of PPE on board.

As we continually look to ensure our approach follows and contributes to best practices, we have proactively reached out to the medical community to share information on the medical resources and equipment available on board.



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Emergency Response

From “First Responder” duties to dealing with survivors in the aftermath of an incident or an accident, a special taskforce is available 24/7 to respond in the event of an emergency. Our Special Assistance Team, consisting of employees and retirees from across our network, play a crucial role in our overall Emergency Response Plan as they are trained to provide care and assistance to family members and customers in the aftermath of an aircraft accident.



Strong Labour Relations

Air Canada’s relationship with its major union groups is a fundamental pillar of Air Canada’s sustainable future.

The Labour Relations (LR) branch has responsibility for the ongoing management of relations between the Company and its unionized workforce. LR also reports to the Executive Vice President, Chief Human Resources Officer and Public Affairs, and is responsible for negotiating, implementing and overseeing collective agreements.

Starting in 2014, we entered into multiple long-term labour agreements with unions representing our unionized workforce. In 2020, Air Canada and Unifor, representing the airline’s customer service and sales agents, concluded a new contract providing collective agreement terms for six years, ending February 26, 2026. In 2018, Aeroplan concluded an agreement that expires in 2024 with Unifor regarding Aeroplan customer service employees. In 2017 and 2021, Air Canada and the Air Canada Pilots Association (ACPA), representing pilots, ratified amendments to their existing long-term labour agreement. In 2020, we successfully concluded a collective agreement amendment with pilots represented by ACPA for contractual changes to enable Air Canada to competitively operate dedicated cargo aircraft in the cargo marketplace. These agreements offer additional commercial opportunities, stability and flexibility and demonstrate a collaborative partnership.

Additional details on the developments of our labour agreements can be found in our **2020 Annual Report**.



In 2020, 82 per cent of Air Canada’s workforce was unionized.



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Compensation and Benefits

Employees are provided with comprehensive group benefit coverage that provides protection in the areas of health and dental care costs, income security in the case of disability and life insurance benefits in the event of injury or death. Some employees are enrolled in a program that also offers a health spending and/or wellness account.

We share our success with employees through a Profit Sharing Program and/or an Annual Incentive Plan, both of which pay out when certain corporate targets are met. We also offer an Employee Share Purchase Plan, which permits eligible Air Canada employees to invest a percentage of their salary towards the purchase of Air Canada shares. As a result of the COVID-19 pandemic, both the Profit Sharing and Annual Incentive Plan did not produce any awards.

We have flexible policies in place including for personal leave (in addition to those implemented in the context of COVID-19) to accommodate particular circumstances (such as offering the possibility of reduced work weeks to help employees prepare for retirement). One further example is the Parental Sharing Policy implemented more than a decade ago that was amended to introduce Parental Sharing Benefit measures and promote more equal parenting roles by encouraging parents to share parental benefits. Amendments also increased the duration of the parental/adoption leave to different maximums depending on how the leave is shared and whether maternity leave is shared with parental leave. Under the Personal Leaves Policy, employees can apply for leave for personal reasons, family responsibility, victims of family violence and traditional Indigenous practices.





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Pension Plans

Most permanent employees at Air Canada are enrolled in a corporate-sponsored pension plan, where participation is mandatory. Though some employees belong to a defined contribution plan, most belong to defined benefit and hybrid plans, which is unique in the sector and increasingly rare in Canadian workplaces. Some employees are enrolled in a multi-employer pension plan to which Air Canada makes contributions. As of January 1, 2021, 35,000 employees participated in one of those pension plans and 32,000 retirees and surviving spouses were receiving a pension from a defined benefit plan.

During 2020, Air Canada contributed \$136 million to its employee pension plans, including defined benefit, hybrid and defined contribution corporate sponsored and multi-employer plans. Domestic registered defined benefit plans are in a solvency surplus position of \$2.9 billion as of the most recent valuation date of January 1, 2021.





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Employee Engagement

As part of our approach to fostering a positive culture and an engaged and productive workforce, we have developed extensive employee support systems. In this regard, leadership development and guidance emanate from the group led by the Executive Vice President, Chief Human Resources Officer and Public Affairs, supported by a capable team of professionals in various disciplines including Training, Total Rewards, Talent and Succession, Employee Engagement, Diversity and Inclusion, Recruitment, Human Resources generalists, Employee and Corporate Communications, Linguistic Solutions, Office of Accommodation and Harassment Office.

EMPLOYEE SATISFACTION

A primary way we measure employee satisfaction is through a company-wide employee survey. Nearly 13,000 employees — 38 per cent — participated in the 2019 Employee Engagement Survey, where the majority shared that they are inclined to promote Air Canada. Some of the highest positive responses noted the ease of interaction among different work groups, and the ability for people of all backgrounds to succeed in the Company. A strong majority of respondents said they felt free to go to their immediate supervisor if they have a problem or a question and to use the official language of their choice in the workplace and also remarked that materials and tools they needed were available in both English and French. A check-in pulse survey was performed in 2020. The majority of respondents felt the Company was doing a good job responding to the COVID-19 pandemic. Employees also expressed satisfaction with the organization's updates directed to them and considered that their physical and mental well-being were top of mind for Air Canada. We plan on performing a company-wide engagement survey again in 2021.

In addition to the Employee Engagement Survey, employees can always share their thoughts and ideas through two platforms: our internal social

media platform, Yammer, and Shine (employees can participate in a weekly exercise to help us understand the Company pulse better).

At Air Canada, we understand that good work and compassionate acts can happen behind the scenes and in ways where it is difficult to provide recognition on a large scale. Therefore, we leverage Shine, an employee engagement and recognition platform that lets all of Air Canada's employees across the globe recognize each other for their contributions to the Company's success, no matter how big or small. Over the past five years, Shine has become ingrained in the Air Canada culture and has made it easy to encourage behaviour that aligns with the Company values, while providing peer encouragement and support. It is easy to recognize employees on individual and team levels and even enterprise wide. Nearly 227,000 recognitions were received in 2020.



TALENT

Retention and development of employees is the cornerstone of a healthy work culture and protects the longevity of a business while setting it up for future success. Air Canada focuses on building a sustainable workforce and, as such, contributes to the country's socio-economic development and the global travel and tourism sector as well. The indirect impacts of the COVID-19 pandemic have served to reinforce that talent management and retention remain a key focus for the future of the organization. Air Canada is committed to providing development opportunities and career progression to its employees. In accordance with its Recruitment Policy, recruitment initiatives emphasize its dedication to encouraging internal transfers and promotions. Some collective agreements also provide for opportunities to trial other positions within the Company, while protecting seniority and job positions for some time. Air Canada continually strives to create opportunities for talent to evolve and grow.

We invest in development programs, coaching and mentoring and look for new ways to engage our workforce that can support community and cause. One reason Air Canada continues to thrive in good times and bad is because of its culture. Our people and our behaviours have become our pillars of perseverance to maintain our focus in rebuilding the organization through the most challenging year we have ever faced.

With the year 2020 being such an incredibly difficult one for our

employees, their families and our industry, we focused our efforts on talent retention, and many of our employee engagement initiatives throughout the year prioritized mental health and leadership capability.

With the changing needs of the airline in 2020, Air Canada developed a rotational talent agility model, both in training and experience, which allowed a unique opportunity for some employees to acquire new skills and continue to sustain operational needs across the organization. In total, 20 employees participated in the program over five months. The program is ongoing.

In September, Air Canada launched a management development pilot program called "Leading with Impact." It was designed to develop leaders and people managers and, ultimately, nurture our talent pool in support of succession planning. The pilot entered its second stage in early 2021, targeting select employees in order to train facilitators for the program that is expected to be expanded to the entire organization in the fall of 2021.

Since traditional classroom programs were suspended, we turned our focus to our digital learning platform where we emphasized support for mental, physical and emotional wellness. This was carried over into 2021 with online town halls on resiliency and coping within the context of the global pandemic. Close to 170 digital learning courses were introduced for employees through conversation sessions, online learning cohorts and self-led online programs for career and self-development.



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DIVERSITY AND INCLUSION

We firmly believe that having a diverse and inclusive workforce is not only a true strength for Air Canada but one that helps us attract and retain the best available global talent. Our values and efforts have led to recognitions such as being named one of Canada’s Best Diversity Employers. Though we are extremely proud of the fact that our customers and stakeholders can see themselves and their diverse backgrounds reflected in our employees around the world, we recognize that there is more to be done. We progressively and continuously step up our efforts towards a diverse, equitable and inclusive work environment.

Board Diversity Policy

The Air Canada Board is committed to maintaining high standards of corporate governance in all aspects of Air Canada’s business and affairs and recognizes the benefits of fostering greater diversity — in the boardroom and within our workforce. A fundamental belief of the Board is that diverse perspectives maximize its effectiveness and decision-making in the best interests of the Company. This belief in diversity was confirmed in a written Diversity Policy first adopted by the Board in February 2015 and, more recently, affirmed in an amended policy in February 2020. The Diversity Policy states that Board candidates will be considered against objective criteria, having due regard to the benefits of diversity on the board including representation of members of “designated groups” as defined in the *Employment Equity Act* (i.e., women, members of visible minorities, Indigenous Peoples, persons with disabilities). Accordingly, consideration of the number of women on the Board and whether other diverse attributes are sufficiently represented, is an important component in the search for and selection of Board candidates.

Air Canada is a member of the 30% Club and a signatory to the Catalyst Accord 2022, whose objective is to increase the average percentage of women on boards and in executive positions in corporate Canada to 30 per cent or greater by 2022. Air Canada established and exceeded a target of women representing at least 30 per cent of senior management by 2020. Presently, four out of 12 directors (33 per cent) of the Board are women, and one out of 12 directors (eight per cent) of the Board of Directors is a visible minority.



33% of the Board members are women

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Approach to Diversity and Inclusion

From promoting diversity and inclusion to building a workforce made up of people from a wide array of cultures, traditions and languages, Air Canada aims to reflect the country’s cultural fabric — that of unity in diversity. Air Canada pursues a diversity management strategy with the goal of ensuring an inclusive and diverse workplace based on respect, where all employees feel they belong. This creates an environment in which they can best use their talents.

Key components of our diversity approach include:

- Cross-functional employee groups focused on identifying and advancing diversity and inclusion initiatives throughout the Company.
- Increased awareness of the importance of a diverse and inclusive workforce in management training programs.

- Embedded diversity considerations in the hiring process, employee development, promotion process and succession planning.
- Campaigns to target the hiring of underrepresented groups, such as promotional material and appearances at Indigenous career fairs, in magazines aimed at Indigenous Peoples and other recruiting initiatives.

Of critical importance to Air Canada is that the internal talent pool and development and promotion processes are equitable, balanced and diverse. This is true at all levels of the Company, including in leadership. Because many future executives may come from senior leadership ranks, the Company’s talent and engagement team pays a significant amount of attention to ensure that diversity is reflected among multiple layers of senior leaders and that emerging leader programs comprise a diverse group of talent.



Continuing on its 2020 success, on March 4, 2021, Air Canada announced that it was named one of **Canada’s Best Diversity Employers** for the sixth consecutive year by MediaCorp Canada Inc.

Diversity of Governance Bodies and Employees – 2020

Group	Female	Minority	Persons with disabilities	Indigenous
Board of Directors	33.3%	8.3%	0.0%	0.0%
Executive Vice Presidents	28.6%	7.1%	0.0%	0.0%
Senior Leaders ⁽¹⁾	38.5%	14.7%	0.5%	0.9%
Management	52.9%	24.2%	0.9%	0.5%
Unionized Workforce	45.5%	23.0%	1.4%	1.5%
TOTAL	46.7%	23.1%	1.3%	1.3%

⁽¹⁾ Senior Leaders includes any of the following: Non-Executive Vice President in charge of a principal business unit, division or function, including sales, finance or production and anyone who performs a policy-making function within the corporation.

Note: Results are based on employee questionnaire, completed by 81 per cent respondents. The reporting on "Minority"; "Disabled"; and "Indigenous" are based on self-identification.

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In 2020, Air Canada joined the BlackNorth Initiative, whose mission is to end anti-Black systemic racism using a business-first mindset. Led by the Canadian Council of Business Leaders Against Anti-Black Systemic Racism, the BlackNorth Initiative was launched with the signing of the CEO Pledge at its inaugural summit in July 2020. Signing this pledge commits business leaders and their organizations to specific actions and targets designed to help the BlackNorth Initiative fulfill its mission. Air Canada is committed to pursuing initiatives and dedicating resources that will support this mission. Air Canada is committed to the pledge to have at least 3.5 per cent of executive and board roles in Canada being held by Black leaders by 2025.

In September 2020, Air Canada partnered with the Canadian Centre for Diversity and Inclusion in a virtual town hall for its employees (entitled “Let’s Listen”). The purpose of the session was to sensitize employees on bias, and the panel shared insights on how we can all become better allies.

Feedback was collected following the Let’s Listen live session. With an intent to foster an environment where all employees feel respected and recognized, we must provide platforms for employees to share how they feel. For diversity to be truly successful, all need to listen, establish a sense of belonging for all and create an inclusive and safe environment where employees from every background can truly thrive.

In November 2020, to complete the information gathered, which focused on “what” the employees felt and perceived, the Company took a step further to understand “why” employees felt the way they did. The Company invited all employees based in Canada to participate in virtual Diversity and Inclusion focus groups.

In 2021, the Company plans on establishing a Diversity and Inclusion Leadership Council, responsible for furthering the diversity and inclusiveness strategy and initiatives.



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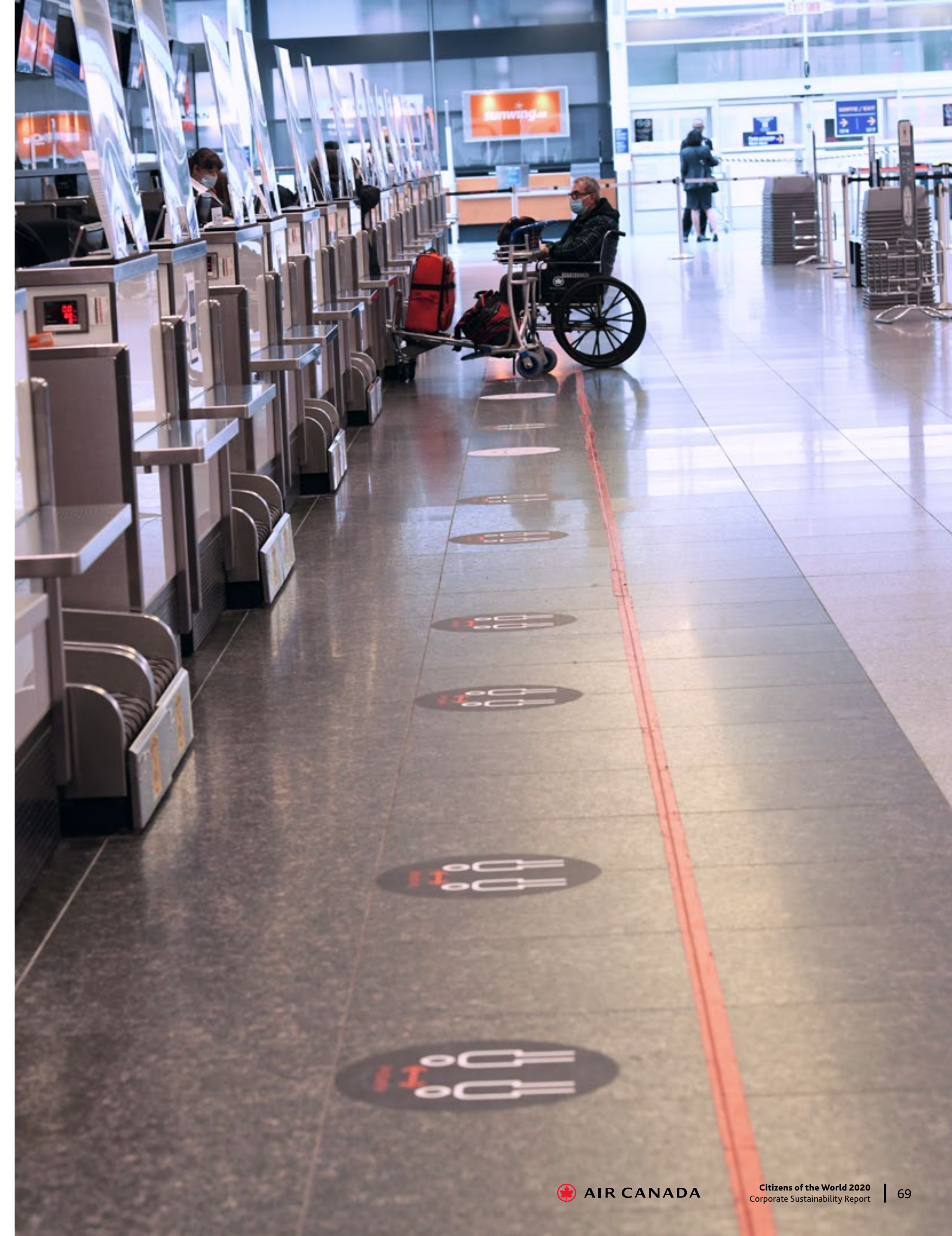
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Training

Air Canada continues to implement training to promote an inclusive workforce. In 2020, Air Canada introduced training to facilitate accessible transportation for persons with disabilities and for all customer-facing employees and management involved in decision-making or policy or procedure setting. Air Canada takes immense pride in ensuring its customers are well taken care of during all phases of the journey — from booking to departure and to their destination arrival. In order to deliver accessible services, considerable resources are devoted to meet the needs of all customers. This training, itself built on an inclusive approach, is an additional layer to these efforts, consistently raising awareness and providing increased support when needed.

The training modules were designed with feedback and input from many who identify as having a disability including employees, customers and Canadian Paralympic team members.

Our goal is twofold: provide training on the regulations and raise awareness on the challenges that individuals with disabilities face. Through this work, we can consistently provide increased service and support when requested, whether a disability is visible or not, and regardless of any specific government requirements that are in place. Our promise is to deliver customer service excellence and treat everyone with care and class.

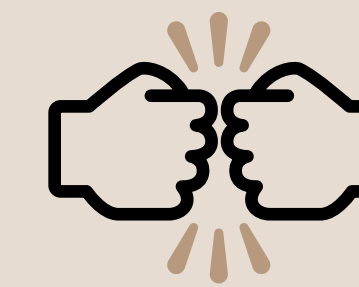


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Engagement

In 2020, Air Canada continued to partner with various organizations that bring communities together through the celebration of Canadian values and beliefs. Air Canada supported 142 organizations and 182 events or projects including:

- Women in Aviation (WIA), an organization dedicated to educating and developing women in the aviation industry and putting them in the spotlight. The Operations Control (Employee Resource Group) chapter at Air Canada hosted young women from an all-girls school focused on science, technology, engineering and mathematics (STEM) to encourage them to consider the aviation industry as a career choice. The event, “A Day in Aviation,” highlighted the complexities within our industry from the perspective of women at Air Canada. It showcased the various roles in System Operations Control (SOC), In-Flight Service (IFS) and Maintenance, and it included a hangar tour and IFS-related activities. Senior leadership and female pilots spent time mentoring the girls, sharing their background, challenges and successes in their careers.
- Equal Voice Daughters of the Vote, which gives women the opportunity to become familiar with Canada’s political institutions and to inspire them to participate and act in their local communities.
- Equitas, which held its virtual webinar called “EquiTalks” in October. Air Canada supported a series of discussions that focused on critical issues faced by LGBTQ2I communities in Canada and around the world and how we can contribute to building more equitable and inclusive communities.



Air Canada supported
**142 organizations and
182 events or projects**

- The 27th edition of the Indspire Awards, honouring First Nations, Inuit and Métis individuals for demonstrating outstanding achievement. Air Canada is a proud founding member and the official airline partner of Indspire, a national Indigenous-registered charity whose vision is to enrich Canada through Indigenous education and inspire achievement.
- 6 Degrees, a four-day global forum organized by the Institute for Canadian Citizenship (ICC) that puts the spotlight on inclusion. The 2020 event featured an international line-up of more than 30 thinkers and doers who explored how the COVID-19 pandemic may help us become a more inclusive society. They also examined how making meaningful change requires collaboration of diverse people from different backgrounds, such as policymakers and protestors, administrators and activists, and insiders and outsiders. Air Canada has been a presenting partner of the 6 Degrees’ global forum series since 2017.
- The Canadian LGBT+ Chamber of Commerce’s fifth annual Black & White gala, held virtually in 2020. The event celebrated the outstanding achievements of Canada’s LGBT+ community and shined the light on fearless LGBT+ leaders who shared their extraordinary stories.





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In addition to supporting many community organizations, Air Canada supports a number of scholarships and bursaries:

- As part of Air Canada’s efforts to promote non-traditional aviation careers to the next generation of women, it established the Captain Judy Cameron Scholarship in honour of the airline’s trailblazing first female pilot. The scholarship recognizes high-potential women studying in aviation and aerospace and is open to young women pursuing non-traditional aviation careers such as commercial pilots or aircraft maintenance engineers who may not have the financial means to do so. Air Canada has committed to this scholarship for three years (established in 2019).
- Since 2016, Air Canada sponsors the Indspire Bursaries and Scholarships to support Indigenous students in their post-secondary education, apprenticeships and skilled trades programs.
- In 2020, Air Canada launched a new leadership bursary with the Pinball Clemons Foundation for people of colour. This bursary covers the cost of a student’s education, books and mentors.

Despite the recognitions received, we acknowledge that we can do more. The recent events in our society remind us that we must become better allies to racialized communities, support our friends, family and colleagues, listen and empathize. There is work to be done to better understand one other and our challenges. Through working groups and other avenues and initiatives, we commit to continuing the dialogue with our employees, customers and communities to identify solutions and improvements.



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OFFICIAL LANGUAGES

Air Canada is Canada’s largest private sector company offering bilingual services across Canada and the world. We are proud to offer services in both official languages, demonstrating true leadership among major Canadian companies in promoting bilingualism. Over the years, we have implemented a series of sustained initiatives in our **Linguistic Action Plan**, to maintain delivery of the services we offer our customers in both official languages and to promote a bilingual workplace.

Among our key achievements over recent years, Air Canada has continued to grow its support for French-speaking organizations to promote the Francophonie in a sustainable manner and to develop the Francophone culture and tourism industry. Our dedication to ensuring our presence in minority communities has contributed to the cultural and socio-economic development of French-language communities in Canada and earned us recognition across the country.

In 2020, Air Canada continued to support several organizations and events in support of the Francophonie community, including Les Rendez-vous de la Francophonie, an event that celebrates Francophonie culture, its diversity and inclusiveness across Canada.

Based on equal qualifications, priority is always given to bilingual candidates in the recruitment efforts. We invest in language training, offer awareness sessions and highlight our language training programs to familiarize employees with our active offering of bilingual services.

We promote the Dialogue Award on Air Canada’s internal recognition platform, Shine. The Dialogue Award recognizes a colleague’s commitment and dedication to serving our customers in both official languages, regardless of whether they themselves are bilingual.

We are proud of our commitment to serve customers in the official language of their choice and are encouraged by their feedback. The majority of customers state they feel we are continuously improving our bilingual service offering. In recent surveys conducted by Ipsos, Air Canada customers indicated they were generally very satisfied with our ability to offer services in English or French. Based on customer surveys over the last few years, customers have been generally satisfied with Air Canada’s ability to serve them in the official language of their choice, attesting to our collective improvement efforts. In addition, most Francophone and Anglophone clients have noted that Air Canada has improved its bilingual services in recent years. These Ipsos surveys will resume as demand for services in our industry returns.





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In a year unlike any other, we were all reminded of the importance of caring for mental health. In 2020, Air Canada continued to invest in programs and training to support employees and their communities with their overall well-being, including both their physical and mental health.

UNLOCK THE BEST IN YOU

Unlock the Best in You (UBY) is Air Canada's unique well-being program that offers personalized programs to employees and equips them with various resources, tools and expert advice on things like health and financial management and overall well-being — health and wellness; mental health awareness; financial well-being; and attendance support. Through this program, employees have access to LifeSpeak, a total well-being platform that gives employees and their family members instant access to information and expert advice on all kinds of topics, from physical and mental health, to relationships, financial health and caregiving.

UBY was expanded in 2020 with the launch of a mobile application that offers an extensive pool of resources, tools and health challenges for employees, as well as a virtual counselling program for employees' and their families' mental health, workplace training for managers and expert blogs on navigating and managing the COVID-19 pandemic. A special employee engagement campaign outlining the importance of mental health was held in October 2020 as well.

Employees at Air Canada are also provided with a wealth of resources and discounts that help minimize barriers to health- and wellness-related knowledge and activities:

- Health and Wellness Library: resources including articles on fitness, food and nutrition, general physical well-being and healthy weight.
- LIFT Sessions: achieve fitness goals through custom-developed training sessions.
- Corporate fitness discounts.

WELLNESS CHALLENGES

With the launch of Air Canada's wellness app, wellness challenges were introduced to encourage employees and their families to get active and participate alongside their colleagues. We launched our first wellness challenge, an individual step challenge, to encourage physical activity. Other features include tracking healthy habits and future team wellness challenges, in addition to individual wellness challenges. Future functionality will also include daily push notifications to help motivate users. Users can connect their personal devices to the app to track their steps and view their progress via a leaderboard for challenges.

EMPLOYEE AND FAMILY ASSISTANCE PROGRAM

Employees benefit from the Employee and Family Assistance Program (or similar programs), a confidential and voluntary support service with immediate help for any work, health or life concern. These pre-existing resources were leveraged and have been regularly communicated to employees throughout the COVID-19 pandemic so that employees can receive the support they need. We also provided training to managers to raise awareness and sensitize them around the importance of mental health in the workplace so they can best support their teams.

VIRTUAL COUNSELLING

Helping employees "unlock" the best within themselves includes making sure employees have the resources they need to manage their mental health. In 2020, we introduced a new support tool to complement our pool of resources, called "AbilitiCBT." AbilitiCBT by Morneau Shepell is a flexible digital cognitive behavioural therapy program guided by professional therapists including psychologists, social workers and counsellors. Cognitive behavioural therapy is an effective form of therapy that can help individuals build skills to deal with anxiety and depression symptoms, as well as insomnia and pain management. The program is accessible to both Air Canada employees and their families.

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WELL-BEING OF OUR COMMUNITIES

Despite the impact of the COVID-19 pandemic on its business, Air Canada and the Air Canada Foundation continued to help communities in need from coast to coast, through in-kind donations, employee volunteering, fundraising and special initiatives.

Together with the Air Canada Foundation, Air Canada supports charitable programs to benefit vulnerable children. To maintain strong ties with local communities, particularly around economic development, it fosters community partnerships. It also supports a wide range of cultural activities, including in the arts and sports.

One of the qualities that makes us most proud of our employees is their care and class, not just in their daily job performance, but also in their desire to lend a helping hand and engage in their communities during times of need. As we wholeheartedly support our employees, we offer community engagement opportunities and provide support for initiatives and charitable organizations they are personally involved with outside the Company.

Finally, we also invite our customers to participate with us, through their actions and the Aeroplan Member Donation Program.



Helping Kids Reach New Heights

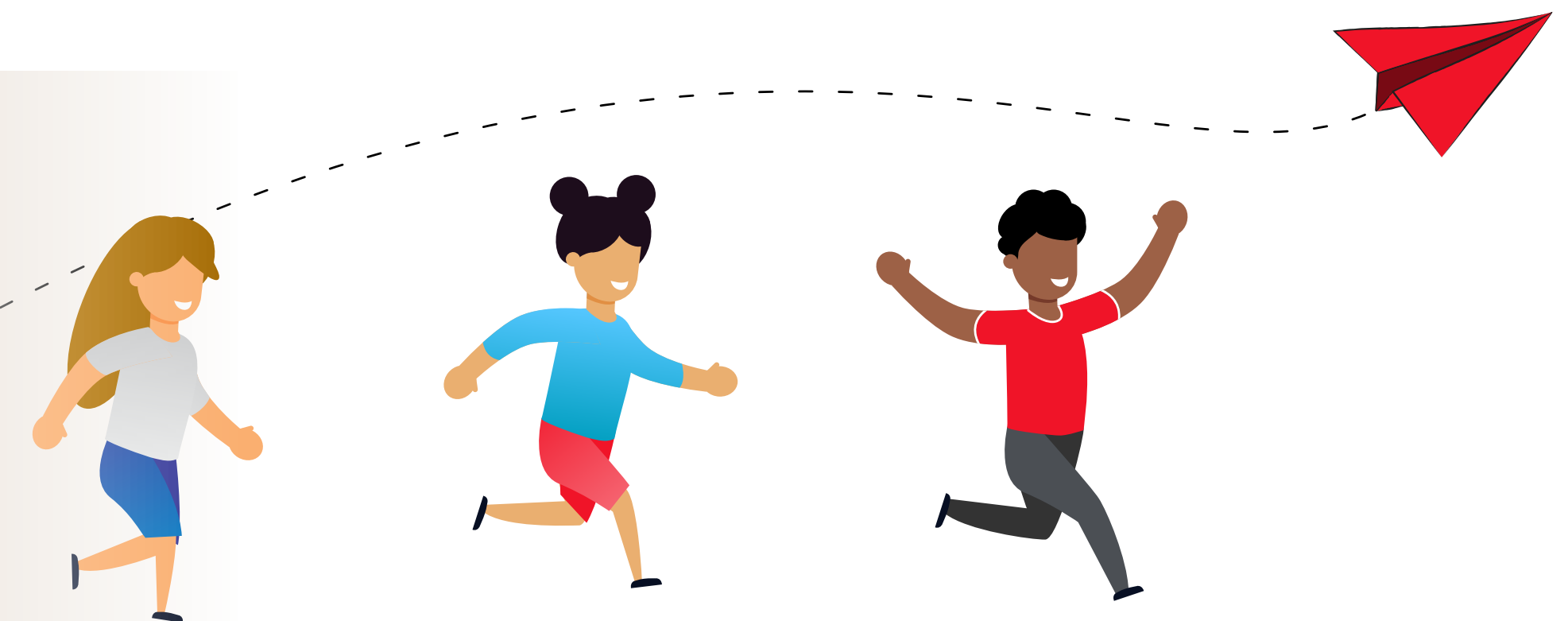
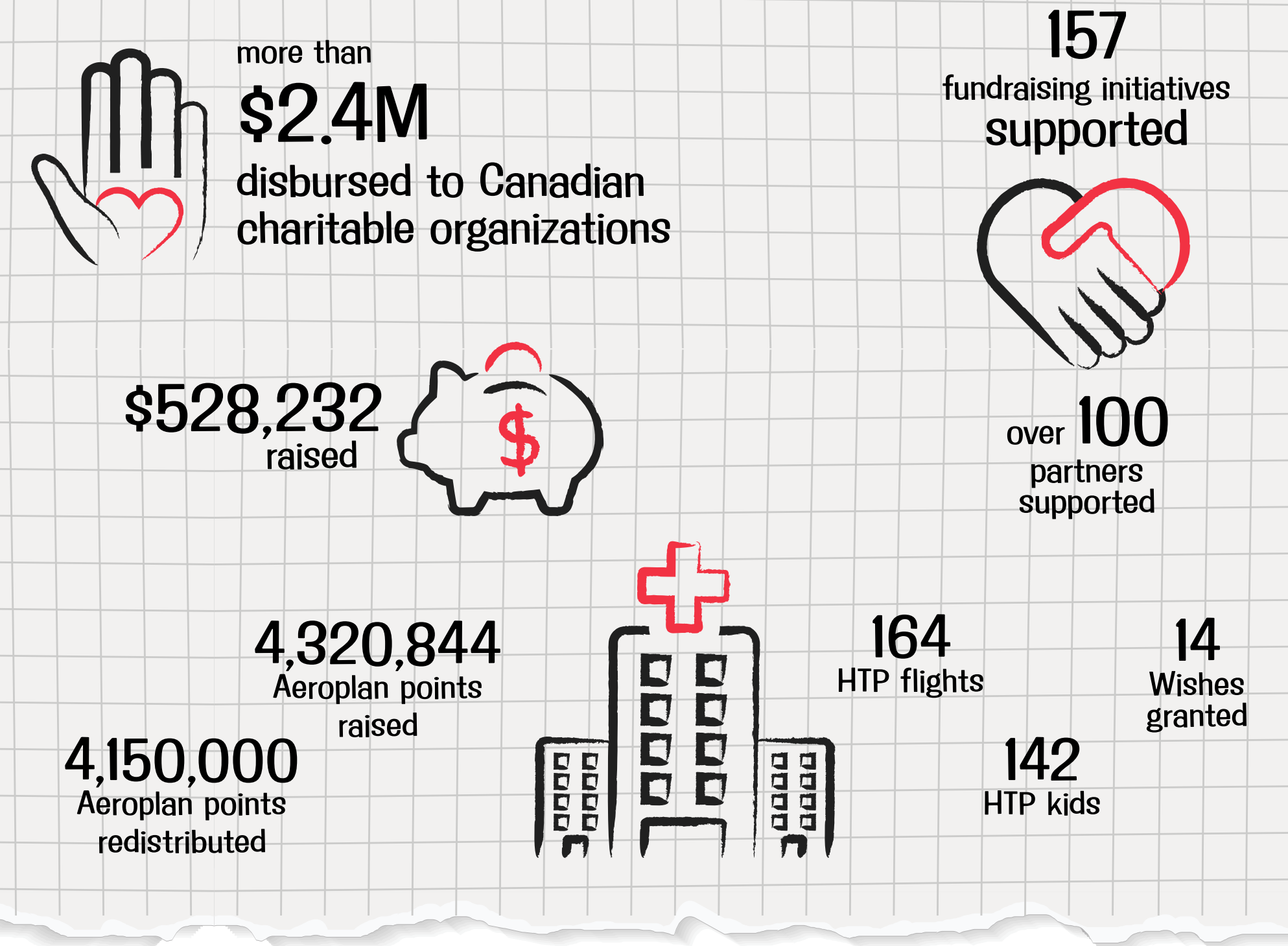
The Air Canada Foundation is a registered charitable organization and assists Canadian-registered charities. Its priorities are the health and well-being of children and youth, connecting sick children to the medical care they need, wish fulfilment and alleviation of child poverty. Additionally, it supports other major health-related causes that have a broad impact on the lives of Canadians and, when the necessity arises, provides humanitarian help. The Foundation is governed by a standalone board of directors.

The Air Canada Foundation is also proud to support Air Canada employees in their charitable and volunteering initiatives and maintained this support over the course of 2020. To learn more about the Foundation’s impact, please visit the [Air Canada Foundation website](#).

The Air Canada Foundation recognizes the impactful work of its partners in improving the lives of children with diverse needs around the country. Throughout the year, with in-kind and financial donations, the Air Canada Foundation disbursed more than \$2.4 million and supported more than 135 registered charities, which included 2019 commitments and additional donations.

Like many charitable organizations, 2020 was a challenging year for the Air Canada Foundation with cancelled fundraisers and growing needs. Despite these challenges, the Foundation was resilient and worked diligently with its partners to support communities across Canada and make a positive difference in the lives of children and their families.

THE AIR CANADA FOUNDATION'S 2020 Accomplishments



Food Security and Other Donations

Throughout the COVID-19 pandemic, food security has been a growing concern for many Canadians. In partnership with Second Harvest, Air Canada and the Air Canada Foundation initiated a food rescue effort across Canada, offering more than 770,000 kilograms of food from April to December, representing over 1.3 million meals. These efforts supported more than 70 front-line social service organizations across eight provinces and averted roughly over 1.5 million kg of greenhouse gas (GHG) emissions from the avoidance of new food production, processing or retailing.

Sixty-one catering carts were also donated to eight senior living communities in Ontario and Québec to help with efficient meal distribution for seniors.

With the devastating rise in opioid-related overdoses and deaths in Canada, 50 Narcan kits, which are used for the emergency treatment of a known or suspected opioid overdose, were donated to three organizations

serving homeless youth in Canada: Covenant House (Toronto), Dans la Rue (Montréal) and Directions Youth Services (Vancouver).

Air Canada donated and diverted from landfill more than 85 banners to a Toronto-based community initiative that resulted in material being transformed into more than 2,500 face coverings for the Michael Garron Hospital.



FOOD RESCUE EFFORT

770,000 kg of food = 1.3M meals



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Aeroplan Member Donation Program

Aeroplan Members were also provided opportunities to support communities through special offers, matching campaigns and donation opportunities, including through the Travel at Home campaign.

The donation program helps Aeroplan Members support Canadian-based initiatives that are working to improve lives and assist communities locally, across Canada and around the world. With 53 new charities joining the donation program in 2020, Aeroplan Members can connect with more than 300 organizations, charities and causes they care about. In 2020, more than 150 million points were donated by Aeroplan and its members through the **Aeroplan Member Donation Program**. Every point donated helps make a difference and contributes to worthy initiatives in our communities.

Through this platform, the Foundation raised close to four million Aeroplan points in 2020 for its Hospital Transportation Program, which provides flights for children and their families to access medical care that is not available in their communities.

Travel at Home Campaign

Through this member engagement campaign, Aeroplan Members were encouraged to support charitable organizations by donating their Aeroplan points, providing another outlet to help support those in need. The campaign supported a variety of non-profits including those focused on food security, humanitarian efforts and mental health. Phase 1 of the charitable component let members earn status by giving them the opportunity to donate to three organizations centred on first response including GlobalMedic, Médecins Sans Frontières/Doctors without Borders and Second Harvest. The second phase of the campaign encouraged members to donate points to mental health organizations. Aeroplan joined them by donating one million points to the Centre for Addiction and Mental Health (CAMH). The last phase of the campaign encouraged members to donate points (alongside Aeroplan) to charities focused on food security including Breakfast Club of Canada and La Tablee des Chefs.

Our creative efforts to keep members engaged through the Travel at Home campaign were recognized through several online trade and blog outlets. It also earned us the top award — “Platinum” — in the Innovation in Corporate Social Responsibility category and “Bronze” in the Business Transformation category at the Loyalty360 Awards. The Loyalty360 awards recognize brands that build more robust and deeper loyalty with their customers through loyalty and customer experience strategies and programs.



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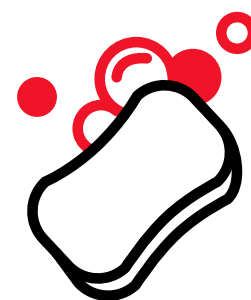
Delivery of Essential Goods

As Air Canada continued to adapt to the needs of our communities it operated more than 4,000 cargo-only flights in 2020. These cargo-only flights provided necessary global capacity to ensure the flow of essential goods in the supply chain, including personal protective equipment (PPE). As of December 2020, more than 2.6 million kg of PPE were transported.

In October, Air Canada Cargo and the Air Canada Foundation brought Drone Delivery Canada Corp (DDC), the Pontiac Group, GlobalMedic and generous donors together to implement DDC’s drone delivery solution for the **Beausoleil First Nation Community in Ontario**.

The Sparrow drone solution will help ensure reliable and cost-efficient transportation of COVID-19 related goods such as PPE, hygiene and test kits and swabs from the mainland to Christian Island while limiting person-to-person contact.

Alongside humanitarian partner GlobalMedic, in 2020, Air Canada Cargo also supported charitable shipments throughout Canada, resulting in the transportation of:



3,540 hygiene kits to support community organizations



200 clean-up kits to distribute to families affected by the flooding in Fort McMurray



2,754 kg of food to support food banks



120+ health care worker appreciation kits

Australia Fires

Early in 2020, Australia was devastated by the worst fires seen in years, with at least 25 lives lost and the destruction of a million hectares of land, displacing thousands of people and affecting wildlife.

The Air Canada Foundation organized an employee fundraising campaign through CanadaHelps for the Canadian Red Cross Australia Fires Appeal. With a \$25,000 donation from the Air Canada Foundation, over \$30,000.00 was raised in support of this appeal.

Air Canada Cargo also played a role in the Australia Wildlife Rescue operations during the wildfire season by transporting 330 boxes of donated items including veterinarian supplies, knitted pouches, slings and bird nests. Overall, 3,731 kg of goods were distributed to a local charity.

Support to Lebanon

In August 2020, an explosion struck Lebanon’s capital of Beirut in a catastrophe that deepened a pre-existing humanitarian crisis amidst the COVID-19 pandemic. Jumping into action, Air Canada employees banded together to generously raise donations for the Lebanon Humanitarian Needs Appeal, an initiative launched by the Canadian Red Cross, a humanitarian partner of Air Canada. More than \$17,300 was raised in just three weeks.

Hurricane Preparedness

We supported GlobalMedic efforts to support the National Emergency Management Organization in St. Vincent and the Grenadines as part of emergency preparedness. Donated cots were transported with support from Air Canada Cargo.





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Employees in Action

Over 300 employees helped their local communities in 2020 across the country for various causes. Opportunities to volunteer were created for employees who wanted to give back including:

- Nine Air Canada recruiters volunteered with the Canadian Red Cross to recruit 400+ medical support staff for the *Centre intégré universitaire de santé et de services sociaux* in the West Island of Montréal.
- Air Canada employees volunteered to support the Canadian Red Cross's efforts to help provinces in their fight against COVID-19, by working as emergency care workers in long-term care homes.
- In collaboration with the City of Montréal, the Canadian Red Cross distributed food parcels to homeless and vulnerable individuals on the island. Six Air Canada employees volunteered to distribute the food at one of the four sites in Montréal.
- Multiple Air Canada teams participated in exercises to map areas with insufficient geographic data to help Doctors without Borders.
- In collaboration with GlobalMedic, Air Canada employees generously offered their time to pick up and deliver hygiene kits that were transported by Air Canada Cargo to support DESTA Black Youth Network in Montréal, Sardis Doorway in Chilliwack, and Le Filon in Québec City.



- Several employees volunteered to connect virtually with hospitalized children through the (long-standing) Wings of Courage Program. Employees shared engaging videos for children, including a behind-the-scenes look at life as a pilot, language lessons with our Linguistic Services team, a brief overview on how to transport animals with Air Canada Cargo and more.

For the holidays, Air Canada employees across the country took advantage of opportunities to give back to their local community through volunteer and engagement initiatives. As such, 150 employees and family members teamed up with Opération Père Noël, a Québec-based charity, to brighten the spirits of children in need. Thanks to these incredibly generous participants, 203 kids received special gifts during the holiday season. Vancouver-based employees assembled Christmas backpacks full of brand-new gifts for youth experiencing homelessness, in collaboration with Covenant House Vancouver. Employees in Toronto rallied as a group to raise donations for Second Harvest's Turkey Drive, which aimed to provide 8,000 turkeys to help nourish people who have been hit hard by the COVID-19 pandemic. Air Canada Foundation ambassadors in New Brunswick volunteered with the Greater Saint John YMCA to sell Christmas trees, raising funds for part of the Strong Communities Fund, SJ Newcomers Centre Scholarship Fund and Emergency Support Fund.





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Celebrating Community Heroes

Through the **Gift of Travel campaign**, Air Canada celebrated the actions of community heroes who made a memorable impact, helping their fellow Canadians during the COVID-19 pandemic. In the spirit of the holiday season, Air Canada celebrated four inspiring Canadians who are making a real difference in their communities.

In addition to rewarding them with the gift of travel, Air Canada recognized these exceptional individuals by sharing their acts of devotion and kindness with the world and making a \$5,000 donation to a charity of their choice through the Air Canada Foundation. The recipients of the donations were Breakfast Club of Canada, Doctors without Borders, GlobalMedic and Shriners Hospitals for Children – Canada.





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Air Canada also recognized exceptional employees who have given back to their communities.



BERNARD TAVERNIER, Manager, General Operations at Station Terminal Operations Control, has been with Air Canada for 23 years and has been regularly volunteering with the

Air Canada Foundation for the past decade. As a father of two, he feels for the children and parents navigating illness and has become involved in Rally for Kids and other Foundation initiatives. One of the roles he has taken on is as Lumpy Bumpy, donning a blow-up airplane worn as a costume that always makes children of all ages laugh.



First Officer ANNE MOORHOUSE has been with Air Canada for four years. Anne leads the Montréal chapter of the Wings of Courage Program at the Shriners Hospital for Children. The program recognizes the courage of children fighting illness, allowing Air Canada pilots to visit,

participate in activities and present children with certificates and medals of courage for their bravery. “What marked me about being involved with this program is how just a little visit can really change a child’s perspective and can make them have a more positive outlook,” said Anne. “And also, how much passion my colleagues have had, and how they have just gone above and beyond and done some really wonderful things.”



AMEENA YOUSSEF, Talent Acquisition Partner, has been working at Air Canada for nearly three years as part of the Talent Recruitment department. In her role, she works with different business groups to help recruit the best talent for their teams. By April, the first wave of the COVID-19 pandemic had taken root in the province of Québec. The elderly were particularly vulnerable with outbreaks in long-term care facilities. In response, the government mobilized several resources, including asking the Red Cross Canada to step in and help manage the recruitment and training of those willing to step in and help. The Red Cross reached out to the Air Canada Foundation to see if there was a possibility of asking off-duty employees for their support. Many employees, including Ameena, answered the call.

The campaign also enabled the raising of funds and Aeroplan points for charitable organizations in Canada, while offering customers aspiring to travel a new flexible travel pass product.

The Air Canada Foundation’s inaugural public online auction kicked off on December 1, 2020, the day commemorating Giving Tuesday. With items ranging from a private flight simulator experience to dream vacation packages, the week-long event raised about \$135,000 that will be redistributed to Canadian charities that focus on the health and well-being of children and youth.





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We take great pride in connecting Canada and the world. In accepting that mission, we also recognize that we must do our part to minimize our environmental footprint.



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Environmental Management Approach

Air Canada’s environmental focus is two-fold: *LEAVE LESS*: less energy use through operations, less carbon in the atmosphere, less waste on land and in water, and less noise in communities; and *DO MORE* to address environmental issues: more collaboration and participation with industry partners, and more involvement in communities and with employees and customers.

We are committed to managing the environmental impacts of our operations and minimizing our environmental footprint, while integrating environmental considerations into our business decisions. For more information on our approach and accomplishments over the years, please see the Air Canada *LEAVE LESS* website.

ENVIRONMENTAL POLICY

Air Canada has developed an *Environmental Policy*, consistent with the requirements of IEnvA and ISO 14001:2015, which details the commitments made by its executive management. The *Environmental Policy* is the foundation of Air Canada’s Environmental Management System (EMS) through which Air Canada maintains environmental management programs, enabling us to meet our obligations and address our environmental impacts.

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Less Noise in Our Communities
Less Waste
Water Conservation
Contributing to Biodiversity
Engaging with Our Customers

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ENVIRONMENTAL MANAGEMENT SYSTEM

Through its EMS, the Air Canada Environmental Affairs department is responsible for identifying, monitoring and assessing climate- and environmental-related risks and opportunities and for implementing programs to address the impacts of its operations. An EMS is a structured documented system of policies and procedures through which Air Canada identifies the environmental aspects of its activities, manages its impacts and sets the Company’s environmental objectives, targets and performance indicators. Environmental management plans are developed to address Air Canada’s significant environmental impacts and meet our compliance obligations. Through environmental compliance audit programs, we monitor our regulatory compliance, identify root causes of findings and ensure appropriate corrective actions are developed as required.

The department reports to the Vice President, Safety, who reports directly to the President and CEO. The President and CEO’s environmental responsibilities are to ensure the Executive Management’s commitment to the Environmental Policy and to the Environmental Management System.

The President and CEO chairs the Corporate Environmental Board (CEB), which provides direction and strategic advice on all of Air Canada’s major environmental and climate-related endeavours of the Company. The CEB meets quarterly with members of Air Canada’s Environmental Affairs department to discuss potential environmental risks and opportunities, progress on initiatives and future directions for the Company.

Progress on key topics and initiatives are reported to the Safety, Health, Environment and Security Committee of the Board, whose mandate is to assist the Board of Directors in carrying out its oversight responsibilities concerning safety, health, environment and security matters including climate-related issues. The committee meets at least quarterly to discuss key issues.



IEnvA

In support of its efforts to reduce waste, pollution and GHG emissions and to improve environmental performance, Air Canada advanced to a third-party certified system through the IATA Environmental Assessment (IEnvA) Program. IEnvA is a two-stage environmental management system certification process, specifically developed for the airline sector, which demonstrates equivalency to the ISO 14001: 2015 environmental management systems standard.



Air Canada is proud to be the first airline in North America to be IEnvA Stage 2 certified, the highest level of IEnvA compliance.



Air Canada’s existing management system already incorporated these requirements, but through our journey to achieving IEnvA certification, on the principle of continuous improvement, it elevated these programs.

IEnvA Stage 2 requires an airline to develop and implement, among other things:

- Environmental significance/risk rating criteria.
- Environmental management plans to address environmental issues that include:
 - Environmental objectives and associated plans to achieve those objectives.
 - Control mechanisms to achieve and maintain environmental compliance and performance.
- Environmental training programs.
- Environmental communications plans.
- Emergency response procedures.

TRAINING

Consistent with our core value of Safety First, Always, and our commitment to doing our part in caring for our planet, we have several training programs in place to make sure all our employees are aware of their roles and responsibilities, have appropriate knowledge of environmental issues and are competent to undertake tasks that may have significant environmental impacts. The training highlights to employees the importance of compliance with the environmental regulations, policies, procedures and other requirements of the EMS. We are continuing to transform our Environmental Training Program through our online platform, which better suits our mobile workforce.

ASSOCIATIONS

As an international airline, we are global not just in our reach but also in our dealings with the industry. We believe in the need for collaboration among industry stakeholders and are engaged in several initiatives to better understand, strategize and effect environmental protection locally and globally. We are actively involved in the IATA Sustainability and Environment Advisory Council (SEAC). In addition, we chair the National Airlines Council of Canada (NACC) Environmental Subcommittee and are involved with other environment committees and working groups with the Airlines for America (A4A), the Star Alliance® Sustainability Committee and are a member of Canadian Business for Social Responsibility (CBSR).

Air Canada is also a signatory, through NACC, to the Canadian Action Plan to Reduce Greenhouse Gas Emissions from Aviation. This multiparty action plan between aviation industry stakeholders and the federal government outlines how the parties intend to reduce greenhouse gas emissions from aviation activities. Since 2012, Air Canada, along with other members of the Canadian aviation industry, adopted national industry targets in partnership with the Canadian government. These targets included a 1.5 per cent annual average improvement (and an aspirational two per cent annual average improvement) in fuel efficiency per year until 2020. We are continuing our engagement with the stakeholders to develop future aviation emission reduction priorities.

CLIMATE DISCLOSURES

Since 2007, information on Air Canada’s carbon footprint, targets and climate strategy has been reported through the CDP, a global disclosure system that has been in place for 20 years and is used to assist investors, companies, cities, states and regions in managing their environmental impacts. The CDP questionnaire incorporates elements of the TCFD framework. To access Air Canada’s CDP response, visit www.cdp.net. In addition to reporting through the CDP, Air Canada will align with the TCFD framework for its 2021 ESG disclosures.

Further to its climate disclosures, Air Canada has been a strong supporter of the international efforts to mitigate climate impacts from the aviation industry. Since 2019, Air Canada has been reporting to Transport Canada for the ICAO Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), applicable to certain international flights, and designed to achieve the carbon neutral growth target.

Less Energy, Less Carbon

CLIMATE ACTION

Climate change is a global challenge that knows no national borders and requires international solutions to help countries lower their carbon emissions. Commercial aviation accounts for approximately two to three per cent of all anthropogenic GHG emissions. Air Canada monitors its GHG emissions closely and is committed to mitigating its environmental footprint. As 99 per cent of the airline’s carbon dioxide (CO₂) emissions are generated from aircraft engine combustion, there is a strong positive correlation between meeting our environmental targets and reducing fuel burn, emissions and our operating costs.

For over a decade, Air Canada has been an active player in the development of the aviation industry’s approach to addressing climate change and endorsed the climate action strategy targets to mitigate CO₂ emissions and its four-pillar approach early on.

In March 2021, Air Canada released its new Climate Action Plan that includes ambitious milestones to achieve its long-term goal of net-zero emissions by 2050. In defining this pathway, Air Canada has set 2030 absolute mid-term GHG net reduction targets:

20% GHG REDUCTION
from **air operations**
by **2030** compared to our 2019 baseline

30% GHG REDUCTION
from **ground operations**
by **2030** compared to our 2019 baseline

\$50M INVESTMENT
in **sustainable aviation fuels (SAF)**, as well as in carbon reductions and removals

Air Canada’s Climate Action Plan builds on its already-existing value streams and activities and has identified four key carbon reduction pillars:



FLEET AND OPERATIONS



INNOVATION



SUSTAINABLE AVIATION FUELS AND CLEAN ENERGY



CARBON REDUCTIONS AND REMOVALS



Air Canada is committed to full-scale sustainability and will work towards its ambitious net-zero goal through a series of five-year plans.



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Less Noise in Our Communities

Less Waste

Water Conservation

Contributing to Biodiversity

Engaging with Our Customers



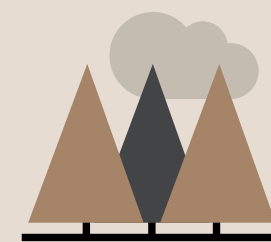
FLEET AND OPERATIONS

Air Canada’s Fleet Modernization Program offers substantive fuel efficiency improvements and meaningfully contributes to its environmental impact and emissions reduction efforts. In May 2020, Air Canada announced the permanent retirement of certain older aircraft from its fleet, consisting of its Airbus A319, Embraer 190 and some select Boeing 767 aircraft, leaving it with a more modern and fuel-efficient fleet. The Boeing 787-8 and Boeing 787-9 aircraft, also known as the Dreamliner, deliver an improved fuel efficiency rate of approximately 20 per cent over the aircraft they replaced. We are also renewing our narrow-body fleet with the Airbus A220 and the Boeing 737 MAX aircraft. These aircraft are expected to average around 20 per cent less fuel consumption per seat and emit roughly 20 per cent less CO₂ and 50 per cent less nitrogen oxide than the aircraft they replace.

Air Canada has a strong incentive to reduce weight on board its aircraft. Since 2016, over 115 fuel-efficiency projects have been achieved and contributed to more than 145,000 tCO₂e saved.

The various initiatives put in place range from operational improvements such as an optimized profile departure; RNP AR (a type of performance-based navigation), single engine taxiing as well as aircraft weight reduction including the use of lightweight crew luggage; iPads for pilots (replacing for paper manuals); and lighter weight composite onboard carts.

Although Air Canada’s ground operations make up a small fraction of the Company’s overall emissions, we look to adopt new technologies and innovative practices to reduce GHG emissions wherever feasible. One area of focus is the use of alternative energy in our fleet of ground support vehicles such as baggage tractors. To date, 2,658 (49 per cent) of these



Approximately the equivalent of carbon captured by more than 177,000 acres of U.S. forest in one year!

vehicles are powered by alternative means like electricity and propane which, when combined, lower emissions by around 15 per cent compared to our use of conventional fuel. To date, 76 tractors are lithium-ion powered and five of these resulted from a successful electric conversion using the latest lithium-ion battery technology. We are engaged with airport authorities at our largest Canadian hubs to expand the facilities to support alternative fuel charging stations in key areas of these airports.

In 2020, Air Canada partnered with Aéroports de Montréal (ADM) to set up 12 electric chargers for its GSE. These electric chargers, installed at a strategic location, will efficiently support the operation for 20 lithium-ion baggage tractors by enabling optimal charging capacity of the equipment. As part of Air Canada’s GSE fleet renewal plan, these lithium-ion tractors are replacing old diesel-based baggage tractors. This switch will significantly reduce the GHG emissions produced by ground operations. Since December 2020, this project contributed to the reduction of more than 34 tonnes of GHG emissions.

Air Canada’s Climate Action Plan will continue to build on these efforts, prioritizing efficient aircraft and electrification of our ground fleet. We are committed to a 20 per cent GHG reduction from our air operations and a 30 per cent GHG reduction from ground operations by 2030.





INNOVATION

Hydrogen, electric and hybrid aircraft technologies present an exciting future opportunity for the aviation industry, with some manufacturers targeting the development of zero-emission aircraft by 2035. While these products are not expected to come to market in a meaningful way in the short term, Air Canada will remain actively involved in getting these innovative technologies off the ground and running and will support the commercial scale up while always promoting safety and performance. We will continue to look for other innovative opportunities elsewhere in our operations, such as in our facilities and ground equipment.



SUSTAINABLE AVIATION FUELS & CLEAN ENERGY

Air Canada has been involved in the advancement and development of SAF since 2012. Air Canada has performed eight biofuel flights and has contributed to important Canadian initiatives on SAF supply chain knowledge as well as research on the impact of SAF on contrail. Air Canada is a supporting airline of “The Sky’s the Limit” challenge, through Natural Resources Canada, an initiative to accelerate innovation of SAF in Canada. Through NACC, Air Canada engages with governments in Canada on policy discussions for mechanisms needed to support a Canadian biofuel supply chain.

As part of the new Climate Action Plan, Air Canada committed to invest \$50 million in SAF, low carbon aviation fuels (LCAF) development, as well



as in carbon reductions and removals. Air Canada also intends to evaluate the practical applications of renewable energy sources such as biogas and renewable electricity, and other energy transition measures for its ground and facility operations.



CARBON REDUCTIONS AND REMOVALS

Another way we work to reduce GHG emissions is by participating in industry efforts to adopt appropriate, interim market-based measures that help aviation manage the carbon emissions for which it is responsible, until new aircraft technology and SAF production are readily available.

Air Canada has partnered with Less Emissions Inc. (a Bullfrog Power company) to provide our customers with high-quality carbon offsets to reduce the environmental impact of their flights. The voluntary program gives customers the opportunity to mitigate the CO₂ emissions associated with their travel while supporting carbon reduction programs in both Canada and developing countries. Customers also have the option to purchase offsets using Aeroplan points.

As part of the Climate Action Plan, Air Canada will explore carbon negative emission technologies and other direct emission reduction and removal strategies in addition to further developing its carbon offset strategy.

We look forward to further communicating progress toward our ambitious net-zero goal over the coming years.



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Less Noise in Our Communities

Reducing the effect of noise to and from the airports we serve is a priority. We actively participate on noise abatement committees with multiple stakeholders, including airport authorities, local government, air navigation service providers and other air carriers to improve noise conditions around airports. When investing in new aircraft, the noise impact is also considered to ensure we reduce the noise footprint as much as possible. The vast majority of our aircraft achieve or surpass the Chapter 4 noise standards set by the ICAO, and the A220-300 is expected to provide 50 per cent reduction in noise footprint compared to older generation aircraft.

To further minimize noise, airports have developed noise abatement procedures with which our flight crews comply and carefully manage operating hours during the night. Furthermore, as a result of technological improvements, aircraft produced today are 50 per cent quieter than they were 10 years ago and 75 per cent quieter than the first generation of jet aircraft (as reported by Aviation Benefits Beyond Borders).

As early as November 2015, to reduce aircraft noise, we have been operating a number of narrow-body Airbus aircraft with the FOPP Cavity Vortex Generator modification installed. Additionally, in 2018, we proactively initiated a program to add a noise-reducing device to the remainder of our Airbus A320 aircraft that are scheduled to remain in our fleet beyond 2022. By the end of 2020, we completed the retrofit on 87 per cent of the aircraft that were scheduled to remain in our fleet.





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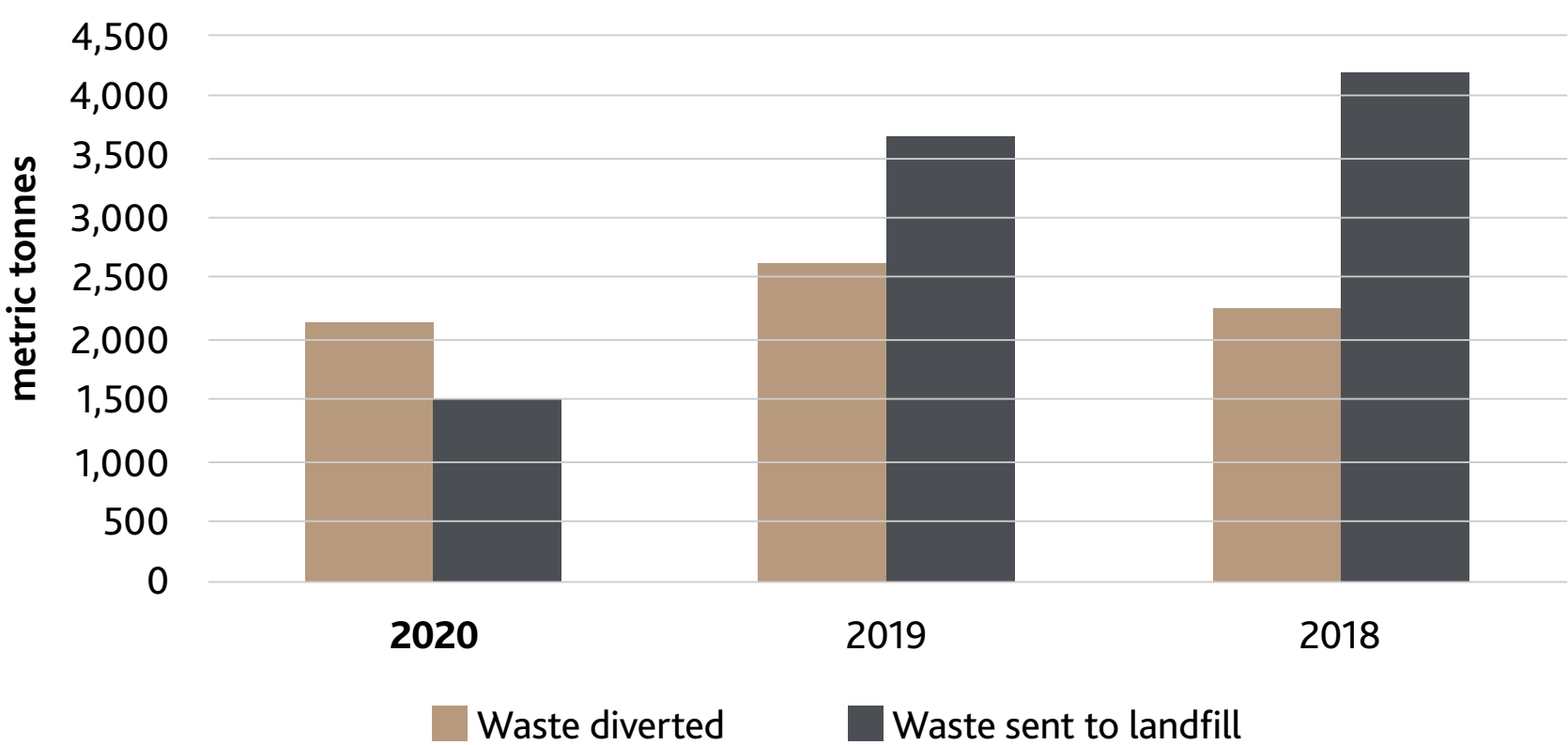
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CORPORATE WASTE STRATEGY

Despite the operational and financial impacts of the COVID-19 pandemic, Air Canada diverted 64.8 per cent of its waste from landfill in offices and facilities and has maintained its commitment to waste reduction under its 2020 Corporate Waste Strategy. The strategy was focused on decreasing the amount of waste generated and sent to landfill by (1) reducing waste by 20 per cent in offices, facilities and Maple Leaf Lounges; and (2) recycling 50 per cent of approved items on board domestic flights.

Now that the 2020 Corporate Waste Strategy targets have been achieved, Air Canada will evaluate new goals taking into consideration the impact of the COVID-19 pandemic. This includes developing solutions for new waste streams created by the pandemic and working with department partners to re-evaluate the way waste is generated, disposed of and tracked across all lines of business.

Total non-hazardous waste diverted from landfill





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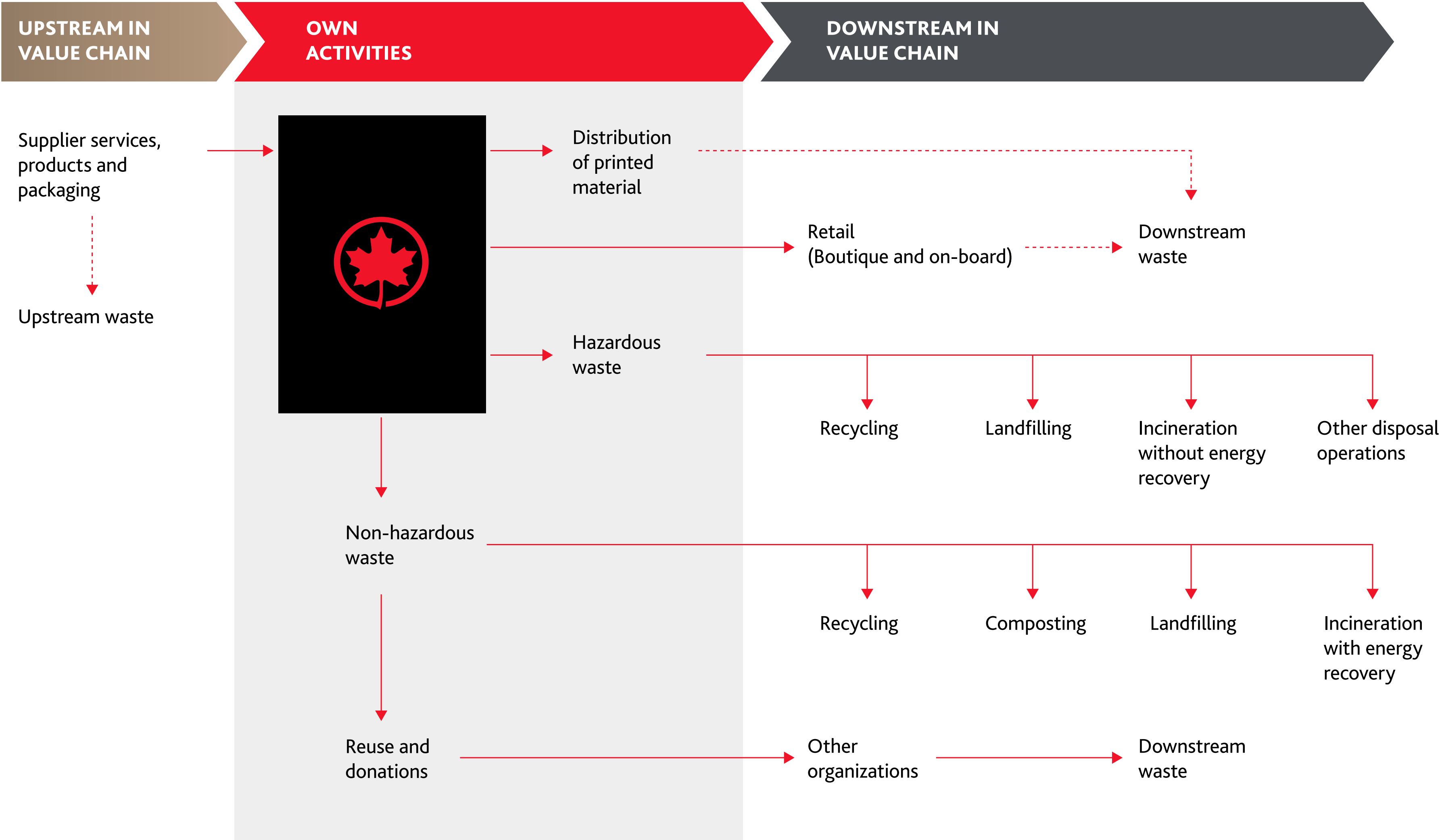
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Waste Activities and Outputs



RECYCLING IN FACILITIES

In 2015, Air Canada launched its Battery Recycling Program in its operations. The program disposes of batteries from assorted handheld devices and tools; improves efforts to recycle hazardous waste; and accepts obsolete cellphones. To further promote responsible disposal practices, Air Canada has various electronic waste disposal bins installed throughout its facilities. Employees are welcome to use these bins to recycle designated work items as well as their personal devices and batteries brought to Air Canada from their homes.

As of 2019, all our Maple Leaf Lounges in Canada are participating in waste segregation programs offered through the airports. In early 2020, prior to closing the Maple Leaf Lounges due to the COVID-19 pandemic, 18 of our 19 Canadian lounges had recycling facilities and 14 of those offered composting programs.

Air Canada introduced innovative programs to manage new waste streams arising from the COVID-19 pandemic. In addition to supplying employees with reusable face masks, Air Canada implemented a PPE Recycling Program in our clinics to collect and recycle disposable masks. We plan to continue testing this equipment in high-use areas around our facilities.

In 2020, Air Canada collected and diverted over 300 tonnes of electronic waste from landfill in its offices and facilities. These included printers, IT equipment, ink cartridges and other e-waste that required special vendors to collect.

Air Canada expanded its Uniform Recycling Program allowing employees to drop off their old uniforms to be donated to those in need or recycled to create something new. The program is available in Montréal, Vancouver, Toronto, and Halifax. Employees that are not located at stations with an active collection centre now also have the option to mail in their old uniforms and workwear to the Uniform team directly to be recycled or repurposed.

In January 2020, Air Canada received the YVR Green Excellence Award for the second consecutive year. The award recognizes exceptional Sea Island businesses for their commitment, enthusiasm and innovation in improving the environment. The Vancouver Airport Authority recognized our organization for two green initiatives that were spearheaded by our Corporate Real Estate team: a LED lighting project at YVR Operations Centre and the ION “pure water refreshment” option that eliminates the need for single-use water bottles. These changes helped support Air Canada’s efforts to reduce our energy and water consumption usage.

In 2020, Air Canada Vacations reduced the number of printed brochures by 60 per cent (year over year) and engaged with partners to do the same.



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RECYCLING ON BOARD

Air Canada conducts annual waste audits of domestic onboard waste and is exploring options to divert even more recyclable items from the landfill. Over the years, Air Canada has made a conscious effort to increase its recycling and reduce the use of single-use plastic items on board its aircraft.

We have been working closely with other airlines and stakeholder groups such as IATA to gain a better understanding of the risks associated with international recycling and composting. Due to strict regulations mandated by the Canadian Food Inspection Agency (CFIA) through the International Waste Directive, Air Canada, along with other transport carriers, is not permitted to recycle from international destinations due to the risks of contamination from foreign food and plant-born vectors. In 2018, IATA commissioned a study to understand the risks posed by airline catering waste on animal health. It advocates the adoption of smarter regulation, which allows recycling while maintaining animal health controls. We continue to engage with regulators to demonstrate how our recycling program and processes are beneficial and present a low risk.

Since 2019, we removed over 47 million plastic items from service. In 2020, the COVID-19 pandemic forced us to put back single-use plastic items on board as a necessary short-term solution to maintain the immediate health and safety of our passengers and crew. These items will be replaced moving forward. Air Canada is in the process of testing alternative single-use plastic products that will be better for the environment and will adhere to new hygienic standards. Specifically, we are working on removing items and evaluating sustainable replacements for cutlery and food service items. We anticipate furthering these initiatives and making more announcements in the future.



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DO MORE TO UPCYCLE, REPURPOSE AND GIVE BACK

In 2020, 809,000 kilograms of Air Canada materials were donated for use rather than sent to landfill. This consisted of donations of banners, duvets, uniforms, food from its kitchens dedicated to the preparation of onboard meals and other items. Here are some examples:

Uniforms

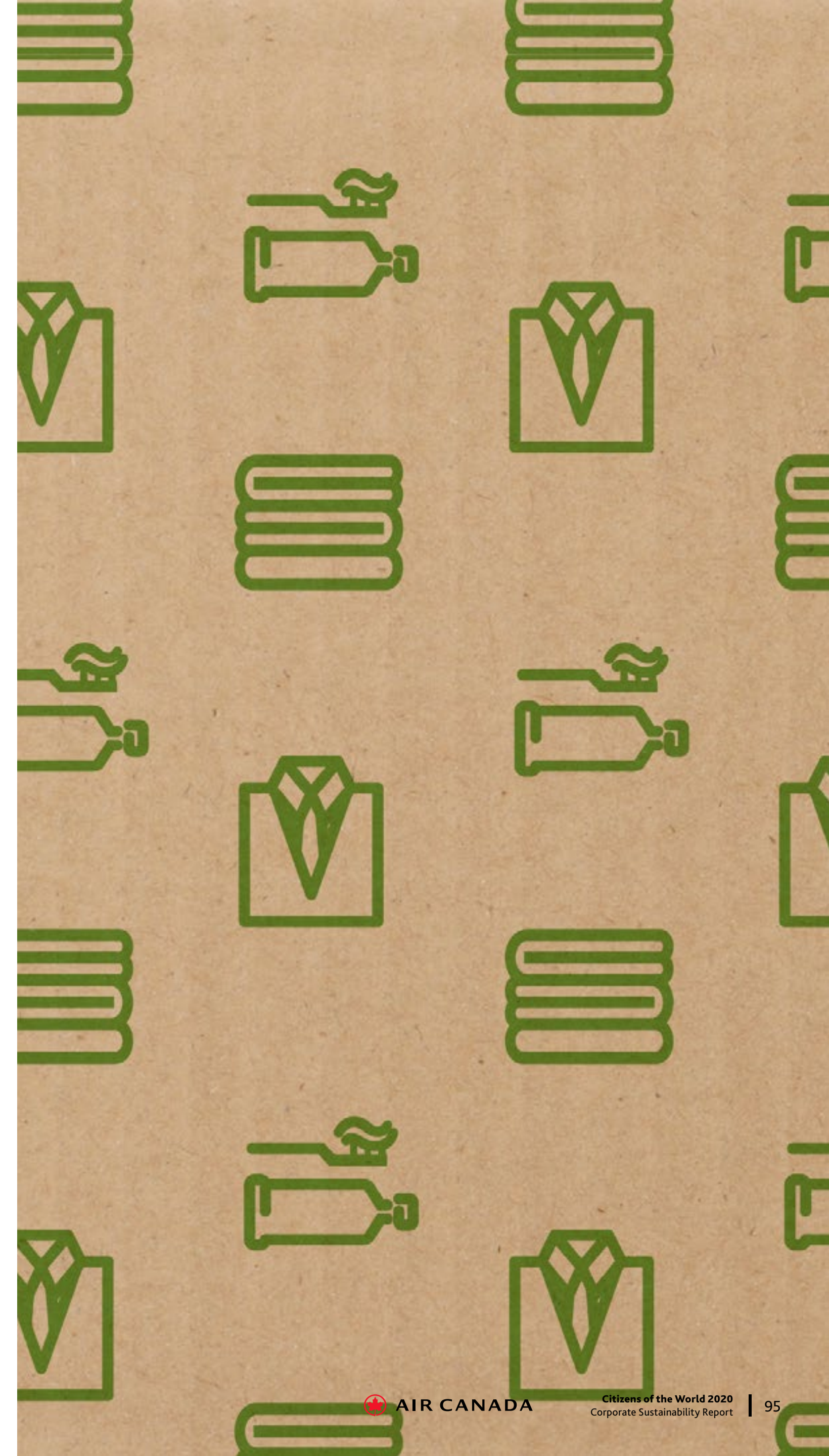
In 2017, we implemented a Uniform Recycling Program to dispose of old uniforms while minimizing the environmental impact and giving them a new lease on life. Through this program, we work with several organizations that repurpose, recycle or reuse our surplus and used uniforms. An example of this is our collaboration with the non-profit organization Brands for Canada. Throughout 2020, over 39,000 discontinued uniforms were donated to provide new clothing for people in need, specifically those who need formal workwear to re-enter the workforce.

Amenity Kits

We have been working with Clean the World, a not-for-profit organization, to recycle and repurpose amenity kits. In 2020, 310 kilograms of unused amenity kits were sent to Clean the World Canada. Additional kits were donated to Smith Lodge Outreach Salvation Army in Charlottetown, a shelter for men, women and families experiencing homelessness, and to Dans La Rue in Montréal, an organization helping homeless and at-risk youth.

Duvets, Blanket and Mattress Pads

In 2020, more than 8,000 kilograms of lightly used dry cleaned duvets and mattress pads were redistributed to local charities and shelters combatting homelessness. This included more than 135 blankets donated to the Mustard Seed in Edmonton, a non-profit organization whose vision is to eliminate homelessness and reduce poverty. Overall, 292 duvets and 200 mattress pads were also donated to the SPCA and St. Michael’s in Montréal for re-use. Another 16 pallets of lightly used duvets were sent to Brands for Canada to be redistributed to people in need at an annual event: Homeless Connect.





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Air Canada’s Environmental Policy includes a commitment to protect our natural environment and improve our environmental performance. The use of water resources has been identified as a significant environmental aspect. To address this aspect and its associated impact, Air Canada has started to measure and track the water consumption on board aircraft and the usage in its facilities as a first step in the development of a Water Conservation Program.

In addition to advancing our Water Conservation Program, Air Canada has long-standing environmental management plans for wastewater and storm water that ensure compliance with regulations.





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ILLEGAL WILDLIFE TRADE

At Air Canada, we are dedicated to combatting the illegal wildlife trade and to raising awareness on the issue and its consequences. In addition to threatening ecosystems, illegal wildlife trade plays a key role in spreading zoonotic diseases, therefore, fighting illegal wildlife trade is important in preventing pandemics of zoonotic origin. Through IATA, we are a signatory to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). As such, we do not permit carriage of species covered by CITES unless the shipper certifies that the species is carried under a CITES permit. We also have an embargo on the carriage of shipments of lion, leopard, elephant, rhinoceros and water buffalo trophies, of non-human primates intended for laboratory research and/or experimental purposes and of shark fins.

In June 2020, Air Canada signed the Buckingham Palace Declaration, a landmark agreement of 11 commitments designed to remove the vulnerabilities in transportation and stop the illegal wildlife trade. On September 30, 2020, Air Canada also became Illegal Wildlife Trade (IWT) certified — the first airline in all the Americas to achieve this industry standard. Introduced in 2019 by IATA, the IWT certification demonstrates that an airline has incorporated the 11 commitments of the United for Wildlife Buckingham Palace Declaration into its operations.

In March 2021, Air Canada hosted a virtual forum on Illegal Wildlife Trade (IWT) in Canada’s transportation industry with over 250 participants. As the country’s largest airline, Air Canada’s goal was to raise awareness about the illegal wildlife trade in Canada and around the world. The forum featured a host of prominent international speakers and subject matter experts, including Michael Rousseau, President and Chief Executive Officer of Air Canada; the Honourable Jonathan Wilkinson, Minister of Environment and Climate Change; and Jane Goodall DBE, a world-renowned primatologist and anthropologist.

We look forward to partnering with airports, freight forwarders and other stakeholders, and to working proactively with enforcement agencies and conservation organizations to further address the issue.





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BEES

Air Canada Cargo routinely flies boxes of live bees in the spring to support the agriculture industry. Bees play an important role in the pollination of flowering crops such as blueberries, cranberries, canola, tree fruits and certain vegetables. Each spring, 250,000 queens and 40,000 small bee colonies are imported into Canada on behalf of farmers throughout the country. In April 2020, Air Canada Cargo handled 100 shipments that were either international or from the U.S. for a total of 62 tonnes. It also handled 328 domestic shipments weighing 50 tonnes overall. In April 2021, Air Canada Cargo operated a charter from Auckland, New Zealand, to Vancouver, carrying 3,800 kilograms of bees, the first of its kind for the airline.

[Read more](#)





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Building on our commitment to sustainability, in November 2020, Air Canada launched a new category of socially responsible items for purchase through the Aeroplan eStore. Members can redeem their Aeroplan points and purchase high-quality carbon offsets with our partner Less Emissions, including offsets from a Canadian Air Canada exclusive project. Members can also support ocean plastic reduction through the purchase of 4ocean bracelets made from recovered ocean plastic or upcycled leather products from our partner Marieclaro, which are made from Air Canada aircraft seat covers.



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102-1	Name of the organization	Air Canada
102-2	Activities, brands, products, and services	2020 Annual Report, page 25 2020 Annual Information Form, pages 5-12
102-3	Location of headquarters	7373 Côte-Vertu Boulevard West Saint-Laurent, Québec H4S 1Z3 CANADA
102-4	Location of operations	2020 Annual Report, page 25 2020 Annual Information Form, pages 5-12
102-5	Ownership and legal form	Corporate Profile Corporate Governance
102-6	Markets served	2020 Annual Report, page 89
102-7	Scale of the organization	2020 Annual Report, pages 5-12, 25, 33-37, 85 2020 Annual Information Form, pages 5-12, 13, 25-26
102-8	Information on employees and other workers	Please refer to the chart
102-9	Supply chain	Citizens of the World, page 29
102-10	Significant changes to organization and its supply chain	There have been no significant changes to facility openings, closings, or expansions in 2020, other than some of the work was performed remotely (telework). The project facilities set up for key technology projects were closed late 2019 (considering project completion) and Aeroplan and certain Air Canada management activities were relocated within Toronto.
102-11	Precautionary Principle or approach	Citizens of the World, pages 6, 25
102-12	External initiatives	Citizens of the World, pages 3, 32, 35, 36, 44, 52, 86, 97
102-13	Memberships of associations	Citizens of the World, pages 36, 44, 66, 86

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102-18	Governance structure	Citizens of the World, pages 22-23
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102-40	List of stakeholder groups	Citizens of the world, pages 4, 5
102-41	Collective bargaining agreements	Please refer to the chart
102-42	Identifying and selecting of stakeholders	Citizens of the World, pages 4, 5
102-43	Approach to stakeholder engagement	Citizens of the World, pages 4, 5
102-44	Key topics and concern raised	Citizens of the world, pages 5, 43, 51

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102-45	Entities included in the consolidated financial statements	2020 Annual Report, page 89
102-46	Defining the report content and topic Boundaries	Citizens of the World, pages 2, 4
102-47	List of material topics	Citizens of the World, page 4
102-48	Restatements of information	No material restatements for this report.
102-49	Changes in reporting	No material changes in reporting.
102-50	Reporting period	January 1, 2020, to December 31, 2020.
102-51	Date of most recent report	2020
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	Sustainability.developpement_durable@aircanada.ca
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with the GRI Standards: Core option.
102-55	GRI content index	The report has been completed with a GRI Content Index.
102-56	External assurance	<p>The report summarizes the Corporation’s sustainability performance in a transparent and accountable manner.</p> <p>Air Canada engaged a third party to perform an independent limited assurance on selected performance indicators. For more information on the assurance scope and statement, please visit www.aircanada.com/citizensoftheworld</p>
103-1	Management Approach	Citizens of the world, page 4

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GRI Standard		Air Canada Information
	Disclosure on Management Approach	2020 Annual Report, page 22
201-1	Direct economic value generated and distributed	2020 Annual Report, page 4 Citizens of the world, page 29
201-3	Defined benefit plan obligations and other retirement plans	Citizens of the world, page 63
Anti-Corruption		
	Disclosure on Management Approach	Citizens of the world, page 27
205-1	Operations assessed for risks related to corruption	Citizens of the world, page 27
205-3	Confirmed incidents of corruption and actions taken	Citizens of the world, page 27
Anti-Competitive Behavior		
	Disclosure on Management Approach	Citizens of the world, page 27
206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	No material legal actions related to anti-competitive behaviors or practices were reported or identified.

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ENVIRONMENT 1/3		
GRI Standard		Air Canada Information
Energy		
	Disclosure on Management Approach	<p>Citizens of the world, page 83-89</p> <p>LEAVE LESS site: leaveless.aircanada.com</p> <p>Annual CDP Climate Change submissions www.cdp.net</p>
302-1	Energy consumption within the organization	<p>Please refer to the chart summarizing the energy consumption within the organization, including data trends from 2018 to 2020. Previous years data trends are available at www.aircanada.com/citizensoftheworld (prior years GRI Index).</p> <p>Please see the limited assurance letter visit www.aircanada.com/citizensoftheworld</p>
302-2	Energy consumption outside of the organization	<p>Please refer to the chart summarizing the energy consumption outside of the organization, including data trends from 2018 to 2020. Previous years data trends are available at www.aircanada.com/citizensoftheworld (prior years GRI Index).</p>
302-3	Energy intensity	<p>Please refer to the chart summarizing the energy intensity, including data trends from 2018 to 2020. Previous years data trends are available at www.aircanada.com/citizensoftheworld (GRI Index).</p>
302-4	Reduction of energy consumption	<p>Please refer to the chart summarizing the energy reductions, including data trends from 2018 to 2020. Previous years data trends are available at www.aircanada.com/citizensoftheworld (GRI Index).</p> <p>For more detail on these initiatives, please refer to Air Canada’s LEAVE LESS site: leaveless.aircanada.com or annual CDP Climate Change submissions (at www.cdp.net).</p>
Water		
303-1	Interactions with water as a shared resource	<p>Citizens of the world, page 96</p> <p>Please refer to the chart</p>
303-2	Management of water discharge-related impacts	Please refer to the chart
303-3	Water Withdrawal	Please refer to the chart
303-4	Water Discharge	Please refer to the chart

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SPECIFIC STANDARD DISCLOSURES

ENVIRONMENT 2/3		
GRI Standard		Air Canada Information
Emissions		
	Disclosure on Management Approach	<p>Citizens of the World 2020, pages 87-89</p> <p>See the LEAVE LESS site: leaveless.aircanada.com</p> <p>Also see our annual CDP Climate Change submissions: www.cdp.net</p>
305-1	Direct (Scope 1) GHG emissions	<p>Please refer to the chart, including data trends from 2018 to 2020. Previous years data trends are available at www.aircanada.com/citizensoftheworld (prior years GRI Index). Also see the limited assurance letter.</p> <p>For more information, please refer to leaveless.aircanada.com or Air Canada’s annual CDP Climate Change submissions (at www.cdp.net).</p>
305-2	Energy indirect (Scope 2) GHG emissions	<p>Please refer to the chart, including data trends from 2018 to 2020. Previous years data trends are available at www.aircanada.com/citizensoftheworld (prior years GRI Index). Also see the limited assurance letter.</p> <p>For more information, please refer to leaveless.aircanada.com or Air Canada’s annual CDP Climate Change submissions (at www.cdp.net).</p>
305-3	Other indirect (Scope 3) GHG emissions	<p>Please refer to the chart, including data trends from 2018 to 2020. Previous years data trends are available at www.aircanada.com/citizensoftheworld (prior years GRI Index).</p> <p>For more information, please refer to leaveless.aircanada.com or Air Canada’s annual CDP Climate Change submissions (at www.cdp.net).</p>
305-4	GHG Emissions Intensity	<p>Please refer to the chart, including data trends from 2018 to 2020. Previous years data trends are available at www.aircanada.com/citizensoftheworld (prior years GRI Index).</p> <p>For more information, please refer to leaveless.aircanada.com or Air Canada’s annual CDP Climate Change submissions (at www.cdp.net).</p>
305-5	Reduction of GHG emissions	<p>Please refer to the chart, including data trends from 2018 to 2020. Previous years data trends are available at www.aircanada.com/citizensoftheworld (GRI Index).</p> <p>For more information, please refer to leaveless.aircanada.com or Air Canada’s annual CDP Climate Change submissions (at www.cdp.net).</p>

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ENVIRONMENT 3/3		
GRI Standard		Air Canada Information
Waste Management		
306-1	Waste generation and significant waste-related impacts	<p>Citizens of the World 2020, pages 91-95</p> <p>Please also refer to the chart. 2020 reporting is aligned with the standard in effect for 2020. As such, revisions to prior years data have been made to align with the current standard.</p>
306-2	Management of significant waste-related impacts	<p>Citizens of the World 2020, pages 91-95</p> <p>Please refer to the chart, including data trends from 2018 to 2020. Previous years data trends are available at www.aircanada.com/citizensoftheworld (GRI Index).</p> <p>For more information, please refer to leaveless.aircanada.com</p>
306-3	Waste generated	<p>Please refer to the chart, including data trends from 2018 to 2020.</p> <p>For more information, please refer to leaveless.aircanada.com</p>
306-4	Waste diverted from disposal	<p>Citizens of the World, pages 76, 91-95</p> <p>Please refer to the chart, including data trends from 2018 to 2020.</p> <p>For more information, please refer to leaveless.aircanada.com</p>
306-5	Waste directed to disposal	<p>Please refer to the chart, including data trends from 2018 to 2020.</p> <p>For more information, please refer to leaveless.aircanada.com</p>
Environmental Compliance		
	Disclosure on Management Approach	Citizens of the World 2020, pages 84-86
307-1	Non-compliance with environmental laws and regulations	No significant fines or non-monetary sanctions for non-compliance with environmental laws and/or regulations in 2020.

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EMPLOYEES		
GRI Standard		Air Canada Information
	Disclosure on Management Approach	Citizens of the World, pages 61-72
401-1	New employee hires and employee turnover	<p>Please refer to the chart for the total number and rates of new employee hires and employee turnover during the reporting period by age group, gender and region, including data trends from 2018 to 2020. Previous years data trends are available at www.aircanada.com/citizensoftheworld (GRI Index).</p> <p>Note that the base point for calculating hiring and turnover rate is the headcount as at the end of the previous reporting year.</p>
402-1	Minimum notice periods regarding operational changes	Notice periods depend on any statutory and/or contractual requirements applicable to employees in different jurisdictions. For instance, the Canada Labour Code which applies to most Air Canada employees, requires 120 days’ notice of technological change affecting the employment of a significant number of employees. Policies and collective agreements applicable to Canadian-based employees must respect this minimum but can be supplemented by Air Canada or in collective agreements. For example, the collective agreement with maintenance and ramp employees also contains a technological change provision.
404-1	Average hours of training per year per employee	Please refer to the chart .
404-3	Percentage of employees receiving regular performance and career development reviews	Please refer to the chart .
405-1	Diversity of governance bodies and employees	<p>Citizens of the World, pages 66, 67</p> <p>Please refer to the chart.</p>
405-2	Ratio of basic salary and remuneration of women to men	<p>For the majority of Air Canada employees, basic salary is determined by collective agreements.</p> <p>Where there are no collective agreements, a performance-based culture where salaries are based on job descriptions and classifications and ultimately tied to individual and collective performance and targets, determines compensation. Ratio of basic salary remuneration of women to men is 1.</p>
412-3	Significant investment agreements and contracts that include human rights clauses or the underwent human rights screening	Citizens of the World, pages 28-29

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SAFETY		
GRI Standard		Air Canada Information
Occupational Health and Safety		
	Disclosure on Management Approach	Citizens of the World 2020, pages 54-56 Please also see the Contractor Safety Checklist
403-1	Occupational health and safety management system	Citizens of the World 2020, pages 39-42 Please refer to the chart , including data trends from 2018 to 2020. Previous years data trends are available at www.aircanada.com/citizensoftheworld (GRI Index).
403-2	Hazard identification, risk assessment, and incident investigation	Citizens of the World, page 54-56
403-4	Worker participation, consultation, and communication on occupational health and safety	The collective agreements in place with Air Canada’s unions capture Health and Safety. As a federally legislated employer, Air Canada follows the Canadian Labour Code Part II for all Health and Safety topics. Additionally, we have collective agreement provisions that stipulate details such as number of meetings, number of full-time personnel and roles and responsibilities of the Health and Safety Committee(s). As Air Canada Vacations® employees are not represented by a union, there are no collective agreements in place. Nevertheless, Air Canada Vacations® complies with applicable laws and regulations pertaining to health and safety.
403-9	Work-related injuries	Citizens of the World, page 56 Please refer to the chart .

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CUSTOMERS

GRI Standard

Air Canada Information

Customer Health and Safety

Disclosure on Management Approach

Citizens of the World, pages 38-44

416-2

Incidents of non-compliance concerning the health and safety impacts of products and services

Please [refer to the charts](#), including data trends from 2018 to 2020. Previous years data trends are available at www.aircanada.com/citizensoftheworld (GRI Index).

Marketing Communications

Disclosure on Management Approach

The Brand team is responsible for leveraging the optimal mix of advertising, sponsorship and activation initiatives to defend and extend Air Canada's differentiated brand position, build client loyalty and appeal, contribute to business results and positively engage employees. A variety of measurement tools and metrics are used to ensure maximum return on investment of marketing initiatives, like consumer sentiment research, brand equity measurement and customer engagement and conversion. The Marketing Communications department leads the vision for enterprise-wide marketing including appropriate extension to Point of Sale US and Point of Sale International markets, as well as full integration of marketing assets within various branches to ensure maximum return on investment and full capitalization on all business development opportunities.

417-3

Incidents of non-compliance concerning marketing communications

Please [refer to the chart](#), including data trends from 2018 to 2020. Previous years data trends are available at www.aircanada.com/citizensoftheworld (GRI Index).

Customer Privacy

Disclosure on Management Approach

Citizens of the World 2020, pages 31-32

[The Air Canada and Aeroplan Privacy policies](#)

418-1

Substantiated complaints concerning breaches of customer privacy and losses of customer data

Citizens of the World 2020, page 32

Please [refer to the chart](#), including data trends from 2018 to 2020. Previous years data trends are available at www.aircanada.com/citizensoftheworld (GRI Index).

Also see the limited assurance letter at www.aircanada.com/citizensoftheworld

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SPECIFIC STANDARD DISCLOSURES

COMMUNITIES		
GRI Standard		Air Canada Information
Society Compliance		
413-2	Operations with significant actual and potential negative impacts on local communities	Citizens of the World 2020, pages 34, 35, 70-81
419-1	Non-compliance with laws and regulations in the social and economic area	No significant fines in 2020. Air Canada is subject to various routine enforcement actions in relation to various operational matters including customs and immigration which can result in occasional warnings and other minor sanctions.
	Charitable Giving 2020	Citizens of the World, pages 74-81 Please refer to the attached chart for a summary of charitable donations.

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