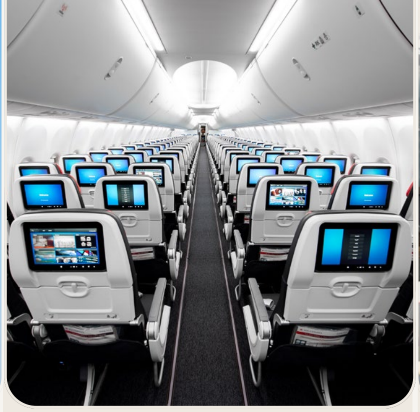
AIR CANADA

# Citizens of the world

## 2025 Corporate sustainability report

STAR ALLIANCE

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## What's inside

### Navigating our report

The tables of contents, page headers and page and section references within our report include embedded links to the corresponding parts of the document. Our logo in the page footers brings you to the main table of contents. We hope this feature helps you find the information you are looking for conveniently. Note this may not work on all browsers or tablets.

# Forward-looking statements and related cautionary notes

Air Canada's public communications may include forward-looking statements within the meaning of applicable securities laws. Forward-looking statements relate to analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable. These statements may involve, but are not limited to, comments relating to guidance, strategies, expectations, planned operations or future actions, Air Canada's multi-year fleet modernization program and planned fleet changes, capital allocation priorities, expectations to meet liquidity needs over the next 12 months, and intentions to refinance outstanding senior indebtedness in 2026. Forward-looking statements are identified using terms and phrases such as "preliminary"; "anticipate"; "believe"; "could"; "estimate"; "expect"; "intend" ; "may"; "predict"; "project"; "will"; "would"; and similar terms and phrases, including references to assumptions. Forward-looking statements, by their nature, are based on assumptions including those described herein and are subject to important risks and uncertainties. Forward-looking statements cannot be relied upon due to, among other things, changing external events and general uncertainties of the business of Air Canada. Actual results may differ materially from results indicated in forward looking statements due to a number of factors, including those discussed below.

Factors that may cause results to differ materially from results indicated in forward-looking statements include economic conditions, including high or volatile fuel prices or significant disruptions in the supply of aircraft fuel, including as a result of the military conflict in the Middle East, statements or actions by governments and uncertainty relating to the imposition of (or threats to impose) tariffs on Canadian exports or imports and their resulting impacts on the Canadian, North American and global economies and travel demand, geopolitical and security conditions including in relation to the military conflicts in the Middle East and between Russia and Ukraine, Air Canada's ability to successfully achieve or sustain positive net profitability, industry and market conditions and the demand environment, competition, Air Canada's dependence on technology, cybersecurity risks, interruptions of service, climate change and environmental factors (including weather systems and other natural phenomena and factors arising from anthropogenic sources), Air Canada's dependence on key suppliers (including government agencies and other stakeholders supporting airport and airline operations), employee and labour relations and costs, Air Canada's ability to successfully implement appropriate strategic and other important initiatives (including Air Canada's ability to manage operating costs), energy prices, Air Canada's ability to pay or refinance its indebtedness and maintain or increase liquidity on favourable terms and on a timely basis, Air Canada's dependence on regional and other carriers, Air Canada's ability to attract and retain required personnel, epidemic diseases, changes in laws, regulatory developments or proceedings, terrorist acts, war, Air Canada's ability to successfully operate its loyalty program, casualty losses, Air Canada's dependence on Star Alliance® and joint ventures, Air Canada's ability to preserve and grow its brand, pending and future litigation and actions by third parties, currency exchange fluctuations, limitations due to restrictive covenants, insurance issues and costs, and pension plan obligations as well as the factors identified in Air Canada's public disclosure file available at www.sedarplus.ca and, in particular, those identified in Section 14 "Risk Factors" of Air Canada's First Quarter 2026 MD&A and section 18 "Risk Factors" of Air Canada's 2025 MD&A, dated February 12, 2026.

Air Canada has and continues to establish targets, make commitments and assess the impact regarding climate change, and related initiatives, plans and proposals that Air Canada and other stakeholders (including government, regulatory and other bodies) are pursuing in relation to climate change and carbon emissions. The achievement of our commitments and targets depends on many factors, including the combined actions of governments, industry, suppliers and other stakeholders and actors, as well as the development and implementation of new technologies. In particular, our 2030 greenhouse gas (GHG) emission-related targets and our related 2050 aspiration are ambitious and heavily dependent on new technologies, renewable energies and the availability of a sufficient supply of sustainable aviation fuels (SAF), which continues to present serious challenges. In addition, Air Canada has incurred, and expects to continue to incur, costs to achieve its aspirational goal of net-zero GHG emissions and to comply with environmental sustainability legislation and regulation and other standards and accords. The precise nature of future binding or non-binding legislation, regulation, standards and accords, on which local and international stakeholders are increasingly focusing, cannot be predicted with any degree of certainty, nor can their financial, operational or other impact. There can be no assurance of the extent to which any of our climate goals will be achieved or that any future investments that we make in furtherance of achieving our climate goals will produce the expected results or meet increasing stakeholder environmental, social and governance expectations. Moreover, future events could lead Air Canada to prioritize other nearer-term interests over progressing toward our current climate goals based on business strategy, economic, regulatory and social factors, and potential pressure from investors, activist groups or other stakeholders. If we are unable to meet or properly report on our progress toward achieving our climate change goals and commitments, we could face adverse publicity and reactions from investors, customers, advocacy groups or other stakeholders, which could result in reputational harm or other adverse effects to Air Canada. The forward-looking statements contained or incorporated by reference in this report represent Air Canada's expectations as of the date of this report (or as of the date they are otherwise stated to be made) and are subject to change after such date. However, Air Canada disclaims any intention or obligation to update or revise any forward-looking statements, whether because of new information, future events or otherwise, except as required under applicable securities regulations.

# A message from the President and Chief Executive Officer

GRI 2-22

**I am pleased to present Air Canada's 2025 Corporate Sustainability Report, *Citizens of the World*. This year's report highlights our progress, celebrates meaningful achievements and outlines the ambitions that will guide us forward. We remain focused on our key sustainability priorities and are dedicated to pursuing our goals in ways that reflect the expectations of our customers, employees, partners and communities.**

## Strengthening our business

In 2025, we advanced several key sustainability initiatives that strengthened our performance and our network. A major focus was initiating the transition of our Boeing 737 MAX aircraft to Air Canada Rouge, replacing older leisure fleet planes with a newer, more fuel-efficient model. The first of these retrofitted aircraft entered service at Rouge in 2026, marking an important step in reducing our overall emissions intensity. Further supporting our long-term fleet modernization and fuel-efficiency objectives, in 2022 we announced we are acquiring 30 extra-long-range Airbus A321XLR aircraft, with deliveries expected between 2026 and 2029; our first A321XLR completed its inaugural flight in Hamburg on February 27, 2026. In February 2026 Air Canada announced the acquisition of eight Airbus A350-1000 aircraft, with deliveries scheduled to begin in 2030. We are also acquiring 14 Boeing 787-10 aircraft, of which 10 are scheduled to be delivered by 2028 and the remaining four by 2030. Together, these investments position us to enhance network flexibility while supporting our efforts to improve fuel efficiency over the coming decade. We also expanded our intermodal strategy, including the growth of our Landline luxury motorcoach service connecting Kingston, Ont., to our global network at Toronto Pearson. We launched this service in 2024, linking one of our major hubs with the Hamilton and Waterloo airports. It is an industry-first platform that leverages seamless ground transportation, producing fewer emissions than flying the same route and creating new network opportunities without compromising quality or customer experience.

These enhancements, which support our broader sustainability objectives, were realized along with a strong performance. We welcomed more than 45.3 million revenue passengers, operated an average of 1,000 daily flights, expanded our network to 190 direct destinations across six continents and launched more than 30 new routes.

Connectivity for our customers also improved. We expanded fast, free Bell-sponsored Wi-Fi for Aeroplan Members on North America and Sun flights, with long-haul international expansion anticipated in 2026. Aeroplan surpassed 10 million members and added new partnerships with Air Baltic, Bearskin Airlines, Harbour Air, Helijet International, Chexy and DINR.

Our cargo business exceeded $1 billion in revenue for the first time since 2022, supported by six dedicated freighters and the launch of a redesigned eBooking platform. Air Canada Vacations celebrated its 50th anniversary, and Aeroplan Members can now redeem points for cruise packages.

## Focusing on people

People remain at the centre of everything we do. The safety and well-being of our customers and colleagues is our highest priority. Our more than 39,000 Air Canada employees serve with care and class, and we continue to invest in the tools and resources that help them thrive. Thousands of employees benefit from wellness centres, wellness days and our innovative mobile app via our Unlock the Best in You (UBY) program.

We continue to foster an equitable and inclusive workplace where diverse experiences, identities and demographics are represented and supported and accessibility remains a core focus. We received more than 1.46 million accessibility requests and transported over 36,000 wheelchairs and other mobility devices. Eagle Lifts are now available at 36 Canadian airports, improving the travel experience for customers with mobility needs. We also remain committed to serving Canadians in both official languages and 24 route languages across our operations.

## Helping our communities

We are proud to contribute positively to the communities we serve. Air Canada supported 330 events and initiatives with 240 community organizations in 2025, and the Air Canada Foundation continued its strong impact, supporting 473 charities and donating $1.8 million. Through the Aeroplan donation program, 35 million Aeroplan points were contributed to pediatric hospitals across Canada. Dreams Take Flight brought joy to more than 1,000 children through eight unforgettable events at theme parks in Florida and California. These initiatives underscore our ongoing commitment to supporting communities across Canada. Through meaningful partnerships and the dedication of our employees, who again demonstrated their generosity and community spirit through volunteerism and engagement across the country, we continue to create lasting impact where it matters most.

## Sustainability efforts and progress

We continue to pursue our long-term aspiration to reduce our environmental footprint through investments in fleet renewal, innovation and renewable energy. 2025 marked the completion of the first five-year implementation plan of our climate-related ambition. During this period, we continued our efforts toward our long-term aspirational goal of net-zero greenhouse gas (GHG) emissions by 2050. We have continued investing in research and development to further advance our carbon ambition.

In 2025, we welcomed 13 new, more fuel-efficient narrow-body aircraft and one wide-body aircraft, and we advanced our comprehensive cabin renewal program. We also announced a firm order for eight A350-1000 aircraft in 2026, with purchase rights for eight additional aircraft, and we took delivery of our first Airbus A321XRL in late April 2026. The A321XLR is designed to fly longer routes efficiently and with greater passenger comfort. Its arrival marked an important milestone in our fleet renewal and growth strategy with 30 A321XLRs (15 leased and 15 acquired under a purchase agreement with Airbus S.A.S.) expected to enter the fleet in the coming years.

We are proud that we exceeded our target to procure a minimum of one per cent of our jet fuel use in sustainable aviation fuel (SAF), achieving 1.57 per cent, and we expanded our use of renewable energy sources. Notably, this achievement was largely the result of a voluntary commitment, reflecting our goal to be a leader in advancing sustainability within the aviation sector.

Our ground operations continued to modernize with 233 new electric ground support equipment units added across Canada, including 17 new towbarless pushback units at our major hubs.

We also continued our shoreline cleanup efforts in Montréal and Hong Kong, and we awarded scholarships to 10 full-time students to support future leaders in sustainability.

## Looking ahead

Our progress in 2025 reflects the dedication of our employees, the trust of our customers and partners and the strength of our shared commitment to a more sustainable future. Significant advances in technology, infrastructure and collaboration across industry and government will continue to be essential as we work toward our long-term aspirations. Equally important is a supportive policy and regulatory environment that promotes investment and innovation, creates appropriate incentives and enables the aviation industry to collectively achieve its long-term decarbonization ambitions while maintaining a global level playing field.

Our progress in 2025 reflects the dedication of our employees, the trust of our customers and partners and the strength of our shared commitment to a more sustainable future.

We invite you to follow our sustainability journey at aircanada.com and on our social media channels — Facebook, X, LinkedIn and Instagram — and we welcome your thoughts and perspectives as we continue this important work together.

**Michael Rousseau**
President and Chief Executive Officer

# About our report

GRI 2-1 GRI 2-2 GRI 2-3

*2025 Citizens of the World* reports on Air Canada's sustainability initiatives and results for the period January–December 2025. We have been reporting on our corporate sustainability activities since 2011. All prior archived reports and data trends are available at aircanada.com/citizensoftheworld or where otherwise noted. This report discusses sustainability efforts and activities of Air Canada, as well as the activities of its operating subsidiaries, namely Air Canada rouge LP (Air Canada Rouge), Touram Limited Partnership (doing business as Air Canada Vacations) and Aeroplan Inc. (Aeroplan) unless otherwise noted.

This report reflects what Air Canada management presently believes to be its best available information. Our 2025 TCFD Index, GRI Content Index, SASB Index and related charts are available at Corporate sustainability reports. Archived, prior, editions are also available. The information on our Responsibility website is subject to change without notice. While we do our best to ensure the currency and accuracy of the information contained on our Responsibility website, documents in it have necessarily been created as at a point in time and may no longer be current or accurate. We disclaim any intention or obligation to update or revise any statements, whether because of new information, future events or otherwise.

**Air Canada supports**

UN GLOBAL COMPACT

**2026 PARTICIPANT**

Our company is committed to upholding the Ten Principles of the **United Nations Global Compact**. Please refer to our **Communication on Progress.**

SUSTAINABLE DEVELOPMENT GOALS

**17 Sustainable Development Goals**

## Reporting framework

This report has been prepared with reference to the Global Reporting Initiative (GRI), an internationally recognized reporting standard. The GRI helps maintain transparency and consistency in sustainability impact reporting. In 2025, Air Canada aligned its disclosures with the Sustainability Accounting Standards Board (SASB) Standards to provide investors with decision-useful, industry-specific sustainability information. Air Canada's carbon footprint, targets and climate strategy are also reported through the CDP, which aligns with the Task Force on Climate-related Financial Disclosures (TCFD) framework and Air Canada's TCFD Index.


## Assurance | GRI 2-5

We believe in transparency, integrity and accountability. We aim to secure the appropriate level of assurance of our sustainability disclosures by developing and maturing our sustainability programs. Air Canada's Corporate Audit and Advisory department provides assurance through its annual audit plan, which encompasses reviews of sustainability disclosures. In addition, PriewaterhouseCoopers LLP (PwC) was engaged to perform limited assurance on certain key performance indicators including Scope 1 and Scope 2 location- and market-based GHG emissions. For the information on the scope and the conclusion of the limited assurance, refer to its limited assurance report. We will continue to review requirements around our sustainability disclosures, including the extent of internal or external assurance.

**Learn more:**
2025 GRI content index

## Stakeholder engagement | GRI 2-29

Air Canada believes in strong and consistent engagement with all our stakeholders. We proactively and regularly engage with them to better understand their priorities and perspectives on significant issues. Engagement participants include members of our Board and senior management. We also engage with our stakeholders in various ways including: GRI 3-1

**Customers**

- engagement through our customer contact centres, customer relations teams and other channels (e.g., in person, phone, email, digital platforms)
- satisfaction surveys, customer feedback panels and focus groups, including as part of our Elevate the Customer Experience initiative
- content on our website and social media channels
- conferences and regular discussions with corporate customers

**Investors**

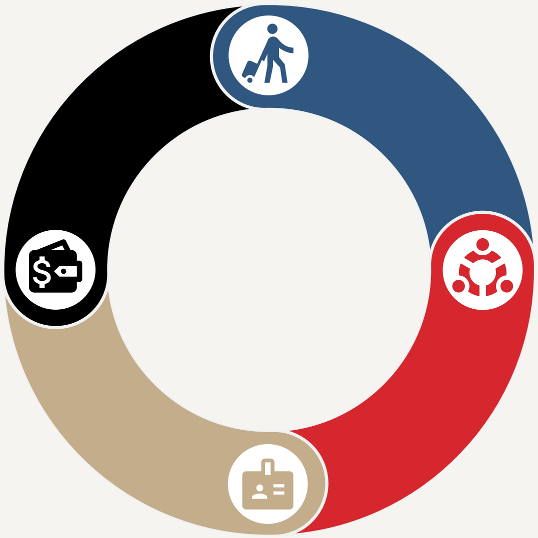
- events and conferences
- meetings
- regular dialogue

**Employee**

- town halls with the President and CEO and other members of the executive team
- internal social media platform
- surveys and discussion groups
- Diversity, Equity and Inclusion Executive Council
- employee resource groups
- general employee communications and meetings

**Communities**

- media relations
- participation in consultations, roundtables, surveys, conferences and forums
- participation in community and Air Canada Foundation events
- involvement with industry and business associations



**Learn more:**

- Governance GRI 2-9
- Board and committees charters
- Proxy circular

## Stakeholder analysis

Air Canada's stakeholder analysis, launched in 2023 and finalized in 2024, was facilitated by a third party to prioritize and confirm critical ESG topics. Our stakeholder analysis supports our business, as we engage with key stakeholders and prepare for new disclosure requirements and for long-term success.

The top topics are: | GRI 3-2

- Flight safety
- Operational performance and customer experience
- GHG emissions
- Labour relations and employee engagement
- Responsible business practices
- Employee wellness and safety
- Cybersecurity
- Financial performance and resilience
- Climate adaptation
- Data privacy

## Management approach to sustainability | GRI 3-3

Sustainability practices and strategies help inform Air Canada's business strategy and decision-making. Corporate sustainability initiatives are identified and co-ordinated through a Corporate Sustainability Working Group and a Corporate Sustainability Steering Committee.

Several sustainability-related working groups are led by the Vice President of Airport Affairs, Corporate Real Estate and Sustainability and comprises senior management subject matter experts from diverse functions. These groups co-ordinate and monitor Air Canada's corporate sustainability initiatives, under the oversight of a Corporate Sustainability Steering Committee made up of members of our Executive Committee. Progress on these initiatives is shared with three Board committees: (1) Governance and Nominating; (2) Safety, Health, Environment and Security; and (3) Audit, Finance and Risk. Several other working groups are tasked with advancing climate and other sustainability initiatives such as those related to customer engagement, representation and inclusion, wellness, accessibility, official languages, community investments and prevention of modern slavery.

# Highlights

## Business

EMPLOYEES

**39,300*** at end-2025

(*excludes Air Canada Vacations and Rouge employees)

FLEET RENEWAL

- 13 narrow-body and one wide-body aircraft delivered
- Firm order for 8 A350-1000 aircraft announced in 2026, with purchase rights for 8 more
- Comprehensive cabin renewal program in progress

WELCOMED PASSENGERS

> **45.3M** revenue passengers

(vs. ~45.9M in 2024)

NETWORK

> **1,000** average daily flights

(in both 2024 and 2025)

ISLAND TAKEOFF

Announced **launch of U.S. flights from Toronto Island** in major expansion at Billy Bishop Toronto City Airport

DIRECT DESTINATIONS

**190** on **6** continents

ROUTES

> **30** new routes launched

CONNECTIVITY

Expanded fast, **free Bell-sponsored Wi-Fi** for Aeroplan Members on North America and Sun flights (on to long-haul international routes expected in 2026)

AEROPLAN

- Record membership (>10M members)
- New partnerships with Air Baltic, Bearskin Airlines, Harbour Air, Helijet International, Chexy and DINR

CARGO

- $1B+ revenues (first time since 2022)
- 6 freighters in service
- Redesigned eBooking platform launched

AIR CANADA VACATIONS

- 50th anniversary celebration
- Aeroplan Members can redeem points for cruise packages with Air Canada

## People

OFFICIAL AND OTHER LANGUAGES

**2** official languages

**24** route languages

ACCESSIBILITY

**>1.46M accessibility requests received** (visible and non-visible disabilities)

**>36,396 wheelchairs** and **other mobility devices transported**

**36 Canadian airports served** by Air Canada with Eagle Lifts

BOARD REPRESENTATION

**15%** racialized group | visible minority

**54%** men

**46%** women

HEALTH AND WELLNESS

**5,592 UBY Wellness Centres members**

**253 UBY ambassadors**

COMMUNITY RELATIONS AND PARTNERSHIPS

**240 organizations** for 330 events and initiatives

**473 charities**

**35M points donated to pediatric hospitals** through Aeroplan donation program

**$1.8M donated by Air Canada Foundation**

**8 Dreams Take Flight** events for **>1,000 children**

## Planet

### What is sustainable aviation fuel (SAF)?

SAF is an industry term used to describe a non-conventional aviation fuel that can be made from renewable resources also known as renewable feedstocks.

### SAF target:

Procured more than 1% of jet fuel use in SAF in 2025

RENEWABLE NATURAL GAS

- Overall volume at Montréal station: 12.5%
- Overall volume at Vancouver station: 19%

PLANNED AIRCRAFT WATER UPLIFT

**~71 ML**

(vs. 70 ML in 2024)

E-GSEs

**233 new units** across Canada

- Including 17 new towbarless pushback units in YUL, YYZ, YVR

SHORELINE CLEANUPS

- Montréal: **38 kg waste collected**
- Hong Kong: **146 kg waste collected**

SUSTAINABILITY SCHOLARSHIP

10 full-time students received **$2,000** each

# Awards and recognitions





## Award-winning employer

One of Canada's Top Employers for Young People 2025 for 2nd consecutive year

One of Canada's Best Diversity Employers for 2025

One of Montréal's Top Employers for 12th consecutive year

IATA Diversity and Inclusion Awards
- Diversity and Inclusion

Workplace Benefits Awards
- DEI program

Government of Canada
- Recipient of Emergency Management Exemplary Service Award

Manulife Supplier Summit
- Partnership Excellence award

InsideOut Awards
- Best Global Mental Health Program
- Best DE&I for Mental Health Strategy

### OHS Canada Honours

Occupational Health and Safety Team of the Year

## Award-winning airline

Skytrax World Airline Awards:
- Best Airline in North America
- Best Cabin Crew in Canada and North America
- Best Low-Cost Airline in Canada for Air Canada Rouge subsidiary
- Most Family Friendly Airline in North America
- Best Premium Economy Class Onboard Catering in North America
- Best Business Class Onboard Catering in North America
- World's Best Business Class Lounge Dining (Toronto Air Canada Signature Suite) for 2nd straight year
- Best Business Class Lounge in North America

APEX Awards
- Five Star Global Airline Award for 6th consecutive year
- Best Inflight Connectivity (complimentary Wi-Fi sponsored by Bell for Aeroplan Members)

ARCET Global Customer Centricity World Series Awards
- North American Winner for Employee Experience Strategy

Seattle-Tacoma International Airport
- Air Canada wins 2025 Fly Quiet Award

Travvy Awards
- Best international airline

Canadian Marketing Association Awards

"Ticket to Dream" campaign:
- Gold award in Editing category
- Gold award in Cinematography category
- Gold award in Direction category
- Silver award in Sound Design category

"Born to Fly" campaign:
- Silver award in Influencer and Talent Marketing category
- Bronze award in Ambient Advertising category

Webby Awards
- Air Canada homepage for websites and mobile sites, best user experience honoree

Norwegian Cruise Line Holdings
- Top North American Airline Partner award

### Award-winning loyalty program

Freddie Awards
- Best Program of the Year (Airline)
- Best Elite Program (Airline)
- Best Promotion (Airline)

# Rise higher

**Air Canada's corporate strategy framework, Rise higher, aims to elevate everything about our business domestically and internationally. Rise higher is centred around revenue enhancement and cost transformation, leveraging our international network, customer engagement and culture. We want our activities and our goals to align with our four priorities:**

**Fund Our Future**

by staying vigilant on costs, seizing on opportunities and making the right strategic investments.

**Reach New Frontiers**

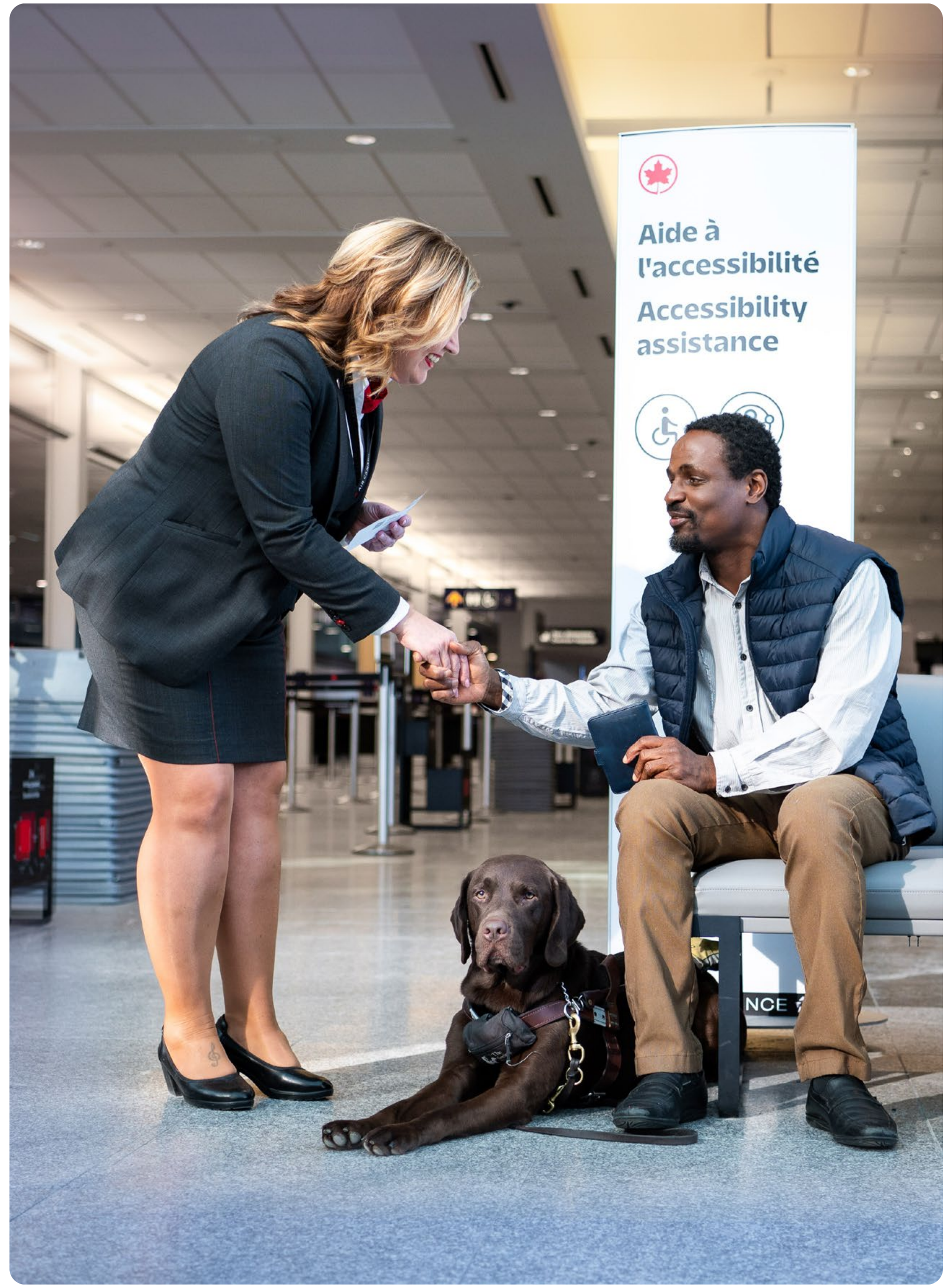
by embracing our competitive strengths to grow our business, expanding our international reach and exploring new opportunities.

**Elevate Our Customers**

by supporting the creation of meaningful customer experiences and human connections, such as by leveraging innovations in technology, loyalty program and products.

**Lift Each Other Up**

by fostering a collaborative workplace that respects all diverse cultures and contributions to society.



# Business

We are proud to be Canada's largest airline and flag carrier, and we are committed to keep progressing on our strategic priorities. These include making continued investments in new products and services, building strong partnerships and advancing our innovation agenda. We are enhancing our business and elevating the customer experience — our core components — because of our steadfast efforts.

# Air Canada's New Frontiers plan

In 2025, Air Canada advanced its New Frontiers plan, a multi-year strategic framework designed to strengthen our operational resilience, advance our sustainability commitments and support long-term value creation. The plan integrates fleet modernization, digital transformation, customer experience enhancements and organizational alignment into a cohesive roadmap to guide the us through the next phase of our evolution.

Central to New Frontiers is improving operational performance through modernization and efficiency initiatives. This includes continued investment in next-generation aircraft such as the Airbus A321XLR and Boeing 787-10 Dreamliner that offer improved fuel efficiency. These fleet initiatives support Air Canada's broader climate strategy, including our long-term aspirational goal to achieve net-zero emissions by 2050 and our mid-term targets for reducing GHG emissions.

The plan also prioritizes digital transformation as a key enabler of operational reliability and customer service. We are expanding the use of advanced analytics, automation and artificial intelligence to enhance forecasting, optimize resource allocation and improve the end-to-end travel experience. Through these initiatives, we aim to strengthen system resilience, reduce delays and support more efficient decision-making across the organization.

New Frontiers includes governance and leadership enhancements introduced in 2025 to ensure effective execution. Air Canada refined its executive structure to better align innovation, operations and commercial strategy, including the establishment of roles dedicated to digital advancement, customer experience and operational excellence. This structure is designed to support accountability, cross-functional co-ordination and transparent reporting on progress.

Overall, New Frontiers provides a structured approach for advancing Air Canada's strategic priorities while reinforcing our commitment to responsible growth, operational reliability and long-term sustainability performance.



**Learn more:**

- Air Canada Corporate Profile GRI 2-6
- 2025 Annual information form
  - Fleet
  - Network
  - Star Alliance GRI 2-28
  - Aeroplan
  - Air Canada Vacations
  - Air Canada Rouge
  - Cargo
- 2026 Management proxy circular
- Q4 2025 MD&A GRI 201-1 GRI 207-4

# Responsible business

## Ethics | GRI 205-1 GRI 206-1

Ethical business practices and behaviours are fundamental to Air Canada's governance culture, as reflected in our Code of Conduct (the Code). The Code applies to all directors, officers and employees of Air Canada. The Code addresses, among other things, conflicts of interest, use of corporate assets, confidential information, compliance with laws and fair dealing with other people and organizations. The Corporation also has an ethics reporting program that allows employees and stakeholders to report ethical concerns through various channels. Air Canada has various policies, procedures and guidelines available to employees via our intranet that identify the department responsible for them. This enables employees to reach out if clarification or guidance is required.

## Human rights

We maintain multiple reporting channels through which employees may raise concerns regarding potential violations of law, human rights infringements or workplace harassment and violence. These include Air Canada's anonymous ethics reporting channel, as well as the Human Rights and Harassment Office (HRHO). The HRHO serves as a dedicated and trusted resource to receive and address notices of harassment and violence, with a mandate to assess, respond to, and help prevent recurrence, in accordance with applicable legal and regulatory obligations.

In alignment with statutory requirements and best practices, we conduct a formal review of our Workplace Harassment and Violence Prevention Policy, as well as the associated educational training modules for Canada-based employees, at least every three years, or more frequently as required, to ensure continued compliance, effectiveness and sustained awareness and prevention.

## Modern slavery policy

In 2026, we published Air Canada's Modern slavery, forced labour and human trafficking report 2025. It describes the measures we have in place to support our ongoing commitment to prevent modern slavery, child labour, forced labour, human trafficking and the sexual exploitation of minors in our operations and supply chain. Air Canada also adopted an Anti-Human Trafficking and Modern Slavery Policy in 2024, outlining our steps to help identify, report and mitigate risks on our flights, in our operations and global supply chain. Awareness is at the core of this policy, and training, supply chain diligence and collaboration with law enforcement agencies are key components.


## Privacy and cybersecurity

Privacy and information security are essential components of Air Canada's operational integrity and long-term resilience. They require ongoing care and attention as we operate in an environment where data protection requirements continue to evolve across jurisdictions. Air Canada is committed to responsible data handling practices, transparency and the protection of the personal information entrusted to us by customers, employees and business partners. We integrate privacy considerations into our operations to support responsible data handling practices. We maintain privacy policies describing how personal information is collected, used, disclosed and retained as well as the rights individuals have in relation to their information. These policies are supported by enterprise-wide processes designed to ensure responsible data handling.

Air Canada incorporates cybersecurity requirements into all technology initiatives referencing established best practices and mature standards.

Ongoing training and awareness initiatives in privacy and cybersecurity nurture a culture of privacy and data protection. These efforts enhance employees' knowledge of privacy and cybersecurity, reinforce their ability to safeguard digital assets and promote responsible handling of personal information and data.

Importantly, Air Canada focuses on appropriate development, implementation and governance of artificial intelligence systems to ensure safety and maintain public trust. Effective, reliable and secure operation and governance of networks and systems on which sensitive information is stored, transmitted and processed is critical to Air Canada's business.

Air Canada has a Cyber, Privacy and Security Champions program designed to strengthen cybersecurity awareness across the organization. The program, open to employees from all areas of the Corporation, empowers employees with the knowledge and tools needed to recognize risks and help safeguard our systems and data. Champions play an important role in reinforcing Air Canada's principle that Safety First, Always extends beyond physical safety to include the protection of information and digital assets.

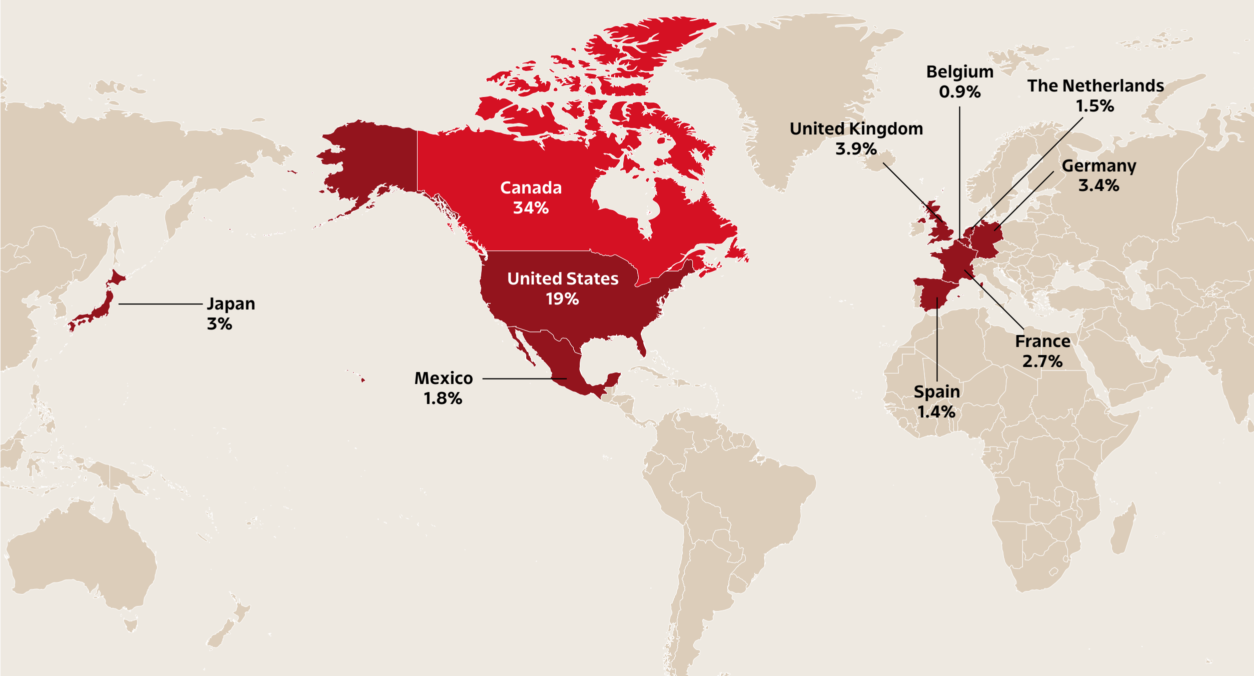
# Sustainable procurement

**Air Canada, supported by the Strategic Procurement branch, aims to strategically deploy our procurement spend to meet business needs and maximize opportunities that advance sustainable practices within and along our supply chain. Each year we leverage information from risk, compliance and monitoring databases and perform supplier risk assessments to consider any measures that need to be addressed prior to our contracting process.**

**Learn more:**

- Sustainable procurement
- Supplier Code of Conduct (SCC)
- Modern slavery, forced labour and human trafficking report 2025
- Anti-Human Trafficking and Modern Slavery Policy (internal), Procurement policy (internal)
- Ecovadis Bronze Medal | AIR CANADA

## Supplier geographic location | GRI 204-1




**Spotlight:**
879 supplier risk assessments completed.

BRONZE | Top 35%
ecovadis
Sustainability Rating
MAY 2026

Air Canada takes part in a sustainability assessment conducted by EcoVadis. The EcoVadis analysis covers four general themes: environment, labour and human rights, ethics and sustainable procurement. In 2026, Air Canada scored 68, ranked in the 75th percentile and was awarded a bronze medal for its performance.

In 2025, Air Canada officially partnered with EcoVadis to kick off our process to review sustainability in our supply chain. We're leveraging IQ Plus, EcoVadis' predictive, AI-powered tool that looks at inherent sustainability risks of suppliers based on their country of operations and industries. We are mapping our suppliers to see where we have inherent exposures with the objective of minimizing a concentration of suppliers in countries where there are higher sustainability risks.

Air Canada joined AIRPro (Aviation Initiative for Responsible Procurement), an initiative created by a group of commercial aviation companies and their key global procurement organizations to continuously improve the ethical, social and environmental business standards of their suppliers across the industry's value chain.

# People

3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH

Our people play a vital role in driving our organization's growth and building connections around the world. Whether supporting customers and colleagues on the ground or in the air, or working behind the scenes, we are proud of every employee who goes above and beyond, bringing care and class to elevate the customer experience.

# Safety

**Safety First, Always is the foundation of our culture. Whether in the air or on the ground, the safety of our passengers, our people and every community we serve guides every operation we perform.**

Biennial, voluntary and confidential safety culture surveys are conducted to collect employees' insights on safety and help shape the future corporate safety strategy initiatives and facilitate the development of key safety projects and initiatives. The results from our 2024 survey indicate most employees feel safe to report errors, concerns and hazards. They understand why standard operating procedures are created and feel supported in their ability to learn new safety procedures. In May 2025, Air Canada also highlighted health and safety initiatives for employees during the annual Health and Safety Week. The goal of this initiative is for employers, employees, partners and the public to understand the importance of preventing injury and illness in the workplace, at home and in the community.

Air Canada was proud to receive the Occupational Health and Safety Team of the Year award at the 2025 OHS Canada Honours.

## Third-party audits and inspections

The IATA Operational Safety Audit Program is an evaluation system designed to assess the operational management and control systems of Air Canada and Air Canada Rouge. It is conducted biennially and is a critical audit that governs international operations, code share and alliance memberships. Its successful completion is critical and, as such, a determined and focused effort is required to demonstrate safe, sound and effective practices to the independent assessment team.

Air Canada and Air Canada Rouge have a disciplined process in place to identify and mitigate potential operational risks, which include any in relation to new aircraft, routes or other initiatives. Air Canada Vacations' contracts with all its partners include strict safety standards to which these suppliers are held. Site inspections are conducted annually to ensure protocols are followed and standards are met. Should Air Canada Vacations receive any complaints about the health and safety of its customers, it immediately addresses them directly with the supplier. Further inspections are conducted, when required, to ensure appropriate, corrective measures are taken.

### Lost time injury (LTI) | GRI 403-9

| | 2025 | 2024 | 2023 | 2022 |
|---|---|---|---|---|
| **Air Canada, including Air Canada Rouge pilots** | | | | |
| LTI – per 10,000 flights | **46.53** | 44.65 | 40.88 | 45.44 |

**Learn more:**

- Safety
- Safety policy GRI 403-4
- Flight data monitoring, Associations
- Onboard first aid GRI 403-5
- Approach to occupational health and safety GRI 403-2 GRI 403-3
- Back injury prevention program, Policy on drugs and alcohol (internal)

## Spotlight

On Nov. 20, we hosted the Health & Safety Symposium in Montréal, a cornerstone event recognizing the contributions of employees serving on health & safety committees across Air Canada and aiming to advance their expertise in creating safer workplaces. The 2025 edition focused on innovation and collaboration, featuring sessions on:

- ergonomics and technology
- change adaptation and resilience building
- risks vs. hazards and injury trends
- consensus building and effective teamwork

The symposium gives committee members the opportunity to share knowledge, align on new developments and reinforce our collective commitment to safety. It also celebrates the dedication of these teams and encourages us to continue advancing occupational health and safety excellence across the Corporation.

# Employees

## Training

Corporate Customer Service Training (CCST) plays a crucial role in fostering a culture of continuous learning and supporting operational excellence to our over 19,000 frontline employees. Over 800,000 hours of training was delivered to our employees in 2025 via the following high-impact learning programs:

- **New hire training:** New employees receive comprehensive onboarding training that equips them with the knowledge, skills and tools needed to thrive in their roles. In 2025, 1,179 newly minted flight attendants, Airport agents, station attendants and Contact Centre agents graduated successfully.
- **Upskilling and continuous learning:** Career development is supported through targeted learning programs and enables employees to adapt to evolving business needs, technologies and industry trends. Over 6,700 Airport agents and station attendants completed our annual recurrent programs in 2025.

### Developing the next generation of aviation talent

Air Canada's Work-Integrated Learning (WIL) program is delivered in partnership with select Transport Canada–approved aviation maintenance training institutions across Canada. The program offers students enrolled in approved Aircraft Maintenance Engineer (AME) programs paid, hands-on work placements within our maintenance operations, including locations in Montréal, Toronto, Vancouver, Winnipeg and other operational sites.

The program's objective is to support the development of job-ready AMEs by providing early exposure to operational aircraft maintenance environments. Through supervised participation in real-world maintenance activities, students gain practical experience with aircraft systems, safety practices, tools, procedures and regulatory requirements. Participants are embedded within TechOps teams and work under the guidance of licensed AMEs and experienced mentors, contributing to maintenance activities appropriate to their level of training and competency.

The WIL program supports Air Canada's national talent pipeline strategy by helping address industry-wide skilled labour shortages in aircraft maintenance. Early engagement with students allows the organization to support technical skill development while promoting awareness of long-term career opportunities within airline maintenance operations.

Students are selected through partner institutions using competitive recruitment processes and represent institutions from across Canada. In addition to paid work experience, participants benefit from structured mentorship, exposure to multiple aircraft types and maintenance settings and access to ongoing professional development opportunities.

The program also includes targeted scholarships and financial support, designed to help reduce financial barriers to entry into the aviation maintenance profession and support broader access to aviation careers.

Overall, the WIL program contributes to workforce sustainability by integrating formal education, practical experience and mentorship within an operational airline context, supporting the development of the next generation of licensed aircraft maintenance professionals.

We also continue to support key scholarship programs designed to help the next generation. This includes a multi-year bursary dedicated to post-secondary students with disabilities, reflecting our support of inclusion and accessibility in education. Together, these ongoing programs and partnerships demonstrates our ongoing commitment to fostering diversity and accessibility among young people.

**Learn more:**

- Employees
- Training GRI 404-1 GRI 404-2 GRI 404-3
- Compensation and benefits GRI 201-3
- Labour relations GRI 2-30
- Policy on drugs and alcohol (internal)

In recognition of these efforts, Air Canada was proud to be named one of Canada's Top Employers for Young People 2026, marking the third consecutive year we've earned this distinction.

### Mentoring and engagement

In 2025, more than 250 mentor–mentee pairings were matched through our mentoring program. Launched in 2023, the six-month program connects experienced leaders with mentees for knowledge sharing and development support. Participants build stronger networks across the organization and gain practical insights they can apply in their roles.

## Pensions

By end-2025, about 42,000 employees were participating in a pension plan and around 32,000 retirees and surviving spouses were receiving a pension from a defined benefit plan. In 2025, Air Canada contributed $179 million to employee pension plans.

# Employee wellness and UBY

**In 2025, we continued strengthening our commitment to employee mental health and well-being. Access to unlimited counselling sessions was expanded, with 98 per cent of employees across Canada and the United States now having access to timely and ongoing support. Air Canada increased mental health training to 1,153 trained employees in 2025, up 10 per cent year over year, compared to almost 1,050 in 2024. It grew its network to 35 mental health champions as well, helping foster awareness, peer support and a psychologically safe workplace.**

## Telemedicine

Air Canada's virtual care program is widely used across employee groups and valued for its accessibility, speed and quality of care. Employee feedback signals high satisfaction with the convenience of timely medical consultations, reduced need for in-person visits and effective clinical support for common and preventative health needs. Employees reported that virtual care helped minimize time away from work while also extending meaningful health support to family members, contributing to peace of mind and well-being.

## Mental Health First Aid

Mental Health First Aid (MHFA) is an evidence-based program developed by Mental Health Commission of Canada and offered internally both virtually and in-person. The program equips employees with the knowledge and skills to recognize, respond to and support colleagues who may be experiencing a decline in mental well-being or a mental health crisis. Participants learn to identify early warning signs, reduce stigma and provide timely, respectful support, including guidance toward appropriate professional resources.

## ASIST

Applied Suicide Intervention Skills Training (ASIST), developed by LivingWorks, is a two-day, interactive, practise-focused course offered internally to employees to help individuals recognize the risk of suicide and support employees. The training equips participants with practical skills to engage in respectful, supportive conversations and to help develop a plan for immediate safety. ASIST reflects our commitment to employee care by investing in prevention, early support and community resilience. In 2025, 72 employees were ASIST certified, building internal capacity to provide compassionate, life-assisting support while promoting a culture of openness, shared responsibility and well-being.

**253** UBY ambassadors

**900** UBY wellness day attendants

**5,592** UBY wellness centres members

**>59%** employees engaged with the UBY portal

**111** new UBY Running Club members
(588 in total)

**>500,000** UBY Viva Engage* community views

*Social networking and employee communication app


## Employee and Family Assistance Program

Air Canada employees have access to a confidential and voluntary support service for employees to get immediate help for any work, health or life concern, as well as mental health training for managers, mental health first aid, virtual counselling and telemedicine.

### Spotlight

**Telemedicine**

- 8,000+ engaged patients
- 12,000+ consultations completed

### Spotlight

Air Canada held its second UBY 5K run and the first UBY 2.5K walk in September. The events took place in-person on the grounds of our Montréal headquarters and virtually, allowing everyone to participate, with 280 employees participating in total.

# Representation and inclusion

**Air Canada follows a holistic framework to embed and foster an intersectional approach within our inclusion strategy called CARE: Community outreach, Accountability, Representation, Engagement and belonging. By leveraging CARE in 2025, we continued our efforts to support a working environment where every employee, irrespective of identity, feels safe, respected and empowered to contribute fully and authentically. When we create a representative and inclusive workplace, we are better equipped to understand, connect with and serve our customers.**

## Community outreach:

In 2025, Air Canada strengthened relationships with existing community partners whose mission is to attract underrepresented youth to the airline sector. We also increased outreach to Indigenous communities for recruitment purposes. We accomplished these goals by:

- Engaging in Indigenous-focused recruitment efforts in Vancouver, Calgary, Winnipeg, Toronto, Ottawa, Montréal and Halifax.
- Participating in 94 external events, including 21 focused on active recruitment of underrepresented groups and 29 aimed at engaging underrepresented youth to promote careers in the airline industry. Of these, 33 events involved engagement with Indigenous communities.
- Building the Air Canada Spark kit (a standardized package used for recruitment purposes to capture interest in underrepresented youth about the opportunities in the airline sector).

Air Canada backed 53 projects under the DEI Support Pillar with a total value of $760,064 (cash and in-kind). These projects focus on supporting organizations that help women, persons with disabilities, 2SLGBTQIA+, Black and Indigenous people.

**Learn more:**

- Representation and inclusion
- 2025 Annual report
- Code of Conduct
- Board Governance Code
- Air Canada's 2023-26 Accessibility Plan
- Indigenous sacred and ceremonial items policy
- Workplace Harassment and Violence Prevention Policy (internal)


## Accountability:

**AIR CANADA WON SEVEN AWARDS:**

1. **One of Canada's Top Employers for Young People 2025 for the second consecutive year**
2. **One of Canada's Best Diversity Employers for 2025**
3. **One of Montréal's Top Employers for 12th straight year**
4. **Workplace Benefits Awards - DEI program**
5. **InsideOut Awards**
   - Best DE&I for Mental Health Strategy
6. **The Prosperity Project**
   - Trailblazer Award
7. **IATA Diversity and Inclusion Team Awards**
   - Diversity and inclusion

We strengthened accountability by implementing several workplace policies designed to support equity and inclusion-driven initiatives. We also provided significant employee training on topics such as unconscious bias, respect in the workplace, antiharassment, cultural sensitivity in aviation and the duty to accommodate. A training on unconscious bias and cultural sensitivity were woven into the annual recurrent training material for all Customer Experience Specialists.

In 2025, a new Employee Resource Group (ERG) was established to promote the French language and francophone culture: Expressions.

## Representation:

Air Canada continued its in-house mentoring program that connected senior leaders with employees for growth and development support, with a focus on underrepresented groups. In addition, several key external mentorship programs were implemented to support underrepresented groups within the organization.

## Engagement and belonging:

- 40 employee-based events
- ERG membership: 25 per ent growth since 2024 (1,679 members across seven ERGs in Q4 2025 vs. 1,340 members across six ERGs in Q4 2024)
- Engagement activities centred on the theme of allyship in the workplace, emphasizing the shift from passive expressions of inclusion to active, everyday support for all employees.
- Membership in the DEI Community on Viva Engage reached 1,309 vs. 1,084 in 2024, representing 21 per cent growth.

A breakdown of today's youth, which is the future of aviation, shows:

- 70 per cent identify as men; 26 per cent identify as women
- 40 per cent are from a visible minority group
- 16 interns across eight management branches
- 40 students join Aircraft Maintenance Engineers (AME) work-integrated learning program each year
- Seven students spend roughly 16 months on placement with Air Canada

# Accessibility

**Air Canada is committed to being a leader in accessible travel and employment and investing in accessibility. Our multi-year accessibility plan reaffirms our commitment to enhance accessibility and related services for employees and customers with disabilities. The plan outlines our 2026-29 roadmap to become a more accessible organization and contribute to Canada's objective to be barrier-free by 2040.**

**Learn more:**

- Accessibility
- Air Canada's accessibility services
- Air Canada's Accessibility plan
- Air Canada's Accessibility progress report
- 2025 Annual report

In 2025, Air Canada recognized several key days relating to disability awareness.

During National AccessAbility week, which celebrates the leadership and valuable contributions of persons with disabilities in Canada, we distributed Hidden Disabilities Sunflower support pins in crew centres across the country to promote inclusivity, acceptance and understanding for customers with non-visible disabilities. We also hosted a talk with Tiffany Yu, a renowned disability advocate, who shared her insights on navigating the world through an intersectional perspective.

For National Disability Employment Awareness Month in October, Air Canada recognized the valuable contributions of employees with disabilities. We relaunched a two-part eLearning module, Rethinking Disabilities, featuring personal insights from employees who self-identify as having a disability. The modules are designed to deepen understanding of accessibility, challenge assumptions and support more inclusive interactions. This eLearning module was paired with a self-identification campaign designed to break down stigmas and encourage employees to self-identify with confidence. These initiatives reflect Air Canada's ongoing commitment to fostering a workplace where all employees can participate fully and thrive.

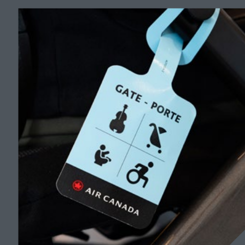
To mark International Day of Persons with Disabilities, Air Canada introduced two new resources designed to help employees plan and host more inclusive gatherings: Guidelines for inclusive meetings and Guidelines for event planning.

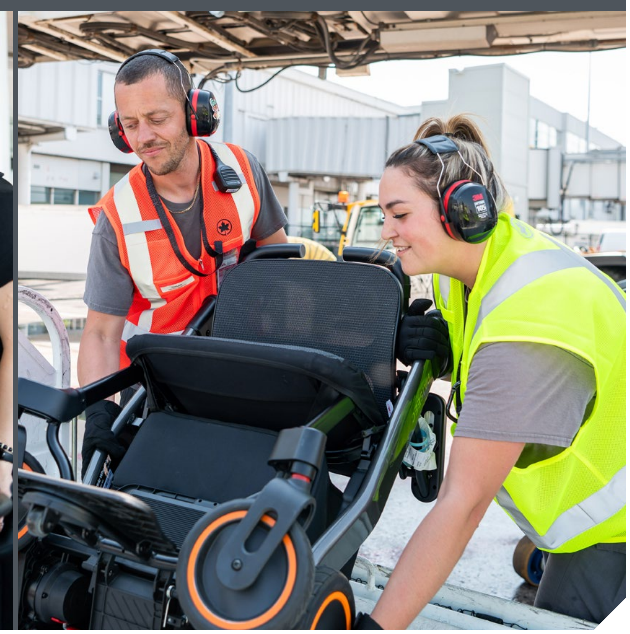
**1.46M** accessibility requests handled

**594,790** accessibility customers

**~34,000** wheelchairs and other mobility devices transported

**2.39%** of all customers are those with accessibility requests



# Official and other languages

**Air Canada is proud to offer bilingual services in the country's two official languages: English and French.**

We are the only airline in Canada with official languages obligations under the ***Official Languages Act*** (OLA), and we have honoured those obligations with steadfast commitment for more than 50 years in a highly complex industry across a vast international network. Over time, we have developed unique expertise and become a leader in implementing sustained initiatives to deliver services in both official languages in multiple locations and route combinations and in promoting the use of English and French in the workplace. The diverse linguistic abilities of our public-facing employees have enabled us to designate 24 route languages beyond our official languages, based on internal criteria including minimum service requirements.

**>22,400 hours** of language training

**>12,300 language tests** performed

**>14M words** translated* (vs. >7M in 2024)

**24 route languages by location**

* The higher translated word count reflects a change in how total translation volume is calculated. 2024 figures captured only standard translation measured strictly by word count, while the 2025 total applies a broader methodology that consolidates all language services, including work traditionally tracked by hours such as subtitling, legal translation, terminology, and revision.


## Spotlight

In March, Air Canada participated in the final of *La dictée P.G.L. de la Francophonie 2025* for the second year, and we are incredibly proud to have once again been the most engaged company, with close to 250 employees from eight provinces and three countries taking part in the qualifying round. In September, Air Canada also held in-person events from coast-to-coast to celebrate Official Languages Day, a day to celebrate Canada's linguistic diversity and rich heritage.

**Learn more:**

- Air Canada – Official Languages
- Official and other languages
- Languages in Action at Air Canada: 2024-27 plan
- 2025 Annual report

# Community relations and partnerships

**Air Canada supported more than 330 events and initiatives as well as over 240 organizations in 2025.**

GRI 413-1

**Learn more:**

- Community
- Sponsorships and community investment
- 2025 Annual report

An investment valued at more than $4.1 million, through a combination of financial contributions and in-kind donations, was allocated to Canadian communities to support socio-economic development and to address a wide range of needs across the country. This included targeted support for initiatives that celebrate Canadian bilingualism, elevate Indigenous identities, promote broad forms of cultural expression and empower the next generation of young leaders. All these contributed to the collective goal of building a stronger, more inclusive Canada for the future.

In November, Air Canada sponsored the Future Leaders Luncheon at the Tourism Industry Association of Canada (TIAC) Congress in Gatineau, Quebec. The luncheon celebrates students who have made meaningful contributions to Canada's tourism industry. Supporting events like TIAC Tourism Congress underscores Air Canada's commitment to elevating and celebrating the next generation of tourism leaders.

Air Canada presented the Indigenous Youth in Tourism panel at the International Indigenous Tourism Conference in Montréal in February. The session, "From Atlantic Shores to Quebec Heartlands: Next-Gen Indigenous Changemakers in Tourism," showcased some of Canada's most influential Indigenous young leaders under 30 years old who are shaping the future of the tourism industry. As part of our commitment to fostering cultural exchange and learning, Air Canada delivered a workshop, "Connecting Cultures: Aotearoa Best Practices Mission." The discussion brought together Indigenous and non-Indigenous leaders to reflect on a week-long mission in New Zealand, supported by Air Canada, where they explored the Māori tourism sector's innovative approaches to industry structure and development.

# Air Canada Foundation

**The Air Canada Foundation provides financial or fundraising support to Canadian-registered charities that seek to improve children's health and well-being. It has raised more than $20 million since its creation. In 2025, the Foundation:**

- Raised almost $2.1 million.
- Supported 473 charities.
- Donated more than 2,000 airplane tickets.
- Donated $1.8 million to communities across Canada.
- Donated 48,300 kg of food via Food Rescue program.

## Hospital Transportation Program

- 35 million Aeroplan points were donated to pediatric hospitals for the transportation of children.
- 782 airline tickets were donated to pediatric hospitals for the program.
- >470 patients accessed medical care on over 605 trips.

## Every Bit Counts

- $61,200 collected

## Community engagement

**Aeroplan Member Donation Program:**

- 112,256,878  points donated to 118 charities
- 36,613,989 raised during 12 Points Matching weeks
- 33 new charitable accounts added to program

**AviACTION (Air Canada's community engagement and volunteer program)**

- 920 employees volunteered

**Learn more:**

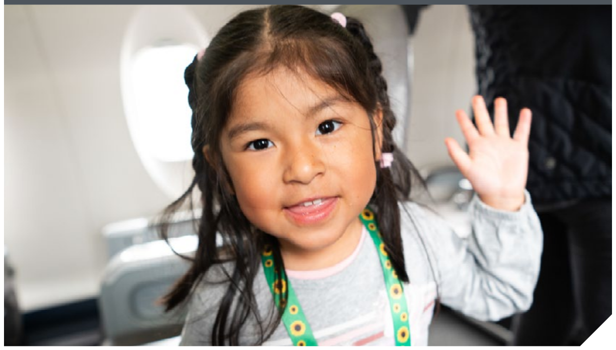
- Air Canada Foundation
- Air Canada Foundation Impact Report 2025

## Humanitarian aid

- Air Canada donated $50,000 to the Canadian Red Cross (CRC).
- Air Canada employees and the Foundation donated $16,020 to CRC for humanitarian crisis appeals, including:
  - Hurricane Melissa
  - Newfoundland and Labrador wildfires
  - Vancouver Lapu Lapu festival
  - Saskatchewan wildfires
  - Manitoba wildfires
  - Middle East Humanitarian appeal
- Air Canada and the Foundation donated 118 airline tickets to humanitarian relief organizations for passenger movements

### Autism Aviation Days

Over 130 families participated in Autism Aviation Days, a flight simulation exercise to improve accessibility for children on the autism spectrum, in Vancouver, Kamloops, Calgary, Edmonton, Winnipeg, Saint John and Québec City.



### Dreams Take Flight

Air Canada celebrated the 2025 holiday season with a heartwarming video, Holiday Dreams Take Flight.

The video follows Kaiennenhawi (Hawi), a seven-year-old girl from the Kanien'kehà:ka community of Akwesasne, on a life-changing journey. From the thrill of boarding her first flight to the wonder of exploring *Walt Disney World* Resort, Hawi's experience unfolds in a series of joyful moments. Founded by Air Canada employees and now powered by eight volunteer-run chapters across the country, Dreams Take Flight offers children facing mental, physical or social adversities a once-in-a-lifetime travel experience.

# Planet


## Environmental vision:

Leave Less

Our environmental vision reflects our aspiration to be a sustainability leader in our industry by doing our part to decarbonize and mitigate the environmental impact of our operations, as outlined in our environmental policy.

In advancing this vision, we aim to address environmental challenges through increased collaboration and participation with industry partners and by further engagement with communities, employees and customers.

# Less carbon and energy

GRI 302-1 GRI 302-2 GRI 302-3 GRI 302-4 / GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4 GRI 305-5

**Air Canada continues to pursue its long-term aspirational goal of net-zero GHG emissions from its global operations by 2050, and its absolute mid-term GHG net reduction targets by 2030 for both its air and ground operations compared to its 2019 baseline.**

The energy transition for the aviation industry and the path to net-zero are complex and subject to significant risk and uncertainty. Air Canada is focusing on short- to mid-term actions through five-year period implementation plans. These five-year plans prioritize areas where meaningful progress can be achieved within the timeframe, focusing on opportunities that are most readily achievable (e.g., ground and facility operations), while remaining engaged in the development of long-term opportunities, including technological advancements and low-carbon fuels.

# Our progress in 2021–25

**During Air Canada's first five-year plan implementation period of 2021–25, we advanced toward our mid-term targets and our long-term ambition.**

Our efforts focused on re-establishing post-pandemic operations while integrating sustainability considerations, and enhancing the resilience and agility of our activities in response to climate-related impacts and strengthening engagement with stakeholders, as we work toward our long-term aspirational goal of net-zero GHG emissions by 2050.

Sustainable Aviation Fuel (SAF), an industry term for alternative (non-fossil derived) aviation fuel, is a critical component for reducing GHG emissions from aviation. Air Canada currently sources SAF and other Low Carbon Aviation Fuels (LCAF) through various suppliers around the world. Air Canada firmly believes that a policy mechanism is required to catalyze SAF production in Canada. SAF requires large, long-dated capital investments supported by stable Canadian policy frameworks to be produced at scale. Air Canada took delivery of around 79 million litres of SAF in 2025 compared to about 46 million litres of SAF in 2024.


In 2025, we surpassed our one per cent SAF procurement target of jet fuel use, achieving 1.57 per cent. Considering the current SAF production levels globally and the fact that no SAF is commercially produced within Canada, Air Canada's progress represents a significant achievement. This positions the airline as a leader amongst its peers, demonstrating its commitment to advancing sustainable aviation and driving innovation in a challenging landscape.

## SAF Challenge:

SAF is not currently commercially produced in Canada. Meanwhile, demand is growing as the airline industry looks to reduce its carbon footprint. The International Air Transport Association (IATA) lists sustainable aviation fuel as one of the key elements to help the aviation industry achieve its net-zero carbon emissions from their operations by 2050. We understand that SAF is the only technology solution currently commercially available that can meaningfully abate emissions from the Company's flight operations. While SAF can reduce life cycle GHG emissions by up to 80 per cent compared with conventional jet fuel and has the added benefits of having a limited impact on performance and providing energy diversification, SAF alone will not suffice, and new technology solutions as well as significant co-operation and investments will be required to achieve our long-term aspirational goal of net-zero GHG emissions by 2050.

Fleet modernization remains a central pillar of Air Canada's climate-related ambition. During the first five-year implementation period, Air Canada continued to renew and simplify its fleet through the introduction of more fuel-efficient aircraft and the retirement of older aircraft. Investments in next-generation aircraft, including the Airbus A220, Airbus A321XLR, Boeing 787-10 and future Airbus A350-1000, support improved fuel efficiency, lower emissions intensity and enhanced operational performance.

Beyond improving fuel efficiency and reducing emissions intensity, newer aircraft also help reduce noise impacts on the communities surrounding the airports we serve.

For the fourth year in a row, Air Canada is a recipient of the Fly Quiet Award from the Port of Seattle's Aviation Noise Programs. We achieved high scores across all Fly Quiet scoring categories, supported by the operation of modern, quieter aircraft such as the Airbus A220 and Boeing 737 MAX 8. By earning Seattle-Tacoma International Airport's prestigious Fly Quiet Award, an initiative designed to reduce aircraft noise and protect surrounding communities, Air Canada demonstrated its commitment to responsible operations and meaningful noise-abatement performance.

Beyond fleet renewal, Air Canada continues to support the development of emerging technologies. We have made investments in new aircraft technologies to advance the industry and support progress toward more sustainable aviation. Air Canada is also a key inaugural partner in the United Airlines Ventures (UAV) Sustainable Flight Fund℠. UAV includes three dedicated investment verticals: technology, aerospace (including alternative propulsion aircraft and electric vertical takeoff and landing) and a decarbonization vertical, focusing on startups and solutions to help aviation reach its climate goals.

To date, Air Canada has made investments in electric-aircraft development and remains committed to supporting the advancement of this technology and supporting its infrastructure.

Alongside the significant investments we are making in our air operations, we continue to advance our commitments on the ground. The deployment of new-generation electric ground support equipment (e-GSE) and the retirement of older units began in 2019. Across the network, we reached 42 per cent electrification of our motorized fleet, a milestone that reflects our commitment to decarbonizing our ground operations. We also added 233 new e-GSE units to our fleet across Canada that included 17 towbarless pushback units across our three main stations Montréal, Toronto and Vancouver.

In 2025, our operations in Québec City became the first station in Canada to achieve 100 per cent electrification of ground support equipment (GSE) in all the main categories (baggage and ramp tractors, belt loaders, power stows, container loaders and aircraft tractors).

We continued to improve the energy performance of our offices and facilities through upgrades such as LED lighting, higher-efficiency heating systems and expanded sourcing of renewable natural gas (RNG) and renewable energy certificates (RECs).

RNG in our Montréal-owned facilities was about 12.5 per cent of overall volumes for those facilities in 2025 and 19 per cent of overall volumes for owned facilities in Vancouver. Since 2023, we've continued to purchase RECs for all electricity consumption across Canada (except Quebec, British Columbia and Manitoba, as their respective electricity already comes from low-carbon sources).

Air Canada now operates an electric ground support equipment fleet that is **42% electrified across its Canadian network**.

In the fall of 2025, Air Canada and Aeroplan worked together with Chooose, Air Canada's official carbon offsets program collaborator, to create an incentive offer related to SAF for eligible Aeroplan Elite Members. The offer invited members to join Air Canada's journey to support the use of SAF and get Status Qualifying Miles (SQM) toward Aeroplan Elite® Status. The contribution to SAF supports Air Canada's long-term aspiration of net-zero greenhouse gas (GHG) emissions by 2050 and helps reduce reliance on conventional jet fuel over time. For each purchase of 150 kg $CO_2$e SAF environmental attributes by an eligible Aeroplan Member, 500 SQM were credited, up to a maximum of 5,000 SQM regardless of the amount purchased.


While Air Canada prioritizes in-sector emissions avoidances through SAF, fleet renewal and operational efficiency improvements, carbon reductions and removals outside the aviation sector continue to play a supplementary role in supporting near-term climate objectives.

Until in-sector decarbonization solutions for in-flight operations become more widely available, a transition that will require longer timelines, technological advancements and deeper industry collaboration, Air Canada plans to continue to invest in out-of-sector carbon reductions and removals to maintain its overall GHG emissions under the 2030 target level. In 2025, Air Canada purchased 849,744 $tCO_2$e from 11 carbon offset projects around the world.

In 2025, Aeroplan Members purchased SAF environmental attributes associated with 206,065 L of SAF, which corresponds to approximately the volume of fuel required for 8,375 Air Canada Economy Class passengers flying one-way from Montréal to Toronto.

# Environmental sustainability

GRI 306-1 GRI 306-2 GRI 306-3 GRI 306-4 GRI 306-5

## Less waste

Air Canada is adapting its corporate waste strategy to better integrate circular economy principles. From reducing waste at the source to establishing new initiatives to keep resources in use for as long as possible, we are exploring creative and long-lasting solutions. We are leveraging findings from our life cycle analyses to guide our sustainability strategy for in-flight products and future cabin interiors, integrating circularity where possible and deepening our understanding of the trade-offs and total ownership costs to enable informed and impactful decisions.

Air Canada's waste-related impacts result from our own operations primarily, while additional impacts occur upstream and downstream across the value chain. As a service-based airline, we do not manufacture products. Hazardous and non-hazardous waste, however, is generated through operational activities such as aircraft maintenance, cargo handling, ground operations, in-flight service, retail and office functions. These waste streams are managed through contracted waste service providers.

Waste produced upstream of our operations is associated with supplier activities, such as catering services and parts provisioning. Downstream waste is related to the distribution of products and packaging that may enter municipal waste streams, as well as the end-of-life disposal of donated items.

In 2025, we conducted cabin waste audits of Air Canada flights using Aviation Sustainability Forum's cabin waste composition audit methodology, which is endorsed by IATA. This helped us measure a new cabin waste baseline (consistent with industry averages), gain an in-depth understanding of our onboard waste and identify opportunities to reduce the waste generated by flights.

In 2025, our total non-hazardous waste diverted from landfill was 3,319.85 metric tons versus 2,482.12 metric tons in the previous year. We continue to offer comprehensive recycling programs (e.g., organics, cardboard, plastic cargo film, wood pallets, e-waste, batteries, metals and cabin textiles) at our offices and facilities across Canada. For instance, our ongoing uniform recycling program enables us to extend the life of used and surplus uniforms by repurposing, recycling or donating them to community and charitable organizations whenever possible.


In the fall, Air Canada partnered with Montréal, Edmonton and Vancouver airports to launch a national awareness campaign targeting illegal wildlife trafficking.

The campaign featured digital media content displayed on passenger-facing screens across the three airports. Travellers were invited via QR code to visit an Air Canada-hosted microsite to learn more about wildlife trafficking and its impacts as well as the actions they can take while travelling abroad. The microsite also included a short, visually engaging quiz to promote responsible souvenir shopping. The campaign was amplified through co-ordinated social media posts from Air Canada and the three airports, reinforcing key messages and encouraging public engagement. This collaborative campaign underscores our shared responsibility in addressing IWT and strengthens our partnerships with major airports. In addition, the Air Canada Wi-Fi home screen highlights our commitment to combating IWT and directs passengers to the microsite, further extending the campaign's reach to global audiences.

These IWT awareness campaigns were shared at industry meetings with United for Wildlife and IATA to inspire action and demonstrate our commitment.

## Biodiversity GRI 101-2 GRI 101-3

The illegal wildlife trade (IWT) significantly contributes to biodiversity loss, and Air Canada is combatting the issue and raising awareness of its impacts. This global illicit industry is estimated to generate between US$7 billion and US$23 billion annually, making it one of the most profitable forms of transnational organized crime. Canada remains both a source and destination for IWT, creating risks that intersect both airport and airline operations.

We are the first North American airline to hold the IATA Illegal Wildlife Trade certification for our cargo operations. We also look to raise awareness generally across our operations. An awareness campaign was launched in June across our three primary Cargo hubs: Toronto, Vancouver and Montréal. The campaign featured educational content shared internally, directing employees to additional guidance and procedures. To further deepen engagement, the Wildlife Enforcement Directorate from Environment and Climate Change Canada was invited to host interactive displays at Cargo locations and at Air Canada's Montréal headquarters. The event showcased commonly trafficked wildlife items and highlighted the importance of vigilance, both as travellers and aviation industry professionals, when encountering wildlife trafficking risks.

## Water conservation GRI 303-1 GRI 303-2 GRI 303-3

Air Canada continues to measure and track onboard water consumption on select Air Canada flights and facility water withdrawals. Water is used in cooling towers, aircraft and ground support equipment maintenance activities and in day-to-day facility operations. The water is usually sourced from local municipalities or airport authorities and is discharged to municipal sewer systems, either directly or indirectly through airport sewer systems.

We have developed environmental management plans for water conservation and procedures to manage the wastewater impacts on stormwater and sanitary sewer systems. These plans outline our approach to prevent pollution, minimize operational risks and ensure compliance with applicable regulations.

In 2025, our planned aircraft water uplift for all flight operations (Air Canada and Rouge) increased slightly to around 71 megalitres from about 70 megalitres in the previous year. This increase in water uplift can be attributed to higher operational activity of aircraft types with larger water tank capacities, including the Boeing 787 and 777.

# Engaging our employees, customers and in the community

## Funding our future: Air Canada Sustainability Scholarship

In 2025, we launched the ninth edition of the Air Canada Sustainability Scholarship program. Through the program, we encourage the children of active Air Canada, Air Canada Rouge and Air Canada Vacations employees registered in a Canadian post-secondary institution to tell us how they are integrating environmental sustainability into their educational pursuits. 90 applications were submitted from across Canada; the applicants were studying in various fields including police tech, the arts and computer science.

Each year Air Canada awards $2,000 scholarships to 10 full-time students to support their post-secondary studies and provides a tour of our facilities and the opportunity to visit a flight simulator. The funds for this scholarship are raised through metal recycling activities.

In 2025, we also launched the volunteer-based Environmental Champions program to strengthen employee engagement regarding sustainability and to foster a sense of community. Selected employees from different teams and locations participate in and promote sustainability-related initiatives across the company, including shoreline cleanups and beehive workshops.

## Supporting ecosystem resilience in our communities

Since 2018, Air Canada has proudly partnered with Alvéole to host urban beehives across the country. This initiative supports biodiversity, engages employees and connects our workplaces to the ecosystems around us. In 2025, we maintained five active beehives located in Montréal, Halifax, Toronto, Calgary and Vancouver and offered workshops to engage employees, with more than 300 employees participating in 13 workshops.

Air Canada employees in Montréal and Hong Kong organized shoreline cleanups in their local communities, collecting 38 kg and 146 kg of waste, respectively. These cleanups offer a meaningful opportunity to take action and reduce the amount of litter that ends up in our oceans.

In October, Air Canada highlighted Circular Economy Month by raising awareness of circular economy principles, our e-waste programs and how employees can get involved.

**Leave Less – Do more**

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# Governance

## Overview of climate and other sustainability governance

GRI 2-13

Air Canada's Board of Directors evaluates sustainability-related matters that affect Air Canada, such as climate, safety, human capital and representation and inclusion, on a regular basis. It oversees management recommendations on how to allocate resources including with regard to Air Canada's best interests and long-term performance and value creation. Air Canada has multiple levels of oversight and management for sustainability-related matters, which we define broadly to include climate and other environmental, human capital, representation and inclusion, safety, social, economic and governance factors.

## Our Board and its committees

CDP 4.1 CDP 4.2

The Board of Directors has oversight of Air Canada's climate and other sustainability activities and strategies, and all Board committees are mandated to perform their activities having regard to them. Some matters that benefit from focused attention are reserved to certain committees. The Board annually reviews its committee charters with respect to climate and other sustainability reporting including in light of evolving sustainability disclosure standards.

### Board of Directors

- As part of the strategic planning process, evaluates and reviews public issues of significance that may affect Air Canada's business, operations and stakeholders.
- Oversees, through the Audit, Finance and Risk Committee, the development of climate and other sustainability disclosures, processes and controls.
- Oversees, through the Governance and Nominating Committee, Air Canada's overall activities, policies and programs with respect to sustainability matters, including representation and inclusion.
- Oversees, through the Human Resources, Compensation and Pension Committee, the integration of certain climate and other sustainability matters in Air Canada's approach to compensation, human resources management strategies and organizational culture.
- Oversees, through the Safety, Health, Environment and Security Committee, Air Canada's safety, health, environment strategy, management risk and regulatory compliance and security policies and practices.

**Learn more:**
- Governance
- 2026 management proxy circular
- Annual information form 2025

### Board Committees

#### Audit, Finance and Risk

- Monitors trends relating to, and oversees the development of, control mechanisms and the integration of climate and other sustainability criteria in financial or other corporate reporting.
- Reviews the audit scope and approach of the internal and external auditors relating to climate and other sustainability matters.
- Reviews certain public disclosures and recommends them to the Board where appropriate.
- Reviews and recommends to the Board those elements of any annual or other report aligned to sustainability reporting standards and disclosures that emerge.

#### Governance and Nominating

- Reviews, monitors and evaluates trends and Air Canada's progress in its overall efforts with respect to sustainability matters and their integration in Air Canada's governance practices, including through quarterly updates on sustainability performance targets, issues, opportunities, and key developments.
- Facilitates information sharing among the Board committees in respect of sustainability matters.
- Reviews and recommends to the Board the Code of Conduct and any amendments thereto.
- Reports regularly to the Board on its activities, findings and conclusions, including on policies, practices and progress on key climate and other sustainability matters, and provides guidance to the Board about the general strategy and direction with respect to such matters.
- Performs functions with respect to such other material reports, policies, statements and other guidelines as may be delegated by the Board from time to time.
- Receives and reviews periodic reports on Air Canada's sustainable procurement practices and the implementation of its supplier code of conduct.
- Reviews the key measurable objectives of Air Canada's linguistic action plan and monitor progress on the achievement of such objectives.

#### Human Resources, Compensation and Pension

- Performs its activities having regard for Air Canada's sustainability practices and strategies, including as to representation and inclusion
- Monitors trends in respect of sustainability matters and the integration of such performance metrics in compensation matters.
- Reviews whether Air Canada's human resources management strategies and organizational culture are aligned with its sustainability practices and strategies.
- Reviews the key measurable objectives of Air Canada's representation and inclusion action plan and monitors progress on the achievement of such objectives.

#### Safety, Health, Environment and Security

- Performs its activities in accordance with Air Canada's sustainability practices and strategies, including as to representation and inclusion, and oversees key areas of Air Canada's approach to climate change.

- Monitor trends in respect of sustainability matters and their integration into Air Canada's health, safety and security policies, practices and performance.
- As part of its oversight of climate related and sustainability matters, reviews and recommends to the Board Air Canada's five-year climate action or other sustainability plans, and monitors and evaluates progress on each of these plans in achieving its goals, objectives and target through the receipt of regular reports and updates from management and subject matter experts on key projects, initiatives and other developments.
- Reviews overall trends related to climate change adaptation and mitigation including extreme weather events, insurance coverage, operational risks related to increasing temperatures and other environmental matters, emerging regulatory risks and reviews management's processes in response thereto.

## Our management

CDP 4.3 CDP 4.5

Our Corporate Sustainability Working Group tracks and co-ordinates our corporate sustainability initiatives, under the oversight of a Corporate Sustainability Steering Committee, made up of members of our Executive Committee. Our Vice President of Airport Affairs, Corporate Real Estate and Sustainability leads the Corporate Sustainability Working Group, which comprises senior management subject matter experts from diverse functions. Several other working groups are tasked with advancing climate and other sustainability initiatives, such as in respect of customer engagement, representation and inclusion, accessibility, official languages, community investments and human trafficking.

### Control of ESG disclosures

Air Canada acknowledges the necessity of ensuring the integrity and consistency of its sustainability disclosures. Sustainability reporting contributes to maturing our sustainability program, and we will evolve and strengthen our existing control environment to ensure that the reliability of our disclosures meets the expectations of stakeholders and the evolving regulatory landscape. From the outset, we adopted a posture of continuously improving our sustainability disclosures and, accordingly, the way we report specific data has strengthened over time and is likely to continue to evolve in the future. The information provided in this report supersedes previous disclosures. We are thus committed to building continuous process improvement into the methodologies, data and assumptions that underlie our strategy, analysis and other information included in this report (including those used to calculate greenhouse gas (GHG) emissions).

### Control environment

Air Canada's management is responsible for establishing and maintaining internal controls over material disclosures and voluntary reporting of sustainability matters. First, for effective governance, the corporate sustainability team oversees the overall disclosure framework and is responsible for collecting and reviewing with the various subject matter experts the information contained in this report, to ensure consistency, accuracy, timeliness, relevance, reliability and for assurance readiness, as the case may be. Second, this report has undergone extensive reviews by our sustainability working groups and steering committee and by our disclosure committee. Going forward, we are working toward implementing the Internal Controls over Sustainable Reporting (ICSR) control framework that mirrors the Internal Controls over Financial Reporting (ICFR) framework. This will require a review of the current process applied to all sustainability disclosures. Similar to the ICFR framework, in designing such a control environment, it should be recognized that due to inherent limitations, any control, no matter how well designed and operated, may not prevent or detect misstatements.

### Oversight

The Audit, Finance and Risk Committee monitors the development and, through the work of internal and external auditors, the effectiveness of relevant sustainability disclosure controls, and it reviews sustainability disclosures prior to their publication. The committee also reviews the results of assurance engagements.

### Assurance

We aim to secure the appropriate level of assurance of our sustainability disclosures by developing and maturing our sustainability programs. Air Canada's Corporate Audit and Advisory department provides assurance through execution of its annual audit plan, which includes risk-based audits and ICFR. The internal audit group is mandated, and PricewaterhouseCoopers LLP was engaged to perform limited assurance on certain key performance indicators including Scope 1 and Scope 2 location- and market-based GHG emissions. We will continue to assess and determine the appropriate controls and level of assurance required for our key sustainability disclosures, working toward a reasonable level of assurance over time. Download the Limited Assurance report.

# Strategy

CDP 3.1 CDP 3.5 CDP 7.5

Air Canada's climate-related initiatives are aimed to align with the Government of Canada's 2050 commitment of net-zero emissions, the International Air Transport Association (IATA) 2021 resolution for the global air transport industry to achieve net-zero carbon emissions by 2050 and the International Civil Aviation Organization (ICAO) member states' collective long-term global aspirational goal of net-zero carbon emissions by 2050. These ambitions align with the Paris Agreement and, to succeed, they will require the co-ordinated efforts of the entire aviation industry (e.g., airlines, airports, air navigation service providers, manufacturers) and significant government support.

We analyzed decarbonization scenarios required to limit warming to well-below 2°C and 1.5°C to forecast GHG emissions required by 2030 and by 2050. These analyses helped us assess the necessary measures to support our goals. In March 2021, Air Canada announced its climate-related ambition that sets out mid-term targets in support of its long-term aspirational goal of net-zero GHG emissions by 2050. Those mid-term targets are:

- 20 per cent GHG net reductions from our air operations compared to a 2019 baseline by 2030[1]
- 30 per cent GHG net reductions from our ground operations compared to a 2019 baseline by 2030[2]
- $50 million research and development investment fund for low-carbon technologies to accelerate decarbonization such as sustainable aviation fuels (SAF), new aircraft technologies or carbon reduction and removal technologies.

Our ambitions, particularly for our net reduction target from our air operations, are dependent on low-carbon technologies and the availability of sufficient SAF. Air Canada cannot meet its ambitions alone; governments play an essential role in these efforts, and each stakeholder across the climate action chain must play its part.

Four key carbon reduction pillars were identified to be central to the advancement of our climate objectives and position us to leverage emerging climate-related opportunities:

- Fleet and operations
- Innovation
- SAF and renewable energy
- Carbon reductions and removals

Air Canada's climate-related initiatives build on existing value streams and activities based on these four key carbon reduction pillars.

1 Our air operations mid-term target covers 99 per cent of our GHG emissions and includes GHG emissions from jet fuel consumption from Air Canada and Rouge flights (Scope 1) and GHG emissions from jet fuel consumption from regional carriers operating under the Air Canada Express banner (Scope 3).

2 Our ground operations mid-term target covers one per cent of Air Canada's GHG emissions from our ground operations: natural gas, diesel, gasoline and propane consumption (Scope 1), electricity consumption (Scope 2) and natural gas and electricity consumption from our tenants (Scope 3).

Air Canada will continue to assess the feasibility, readiness and supporting infrastructure required across the aviation value chain, including airports responsible for enabling charging capabilities. We will continue advancing our commitments on the ground alongside the significant investments we are making in our air operations, such as the electrification of our ground equipment in locations where critical charging infrastructure can support the operational needs of e-GSE.

Climate research, global industry targets and the expectations of citizens can evolve and advance rapidly as new scientific data is made available and society responds through changes in legislation of climate policies, presenting both risk and opportunity. The aviation industry includes many participants, many of which can play a meaningful role in reducing GHG emissions. Air Canada is accordingly engaged with stakeholders in the air transport system to advance and explore opportunities. Significant investments and research are being dedicated by the airline and other industries for various initiatives such as the development of innovative propulsion technologies and other efficiency measures. We will remain open to every new opportunity that will help make a difference in achieving our goals.

Climate change will affect our business operations and our stakeholders. Scenario analysis should support the quantitative analysis of climate threats including financial impact, likelihood and magnitude.

Operational performance, damage or loss of critical aviation infrastructure or changes in demand are among the many potential effects of climate change on our business and our resiliency. We established a Climate Change Risks Management and Adaptation workstream in 2022, which is assessing Air Canada's ability to adapt to the impacts of climate change on our business by (a) identifying and assessing climate change risks that are relevant for our business, (b) building climate knowledge to guide resilient decisions, (c) developing business climate resilience planning to address and manage the identified risks and (d) setting up a climate resilience framework to reiterate as the situation changes. This initiative results from collaboration between various internal branches and departments including Risk Management and Assurance, Flight Operations, Emergency Response and the Sustainability team (formerly Environmental Affairs).

The energy transition for the aviation industry and the path to net zero is complex and subject to significant risk and uncertainty. Air Canada is focusing on short- to mid-term actions through five-year period implementation plans. These five-year plans prioritize areas where we expect meaningful progress can be achieved within the timeframe and where opportunities are most readily achievable (e.g., ground and facility operations), while staying engaged in the development of long-term opportunities such as technological advancements and low-carbon fuels.

# Climate-related risks

CDP 3.1 | CDP 3.5 | CDP 5.2 | CDP 5.3 | CDP 5.5

| Risks | | Potential financial impact | Horizon | Management method |
|---|---|---|---|---|
| **Carbon pricing mechanisms and new regulations** | Air Canada and the airline industry are subject to new and evolving binding and non-binding legislation, regulations, standards and accords, related to climate change and GHG emissions, such as carbon pricing mechanisms (carbon taxes, emission trading schemes and related initiatives). This includes ICAO's (the International Civil Aviation Organisation) Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), a global market-based measure to address $CO_2$ emissions from international aviation and implemented in Canada through the Canadian Aviation Regulations (SOR 96-433). | The potential financial impact is related to applicable carbon taxes and purchasing CORSIA Eligible Emissions Units (EEU) and/or CORSIA Eligible Fuels, which includes CORSIA compliant SAF and lower carbon aviation fuels. | Short term | To lessen the financial impact of CORSIA, which implements a cap on annual GHG emissions from international flights through a carbon pricing mechanism, Air Canada is working toward reducing its GHG emissions. We continue to renew and simplify our fleet, adding more fuel-efficient aircraft:<br>• In February 2026, Air Canada announced the acquisition of eight Airbus A350-1000 aircraft with deliveries scheduled to begin in 2030. The purchase agreement includes purchase rights for eight additional Airbus A350-1000 aircraft.<br>• In 2024, Air Canada ordered five additional Airbus A220s, bringing firm orders to 65. The agreement with Airbus Canada also provides for purchase options for 10 additional A220-300 aircraft. Of the 65 firm orders, 46 were delivered as of June 30, 2026. Deliveries for the 19 remaining firm orders are planned to continue into 2027.<br>• Air Canada announced the acquisition of 30 extra-long-range Airbus A321XLRs in 2022, with deliveries scheduled in the period 2026–29. As of June 30, 2026, two aircraft had been delivered, and the final aircraft is scheduled to arrive in 2029. Of the 30 total aircraft, 15 will be leased and 15 are being acquired under a purchase agreement with Airbus S.A.S.<br>• Air Canada acquired 40 Boeing 737 MAX 8 aircraft in its fleet, all of which were delivered, and it has entered into a lease agreement for 12 additional MAX 8 aircraft, with deliveries expected to be completed in 2026. Purchase options for 10 additional 737 MAX aircraft are also available.<br>• Air Canada plans to acquire 14 Boeing 787-10 aircraft, of which 10 are scheduled to be delivered by 2028 and the remaining four by 2030. The purchase agreement includes options for 12 additional Boeing 787-10 aircraft.<br>• In 2022, Air Canada entered into a purchase agreement for 30 ES-30 electric-hybrid aircraft under development by Heart Aerospace. The purchase remains subject to conditions including in relation to the design and specifications of the aircraft. These aircraft would not be expected to start entry into service before at least 2031.<br>Fuel efficiency: Since 2016, more than 126 fuel-efficiency projects have contributed to savings of more than 183,000 $tCO_2e$.<br>SAF, an industry term for alternative (non-fossil derived) aviation fuel, is a critical component for reducing GHG emissions from aviation. Air Canada currently sources SAF and other low carbon aviation fuel (LCAF) through various suppliers around the world. We firmly believe a policy mechanism that provides sufficient certainty and incentives is required to catalyze domestic SAF production. Existing measures focus on managing Canada's low-carbon fuels incentive gap with other jurisdictions, but SAF requires large, long-dated capital investments supported by stable Canadian policy frameworks to be produced at scale.<br>Air Canada is at the forefront of pivotal Canadian aviation initiatives supporting and advancing the research and commercialization of SAF within an ecosystem consisting of airlines, airports, fuel suppliers, technology providers, feedstock producers, aerospace manufacturers, academia, finance and government. Air Canada calculates a range for the financial impact of CORSIA, as many factors must be considered to quantify the impact, including:<br>• Calculating the annual requirements, which are based on the sectoral growth compared to the baseline. The sectoral growth factor is taken from the entire $CO_2$ emissions from international aviation. Airlines will rely on industry growth projections to evaluate their own annual CORSIA requirements until they are fully compiled and reconciled by ICAO. Air Canada uses projected low, medium and high industry growth factors to estimate its annual CORSIA requirements.<br>• Estimating the cost of the CORSIA requirements by relying on various sources to estimate the unit cost of CORSIA Eligible Emissions Units (EEU) and using an average unit cost to evaluate the financial impact.<br>• Multiplying the requirements by the estimated expected unit cost. |

| Risks | | Potential financial impact | Horizon | Management method |
|---|---|---|---|---|
| **Carbon pricing mechanisms and new regulations** | Air Canada and the airline industry are subject to new and evolving binding and non-binding legislation, regulations, standards and accords related to climate change and GHG emissions, including the B.C. Low Carbon Fuel Standard (LCFS) Act and the Renewable and Low Carbon Fuel Requirements Regulation, commonly referred to as the B.C. Low Carbon Fuel Standard (B.C. LCFS), which was implemented by the province on Jan. 1, 2024 and the carbon intensity obligation applies to aviation fuels as of Jan.1, 2026. In addition, the European Union's ReFuelEU Aviation Regulations and the U.K. Sustainable Aviation Fuel Mandate both took effect on Jan.1, 2025 and apply to flights departing those jurisdictions. | The financial impact is associated with increased cost related to the procurement of low-carbon jet fuel or SAF at high premium, or to the potential procurement of regulatory compliance credits under the B.C. LCFS and ReFuelEU regulations, and U.K. SAF Mandate. | Short term | Under the B.C. LCFS, jet fuel suppliers or importers (the obligated parties) of conventional fossil-based fuels are required, beginning in 2026 to achieve a two per cent reduction in carbon intensity compared to the baseline of 88.83g $CO_2$e/MJ and increasing annually to 10 per cent by 2030. Additionally, a renewable content obligation (volumetric mandate) for jet fuel will begin in 2028 at one per cent, increasing progressively to three per cent in 2030 onward.<br><br>Fossil-derived jet fuel will become an obligated fuel under the B.C. LCFS beginning Jan. 1, 2026. Obligated parties will be required to supply lower-carbon-intensive jet fuel, procure credits from other obligated users, or adopt other lowcarbon alternatives to meet the regulation's carbonintensity targets. This change is expected to increase jet fuel costs in British Columbia. In addition, as an importer of jet fuel in the province, Air Canada will be directly affected by this obligation.<br><br>The ReFuelEU Aviation Regulation sets a legal obligation on fuel suppliers to supply a minimum of two percent blend of SAF with conventional jet fuel, to E.U. airports, which began in 2025, increasing incrementally to 70 per cent by 2050. The U.K. SAF Mandate establishes similar obligations on fuel suppliers in the U.K. requiring SAF to make up two percent of total U.K. jet fuel demand in 2025, increasing linearly to at least 10 per cent by 2030 and to 22 per cent in 2040. Policies that mandate the supply of SAF at airports, such as those enacted in B.C., the E.U. and U.K. and those under consideration in other jurisdictions, will raise the fuel operating costs and may influence future travel demand. Policymakers in Canada could enact similar policies using such mechanisms as the Clean Fuel Regulations (CFR). In addition to B.C., there is a risk of increased provincial policy activity - possibly aimed at mandating airlines to purchase or implement alternatives to lower GHG emissions, related to jet fuel or otherwise. The increase in taxes on fossil fuels intended to incentivize the use of cleaner alternative fuels is another policy risk.<br><br>As part of its strategy to reduce its GHG emissions over time and help manage the potential impact of these policies, Air Canada monitors the evolution of these requirements and engages with fuel suppliers and industry partners to support compliance pathways and help manage potential impacts on fuel availability and cost:<br>• Air Canada is developing a multifaceted long-term SAF strategy, aimed at controlling costs while also collaborating with our value chain in scaling the SAF market to help meet our ambitions. We continue to advocate for effective long-lasting incentive-based policies with clear implementation guidance. We believe this approach has the strongest potential to create the right environment for stakeholder collaboration and an appropriate level of financial investment across the SAF value chain.<br>• In 2025, we surpassed our one per cent SAF procurement target to procure one percent of our of jet fuel use, achieving 1.57 per cent. Air Canada received roughly 79 million litres of SAF in 2025 compared to about 46 million litres of SAF in 2024. As an importer of SAF into B.C., Air Canada was able to leverage the opportunity to generate regulatory compliance credits under the B.C. LCFS.<br>• Air Canada is also pursuing investments through its $50 million research and development fund that could help scale the SAF market. |
| **Transition to lower emissions technology and products** | Decarbonising aviation remains technically complex and new technologies such as hydrogen, electric and hybrid aircraft and technologies are not yet available at commercial scale. | The financial impact will include prolonged compliance cost associated with GHG emissions regulations due to operating conventional jet-fuelled aircraft while waiting for alternative aircraft to come to market as well as the cost of sourcing and deploying new technologies. | Long term | Alternative propulsion for aviation is not expected to come to market on a commercial scale in the short or medium term, unlike other transportation sectors that already have access to lower-emission technologies. In addition, a comprehensive transformation of the aviation ecosystem and existing airport infrastructure will be essential to enable the adoption of alternative propulsion technologies. Revolutionary aircraft powered by electricity or hydrogen require substantial quantities of energy—resources that are currently either unavailable or insufficiently distributed. The availability of these energy sources will depend heavily on the readiness of local airport infrastructure and the robustness of supporting supply chains. As a result, the commercial scale and costs of these technologies are currently unknown. Air Canada is actively involved in following innovative technologies as they mature. We will look for opportunities to support their commercial scale-up while at the same time promoting safety and performance. Among other opportunities, in 2022, we agreed to purchase 30 ES-30 hybrid-electric aircraft under development by Heart Aerospace in Sweden, subject to conditions, including in relation to the design and specifications of the aircraft, which would not be expected to start entry into service before at least 2029. The regional aircraft are being designed to generate no direct inflight emissions when operating on battery power and are expected to yield significant operational savings, benefits and connectivity to local communities over the long term. |

| Risks | | Potential financial impact | Horizon | Management method |
|---|---|---|---|---|
| **Changing customer behaviour and expectations** | Changing customer expectations around sustainability, including corporate carbon reduction policies and preferences for loweremission travel options, could affect demand, alongside structural changes in business travel driven by remotework practices. | The financial impact could be associated with some decreased revenues if evolving customer expectations and changes in corporate businesstravel patterns, due to greater use of remotework technology, leading to lower demand for air travel. | Medium term | Changing customer behaviours may affect Air Canada's revenue, though this has not been demonstrated.<br><br>Air Canada recognizes its customers' expectations. We communicate and disclose our climate-related ambition and performance through various methods. For example, we disclose information through various reporting channels and frameworks targeted to specific audiences, such as CDP, EcoVadis, GRI, TCFD or SASB. Air Canada also engages with its customers through:<br>• **Air Canada booking website:** The Leave Less Travel Program, available at the time of booking, provided by Chooose offers customers the voluntary option to purchase carbon offset credits together with Scope 3 environmental attributes associated with SAF. The total cost of this combined purchase is calculated based on an estimate of the GHG emissions of their flight(s).<br>• Customers can voluntarily purchase carbon offset credits together with Scope 3 environmental attributes associated with SAF at any time through a dedicated web application provided by Chooose. SAF environmental attributes were added to create a combined purchase together with carbon offset credits at the beginning of 2026.<br>• **Aeroplan:** When an individual books a flight using Aeroplan points or a combination of points and cash, Air Canada will offset its estimated Scope 1 GHG emissions by purchasing carbon offset credits based on the GHG emissions estimated to be associated with their flights. Specifically, the carbon offset credits retired will be an amount equivalent to the estimated GHG emissions associated with the portion of the itinerary that is operated by Air Canada, Air Canada Rouge and/or carriers operating under the Air Canada Express banner once the flight is completed.<br>• **Leave Less Travel Program:** Air Canada offers corporate customers and cargo freight forwarders the opportunity to purchase Scope 3 environmental attributes associated with SAF, carbon offset credits or a combination of both related to their own business air travel or cargo shipments on Air Canada, Air Canada Rouge and/or carriers operating under the Air Canada Express banner. |
| **Increased partner and stakeholder concern or negative partner and stakeholder feedback** | Any perceived climate inaction by airlines in general or by Air Canada may adversely impact Air Canada's reputation and lead customers to seek alternative providers or alternative means of travel. | If perceptions negatively influence consumer choice and loyalty, this could possibly impact revenues due to reduced demand for products and services | Medium term | Air Canada understands the importance of addressing climate related concerns and communicating with its stakeholders to raise awareness and provide updates on its environmental efforts. We communicate and disclose our climate strategy and performance to a myriad of stakeholders through various communications methods and channels. Further, we disclose information through certain reporting channels and frameworks targeted to specific audiences, such as CDP, EcoVadis, GRI, TCFD or SASB. In 2025, Air Canada maintained its CDP Climate Score of C and integrated its TCFD disclosure into its annual Corporate Sustainability Report. |
| **Reputation** | Risks related to inaction (or perceived inaction) in respect of the environment. | The potential financial impact may be associated with the possible negative perception influencing consumer choice and loyalty. This may impact revenues due to reduced demand for air travel. | Short term | Air Canada maintains an environmental policy, robust compliance programs, and ensures it is in compliance with all applicable laws and regulations. Air Canada also diligently ensures that it maintains transparency and that its statements related to environmental sustainability are substantiated and verifiable.<br><br>We communicate and disclose our climate strategy and performance to a myriad of stakeholders through various communications methods and channels. |
| **Acute weather events** | Climate change could increase both the severity and intensity of weather-related events that impact operations such as turbulence, thunderstorms and other disruptive weather events including jet streams, floods (rain fall) and forest fires. | The potential financial impact may be associated with increased indirect operational and recovery costs relating to weather-related disruptions | Short term | Through its System Operations Control (SOC), Air Canada monitors acute weather events to ensure a safe operation and to plan and respond to potential disruptions in service. Air Canada initiated a Climate Change Risks Management and Adaptation workstream in 2022 to study Air Canada's ability to adapt to the impacts of climate change on our business by (a) identifying and assessing climate change risks that are relevant for our business, (b) building climate knowledge to guide resilient decisions, (c) developing business climate resilience planning to address and manage the identified risks and (d) setting up a climate resilience framework to reiterate as the situation changes. |
| **Chronic weather events** | Climate change could create changes in the ecosystem of tourist destinations, which could result in a shift away from travel to such destinations. | The potential financial impact may be associated with decreased revenues due to reduced demand for air travel. | Long term | Air Canada builds in scheduling assumptions where regular seasonal weather events negatively impact customer travel. Network Planning also monitors annual weather occurrences to evaluate new chronic weather patterns that could affect customer bookings. Air Canada will continue to assess and evaluate this climate risk and potential response through its Climate Change Risks Management and Adaptation working group. |

# Climate-related opportunities

| Opportunities | | Potential financial impact | Horizon | Management method |
|---|---|---|---|---|
| **Our activities in seeking to adapt or mitigate the effects of climate change may create the opportunities noted below:** | | | | |
| **Fleet efficiency** | Use of more fuel-efficient aircraft: Air Canada's evolving and more fuel-efficient fleet will help mitigate the intensity of its GHG emissions. | The actual impact of this opportunity, which will depend on a variety of factors, has not been assessed or quantified financially. | Medium term | Air Canada's continuously evolving and fuel-efficient fleet will help mitigate the Corporation's GHG emissions. Certain older and less fuel-efficient aircraft have been and will be permanently retired from its fleet and new and more fuel-efficient aircraft have been or will be introduced, which contributes to reducing Air Canada's cost structure, notably as it relates to jet fuel, and lowering its GHG emissions. As Air Canada continues to pursue its climate-related ambition, engagement in our value chain will evolve:<br>• In February 2026, Air Canada announced the acquisition of eight Airbus A350-1000 aircraft with deliveries scheduled to begin in 2030. The purchase agreement includes purchase rights for eight additional Airbus A350-1000 aircraft.<br>• In 2024, Air Canada ordered five additional Airbus A220s, bringing firm orders to 65. The agreement with Airbus Canada also provides for purchase options for 10 additional A220-300 aircraft. Of the 65 firm orders, 46 were delivered as of June 30, 2026. Deliveries for the 19 remaining firm orders are planned to continue into 2027.<br>• Air Canada announced the acquisition of 30 extra-long-range Airbus A321XLRs in 2022, with deliveries scheduled in the period 2026–29. As of June 30, 2026, two aircraft had been delivered, and the final aircraft is scheduled to arrive in 2029. Of the 30 total aircraft, 15 will be leased and 15 are being acquired under a purchase agreement with Airbus S.A.S.<br>• Air Canada acquired 40 Boeing 737 MAX 8 aircraft in its fleet, all of which were delivered, and it has entered into a lease agreement for 12 additional MAX 8 aircraft, with deliveries expected to be completed in 2026. Purchase options for 10 additional 737 MAX aircraft are also available.<br>• Air Canada plans to acquire 14 Boeing 787-10 aircraft, of which 10 are scheduled to be delivered by 2028 and the remaining four by 2030. The purchase agreement includes options for 12 additional Boeing 787-10 aircraft.<br>• In 2022, Air Canada entered into a purchase agreement for 30 ES-30 electric-hybrid aircraft under development by Heart Aerospace. The purchase remains subject to conditions including in relation to the design and specifications of the aircraft. These aircraft would not be expected to start entry into service before at least 2031. |
| **Use of low-carbon energy sources** | Air Canada's participation, policy advocacy and investment in SAF research and development. | The impact of this opportunity, which will depend on a variety of factors, has not been assessed or quantified financially | Medium term | Air Canada has supported the development of SAF in Canada and has committed to investing in SAF. Air Canada has engaged with government and other stakeholders to accelerate the research, development and establishment of a SAF supply chain in Canada, including as a founding member of C-SAF, a not-for-profit organization that wants to accelerate the commercial production and deployment of SAF in Canada. Air Canada exceeded its target to procure a minimum of one per cent of its jet fuel use in SAF by end of 2025, achieving 1.57 per cent.<br>In 2025, Air Canada received roughly 79 million litres of SAF from various suppliers compared to about 46 million litres of SAF in 2024. |
| **Use of supportive policy incentives** | Air Canada's participation, policy incentives and investment in SAF. | The impact of this opportunity, which will depend on a variety of factors, has not been assessed or quantified financially. | Medium term | Federal and provincial low carbon fuel programs create a potential opportunity for Air Canada, as they incentivize the import and/or production of Canadian sustainable and low-carbon aviation fuels in comparison with other renewable fuels and considers cost barriers. In 2025, Air Canada imported unblended neat SAF into Vancouver (YVR), enabling the generation of compliance credits under both the federal Clean Fuel Regulations (CFR) and British Columbia's Low Carbon Fuel Standard (LCFS) for the reporting year. These credits helped offset the current cost premium of SAF.<br>Starting in 2026, the BC LCFS carbon intensity mandate will apply to jet fuel, removing the ability to generate credits for imported SAF. This shift reduces the incentive to import SAF into British Columbia.<br>While Air Canada benefited from credit generation in 2025, existing policies remain insufficient to enable meaningful investment in domestic SAF production. |

| Opportunities | | Potential financial impact | Horizon | Management method |
|---|---|---|---|---|
| **Use of low-carbon energy sources** | Although Air Canada's offices and facilities make up a small fraction of our overall GHG emissions, Air Canada is actively sourcing RNG and renewable energy certificates (RECs) and is evaluating energy transition measures for its office and facility operations. | The impact of this opportunity, which will depend on a variety of factors, has not been assessed or quantified financially. | Short term | Air Canada identifies opportunities to address GHG emissions from its facilities. RNG was about 12.5 per cent of overall volumes in our Montréal-owned facilities and 19 per cent of overall volumes for owned facilities in Vancouver in 2025. Since 2023, we have continued to purchase RECs for all electricity consumption across Canada (except Quebec, B.C. and Manitoba, as their respective electricity carbon intensity is already low). |
| **Electrification of mobile equipment** | Air Canada continues to adopt new technologies and innovative practices to lower GHG emissions where they are available and feasible. Our focus includes the electrification of our fleet of ground support equipment, such as baggage tractors, although our ground operations make up a small fraction of our overall GHG emissions. | The impact of this opportunity, which will depend on a variety of factors, has not been assessed or quantified financially. | Short term | Although Air Canada's ground operations make up a small fraction of its overall GHG emissions, Air Canada looks to adopt new technologies and innovative practices to lower GHG emissions wherever available and feasible.<br>In 2025, the ground support equipment (GSE) of our operations in Québec City became the first station in Canada to achieve 100 per cent electrification in all main categories (baggage and ramp tractors, belt loaders, power stows, container loaders and aircraft tractors). The deployment of new-generation electric ground support equipment (eGSE) and the retirement of older units began in 2019. We also added 233 new e-GSE units to our fleet across Canada that included 17 towbarless pushback units across our three main stations Montréal (seven), Toronto (seven) and Vancouver (three). Across the Canadian network, we reached 42 per cent electrification of our motorized fleet, a milestone that reflects our commitment to decarbonizing our ground operations. |
| **Use of new technologies** | Hydrogen, electric and hybrid aircraft technologies present a future opportunity for the aviation industry. | The impact of this opportunity, which will depend on a variety of factors, has not been assessed or quantified financially. | Long term | Although these products are not expected to come to market in a commercially meaningful way in the short or medium term, Air Canada remains actively involved in following these innovative technologies as they mature and looks to support the commercial scale-up while always promoting safety and performance.<br>In 2022, Air Canada announced a purchase agreement for 30 ES-30 hybrid-electric aircraft under development by Heart Aerospace in Sweden. The purchase remains subject to conditions including in relation to the design and specifications of the aircraft, which would not be expected to start entry into service before at least 2031.<br>Air Canada is a key inaugural partner in the United Airlines Ventures (UAV) Sustainable Flight Fund[SM]. UAV includes three dedicated investment verticals: technology, aerospace (including alternative propulsion aircraft and electric vertical takeoff and landing) and a decarbonization vertical, focusing on startups and solutions to help aviation reach its climate goals. |
| **Development of new products or services through R&D and innovation** | Air Canada looks to offer customers products and services to mitigate the impact of their flight. | The impact of this opportunity, which will depend on a variety of factors, has not been assessed or quantified financially. | Short term | Air Canada also engages with its customers through:<br>• **Air Canada booking website:** The Leave Less Travel Program, available at the time of booking, provided by Chooose offers customers the voluntary option to purchase carbon offset credits together with Scope 3 environmental attributes associated with SAF. The total cost of this combined purchase is calculated based on an estimate of the GHG emissions of their flight(s).<br>• Customers can voluntarily purchase carbon offset credits together with Scope 3 environmental attributes associated with SAF at any time through a dedicated web application provided by Chooose. SAF environmental attributes were added to create a combined purchase together with carbon offset credits at the beginning of 2026.<br>• **Aeroplan:** When an individual books a flight using Aeroplan points or a combination of points and cash, Air Canada will offset its estimated Scope 1 GHG emissions by purchasing carbon offset credits based on the GHG emissions estimated to be associated with their flight. Specifically, the carbon offset credits retired will be an amount equivalent to the estimated GHG emissions associated with the portion of their itinerary that is operated by Air Canada, Air Canada Rouge and/or carriers operating under the Air Canada Express banner once the flight is completed.<br>• **Leave Less Travel Program:** Air Canada offers corporate customers and cargo freight forwarders the opportunity to purchase Scope 3 environmental attributes associated with SAF, carbon offset credits or a combination of both related to their own business air travel or cargo shipments on Air Canada, Air Canada Rouge and/or carriers operating under the Air Canada Express banner. |

## Climate scenario analysis CDP 5.1

In 2009, we endorsed the global aviation industry climate action plan and targets to mitigate $CO_2$ emissions. International industry targets were set based on the analysis of a scenario derived from the then-modelled forecast of increased demand in aviation services globally and the goal of reducing the climate impact of that increased demand. These targets were established before the Paris Agreement was introduced, underscoring the goal to limit the global temperature increase to well-below 2°C above pre-industrial levels and to pursue efforts to limit the increase to 1.5°C. The climate-science consensus was refined in the late 2010s, including with the release of the 2018 IPCC Special Report outlining the impacts' differences between a global warming rise of 1.5°C versus 2°C. In 2019, we began building a holistic and in-depth climate approach, focusing on transitioning to a low-carbon economy and potential goals aligned with climate science. We considered Canada's climate commitments and the IPCC's latest guidance available at the time. Similar to IATA and ICAO goals, we concluded on the need for a long-term aspirational goal and mid-term targets and for developing potential pathways to achieve them. These analyses were used as transition scenarios for our qualitative assessment. This approach is supported by ongoing internal modelling efforts that incorporate updated business and demand assumptions over time.

**Learn more:**

- Responsible business

# Risk management

CDP 2.1 CDP 2.2

The management of opportunities and risks is an integral part of Air Canada's business processes. Strategic decisions are made with consideration of risk implications to the business and its stakeholders. Risks that may be material to Air Canada are identified and monitored on an ongoing basis through Air Canada's Enterprise Risk Management (ERM) program, which provides insight on a regular basis to the Board of Directors through the Board's Audit, Finance and Risk Committee.

## Board oversight

Risk management is an integral part of Air Canada's corporate governance. The Board of Directors has established board committees (Audit, Finance and Risk Committee; Safety, Health, Environment and Security Committee; Governance and Nominating Committee; and Human Resources, Compensation and Pension Committee) to assist in the oversight responsibilities. Risk information is reviewed by the Board or the relevant Board committee on a quarterly basis. In addition, Board committees regularly review and discuss with management, all key enterprise risks as set out in each committee charter, as well as the steps taken that seek to monitor, control and mitigate those risks, in order to assess the effectiveness of the risk management. These processes seek to appropriately mitigate rather than eliminate risk. The Audit, Finance and Risk Committee is responsible for the oversight of the ERM program and the work carried out by the Corporate Audit and Advisory department, as stated in its committee charter. ERM risk reporting is maintained by the Corporate Audit and Advisory department, which provides an update as to the state of each enterprise risk on a quarterly basis.

# Metrics and targets

CDP 7.2 CDP 7.4 CDP 7.6 CDP 7.7 CDP 7.8 CDP 7.9

As Canada's largest airline, we align with industry standards and are aiming to measure our impacts, where reasonably possible. From 2007 to 2025, information on Air Canada's GHG emissions, targets and climate ambition were reported through the CDP. Established in 2000, the CDP is a global disclosure system used to help investors, companies, states, regions and cities manage their environmental impacts. The CDP questionnaire incorporates elements of the TCFD framework. To access Air Canada's latest CDP score, visit www.cdp.net. We have engaged PricewaterhouseCoopers LLP to perform an independent, limited assurance engagement on certain 2025 indicators, including the Scope 1 and Scope 2 location- and market-based emissions contained in this summary. For information regarding the scope of the assurance and statement, please read the limited assurance report. For information regarding the standards, methodologies, assumptions and calculation tools used to compile the metrics disclosed in this report, please read Air Canada's GRI charts. Disclosure procedures for the data contained herein 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. ESG disclosures, commitments and progress are monitored 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 climate data.

# Historical emissions data

## Direct (Scope 1) GHG emissions

GRI 305-1

**Air Canada, including Air Canada Rouge®, Air Canada Vacations®, Aeroplan Inc. and Trans-Canada Capital Inc.**

| | Unit | 2019 (baseline)* | 2025 | 2024 | 2023 |
|---|---|---|---|---|---|
| **Gross direct (Scope 1) GHG emissions** | | | | | |
| Electricity, heating, cooling and steam generation | $tCO_2e$ | 31,758 | 27,742 | 24,045 | 25,121 |
| Transportation of materials, products, waste, employees and passengers | $tCO_2e$ | 13,157,214 | 11,978,601 | 12,107,057 | 11,321,894 |
| Fugitive emissions | $tCO_2e$ | 499 | 1,079 | 984 | 823 |
| **Total direct (Scope 1) GHG emissions[1]** | **$tCO_2e$** | **13,189,471** | **12,007,422** | **12,132,086** | **11,347,838** |
| **Biogenic $CO_2$ emissions (SAF and RNG)** | **$tCO_2e$** | **-** | **206,415** | **123,168** | **16,078** |

*As part of Air Canada's climate-related ambition, interim targets in 2030 use 2019 as a baseline year.
[1] PwC provided limited assurance over this indicator for 2025. See PwC's Limited Assurance report.

**Explanation for variation between 2019 (baseline), 2023, 2024 and 2025:**

In 2025, the airline was still unable to reach its pre-pandemic (2019) volumes with respect to passengers and cargo flown, which is also reflected in the emissions coming from jet fuel (the majority of Air Canada's Scope 1 emissions).

Since 2022, Air Canada has committed to purchasing renewable fuels, such as SAF, for its aircraft and RNG for its domestically-owned facilities in Montréal and Vancouver. These investments increased in 2025, with Air Canada surpassing its 2025 SAF target of one per cent of total fuel usage.

**Selling of Scope 1 environmental attributes:**

In 2025, Air Canada sold 7,679 $tCO_2$ Scope 1 environmental attributes of SAF to customers. The physical molecules, representing three million litres of SAF, were delivered to an airport fuel system and blended into a shared infrastructure. Under the mass balance chain-of-custody model, the corresponding SAF volumes were allocated to Air Canada, and the fuel consumed by its aircraft reflects this allocation. However, a portion of the environmental attributes were split from the physical molecules and sold to customers. The biogenic $CO_2$ of these sales are still presented in Air Canada's "Biogenic $CO_2$ emissions" reported above, and Air Canada's gross direct (Scope 1) GHG emissions do not change. The associated biogenic $CO_2$ emissions from these sold Scope 1 environmental attributes of SAF will not be claimed by Air Canada toward its ambition of 20 per cent GHG net reductions from its air operations compared to the 2019 baseline by 2030, therefore, this will not constitute double-counting. As specified in the GRI 305 guidance, carbon trades should be excluded from the calculation of gross direct (Scope 1) GHG emissions. The quantitative handling of the Scope 1 environmental attributes will be reflected in GRI 305-5. In addition, the selling of these attributes also does not impact Air Canada's SAF target achievement of one per cent uplift in 2025, since the target was based on volume uplift and not on GHG emissions.

**Standards, methodologies, assumptions and/or calculation tools used:**

Air Canada prepared its Scope 1 GHG emissions in accordance with the methodology and guidelines described in the GRI 305: Emissions 2016 Standard and GHG Protocol, A Corporate Accounting and Reporting Standard, Revised Edition.

# Energy indirect (Scope 2) GHG emissions

GRI 305-2

**Air Canada, including Air Canada Rouge®, Air Canada Vacations®, Aeroplan Inc. and Trans-Canada Capital Inc.**

| | Unit | 2019 (baseline)* | 2025 | 2024 | 2023 |
|---|---|---|---|---|---|
| **Gross location-based energy indirect (Scope 2) GHG emissions** | | | | | |
| Electricity (restated) | $tCO_2e$ | 11,027 | 7,308 | 7,674 | 6,906 |
| Electricity (historical) | $tCO_2e$ | 11,778 | - | 7,123 | 7,069 |
| Electricity (% change) | | -6.4% | - | 7.7% | -2.3% |
| **Total gross location-based energy indirect (Scope 2) GHG emissions[1]** | **$tCO_2e$** | **11,027** | **7,308** | **7,674** | **6,906** |
| **Market-based energy indirect (Scope 2) GHG emissions** | | | | | |
| Electricity (restated) | $tCO_2e$ | 11,592 | 4,578 | 4,762 | 3,792 |
| Electricity (historical) | $tCO_2e$ | 11,778 | - | 3,805 | 3,961 |
| Electricity (% change) | | -1.6% | - | 25.2% | -4.3% |
| **Total market-based energy (Scope 2) indirect emissions[1]** | **$tCO_2e$** | **11,592** | **4,578** | **4,762** | **3,792** |

*As part of Air Canada's climate-related ambition, interim targets in 2030 use 2019 as a baseline year.

[1] PwC provided limited assurance over this indicator for 2025. See PwC's Limited Assurance report.

**Explanation of restatements:**

In 2025, Air Canada restated its Scope 2 location-based and market-based emissions data due to updates made to the internal data used in the Scope 2 emissions calculations. A continuation of the review of lease agreements and floor plans revealed that building surface areas were not accurately captured and were updated for 2025 and retroactively back to 2019. Furthermore, electricity location-based emission factors were updated so that they aligned with the most recent emission factor databases available, at the time of reporting. Additionally, emission factors for every country have been adjusted so that the same source is used for every reporting year. Finally, more residual mix emission factors were incorporated into Air Canada's market-based Scope 2 emissions, which were applied retroactively to 2019. The main contributor of the restatement has come from the emission factor alignment compared to the review of lease agreements and floor plans. The impact of the surface area correction (with previously reported emission factors) to Scope 2 location- and market-based emissions was 139 $tCO_2e$ for 2024, -328 $tCO_2e$ for 2023 and -56 $tCO_2e$ for 2019. The same updates also resulted in a less than 0.05 per cent difference in reported Scope 1 emissions and energy consumption within the organization.

**Explanation for variation between 2019 (baseline), 2023, 2024 and 2025:**

In 2025, Air Canada's electricity emissions (location- and market-based) decreased compared to 2024 and were significantly less than in 2019. A decrease in electricity emissions in 2025 can be attributed to the fact that the year's summer temperatures in Canada were, on average, lower than the summer 2024 temperatures. This decreased the cooling requirement from buildings, which lowered electricity use and resulted in reduced emissions. The emissions in 2019 were much greater than any other year because 2019 was the last year prior to the COVID-19 pandemic, after which Air Canada closed many leased facilities in regions it no longer served.

**Historical and Methodology Updates:**

In 2025, Air Canada restated its Scope 2 location- and market-based emissions data for a few reasons. First, there were minor updates to the internal data used in the Scope 2 emissions calculations, resulting in a minor change to the location and market-based emissions. Additionally, Air Canada updated its emission factors to ensure each reporting year aligns with the year in which the factors are generated. Typically, when an emission factor database is released, the airline must rely on raw data from earlier calendar years because current-year data is still being validated. This creates a misalignment between Air Canada's reporting year and the data years used to generate the emission factors. Addressing this misalignment is only possible in future reporting periods. Finally, Air Canada included a larger pool of residual mix emission factors going back to 2019, which impacted its previously reported market-based emissions.

**Explanation of location- and market-based Scope 2 emissions:**

Starting in 2023 (and continued in 2025), Air Canada began purchasing RECs for most of its electricity consumption across Canada from Bullfrog Power Inc. The purchase of RECs ensures that the electricity purchased comes from renewable sources, such as from solar and wind. The difference in emissions from the location- and market-based approaches stems from the amount of RECs purchased, which have significantly lower market-based emission factors compared to location-based emission factors. Any location where RECs are not purchased will use residual mix emission factors, if available. If residual mix emission factors do not exist, then the location-based emission factors are used.

**Standards, methodologies, assumptions and/or calculation tools used:**

Air Canada prepared its Scope 2 GHG emissions in accordance with the methodology and guidelines described in the GHG Protocol, A Corporate Accounting and Reporting Standard, Revised Edition. When actual electricity consumptions were not available, Air Canada estimated the emissions based on the occupancy surface. Air Canada estimated electricity consumption from facilities where electricity consumption was unknown based on kilowatt hours per square metre ($kWh/m^2$), which is also referred to as the energy ratio. This ratio was calculated using buildings that have a known electricity consumption and was calculated separately for each region where Air Canada operates.

## Other indirect (Scope 3) GHG emissions

GRI 305-3

**Air Canada, including Air Canada Rouge®, Air Canada Vacations®, Aeroplan Inc. and Trans-Canada Capital Inc., carriers operating under the Air Canada Express banner and tenants**

| | Unit | 2019 (baseline)* | 2025 | 2024 | 2023 |
|---|---|---|---|---|---|
| **Gross other indirect (Scope 3) GHG emissions** | | | | | |
| Category 1 - Purchased goods and services | $tCO_2e$ | 1,604,991 | 899,421 | 895,666 | 937,417 |
| Category 2 - Capital goods | $tCO_2e$ | TBD | TBD | TBD | TBD |
| Category 3 - Fuel- and energy-related activities (not included in Scope 1 or Scope 2) | $tCO_2e$ | TBD | TBD | TBD | TBD |
| Category 4 - Upstream transportation and distribution | $tCO_2e$ | TBD | TBD | TBD | TBD |
| Category 5 - Waste generated in operations | $tCO_2e$ | TBD | TBD | TBD | TBD |
| Category 6 - Business travel | $tCO_2e$ | TBD | TBD | TBD | TBD |
| Category 7 - Employee commuting | $tCO_2e$ | TBD | TBD | TBD | TBD |
| Category 8 - Upstream leased assets | $tCO_2e$ | NA | NA | NA | NA |
| **Upstream Scope 3 emissions** | **$tCO_2e$** | **1,604,991** | **899,421** | **895,666** | **937,417** |
| Category 9 - Downstream transportation and distribution | $tCO_2e$ | NA | NA | NA | NA |
| Category 10 - Processing of sold products | $tCO_2e$ | TBD | TBD | TBD | TBD |
| Category 11 - Use of sold products | $tCO_2e$ | TBD | TBD | TBD | TBD |
| Category 12 - End-of-life treatment of sold products | $tCO_2e$ | TBD | TBD | TBD | TBD |
| Category 13 - Downstream leased assets | $tCO_2e$ | 7,958 | 5,755 | 4,657 | 5,581 |
| Category 14 - Franchises | $tCO_2e$ | NA | NA | NA | NA |
| Category 15 - Investments | $tCO_2e$ | TBD | TBD | TBD | TBD |
| **Downstream Scope 3 emissions** | **$tCO_2e$** | **7,958** | **5,755** | **4,657** | **5,581** |
| **Total gross indirect GHG emissions** | **$tCO_2e$** | **1,612,949** | **905,176** | **900,323** | **942,998** |

*As part of Air Canada's climate-related ambition, interim targets in 2030 use 2019 as a baseline year.

**Explanation of Scope 3 categories:**

- "TBD" = To be determined (currently under investigation).
- "NA" = Not applicable to Air Canada.
- Category 1 GHG emissions include jet fuel combustion from carriers operating under the Air Canada Express banner and from combustion emissions related to the Landline motorcoach bus services.
- Category 13 GHG emissions include electricity and natural gas GHG emissions allocated to tenants based on their surface area occupied in Air Canada-owned and leased buildings.

**Explanation for variation between 2019, 2023, 2024 and 2025:**

Similar explanations to 305-1 and 305-2 can be used for Air Canada's reported Scope 3 emissions, with Category 1 being closer related to Scope 1 emissions, and Category 13 closer related to Scope 2.

# SASB Index

| SASB code | SASB metric | Location or response |
|---|---|---|
| **Activity metrics** | | |
| **TR-AL-000.A** | Available seat kilometers (ASK) | AR – Selected financial metrics and statistics |
| **TR-AL-000.B** | Passenger load factor | AR – Selected financial metrics and statistics |
| **TR-AL-000.C** | Revenue Passenger Kilometers (RPK) | AR – Selected financial metrics and statistics |
| **TR-AL-000.D** | Revenue Tonne Kilometers (RTK) | GRI 305-4 |
| **TR-AL-000.E** | Number of departures | AR – Selected financial metrics and statistics |
| **TR-AL-000.F** | Average age of fleet | AR - Fleet |
| **Greenhouse gas emissions** | | |
| **TR-AL-110a.1** | Gross global Scope 1 emissions | GRI 305-1 & TCFD (Metrics and targets) |
| **TR-AL-110a.2** | Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets and an analysis of performance against those targets | TCFD (Metrics and targets, Strategy) |
| **TR-AL-110a.3** | (1) Total fuel consumed<br>(2) percentage alternative<br>(3) percentage sustainable | GRI 302-1<br>GRI 302-1<br>GRI 302-1 |
| **Labour practices** | | |
| **TR-AL-310a.1** | Percentage of active workforce covered under collective bargaining agreements | GRI 2-30 |
| **TR-AL-310a.2** | (1) Number of work stoppages and<br>(2) total days idle | (1) 1<br>(2) 4 |
| **Competitive behaviour** | | |
| **TR-AL-520a.1** | Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations | 0 |
| **Accident and safety management** | | |
| **TR-AL-540a.1** | Description of implementation and outcomes of a Safety Management System | Responsibility site – Safety management system |
| **TR-AL-540a.2** | Number of aviation accidents | 1 |
| **TR-AL-540a.3** | Number of governmental enforcement actions of aviation safety regulations | 0 |