



Air Canada 2022 TCFD supplement

Task Force on Climate-related Financial Disclosures



A STAR ALLIANCE MEMBER



Message from **Michael Rousseau**
PRESIDENT AND CHIEF EXECUTIVE OFFICER

As Citizens of the World and Canada's flagship carrier, our mission to rise higher is expressed in our ongoing commitment to enable meaningful connections, lift each other up and contribute to an inclusive and sustainable future. As such, we have consistently recognized the implications of climate change and closely assessed our risks and opportunities, as well as our related decisions and investments. We continue to act with intention to meet ambitious climate action goals and aim to have meaningful influence within our industry, with our stakeholders and on the world at large. To this end, we critically rely on all actors in the climate action chain and encourage them to play their part. By establishing and nurturing strong partnerships with industry organizations, governments and others, we join in many initiatives that propel our efforts to effect positive change together. This is crucial, as we execute our climate action plan to evolve into a more sustainable airline and help shape the direction of our industry's future.

In our 2021 TCFD report, we outlined the actions we took and the ambitious goals we set in that year. Our efforts to use resources responsibly, to apply cost-effective measures and to choose measurable targets were also reflected in our report. In 2022, having all too often been reminded of the need for climate action and the risks and impacts of climate change, our resolve toward our commitments has been strengthened. Notably, we made progress through strategic investments in modernization of our fleet, development of hybrid-electric aircraft and carbon reduction and removal technologies.

But we face real and significant challenges in the pursuit of net-zero emissions by 2050. The long-term sustainability of our industry requires the development, market introduction and adoption of next generation, greener aerospace technologies. This will take time. Until then, and in continuous support thereto, sustainable aviation fuels must be developed, affordable and become available at scale in Canada and around the world. We will remain dedicated in leveraging resources and partnering with pivotal players to achieve the outcomes we all seek.

Michael Rousseau
President and Chief Executive Officer

Access the 2021 TCFD report:



aircanada.com



Air Canada's Climate Action Plan

Our ambitious goal

Air Canada's Climate Action Plan includes an ambitious long-term goal of net-zero GHG emissions by 2050. This long-term goal is aligned with both climate science (1.5°C scenario) and the Government of Canada's commitment to the 2015 international agreement on climate change, also known as the Paris Agreement.

In defining this pathway and to help ensure meaningful progress, Air Canada has also set 2030 absolute mid-term (interim) targets:

20%
GHG net reductions

from **air operations** compared to 2019 baseline by 2030¹

30%
GHG net reductions

from **ground operations** compared to 2019 baseline by 2030¹

\$50 million
investment fund

for new technologies, such as sustainable aviation fuels (SAF), carbon reduction and removal development by 2030



NET-ZERO GHG BY 2050

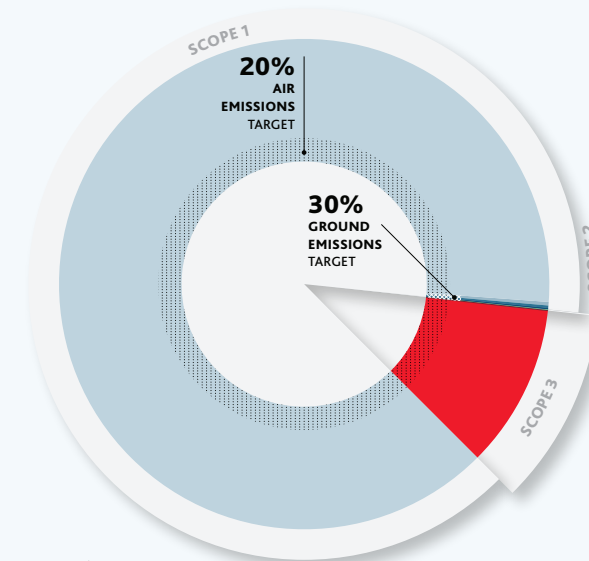
¹ As indicated in Air Canada's public disclosures, this is dependent on new technologies and the availability of sufficient sustainable aviation fuels and other renewable energies. Air Canada cannot achieve this alone, and governments, industry and others in the climate action chain must each play their part. We critically rely on each other to reach our collective goals.

KEY STATS FOR 2022²:

TOTAL SCOPE 1 EMISSIONS
9,513,174 (tCO₂e)
compared to 13,205,187 (tCO₂e) in 2019³

TOTAL SCOPE 2 EMISSIONS
8,705 (tCO₂e)
compared to 10,489 (tCO₂e) in 2019³

TOTAL SCOPE 3 EMISSIONS
1,012,659 (tCO₂e)
compared to 1,644,501 (tCO₂e) in 2019³



² Our 2022 CSR report explains the emissions included in scopes 1, 2 and 3 (i.e., those from Air Canada Express (upstream emissions) and from tenants (downstream emissions)). Other possible sources of scope 3 emissions are being investigated or are not applicable to it.

³ Full-year 2022 operated capacity, measured by available seat miles (ASMs), represented about 73 per cent of 2019 ASMs.

About the 2021 TCFD Report, this 2022 Supplement and our Disclosures

This supplement forms part of and must be read with our 2021 TCFD report. Disclosures in this supplement are updated to 2022 and are subject to the assumptions, risk factors and cautionary language found on page 2 of the 2021 TCFD report.

We voluntarily report information in the 2021 TCFD and this supplement that is not material in respect of Air Canada under applicable securities laws. Accordingly, no information contained in the 2021 TCFD report and this supplement is incorporated by reference or forms part of any continuous disclosure document under these laws.

We refer for your awareness to other information we also publish from time to time, such as our latest Corporate Sustainability Report, the 2022 GRI Content Index, the 2022 GRI Charts and our response to the CDP questionnaire found at www.cdp.net.

We are further developing and maturing our control environment and monitoring requirements regarding our climate disclosures, including the extent and nature of additional internal or external assurance, if any, taking into consideration materiality and future regulatory changes, standards and frameworks as they evolve.

Some of our public disclosures about 2022 include information about our progress:

- **Governance:** Our [Management Proxy Circular, dated May 12, 2023](#), has updated information.
- **Strategy:** Our [2022 Corporate Sustainability Report](#) includes the initiatives we pursued in 2022, reflecting how the overall strategy, goals and interim targets we ambitiously set out in the 2021 TCFD remained unchanged in 2022.
- **Risks and Opportunities:** The risks and opportunities we highlighted in our 2021 TCFD report did not change materially in 2022.

SAF: A challenge and an essential bridge to sustainability

Sustainable aviation fuel is a critical component of our global industry's sustainability but is not currently available in Canada. Demand for SAF will continue to grow as the airline industry looks to reduce its GHG emissions even before the introduction of next generation and cleaner technologies. The IATA lists SAF as one of the key elements to help our industry achieve its ambitious 2050 GHG emissions reduction goals. Indeed, SAF is currently the only commercially available technology solution that can meaningfully abate emissions from flight operations and allow us fully to meet our own goals. SAF can reduce life cycle GHG emissions by up to 80 per cent versus conventional jet fuel and has the added benefits of having a limited impact on performance and providing energy diversification. However, SAF alone will not suffice. New technology solutions and significant co-operation and investments will also be required to achieve 2050 GHG emissions reduction goals.

Air Canada firmly believes that a concrete action plan is required in Canada to establish a competitive investment climate and to capture the economic added value of SAF that is made in Canada. The Canadian aviation industry wants to work with all key stakeholders in building a decarbonized country, which would result in an affordable, resilient and innovative Canadian SAF supply chain and, in turn, ensure Canada maintains a leading role in global sustainable aviation.

