



Citizens of the World

2021 Corporate Sustainability Report



AIR CANADA

A STAR ALLIANCE MEMBER



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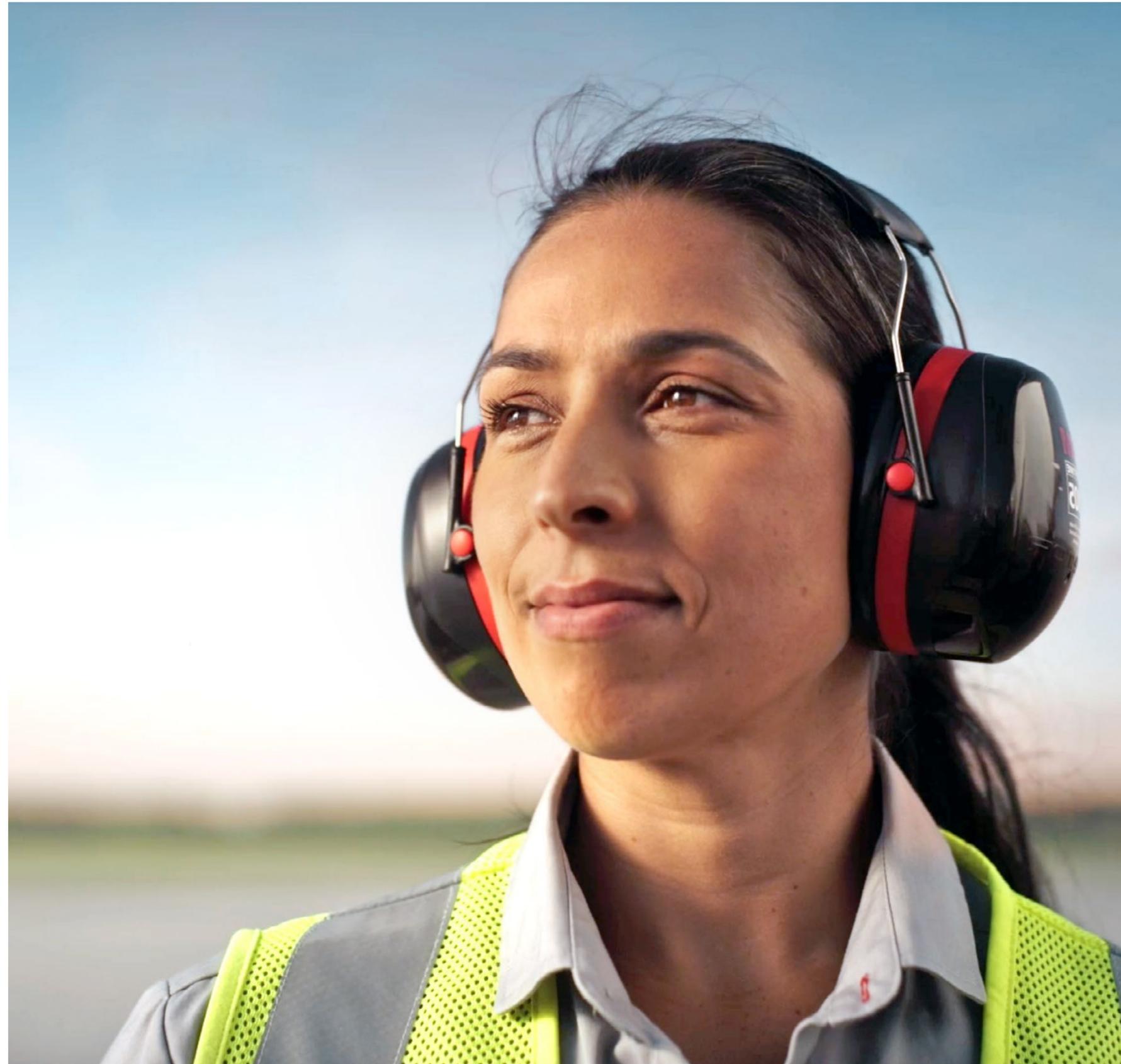
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About our report

The 2021 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, 2021. The report focuses on the airline's response to the COVID-19 pandemic and includes its mitigation activities and some updates from the start of 2022.

We have been reporting on our corporate sustainability activities since 2012. All prior reports and data trends can be found [here](#). Unless stated otherwise, 2021 Citizens of the World is inclusive of the sustainability efforts and activities of Air Canada (sometimes referred to in this report as Company) 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. (Aeroplan). An overview of our financial performance and description of our business during 2021 is available in our [2021 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 also 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), an organization that encourages all businesses to adopt sustainable and socially responsible practices and is committed to supporting the 10 principles of the UNGC and the 17 Sustainable Development Goals (SDGs). Since 2020, Air Canada has aligned the SDGs with its reporting on the GRI. We support all 17 Sustainable Development Goals and are particularly focused on seven of these goals. A review of our contributions to these goals can be found in the [Sustainable Development Goals Annex](#) of this document. Our Communication on Progress to the UNGC can be found [online](#).

The disclosures contained in this report have been reviewed by the company's disclosure committee. Disclosure procedures for the data covered by limited assurance are documented (including how the data should be gathered and analyzed by the responsible parties with appropriate subject-matter expertise), and reviewed. This is monitored and reviewed periodically for effectiveness. The Corporate Sustainability team is also tasked with monitoring ESG disclosures, commitments and progress at the corporate level. Periodic reports are shared with the relevant Board committees having oversight over ESG matters. Finally, Air Canada is currently reviewing how it may further develop and mature its control environment, including by leveraging automation to advance data extraction, validation and internal controls regarding key ESG data.

Air Canada is closely monitoring the developments in ESG reporting, following the creation of the International Sustainability Standards Board and its focus to deliver a



comprehensive global baseline of sustainability-related disclosure standards. Air Canada is planning to review its sustainability reporting strategy in 2023, with implementation to follow in 2024.

Third-party assurance

We believe in transparency, integrity and accountability and have engaged PricewaterhouseCoopers LLP to perform an independent, limited assurance engagement on seven performance indicators. For information on the scope of the assurance and its related statement, please see the limited assurance statement at www.aircanada.com/citizensoftheworld.

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 most 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 shown in our materiality matrix and were reviewed and used for this 2021 report. In this report, materiality refers to the relative significance of environmental, social, governance and economic priorities for, and their potential impacts (positive and negative) on, our business and our stakeholders in the context of sustainability.

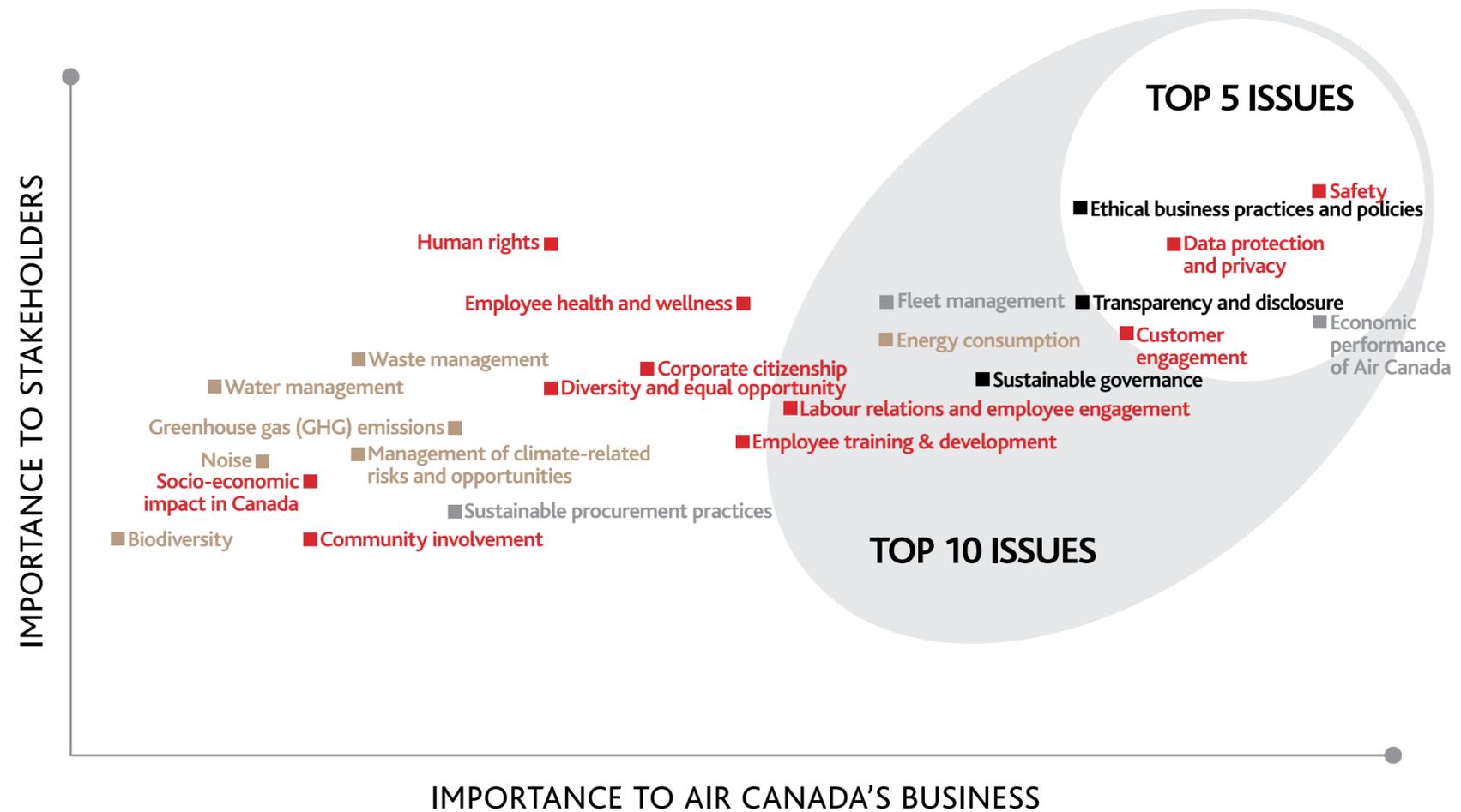
GOVERNANCE

ECONOMIC

SOCIAL

ENVIRONMENTAL

- 1 ■ Safety
- 2 ■ Economic performance of Air Canada
- 3 ■ Data protection and privacy
- 4 ■ Ethical business practices and policies
- 5 ■ Customer engagement
- 6 ■ Transparency and disclosure
- 7 ■ Fleet management
- 8 ■ Sustainable governance
- 9 ■ Energy consumption
- 10 ■ Labour relations and employee engagement



Stakeholder engagement

In 2021, we engaged with our stakeholders through dialogue, meetings, surveys, correspondence, focus groups, social media and virtual conferences.

Our employees also provided feedback and engaged in dialogue through various platforms including through regular company surveys measuring our safety culture and employee engagement.

We continued to engage with customers through surveys and dialogue. In 2021, customers generally continued to rate their travel experience with us favourably, reaffirming the impact drivers, such as customer service, on-time performance, and travel journey disruption handling, which are also driving customer experience initiatives that we are focused on in 2022 and onwards. Cabin cleanliness is also an area of focus and customers also expressed their confidence in our biosafety measures. We progressively reintroduced our products and services, the majority of which, including Maple Leaf Lounges and the Air Canada Café, were reinstated by the end of 2021.

We continue to engage through our Customer Contact Centres, recently streamlined to achieve greater efficiencies, through our call centres, with traditional media and monitor all major social media accounts as we strive to continually enhance the level of service 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 financial community, holding our most recent investor day conference on March 30, 2022. Annual conferences and regular discussions are also regularly held with our corporate customers. The Board also conducts shareholder engagements with shareholders on an annual basis.



Businesses are now called upon to create value for all stakeholders rather than only serving their business purpose and shareholders. This 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.

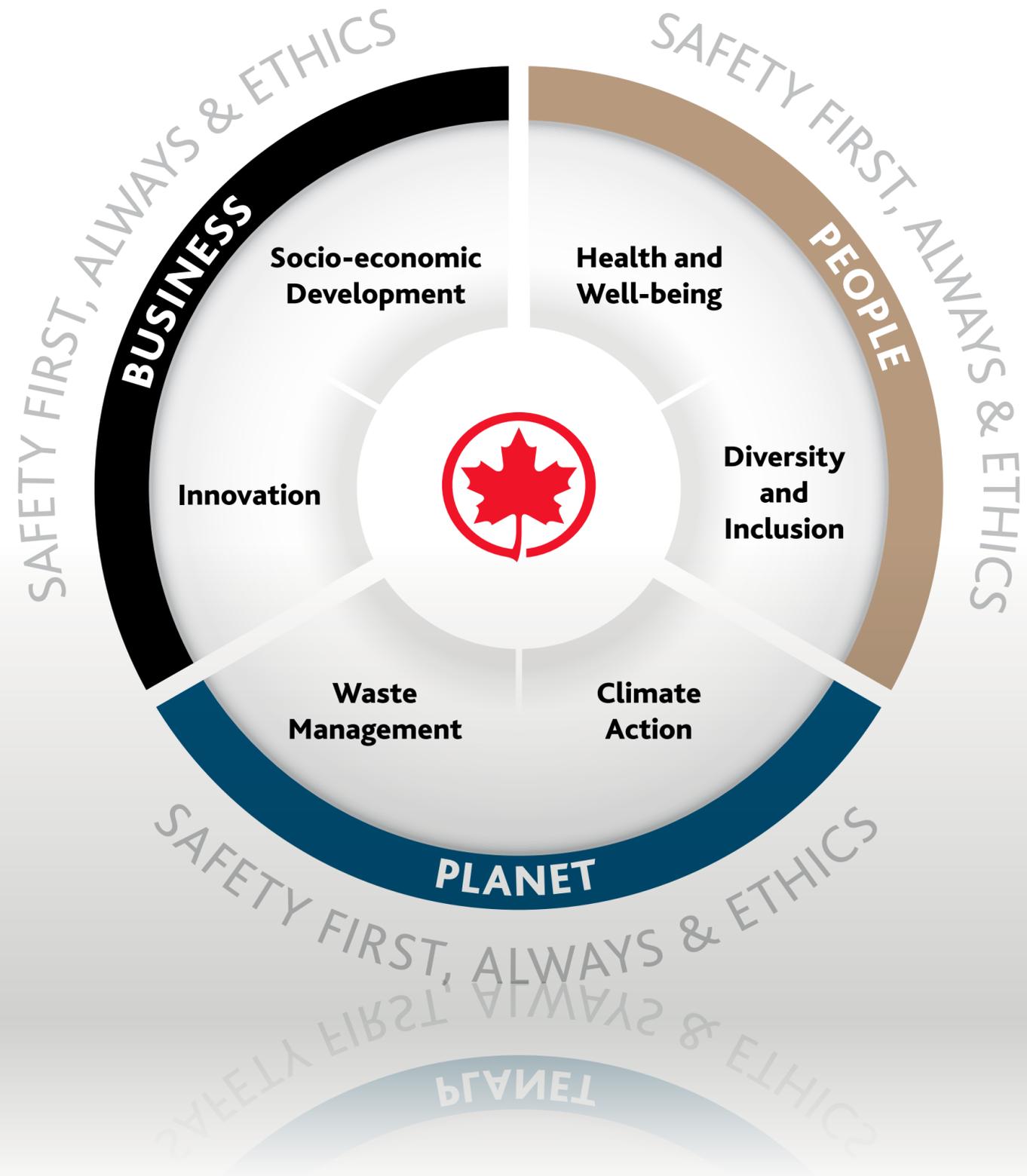
With this in mind, in 2021, Air Canada continued to take a more integrated approach to initiatives, aiming to use its assets and expertise to deliver shared value, for our stakeholders and society at large. This foundation also serves as the blueprint for Air Canada's Corporate Sustainability Report.

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.

As a global air 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 our sustainability goals requires that we continue to apply and develop principles and approaches to help us translate aspiration into action, such as by looking at cost-effective measures, using natural, social and economic resources in a responsible and efficient manner, fostering openness and transparency, embracing diversity, equity and inclusion, collaboration, and by setting and meeting measurable targets.



Highlights

BIOSAFETY MEASURES AND SERVICE ENHANCEMENTS

- CleanCare+ biosafety program
- Travel Ready hub
- Vaccination clinics and home screening program



OUR PEOPLE

RECALLED over 10,000 employees IN 2021



THE NUMBERS

\$6.400 billion OPERATING REVENUES (compared to \$5.833 billion in 2020)

\$(3.049) billion OPERATING LOSS

NEGATIVE EBITDA OF \$1.464 BILLION (excluding special items)

665 AVERAGE NUMBER OF DAILY FLIGHTS in December 2021 (from 245 in January 2021)

\$10.4 billion IN UNRESTRICTED LIQUIDITY at end of 2021

154 DESTINATIONS served in 2021

ENVIRONMENT

Climate Action Plan with ambitious goal of net-zero greenhouse gas (GHG) emissions BY 2050 THROUGHOUT GLOBAL OPERATIONS



New Leave Less Travel Program



AIR CANADA FOUNDATION

MORE THAN \$1 million raised

CLOSE TO \$600,000 disbursed

160 charities SUPPORTED



CARGO

OVER 10,200 CARGO-ONLY FLIGHTS in 2021

CLOSE TO \$1.5 billion IN CARGO REVENUES for 2021

First Boeing 767 freighter in service



AEROPLAN

OVER 1.2 million NEW AEROPLAN MEMBERS IN 2021

15-year anniversary of the Aeroplan Donation Program



CLOSE TO 65 million points donated TO CHARITIES BY AEROPLAN MEMBERS

A Message from the President and CEO

I am pleased to introduce Air Canada's 2021 Sustainability Report, which profiles our commitments, objectives and progress aligned to our sustainability mission statement to make meaningful connections and to care and elevate for one another, as Citizens of the World.

Though much of the year 2021 had been defined by the uncertainty of the pandemic and its variants, we anticipate a recovery to take hold and accelerate thanks to the commitment and perseverance of our colleagues, as well as our ambition to Rise Higher in all aspects of our business. As we mark our 85th year in 2022, we can celebrate the sustainability achievements and advancements we have made.

A sure sign of our recovery in 2021 was welcoming back more than 10,000 of our people. This return to work for so many was achieved while maintaining the utmost health and safety protocols to protect everyone, from our colleagues to our customers. Our strong culture is a cornerstone of our organization, and for the fifth consecutive year, Air Canada was ranked among the 50 Most Engaged Workplaces™ by Achievers, an employee social recognition company.

Another meaningful development was the launch of new routes and resumed services both abroad and at home. This was due in part to Canada's vaccination rollout in 2021, which helped renew confidence in air travel, despite the onset of the Omicron variant later in the year. This facilitated the expansion of services to certain destinations with increased frequency, totaling 448 daily scheduled flights to 154 direct destinations on six continents. While rebuilding our network takes time, diligence, and most of all, a dedication to safety, I can confidently say that our recovery is underway.

Our long-term expansion and future ambitions are contingent on Air Canada's new Climate Action Plan, released in March 2021, which aims to achieve a goal of net-zero GHG emissions from all operations globally by 2050. We have an ongoing endeavour to build on

our value streams, while also focusing on prioritizing efficient aircraft as well as the electrification of our ground fleet, and we've also committed to investing \$50 million in SAF, low carbon aviation fuels, and other carbon reduction and removal initiatives. However, while there is growing pressure, if not an imperative, to reach net-zero emissions, the lengthy journey to that goal remains uncertain. More recently identified solutions (such as SAF) will not suffice, and new technology solutions as well as significant cooperation and investments will be required if we are going to achieve this ambitious target.

In 2021, we resumed our commercial operations of the Boeing 737 MAX. We continued our fleet renewal, purchasing 12 additional A220s, and took delivery of seven Boeing 737 MAX aircraft. Not only are these aircraft more cost efficient, but they are also expected to generate about 20 per cent less carbon dioxide (CO₂), and 50 per cent less nitrogen oxides, than the aircraft they replace. These investments support some of our shorter-term sustainability goals, such as a reduction of 20 per cent GHG from air operations by 2030 compared to our 2019 baseline.

The main business goal at Air Canada is to connect people within Canada and our country to the world. While there have been never seen before challenges in the airline industry, we have remained focused on our mission.

In 2021, Aeroplan welcomed over 1.2 million new members. The Aeroplan member donation program, which enables members to make a difference in the communities where Air Canada operates, marked its 15-year anniversary, with nearly 65 million points donated to charities by Aeroplan and its members.

Despite the challenges of the pandemic and a rising need for aid, the Air Canada Foundation worked diligently to make a positive impact in communities across the country. In total, thanks to the help of employees, retirees, volunteers, donors, and valued

partners, the Air Canada Foundation supported 175 fundraising initiatives and raised more than \$1 million in 2021. The return of the annual golf tournament garnered more than \$765,000 for the health and well-being of children and youth.

Safety First, Always is our core value. In 2020, we introduced Air Canada CleanCare+, an initiative aimed at reducing the risk of exposure to COVID-19 through rigorous industry-led biosafety measures at every step of the customer journey. This program was maintained in 2021 and last year, our colleagues were able to participate in non-medical employment opportunities at COVID-19 vaccination clinics opened by Air Canada and local governments, supporting the vaccinations of close to 300,000 Canadians. Our continued commitment towards the safety, training, and wellness of our colleagues, along with a collaborative, diverse, and inclusive culture ensures that we can welcome our customers with care and class and bring them safely to their destinations.

For updates on Air Canada's sustainability progress, announcements, and stories, we invite you to follow us online through social media on [Facebook](#), [Twitter](#), [LinkedIn](#), and [Instagram](#). We also encourage you to share your thoughts and perspectives with us on these channels or via email at sustainability.developpement_durable@aircanada.ca

Together, we can rise higher and soar towards a more sustainable future. Thank you for your continued loyalty in Air Canada.



— Michael Rousseau, President and CEO, Air Canada



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. Sustainability is enabled and driven by culture 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, which drove our ability to navigate and adapt to the COVID-19 pandemic quickly and continually while keeping our commitment to safety. Air Canada's culture is what drives our actions for people, the business and the planet. It is this culture that carried the organization throughout the pandemic and is propelling us out of it.

The following is an overview of Air Canada's environmental and social achievements in 2021, a year that continued to be dominated by the severe impact of the COVID-19 pandemic, as well as a preview of certain objectives for 2022 and beyond. This overview is presented through Air Canada's three sustainability pillars: **Business, People, Planet**.



Achievements

Business

Air Canada announced the launch of **NEW ROUTES** and resumed services both internationally and domestically, including the **EXPANSION OF SERVICES** to certain destinations with increased frequency, totaling **154 DIRECT DESTINATIONS ON SIX CONTINENTS**.



Expansion of Air Canada Cargo with 2021 marking the first time that **CARGO REVENUES EXCEEDED \$1 BILLION**. In 2021, Air Canada operated approximately **10,200 ALL-CARGO FLIGHTS**.

EXPANDED AEROPLAN PARTNER NETWORK and everyday partnerships with Starbucks, LCBO, Uber Canada, and more.

Air Canada expanded its **TRAVEL READY HUB**, an interactive online tool to help customers plan and prepare for upcoming trips.



Air Canada's **AEROPLAN LOYALTY** program welcomed **1.2 MILLION NEW MEMBERS**.

Air Canada launched a **DIGITAL SOLUTION**



available through its mobile app for customers to securely scan, upload and verify their COVID-19 vaccination status or test results.

Air Canada revised the terms of its **CAPACITY PURCHASE AGREEMENT** with Chorus Aviation for regional flying.

AIR CANADA ROUGE, Air Canada's leisure airline, resumed service in September 2021, offering more choice for leisure travellers.

FIRST BOEING 767 CARGO FREIGHTER introduced in December 2021.

Air Canada announced the start of a \$16-million project to expand and enhance **AIR CANADA CARGO'S COLD CHAIN HANDLING CAPABILITIES** for shipments such as pharmaceuticals, fresh food and other perishables at its Toronto Pearson International Airport Cargo facility.

Trans-Canada Capital (TCC) became a **SIGNATORY TO THE UN PRINCIPLES FOR RESPONSIBLE INVESTMENT (PRI)**.



Achievements

People

Air Canada celebrated the **15-YEAR ANNIVERSARY** of the Aeroplan member donation program.

Agreement to **REPURPOSE THE 2009 PENSION SHARE TRUST.**

Recalled over **10,000 EMPLOYEES** in 2021.



Air Canada worked with provincial governments, public health organizations and other aviation industry partners to establish **POP-UP VACCINATION CLINICS FOR COMMUNITIES ACROSS THE COUNTRY**, with close to 300,000 employees and Canadians vaccinated.

EXPANSION OF UNLOCK THE BEST IN YOU, Air Canada's Corporate Wellness program.



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



INDSPIRE SCHOLARSHIP PROGRAM for Indigenous leaders.



AWARDED FOUR CAPTAIN JUDY CAMERON SCHOLARSHIPS to women ambitious to start a career in aviation.

315 EMPLOYEES GAVE BACK TO LOCAL COMMUNITIES through volunteer initiatives.

Screening program, with approximately **230,000 SCREENING KITS SUPPLIED TO EMPLOYEES.**



Introduced a **HYBRID PLAN** for returning to the workplace.



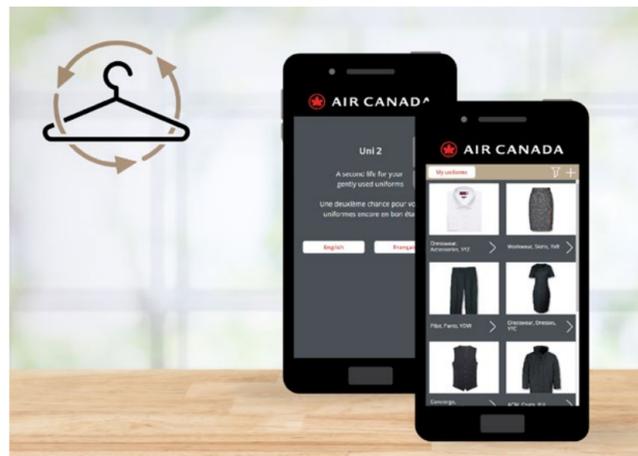
Achievements

Planet



NET-ZERO GHG BY 2050

Air Canada set ambitious climate targets to realize a **GOAL OF NET-ZERO GHG EMISSIONS THROUGHOUT ITS GLOBAL OPERATIONS BY 2050.**



Launched the **UNI2 UNIFORM EXCHANGE MOBILE APP** giving uniforms a second life prior to recycling.

Air Canada became a founding member, and the **FIRST CANADIAN CARRIER TO JOIN, THE AVIATION CLIMATE TASKFORCE (ACT)**, a global coalition of leaders in the aviation sector, formed to tackle the challenge of rising CO₂ emissions from commercial aviation.

Resumed the **CORPORATE SUSTAINABILITY SCHOLARSHIP** for the children of employees.

AIR CANADA LAUNCHED ITS LEAVE LESS TRAVEL PROGRAM, which offers corporate customers the opportunity to reduce their carbon footprint related to business travel.



Air Canada announced a **NEW PARTNERSHIP WITH EDMONTON INTERNATIONAL AIRPORT** to reduce carbon emissions for a more sustainable aviation sector.

Air Canada became a signatory of the Clean Skies for Tomorrow Coalition. The coalition's mission is to accelerate the deployment and use of SAF technologies to reach **10 PER CENT OF GLOBAL JET AVIATION FUEL SUPPLY BY 2030.**

In March 2021, Air Canada hosted a **VIRTUAL FORUM ON ILLEGAL WILDLIFE TRADE (IWT)** in Canada's transportation industry with over 250 participants.



Recognitions



Best Airline Staff in North America
Best Airline Staff in Canada
Best Business Class Lounge in North America
COVID-19 Airline Excellence Award



Global Traveler's Best Airline in North America for the third straight year
Global Traveler's Best Airline Cabin Cleanliness for the second straight year



Recognized in FXExpress Publications Awards for leisure, family and millennial travel, notably:

- Leisure Lifestyle Awards
 - Best Airline for Onboard Entertainment for the third consecutive year
 - Best Premium Economy Class for the third consecutive year
 - Best Airline for Onboard Menu for the third consecutive year
- The Trazees Awards
 - Favourite Airline in North America for the third consecutive year
- The Wherever Awards
 - Best Family-Friendly Airline in North America for the third consecutive year
 - Best Family-Friendly International Airline for the second consecutive year



Business Traveler Magazine named Air Canada the Best North American Airline for International Travel as voted by its readership.



StudentUniverse awarded Air Canada gold in six categories in its annual student airline survey, "The 2021 Best Airlines for Students"

- Best for international travel (Canada)
- Best for travel within Canada (Canada)
- Best value for students and youth in 2021 (Canada)
- Best service for students and youth in 2021 (Canada)
- Safest during COVID-19 (Canada)
- Overall best airline for students and youth in 2021 (Canada)



Air Canada named in the inaugural Roberta Bondar Foundation Award for Innovation and Creativity for its long-term commitment to environmental protection



Future-focused objectives

As Canada's largest airline, we fly the flag and connect people to Canada and the world while prioritizing the safety and well-being of our customers, employees, and communities. Here are some of our future-focused objectives:



Future-focused objectives

Business

BUILD BACK AND GROW THE BUSINESS by expanding the international reach, and continually exploring new opportunities.



Stay vigilant on costs, seizing on opportunities, and **MAKING THE RIGHT STRATEGIC INVESTMENTS.**

Support the creation of meaningful customer experiences and human connections by **LEVERAGING INNOVATIONS IN TECHNOLOGY, LOYALTY AND PRODUCTS.**

FOSTER A COLLABORATIVE WORKPLACE that respects diverse cultures and languages, while making impactful contributions to society.

Continue to support and promote **BIO SAFETY COMPLIANCE** and measures.

EFFECTIVELY MANAGE RISKS associated with the introduction of new equipment, routes, business initiatives or other factors.



Reinforce and promote **SAFETY REPORTING.**

Continue the **EXPANSION OF AIR CANADA CARGO**, with additional freighters in service by the end of 2022.

CONTINUE TO INVEST IN AIR CANADA'S CARGO'S DIGITAL TRANSFORMATION,

making its capacity available to freight forwarders and customers through booking platforms CargoAi and WebCargo in 2022. This AI capability at Air Canada allows Cargo to better predict what the volume and show rate is going to be from its customers.



Future-focused objectives

People

REDUCE EMPLOYEE LOST-TIME INJURIES (per 10,000 flights) by 15 per cent from 2021 levels. 

Launch of pilot project with MAPLE application in 2022 which will allow **EMPLOYEES TO RAPIDLY CONSULT A PHYSICIAN.**

Introduce tools to further enable **EMPLOYEES' DEVELOPMENT PLANS.**

Further Air Canada's **LINGUISTIC ACTION PLAN.**

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.

 Further our commitment to have at least **40 PER CENT OF BOARD DIRECTOR ROLES BE HELD BY WOMEN** by 2025.

Further our BlackNorth Initiative CEO Pledge, which includes that at least **3.5 PER CENT OF EXECUTIVE AND BOARD ROLES BASED IN CANADA BE HELD BY BLACK LEADERS** by 2025. 

Continue to promote and improve resources, tools, and programs for **EMPLOYEES' DEVELOPMENT, ENGAGEMENT, AND WELL-BEING.**



HELP CHILDREN SPREAD THEIR WINGS, through the support of the Air Canada Foundation's, fundraising and in-kind donations to charities, employee volunteering, or special initiatives.

Conduct employee **ENGAGEMENT SURVEY.**



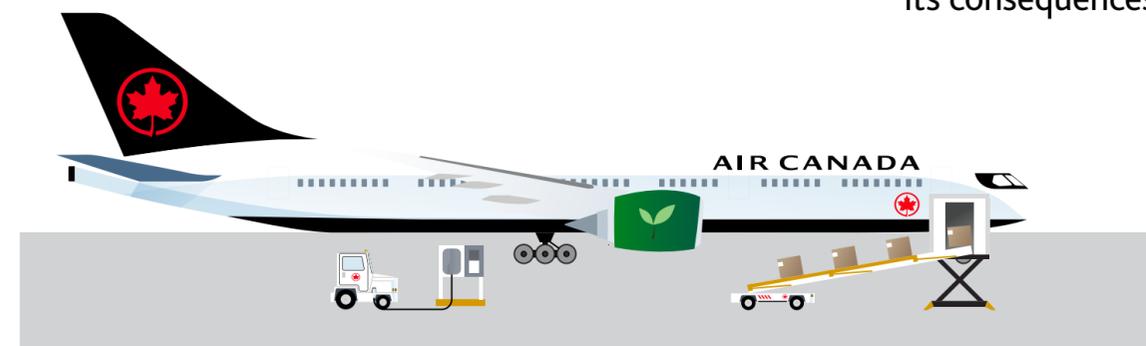
Future-focused objectives

Planet

ADVANCE AIR CANADA'S CLIMATE ACTION PLAN, through the first of a series of five-year implementation plans.

PROCURE A MINIMUM OF 1 PER CENT SUSTAINABLE AVIATION FUEL (SAF) neat of Air Canada's total fuel requirement in 2025.

Advance the development of AIR CANADA'S WATER CONSERVATION PROGRAM.



Further INTEGRATE ENVIRONMENTAL SUSTAINABILITY INTO THE BUSINESS and engage with customers by expanding our climate offerings of SAF and carbon offsets to various areas of the business.



Launch a new CORPORATE WASTE STRATEGY based on circular economy principles.

Advance Air Canada's COMMITMENT TO COMBATTING THE ILLEGAL WILDLIFE TRADE by working with industry partners and raising awareness on the issue and its consequences.

Continue the ongoing ELECTRIFICATION OF GROUND MOBILE EQUIPMENT.



Ready for take off | Governance | Value chain

OUR BUSINESS

Air Canada's primary business is to connect people to Canada and the world. Despite the unprecedented challenges of the last couple of years, 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.



Ready for take off

Over the past decade, Air Canada has aimed to be a sustainable global champion by pursuing profitable international growth opportunities and leveraging its competitive attributes, finding and implementing cost reduction and revenue enhancing initiatives, engaging customers by continually enhancing their travel experience and consistently achieving customer service excellence, and by fostering positive culture change.

Air Canada's recovery from the impact of the COVID-19 pandemic is predicated on leveraging the solid foundation it has built over the past several years to restore and rebuild towards its global champion ambition, while taking advantage of ground-breaking opportunities and an unwavering commitment to safety, service excellence, and the customer journey.

Air Canada is evolving its business to prepare for the future. As part of these efforts, it has introduced "Rise Higher", its newly articulated business imperatives, intended to elevate everything about its business. As it embarks on this next chapter, Air Canada will:



Fund its future by staying vigilant on costs, seizing on opportunities, and making the right strategic investments



Reach new frontiers, by embracing its competitive strengths to grow the business by expanding its international reach, and continually exploring new opportunities



Elevate its customers, and support the creation of meaningful customer experiences and human connections by leveraging innovations in technology, loyalty and products



Foster a collaborative workplace that respects diverse cultures and languages, while making impactful contributions to society

In pursuit of this goal, in 2022, Air Canada will build upon and leverage its numerous competitive advantages, including:

- Its talented people, and award-winning culture
- A widely recognized and powerful brand
- A streamlined, modern, fuel efficient and versatile fleet, with market-leading aircraft configurations
- A global network, well positioned to meet demand from various customer segments, and enhanced by the airline's membership in Star Alliance and by numerous commercial arrangements
- A customer experience enhanced by competitive products and services, including the fully transformed Aeroplan program
- Air Canada Rouge, a lower-cost leisure carrier
- A growing cargo offering
- New core technologies and other technological improvements
- Its commitment to sustainability

Fleet renewal

Our simplified, modern, and efficient fleet is well structured to capture network opportunities as we rebuild.

Our Boeing 777, 787 and Airbus 330 aircraft remain the cornerstone of our international fleet, serving the hub-to-hub routes and select core markets that make up our network. Air Canada exercised options for the purchase of three Boeing 787-9 aircraft which are scheduled to be delivered in 2023 and 2024.

In 2021, Air Canada took delivery of twelve A220s and committed to purchasing twelve additional A220s, reversing an earlier decision to reduce our orders. We also took delivery of seven Boeing 737 Max aircraft. These aircraft are more cost efficient and, overall, are expected to generate roughly 20 per cent less carbon dioxide (CO₂), and 50 per cent less nitrogen oxides than the aircraft they replace. In 2022, Air Canada announced the acquisition of 30 extra long-range versions of the Airbus A321XLR aircraft. The new aircraft is expected to have a less significant environmental impact, with a projected fuel efficiency gain of up to 17 per cent for typical transcontinental flights and up to 23 per cent on transatlantic flights.

This fleet will enable the re-development of our network, effectively serving domestic, transborder and international markets from our strong Canadian hubs with a consistent onboard product.



Ready for take off | Governance | Value chain

Aeroplan

Another major initiative that continued to gain traction in 2021 was the transformed Aeroplan loyalty program that launched in 2020. Aeroplan is an important differentiator for Air Canada and key to engaging with customers on a continuous basis.

Members can now enjoy improved value and greater certainty on flight rewards, as well as more program options, such as family sharing of points.

Aeroplan gives us the ability to engage with our customers on a regular basis. We re-launched Aeroplan with a stated intent to earn our way into members' everyday lives. With the new partnerships we rolled out in 2021, such as Starbucks, Uber, and LCBO, we are making that possible. The transformed program has received numerous commendations and high ratings. As a testament to its success, in 2021, our Aeroplan loyalty program welcomed 1.2 million new members, more than in any other year.

Aeroplan has strong relationships with major credit card partners. This includes TD, CIBC, American Express, and Visa in Canada. In the U.S., we launched a new credit card with Chase and Mastercard in 2021. Learn more about the Aeroplan program at aircanada.com/aeroplan.

New technologies

We have provided a foundation for our airline's recovery and future growth with new technological platforms. 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 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-founder of the Cabinet Créatif de Montréal, an accelerator program supporting local creative and cultural businesses and organizations to explore new business opportunities and develop new international markets.



Cargo

Air Canada Cargo's annual 2021 revenue of \$1.495 billion marked the first time that our cargo revenues exceeded \$1 billion. In spring of 2020, Air Canada was one of the first airlines to temporarily remove seats from the passenger cabins of certain aircraft to accommodate additional cargo and these aircraft remained in operation throughout 2021. We are also permanently converting retired Boeing 767s from our fleet into dedicated freighters, and the first arrived late in 2021. In total, we operated approximately 10,200 all-cargo flights in 2021.

To further support Air Canada Cargo's growth, we undertook the modernization and expansion of our Toronto-Pearson International Airport cargo facility to include additional cold chain capacity. This facility provides enhanced features to fully meet the advanced handling requirements of perishable shipments, such as pharmaceuticals and fresh foods. When all phases of construction are complete, this temperature-controlled facility will be the only one of its kind for a Canadian airline and one of the most modern in North America. As one modest, yet not unimportant, aspect contributing to Air Canada's long-term net zero emissions goal, renovations incorporated energy-efficient features such as rapid roll-up doors and LED lighting.

Throughout the year, Air Canada Cargo continued to transport sensitive medical supplies around the world. This included bringing COVID-19 vaccines and vaccine consumables for distribution in Canada. These shipments are a result of close collaboration with our supply chain partners, who collaborated with us to ensure the integrity of every dose in our care.

We are proud of the role we played in the global effort to transport vaccines and supplies to Canada and throughout the world. Air Canada's internal task force devoted to this project focused diligently on our operational readiness for several months and, as part of its preparations, Cargo completed agreements with additional suppliers of specialized packaging to meet the temperature requirements for several types of vaccines. The team also increased our station capabilities through a review of our pharmaceutical handling practices throughout our global network.

In July 2020, in anticipation of vaccines becoming available, Air Canada became the first Canadian airline to obtain IATA's CEIV Pharma certification for its procedures and approach to quality assurance. This certification requires that facilities, equipment, operations, and employees follow all applicable standards, regulations, and guidelines expected from pharmaceutical manufacturers.

Air Canada Cargo is a member of several IATA committees and associations, including the Cargo Services Conference (CSC), Cargo Advisory Council (CAC), IATA Cargo Handling Consultative Council (ICHC), and the Cargo Customs Working Group (CCWG). Air Canada Cargo also takes part in the International Air Cargo Association (TIACA), the Canadian International Freight Forwarders Association (CIFFA), CargoM, and the Toronto Transportation Club (TTC).

Please refer to Air Canada's public disclosure file, available through www.aircanada.com and on **SEDAR**, including **2021 Annual Information Form, its 2021 and second quarter 2022 Management Discussion & Analysis of Results** of Operations and Financial Condition (MD&A), for additional information about the business.



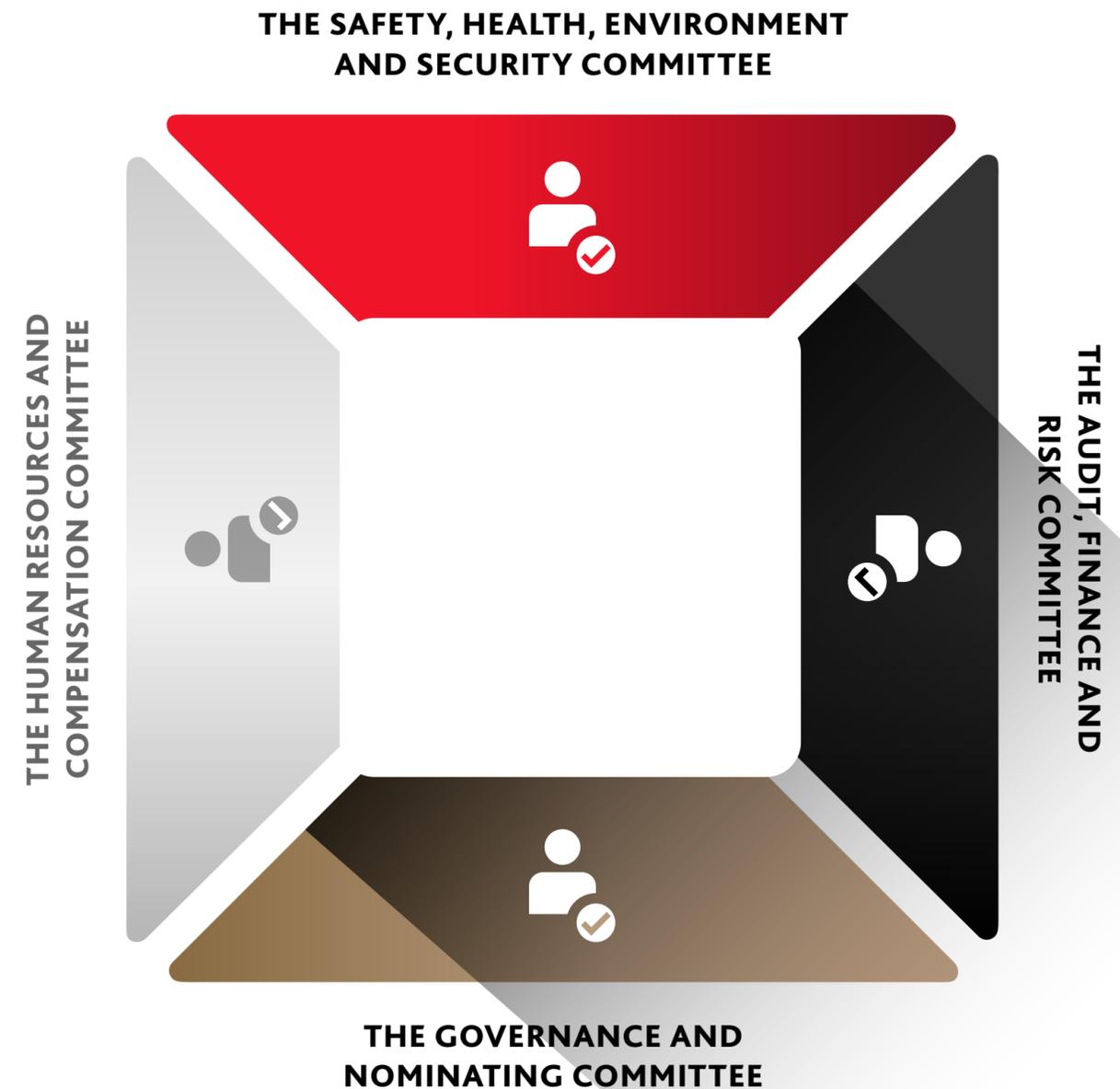
Governance

Being a global champion demands responsible corporate citizenship and doing what is right for the long-term interest of shareholders, employees, customers, communities, and other stakeholders; it includes supporting research and innovation to reduce one's environmental footprint and governing one's business responsibly, safely, and ethically.

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 of which are formed of independent directors:

- The Safety, Health, Environment and Security Committee
- The Human Resources and Compensation Committee
- The Governance and Nominating Committee
- The Audit, Finance and Risk Committee

The Board's four standing committees meet at a minimum on a quarterly basis. The President and CEO is invited to and attends Committee meetings regularly. 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, applicable regulatory requirements, and in particular in relation to emerging priorities.

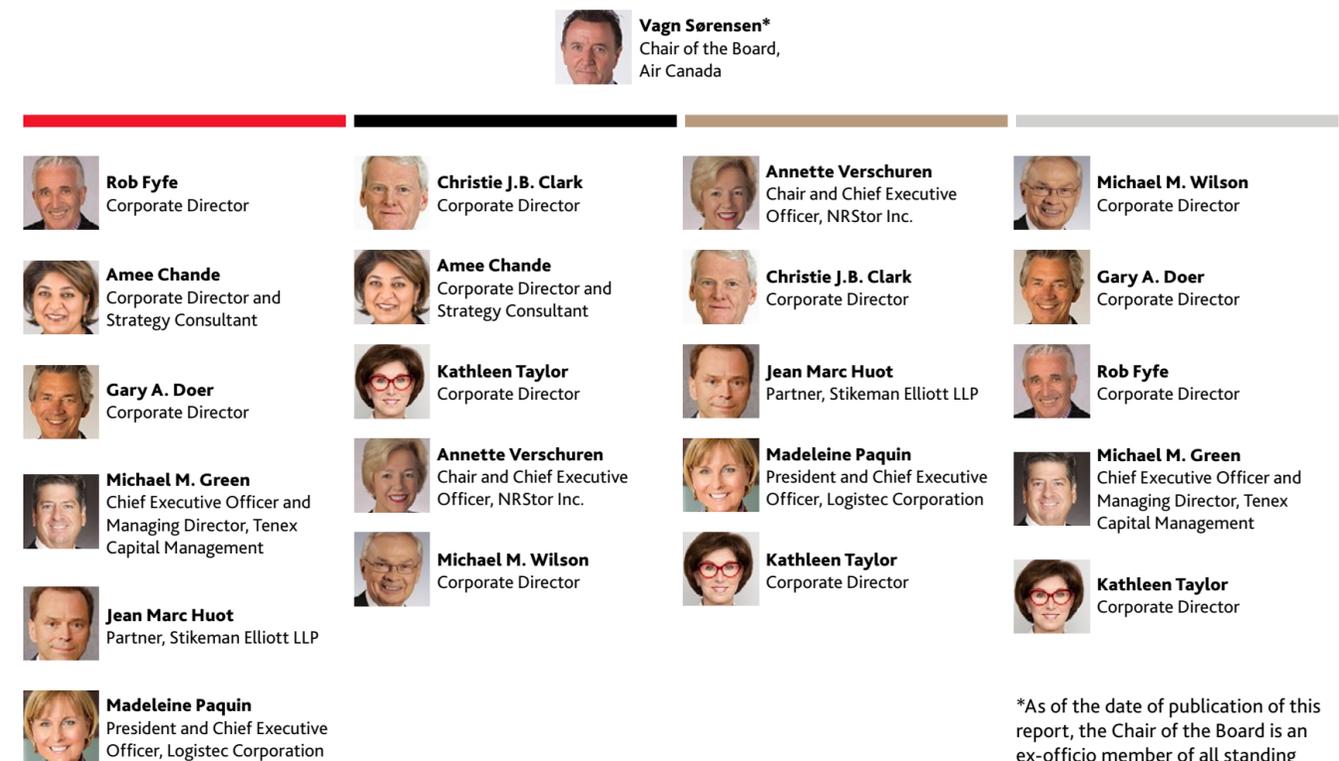


The Board committees have responsibilities for different areas of the business:

- The Governance and Nominating Committee's responsibilities include monitoring and evaluating progress on Air Canada's overall efforts with respect to sustainability including environmental, social and governance (ESG) matters and receiving periodic updates on key ESG performance targets, issues and opportunities, as well as key sustainability developments. The committee facilitates information sharing with other committees regarding sustainability matters, reviews and recommends to the Board the annual Corporate Sustainability Report, the Board diversity policy, the modern slavery and human trafficking statement, and any updates to the Air Canada Code of Conduct.
- The Audit, Finance and Risk Committee assists the Board with Air Canada's financial reporting and audit process, including in monitoring the performance of the internal controls, and performs such other functions as may be delegated from time to time by the Board. The committee is overseeing the development of ESG disclosures, processes and controls. It regularly provides insights to the Board and has oversight responsibility regarding Air Canada's Enterprise Risk Management (ERM) Program, while 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, including the strategies, policies, systems and processes of the Company and its subsidiaries. This committee is also responsible for climate-related matters at Air Canada and has oversight over key areas such as climate strategy, climate mitigation and climate resilience. It reviews the effectiveness of the Company's risk management framework in relation to safety, health, environment (including climate change), security matters and compliance with statutory and regulatory obligations. In addition, this committee reviews and makes recommendations on the five-year plans of Air Canada's Climate Action Plan to the Board.

- The Human Resources and Compensation Committee assists the Board in the discharge of its human resources and compensation responsibilities, including the oversight of compensation philosophy and policies, and the components thereof such as safety, sustainability and social impact goals. It also includes succession plans, key talent management strategies and practices, and certain employee and pension matters.

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 of 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.



*As of the date of publication of this report, the Chair of the Board is an ex-officio member of all standing Committees and attends committee meetings regularly.

Ethical business practices

Sound business practices and ethical behaviour are fundamental to Air Canada's risk governance culture, as is **Air Canada's Corporate Policy and Guidelines on Business Conduct (Code)**. The Code applies to all directors, officers and employees of Air Canada and its wholly owned subsidiaries, to the extent that equivalent 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, and employment, computer, email and Internet policies.

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 adhere to the Code. On an annual basis, all management employees must follow a brief training module and complete an acknowledgment form to confirm they have read the Code, will follow its terms, undertake to promote the guidelines, principles and requirements of the Code, and take all reasonable measures to ensure employees under their supervision comply with the Code. All members of the Board also complete an acknowledgment 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 and confidential ethics 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 and reported instances of suspected retaliation are fully investigated.



Enterprise risk management

Air Canada identifies, assesses, and mitigates risks through its risk management processes and those that may be material, are reported through its Enterprise Risk Management (ERM).

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. Air Canada's ERM framework has been developed to support governance and oversight over the Company's strategic risks and is aligned to the ISO 31000 standard and COSO ERM 2017 framework. ERM risk reporting is maintained by the Corporate Audit and Advisory department, which provides an independent update as to the state of each enterprise risk on a quarterly basis and more frequently as needed. Material risks are identified and integrated into the ERM process. Insight is provided on a regular basis to the Board of Directors through the Board's Audit, Finance and Risk Committee, which has specific oversight responsibilities of the Company's enterprise risks. For more information about Air Canada's enterprise risk management and governance, refer to Air Canada's 2021 Annual Report.

Air Canada's ERM and governance structure is as follows:



Organizational compliance

The General Compliance Officer (GCO) is responsible for the oversight of compliance programs. The GCO manages a comprehensive periodic 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 program 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, and compliance communications, which are verified or audited, as required.

Anti-corruption and fraud prevention

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

- Maintaining a global Anti-Corruption Policy and guideline documents.
- Identifying higher risk business activities and functions.
- Conducting interviews and focus group sessions on antibribery risks and practices.
- 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

its undertakings to third parties; and monitors or audits specific compliance elements related to anti-corruption.

The Fraud Prevention Monitoring and Oversight 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, processes and governance.

In March of 2021, Air Canada recognized Fraud Prevention Month with weekly content through Yammer, the workplace communication tool used by Air Canada employees. The goal was to raise awareness and help employees better understand the different types of potential exposure which may exist for the Company.

In 2021, 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 the context of launching new destinations in jurisdictions with higher corruption risk.



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. Competition 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 2021, all competition law policies, guidelines and training materials were revised to align with applicable laws and regulations and to make sure that we align with developing trends in antitrust risk, notably in terms of compliance effectiveness and behavior modification. Employees are also reminded when new initiatives or projects may have competition law implications.

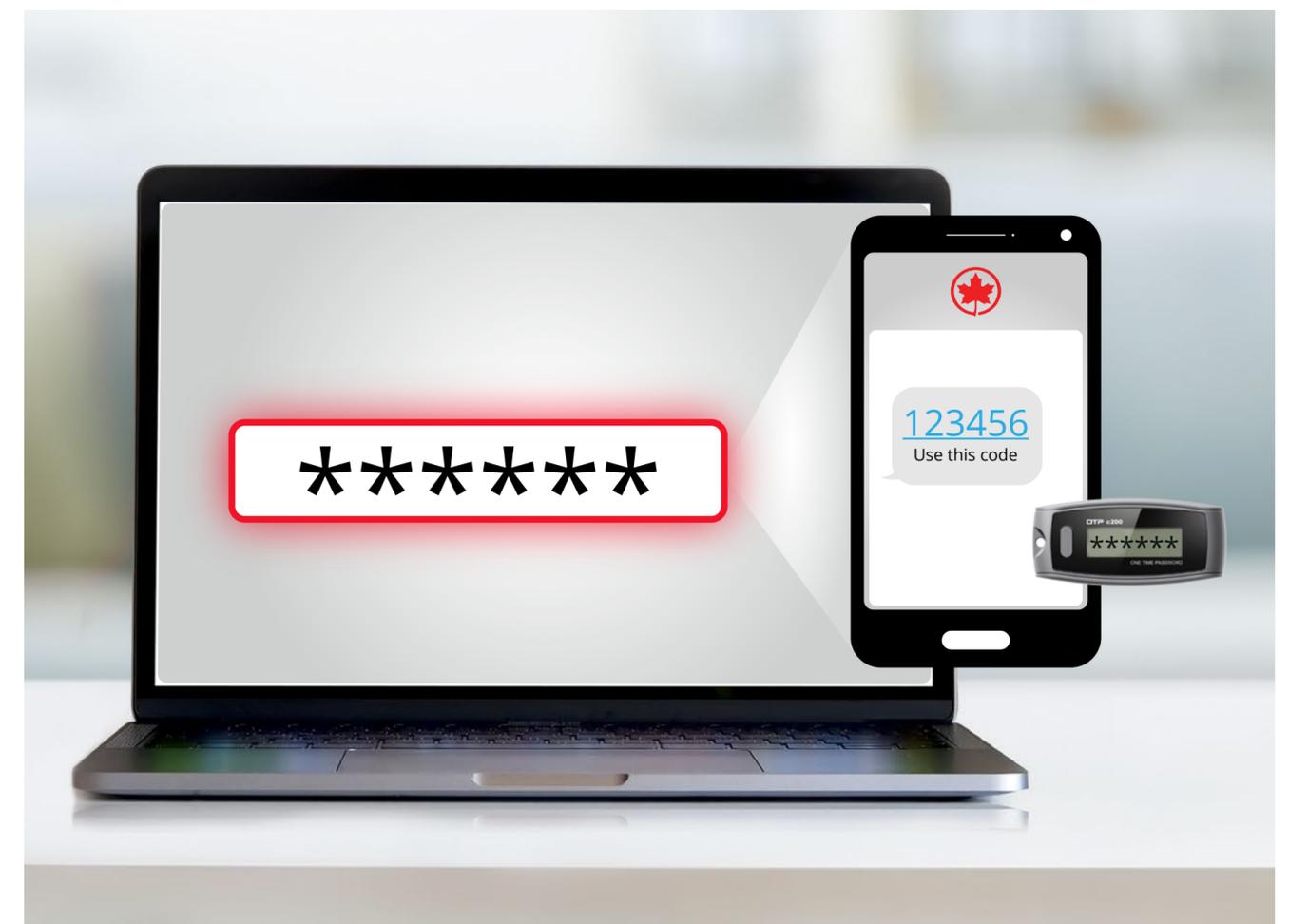
Privacy and cybersecurity

Safety First, Always, extends to privacy and cybersecurity. Air Canada is committed to protecting our customers' and employees' personal information and their right to privacy. Air Canada, Air Canada Vacations, and Aeroplan privacy policies describe how personal information is collected, used, and shared. The policies also describe the rights of individuals over that information. The Privacy Office oversees the use of this information and monitors compliance of these policies with data protection laws.

Air Canada relies heavily on technology to operate its business and any technology systems failure or data breach could have a material adverse effect on Air Canada, its

business, results from operations and financial condition. Please refer to section 18 "Risk factors" in Air Canada's 2021 MD&A for more information about this risk.

Air Canada has developed a cybersecurity framework and continues to implement a privacy action plan to improve its privacy maturity and cybersecurity resilience. To address the growing threat of cyber-attacks, Air Canada invests in security initiatives that include technology, processes, resourcing, training, disaster recovery, and regular testing and benchmarking against best practices. We also seek to ensure that vendors have effective cybersecurity and privacy controls that are aligned with Air Canada's best practice cybersecurity policies and standards. In 2021, Air Canada experienced no material breaches.



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 supporting 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 proper measures are implemented to mitigate the risk of slavery and human trafficking in our operations, either directly or through our service providers and community partnerships. Air Canada's **Modern Slavery and Human Trafficking 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 January 2021, the Canadian government made amendments to the Canada Labour Code, expanding on the existing Prevention of Harassment and Violence framework. These amendments strengthen provisions in the Canada Labour Code with a comprehensive approach that takes all forms of harassment and violence, including sexual harassment, into consideration. As a federal employer under this legislation, Air Canada has implemented a mandatory harassment and violence training that all employees in Canada must complete.



Value chain

Air Canada collaborates with various suppliers worldwide. The Company has more than 6,000 individual suppliers and, in 2021, spent roughly \$3.3 billion on products and services from Canadian suppliers alone, excluding fleet transactions and labour. Its total supplier spend was approximately \$5.5 billion, also excluding fleet transactions and labour.

The expansion of Air Canada Cargo as a result of the COVID-19 pandemic has also contributed to an expanded value chain. As Air Canada has shifted and adjusted to a pandemic and post-pandemic context, we will continue to rebuild over time with new and existing suppliers, resulting in the creation of new jobs and adding value to our network of business partners and the communities we serve.

Several organizations within Air Canada are charged with managing the supplier relationships, but Strategic Procurement, whose purview also includes fuel purchases, accounts for most of the sourcing of these expenditures. Air Canada endeavors to source locally wherever feasible.

In March 2020, Air Canada took an important step in procurement transformation through digitization enabling employees to seamlessly and efficiently work from home. This step positioned Air Canada to have the visibility to manage spend and compliance to policy and process (supporting ethics and due diligence) and began centralizing data that will be crucial to propel the organization forward with the next phase of procurement transformation – adding business value in areas of sustainability. Results were already visible by 2021 through higher visibility to process, shortened purchasing cycle times, and adhering to our corporate waste goal and carbon footprint reduction by paperless invoicing, eSignature for contracts eliminating the need to mail physical copies. Digitizing our procurement functions is the foundation to the next steps in enabling sustainable procurement practices such as supplier stewardship and supplier relationship management that will support the overall corporate sustainability objectives.

AIR CANADA'S SUPPLIERS

We endeavor to source locally wherever commercially feasible.



Supplier code of conduct

Air Canada requires that new and existing suppliers adhere to its core values and to meet the highest standards of ethical and responsible behaviour when providing products or services to Air Canada. Air Canada has developed a **Supplier Code of Conduct (SCC)**, which forms an integral part of Air Canada supplier contracts. The SCC is principle-based and sets out our expectations of suppliers with a goal of aligning supplier behaviours to Air Canada standards in the following key areas: business integrity; responsible business practices; responsible treatment of individuals; and respect for the environment.



Business integrity



Responsible business practices



Responsible treatment of individuals



Respect for the environment

The SCC includes provisions on forced and child labour matters, human rights, health and safety matters, and ethical behaviours. The Code also includes environmental expectations, such as having an effective environmental management plan in place. It sets out expectations towards the reduction of suppliers' environmental footprint, demonstrating and promoting environmental stewardship, and compliance with wildlife trafficking laws.

The SCC seeks to promote transparency and accountability in the supply chain, and that its principles are taken into account as part of our procurement and purchasing decisions. To contract with Air Canada, suppliers must confirm they adhere to the SCC or an acceptable equivalent. We are committed to working with our suppliers to support compliance with the SCC, including through our right to seek confirmation or to audit whether they meet our expectations.



Practices integrated in the value chain

With the launch of its amended Procurement Policy in March 2022, Air Canada will also look to work towards its commitment to sustainability through its procurement activities. Suppliers will be prioritized when they have demonstrated diligence and concrete actions toward ESG factors, such as: selecting sustainable alternatives to minimize the environmental impacts, assessing product lifecycle management to contribute to environmental objectives, and encouraging engagement of certified, diverse suppliers.

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

Throughout 2020 and 2021, Air Canada Vacations further acted on this commitment, collaborating with its suppliers and contracted hotels to continuously reduce the practice of keeping dolphins in captivity.

Air Canada Vacations also looks to ensure that its partner hotels support our initiatives to combat human trafficking and that their business practices align with our policies. Air Canada Vacations has partnered with hotels or resorts that are recognized by the Global Tourism Council including the following certifications: Biosphere Responsible Tourism, Certification for Sustainable Tourism, EarthCheck, Foundation for Environmental Education's Green Key, Green Globe, Green Key Eco-Rating Program, Preferred by Nature (including Rainforest Alliance) and Travelife.



Complementing Air Canada's commitment to sharing its ESG performance and commitments through its annual Citizens of the World report, Air Canada takes part in an ESG assessment conducted by EcoVadis. The EcoVadis analysis covers four general themes: environment, labour and human rights, ethics and sustainable procurement. In 2020 (based primarily on 2019 data), Air Canada ranked in the 92nd percentile and was awarded a silver medal for its performance, meaning it ranked in the top 25 percent with its score. The next EcoVadis assessment of Air Canada's activities to be performed in respect of the 2021 year will be accessible in 2023.



Safety First, Always | Taking care of our customers | Taking care of our employees | Taking care of our communities

OUR 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 how it attracts, engages, trains, retains and motivates its employees.



Safety First, Always | Taking care of our customers | Taking care of our employees | Taking care of our communities

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 belongs, can 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 an 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 communities.



Safety First, Always | Taking care of our customers | Taking care of our employees | Taking care of our communities

Safety management

At Air Canada, safety management is a critical responsibility and affects virtually every decision the airline makes. Given safety is of greatest importance to us, we have set up the 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 is ranked as the single most important issue identified in the materiality assessment conducted, which is not surprising 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 our 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** right for the size and complexity of the organization. It is the basis of the Air Canada SMS. We also keep a safety checklist for our contractors working on our premises.

Safety management program

To improve the safety performance of Canadian air operators and increase accountability in the aviation sector, CARs require that air operators 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.



**SAFETY FIRST,
ALWAYS**

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.



Safety First, Always | Taking care of our customers | Taking care of our employees | Taking care of our communities

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.

The Executive Vice President and Chief Operations Officer 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 and Chief Operations Officer. 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 mitigated as best as possible.

Our established structure was instrumental for quick and judicious decision-making at the onset and throughout the COVID-19 pandemic and continues to yield advantages. Early on, we activated our Pandemic Preparedness Plan, which at appropriate 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 right levels of personal protective equipment, and to implement alternative workplace options including working remotely.

Safety communications

We employ numerous communications processes within the organization to promote safety and allow the SMS to function effectively. It is also imperative that there be 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 First, Always | Taking care of our customers | Taking care of our employees | Taking care of our communities

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 WebOHS tool. This online application for health and safety related work 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.

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 right 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, ensures 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.

Safety culture surveys

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 most employees feel safe to report errors, concerns, hazards, and understand why safety operating procedures are created and feel supported in their ability to learn and be taught new safety procedures. The next survey is being conducted in 2022.

Air Canada also highlighted health and safety initiatives for employees during NAOSH Week 2021 (North American Occupational Safety and Health Week). The goal of NAOSH Week is to focus employers, employees, partners and the public on the importance of preventing injury and illness in the workplace, at home and in the community.

#SafetyandHealthWeek2021

May 2-8

Air Canada's Safety and Health Week 2021



SAFETY FIRST, ALWAYS. SAFETY FIRST, ALWAYS. SAFETY FIRST, ALWAYS.

Safety First, Always | Taking care of our customers | Taking care of our employees | Taking care of our communities

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. In 2021, Air Canada and Air Canada Rouge completed their eighth biannual IATA Operational Safety Audit.

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 protocols are being followed and standards are being met. Should Air Canada Vacations receive any complaints about the health and safety of its customers, they are immediately addressed directly with the supplier and further inspections are conducted, when required, to ensure appropriate corrective measures have been made.

The TC/IOSA GAP monitoring implemented in 2020 to ensure compliance during COVID-19 continued through 2021. The ongoing monitoring of all operational branches has helped ensure safety 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. In the latter half of 2021, in-person audits were gradually reintroduced. A risk assessment was conducted to support the introduction of dedicated freighter aircraft in Air Canada Cargo activities. A Transport Canada MDPI conducted in January 2021 resulted in no findings. These assessments and ongoing reviews were performed throughout the year. Air Canada was a leader in setting up these processes and the first airline to receive approval for carriage of cargo in the passenger cabin.

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.



Taking care of our customers

Response to COVID-19 pandemic

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

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, which deeply affected our stakeholders.

In 2021, facing continued challenges presented by constantly changing circumstances and government-imposed restrictions, our employees served our customers professionally and with dedication in carrying them safely to their destinations, and our Cargo team continued to transport essential goods to Canada and around the world. We continued to engage 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.



Safety First, Always | **Taking care of our customers** | Taking care of our employees | Taking care of our communities

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.

Travel ready hub

To make travel more seamless and to help our customers better understand what to expect throughout their journey as they increasingly return to the skies, Air Canada offers the [Travel Ready hub](#) on aircanada.com. Through the Travel Ready hub, customers can easily and conveniently obtain information including necessary travel documentation, COVID-19 test requirements, and country travel restrictions for any global destination.

Medical and testing collaborations

Air Canada has facilitated a safe travel environment and workplace through several innovative medical collaborations to continue advancing biosafety across its business, including through easy-to-use, rapid portable, and self-administered COVID-19 molecular and antigen test kits through a partnership with Switch Health, a Canadian-based healthcare company. Using the Switch Health COVID-19 RT-LAMP Kit, customers could test themselves while travelling abroad prior to their flight to Canada to meet federal government testing entry requirements without the need to visit a foreign COVID-19 testing clinic.

Air Canada also launched a digital solution for customers to securely scan, upload, and verify their COVID-19 test results.



Safety First, Always | **Taking care of our customers** | Taking care of our employees | Taking care of our communities

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 covered eligible Canadian residents who are Aeroplan Members and travelling internationally on a new booking made from Canada with a journey to be completed by October 31, 2021. Manulife coverage was automatically included, if eligible, when a booking was purchased or made through a redemption of Aeroplan points. This program has since been discontinued. Travel insurance options continue to be available to Air Canada customers, through Allianz Global or Manulife. For more information, please visit www.aircanada.com.

TouchFree procedures

We continued to offer 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, and provisioning all newspapers and magazines in digital format via PressReader.

Biometric boarding

In addition to several 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 in 2020. The technology is available for customers departing from San Francisco International Airport. Air Canada is considering expanding biometric boarding options to other U.S. airports in the near future and is currently exploring options that could be viable at Canadian airports.



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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. Participation in the program is entirely optional for customers.

Onboard first aid

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, the following year, we equipped our wide-body 777 and 330 aircraft with state-of-the-art diagnostic monitoring units allowing for real-time electronic transmission of vital signs data as well as electrocardiograms to get the best remote diagnosis and treatment support available (Tempus Unit by Phillips).

First aid training for cabin crew was continually updated to incorporate the new reality of providing first aid in a COVID-19 environment and consistent with revised national guidance, including changes to our CPR procedures where, for example, ventilations were suspended. Additional training on personal protective equipment (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.

Emergency response

From “First Responder” duties to supporting survivors in the aftermath of an incident or an accident, a special taskforce is ready 24/7 to deploy in the event of an emergency. Our Special Assistance Team (SAT), consisting of approximately 1100 employees and retirees from across our global network, play a crucial role in our overall Emergency Response Plan. SAT members are trained to assist affected family members and customers in the aftermath of an aircraft accident, facing difficult emotional conditions to provide them with the dignified care they deserve.

Official languages

Air Canada is Canada’s largest private sector company offering bilingual services across Canada. We are proud to offer services in both official languages, showing 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 support 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.

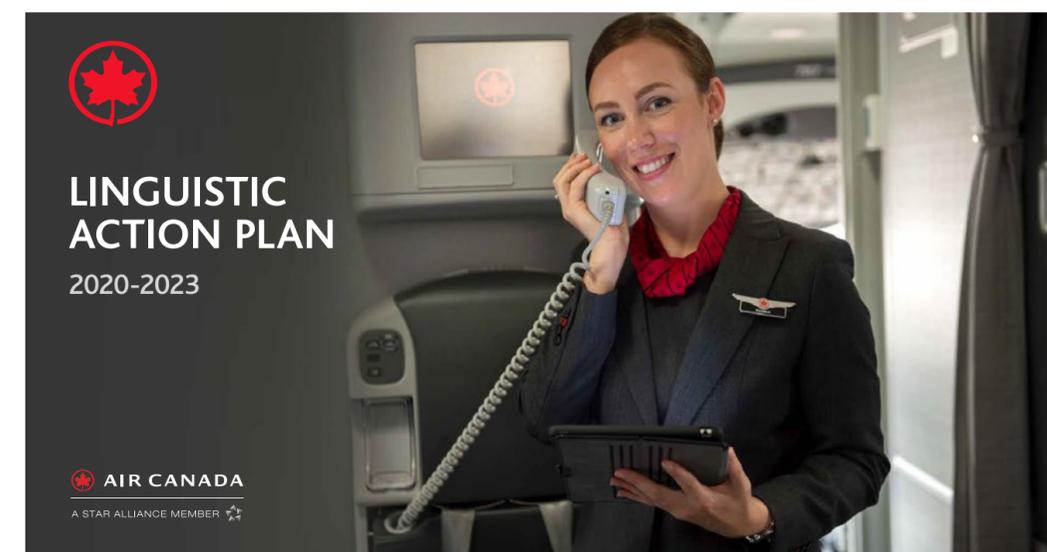
In 2021, Air Canada continued to support several organizations and events in support of the Francophonie community, including *Les Rendez-vous de la Francophonie*, an event that celebrates Francophonie culture, its diversity, and inclusiveness across

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.

Air Canada was proud to support the 32nd edition of the *Festival d’été francophone de Vancouver* (Vancouver Francophone Summer Festival), a week-long event and one of the most important francophone celebrations in Western Canada.

We are proud of our commitment to serve customers in the official language of their choice and are encouraged by their feedback. Most customers say they feel we are continuously improving our bilingual service offering. In the latest surveys conducted, Air Canada customers indicated they were generally very satisfied with our ability to offer services in English or French.



In 2021, we continued to implement the Linguistic Action Plan, through the leadership of the Official Languages Committee, set up to enable efficient integration of the plan throughout the business.

Taking care of our employees

Occupational Health and Safety

At Air Canada, we believe and pursue our core value of 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.



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 56 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.

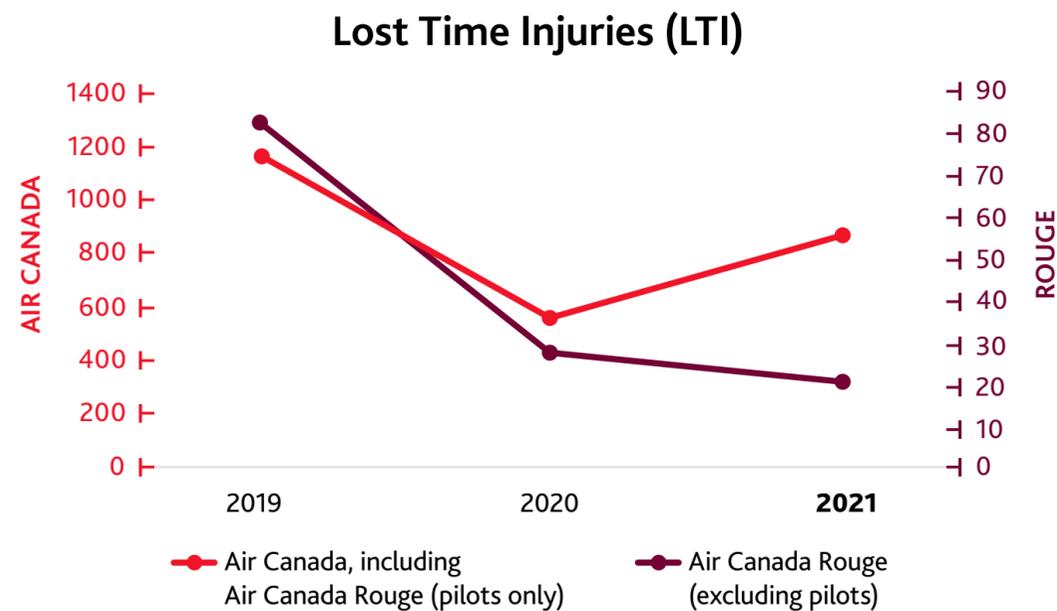
Health and Safety committees played a key role in addressing and mitigating the hazards and concerns regarding COVID-19. Maintaining open communication, our expert leaders held several all-employee information conference calls, allowing employees to ask questions related to COVID-19. They were often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



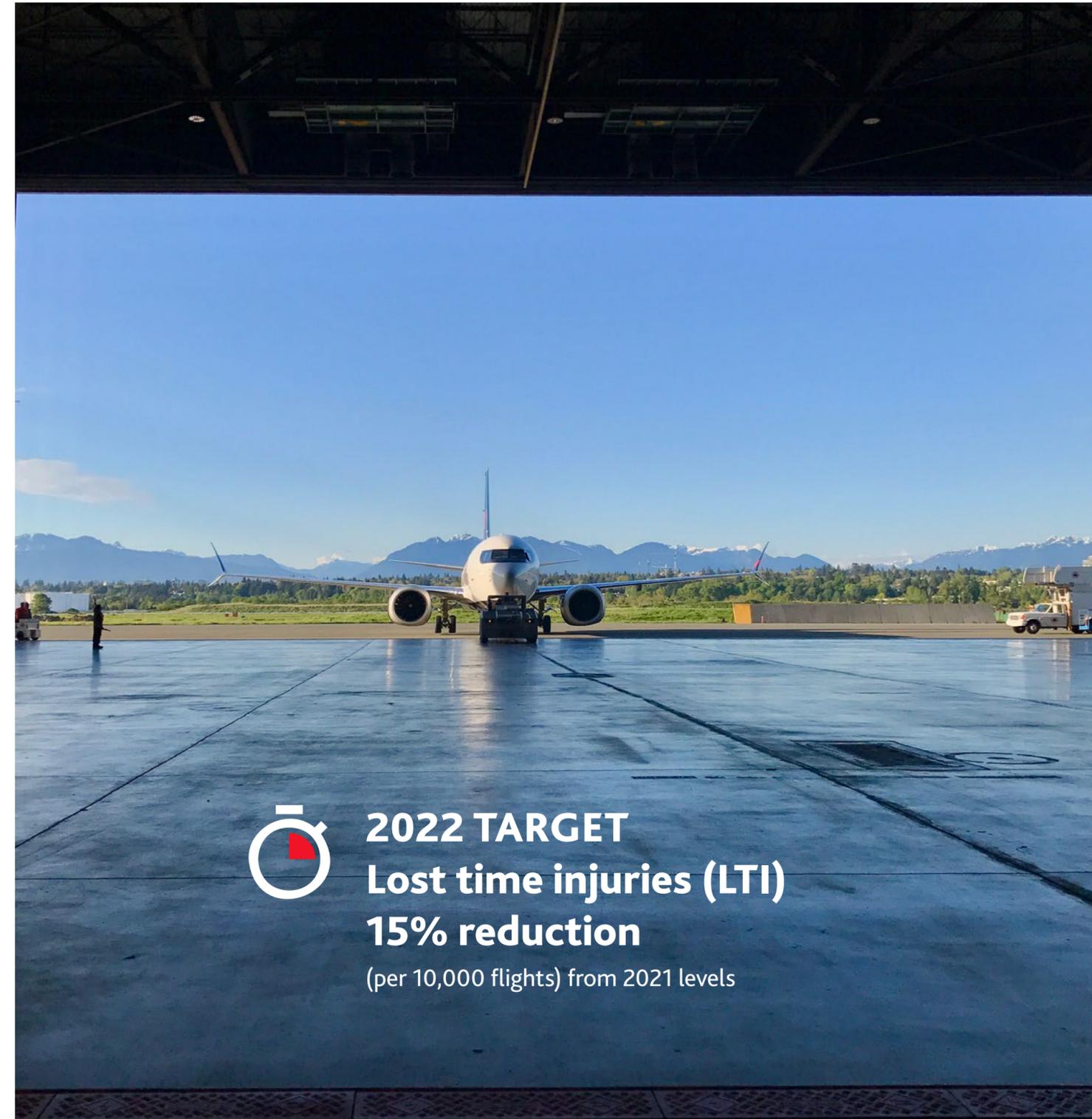
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Disability management professionals are engaged in making it easier for injured workers to come back to the workplace through the Return-to-Work programs (for Air Canada and Air Canada Rouge). These programs help ensure employees who require medical 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.

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.



Variance in trend between Air Canada Rouge and Air Canada is mainly due to the suspension of Air Canada Rouge operations in 2021. The increase in lost time injuries for Air Canada is linked to a higher level of flying in 2021 compared to 2020. See GRI Chart 403-9 for further details.



2022 TARGET
Lost time injuries (LTI)
15% reduction

(per 10,000 flights) from 2021 levels

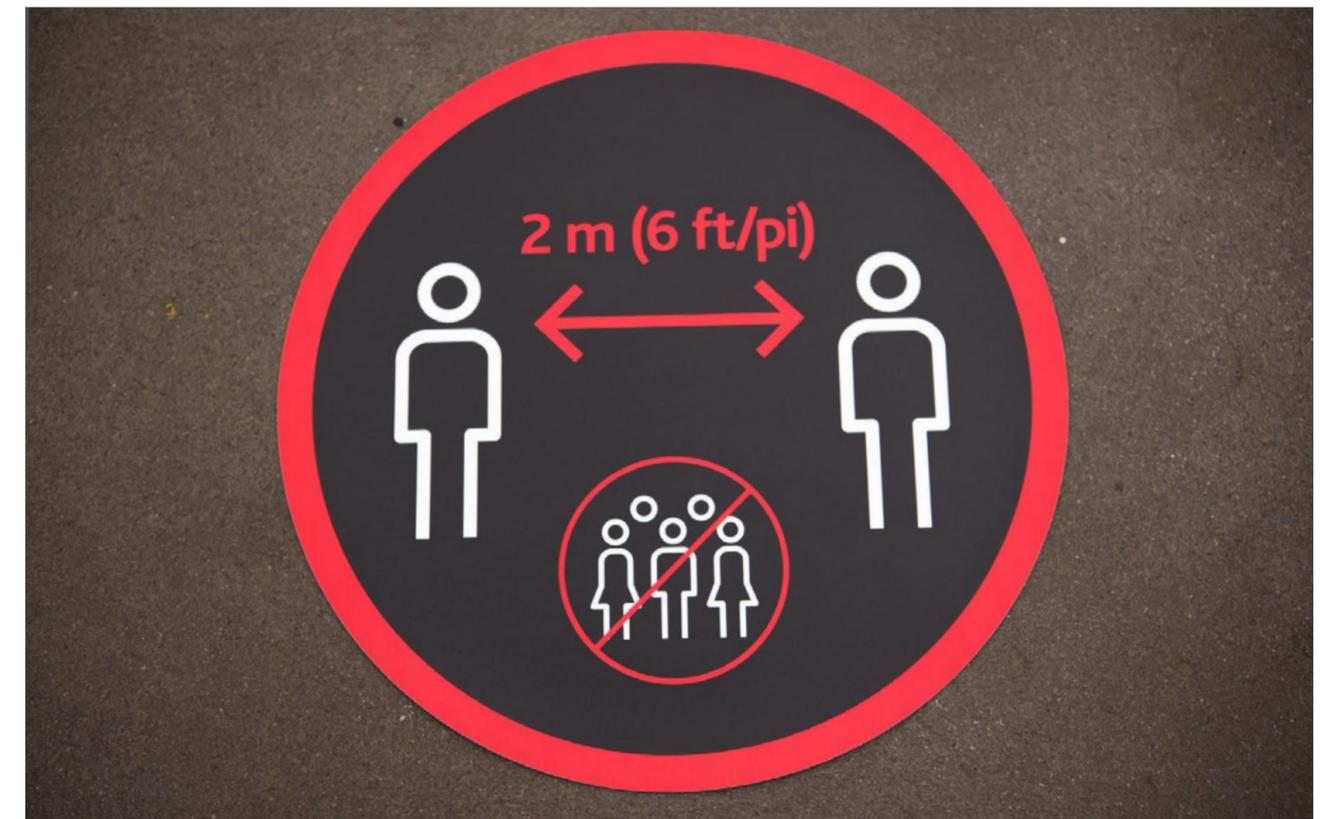
COVID-19 workplace measures

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 in 2020 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.

Screening procedures

While vaccinations were rolled out in Canada, Air Canada continued to focus on testing and screening procedures in 2021. Air Canada was a leader in launching self-testing and in rapid screening in the workplace, mentoring multiple other employers as they launched similar programs to maintain safe workplaces. As a founding member of the Creative Destruction Lab Rapid Screening Consortium, in 2020 Air Canada had 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 all branches across Canada, with more than 230,000 screening kits supplied to employees. This was a fast, convenient, and highly effective way of detecting potential asymptomatic carriers and, therefore, reduced the risk of transmission in the workplace. Air Canada received an honorable mention from the Global OPEX Awards for the "Best Enterprise-Wide Transformation

Project" for our roll-out of the rapid screening initiative. Air Canada's processes and procedures were referred to as best practices in creating public guidance on the use and administration of Rapid Tests in the workplace. We also collaborated with provincial and federal agencies to update rapid testing guidance.



Vaccination

Air Canada partnered with local governments and regions to open clinics facilitating vaccinations for all active and inactive Air Canada, Air Canada Rouge, Air Canada Vacations and Jazz Aviation employees and their immediate families. Employees were engaged to participate at the clinics in non-medical employment opportunities and a universal desire to do good. Employee sentiment was overwhelmingly positive as they rallied together to support the vaccinations of close to 300,000 employees and Canadians in their communities.

Once vaccinations were effectively rolled-out to the mass population, to protect employees and further mitigate the spread of COVID-19, Air Canada required all employees to be fully vaccinated against COVID-19 (subject to certain exceptions under applicable law) from October 31, 2021. This requirement was later suspended in 2022.

COVID-19 leave policy

Complementing temporary amendments made by the federal government to the Canada Labour Code, in 2020 Air Canada introduced its 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. The leave was offered throughout 2021 until May 2022.

Safe return of employees to the workplace

In 2021, Air Canada introduced a company-wide plan for the safe return of employees to the workplace to transition employees working remotely safely back into the workplace. The plan, developed in compliance with Public Health Agency of Canada guidelines, uses a hybrid approach combining on-site and remote work options to give employees flexibility and confidence as they return to their pre-pandemic

work routines. While frontline employees at Air Canada have always been present in the operations throughout the pandemic, a significant number have worked remotely pursuant to Federal Public Health directives since March 2020.



Continuous 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.

Air Canada was one of the first federally regulated employers that developed and rolled out a new harassment and violence policy for all employees based in Canada, to comply with the new legislative requirements. The Human Rights and Harassment Office also created a robust process to respond, manage and investigate notices of occurrence of harassment and violence, ensuring federal regulatory compliance with the recent substantive changes to the law.

Policy on drugs and alcohol

The use of intoxicating substances jeopardizes job performance and creates safety hazards for employees, customers, service providers, and the public. We take our responsibility to maintain a safe workplace and related operations seriously, 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 training programs are core to supporting our employee's growth and development in their role specific duties to better serve our customers as well as offer a positive learning and development experience for our employees to operate safely. For instance, with every new aircraft, our operating crews undergo comprehensive training on all relevant aspects. For Cabin crew this includes every aspect of normal and emergency procedures associated with the aircraft. We provide continuous learning for various skillsets and leverage technology through multiple mediums such as virtual learning, self-led learning, in person and on the job and firsthand practical experience.

At the core of our values, we promote a culture of safety vigilance in our training offerings that instill a safety-first mindset, especially as 2021 saw a significant demand for training with over 10,000 employees recalled or newly hired to our operations groups. In the third and fourth quarters of 2021 alone, training was offered to 7,400 returning or newly hired employees. Over 100 instructors were onboarded to be ready to teach, which also required extensive planning and updating of multiple programs.

Newly recruited employees benefit from strong initial training programs that are several weeks long in order to initiate them to Air Canada's flight path values. This includes understanding the customer journey, and how best to serve our customers along the way while representing our brand as true ambassadors and promoting our official languages. Both soft skills and technical skills are interwoven throughout the learning experience.

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 of easily accessible safety videos, which aims 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. In 2021, the program continued to be offered virtually to ensure continuous, timely and easily accessible training.

Employee wellness

During a time unlike any another, we've all been reminded of the importance of caring for our health. In 2021, Air Canada continued to invest in programs and training to support employees 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 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. A total of 25,401 training sessions were accessed by employees during the year.

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. A Health and Wellness Library is available that includes resources such as articles on fitness, food and nutrition, general physical well-being and healthy weight. Employees may also access custom-developed training sessions designed to help achieve fitness goals as well as corporate fitness discounts.

To celebrate October Mental Health Awareness Month, a digital UBY toolkit was launched. Employees simply scan a QR code for immediate access to information and resources for themselves or for family members.

Wellness challenges

With the launch of Air Canada's wellness app in 2020, wellness challenges were introduced to encourage employees and their families to get active and take part 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.



Ensuring access for as many employees as possible, we've opened **UBY** to employees in **33 countries**.



Employee and family assistance program

Employees may receive help 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. The training has two components: the first, LifeWorks Mental Health in the Workplace training, is a one-hour online module with audio and visual support. The second, LifeSpeak, is a video-based training designed to develop managers' mental health conversation skills. While this training is currently voluntary, our 2022 goal is to make it mandatory for managers. In 2022, Air Canada will also offer a Mental Health First Aid certification. The 12-hour long, discussion-based in-person training will be delivered by a Mental Health Commission of Canada-certified instructor who will assess whether the trainees have acquired the necessary skills and competence to become a point of contact to help resolve crises and deescalate tense situations.

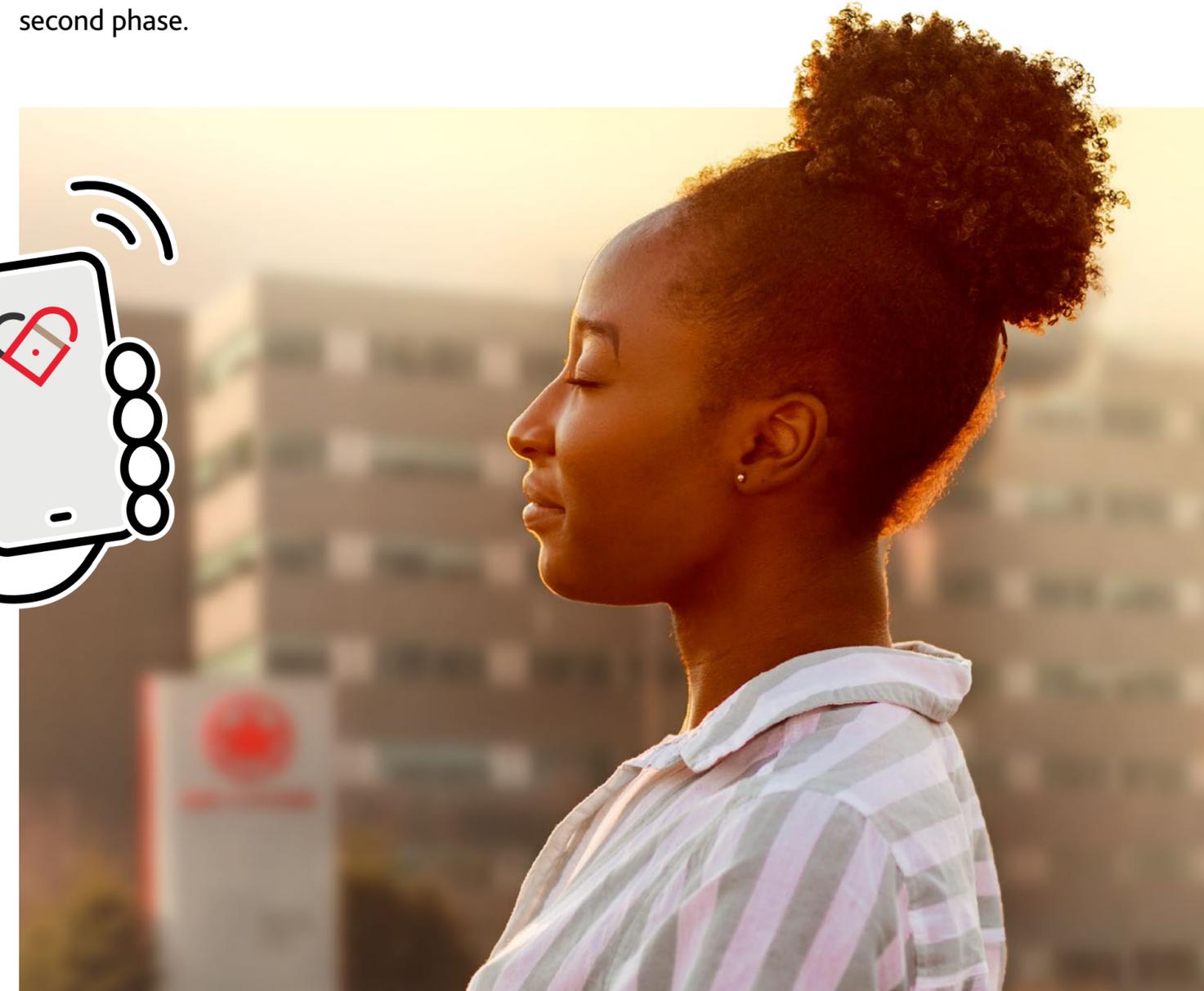
Virtual counselling

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 LifeWorks 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. With almost 600 open cases, 84 per cent have reported that AbilitiCBT helped reduce their mental health symptoms while 86 per cent have reported that it has helped improve relationships with their co-workers and/or their supervisor.



Health risk assessment

To better assist employees determine their health risk assessment, Air Canada introduced Wellness Checkpoint by Carebook. Through the UBY portal, employees accessed the questionnaire which guided users through a dynamically tailored, confidential assessment which considers the health of the whole person, including lifestyle and health status, in the context of work and life outside of work. The HRA help understand employees how their lifestyle choices influence both their current and future health. A total of 5,956 completed the first phase and 4,844 completed the second phase.



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. The Vice President, Labour Relations 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. These agreements offer additional commercial opportunities, stability, and flexibility and demonstrate a collaborative partnership. In 2021, an early retirement program (ERIP) was successfully negotiated with the five major union groups (offered from May to July of 2021). Additional information relating to Air Canada's collective agreements with its main unionized employee groups may be found in [Air Canada's 2021 Annual Information Form](#) and on Air Canada's SEDAR profile at www.sedar.com.



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, branch and individual targets are met. In addition, our Employee Share Purchase Plan 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, in 2021, the Profit-Sharing did not produce any awards.

We have flexible policies in place that provide different options to accommodate employees' circumstances. The Reduced Work Week program, for example, offers an alternate work arrangement to help employees prepare and transition to retirement. The Parental Sharing Policy promotes more equal parenting roles through measures encouraging parents to share parental benefits. Under the Personal Leaves Policy, employees can apply for leave for personal reasons (including education), family responsibility, victims of family violence and traditional Indigenous practices.

Pension plans

Most 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, 2022, approximately 31,000 employees participated in one of those

pension plans and around 33,000 retirees and surviving spouses were receiving a pension from a defined benefit plan. During 2021, Air Canada contributed \$126 million to its employee pension plans, including defined benefit, hybrid and defined contribution corporate sponsored and multi-employer plans. As of

the most recent valuation date of January 1, 2022, the aggregate solvency surplus in Air Canada's domestic registered defined benefit plans was \$4.8 billion.

In November 2021, Air Canada announced that its Canadian unions and the Air Canada Pionairs (representing retirees) agreed in principle to permit certain other uses of the proceeds of the shares of the 2009 Pension Share Trust. If all conditions are met, shares in the trust will be gradually sold over a period of up to 15 years with the net proceeds from the sales used to make lump sum payments to Canadian pensioners and to fund voluntary separation packages for senior unionized employees and non-executive employees. There are several conditions to the completion of the agreement and effecting such sales and payments, which include the conclusion of definitive documentation, and the receipt of all required regulatory and other approvals, and there are no assurances that these or any other conditions will be satisfied.

Trans-Canada Capital Inc. (TCC) became a signatory to the UN PRI. The PRI is an international organization that works to promote the incorporation of ESG factors into investment decision-making. TCC is a wholly-owned subsidiary of Air Canada and is managing Air Canada's Canadian defined benefit pension assets.



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, Community Engagement, Office of Accommodation and Harassment Office.

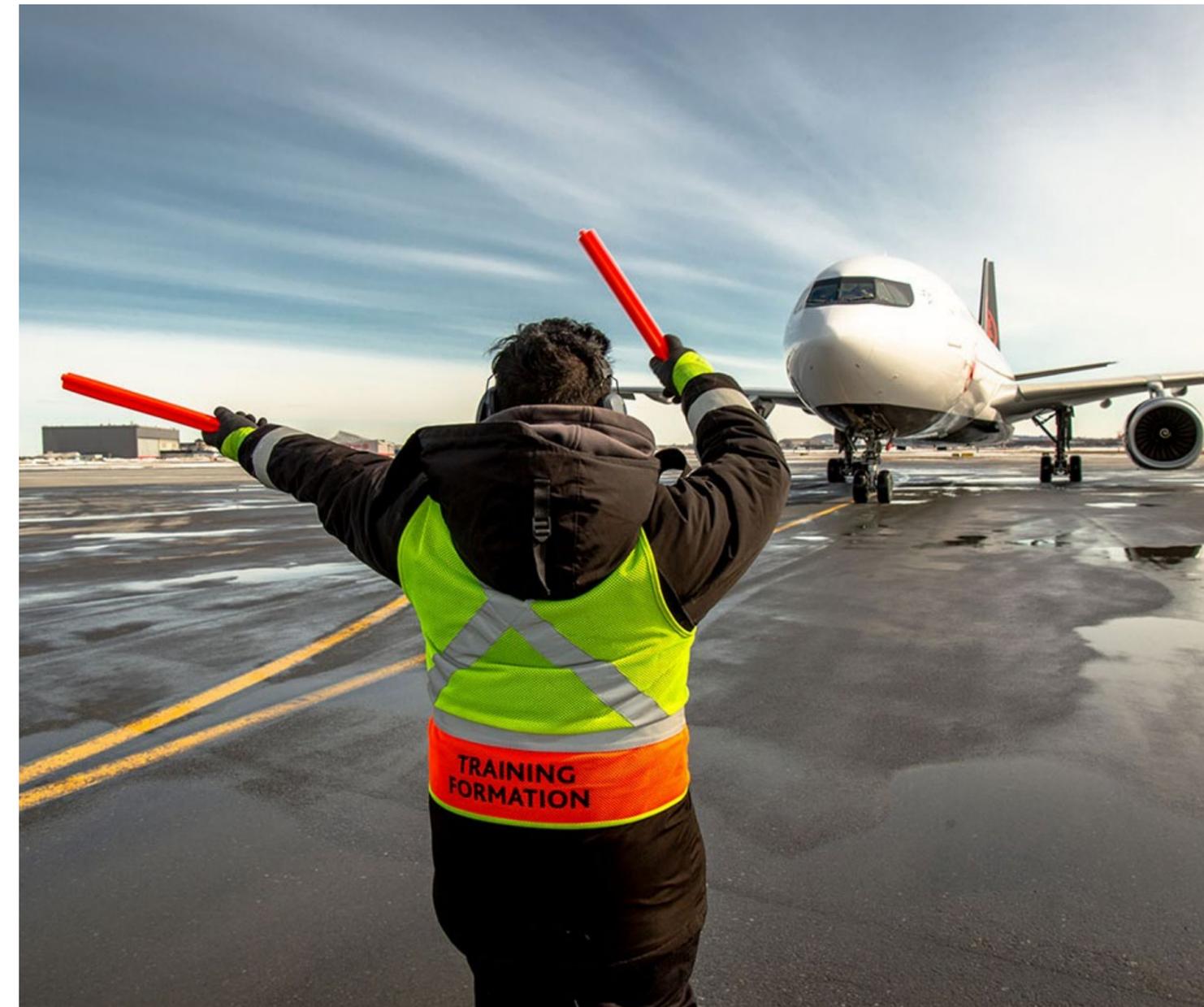
Talent recruitment, training and development

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, informal coaching and mentoring, and look for new ways to engage our workforce that can support community and cause. One reason Air Canada has thrived in good times and managed to successfully navigate through severe challenges is because of its culture. Our people and our behaviours have become

pillars of perseverance to maintain our focus in rebuilding the organization as we emerge from the most challenging years we have ever faced.

With the year 2021 continuing to be 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.



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In 2020, 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 program entered its second stage in early 2021, targeting select employees to create another cohort of about 50 employees for the program. 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.

In addition, our tuition policy was refined to address a multi-pronged talent retention initiative. It was iteratively revised throughout the year to include an expanded range of approved educational programs and a revised reimbursement allotment designed to meet the challenges of a pandemic impacted workforce.

In 2021, in addition to the recall of over 10,000 employees, Air Canada also focused on hiring new, diverse talent. By the end of the year, we welcomed 4,000 new employees. We continue to prioritize our employee retention strategy and talent acquisition efforts.

Air Canada was a recipient of Forbes World’s Best Employers in 2021, based on a survey of 150,000 workers in 58 countries. Forbes collected direct recommendations from employees as well as indirect recommendations from workers in our industry. We were also ranked among the 50 Most Engaged Workplaces™ for the fifth consecutive year for our commitment to employee engagement by Achievers, an employee social recognition company.

In 2021, Air Canada also expanded its Shine program internationally. Launched in 2015, Shine is Air Canada’s peer recognition program. Employees are empowered to recognize the significant actions of colleagues at all levels, including for contributing to our goals, for demonstrating our values, or simply for inspiring a smile. In addition, special one-time recognitions were awarded to employees throughout the year to recognize the extraordinary efforts made by employees during these challenging times.

WORLD’S BEST EMPLOYERS | **Forbes 2021**
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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 to foster a diverse, equitable, and inclusive work environment.

Board diversity

The Board is committed to maintaining high standards of corporate governance in all aspects of Air Canada's business and affairs while recognizing the benefits of promoting diversity and inclusion, both in the boardroom and within our workforce in Canada and around the world. A fundamental belief of the Board is that a diversity of perspectives maximizes the effectiveness of the Board 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 amended in February 2022.

Air Canada is Parity Certified with Women in Governance, 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. Additionally, the Company is a signatory to the BlackNorth Initiative CEO Pledge, which recognizes the need and Air Canada's commitment to create opportunities and foster inclusiveness for Black people and leaders in Canada. As part of the Pledge, Air Canada committed to have at least 3.5 per cent of board and executive roles being held by Black leaders by 2025.

The Board has established as its objective that women represent at least 40 per cent of the directors of Air Canada by 2025. The Board also takes other dimensions of diversity into account in the process of selecting individual candidates. Through its ongoing renewal, it is the Board's aspiration that its composition will reflect the changing population demographics of Canada, as well as the diversity of the customers and employees of Air Canada.

Presently, of our 12 members of the Air Canada Board of Directors, four (33%) are women, and one (8%) is a member of a visible minority. None of our current directors have self-identified as an Indigenous person or a person with a disability.



Safety First, Always | Taking care of our customers | **Taking care of our employees** | Taking care of our communities

Annually, the Governance and Nominating Committee reviews the diversity policy and assesses its effectiveness in promoting a diverse Board of Air Canada. It also reviews the Board's composition and any anticipated vacancies considering the diversity policy and its objectives. The diversity policy states that the search for and selection of candidates is based on merit and candidates will be considered against objective criteria, having due regard to the benefits of diversity for the Board, including the representation of members of "designated groups" as defined in the *Employment Equity Act* (that is, women, members of visible minorities, Indigenous peoples and persons with disabilities). As part of the search process, initial slates of qualified candidates that include women and/or members of other designated groups will also be sought.

Management approach to diversity, equity and inclusion

Over 21 years ago, Air Canada created a Diversity Policy for employees. The policy, regularly reviewed for relevance and legal conformity, supports Air Canada's goal of achieving and maintaining a diverse workforce at all levels of the Company that represents Air Canada's employees, shareholders, clients, business partners and other stakeholders in Canada and around the world. Four groups receive particular attention within our organization: women, persons with disabilities, Indigenous Peoples and members of visible minorities.

From promoting diversity and inclusion to building a workforce made up of people from a wide array of cultures, religions, 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.
- Employee resources groups focused on advancing concerns and strategies to promote inclusivity.
- Increased awareness of the importance of a diverse and inclusive workforce through management training programs.
- Embedded diversity considerations in the hiring process, employee development, promotion process and succession planning.
- Campaigns and community outreach initiatives 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.

2025 OBJECTIVES



The Board has established as its objective that **women represent at least 40% of the directors.**



Air Canada committed to have at least **3.5% of board and executive roles being held by Black leaders.**

Safety First, Always | Taking care of our customers | **Taking care of our employees** | Taking care of our communities

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 future executives may come from senior leadership ranks, the Company's talent and engagement team pays a significant amount of attention to ensuring that diversity is reflected among multiple layers of senior leaders and that emerging leader programs comprise of a diverse group of talent.

In 2021, an employee survey helped us pinpoint opportunities where voices needed to be heard. Where there is a will to effect change, a common goal is then set. Increased perceptions of equity, career opportunity, and leadership commitment were common themes voiced by our employees. In 2021, we laid the groundwork to sponsor corporate wide awareness and become better allies through new and existing partnerships such as Black North, The Prosperity Project, IATA 25 by 25, to name a few.

In order to identify underrepresented areas and work to ensure that no barriers exist to limit hiring or advancement based on unconscious bias, Air Canada implemented a boarder employee self-identification tool to get an enhanced portrait of the diversity of our workforce.

Air Canada is proud to support the launch of the Black Aviation Professionals Network (BAPN), an employee-founded initiative that aims to help foster growth and development for all Black airline employees by giving them a voice. In 2021, Air Canada sponsored two Black Aviation Professional Network initiatives. The first, Never too Early, Never too Late, was a campaign that aimed to inspire the future generation, in which Air Canada supported a photoshoot with Black youth in aviation themes and roles. The second supported BAPN's year-end gala, Star Gaze, which had as its goal to engage, promote, develop, support and offer visibility.

Employees in Montréal were invited to attend a ceremonial smudging ceremony at our headquarters in June to celebrate National Indigenous Peoples Day, which is held annually on June 21. Smudging is an Indigenous tradition that involves the ceremonial burning of one or more medicines gathered from the earth including sweetgrass, sage, tobacco, and cedar, which represent strength, knowledge, gratitude, and protection respectively. Smudging is a way of cleansing oneself through smoke by letting go of any negative feelings. It is also a way to pause, be mindful, and feel connected to the earth.



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In 2021, Air Canada was the official airline partner of Calgary Pride. To highlight Ottawa Pride in August 2021, Air Canada presented “Cooking with Drag Queens,” an engaging event hosted by Kiki Coe, a professional chef. Air Canada and Air Canada Vacations are supporting Call Me Mother, a production of OUTtv, the world’s first LGBTQI+ television network. The new reality drag series premiered exclusively on OUTtv.com, OUTtv Apple TV, and OUTtv Amazon Prime (where available) on Oct. 25, 2021, with new episodes airing each week. Air Canada’s in-flight entertainment also holds content from OUTtv.

Training

Air Canada continues to implement training to promote an inclusive workforce, one that is free from discrimination, violence and harassment. In 2021, we focused on developing a strategy to carry out the actions sparked by employee resource groups. An instructor-led training and two e-learning modules on Unconscious Bias and Diversity, Equity, and Inclusion was further delivered to Senior Leaders and people managers in 2022.

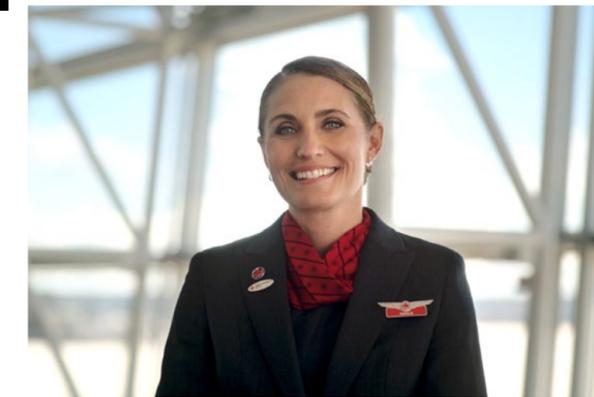
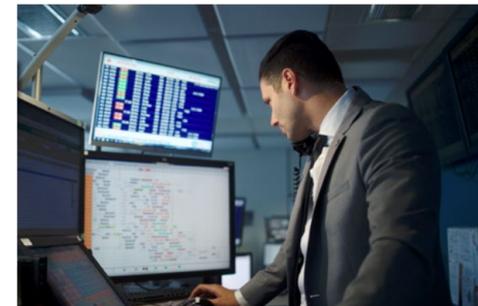
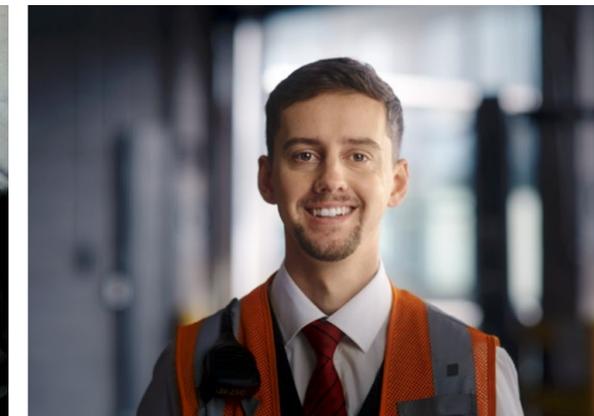
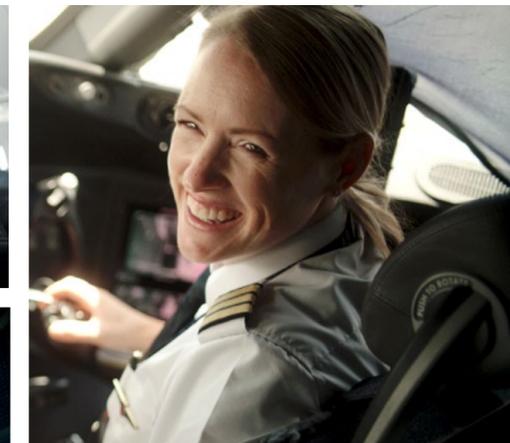
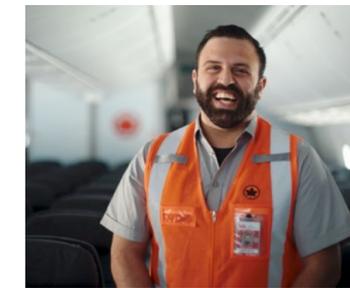
We continue to lay the groundwork of our comprehensive Diversity and Inclusion plan to support all colleagues, one that is informed by our employees and members of the community.

Engaging with community

In 2021, Air Canada continued to partner with various organizations that bring communities together through the celebration of Canadian values and beliefs.

Air Canada supported 112 Canadian organizations and 183 events or projects including:

- Women in Aviation (WIA), an organization dedicated to educating and championing women in the aviation industry and putting them in the spotlight. Air Canada was proud to support the virtual symposium of the Canadian Women in Aviation (CWIA), held in late October 2021. In total, 25 Air Canada employees attended the event and seven were invited to join panels on various topics. A collective of women engaged



in Canadian aviation, CWIA advocates for diverse and inclusive industries that are more innovative, competitive, and profitable. This year’s symposium focused on providing a forum for women to network, discuss aviation best practices, and plan for individual and industry improvement.

- Equal Voice Daughters of the Vote, which gives women the opportunity to become familiar with Canada’s political institutions and to inspire them to take part and act in their local communities.

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- Afropolitan Canada, an event which honours and recognizes women of colour who are creating positive change and space to amplify the voices of those who have been historically excluded.
- YW Calgary, the largest and longest serving women's organization in Calgary, supporting the evolving needs of women in the community for more than a century.
- ImagineNATIVE's 22nd annual imagineNATIVE Film + Media Arts Festival, a unique festival with virtual and in-person screenings, artist discussions, special events, exhibitions and more. ImagineNATIVE is the world's largest presenter of Indigenous screen content. The organization is recognized in Canada and abroad for its excellence and innovation in programming and as the global centre for Indigenous media arts.
- Canada's Olympic and Paralympic teams, who we've proudly sponsored since 1988 and 2007, respectively.
- Fierté Montréal's "Together for All", celebrating pride and gender diverse communities to ensure they are always visible and heard.
- Air Canada and the University of Windsor have entered into an agreement that will facilitate the flight booking process for international students, giving them the opportunity to purchase affordable tickets.

In addition to supporting many community organizations, Air Canada supports several scholarships and bursaries:

- As part of Air Canada's efforts to promote non-traditional aviation careers to the next generation of women, the Captain Judy Cameron Scholarship was set up 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. Established in 2019, Air Canada has committed to this scholarship for three years.

- Since 2016, Air Canada sponsors the Indspire Bursaries and Scholarships to support Indigenous students in their postsecondary 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. Air Canada continues to support this bursary.
- Despite the recognitions received, we must do more. Events in our society remind us that genuine allyship to underrepresented groups is essential. We must support our friends, family and colleagues, and listen and empathize. Everyone benefits from collaborating to better understand one another. 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.



Pictured from left to right: Captain Judy Cameron, Caitlyn Lam, Urooj Ali, Kahina Gagnon, Winnie Ho and Murray Strom, Senior Vice President, Flight Operations

Taking care 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 help vulnerable children. To keep 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 empathy, 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.

We also invite our customers to take part with us, through their actions and the [Aeroplan Member Donation Program](#).



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Air Canada Foundation

The Air Canada Foundation is a registered charitable organization that supports 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 the 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 kept this support over the course of 2021. The Air Canada Foundation recognizes the impactful work of its partners in improving the lives of children with diverse needs around the country. In 2021, over 175 fundraising initiatives and 162 registered charities were directly supported through financial grants, airline tickets, and Aeroplan points donations.

Like many charitable organizations, 2021 continued to be a challenging year for the Air Canada Foundation with cancelled fundraisers despite growing needs. Notwithstanding 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.

To learn more about the Foundation, please read the [2020-2021 Impact Report](#) or visit the [Air Canada Foundation website](#).

In 2021, the Foundation was able to host its ninth annual golf tournament, which raised more than \$765,000 net for the health and well-being of children and youth.



Food security

Throughout the COVID-19 pandemic, food security has been a growing concern for many Canadians. Air Canada has supported initiatives with organizations across the country to help alleviate this concern.



Food Rescue with Second Harvest

To ensure food aboard its aircraft was not sent to landfill, Air Canada and the Air Canada Foundation started a food rescue effort across Canada in partnership with Second Harvest. Since beginning its food rescue efforts in March of 2020, Air Canada has donated more than 950,000 kg of food which equals to more than 2.1 million meals.

These efforts supported more than 88 frontline social service organizations across eight provinces and averted approximately 2.6M kg of GHGs from the avoidance of new food production, processing or retailing, as estimated by Second Harvest.



Food Banks Canada

Since June 2021, the Air Canada Foundation and Air Canada Cargo have also been supporting Food Banks Canada and its After the Bell program for children. Air Canada Cargo transported non-perishable food items to and from Halifax, Sudbury, Thunder Bay, Ottawa, Montréal, and Québec City. In total, Food Banks Canada delivered 150,000 child-friendly food packs to more than 160 communities coast to coast.



Breakfast Club of Canada

In 2021, the Air Canada Foundation and Breakfast Club of Canada (BCC) celebrated **15 years of partnership**. The Air Canada Foundation has proudly invested over \$1.2 million to help BCC serve more than two million breakfasts to more than 11,000 students. The partnership has also helped to set up school breakfast programs for 1,500 Indigenous students from high-need communities in Alberta and Manitoba.

The Air Canada Foundation also partners with Breakfast Club of Canada for the annual Shooting for the Stars event where three to four Indigenous youth from British Columbia are chosen to enjoy a trip to Montréal to meet Montréal Canadiens goaltender Carey Price.



Regina Food for Learning

Regina Food for Learning (RFFL) is a non-profit organization that partners with the community to supply nourishing food to children in schools. In 2021, a donation was made by the Air Canada Foundation to buy high-quality, nutritious foods for at-risk children and youth in their program.



Hope for the Nations

In 2021, the Air Canada Foundation also donated to support Hope for the Nations' Food For Thought Backpack and Garden Project. The Backpack program sends food home on weekends with the children who are the most vulnerable to going without over the weekend.

Throughout 2021, there was urgent need for essential goods and humanitarian support as the COVID-19 pandemic and natural disasters affected communities around the world. Through its partnerships, Air Canada and the Air Canada Foundation jumped into action to support relief efforts and facilitate the transportation of essential items both across Canada and around the world.



Humanitarian and disaster relief support

British Columbia and Ontario Forest Fires

In 2021, Air Canada and the Air Canada Foundation partnered with Airlink to provide travel to Team Rubicon Canada volunteers. The flights transported approximately 30 volunteers to British Columbia to help local families with clean-up and recovery operations after wildfires in Lytton.

Haiti Earthquake

Following the devastating 7.2-magnitude earthquake that struck Haiti in August 2021, Air Canada Cargo transported over 2,500 KG of emergency flood kits to Punta Cana to support relief efforts. The Canadian Red Cross launched a Haiti Earthquake Appeal, following which the Air Canada Foundation initiated an employee fundraiser to support the appeal and matched all employee donations.

Welcoming Afghan Refugees to Canada

Working with the Government of Canada's Immigration, Refugees and Citizenship Canada Settlement Program, Air Canada provided 34 domestic flights for 7 families of Afghan refugees. Air Canada and the Air Canada Foundation also donated suitcases to help the families transport any personal or donated clothing items.

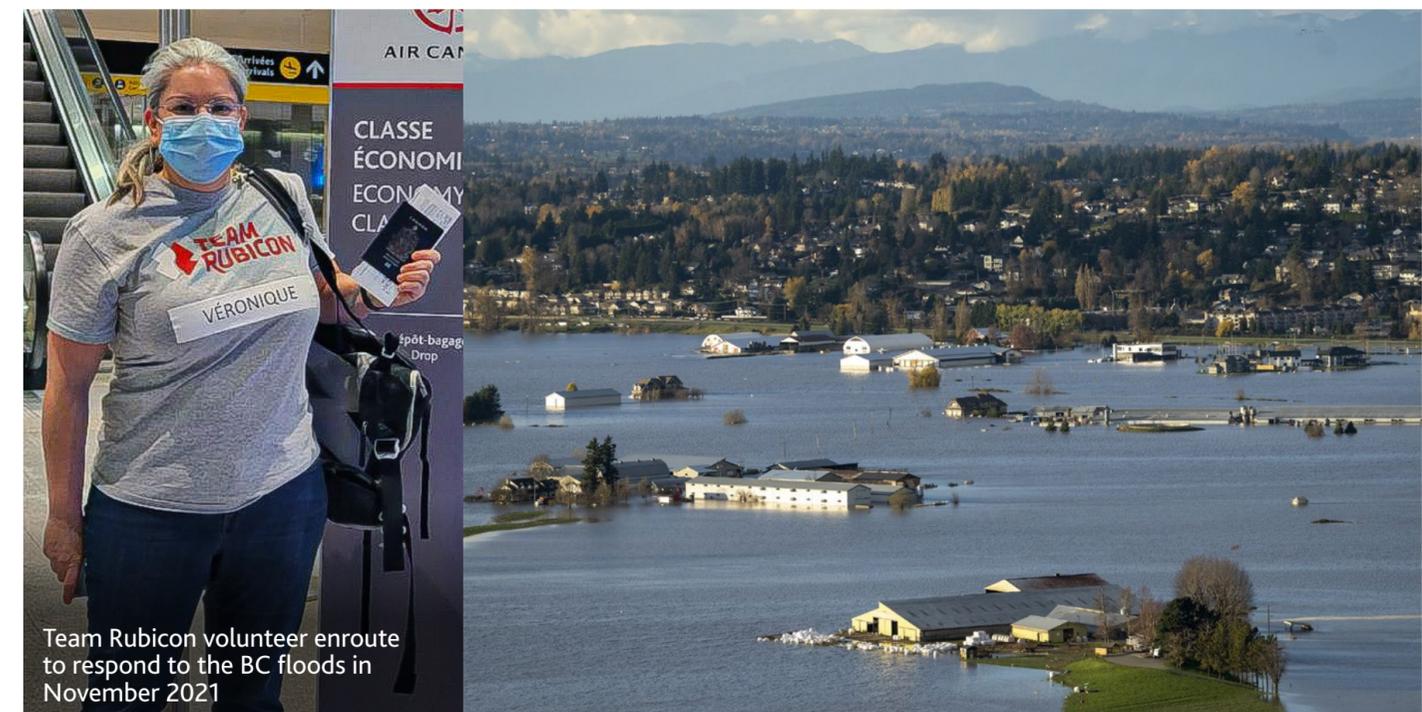
Two Aeroplan charitable partners working to help those who wished to leave Afghanistan were identified and 2.5 million Aeroplan points were donated to both Rainbow Railroad, a global not-for-profit organization that helps LGBTQI+ people facing persecution find safety through emergency relocation and other forms of assistance, and Miles4Migrants, a charity dedicated to using donated frequent flyer miles to help people impacted by war, persecution, or disaster start a new beginning in a new home.

British Columbia Floods and Extreme Weather

With the devastating impact of flooding and extreme weather in British Columbia in November and December 2021, the Air Canada Foundation initiated a match campaign

to support the Canadian Red Cross British Columbia Floods and Extreme Weather Appeal. More than \$10,000 was raised by supporters and employees. The Foundation donated an additional \$50,000 to the cause.

Additionally, Air Canada Cargo deployed Air Canada's first dedicated Boeing 767-300ER freighter aircraft early to support the transport of much needed supplies to the affected area.



Team Rubicon volunteer enroute to respond to the BC floods in November 2021

Employees in action

Over 300 employees helped various causes in their local communities across the country in 2021. Opportunities to volunteer were created for employees who wanted to give back, including:

- More than 60 Air Canada employees volunteered at the 9th annual Air Canada Foundation Golf Tournament, raising funds for charitable organizations that support the health and well-being of children across Canada. The event successfully raised more than \$765,000.
- During the Holidays, the Air Canada Foundation offered many opportunities for employees to give back to their local communities. More than 180 employees took part in *Opération Père Noël* and purchased gifts for children in need. In total, 230 children received gifts during the Holiday season thanks to the Air Canada family.
- The Foundation also launched its first-ever Reverse Advent Calendar. Employees and social media followers were invited to engage with their local community from the comfort of their home. From December 1 to 19, participants placed one non-perishable item each day, as illustrated in the Reverse Advent Calendar, in a box and donate the offerings to their local food bank.
- Vancouver-based employees volunteered during the Chilliwack Community Services' first annual Tour de Chilliwack Family Bike Event. Tasks included registration, directing traffic, and making sure people maintained social distances.



Air Canada continued to collaborate with key partners to transport kidneys from a donor's origin point to the recipient's location. About three unaccompanied emergency live organs are transported in the cabin or flight deck per week, in addition to the over 3,000 pre-pandemic and over 1,500 post-pandemic non-emergency live organs as cargo.



In December 2021, Air Canada Cargo moved 167 kg of Christmas toys on a charitable basis for children in need to the Northwest Territories and Nunavut, in collaboration with Toys for Tots.



Aeroplan Member donation program

Aeroplan Members also had the opportunity to support communities through special offers, matching campaigns and donation opportunities. The donation program helps Aeroplan Members support Canadian-based initiatives that are working to improve lives and aid communities locally, across Canada and around the world. With 28 new charities joining the donation program in 2021, Aeroplan Members can connect with more than 300 organizations, charities and causes they care about. In 2021, close to 65 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 965,000 Aeroplan points in 2021 for its Hospital Transportation Program, which provides flights for children and one accompanying adult to access medical care that is not available to them in their communities. To learn more about the Hospital Transportation Program, please see [Israfil's story](#).

In 2021, the Aeroplan Member Donation Program celebrated 15 years of giving back. Since its inception in 2006, over 1.3 billion points have been donated by Aeroplan and its Members, which have helped support more than 1,400 causes, primarily Canadian-based initiatives, that work to improve lives and aid communities locally, across Canada and around the world.



In March 2021, Air Canada Cargo transported hygiene kits from Toronto to Halifax in collaboration with GlobalMedic. These hygiene kits were delivered by two Air Canada employee volunteers to Mount Saint Vincent University's food bank.



In April 2021, with the support of Air Canada Cargo, the Ecuadorian Government was able to ship 5 boxes containing 20,000 prophylactics donated by the Toronto People with AIDS Foundation to the Ministry of Health national programs for the prevention of HIV that may affect the Ecuadorian population.

In 2021, the Aeroplan Member Donation Program celebrated 15 years of giving back



Environmental management approach | Leave less | Do more

OUR PLANET

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

Air Canada's environmental focus is two-fold. Firstly, **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 secondly, **Do More**: 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 newly refreshed Air Canada [Leave Less website](#).



Environmental management approach

Environmental Policy

Air Canada has developed an Environmental Policy, consistent with the requirements of IEnvA, an ISO 14001:2015 equivalent EMS certification, 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 Air Canada to meet our obligations and address our environmental impacts.

Environmental Management System

Through its certified 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 corrective actions are developed as required.

In 2021, the Environmental Affairs department reported to the Vice President, Safety. The Vice President, Safety reports directly to the President and Chief Executive Officer (CEO), who is the highest-level management position with direct responsibility for environmental and climate-related issues. Identified risks and opportunities are reviewed quarterly, including by the Vice President, Safety for input and guidance, at which time potential mitigation strategies are considered.

The President and CEO is a member of the Air Canada Board of Directors and has overall management responsibility for Air Canada's climate action strategy. The President and CEO chairs Air Canada's Corporate Environmental Board (CEB), which provides direction and strategic advice on all of Air Canada's major environmental and climate-related risks and opportunities. The President and CEO's environmental responsibilities, as chair of the CEB, are to ensure executive management's commitment to Air Canada's Environmental Policy, and the Environmental Management System.

The CEB meets quarterly with members of Air Canada's Environmental Affairs department to review potential environmental risks and opportunities, progress on initiatives and discuss future directions for the Company. Progress on key topics and initiatives are reported to the Safety, Health, Environment and Security Committee of the Board.

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 EMS system through the IATA Environmental Assessment (IEnvA) Program. IEnvA is an environmental management system certification program, specifically developed for the airline sector, which demonstrates equivalency to the ISO 14001: 2015 environmental management systems standard. The recertification cycle for the program is every two years.

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

- An environmental policy
- Leadership support to carrying out the EMS system
- Procedures to identify, assess, and manage environmental aspects and impacts
- 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



Air Canada is proud to have been the first airline in North America to be IEnvA Stage 2 certified in 2020, the highest level of IEnvA compliance.

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 environmental 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 has aligned with the TCFD framework for its 2021 ESG disclosures. For more detailed climate disclosures, please see [Air Canada's 2021 TCFD report](#).



Leave Less

Less carbon, less energy

Climate change is a global challenge that knows no national borders and requires international solutions to help countries and businesses lower their carbon emissions. Commercial aviation accounts for about two to three per cent of all global carbon emissions. Air Canada monitors its GHG emissions closely and is committed to mitigating its environmental footprint. As about 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, GHG emissions, and our operating costs.

Environmental management approach | **Leave Less** | Do More

For over a decade, Air Canada has been active 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 per cent GHG net reductions from air operations by 2030 compared to our 2019 baseline
- 30 per cent GHG net reductions from ground operations by 2030 compared to our 2019 baseline
- \$50M investment in sustainable aviation fuels (SAF), as well as 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
- Technology and 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 by 2050 through a series of five-year plans.



**NET-ZERO GHG
BY 2050**

20%

GHG
net reductions

from **air operations**
compared to 2019
baseline **by 2030**

30%

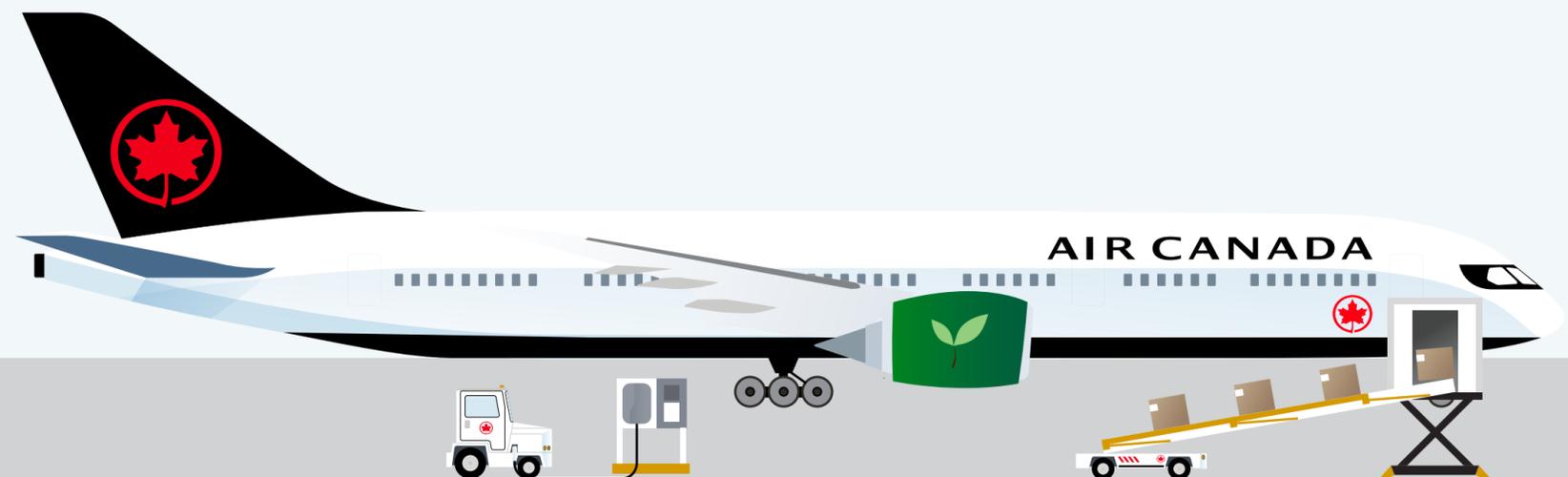
GHG
net reductions

from **ground
operations**
compared to 2019
baseline **by 2030**

\$50 Million

Investment Fund

For Sustainable Aviation
Fuels (SAF) and carbon
reduction and removal
development **by 2030**



Environmental management approach | **Leave Less** | Do More

Progress in 2021

In May 2021, Edmonton International Airport and Air Canada formed a landmark green partnership to reduce the carbon impact of air travel. The EIA-Air Canada Sustainability Partnership aims to reduce the carbon impact of air travel with both organizations working together to assess emerging green technologies at EIA's Airport City Sustainability Campus, an ecosystem that EIA created to foster environmental innovation. The partnership reflects both Company's pledges to sustainability and reducing carbon emissions to a net-zero future.

The EIA-Air Canada Sustainability Partnership will focus on initiatives that will promote a cleaner environment and include the following:

- Electrification of aviation equipment
- Hydrogen fuel cell technologies
- Green power generation using Airport City Solar, the world's largest airport-based solar farm
- Development and usage of sustainable aviation fuels, biofuels, and hydrogen
- Replacement of single-use plastics with plant-fibre materials
- Drones for e-commerce and cargo delivery
- Other initiatives in industries such as agriculture and forestry to offset carbon emissions

These commitments will create highly skilled jobs, stimulate economic development, and help attract more investment to the Edmonton Metropolitan Region as it transitions to a greener economy.

In 2021, Air Canada became a founding member of, and the first Canadian carrier to join, the Aviation Climate Taskforce (ACT), a global coalition of leaders in the aviation sector, formed to tackle the challenge of rising CO₂ emissions from commercial aviation. The new, non-profit organization, made up of ten global

airlines and the Boston Consulting Group, was established to accelerate research and advance innovation related to emerging decarbonization technologies, including through the development of sustainable aviation fuels.

Air Canada also became a signatory of the Clean Skies for Tomorrow Coalition. The coalition's mission is to accelerate the deployment and use of SAF technologies to reach 10 per cent of global jet aviation fuel supply by 2030. More than 80 stakeholders from 22 different countries, which represent 25 per cent of aviation's emissions, are committed to working together to achieve this, helping put our industry on the path to net-zero emissions by 2050. Signatory companies include airlines, airports, fuel suppliers and other aviation innovators. Companies from other sectors that rely on corporate air travel for their business operations are members as well, demonstrating that the responsibility of decarbonizing the industry lies with everyone that depends on the aviation industry.

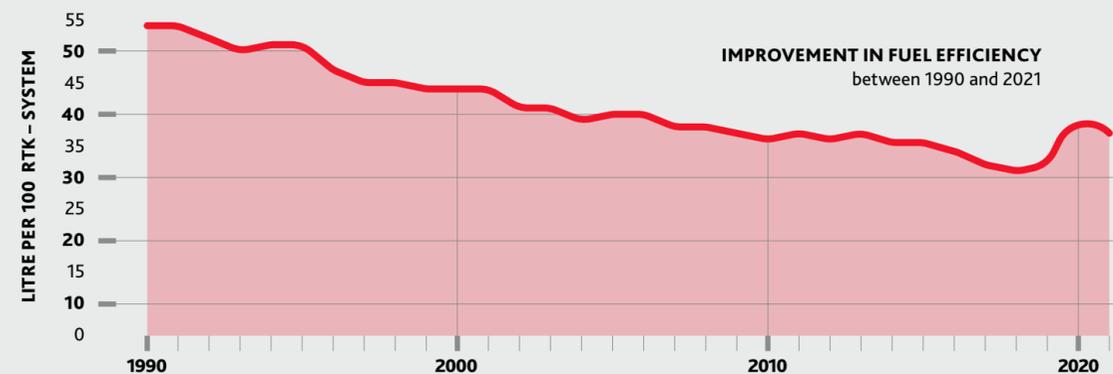


Environmental management approach | **Leave Less** | Do More

In 2021, Air Canada launched its Leave Less Travel Program, offering corporate customers the opportunity to reduce their carbon footprint related to business travel. The program allows corporate customers to choose the offering they want through a customized approach using SAF, carbon offsets or a combination of both, through four core actions:

- **Calculate:** Air Canada tracks and calculates the GHG emissions associated with customers' business travel.
- **Select:** Customers can choose how they want to mitigate their GHG emissions relating to their business travel: SAF and/or carbon offsets.
- **Purchase:**
 - SAF: Air Canada purchases the required SAF volumes and to ensure the customer can claim the benefits of its investment, Air Canada will implement a SAF certification system in-line with industry-leading best practices.
 - Carbon Offset: Air Canada facilitates the purchase of carbon offsets.
- **Reduce:** Customer contributes to its sustainability goals.

In 2021, fuel efficiency initiatives at Air Canada yielded approximately 2.2 M litres of jet fuel savings representing the avoidance of almost 5,778 tonnes of CO₂e to the atmosphere. Additional projects are also currently in progress. An additional 0.6 M litres of diesel savings (representing the avoidance of almost 212 tonnes of CO₂e to the atmosphere) was generated from switching diesel-based baggage tractors to lithium-ion baggage tractors at Montréal - Pierre Elliott Trudeau International Airport.



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



Fuel efficiency progress over the years

In 2020, the COVID-19 pandemic impacted Air Canada's operations resulting in a significant decrease of routes flown by Air Canada and by Air Canada Rouge, which directly contributed to a reduction in the amount of jet fuel consumed annually. The decline in fuel efficiency observed is primarily attributed to the COVID-19 pandemic and its impact on operations. Significantly reduced load factors and irregular operations driven by the COVID-19 pandemic also impacted efficiency levels.

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. Most 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, we have been operating several narrow-body Airbus aircraft with the FOPP Cavity Vortex Generator modification installed to reduce aircraft noise. Additionally, in 2018, we proactively started a program to add a noise-reducing device to the remainder of our Airbus A320 family aircraft that are scheduled to remain in our fleet beyond 2023. By the end of 2021, we completed the retrofit on 92 per cent of these aircraft.

Less waste

Despite the operational and financial impacts of the COVID-19 pandemic, Air Canada diverted 70.4 per cent of its waste generated in offices and facilities from landfill and has kept 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.

Moving forward, Air Canada is planning to launch a new Corporate Waste Strategy in 2022 based on circular economy principles. From reducing waste at the source to developing new strategies to keep resources in use, Air Canada is committed to finding creative and long-lasting solutions beyond simply diverting waste from the landfill.

Recycling in offices and facilities

In 2018, Air Canada introduced a centralized recycling program at our Montréal headquarters and Vancouver Operations Centre. Larger receptacles in common areas were installed, deskside garbage bins were eliminated, and employees had access to recycle common items such as plastics, paper, and organics. By the end of 2019, the program was rolled out to our Winnipeg and Calgary offices. In 2021, the Waste Centralization program was relaunched following an interruption of activities because of COVID-19. Bins were placed in additional locations within our Montréal headquarters and our waste collection contracts were revised to expand collection services for recycling and compost in new locations.



Environmental management approach | **Leave Less** | Do More

Air Canada introduced innovative programs to manage new waste streams arising from the COVID-19 pandemic. In 2021, PPE recycling bins were installed in high-use areas in across operations including crew areas, cargo, and maintenance areas, medical clinics, and call centres. Masks collected are shipped back to recycling partners and broken down into pellets that will be used to produce plastic lumber and outdoor furniture. In addition to supplying employees with reusable face masks, this initiative helped combat litter in our facilities and improve our commitment to responsible disposal.

In 2021, Air Canada collected and diverted over 10.87 tonnes of electronic waste from landfill in its offices and facilities. The equipment included printers, IT equipment, iPads, ink cartridges and other e-waste that were recycled or reused. Air Canada also works with charitable organizations to donate electronics and accessories in good condition. In 2021, 270 monitors were donated to *Ordinateurs pour les écoles du Québec*, an organization helping to provide schools and NGOs with computers, laptops and other refurbished devices.

In 2015, Air Canada launched its Battery Recycling Program with Call2Recycle throughout 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 taking part 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.

Since 2018, efforts to increase awareness and expand recycling initiatives have led to a continuous increase in the share of waste diverted from disposal.



Recycling on board

Over the years, Air Canada has made a conscious effort to increase its recycling and reduce the use of single-use plastic items onboard all domestic flights through its Onboard Recycling Program. Recycling as well as annual onboard waste audits were paused for a second year due to COVID-19. Instead, Environmental Affairs calculated the recycling efficiency on domestic mainline flights by estimating the average waste per passenger using the weight of service items and the number of passengers. As of April 2022, Air Canada has now resumed onboard recycling at six of our nine major Canadian airports and will be resuming regular auditing and data collection, while exploring options to divert even more recyclable items from the landfill.

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-borne 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 supporting animal health controls. We continue to engage with regulators to show how our recycling program and processes are beneficial and present a low risk.

Air Canada's commitment to minimizing waste also includes significant plastic reduction efforts. This includes researching and rethinking important decisions made at various stages of our supply chain with the goal of minimizing our use of single use plastics. Since 2019, we've eliminated more than 47.8 million plastic items on board our aircraft. The COVID-19 pandemic forced us to introduce some single-use plastic items on board, such as those found in the Clean Care+ Kits, as a necessary short-term solution to maintain the immediate health and safety of our passengers and crew. We continue to assess the feasibility of removing additional single use plastic items onboard and evaluating sustainable replacements wherever feasible. In June of 2022, the government of Canada made the announcement to ban targeted single use plastic items beginning at

the end of December of 2023. Air Canada supports the reduction of single use plastics and has already started, to assess alternative products for both our operations on the ground and in the air.

Since 2015, Air Canada pilots have been using iPads in the flight decks of its aircraft, which helped eliminate cumbersome and heavy manuals, navigation charts, checklists and other materials. This simple action reduced the aircraft's overall weight, which is a key factor in fuel consumption, and allowed Air Canada to reduce overall GHG emissions onboard. After years of use, many of those iPads had fallen into a state of disrepair and their technology become obsolete. Air Canada partnered with an electronic recycler to responsibly dispose of them. By recycling the iPads, Air Canada was able to divert 328 kilograms from landfill and ensure critical data on the iPads was securely destroyed.



Do More

Upcycle, repurpose and give back

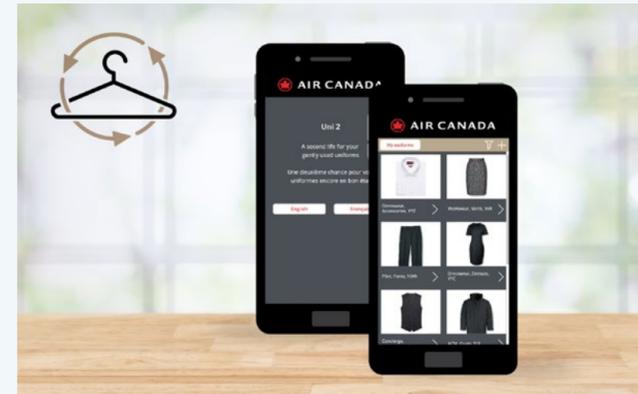
Through its recycling programs, Air Canada has been able to divert textiles and other materials from landfills by partnering with Canadian charities to give slightly used or even new and unused items a second life.

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 Toronto-based non-profit organization Brands for Canada who supports numerous programs and groups across the country and provides basic need items to Canadians living in poverty.

Since 2018, Brands for Canada has received more than 115 tonnes of items from Air Canada, starting with the obsolete uniforms generated after Air Canada changed to its current design several years ago, to more recently, receiving gently used duvets and amenity kits left behind by passengers on board aircraft.

In addition, in 2021 Air Canada launched the UNI2 uniform exchange app. The goal is to encourage employees to exchange their new and gently used Air Canada uniforms. Instead of sending all the returned uniforms to recycling, the uniforms are inspected and pieces that can be laundered and put back into service are set aside. Through the app, employees can scroll through images of available pieces and request free second-hand items be sent to their homes.



UNI2 uniform exchange app

The goal is to encourage employees to exchange their new and gently used Air Canada uniforms.



Uniforms

Our uniform recycling program allows us to repurpose, recycle or reuse our used and surplus uniforms.



Amenity kits

Unused onboard amenities are collected and sent to those in need through various charitable organizations.



Duvets, blankets and mattress pads

Gently used onboard duvets, blankets and mattress pads are dry-cleaned and distributed to local charities.

Environmental management approach | Leave Less | **Do More**

Surplus equipment

A used office furniture sale was held at the Montréal headquarters for employees, raising more than \$11,300 for the Air Canada Foundation. The sale of used office items allows us to support our charitable partners and people in need while contributing to the circular economy by ensuring furniture and equipment gets a second lease on life.

Furthermore, 392 kgs of surplus kitchen equipment, including plates, coffee makers and a small refrigerator were donated to *La Table des Chefs*, whose mission is to fight against food insecurity and educate young people to develop food autonomy.

Promoting Health & Safety

We also donated 80,000 surplus two- and three-ply face masks to Scadding Court Community Centre's sewing hub. Scadding Court's Stitch Lab is a women-led social enterprise providing both accessible adult education and skills development opportunities as well as meaningful economic participation activities that contribute to waste reduction.

Air Canada also donated 5.4 million surplus disinfecting wipes for Syrian Refugees, and diverted them from landfill, in collaboration with GlobalMedic.

Employees in Toronto were invited to donate used cellphones to Victims Services Toronto. Victim Services Toronto is a non-profit organization that operates 24/7 with the goal of providing immediate crisis response, intervention and prevention services to individuals, families and communities affected by crime and sudden tragedy. The organization gives used, working phones to those in need so they have the means to call emergency services.

Sustainability scholarship

In September 2021, we launched the fifth edition of the Air Canada Sustainability Scholarship program for children of employees. Eligible students were asked to convey in a 500-word essay how issues relating to sustainability are integrated into their educational pursuits. Ten deserving students were each awarded \$2,000 to use toward their post-secondary studies. The funds for this scholarship are raised through metal recycling carried out by our Air Canada Maintenance branch.



Social responsibility Aeroplan eStore

In 2021, Air Canada expanded its sustainability focused offerings in the Social Responsibility Category of the Aeroplan eStore. Members now have the option to redeem points to purchase a variety of products including carbon offsets to mitigate the environmental impact of their travel, as well as vegan fashion and accessories, upcycled household items and earth friendly natural products.

Water conservation

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 an important environmental aspect. Air Canada, through its environmental management system, has identified water-related impacts from its activities; both operational and potential. 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.

Air Canada uses water for its aircraft flight operations and on the ground for its corporate, cargo and maintenance facilities. Generally, water used for flight operations is provided by the airports and includes the water uplifted for passenger service. In de-icing operations, pre-blended de-icing fluid is sprayed at airports where Air Canada conducts de-icing operations. The effluent generated from these anti-icing and de-icing operations is collected and treated by a third party in accordance with applicable laws and regulations.

Facilities use water in cooling towers, aircraft and ground support equipment maintenance activities, and in day-to-day facility operations. The water usually comes from the local municipalities and/or airports and is discharged to municipal sewer systems directly or indirectly via an airport's own sewer system, however, any hazardous wastewater generated is treated or disposed of following applicable laws and regulations.

Air Canada has developed environmental management plans to address both its ongoing and potential water-related impacts. These management plans ensure compliance to applicable regulations and are developed to prevent pollution and minimize environmental risks. 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.

In 2021, despite an increase in flight operations tied to our post-pandemic recovery, our (estimated) aircraft water uplift has slightly decreased in all flight operations compared with 2020. This was achieved through the introduction of a greater number of highly efficient A220-300 and Boeing 737 MAX aircraft, which have comparatively smaller water tanks.

In 2021, Air Canada collaborated with Fill it Forward and invited its employees to **leave less** by reducing the use of single-use plastics and to **do more** by tracking their environmental impact, giving clean water, and staying hydrated. Employees tracked their environmental impact and refills of their reusable water bottles and for every refill, Air Canada supported water projects in Canada by donating to Water First, an NGO dedicated to working with First Nations communities in Canada to resolve water challenges through education, training, and collaboration. Air Canada launched the program in tandem with halting the sale of single-use plastic water bottles in Air Canada managed cafeterias and vending machines across Canada. This initiative is estimated to save the distribution and sale of 124,000 plastic water bottles per year.



Environmental management approach | Leave Less | **Do More**

Contributing to biodiversity

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, the 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's MOU with the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), Air Canada is committed not to transport illegal CITES specimens knowingly. As such, we have adopted a zero-tolerance approach in our cargo operations and do not allow the 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, shark fins and of non-human primates intended for laboratory research and/or experimental purposes.

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.



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



Environmental management approach | Leave Less | **Do More**

In March 2021, Air Canada hosted a virtual forum on the illegal wildlife trade 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, former 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 this important issue.

Spanning from late 2021 into early 2022, in collaboration with Edmonton International Airport, Air Canada conducted a passenger awareness and engagement campaign to encourage passengers to 'Be a Wildlife Watcher'. The campaign encouraged travellers to take a picture instead and leave nature in its place.

Early in 2022, Air Canada also worked with the Canadian International Freight Forwarders Association (CIFFA) to develop a Member-to-Member webinar in January 2022. The webinar included presentations from United for Wildlife, the Wildlife Enforcement Directorate of Canada, and Air Canada Cargo with the goal of bringing more education and awareness on the subject to industry partners. In parallel, we developed a unique visual campaign that was presented on screens in our cargo facilities to serve as an IWT awareness refresher to our frontline employees who are at the forefront of combating illicit wildlife trafficking.

Bees



In 2022, Air Canada was pleased to announce the return and expansion of its urban beehive initiative. We have installed beehives at our Montréal headquarters and in Toronto at our Flight Operations Centre as we expand this important initiative. At peak summer, it is estimated the hives can have as many as 100,000 bees, and Air Canada is proud to support our ecosystem.



In preparation for an overseas flight, boxes of live bees are kept dormant with dry ice in Sydney, Australia.

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 year, 250,000 queens and 40,000 small bee colonies are imported into Canada on behalf of farmers throughout the country. In April 2021, Air Canada Cargo operated a charter from Australia to Vancouver, carrying 3,500 kilograms of bees, the first of its kind for the airline. Bees were also transported to Canada from Italy, New Zealand and the United States. In total, Air Canada Cargo flew over 116,000 kilograms of bees in 2021.



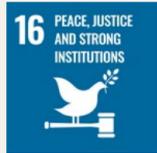
UN SUSTAINABLE DEVELOPMENT GOAL 	REFERENCE	AIR CANADA GRI INDICATOR
	Citizens of the World 2021, pages 17 , 29 , 62-67 Aeroplan Member Donation Program Air Canada Foundation Charitable Givings chart	413-2
	Citizens of the World 2021, pages 17 , 62-67 Air Canada Foundation Aeroplan Member Donation Program Charitable Givings chart	413-2
	Citizens of the World 2021, pages 7 , 11-12 , 16-17 , 26 , 30 , 33-68 Air Canada Safety Policy Air Canada Foundation Charitable Givings chart Air Canada Code of Conduct Supplier Code of Conduct Modern Slavery and Human Trafficking Statement Air Canada Leave Less Air Canada Environmental Policy	305-1 305-2 305-3 306-1 306-2 306-3 306-4 306-5 403-6 403-9
	Citizens of the World 2021, pages 17 , 27 , 32 , 35 , 54-56 , 60-61 , 80-81 , 83 Air Canada Safety Policy Air Canada Foundation Air Canada Code of Conduct	404-1

UN Sustainable Development Goals Index | GRI Content Index

UN SUSTAINABLE DEVELOPMENT GOAL 	REFERENCE	AIR CANADA GRI INDICATOR	
	Citizens of the World 2021, pages <u>26</u> , <u>55-61</u> <u>Air Canada Code of Conduct</u> <u>Supplier Code of Conduct</u>	401-1 404-1 404-3 405-1 405-2	
	Citizens of the World 2021, pages <u>16</u> , <u>18</u> , <u>81</u> <u>Air Canada Leave Less</u> <u>Air Canada Environmental Policy</u> <u>Supplier Code of Conduct</u>	303-1 303-2 303-3 303-4	306-1 306-2 306-3 306-5
	Citizens of the World 2021, pages <u>13</u> , <u>72-75</u> <u>Air Canada Leave Less</u> <u>Air Canada Environmental Policy</u> <u>Supplier Code of Conduct</u>	302-1 302-2 302-3 302-4	
	Citizens of the World 2021, pages <u>19-32</u> , <u>44-61</u> <u>2021 Annual Report</u> <u>Modern Slavery and Human Trafficking Statement</u> <u>Air Canada Code of Conduct</u> <u>Supplier Code of Conduct</u>	201-1 302-1 302-2 302-3 302-4 306-2 401-1 402-1 403-1	403-2 403-3 403-4 403-5 403-7 403-9 404-1 404-3 405-2

UN SUSTAINABLE DEVELOPMENT GOAL 	REFERENCE	AIR CANADA GRI INDICATOR	
	Citizens of the World 2021, pages 10 , 19-32 , 39-42 , 68-77 <u>See where Air Canada flies</u> <u>Air Canada Leave Less</u> <u>Air Canada Environmental Policy</u> <u>Supplier Code of Conduct</u> <u>2021 Annual Report</u>	201-1	
	Citizens of the World 2021, pages 26-32 , 43 , 49 , 54-61 <u>2021 Annual Report</u> <u>Air Canada Code of Conduct</u> <u>Supplier Code of Conduct</u>	401-1 404-1 404-3 405-2	
	Citizens of the World 2021, pages 30 , 37 , 44-52 , 60 , 62-83 <u>See where Air Canada flies</u> <u>Air Canada Leave Less</u> <u>Air Canada Environmental Policy</u> <u>Supplier Code of Conduct</u> <u>Air Canada Foundation</u>	306-1 306-2 306-3 306-4 306-5	
	Citizens of the World 2021, pages 11-13 , 18 , 21 , 30 , 72-79 , 82-83 <u>GRI Content Index</u> <u>Air Canada Leave Less</u> <u>Air Canada Environmental Policy</u> <u>Air Canada's CDP response</u> <u>Supplier Code of Conduct</u>	302-1 305-3 302-2 306-1 302-3 306-2 302-4 306-3 303-1 306-4 305-1 306-5 305-2	

UN Sustainable Development Goals Index | GRI Content Index

UN SUSTAINABLE DEVELOPMENT GOAL 	REFERENCE	AIR CANADA GRI INDICATOR	
	<p>Citizens of the World 2021, pages 4, 7-9, 13, 18, 25, 69, 71-74 2021 Annual Report <u>Air Canada Leave Less</u> <u>Air Canada Environmental Policy</u> <u>Air Canada's CDP response</u></p>	<p>302-1 302-2 302-3 302-4 305-1</p>	<p>305-2 305-3 305-4 305-5</p>
	<p>Citizens of the World 2021, pages 32, 68, 81-82 <u>Air Canada Leave Less</u> <u>Air Canada Environmental Policy</u></p>	<p>305-1 305-2 305-3 305-4 305-5</p>	
	<p>Citizens of the World 2021, pages 32, 74, 82-83 <u>Air Canada Leave Less</u> <u>Air Canada Environmental Policy</u></p>	<p>306-3 306-5 305-1 305-2</p>	<p>305-3 305-4 305-5</p>
	<p>Citizens of the World 2021, pages 9-10, 17, 26-32, 50, 57-60, 74-80 <u>Air Canada Code of Conduct</u> <u>Supplier Code of Conduct</u> <u>Modern Slavery and Human Trafficking Statement</u> <u>Air Canada Foundation</u></p>	<p>205-1 205-3 206-1 307-1 403-4</p>	<p>403-9 416-2 417-3 418-1 419-1</p>
	<p>Citizens of the World 2021, pages 4, 23, 32, 38, 70-71, 74 <u>Supplier Code of Conduct</u> <u>Modern Slavery and Human Trafficking Statement</u> <u>Air Canada Foundation</u></p>		

GRI CONTENT INDEX – General standard disclosures

ORGANIZATION PROFILE		Air Canada Information
GRI Standard		
102-1	Name of the organization	Air Canada
102-2	Activities, brands, products, and services	2021 Annual Report , pages 31-32 2021 Annual Information Form , pages 4-16
102-3	Location of headquarters	7373 Côte-Vertu Boulevard West Saint-Laurent, Québec H4S 1Z3 CANADA
102-4	Location of operations	2021 Annual Report , pages 31-32 2021 Annual Information Form , pages 4-16
102-5	Ownership and legal form	Corporate Profile Corporate Governance
102-6	Markets served	2021 Annual Report , page 113
102-7	Scale of the organization	2021 Annual Report , pages 4-18, 31-32, 49-56, 109 2021 Annual Information Form , pages 4-16, 36-38
102-8	Information on employees and other workers	Please refer to the chart
102-9	Supply chain	Citizens of the World 2021, page 30
102-10	Significant changes to organization and its supply chain	There have been no significant changes to facility openings, closings, or expansions in 2021, other than some of the work was performed remotely (telework) and that, in continuing our efforts in procurement transformation, we are working on eliminating manual processes advancing on digitalization of our supply chain.
102-11	Precautionary Principle or approach	Citizens of the World 2021, pages 7 , 26
102-12	External initiatives	Citizens of the World 2021, pages 4 , 23 , 32 , 38 , 57 , 59-61 , 64-66 , 69-71 , 82-83
102-13	Memberships of associations	Citizens of the World 2021, pages 23 , 38 , 57 , 71

GRI CONTENT INDEX – General standard disclosures**STRATEGY**

GRI Standard	Air Canada Information
102-14 Statement from senior decision-maker	A Message from the President and CEO
102-15 Key impacts, risks, and opportunities	2021 Annual Report , page 86 TCFD report , pages 14-20

ETHICS AND INTEGRITY

GRI Standard	Air Canada Information
102-16 Values, principles, standards, and norms of behavior	Citizens of the World 2021 , pages 7 , 10 , 26 , 31 , 50 Corporate Policy and Guidelines on Business Conduct Supplier Code of Conduct Modern Slavery and Human Trafficking Statement

GOVERNANCE

GRI Standard	Air Canada Information
102-18 Governance structure	Citizens of the World 2021 , pages 24-25
102-20 Executive-level responsibility for economic, environmental, and social topics	Annual Report 2021 , page 9 TCFD Report , pages 9-10

STAKEHOLDER ENGAGEMENT

GRI Standard	Air Canada Information
102-40 List of stakeholder groups	Citizens of the World 2021 , pages 5-6
102-41 Collective bargaining agreements	Please refer to the chart For the duration of collective agreements, please refer to Air Canada's Annual Information Form 2021 , page 37
102-42 Identifying and selecting of stakeholders	Citizens of the World 2021 , pages 5-6
102-43 Approach to stakeholder engagement	Citizens of the World 2021 , pages 5-6
102-44 Key topics and concern raised	Citizens of the World 2021 , pages 5 , 37

GRI CONTENT INDEX – General standard disclosures

REPORTING PRACTICES		
GRI Standard		Air Canada Information
102-45	Entities included in the consolidated financial statements	2021 Annual Report , page 113
102-46	Defining the report content and topic Boundaries	Citizens of the World 2021, pages 3 , 5
102-47	List of material topics	Citizens of the World 2021, page 5
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, 2021, to December 31, 2021
102-51	Date of most recent report	2021
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	The report summarizes the Corporation's sustainability performance in a transparent and accountable manner. 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
103-1	Explanation of the material topic and its Boundary	Citizens of the World 2021, page 5

GRI CONTENT INDEX – Specific standard disclosures**ECONOMIC PERFORMANCE**

GRI Standard		Air Canada Information
	Disclosure on Management Approach	2021 Annual Report , page 27
201-1	Direct economic value generated and distributed	2021 Annual Report , pages 4, 28 Citizens of the World 2021, page 30
201-3	Defined benefit plan obligations and other retirement plans	Citizens of the World 2021, page 54
Anti-Corruption		
	Disclosure on Management Approach	Citizens of the World 2021, page 27
205-1	Operations assessed for risks related to corruption	Citizens of the World 2021, page 27
205-3	Confirmed incidents of corruption and actions taken	Citizens of the World 2021, page 27
Anti-Competitive Behavior		
	Disclosure on Management Approach	Citizens of the World 2021, page 28
206-1	Legal actions for anti-competitive behaviour, antitrust, and monopoly practices	No material legal actions related to anti-competitive behaviours or practices were reported or identified.

GRI CONTENT INDEX – Specific standard disclosures

ENVIRONMENT 1/3		Air Canada Information
GRI Standard		Air Canada Information
Energy		
	Disclosure on Management Approach	Citizens of the World 2021, pages 69-75 See the Leave Less site Also see our annual CDP Climate Change submissions: www.cdp.net
302-1	Energy consumption within the organization	Please refer to the chart summarizing the energy consumption within the organization, including data trends from 2019 to 2021. Previous years data trends are available at www.aircanada.com/citizensoftheworld (prior years GRI Index). Also see the limited assurance letter
302-2	Energy consumption outside of the organization	Please refer to the chart summarizing the energy consumption outside of the organization, including data trends from 2019 to 2021. Previous years data trends are available at www.aircanada.com/citizensoftheworld (prior years GRI Index).
302-3	Energy intensity	Please refer to the chart summarizing the energy intensity, including data trends from 2019 to 2021. Previous years data trends are available at www.aircanada.com/citizensoftheworld (GRI Index).
302-4	Reduction of energy consumption	Please refer to the chart summarizing the energy reductions, including data trends from 2019 to 2021. Previous years data trends are available at www.aircanada.com/citizensoftheworld (GRI Index). For more detail on these initiatives, please refer to Air Canada's Leave Less site or annual CDP Climate Change submissions (at www.cdp.net External site which may not meet accessibility guidelines.).
Water		
303-1	Interactions with water as a shared resource	Citizens of the World 2021, page 81 Please refer to the chart
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

GRI CONTENT INDEX – Specific standard disclosures

ENVIRONMENT 2/3	
GRI Standard	Air Canada Information
Emissions	
Disclosure on Management Approach	Citizens of the World 2021, pages 72-79 See the Leave Less site Also see our annual CDP Climate Change submissions: www.cdp.net
305-1 Direct (Scope 1) GHG emissions	Please refer to the chart , including data trends from 2019 to 2021. Previous years data trends are available at www.aircanada.com/citizensoftheworld (prior years GRI Index). Also see the limited assurance letter . For more information, please refer to the Leave Less site or Air Canada's annual CDP Climate Change submissions (at www.cdp.net).
305-2 Energy indirect (Scope 2) GHG emissions	Please refer to the chart , including data trends from 2019 to 2021. Previous years data trends are available at www.aircanada.com/citizensoftheworld (prior years GRI Index). Also see the limited assurance letter . For more information, please refer to the Leave Less site or Air Canada's annual CDP Climate Change submissions (at www.cdp.net).
305-3 Other indirect (Scope 3) GHG emissions	Please refer to the chart , including data trends from 2019 to 2021. Previous years data trends are available at www.aircanada.com/citizensoftheworld (prior years GRI Index). Also see the limited assurance letter . For more information, please refer to the Leave Less site or Air Canada's annual CDP Climate Change submissions (at www.cdp.net).
305-4 GHG Emissions Intensity	Please refer to the chart , including data trends from 2019 to 2021. Previous years data trends are available at www.aircanada.com/citizensoftheworld (prior years GRI Index). Also see the limited assurance letter . For more information, please refer to the Leave Less site or Air Canada's annual CDP Climate Change submissions (at www.cdp.net).
305-5 Reduction of GHG emissions	Please refer to the chart , including data trends from 2019 to 2021. Previous years data trends are available at www.aircanada.com/citizensoftheworld (prior years GRI Index). Also see the limited assurance letter . For more information, please refer to the Leave Less site or Air Canada's annual CDP Climate Change submissions (at www.cdp.net).

GRI CONTENT INDEX – Specific standard disclosures

ENVIRONMENT 3/3		
GRI Standard		Air Canada Information
Waste Management		
306-1	Waste generation and significant waste-related impacts	Citizens of the World 2021, pages 76-80 Please refer to the chart. 2021 reporting is aligned with the standard in effect for 2021. As such, revisions to prior years data have been made to align with the current standard.
306-2	Management of significant waste-related impacts	Citizens of the World 2021, pages 76-80 Please refer to the chart , including data trends from 2019 to 2021. Previous years data trends are available at www.aircanada.com/citizensoftheworld (prior years GRI Index). For more information, please refer to the Leave Less site or Air Canada's annual CDP Climate Change submissions (at www.cdp.net).
306-3	Waste Generated	Please refer to the chart , including data trends from 2019 to 2021. Previous years data trends are available at www.aircanada.com/citizensoftheworld (prior years GRI Index). For more information, please refer to the Leave Less site or Air Canada's annual CDP Climate Change submissions (at www.cdp.net).
306-4	Waste diverted from disposal	Citizens of the World 2021, pages 64, 76-80 Please refer to the chart , including data trends from 2019 to 2021. For more information, please refer to the Leave Less site
306-5	Waste directed to disposal	Please refer to the chart , including data trends from 2019 to 2021. For more information, please refer to the Leave Less site
Environmental Compliance		
	Disclosure on Management Approach	Citizens of the World 2021, pages 69-71
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 2021.

GRI CONTENT INDEX – Specific standard disclosures**EMPLOYEES 1/2**

GRI Standard	Air Canada Information
Disclosure on Management Approach	Citizens of the World 2021, pages 53-61
401-1 New employee hires and employee turnover	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 2019 to 2021. Previous years data trends are available at www.aircanada.com/citizensoftheworld (GRI Index).
402-1 Minimum notice period 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. The Canada Labour Code also requires notice and engagement with employee representatives and/or unions in case of layoffs which exceed a certain scale and the layoff process in all Canadian collective agreements effectively provides notice of pending changes. Certain collective agreements also create notice requirements for matters of particular concern to the employees to whom they apply, for example, in the case of outsourcing of maintenance and related work or the introduction of a new type of aircraft; the pilots' collective agreement also contains notice provisions concerning mergers or a change in control of the company.
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	Citizens of the World 2021, pages 57-58 Please refer to the chart
405-2 Ratio of basic salary and remuneration of women to men	For the majority of Air Canada employees, basic salary is determined by collective agreements. 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.
412-3 Human Rights	Citizens of the World 2021, pages 29, 31

GRI CONTENT INDEX – Specific standard disclosures

EMPLOYEES 2/2		
GRI Standard		Air Canada Information
Occupational Health and Safety		
	Disclosure on Management Approach	Citizens of the World 2021, pages 44-46
403-1	Occupational health and safety management system	Citizens of the World 2021, pages 35-37
403-2	Hazard identification, risk assessment, and incident investigation	Citizens of the World 2021, pages 44-46
403-3	Occupational health services	Citizens of the World 2021, pages 35-37
403-4	Worker participation, consultation, and communication on occupational health and safety	Please refer to the chart
403-5	Worker training on occupational health and safety	Citizens of the World 2021, pages 35-37
403-6	Promotion of worker health	Citizens of the World 2021, pages 47-52
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Citizens of the World 2021, pages 31-32
403-9	Work-related injuries	Citizens of the World 2021, page 46 Please refer to the charts for Air Canada and Air Canada Rouge

GRI CONTENT INDEX – Specific standard disclosures

CUSTOMERS		Air Canada Information
GRI Standard		Air Canada Information
Customer Health and Safety		
	Disclosure on Management Approach	Citizens of the World 2021, pages 34-43
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Please refer to the chart , including data trends from 2019 to 2021. 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 2019 to 2021. Previous years data trends are available at www.aircanada.com/citizensoftheworld (GRI Index).
Customer Privacy		
	Disclosure on Management Approach	Citizens of the World 2021, pages 27-28 <u>Air Canada and Aeroplan Privacy policies</u>
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Citizens of the World 2021, pages 27-28 Please refer to the chart , including data trends from 2019 to 2021. Previous years data trends are available at www.aircanada.com/citizensoftheworld (GRI Index). See also see the <u>limited assurance letter</u>

GRI CONTENT INDEX – 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 2021, pages 22-23 , 62-67
419-1	Non-compliance with laws and regulations in the social and economic area	No significant fines in 2021. Air Canada accepted, without prejudice or admission, to pay to the US Department of Transport a monetary penalty of 2 million dollars, payable over a period of 2 years as a result of the DoT's interpretation of the refund obligations with regard to tickets labelled as non-refundable in case of cancellation of flights. Air Canada is subject to various routine enforcement actions in relation to various operational matters including consumer laws, customs and immigration which can result in occasional warnings and other minor sanctions
	Charitable Giving	Citizens of the World 2021, pages 62-67 Please refer to the chart for a summary of charitable donations.